



Genesis Reports 2017 First Quarter Results

For Immediate Release

CALGARY, May 11, 2017 – Genesis Land Development Corp. (TSX: GDC) (the “Corporation” or “Genesis”) reported its financial and operating results for the three months ended March 31, 2017.

OPERATING RESULTS

Net Earnings

Net earnings were \$704,000 for Q1 2017 (\$0.02 per share) down from \$2,110,000 for Q1 2016 (\$0.05 per share), primarily due to no sales of development land in Q1 2017 and a reduction in the number of new homes sold in the quarter by Genesis’ home building business, Genesis Builders Group Inc. (“GBG”), relative to Q1 2016.

Revenues

Revenues for Q1 2017 were \$15,664,000, down from \$32,424,000 in Q1 2016, primarily due to no sales in Q1 2017 of development land and reduction in the number of new homes sold by GBG in Q1 2017, partially offset by a significant increase in the number of lots sold to third parties in Q1 2017:

- There were no development land sale revenues in Q1 2017, while in Q1 2016, a 14 acre development land parcel was sold with revenues of \$10,250,000.
- In Q1 2017, Genesis sold 51 lots, compared to 36 lots in Q1 2016, with total lot sales revenue in Q1 2017 of \$8,733,000 compared to \$6,969,000 in Q1 2016
 - Genesis sold 37 residential lots to third-parties in Q1 2017 with revenues of \$6,565,000 (nil in Q1 2016)
 - GBG sold 14 homes (36 in Q1 2016) on residential lots owned by Genesis generating residential lot revenues of \$2,168,000 (\$6,969,000 in Q1 2016)
- GBG sold 19 homes in Q1 2017 with revenues of \$9,020,000 compared to 42 homes in Q1 2016 with revenues of \$22,209,000, a decrease of \$13,189,000. Of the 19 homes, 15 homes were sold by GBG on a quick possession basis (i.e. contracted and delivered within 90 days) compared to 17 in Q1 2016.

Expenses

Expenses which comprise general and administrative expenses, selling and marketing expenses, income from joint venture and net finance expense were \$4,719,000 for Q1 2017, down \$446,000 from \$5,165,000 in Q1 2016. This was mainly due to a reduction in selling and marketing expenses and net finance expense. Net finance expense decreased from \$761,000 in Q1 2016 to \$609,000 in Q1 2017 primarily due to the \$8,000,000 annual payment on the Corporation’s vendor-take-back mortgage.

Cash Flow from Operating Activities

Cash outflows from operating activities were \$1,529,000 (outflows of \$0.03 per share) in Q1 2017 compared to cash inflows of \$12,269,000 (inflows of \$0.28 per share) in Q1 2016, a reduction of \$13,798,000 (\$0.31 per share). Lower cash flows from operating activities were mainly due to lower home closings by GBG in the first quarter of 2017 with lower cash receipts from residential homes sales of \$9,197,000 in Q1 2017 compared to \$22,045,000 in Q1 2016.

Cash flow from operating activities of Genesis varies quarter to quarter due to the lumpy nature of its business of land sales and the timing of the receipt of sale proceeds. The sale of a lot or of a parcel of land to a third party is recognized as sales revenue at the time of entering into a firm sales contract, provided that a deposit is made of at least 15% of the purchase price. The balance of the purchase price is generally received in cash at the time of closing which can be many months later resulting in a timing difference between sales revenue recognition and the actual receipt of cash. The sale of a lot by GBG to an end buyer is recognized on receipt of the full sale proceeds and the transfer of title to the lot.

Loans and credit facilities

Loans and credit facilities were reduced to \$36,616,000 at the end of Q1 2017 compared to \$43,295,000 at YE 2016 (a decrease of \$6,679,000), primarily due to the \$8,000,000 annual payment in January 2017 on the Corporation's vendor-take-back mortgage for its southeast Calgary lands.

