

Genesis Reports 2018 Third Quarter Results

For Immediate Release

CALGARY, November 13, 2018 – 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, 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 September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Key Financial Data				
Total revenues	27,178	31,128	60,502	85,289
Direct cost of sales	(22,468)	(22,227)	(46,713)	(60,871)
Gross margin	4,710	8,901	13,789	24,418
Gross margin (%)	17.3%	28.6%	22.8%	28.6%
Net earnings attributable to equity shareholders	539	3,372	1,766	8,285
Net earnings per share - basic	0.01	0.08	0.04	0.19
Cash flows from operating activities	7,694	8,888	7,555	19,610
Cash flows from operating activities per share - basic	0.18	0.21	0.18	0.45
Key Operating Data				
Land Development				
Total residential lots sold (units)	42	59	143	188
Residential lot revenues	7,574	10,261	25,166	37,003
Gross margin on residential lots sold	2,728	4,779	9,187	16,350
Gross margin (%) on residential lots sold	36.0%	46.6%	36.5%	44.2%
Average revenue per lot sold	180	174	176	197
Development and non-core land sold	10,498	5,234	10,498	14,234
Home Building				
Homes sold (units)	32	49	89	104
Revenues ⁽¹⁾	13,816	22,750	38,080	49,244
Gross margin on homes sold	2,066	3,917	5,606	8,601
Gross margin (%) on homes sold	15.0%	17.2%	14.7%	17.5%
Average revenue per home sold	432	464	428	473
Homes with lots subject to firm sale contracts (units) at the period end			37	40

Key Balance Sheet Data	As at Sept. 30, 2018	As at Dec. 31, 2017
Cash and cash equivalents	14,704	23,585
Total assets	284,463	301,425
Loans and credit facilities	26,605	30,135
Total liabilities	74,220	81,884
Shareholders' equity	191,774	201,397
Total equity	210,243	219,541
Loans and credit facilities (debt) to total assets	9%	10%

⁽¹⁾ Includes revenues of \$4,710,000 for 32 lots in Q3 2018 and \$13,242,000 for 89 lots in YTD 2018 purchased by the Home Building division from the Land Development division (46 and \$7,117,000 in Q3 2017; 93 and \$15,192,000 in YTD 2017) and sold with the home. These amounts are eliminated on consolidation.

Highlights of Third Quarter

In Q3 2018, Genesis' cash flow from operating activities was \$7,694,000 (\$0.18 per share), compared to cash flow from operating activities of \$8,888,000 (\$0.21 per share) for the third quarter of 2017, a decrease of \$1,194,000 (\$0.03 per share). The difference was primarily due to lower cash inflows from the sale of residential homes and lots, partially offset by higher cash inflows from development land sales in Q3 2018 compared to the Q3 2017. In August Genesis completed the sale of two parcels of land in Sage Meadows for total proceeds of \$10.5 million.

Genesis' had \$14,704,000 in cash and cash equivalents at September 30, 2018 compared to \$23,585,000 as at December 31, 2017, the decrease being primarily due to the \$8,000,000 payment on the vendor-take-back mortgage payable in the first quarter of 2018. As a result of this payment, total loans and credit facilities as at September 30, 2018 were \$26,605,000, 12% lower than at December 31, 2017. Loans and credit facilities outstanding at September 30, 2018 were 9% of total book value of assets, compared to \$30,135,000 or 10% of the total book value of assets at December 31, 2017. In August a dividend aggregating \$10.3 million was declared, which was paid to shareholders in September.

Revenues for Q3 2018 were \$27,178,000, down \$3,950,000 (13%) from \$31,128,000 in Q3 2017. Revenues for YTD 2018 of \$60,502,000 were down \$24,787,000 (29%) compared to \$85,289,000 in YTD 2017. This decrease was primarily due to significantly fewer residential lot sales to third-party builders (54 in YTD 2018, in comparison to 95 in YTD 2017) and lower revenues from home sales by the home building division.

