



Genesis Reports 2017 Third Quarter Results

For Immediate Release

CALGARY, November 9, 2017 – Genesis Land Development Corp. (TSX: GDC) (the “Corporation” or “Genesis”) reported its financial and operating results for the three months (“Q3”) and nine months (“YTD”) ended September 30, 2017.

Q3 2017 RESULTS

In the third quarter of 2017 (“Q3 2017”), Genesis had net earnings attributable to equity shareholders (“net earnings”) of \$3,372,000 (\$0.08 per share), an increase of 54% from \$2,184,000 in the third quarter of 2016 (“Q3 2016”) (\$0.05 per share). Net earnings for YTD 2017 were \$8,285,000 (\$0.19 per share), a 16% increase compared to \$7,122,000 (\$0.16 per share) for the same period in 2016.

Cash flows from operating activities were \$8,888,000 (\$0.21 per share) in Q3 2017, compared to \$10,060,000 (\$0.23 per share) in Q3 2016, down \$1,172,000 (\$0.02 per share). Cash flows from operating activities were lower in Q3 2017 primarily due to lower cash receipts from the sale of lots and development land and higher cash payments for land servicing and home building activity partially offset by higher cash receipts from the sale of residential homes. Cash flows from operating activities YTD 2017 were \$19,610,000 (\$0.45 per share), down by \$17,113,000 compared to \$36,723,000 (\$0.85 per share) in YTD 2016. Cash flows from operating activities were lower in YTD 2017 primarily due to lower cash receipts from the sale of residential homes, higher cash payments for home building activity and higher cash payments for land servicing activity.

NEW ZONING ENTITLEMENTS

During Q3 2017, two very important Area Structure Plans (“ASP”) were approved: one by the City of Calgary and the other by the County of Rocky View. The City of Calgary unanimously approved an amendment to the Sage Hill ASP where Genesis currently owns 64 acres of land. This approval enables Genesis to proceed with securing land use and outline approval for a low to medium density residential and commercial development, rather than the previous high density high rise residential and big box commercial zoning.

The County of Rocky View approved the Omni ASP, which includes the 610 acres of the “North Conrich” lands owned by Genesis (51.2%), Genesis Limited Partnership #4 (32.5%) and GLP5 NE Calgary Developments Inc. (16.3%). Genesis expects this approval will enable it to proceed with securing land use and outline approval for development. On September 26, 2017, the City of Calgary filed an appeal pursuant to section 690 (Intermunicipal Disputes) of the Municipal Government Act following approval of the OMNI ASP by the County of Rocky View. The Notice of Appeal is currently being reviewed by the Municipal Government Board and a schedule for proceedings is being developed. It is anticipated that a pre-hearing conference will be set up in early December 2017. Genesis, as the funder of the ASP, intends to apply to participate in the proceedings as an affected party. The proceeding schedule may include mediation or a hearing.

The City of Calgary is proceeding with the development of an ASP for “Cell E” lands, which includes Genesis’ southeast lands, and is expected to commence in 2018.

LAND SALES

After September 30, 2017, Genesis announced the entering into of firm agreements to sell two large land parcels.

In October 2017, Limited Partnership Land Pool (2007) (“LPLP”) entered into an agreement with an arms-length third party national developer for the sale of 319 acres of undeveloped lands located in the City of Airdrie, Alberta commonly referred to as the “Fowler Lands”. These lands are 100% beneficially owned by LPLP. The sale price of the lands will be \$41,000,000 and closing is scheduled for December 15, 2017. The purchaser has paid a deposit (refundable under limited, prescribed circumstances) and under the terms of the agreement will pay 50% of the sale price in cash on closing and the remainder in three years (subject to certain pre-payment privileges), secured by an interest-bearing vendor-take-back mortgage. The net proceeds of the sale are to be used to repay all loans owed by LPLP with the balance to be retained by the partnership.

Also in October 2017, Genesis announced that it had entered into an agreement with an arms-length third party builder for the sale of undeveloped land located in the North West community of Sage Hill in Calgary, Alberta for \$11,270,000. These lands, which are zoned for medium density multi-family development, will consist of two sites totaling 8.65 acres and are a part of Phase 5 of the Genesis Sage Meadows development. The first 3.91 acre site is expected to close in the second half of 2018. The second 4.74 acre site is expected to close in mid-2020. The purchaser has paid a deposit (refundable under limited, prescribed circumstances) and is required under the terms of the agreement to pay the purchase price in cash at each closing.