SUMMARY CORPORATE HIGHLIGHTS

Our key financial results and operating data are as follows:

	Three months ended March 31,	
	2017	2016
<i>(\$000s, except for per share items or unless otherwise noted)</i>		
Key Financial Data		
Total revenues	15,664	32,424
Gross margin	5,412	8,234
Net earnings attributable to equity shareholders	704	2,110
Net earnings per share – basic and diluted	0.02	0.05
Cash flows (used in) from operating activities	(1,529)	12,269
Cash flows (used in) from operating activities per share ⁽¹⁾	(0.03)	0.28
Key Operating Data		
Residential lots sold to third parties (units)	37	-
Residential lots sold through home building business segment (units)	14	36
Average revenue per lot sold	173	194
Homes sold (units)	19	42
Average revenue per home sold	475	529
New home orders (units)	26	28
	As at March 31,	
	2017	2016
Homes (with lots) subject to firm sale contracts (units)	46	49
	As at March 31, 2017	As at December 31, 2016
Key Balance Sheet Data <i>(\$000s, except for per share items or unless otherwise noted)</i>		
Cash and cash equivalents	3,958	14,318
Total assets	281,635	288,995
Loans and credit facilities	36,616	43,295
Total liabilities	70,564	77,330
Shareholders' equity	205,031	205,628
Total equity	211,071	211,665

⁽¹⁾ Basic and diluted amounts per share

UPDATE – EXECUTION OF THE 2017 BUSINESS PLAN

Genesis continued to implement its 2017 business plan in Q1 2017, as follows:

Dividends and/or Share Buybacks

The Corporation is actively re-purchasing common shares when possible, and acquired and cancelled 447,449 common shares for \$1,301,000 in Q1 2017 (representing 1.02% of issued and outstanding shares at the beginning of the year) compared to 258,700 common shares for \$608,000 in Q1 2016 (representing 0.58% of the issued and outstanding shares at the beginning of 2016).

No dividends were declared in Q1 2017.

Obtain Additional Land Servicing and Zoning Entitlements

In 2017 to date, Genesis has made progress in advancing land entitlements for its long-term lands, including in its Calgary Southeast and Sage Hill Crossing lands, its Airdrie lands and in Rocky View Country. Details are provided in Management's Discussion and Analysis ("MD&A") dated May 11, 2017.

Plans for the Development and Disposition of Core Lands

Genesis continued to develop detailed plans for each of its core lands, with the objective of developing each so as to maximize the net present value of the land and to sell the land at the most opportune time.

Genesis has entered into conditional agreements to sell several parcels of land which, if completed, would be closed in late 2017 or 2018. These transactions provide for the payment of the purchase price in cash on closing, subject to the usual adjustments. There can be no assurances that these transactions will go firm and/or close.

Add Third Party Builders in Genesis Communities

In Q1 2017, Genesis entered into an agreement with and sold 26 lots to a new builder group in Airdrie. Genesis expects that this builder will continue as a member of the Genesis builder partner group in Airdrie following completion and sale of these lots by the builder.

Increase Units Sold by GBG

GBG continues to focus on improving its sales process to increase volumes, while striving to maintain construction margins. GBG had 26 new home orders during Q1 2017 compared to 28 in Q1 2016 and ended Q1 2017 with 46 firm home sales contracts compared to 49 at the end of Q1 2016.

Traffic to Genesis' show homes was down significantly in Q1 2017 compared to Q1 2016 which negatively impacted its ability to convert visitors into home buyers. Show home traffic may have been impacted by cold and snowy weather in Q1 2017 as there were significantly more sub -20 C (-4 F) temperature days and more snow in Q1 2017 than in Q1 2016 which was an unusually warm period. Towards the end of Q1 2017, traffic to Genesis' show homes started to substantially increase and has continued into April and early May 2017. Increased traffic may translate into firm sales. GBG has made several firm sales in Q2 2017 and is in the process of negotiating several other potential sales.

In Q1 2017, GBG continued construction of its "Ashbury" 24 unit townhouse development in northeast Calgary (expected to be completed in Q3 2017), and intends to begin construction in Q2 2017 on the nearby 54 town house unit "The Laurels" and "The Newport" in Airdrie, an 85 unit townhouse development.

