

## Genesis Reports Results for 2018

*For Immediate Release*

**CALGARY, March 14, 2019** – Genesis Land Development Corp. (TSX: GDC) (the “Corporation” or “Genesis”) reported its financial and operating results for the three months ended (“Q4”) and year ended (“YE”) December 31, 2018. Genesis is a land developer and residential home builder operating in the Calgary Metropolitan Area (“CMA”), holding and developing a significant portfolio of well-located, entitled and unentitled residential, commercial and mixed-use lands and serviced lots in the CMA.

2018 was a difficult year in the Calgary region as a number of economic challenges resulted in a weak housing market. Iain Stewart, President and CEO of Genesis, commented, “Despite this environment, Genesis is pleased to report positive cash flows from operating activities of \$14.7 million and net earnings of \$4.1 million in 2018. In addition, dividends of \$10.3 million (\$0.24 per share) were paid to shareholders and \$3.5 million of shares were repurchased. In 2018, we maintained our solid asset base and strong financial position and we are well positioned for the future.”

### 2018 Highlights:

- Positive cash flow from operations of \$14.7 million and net earnings of \$4.1 million.
- Dividends of \$10.3 million (\$0.24 per share) were paid and 1.07 million shares were repurchased for \$3.5 million under Genesis’ normal course issuer bid.
- \$28.3 million was invested in our land development program, including the development of four new phases which will provide an additional 362 single family lots and six multi-family sites.
- An acquisition for \$5.1 million was completed which added 31 single family lots in a Genesis community.
- Zoning approval was received on the 185 acre multi-purpose “Omni” project and zoning and servicing approvals progressed in the Sage Hill Crossing and Southeast Calgary developments.
- Solid financial position maintained with \$24.0 million in cash and cash equivalents and \$31.7 million in loans and credit facilities (being 11% of total assets) at December 31, 2018.
- Leadership transition – Iain Stewart appointed President and CEO with Stephen Griggs appointed Executive Chair, working collaboratively to implement Genesis’s strategy and business plan.
- An equity based long term incentive plan comprised of stock options and deferred share units was approved by the Board to align management incentives with the interests of shareholders.

### Selected financial results and operating data:

*(\$000s, except for per share items or unless otherwise noted)*

| Key Balance Sheet Data                             | As at Dec. 31,<br>2018 | As at Dec. 31,<br>2017 |
|--|------------------------|------------------------|
| Cash and cash equivalents                          | 24,042                 | 23,585                 |
| Total assets                                       | 278,156                | 301,425                |
| Loans and credit facilities                        | 31,696                 | 30,135                 |
| Shareholders’ equity                               | 191,970                | 201,397                |
| Loans and credit facilities (debt) to total assets | 11%                    | 10%                    |

| (\$000s, except for per share items or unless otherwise noted)      | Three months ended<br>December 31, |        | Year ended<br>December 31, |         |
|---|------------------------------------|--------|----------------------------|---------|
|   | 2018                               | 2017   | 2018                       | 2017    |
| <b>Key Financial Data</b>   |                                    |        |                            |         |
| Total revenues  | 20,935                             | 65,644 | 81,437                     | 150,933 |
| Net earnings attributable to equity shareholders                    | 2,358                              | 8,713  | 4,124                      | 16,998  |
| Net earnings per share - basic and diluted                          | 0.06                               | 0.20   | 0.10                       | 0.39    |
| Cash flows from operating activities                                | 7,192                              | 27,298 | 14,747                     | 46,908  |
| Cash flows from operating activities per share - basic and diluted  | 0.16                               | 0.62   | 0.34                       | 1.08    |
| <b>Key Operating Data</b>   |                                    |        |                            |         |
| <b>Land Development</b>   |                                    |        |                            |         |
| Total residential lots sold (units)                                 | 33                                 | 78     | 176                        | 266     |
| Residential lot revenues  | 6,603                              | 12,203 | 31,769                     | 49,206  |
| Development and non-core land sales revenue                         | 4,628                              | 41,000 | 15,126                     | 55,234  |
| <b>Home Building</b>  |                                    |        |                            |         |
| Homes sold (units)  | 32                                 | 44     | 121                        | 148     |
| Revenues <sup>(1)</sup>   | 16,033                             | 18,463 | 54,113                     | 67,707  |
| Home sales subject to firm sale contracts (units) at the period end |                                    |        | 34                         | 31      |

<sup>(1)</sup> Includes revenues of \$6,329,000 for 32 lots in Q4 2018 and \$19,571,000 for 121 lots in YE 2018 purchased by the Home Building division from the Land Development division (41 and \$6,022,000 in Q4 2017; 134 and \$21,214,000 in YE 2017) and sold with the home. These amounts are eliminated on consolidation.

