



## Genesis Reports 2015 First Quarter Results

For Immediate Release

**CALGARY, May 14, 2015** – Genesis Land Development Corp. (TSX: GDC) (the "Corporation" or "Genesis") is pleased to report its financial and operating results for the three months ended March 31, 2015.

### SUMMARY CORPORATE HIGHLIGHTS

Our key financial results and operating data are as follows:

(\$000s, except for per share items or unless otherwise noted)	Three months ended March 31,	
	2015	2014
<b>Key Financial Data</b>		
Total revenues	15,773	37,987
Gross margin	4,691	7,838
Net earnings attributable to equity shareholders	60	2,940
Net earnings per share – basic and diluted	0.00	0.07
Cash flows from operating activities	(18,727)	21,050
Cash flows from operating activities per share <sup>(1)</sup>	(0.42)	0.47
<b>Key Operating Data</b>		
Residential lots sold to third parties (units)	3	61
Average revenue per lot sold to third parties	146	189
Residential lots sold through the home building business segment (units)	15	25
Homes sold (units)	32	27
Average revenue per home sold	478	455
New home orders (units)	19	95

	As at March 31,	
	2015	2014
<b>Homes with firm sale contracts (units)</b>	<b>124</b>	<b>186</b>

Key Balance Sheet Data (\$000s, except for per share items or unless otherwise noted)	As at March 31, 2015	As at December 31, 2014
	Cash and cash equivalents	8,401
Total assets	330,805	309,742
Loans and credit facilities	51,164	23,892
Total liabilities	99,866	78,468
Shareholders' equity	208,259	208,101
Total equity	230,939	231,274

<sup>(1)</sup> Basic and diluted amounts per share

"The first quarter results were consistent with the Calgary real estate market being weak in the first quarter" said Bruce Rudichuk, President and Chief Executive Officer.

## Highlights

Due to our strong order book of 137 homes with firm sales contracts carried forward from 2014, the first quarter of 2015 ("Q1 2015") was marked by an improved performance in the home building business compared with the first quarter of 2014 ("Q1 2014"). The land segment experienced weaker than normal revenue due to the market turndown. Buyer traffic and home sales were strong in March, April and to date, up from the slow start at the beginning of the year, which allows us to retain of our target of 200 home closings for 2015.

- The home building business segment achieved continued performance improvements with revenues, gross margins, earnings and volumes up in Q1 2015 compared to Q1 2014. The revenues increased 24.6% to \$15.3 million in Q1 2015 from \$12.3 million in Q1 2014 and gross margin increased to 16.4% from 12.3% for the same periods. Home sales were 32 for Q1 2015 compared to 27 in Q1 2014.
- New home orders were 19 for Q1 2015 compared to 95 for Q1 2014 due to slower market conditions at the beginning of Q1 2015. Improvement in market conditions was observed from an increase in buyer traffic in March and subsequent to the end of the quarter.
- Genesis closed the \$44.3 million transaction to acquire 350 acres of land in southeast Calgary ("Southeast Lands") on January 6, 2015 and assumed a vendor-take-back mortgage (a "VTB") of \$40 million at 0% per annum, measured at amortized cost of \$32.3 million using 8% discount rate. The VTB is to be paid in five annual installments of \$8 million each.
- Earnings of \$60,000 in Q1 2015 compared to \$2.9 million in the first quarter of 2014, mainly due to lower residential lot sales in Q1 2015.
- Cash flows used in operating activities were \$18.7 million or \$0.42 per share for Q1 2015 compared to cash flows from operating activities of \$21 million or \$0.47 per share for Q1 2014. The primary reason for this was the receipt of \$13.8 million from the sale of the non-core Acheson development land parcel in Q1 2014 while Q1 2015 included the payment of \$10 million to acquire the Southeast Lands, the disbursement of \$4.3 million towards income taxes and the payment of \$1.8 million to the former mortgage holders of a participating mortgage.
- Loans and credit facilities increased to \$51.1 million at Q1 2015 from \$23.9 million at December 31, 2014 ("YE 2014"). Loans and credit facilities at Q1 2015 included \$32.3 relating to a VTB for the purchase of the Southeast Lands. Loans and credit facilities, excluding the VTB, decreased by \$5.1 million during the quarter. Debt to total assets increased to 15.5% at Q1 2015 from 7.7% at YE 2014 mainly due to the assumption of the VTB.

