



Genesis Reports 2017 Second Quarter Results and Special \$0.21 per Share Dividend

For Immediate Release

CALGARY, August 11, 2017 – Genesis Land Development Corp. (TSX: GDC) (the “Corporation” or “Genesis”) reported its financial and operating results for the three months (“Q2”) and six months (“H1”) ended June 30, 2017.

SUMMARY

The second quarter of 2017 (“Q2 2017”) was strong with net earnings of \$4,209,000 (\$0.09 per share), an increase of 49% from \$2,828,000 from the second quarter of 2016 (“Q2 2016”) (\$0.06 per share). Net earnings for the first half of 2017 (“H1 2017”) were \$4,913,000 (\$0.11 per share), a 1% decrease compared to \$4,938,000 (\$0.11 per share) in the first half of 2016 (“H1 2016”).

Cash flows from operating activities were \$12,251,000 (\$0.28 per share) in Q2 2017 compared to \$14,394,000 (\$0.33 per share) in Q2 2016, down \$2,143,000 (\$0.05 per share). Cash flows from operating activities for H1 2017 were \$10,722,000 (\$0.25 per share), down significantly compared to \$26,663,000 (\$0.60 per share) in H1 2016. Cash flows from operating activities were lower in H1 2017 primarily due to (1) lower home closings by Genesis Builders Group Inc. (“GBG”) in Q1 2017, resulting in revenues from residential homes sales of \$9,020,000 in Q1 2017 compared to \$22,209,000 in Q1 2016, and (2) in H1 2017 Genesis completed the sale of non-core lands realizing \$9,000,000, which was \$2,800,000 less than the \$11,800,000 of non-core land sales in H1 2016.

\$0.21 PER SHARE SPECIAL DIVIDEND DECLARED

The Board of Directors has declared a special cash dividend of \$0.21 per common share for a total of approximately \$9,085,000 payable to shareholders of record on August 31, 2017, and will be paid on September 15, 2017.

OPERATING HIGHLIGHTS

Key financial results and operating data for the Corporation are as follows:

(\$000s, except for per share items or unless otherwise noted)	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Key Financial Data				
Total revenues	38,497	26,148	54,161	58,572
Direct cost of sales	(28,392)	(18,545)	(38,644)	(42,735)
Gross margin	10,105	7,603	15,517	15,837
Gross margin (%)	26.2%	29.1%	28.6%	27.0%
Net earnings attributable to equity shareholders	4,209	2,828	4,913	4,938
Net earnings per share – basic and diluted	0.09	0.06	0.11	0.11
Cash flows from operating activities	12,251	14,394	10,722	26,663
Cash flows from operating activities per share – basic and diluted	0.28	0.33	0.25	0.60
Key Operating Data				
Total Residential lots sold (units)	78	57	129	93
Residential lot sales	17,930	10,017	26,742	16,986
Gross margin on residential lot sales	7,825	4,621	11,571	7,986
Gross margin (%) on residential lot sales	43.6%	46.1%	43.3%	47.0%
Average revenue per lot sold	230	176	207	183
Homes sold (units)	36	40	55	82
Revenues	17,474	21,533	26,494	43,742
Gross margin on homes sold	3,018	2,965	4,684	6,733
Gross margin (%) on homes sold	17.3%	13.8%	17.7%	15.4%
Average revenue per home sold	485	538	482	533
New home orders (units)	40	46	66	74
Development and non-core land sold	9,000	1,550	9,000	11,800
Homes (with lots) subject to firm sale contracts (units)			50	55

Revenues

Revenues for Q2 2017 were \$38,497,000, a 47% increase compared to \$26,148,000 in Q2 2016, primarily due to an increase in sales of residential lots to third party builders (many of them being premium lots), the \$9,000,000 sale of a non-core property and partially offset by lower sales by GBG in Q2 2017 than Q2 2016. Revenues for H1 2017 were \$54,161,000 an 8% decrease over \$58,572,000 in H1 2016, primarily due to lower revenues in GBG and from lower non-core sales. Revenues in the periods included:

- In Q2 2017, Genesis had total lot sales revenue of \$17,930,000 (78 lots) compared to \$10,017,000 (57 lots) in Q2 2016. In H1 2017, Genesis had \$26,742,000 of total lot sales revenue (129 lots), compared to \$16,986,000 (93 lots) in H1 2016.
 - Genesis sold 45 residential lots to third-parties in Q2 2017 for revenues of \$11,970,000 (22 in Q2 2016 with revenues of \$2,943,000). 82 lots were sold to third parties in H1 2017 with revenues of \$18,535,000 (22 for H1 2016 with revenues of \$2,943,000)
 - GBG sold 33 homes in Q2 2017 (35 in Q2 2016) on residential lots owned by Genesis generating associated residential lot revenues of \$5,907,000 (\$6,952,000 in Q2 2016). In H1 2017, GBG sold 47 homes on lots owned by Genesis (71 in H1 2016) generating lot revenues of \$8,075,000 (\$13,956,000 for H1 2016).

