



## Genesis Reports 2013 Second Quarter Results

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*For Immediate Release*

**CALGARY, August 14, 2013** – Genesis Land Development Corp. (TSX: GDC) (the "Corporation" or "Genesis") is pleased to report its financial and operating results for the three months and six months ended June 30, 2013.

### Summary

- Genesis realized revenues to \$22,402,000 in the three months ended June 30, 2013 compared to \$30,150,000 in the comparative period in 2012. In the six months ended June 30, 2013 Genesis realized revenues of \$50,012,000 compared to \$48,688,000 in the comparative period in 2012.
- Single and multi-family homes sales increased to 82 in the six months ended June 30, 2013 from 39 in the comparative period of 2012.
- Net earnings per share were \$0.04 and \$0.12 in the three and six months ended June 30, 2013 compared to \$ 0.11 and \$0.25 in the comparative periods in 2012.
- Genesis reduced its loans and credit facilities liability to \$47,942,000 at June 30, 2013 from \$97,224,000 at December 31, 2012. Debt to gross book value at June 30, 2013 was 15.0% compared to 26.4% at December 31, 2012.

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
<i>(number of units)</i>				
Single-family residential lots	29	89	71	164
Development land parcels (acres)	2	-	12	-
Single-family homes	25	31	45	38
Multi-family homes	17	-	37	1

## Summary of Financial Results

<i>(\$000s, except as noted)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012 <sup>(2)</sup>	2013	2012 <sup>(2)</sup>
<b>Financial</b>				
Total revenues	<b>22,402</b>	30,150	<b>50,012</b>	48,688
Gross margin	<b>4,955</b>	9,767	<b>13,411</b>	19,856
Impairment of real estate held for development	<b>986</b>	-	<b>986</b>	399
Gross margin, before write-downs <sup>(3)</sup>	<b>5,941</b>	9,767	<b>14,397</b>	20,255
Gross margin, before write-downs (%)	<b>27%</b>	32%	<b>29%</b>	42%
Net earnings <sup>(1)</sup> attributable to shareholders	<b>1,697</b>	4,839	<b>5,377</b>	11,031
Net earnings <sup>(1)</sup> per share – basic and diluted	<b>0.04</b>	0.11	<b>0.12</b>	0.25
Adjusted earnings per share (adding back after-tax write-down – basic and diluted) <sup>(3)</sup>	<b>0.05</b>	0.11	<b>0.14</b>	0.25

<sup>(1)</sup> Net of income tax expense.

<sup>(2)</sup> 2012 information has been restated to reflect the changes due to the adoption of IFRS 11 as summarized in Note 3 of the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2013 and 2012.

<sup>(3)</sup> Non-IFRS financial measure. See "Advisories".

<i>(\$000s, except as noted)</i>		
<i>As at</i>	June 30, 2013	Dec. 31, 2012 <sup>(1)</sup>
Cash and cash equivalents	<b>11,877</b>	10,005
Total assets	<b>327,956</b>	374,341
Loans and credit facilities	<b>47,942</b>	97,224
Total liabilities	<b>97,351</b>	148,032
Total equity	<b>230,605</b>	226,309

Common shares outstanding (weighted average number for the period)	June 30, 2013	June 30, 2012
Basic	<b>44,815,224</b>	44,596,420
Fully diluted	<b>44,871,038</b>	44,754,155

<sup>(1)</sup> 2012 information has been restated to reflect the changes due to the adoption of IFRS 11 as summarized in Note 3 of the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2013 and 2012.

## Outlook

Alberta's general economic conditions continue to be strong and the homebuilding industry in Calgary is expected to continue its growth through 2013. These solid economic fundamentals include low unemployment and interest rates, low and stable inflation rates, positive net migration to Alberta and above average earnings by Albertans. The combination of these factors provides Genesis with a healthy environment for development of its core land positions, sale of lots and expansion of its homebuilding activities.

Genesis will continue to pursue a strategy of positioning itself for future growth by focusing its activities in Alberta and, more particularly, the greater Calgary area. The Corporation's core businesses of residential lot sales and home building generate immediate earnings and cash flow, however, a significant portion of the Corporation's assets are invested in long term land holdings. Their proper management can provide high returns, although on an irregular basis. These lands are the seeds of future income from residential lot sales and the foundation of the home building business and commercial opportunities.