Genesis, along with most other land developers and home builders in the CMA, experienced a significant slowdown in sales activity in all areas in 2018 compared to 2017, with fewer sales of residential homes, fewer lots sold to third-party builders and lower sales of development lands.

Overall, revenues for 2018 were \$81.4 million, down \$69.5 million (46%) from \$150.9 million in 2017. The largest contributor to this decline was from a decline of \$40.1 million in development land sales, with \$15.1 million realized in 2018, compared to \$55.2 million in 2017, primarily due to:

- In 2017, development land sales included the sale of the undeveloped "Fowler" land parcel for \$41.0 million by a limited partnership controlled by Genesis;
- 55 lots residential lot were sold in 2018 to third party builders totaling \$12.1 million, compared to 132 lots (\$27.8 million) in 2017, a decline of \$15.7 million or 56%; and
- Home sales of 121 units (\$54.1 million), down 18% from 148 (\$67.7 million) in 2017.

## Outlook

In 2019, Genesis will continue to implement the strategy developed in 2017. The Corporation will focus on developing its assets in a prudent manner and actively market lots, parcels and homes while controlling costs with the goal of maximizing cash flow and maintaining its solid financial position.

With the expected completion in 2019 of the development program started in 2018 for four new phases, and with no additional phases planned to be started in 2019, Genesis expects to have sufficient lot inventory to meet market needs. Genesis will continue to pursue servicing and zoning approvals to maximize the value of its land holdings. The strong land base, integrated approach, solid financial position and experienced team positions Genesis to take advantage of opportunities that may arise in this environment.

For 2019 the business plan remains focused on:

- Maximizing the return of capital to shareholders and investing in additional lands
- Obtaining additional zoning and servicing entitlements
- Planning for the development and sale of lands
- Servicing additional phases
- Adding third-party builders in Genesis communities
- Increasing the velocity of homes sold

## **Additional Information**

The information contained in this press release should be read in conjunction with the Consolidated Financial Statements for the years ended December 31, 2018 and 2017 and the related Management's Discussion and Analysis ("MD&A") dated March 14, 2019 which have been filed with Canadian securities regulatory authorities. Copies of these documents may be obtained via [www.sedar.com](http://www.sedar.com) or our website at [www.genesisland.com](http://www.genesisland.com).

## **Genesis Annual Meeting**

Genesis will hold its annual general meeting on May 9, 2019 at 1 pm MST in Calgary at the Genesis head office 7315 - 8<sup>th</sup> Street NE, Calgary AB T2E 8A2.

## **Contact Information**

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## **ADVISORIES**

### **Forward-Looking Statements**

*This news release contains certain statements which constitute forward-looking statements or information ("forward-looking statements") within the meaning of applicable securities legislation, including Canadian Securities Administrators' National Instrument 51-102 'Continuous Disclosure Obligations', concerning the business, operations and financial performance and condition of Genesis. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".*

*Although Genesis believes that the anticipated future results, performance or achievements expressed or implied by forward-looking statements are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements because they involve assumptions, known and unknown risks, uncertainties and other factors many of which are beyond the Corporation's control, which may cause the actual results, performance or achievements of Genesis to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements. Accordingly, Genesis cannot give any assurance that its expectations will in fact occur and cautions that actual results may differ materially from those in the forward-looking statements.*

*Forward-looking statements are based on material factors or assumptions made by us with respect to, among other things, opportunities that may or may not be pursued by us; changes in the real estate industry; fluctuations in the Canadian and Alberta economy; changes in the number of lots sold and homes delivered per year; and changes in laws or regulations or the interpretation or application of those laws and regulations. Forward-looking statements in this news release include, but are not limited to, the expected completion dates of various projects that the Corporation is currently engaged in, plans and strategies surrounding the acquisition of additional land, anticipated general economic and business conditions, the Alberta real estate cycle, expectations for lot and home prices, construction starts and completions, anticipated expenditures on land development activities, being able to increase home sales process and construction margins, the timing of the annual meeting and the ability to continue to renew or repay financial obligations.*

*Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include, but are not limited to: the impact of contractual arrangements and incurred obligations on future operations and liquidity; local real estate conditions, including the development of properties in close proximity to Genesis' properties; the uncertainties of real estate development and acquisition activity; fluctuations in interest rates; ability to access and raise capital on favourable terms; not realizing on the anticipated benefits from transactions or not realizing on such anticipated benefits within the expected time frame; labour matters, governmental regulations, stock market volatility and other risks and factors described from time to time in the documents filed by Genesis with the securities regulators in Canada available at [www.sedar.com](http://www.sedar.com), including in the Corporation's MD&A under the heading "Risks and Uncertainties" and the AIF under the heading "Risk Factors". Furthermore, the forward-looking statements contained in this news release are made as of the date of this news release and, except as required by applicable law, Genesis does not undertake any obligation to publicly update or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise.*