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 September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Key Financial Data				
Total revenues	31,128	29,240	85,289	87,812
Direct cost of sales	(22,227)	(22,401)	(60,871)	(65,136)
Gross margin	8,901	6,839	24,418	22,676
Gross margin (%)	28.6%	23.4%	28.6%	25.8%
Net earnings attributable to equity shareholders	3,372	2,184	8,285	7,122
Net earnings per share – basic and diluted	0.08	0.05	0.19	0.16
Cash flows from operating activities	8,888	10,060	19,610	36,723
Cash flows from operating activities per share – basic and diluted	0.21	0.23	0.45	0.85
Key Operating Data				
Total Residential lots sold (units)	59	46	188	139
Residential lot sales	10,261	9,019	37,003	26,005
Gross margin on residential lot sales	4,779	4,164	16,350	12,150
Gross margin (%) on residential lot sales	46.6%	46.2%	44.2%	46.7%
Average revenue per lot sold	174	196	197	187
Homes sold (units)	49	28	104	110
Revenues	22,750	15,051	49,244	58,793
Gross margin on homes sold	3,917	2,467	8,601	9,200
Gross margin (%) on homes sold	17.2%	16.4%	17.5%	15.6%
Average revenue per home sold	464	537	473	534
New home orders (units)	39	38	105	112
Development and non-core land sold	5,234	9,437	14,234	21,237
Homes (with lots) subject to firm sale contracts (units)			40	65

Revenues

Revenues for Q3 2017 were \$31,128,000 a 6% increase compared to \$29,240,000 in Q3 2016, primarily due to an increase in sales of residential lots to third party builders. Revenues for YTD 2017 were \$85,289,000, a 3% decrease from \$87,812,000 in YTD 2016, primarily due to lower revenues from home sales and lower non-core land sales.

Revenues in the periods included:

- **Lot sales:** In Q3 2017, Genesis had total lot sales revenue of \$10,261,000 (59 lots) compared to \$9,019,000 (46 lots) in Q3 2016. In YTD 2017, Genesis had \$37,003,000 of total lot sales revenue (188 lots), compared to \$26,005,000 (139 lots) in YTD 2016.
 - Genesis sold 13 residential lots to third-parties in Q3 2017 for revenues of \$3,144,000 (Q3 2016 - 24 and \$4,753,000). In YTD 2017, 95 lots were sold to third parties for \$21,811,000 (YTD 2016 - 46 and \$7,783,000)
 - Genesis sold 46 lots through its home building division for revenues of \$7,117,000 (Q3 2016 - \$4,266,000 in Q3 2016). In YTD 2017, Genesis has sold 93 lots through its home building division for revenues of \$15,192,000 (YTD 2016 - \$18,222,000).
- **Home sales:** Genesis had revenues of \$22,750,000 (49 homes) in Q3 2017 compared to revenues of \$15,051,000 (28 homes) in Q3 2016, an increase of \$7,699,000 or 51%. Of the 49 homes, 26 homes were sold on a quick possession basis (i.e. contracted and delivered within 90 days) compared to 20 homes in Q3 2016. 3 homes were built on lots purchased previously from a third party developer. In YTD 2017, GBG had revenues of \$49,244,000 (104 homes), a decrease of 16% from the revenues of \$58,793,000 (110 homes) in YTD 2016.
- **Development land:** In Q3, 2017 Genesis completed the sale of a non-core land parcel located in Delacour, Alberta (100% beneficially owned by a limited partnership managed by Genesis) for \$5,234,000. In YTD 2017, Genesis had 2 non-core land parcel sales totaling \$14,234,000. This compares to \$9,437,000 of core land sales in Q3 2016 (to the City of Calgary) and core and non-core land sales of \$21,237,000 in YTD 2016.

Expenses

Expenses for Q3 2017 were \$4,267,000 compared to \$4,093,000 for Q3 2016. These were higher due to an increase in selling expenses due to higher home sales in the quarter. Expenses in YTD 2017 were \$13,507,000 compared to \$13,804,000 in YTD 2016. The reduction in expenses was primarily due to reduced selling and marketing expenses due to lower home sales and lower net finance expenses due to the \$8,000,000 payment made on a vendor-take-back mortgage ("VTB") in January 2017. Genesis assumed the VTB on the purchase of the southeast lands in January 2015.

Gross Margins

Gross margins for Q3 2017 improved to 29% compared to 23% for Q3 2016. Overall gross margins were higher for YTD 2017 at 29% versus 26% in YTD 2016. This is a result of stronger home building margins for YTD 2017 which improved to 18% in 2017 vs 16%, offset by lower residential lot sales with lower gross margins of 44% compared to 47% in the same period in 2016.