## Operations Update

- Genesis expects to service up to five subdivision phases in 2015, potentially adding up to 416 single-family lots and 322 multi-family units in three projects to its inventory. This will ensure sufficient and diverse product in 2016 and beyond.
- Genesis is re-envisioning the remaining phases in its Bayside and Bayview communities in Airdrie comprising approximately 200 acres of land. The re-envisioning will allow our product to better reflect current market conditions and consumer preferences.
- Genesis continues to add diverse products to its home building offering. During Q1 2015 we submitted three multi-family development permit applications; one in our Canals Landing community in Airdrie and two in our Saddlestone community in Calgary. The Canals Landing project will comprise 79 townhomes and stacked townhome units and will have an innovative Molok waste disposal system. The first Saddlestone project will comprise 24 townhomes and the second project will comprise a mix of 54 townhomes and back-to-back townhomes. The construction work is targeted to start in fall this year pending approvals from the City.

## **Additional Information**

The information contained in this press release should be read in conjunction with the condensed consolidated interim financial statements for the three months ended March 31, 2015 and 2014, and the related Management's Discussion and Analysis ("MD&A") dated May 14, 2015, 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).

## **2015 First Quarter Conference Call**

Genesis will host a conference call and web cast on Friday, May 15, 2015 at 7:00 a.m. MDT (9:00 a.m. EDT) to discuss the Corporation's 2015 first quarter financial and operating results. The format of the call will be as a question and answer session for analysts and investors after a brief summary of results. To participate in the conference call, please contact the conference operator ten minutes prior to the call at 1-888-390-0605 or 1-416-764-8609. To participate in the web cast please visit: <http://tinyurl.com/genesis-q115>. The web cast will be archived two hours after the presentation at the website listed above for 90 days. For a replay of this call, please dial: 1-888-390-0541 or 1-416-764-8677 and enter access code #789592 until May 29, 2015.

## **About Genesis**

Genesis is an integrated, award-winning land developer and residential homebuilder, creating innovative and successful communities in the Calgary Metropolitan Area. Genesis is committed to supporting its communities through partnerships like the Genesis Centre of Community Wellness and Genesis Place Recreational Centre. Genesis owns a large portfolio of entitled residential and mixed-use land, which is exceptionally well positioned to benefit from the continued robust activity in the Alberta economy. The Corporation's common shares are listed on the Toronto Stock Exchange (TSX: GDC).

## **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.*

*Forward-looking statements include, but are not limited to, statements with respect to the nature of development lands held and the anticipated inventory and development potential of such lands, ability to bring new developments to market, anticipated positive general economic and business conditions in 2015 and beyond, including low unemployment and interest rates, low stable inflation rates, positive net migration, petroleum commodity prices and above average earnings in Alberta and the anticipated impact on Genesis' development and home building activities, Genesis' business strategy, including the geographic focus of its activities in 2015 and beyond, the constraint on margins, profitability and the pace of activity in Calgary's home building industry throughout 2015 and possibly 2016, the expected capital contribution of future earnings and cash flow from land holdings in the Calgary Metropolitan Area, the ability to close the book of homes with firm sales contracts, the ability to meet the objective to increase the closing of home builds in 2015 as compared to 2014, including the ability to significantly increase home builds per year without substantial addition to costs to our production team or infrastructure so as to increase the effect on net margin, net asset value and profitability and the ability of management to close the gap between net asset value and share price. 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 the 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.*

*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 or unanticipated impact of general economic conditions in Canada, the United States and globally; 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; timely leasing of newly-developed properties and re-leasing of occupied square footage upon expiration; dependence on tenants' financial condition; the uncertainties of real estate development and acquisition activity; the ability to effectively integrate acquisitions; fluctuations in interest rates; ability to raise capital on favourable terms; the impact of newly-adopted accounting principles on Genesis' accounting policies and on period-to-period comparisons of financial results; not realizing on the anticipated benefits from transactions or not realizing on such anticipated benefits within the expected time frame; 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 the Corporation's MD&A under the heading "Risks and Uncertainties" and the 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.*

*Caution should be exercised in the evaluation and use of the appraisal results. The appraisal is an estimate of market value at specific dates and not a precise measure of value, being based on subjective comparison of related activity taking place in the real estate market. The appraisal is based on various assumptions of future expectations and while the appraiser's assumptions are considered to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future.*