

## Genesis Reports 2020 First Quarter Results

*For Immediate Release*

**CALGARY, May 5, 2020** – Genesis Land Development Corp. (TSX: GDC) (the “Corporation” or “Genesis”) reported its financial and operating results for the three months ended March 31, 2020 (“Q1 2020”). 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.

### Market Overview

During the first two months of the first quarter, 2020, economic conditions in Alberta and the CMA continued the slow improvement witnessed in the latter part of 2019. In mid-March economic conditions in Alberta and the CMA dramatically changed. The COVID-19 pandemic caused governments to shutdown large parts of the global economy, including of Alberta. The global demand for oil, the leading contributor to Alberta’s GDP, dropped significantly while at the same time global supply was increased by several prominent oil producing countries. This, combined with the decline in overall global economic activity, has and continues to have a very negative impact on the Alberta economy. Unemployment has increased significantly as many businesses closed. The extent and duration of this economic downturn in Alberta is currently unpredictable and unknown.

Genesis began 2020 with 54 new home orders to be delivered in 2020. In Q1 2020, 30 new home sales were closed, and 39 new home sales orders were entered into, resulting in outstanding new home orders of 63 as at March 31, 2020. Beginning in the middle of March 2020, as stringent measures were implemented to restrict the spread of COVID-19, new home sales activity slowed dramatically. The Calgary Real Estate Board (“CREB”) reported that home sales activity for March 2020 fell 11% compared to March 2019, to the lowest levels recorded since 1995. However, Genesis’ construction sites remain open and on-site safety measures have been enhanced to meet or exceed recommendations made by appropriate regulatory authorities. To protect employee health, office staff have been working remotely since the middle of March. The transition went smoothly and has not impacted productivity or costs significantly.

In 2019 and early 2020, Alberta’s oil and gas industry had also been negatively impacted by weak energy prices and limited capital investment, with Alberta’s GDP growth in 2019 of 0.6%. It is generally expected that in 2020 GDP in Alberta will decline materially. A number of measures have been implemented by governments to support individuals and businesses which may mitigate the negative impact of this decline on the Alberta housing market. However, the economic environment is expected to continue to negatively impact new home sales in the CMA for at least the remainder of 2020.

Iain Stewart, President and CEO of Genesis commented “the duration and impact on Alberta and the CMA of the Corona virus and the recent significant decrease in the price of oil are unknown at this time. As a result, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation in future periods.” Mr. Stewart added “during this time of unprecedented turmoil, we thank our staff, contractors and consultants for making the transition to working from home almost seamless.”

### 2020 Q1 Highlights:

In Q1 2020:

- Genesis generated positive cash flows from operating activities of \$8.2 million (\$0.19 per share - basic and diluted) as compared to \$4.6 million (\$0.11 per share – basic and diluted) in Q1 2019.
- Genesis sold 30 homes and 32 residential lots and ended the quarter with 63 outstanding new home orders which compares to 36 outstanding new home orders at March 31, 2019.
- Genesis closed the sale of an 8.17-acre multi-family parcel in northwest Calgary for \$9.0 million.
- Write-downs were identified on two projects and Genesis recorded a write-down of \$10.8 million (on its real estate asset base of \$205.0 million). After the write-downs, Genesis had a net loss of \$7.4 million in Q1 2020 as compared to net earnings of \$0.074 million in Q1 2019.
- Genesis renewed its \$10.0 million corporate operating line and two townhouse development loan facilities totaling \$17.4 million during the quarter.
- Given current and expected market conditions, Genesis has focused on preserving cash resources and protecting its balance sheet. At March 31, 2020, Genesis maintained a solid cash position of \$21.4 million in cash and cash equivalents and a debt level of \$49.2 million in loans and credit facilities (17% of total book value of assets).