Key Balance Sheet Data

<i>(\$000s, except for per share items or unless otherwise noted)</i>	As at September 30, 2017	As at December 31, 2016 ⁽¹⁾
Cash and cash equivalents	12,956	14,318
Loans and credit facilities (including a loan to a limited partnership guaranteed by Genesis)	35,381	43,295
Total assets	282,370	288,995
Total liabilities	72,953	77,330
Shareholders' equity	203,374	205,628
Total equity	209,417	211,665

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

Liquidity, Loans and Credit Facilities

Overall loans and credit facilities were reduced by \$7,914,000 to \$35,381,000 at the end of Q3 2017 compared to \$43,295,000 at YE 2016. Loans and credit facilities ("Debt") to total assets were 13% at the end of Q3 2017 compared to 15% at YE 2016.

Genesis made an \$8,000,000 annual payment in January 2017 on the VTB. It has also a balance of \$9,628,000 on several land servicing loans and a townhouse project loan. In addition, proceeds from the sale of lands in Delacour, Alberta were used to partially pay down the loan owing by a limited partnership.

Genesis had a strong cash position as at September 30, 2017 of \$12,956,000. In addition the Corporation has the entire balance of \$10,000,000 available in its operating line from a major Canadian bank.

UPDATE ON 2017 BUSINESS PLAN

Genesis continued to implement its 2017 business plan in Q3 2017, as follows:

Dividends and/or Share Buybacks

Genesis special dividend history and share buybacks since 2015 are set out below:

Special Dividends (\$000s, except for per share items)	Dividend per share	Total dividends
September 2017	0.21	9,083
December 2016	0.25	10,936
December 2015	0.12	5,331
June 2014	0.12	5,386
Total special dividends to date	0.70	\$30,736

A summary of the shares repurchased and cancelled is provided below:

Share Buybacks under Normal Course Issuer Bid (\$000s, except for number of shares)	Shares repurchased and cancelled	Cost of Repurchases
2017 (to September 30, 2017)	493,085	\$1,456
2016	551,796	1,420
2015	628,598	1,887
Total to date	1,673,479	\$4,763

Obtain Additional Land Servicing and Zoning Entitlements

Genesis has advanced land entitlements for its long-term lands in 2017, including in its Sage Hill Crossing lands, Airdrie lands, the Omni project in Rocky View County as well as its southeast Calgary lands.

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 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.

Add Third Party Builders in Genesis Communities

In Q1 2017, Genesis entered into an agreement with a new builder and has sold 26 lots to this group in Airdrie. This builder has become an active member of the Genesis builder partner group in Airdrie, comprised of GBG and four independent builders. Subsequent to September 30, 2017, a third-party builder in Airdrie breached its purchase contracts relating to single family lots. On November 2, 2017 the Court of Queen's Bench of Alberta granted a consent order that would allow a receiver to take control of the assets of several companies associated with this builder. Genesis is actively working to find a replacement for this builder.

Increase Units Sold by Genesis Builders Group

New home orders in Q3 2017 were for 39 units, compared to 40 units in Q2 2017, and 38 units in Q3 2016. GBG ended Q3 2017 with 40 homes with firm sales contracts, compared to 65 at the end of Q3 2016, reflecting the trend in demand for “quick possession” homes. In Q3 2017, 26 of 39 sales were quick possession homes, compared to 20 of 38 in Q3 2016. Genesis maintains an active quick possession home inventory to meet the expected demand.

In Q3 2017, GBG completed construction of its “Ashbury” 24-unit townhouse development in Saddlestone in northeast Calgary. As of November 9, 2017, 20 units have been sold. Genesis also began construction of the nearby 54 townhouse unit “The Laurels” and had 8 units with firm sales contracts as at November 9, 2017. Construction also commenced in late Q2 2017 in Airdrie on “The Newport”, an 85-unit townhouse development in the community of “Canals”. A temporary sales center has been set up to commence pre-selling Newport townhouses while a show suite is under construction. The show suite is expected to be ready in the second quarter of 2018.

Service Additional Phases

In Q2 2017, Genesis began the servicing of a new phase of the “Saddlestone” community in Calgary (creating 102 residential lots available for sale in 2018) and a new phase in the “Bayview” community in Airdrie (creating 73 residential lots available for sale in Q4, 2017). Both of these servicing projects have been financed using 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 nine months ended September 30, 2017 and 2016 and the related Management's Discussion and Analysis (“MD&A”) dated November 9, 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 a sale of commercial land ("the Fowler Lands") in the fourth quarter of 2017, the expected closing dates for the sale of certain lands in the community of Sage Hill, the approval and timing of the approval of the City of Calgary and the County of Rock View with respect to ASPs, plans and strategies surrounding the development and disposition of the Corporation's core lands, and Genesis' maintenance of a sufficient quick possession home inventory to meet the expected demand. 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.