- GBG had revenues of \$17,474,000 (36 homes) in Q2 2017 compared to revenues of \$21,533,000 (40 homes) in Q2 2016, a decrease of \$4,059,000 or 19%. Of the 36 homes, 20 homes were sold on a quick possession basis (i.e. contracted and delivered within 90 days) compared to 19 in Q2 2016. 3 homes were built on lots purchased previously from a third party developer. In H1 2017, GBG had revenues of \$26,494,000 (55 homes), a decrease of 39% from the revenues of \$43,742,000 (82 homes) in H1 2016.
- In Q2, 2017 Genesis completed the sale of a non-core land parcel located in Delacour, Alberta for \$9,000,000, the only sale for the year to date. This compares to \$1,550,000 of non-core land sales in Q2 2016 and \$11,800,000 in H1 2016. Overall this is a \$2,800,000 reduction for the first half of 2017 as compared to 2016.

Expenses

Expenses for Q2 2017, comprised primarily of general and administrative, selling and marketing and net finance expenses, were \$4,518,000, compared to \$4,488,000 for Q2 2016. Expenses for H1 2017 were \$9,262,000, down \$535,000 from \$9,797,000 in H1 2016. The reduction in expenses was primarily due to reduced selling and marketing expenses at GBG as a result of lower home sales and lower net finance expenses due to the \$8,000,000 payment made on a vendor-take-back mortgage in January 2017.

Gross Margins

Gross margins for Q2 2017 were 26% compared to 29% for Q2 2016. Overall gross margins were slightly higher for H1 2017 at 29% vs 27% in H1 2016. This is a result of residential lot sales that realized lower gross margins of 43% compared to 47% in 2016, while home building margins for H1 2017 improved to 18% vs 15% in the same period last year.

Key Balance Sheet Data (<i>\$000s, except for per share items or unless otherwise noted</i>)	As at June 30, 2017	As at December 31, 2016⁽¹⁾
Cash and cash equivalents	10,900	14,318
Loans and credit facilities (including a loan to a limited partnership guaranteed by Genesis)	32,266	43,295
Total assets	288,598	288,995
Total liabilities	73,407	77,330
Shareholders' equity	209,148	205,628
Total equity	215,191	211,665

⁽¹⁾ Year ended December 31, 2016 ("YE 2016")

Liquidity, Loans and Credit Facilities

Genesis had a strong cash position as at June 30, 2017 of \$10,900,000, and an additional \$10,000,000 available in its operating line from a major Canadian bank and \$1,993,000 outstanding on several land servicing loans. Loans and credit facilities were reduced by \$11,029,000 to \$32,266,000 at the end of Q2 2017 (including \$8,963,000 owed by a limited partnership), compared to \$43,295,000 at YE 2016 (including \$8,531,000 owed by a limited partnership), primarily due to:

- the \$8,000,000 annual payment in January 2017 of a vendor-take-back mortgage for its southeast Calgary lands, with the balance outstanding being \$24,000,000 as at June 30, 2017 (excluding \$2,643,000 unamortized discount); and
- \$3,573,000 used to pay down land servicing loans from the proceeds of the sales of lots.

During Q2 2017, Genesis put in place a townhouse project loan facility of \$14,801,000, bearing interest at prime +0.90%, due 3 years from the date of the first draw made. No draw was made as of June 30, 2017.

Subsequent to June 30, 2017, the Corporation put in place two land project loans from two major Canadian banks aggregating \$18,354,000 at prime +0.75% to finance the servicing of two new phases in 2017. The approximate due dates of these loans are expected to be between August and December 2019.

Genesis had previously guaranteed a loan made by a third party lender to a limited partnership managed by Genesis. As at June 30, 2017 a balance of \$8,963,000 was outstanding on the loan. During Q2 2017, the limited partnership entered into a firm agreement to sell a parcel of land located in Delacour, Alberta for \$5,234,000. Subsequent to June 30, 2017, the loan was renewed until September 1, 2017. The sale transaction (the "sale transaction") is expected to close in late August 2017 and the net proceeds of the sale transaction will be used to repay in part this loan, reducing the outstanding loan balance to approximately \$3,800,000. Upon payment of the net sale proceeds, the due date of the loan will be extended from September 1, 2017 to December 31, 2017 and the outstanding loan balance will be due on December 31, 2017. The interest rate on the renewed loan will be the greater of 7.85% or prime + 4% per annum.

UPDATE – EXECUTION OF THE 2017 BUSINESS PLAN

Genesis continued to implement its 2017 business plan in Q2 2017, as follows:

Dividends and/or Share Buybacks

The Board of Directors has declared a special cash dividend of \$0.21 per common share for a total of approximately \$9,085,000 payable to shareholders of record on August 31, 2017, and will be paid on September 15, 2017.

