

## Genesis Reports 2019 Results

For Immediate Release

**CALGARY, March 6, 2020** – Genesis Land Development Corp. (TSX: GDC) (the “Corporation” or “Genesis”) reported its financial and operating results for the three months (“Q4”) and year ended (“YE”) December 31, 2019. Genesis is an integrated land developer and residential home builder operating in the Calgary Metropolitan Area (“CMA”), owning and developing a portfolio of well-located, entitled and unentitled residential, commercial and mixed-use lands and serviced lots in the CMA.

### 2019 Highlights:

- In 2019, Genesis generated positive cash flows from operating activities of \$9.5 million and realized net earnings attributable to equity shareholders of \$1.7 million, the 19<sup>th</sup> consecutive year of positive earnings.
- Genesis sold 128 homes and 161 residential lots in 2019 and ended the year with 54 outstanding 2020 new home orders.
- The current economic environment in the Calgary Metropolitan Area has created opportunities for favourable land acquisitions and in 2019 Genesis completed the following acquisitions:
  - In September 2019, 130 acres of future residential development land in north Calgary was acquired for \$23.7 million. Land servicing is slated to begin in 2020;
  - In July 2019, \$1.9 million was invested to acquire a 5% interest in a limited partnership that is expected to commence development in 2020 of 224 acres of land in northeast Calgary. As part of this investment, Genesis secured the right to purchase a minimum of 25% of the single-family lots for its home building division; and
  - In November 2019, \$3.8 million was invested to acquire an 8% interest in a joint venture expected to commence development in 2020 of 320 acres of land in southwest Calgary. As part of this investment, Genesis secured the right to purchase 1/6<sup>th</sup> (333 lots) of the single-family lots for its home building division.
- Key approval milestones were reached for the 51-acre Sage Hill Crossing community and the 354-acre southeast Calgary community, with development of these communities anticipated to commence in 2020 and 2021, respectively.
- At December 31, 2019, Genesis maintained a solid cash position of \$16.2 million in cash and cash equivalents and a debt level of \$51.5 million in loans and credit facilities being 17% of total assets.

### Selected financial results and operating data:

(\$000s, except for per share items or unless otherwise noted)	Three months ended December 31,		Year ended December 31,	
	2019	2018	2019	2018
<b>Key Financial Data</b>				
Total revenues	26,081	20,935	68,097	81,437
Net earnings attributable to equity shareholders	1,684	2,358	1,701	4,124
Net earnings per share - basic and diluted	0.04	0.06	0.04	0.10
Cash flows from operating activities	7,969	7,192	9,537	14,747
Cash flows from operating activities per share - basic and diluted	0.19	0.16	0.23	0.34
<b>Key Operating Data</b>				
<b>Land Development</b>				
Total residential lots sold (units)	64	33	161	176
Residential lot revenues	12,230	6,603	29,071	31,769
Development and non-core land sales revenue	550	4,628	550	15,126
<b>Home Building</b>				
Homes sold (units)	43	32	128	121
Revenues <sup>(1)</sup>	20,551	16,033	59,746	54,113
Outstanding new home orders at period end (units)			54	34

<sup>(1)</sup> Includes revenues of \$7,250,000 for 43 lots in Q4 2019 and \$21,270,000 for 128 lots in YE 2019 purchased by Genesis' Home Building division from its Land Development division (\$6,329,000 and 32 in Q4 2018; \$19,571,000 and 121 in YE 2018) and sold with the home. These amounts are eliminated on consolidation.

<i>(\$000s, except for per share items or unless otherwise noted)</i>	<b>As at Dec. 31, 2019</b>	<b>As at Dec. 31, 2018</b>
<b>Key Balance Sheet Data</b>		
Cash and cash equivalents	<b>16,248</b>	24,042
Total assets	<b>296,268</b>	278,156
Loans and credit facilities	<b>51,546</b>	31,696
Shareholders' equity	<b>193,957</b>	191,970
Loans and credit facilities (debt) to total assets	<b>17%</b>	11%

Q4 2019 home sales increased to 43 as compared to 32 in the same period in 2018. This brought the total home sales in 2019 to 128, an increase of 6% over the 121 home sales in 2018. The demand for presale homes increased and Genesis ended the fourth quarter of 2019 with 54 new home orders, up from 34 new home orders a year earlier. New home orders for the year ended December 31, 2019 were 148 units, an increase of 19% over the 124 units for the same period in 2018.