The gross margin on residential lot sales in Q3 2018 was 36%, compared to 47% in Q3 2017. Gross margin on development land sales made during Q3 2018 and YTD 2018 was nominal compared to 3.9% during Q3 2017 and YTD 2017. Gross margins vary primarily due to the mix of sales by community and product/lot type, the nature and cost of the development work required to ready the lots for sale and the original cost of the land.

The gross margin of the home building division was 15% in Q3 2018, down from 17% in Q3 2017 due to the reduction of prices to reflect market conditions and the change in product mix to lower priced and lower margin homes.

Total expenses for Q3 2018 were lower than in Q3 2017, with interest expense being lower by \$256,000 (39%) due to lower average loan balances during Q3 2018 compared to Q3 2017, higher financing income due to a vendor-take-back mortgage receivable, partially offset by higher selling and marketing expense.

Net earnings attributable to equity shareholders for Q3 2018 was \$539,000 (\$0.01 per share), down from \$3,372,000 (\$0.08 per share) in Q3 2017. Net earnings attributable to equity shareholders for YTD 2018 was \$1,766,000 (\$0.04 per share) compared to \$8,285,000 (\$0.19 per share) in YTD 2017. Both were a result of lower overall revenues and lower margins earned in both land and homes.

Strategy Update and Executive Appointments

Genesis Land Development Corp. is a land developer and residential home builder operating in the Calgary Metropolitan Area ("CMA"), holding and developing a significant portfolio of well-located, entitled and unentitled residential, commercial and mixed-use lands and serviced lots in the CMA.

As a land developer, Genesis acquires, plans, rezones, subdivides, services and sells residential lots and commercial and industrial lands to third-party developers and builders, and also sells lots and completed homes through its home building division. The land portfolio is planned, developed, serviced and sold at opportune times with the objective of maximizing the risk adjusted net present value of the land and to maximize net cash flow.

Home building is operated through a wholly-owned subsidiary, Genesis Builders Group Inc. ("GBG"). GBG designs, constructs and sells single-family homes and townhouses primarily on lands developed by Genesis. The objective of the home building division is to deliver an acceptable return and cash flow from the capital invested in it and to sell incremental Genesis single-family lots and townhouse land parcels.

In mid-2018, management updated the strategy plan of the Corporation, which update was approved by the Board of Directors. As a part of this update, management identified that there was the potential for the Corporation to acquire additional residential development lands in the CMA, primarily with the objective of replacing the lots and parcels sold by the Corporation on an annual basis. Management is actively exploring potential CMA land acquisitions, although there is no assurance that any suitable transactions can be completed.

As part of its overall strategy, Genesis continues to focus on minimizing overhead costs and long-term commitments, where possible, to preserve flexibility.

Any excess cash on hand is generally used to pay dividends to shareholders, buy back common shares and/or opportunistically acquire additional development land.

Executive Appointments

Effective September 20, 2018, the following executive appointments were made:

- Iain Stewart was appointed President and Chief Executive Officer. Mr. Stewart had been an independent director of Genesis since August 2013, and was Vice Chair of the Board since May 12, 2017. Mr. Stewart remains as a member of the Board of Directors.
- Stephen J. Griggs was appointed Executive Chair of the Board. Mr. Griggs has been a director and Chair of the Board since August 2013, and was Chief Executive Officer or interim Chief Executive Officer since February 2016. Mr. Griggs remains as a member of the Board of Directors.

In these new roles, Mr. Stewart and Mr. Griggs are working collaboratively to implement Genesis's strategy of realizing the value of its existing properties, opportunistically acquiring additional residential development lands in the CMA, and maximizing dividends and returns to shareholders while maintaining a strong balance sheet and creating long term shareholder value. An equity based long term incentive plan comprised of stock options and deferred share units was approved by the Board to align management incentives with the interests of shareholders.

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, 2018 and 2017 and the related Management's Discussion and Analysis ("MD&A") dated November 13, 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).

Contact Information

Iain Stewart, President and Chief Executive Officer
Wayne King, CPA, CA, Chief Financial Officer
7315 – 8th Street NE Calgary AB T2E 8A2
P: 403-265-8079 Toll free: 1-800-341-7211
Email: genesis@genesisland.com
Website: www.genesisland.com

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".

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.