



Genesis Reports 2015 Second Quarter Results

For Immediate Release

CALGARY, August 13, 2015 – Genesis Land Development Corp. (TSX: GDC) (the "Corporation" or "Genesis") is pleased to report its financial and operating results for the three and six months ended June 30, 2015.

SUMMARY CORPORATE HIGHLIGHTS

Our key financial results and operating data are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
<i>(\$000s, except for per share items or unless otherwise noted)</i>				
Key Financial Data				
Total revenues	31,822	34,765	47,595	72,752
Gross margin	(1,147)	14,465	3,544	22,303
Net earnings attributable to equity shareholders	1,333	7,231	1,393	10,171
Adjusted earnings attributable to equity shareholders ⁽¹⁾	4,212	6,459	4,272	9,399
Net earnings per share – basic and diluted	0.03	0.16	0.03	0.23
Adjusted earnings per share – basic and diluted ⁽¹⁾	0.09	0.14	0.10	0.21
Cash flows (used in) from operating activities	(1,324)	9,312	(20,051)	30,362
Cash flows (used in) from operating activities per share ⁽²⁾	(0.03)	0.21	(0.45)	0.68
Key Operating Data				
Residential lots sold to third parties (units)	3	39	6	100
Average revenue per lot sold to third parties	183	207	165	196
Residential lots sold through the home building business segment (units)	27	74	42	99
Homes sold (units)	59	65	91	92
Average revenue per home sold	526	409	509	422
New home orders (units)	42	63	61	158

	As at June 30,	
	2015	2014
Homes with firm sale contracts (units)	107	180

	As at June 30, 2015	As at December 31, 2014
Key Balance Sheet Data <i>(\$000s, except for per share items or unless otherwise noted)</i>		
Cash and cash equivalents	3,975	33,048
Total assets	324,951	309,742
Loans and credit facilities	49,387	23,892
Total liabilities	100,592	78,468
Shareholders' equity	209,601	208,101
Total equity	224,359	231,274

⁽¹⁾ Non-GAAP financial measure

⁽²⁾ Basic and diluted amounts per share

"The Calgary real estate market continues weaker than last year and will likely remain challenged for a period of time due to general economic weakness. In light of these market conditions, we are adjusting our approach to be especially cost competitive and focused on profitability, while continuing to implement our strategic plan," said Bruce Rudichuk, President and Chief Executive Officer.

Highlights

We began the year 2015 with an opening order book of 137 homes with firm sales contracts. Our financial results in the home building business during the three and six months ended June 30, 2015 ("Q2 2015" and "YTD 2015") were stronger than those of the three and six months ended June 30, 2014 ("Q2 2014" and "YTD 2014").

In 2015 we expect to close the 137 new home orders we brought in to 2015 from 2014. Buyer traffic was steady during Q2 2015, up from the slow start at the beginning of the year. However, new home orders continued to be slow during Q2 2015 and YTD 2015 when compared to the same periods in 2014, reflecting a softer housing market. We have 107 homes with firm sales contracts at the end of Q2 2015. We have delivered 91 homes in YTD 2015 and continue to retain our target of 200 home closings for 2015.

The land development segment experienced lower than normal revenue during Q2 2015 and YTD 2015 due to the market downturn, the timing of release for sale of new development phases and, consistent with the Corporation's strategy, to reserve a significant portion of the developed lots for our home building business segment.

Revenue:

- Due to lower lot sales in 2015 revenues were lower in the quarter. They were \$31,822 for Q2 2015 compared to \$34,765 for Q2 2014. Revenues for YTD 2015 were \$47,595 compared to \$72,752 for YTD 2014.

Gross margin and write-downs:

- Gross margin percentage before write-down or recovery increased to 31.8% and 31.1% for Q2 2015 and YTD 2015 compared to 29.1% and 24.7% in Q2 2014 and YTD 2014, respectively.
- We obtained independent appraisals for all our real estate at the end of Q2 2015 with the exception of non-core properties that are actively being marketed for sale. Our core properties have retained or increased their appraised value since December 31, 2014 ("YE 2014") and NAV has increased to \$9.00 per share (YE 2014 - \$8.69).
- The projected development time line of certain non-core parcels of agricultural land, held by Genesis and by a limited partnership, is expected to be significantly extended, resulting in a write-down to Genesis of \$3,839 (2014 – recovery of \$1,030). The limited partnership incurred a write-down of \$7,422 (2014 – recovery of \$3,331).