Lower revenues from the sale of development land parcels were offset by the higher volume of residential lots sold in Q4 2019 (64 lots) compared to 33 lots in Q4 2018. In Q4 2019 one parcel of development land owned by a limited partnership was sold for \$550,000, compared to one parcel sold for \$4,628,000 in Q4 2018.

There was a lower volume of residential lots sold in 2019 (161 lots) than in 2018 (176 lots). During 2019, one development land parcel owned by a limited partnership was sold for \$550,000 while \$15,126,000 was realized from three land development parcel sales in 2018. These are the two main factors for lower 2019 revenue, and as a result, direct cost of sales was also lower in 2019.

On June 28, 2019, legislation was enacted to decrease the Alberta corporate income tax rate from 12% to 8% with a 1% reduction effective July 1, 2019 and further 1% reductions on each of January 1, 2020, 2021 and 2022. As a result, deferred income tax assets were reduced by \$1,359,000 which was recognized as an increase in 2019 deferred income tax expense and a corresponding decrease in Genesis' 2019 net income attributable to equity shareholders.

Net earnings attributable to equity shareholders in Q4 2019 was \$1,684,000 (\$0.04 earnings per share - basic and diluted) compared to net earnings attributable to equity shareholders of \$2,358,000 (\$0.06 earnings per share - basic and diluted) in Q4 2018. Net earnings attributable to equity shareholders in YE 2019 was \$1,701,000 (\$0.04 earnings per share - basic and diluted) compared to net earnings attributable to equity shareholders of \$4,124,000 (\$0.10 earnings per share - basic and diluted) in YE 2018.

Genesis' cash flows from operating activities were \$7,969,000 (\$0.19 per share - basic and diluted) in Q4 2019, compared to \$7,192,000 (\$0.16 per share - basic and diluted) in Q4 2018. Genesis' cash flows from operating activities were \$9,537,000 (\$0.23 per share - basic and diluted) in YE 2019, compared to \$14,747,000 (\$0.34 per share - basic and diluted) in YE 2018.

Genesis had \$16,248,000 in cash and cash equivalents at December 31, 2019 compared to \$24,042,000 at December 31, 2018 with the reduction mainly due to Genesis paying down land project servicing loans and housing project construction loans.

Total loans and credit facilities outstanding at December 31, 2019 were \$51,546,000, 17% of the total book value of assets, compared to \$31,696,000 or 11% of the total book value of assets at December 31, 2018. Total loans and credit facilities increased due to two new loans. One new loan related to the acquisition of the Calgary north lands described previously for which consideration included a \$18,624,000 vendor-take-back mortgage ("VTB"). A second new loan related to the purchase of a \$20,500,000 VTB receivable from a limited partnership which was financed in part by a \$14,470,000 loan.

## **Outlook**

With the overall economic conditions in the CMA continuing to show signs of improvement, Genesis is committed to implementing its strategy focused on developing and realizing the value of its strong land holdings and opportunistically acquiring additional residential lands in the CMA, while prudently managing its financial and other resources and controlling costs.

The strategy includes actively pursuing 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 to acquire additional lands for future residential development.

## **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, 2019 and 2018 and the related Management's Discussion and Analysis ("MD&A") dated March 6, 2020 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 13, 2020 at 10 am (Mountain Daylight Time) in Calgary at Genesis' head office located at 7315 - 8<sup>th</sup> Street NE, Calgary AB T2E 8A2.

## **Contact Information**

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## **ADVISORIES**

### **Cautionary Note Regarding 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", "seeks", "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. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. The following table outlines certain significant forward-looking statements contained in this press release and factors that could cause actual results to differ from such statements.*

*Forward-looking statements in this news release include, but are not limited to plans and strategies surrounding the acquisition of additional land; the future residential development of land; anticipated general economic and business conditions; and future servicing and zoning approvals.*

*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; the cyclical nature of the oil and gas industry; changes in the Canadian US dollar exchange rate; labour matters; governmental regulations; general economic and financial conditions; 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 Corporation's annual information form 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.*