## Selected Financial Results and Operating Data:

(\$000s, except for per share items or unless otherwise noted)	Three months ended March 31,	
	2020	2019
<b>Key Financial Data</b>		
Total revenues	23,652	12,697
Net (loss) earnings attributable to equity shareholders	(7,383)	74
Net (loss) earnings per share - basic and diluted	(0.18)	0.00
Cash flows from operating activities	8,188	4,583
Cash flows from operating activities per share - basic and diluted	0.19	0.11
<b>Key Operating Data</b>		
<b>Land Development</b>		
Total residential lots sold (units)	32	33
Residential lot revenues	5,752	5,376
Development land revenues	8,987	-
<b>Home Building</b>		
Homes sold (units)	30	26
Revenues <sup>(1)</sup>	14,088	11,086
Outstanding new home orders at period end (units)	63	36

<sup>(1)</sup> Includes revenues of \$5,175,000 for 30 lots in Q1 2020 purchased by the Home Building division from the Land Development division (\$3,765,000 and 26 in Q1 2019) and sold with the home. These amounts are eliminated on consolidation.

(\$000s, except for per share items or unless otherwise noted)	As at Mar. 31,	As at Dec. 31,
	2020	2019
<b>Key Balance Sheet Data</b>		
Cash and cash equivalents	21,393	16,248
Total assets	284,009	296,268
Loans and credit facilities	49,219	51,546
Shareholders' equity	186,532	193,957
Loans and credit facilities (debt) to total assets	17%	17%

During Q1 2020 new home orders were 39 compared to 28 in the same period in 2019. Genesis ended the first quarter of 2020 with 63 outstanding home orders at period end, up from 36 a year earlier.

During Q1 2020, one development land parcel was sold for \$8,987,000, while there were no development land sales in Q1 2019. In addition, Genesis sold 30 homes, all single-family in Q1 2020 compared to 26 homes (21 single-family and 5 townhouses) in Q1 2019. This resulted in higher revenues in Q1 2020, compared to Q1 2019. The higher revenues were only partially offset by the lower sales of residential lots to third-parties, with 2 lots being sold in Q1 2020 compared to 7 lots sold in Q1 2019.

During Q1 2020, the Corporation recorded a write-down of \$10,000,000 (2019 - \$Nil) on a parcel of land held for development. The write-down was taken based on third-party assessments of the estimated returns realizable on completion of development and sale of this land. The Corporation also recorded a write-down of \$815,000 (2019 - \$Nil) relating to a townhouse project. The write-down was taken to reflect the estimated returns realizable on the sale of completed townhouse units and on the completion of construction and sale of units that are partially constructed.

Net loss attributable to equity shareholders in Q1 2020 was (\$7,383,000) ((\$0.18) loss per share - basic and diluted) compared to net earnings attributable to equity shareholders of \$74,000 (\$0.00 earnings per share - basic and diluted) in Q1 2019.

Genesis' cash flows from operating activities were \$8,188,000 (\$0.19 per share - basic and diluted) in Q1 2020, compared to \$4,583,000 (\$0.11 per share - basic and diluted) in Q1 2019.

Genesis had \$21,393,000 in cash and cash equivalents at March 31, 2020 compared to \$16,248,000 as at December 31, 2019.

Total loans and credit facilities outstanding at March 31, 2020 were \$49,219,000, 17% of the total book value of assets, compared to \$51,546,000 or 17% of the total book value of assets at December 31, 2019. During Q1 2020, loans and credit facilities decreased by an \$8,000,000 payment on the vendor-take back mortgage issued in 2015 as partial consideration for the acquisition of the southeast Calgary lands subsequently named "Ricardo Ranch". This decrease was partially offset by a \$6,000,000 draw on a \$10,000,000 demand operating line of credit and net reductions on loans related to land servicing and home building activities.

## **Outlook**

The Calgary Metropolitan Area economy is experiencing materially lower economic activity due to the COVID-19 pandemic and historically low oil prices, resulting in a significant reduction in economic activity and increase in unemployment levels. The duration and impact of the COVID-19 pandemic and the recent significant decreases in the price of oil are unknown at this time. As a result, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation in future periods.

Genesis is adapting its operations, capital investments and marketing approaches to address these uncertainties, while focusing on preserving cash, protecting the value of its assets, limiting financing risk, and ensuring that all health and safety recommendations of regulatory authorities are being followed and, when feasible, exceeded.

Genesis is committed to implementing its long-term strategy, with adjustments as required by current conditions, to develop and realize the value of its land holdings, while prudently managing its financial and other resources and controlling costs to maintain a strong balance sheet.

## **Additional Information**

The information contained in this press release should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2020 and 2019 and the related Management's Discussion and Analysis ("MD&A") dated May 5, 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.*

*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.*

*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.*