Net earnings:

- Adjusted net earnings, after adjusting for after-tax write-down or recovery of real estate, was \$4,212 for Q2 2015 and \$4,272 for YTD 2015 compared to \$6,459 and \$9,399 in Q2 2014 and YTD 2014 respectively.

Cash flows from operations:

- Cash used in operations was \$1,324 or \$0.03 per share for Q2 2015 compared cash flows from operations of \$9,312 or \$0.21 per share for Q2 2014. Cash used in operations was \$20,051 or \$0.45 per share for YTD 2015 compared to cash flows from operations of \$30,362 or \$0.68 per share for YTD 2014.

Financing:

- Genesis reduced its loans and credit facilities by \$7,511, excluding the vendor-take-back mortgage ("VTB") of \$33,006 which was assumed for the purchase of lands in southeast Calgary.
- Non-cash interest on the VTB amounted to \$658 and \$1,318 for Q2 2015 and YTD 2015 respectively.

Home building segment:

- The home building business performance was in line with expectations, with home building revenues, gross margins and earnings increasing in Q2 2015 and YTD 2015 compared to the same periods in 2014.
- Genesis sold 59 homes in Q2 2015 with revenues of \$31,029 (Q2 2014 – 65 and \$26,592) and 91 homes in YTD 2015 with revenues of \$46,330 (YTD 2014 - 92 and \$38,877).

Land development segment:

- Residential lot sales were slower during 2015 as no new phases were yet completed. Lot sales are anticipated to increase once development of new phases is complete and lots are available for sale.
- Genesis sold 30 residential lots in Q2 2015 with revenues of \$5,834 (Q2 2014 – 113 and \$17,590) and 48 residential lots in YTD 2015 with revenues of \$9,064 (YTD 2014 – 199 and \$32,624).

Operations Update

Land Development Division

- We will commence development of Bayside phase 8 in fall 2015 and expect the phase to be ready in late 2015, thus adding 128 single family-lots to our inventory.
- We are awaiting approval from the City of Calgary to commence development work in Saddlestone phase 8 and from the City of Airdrie to commence development work in Bayview Phase 10.
- Deep utility construction is in progress in Sage Meadows Phase 4. Completion of this site is expected in late 2015 adding 74 single-family lots to our inventory.

Home Building Division

- The home building division runs a spec home program to meet deliveries on a quick possession basis. As of June 30, 2015 we have 109 homes (December 31, 2014 – 46 homes) in various stages of construction with a total investment of \$5.7 million (December 31, 2014 - \$1.7 million).
- In addition to spec home inventory, we have as at June 30, 2015, 107 homes (December 31, 2014 – 137 homes) under construction which are under firm contracts to be delivered to home buyers upon completion.

Additional Information

The information contained in this press release should be read in conjunction with the condensed consolidated interim financial statements for the three and six months ended June 30, 2015 and 2014, and the related Management's Discussion and Analysis ("MD&A") dated August 13, 2015, 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.

2015 Second Quarter Conference Call

Genesis will host a conference call and web cast on Friday, August 14, 2015 at 7:00 a.m. MDT (9:00 a.m. EDT) to discuss the Corporation's 2015 second 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-Q215>. 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 #278086 until August 28, 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

Non-GAAP Financial Measures

NAV, gross margin before recovery or write-down, and adjusted earnings and adjusted earnings per share are non-GAAP measures that do not have any standardized meaning as prescribed by IFRS and therefore they may not be comparable to similarly titled measures reported by other companies. These non-GAAP measures have been described and presented in this news release in order to provide shareholders and potential investors with additional information regarding the Corporation's performance, liquidity and value. Additional information on these measures can be found in the Corporation's MD&A.

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