The Corporation has paid several special dividends in prior years:

Date <i>(\$000s, except for per share items or unless otherwise noted)</i>	Dividend per share	Total dividends
September 2017	0.21	9,085
December 2016	0.25	10,936
December 2015	0.12	5,331
June 2014	0.12	5,386
Total to date	0.70	30,738

The Corporation has re-purchased common shares, when possible, under its normal course issuer bid ("NCIB"). In H1 2017, 475,625 common shares (representing 1.09% of outstanding shares at January 1, 2017) were purchased and cancelled under the NCIB at a total cost of \$1,393,000, compared to 363,100 common shares at a total cost of \$893,000 in H1 2016 (0.82% of the issued and outstanding shares at the beginning of 2016).

Obtain Additional Land Servicing and Zoning Entitlements

Genesis has advanced land entitlements for its long-term lands in H1 2017, including in its Calgary southeast and Sage Hill Crossing lands, its Airdrie lands and the large OMNI project in Rocky View County:

- The Council of the City of Calgary requested city staff to proceed with an area structure plan for lands including the southeast lands to commence in 2018.
- In Q2, the Council of the City of Airdrie passed Land Use and Outline Plan amendments on the remaining Bayview lands and a portion of the remaining Bayside lands. These amendments allow Genesis to meet today's community requirements including a full range of residential product mix along with amenities such as comprehensive open spaces, a school site and a neighborhood retail center.
- A Land Use amendment for Sage Hill Crossing was unanimously approved by Calgary Planning Commission in July 2017. This will allow the development to proceed as a medium to low density residential development from the previous big box retail commercial and large high rise residential concept. This amendment is tentatively scheduled for the public hearing of City Council for approval in September 2017.

Plans for the Development and Disposition of Core Lands

Genesis continues 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. The Corporation has entered into conditional agreements to sell several parcels of land which, if completed, are expected to close in late 2017 and 2018. These transactions provide for cash payment of the purchase price on closing, subject to customary adjustments, and/or a portion payable by way of a vendor-take-back mortgage. Genesis does not provide any assurances that these transactions will close in late 2017 and 2018 or at all.

Add Third Party Builders in Genesis Communities

In Q1 2017, Genesis entered into an agreement with a new builder and to date has sold 26 lots to this group in Airdrie. Genesis is pleased that this new builder has become an active member of the Genesis builder partner group in Airdrie which is comprised of GBG and four independent builders.

Increase Units Sold by GBG

GBG continues to focus on improving its sales process and product line up to increase new home orders, while striving to maintain construction margins. New home orders improved in Q2 2017 (40 units) relative to Q1 2017 (26 units), and were comparable to 46 units in Q2 2016. GBG ended Q2 2017 with 50 homes with firm sales contracts compared to 55 homes with firm sales contracts at the end of Q2 2016.

Traffic to Genesis' show homes improved substantially in Q2 2017 from the low level in Q1 2017 which negatively impacted the conversion of show home visitors into home buyers. Towards the end of Q1 2017, traffic to Genesis' show homes began to improve, which continued into Q2 2017 to more normal levels. Increased traffic is generally expected to translate into additional firm sales and GBG is seeing continued improvement in its conversion rates of show home traffic into completed sales.

In Q2 2017, GBG continued construction of its "Ashbury" 24-unit townhouse development in Saddlestone in northeast Calgary, which will be completed in Q3 2017. As of August 11, 2017, there are 6 units with firm sales contracts, in addition 3 units were closed and delivered subsequent to June 30, 2017. Genesis began construction of the nearby 54 townhouse unit "The Laurels" of which there are 8 units with firm sales contracts as at August 11, 2017. Construction of the Ashbury and Laurels projects is being funded from internal resources and budgeted at \$17,000,000 of which approximately \$5,000,000 has been spent to date and \$7,000,000 is expected to be spent over the remainder of 2017. Construction commenced in late Q2 2017 in Airdrie on "The Newport", an 85-unit townhouse development in the community of "Bayview", the construction of which will be financed using a credit facility from a major Canadian chartered bank. All these townhouse projects are being built on Genesis' lands.

Service Additional Phases

In Q2 2017, Genesis began the servicing of a new phase of the "Saddlestone" community in Calgary (expected to yield 102 residential lots available for sale in 2018) and a new phase in the "Bayview" community in Airdrie (expected to yield 73 residential lots available for sale in 2018). Both of these projects will be financed using new credit facilities from major Canadian banks.

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 and six months ended June 30, 2017 and 2016 and the related Management's Discussion and Analysis ("MD&A") dated August 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 expected closing of the Sale Transaction and the use of net proceeds from such Sale Transaction, plans and strategy surrounding the development and disposition of the Corporation's core lands, the expected completion dates of various projects that GBG is currently engaged in and anticipated yields from the Saddlestone community (Calgary) and the Bayview community (Airdrie), commencing the servicing phase and the construction phase of various communities and projects, respectively, the financing of these phases and expected increased leverage. 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.