Service Additional Phases

In Q2 2017, Genesis intends to commence land servicing of a phase of the "Saddlestone" community in Calgary (expected to yield 102 residential lots available for sale in 2018) and a phase in the "Bayview" community in Airdrie (expected to yield 73 residential lots available for sale in 2018). In addition, GBG intends to begin construction of an 85 unit townhome project called "Newport" in Airdrie in 2017. Genesis will finance the servicing of these phases and the construction of the townhouse project primarily using new external debt facilities, where possible. As a result, Genesis expects to increase its use of credit facilities in 2017.

Sell Remaining Non-Core Land

As previously announced, the Corporation had entered into a firm agreement to sell 1,476 acres of non-core land for \$9,000,000. This transaction closed on May 2, 2017, at which time Genesis received the net cash proceeds of closing.

Leadership Update

The Board of Directors is pleased to announce the following leadership changes effective immediately:

- Iain Stewart, Director and an experienced real estate executive, has been appointed to the role of Vice Chair of the Board. Mr. Stewart will focus on providing management and the Board with advice on the development of its major long term land projects, with the goal of maximizing the value of each development.
- Stephen Griggs, Chair of the Board, has been appointed Chief Executive Officer. Mr. Griggs became the interim CEO in February 2016 and has focused on developing a new strategy and business plan, reorganizing the management team, right sizing the company and reducing costs to adjust to the current market environment, and remains focused on achieving the strategic and business objectives set by the Board.
- Wayne King, CPA CA has been appointed Chief Financial Officer reporting to the CEO effective May 12, 2017 with responsibility for the finance, accounting, human resources and technology functions and will work closely with the CEO and other members of the management team on strategic initiatives.
- Steven Glover, Director, continues in his role as Lead Director and is responsible for leading the Board in situations where there is a conflict or a potential conflict, providing leadership and independence and working closely with the Chair of the Board.

Mr. King was most recently the Chief Financial Officer and Senior Vice-President of SAIT - Southern Alberta Institute of Technology. Over his ten years at SAIT, Mr. King was a member of the senior executive team reporting to the President and CEO and had responsibility for finance and non-academic services including IT, employee services, commercial services, student services and facilities. He was also responsible for SAIT's major capital expansion projects including the recently completed \$400 million, 800,000 sq. ft. expansion. In addition, he had responsibility for the Alumni and Development group that, working with the fundraising committee, successfully completed a \$115 million campaign primarily from the Calgary community. Mr. King began his career with Deloitte and Touche in Calgary and has held a number of executive roles, including being the CFO of several public oil and gas companies, a boutique merchant bank and Royal Host Real Estate Investment Trust.

Mr. Griggs, Chair and CEO, stated: "We are pleased that Mr. King is joining us as CFO. He brings years of experience as a Calgary based CFO and senior business leader. Wayne brings to Genesis strong relationships in the Calgary community and will make an important contribution to the success of Genesis in the coming years as a part of our management team."

Mr. Griggs continued: "We thank our interim CFO, Kirsten Richter, CPA, CA for her year with us, during which time she made many important contributions. We are pleased that Kirsten will be continuing to work with us to complete several projects that will further strengthen our business."

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, 2017 and 2016 and the related Management's Discussion and Analysis ("MD&A") dated May 11, 2017 which have been filed with Canadian securities regulatory authorities. Copies of these documents may be obtained via www.sedar.com or our website at www.genesisland.com.

About Genesis

Genesis Land Development Corp. is a land developer and residential home builder in the Calgary Metropolitan Area. The Corporation's common shares are listed on the Toronto Stock Exchange (TSX: GDC).

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ADVISORIES

Forward-Looking Statements

This news release may contain 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". Forward-looking statements in this news release include statements with respect to the purchase of common shares under the normal course issuer bid, commencing the servicing phase of the Saddlestone community, the Bayview community and the construction phase of the Newport project, the financing of these phases and expected increased leverage, and the anticipated start of background studies and construction on the southeast lands and the receipt of land sale proceeds. 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.

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; 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; 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, including the Corporation's MD&A under the heading "Risks and Uncertainties" and the AIF under the heading "Risk Factors". Furthermore, any forward-looking statements contained in the 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.