Management is continuing to dedicate a substantial amount of its efforts for 2013 in the following areas:

1. Growing income from the Corporation's approved and well-located core land positions and expand its development activities, primarily within the Cities of Calgary and Airdrie;
2. Building a stronger and more profitable homebuilding operation that measures its success in terms of brand recognition, customer satisfaction and volume, in addition to improved financial performance. This effort is generating promising results in terms of revenue and, as a result, management expects an increase in gross margin as initiatives already underway are reflected in future closings;
3. Assessing the Corporation's long-term land holdings, specifically its long term land development and homebuilding requirements, and implementing the appropriate strategic acquisition and /or divestiture plans. This assessment is underway and a number of non-core assets have been targeted for orderly disposition; and
4. Strengthening the Corporation's relationships within the lending and investment community with a view to maximizing access to competitively priced capital.

With a diversified and substantial land base and strong management team, the Corporation is well positioned to focus on developing those projects that offer the best return in the market going forward.

## **Additional Information**

On July 26, 2013, Smoothwater Capital Corporation ("Smoothwater") issued a statement and provided notice to the Corporation that it intends to launch a proxy contest. Subsequently, on July 30, 2013, Smoothwater announced that it had filed and mailed a dissident proxy circular dated July 29, 2013 in response to the management information circular dated July 17, 2013. The dissident proxy circular proposes a slate of seven nominees for election to the board of directors of the Corporation. Smoothwater and its sole shareholder hold in aggregate 9,909,435 common shares of the Corporation, representing more than 22% of the issued and outstanding common shares. On August 9, 2013, the board of directors announced the postponement of the AGM, originally scheduled to take place on August 12, 2013. The new date for the AGM is now August 20, 2013. The proxy contest creates uncertainty in the affairs of the Corporation. If the dissidents are successful, there is uncertainty on the effect that this result will have on

the Corporation. Additional information on the proxy contest and on further developments is available on SEDAR at [www.sedar.com](http://www.sedar.com).

The information contained in this release should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three months and six months ended June 30, 2013 and 2012 and related Management's Discussion and Analysis which have been filed with Canadian securities regulatory authorities. Copies of these documents may be obtained via [www.sedar.com](http://www.sedar.com) or the Corporation's website, [www.genesisland.com](http://www.genesisland.com).

## **About Genesis**

Genesis is a Calgary based land development company and residential home builder with land holdings in Alberta and British Columbia. Its active operations are located primarily in the Calgary Municipal Area.

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## **Advisories**

### ***Non-IFRS Financial Measures***

*Adjusted earnings per share and gross margin before write-downs are non-IFRS 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 measures have been presented in this document in order to provide shareholders and potential investors with additional information regarding the Corporation's performance. Additional information on these measures and reconciliations can be found in the Management's Discussion and Analysis dated June 30, 2013.*

### ***Cautionary Statement Regarding Forward-Looking Information***

*This news release contains certain statements which constitute forward-looking statements or information ("forward-looking statements") within the meaning of applicable securities legislation concerning the business, operations and financial performance and condition of Genesis.*

*Forward-looking statements 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 general economic and industry conditions in 2013 including low unemployment and interest rates, low stable inflation rates, positive net migration and above average earnings in Alberta and the anticipated impact on Genesis' development and homebuilding activities, Genesis' business strategy, including the geographic focus of its activities in 2013, the anticipated impact of executive appointments on Genesis' operational growth and financial results, anticipated areas of focus for Genesis in 2013; and the ability of Genesis to develop projects (and the nature of such projects). 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 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 the proxy contest; the impact or unanticipated impact of general economic conditions; 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; availability of equity and debt financing; the impact of newly-adopted accounting principles on Genesis' accounting policies and on period-to-period comparisons of financial results; economic conditions in Western Canada; not realizing on the anticipated benefits from transactions or not realizing on such anticipated benefits within the expected time frame; 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](http://www.sedar.com), including this MD&A under the heading "Risks and Uncertainties" and the Annual Information Form under the heading "Risk Factors". Furthermore, the forward-looking statements contained in this MD&A are made as of the date of this MD&A 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.*