



Genesis Reports 2018 First Quarter Results – Stronger Cash Flow from Operating Activities

For Immediate Release

CALGARY, May 11, 2018 – Genesis Land Development Corp. (TSX: GDC) (the “Corporation” or “Genesis”) reported its financial and operating results for the three months ended March 31, 2018 (“Q1 2018”).

Key financial results and operating data for Genesis were as follows:

(\$000s, except for per share items or unless otherwise noted)	Three months ended March 31,	
	2018	2017
Key Financial Data		
Total revenues	14,369	15,664
Direct cost of sales	(9,943)	(10,252)
Gross margin	4,426	5,412
Gross margin (%)	30.8%	34.6%
Net earnings attributable to equity shareholders	687	704
Net earnings per share – basic and diluted	0.02	0.02
Cash flows from (used in) operating activities	1,197	(1,529)
Cash flows from (used in) operating activities per share – basic and diluted	0.03	(0.03)
Key Operating Data		
Land Development		
Total residential lots sold (units)	37	51
Residential lot sales	5,451	8,812
Gross margin on residential lot sales	2,431	3,746
Gross margin (%) on residential lot sales	44.6%	42.5%
Average revenue per lot sold	147	173
Home Building		
Homes sold (units)	33	19
Revenues ⁽¹⁾	13,405	9,020
Gross margin on homes sold	1,995	1,666
Gross margin (%) on homes sold	14.9%	18.5%
Average revenue per home sold	406	475
Homes (with lots) subject to firm sale contracts (units)	17	46

(\$000s, except for per share items or unless otherwise noted)	As at Mar. 31, 2018	As at Dec. 31, 2017
Key Balance Sheet Data		
Cash and cash equivalents	15,953	23,585
Total assets	280,844	301,425
Loans and credit facilities	21,772	30,135
Total liabilities	60,532	81,884
Shareholders' equity	202,084	201,397
Total equity	220,312	219,541
Loans and credit facilities (debt) to total assets	8%	10%

⁽¹⁾ Includes revenues of \$4,487,000 for 33 lots purchased by Home Building from Land Development (2017 – 14 and \$2,168,000) and sold with the home. These amounts are eliminated on consolidation.

Highlights of First Quarter

In Q1 2018, Genesis delivered cash flow from operating activities of \$1,197,000 (\$0.03 per share) as compared to negative cash flow from operating activities of ((\$1,529,000) and (\$0.03) per share) for the first quarter of 2017 ("Q1 2017"), an increase of \$2,726,000 (\$0.06 per share). The increase was primarily due to higher home and lots closings and lower capital spending offset by higher income taxes paid.

Net income for Q1 2018 was \$687,000 (\$0.02 per share), similar to \$704,000 (\$0.02 per share) in Q1 2017. Overall, revenues for Q1 2018 were down \$1,295,000 (8%) at \$14,369,000 compared to \$15,664,000 in Q1 2017, primarily due to fewer residential lot sales to third-party builders, offset by higher home sales by the home building group. The gross margin of the home building group was 15% in Q1 2018, down from 19% in Q1 2017 due to the adjustment of sales prices to reflect weaker market conditions and the change in product mix to lower priced and margin single family homes and townhomes. The gross margin on residential lot sales of 45% in Q1 2018 was similar to 43% in Q1 2017. Total expenses for Q1 2018 were lower than in Q1 2017, with savings realized in G&A and Selling and Marketing expenses of \$631,000 (15%) and lower interest expense of \$301,000 (48%) due to lower average loan balances during Q1 2018 compared to Q1 2017.

Genesis had \$15,953,000 in cash and cash equivalents at March 31, 2018, compared to \$23,585,000 as at December 31, 2017, primarily due to Genesis making an \$8,000,000 payment on its vendor-take-back mortgage payable in the quarter. As a result of this payment, total loans and credit facilities as at March 31, 2018 were 28% lower than at December 31, 2017. The \$21,772,000 of loans and credit facilities outstanding at March 31, 2018 was 8% of total assets, compared to \$30,135,000 or 10% of total assets at December 31, 2017.

Re-Purchase of Lots

Subsequent to March 31, 2018, Genesis entered into an agreement with the receiver of a third-party builder in a Genesis community, which agreement has been approved by the Alberta Court of Queen's Bench. In accordance with this agreement, (1) the agreements to sell 23 lots to the builder were cancelled in consideration of the lots being returned and Genesis retaining the associated \$655,000 of deposits, (2) Genesis re-purchased 31 lots for \$5,200,000 that it had previously sold to this builder (and had received full payment) and acquired the improvements (such as work in progress) previously made by the builder on these 31 lots and on the 23 returned lots. Genesis will acquire all assets free and clear of any liabilities including any builders' liens obligations. The transaction is expected to close in May 2018.

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, 2018 and 2017 and the related Management's Discussion and Analysis ("MD&A") dated May 11, 2018 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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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".

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 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, including 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.