

Genesis Reports 2019 Third Quarter Results

For Immediate Release

CALGARY, November 6, 2019 – 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, 2019. Genesis 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.

2019 Q3 Highlights:

- The CMA housing market remains subdued, with the Calgary Real Estate Board reporting that the benchmark home price had declined 5% since September 30, 2018. Nonetheless, Genesis ended Q3 with a backlog of 61 new home orders, up from a backlog of 37 new home orders a year earlier. New home orders for the nine months ended September 30, 2019 were 112 units, compared to 95 units for the same period in 2018.
- This subdued housing market resulted in lower 2019 lot and home volumes for Genesis, significantly reducing revenues and earnings. YTD net earnings were also negatively impacted by the decrease in the Alberta corporate income rate from 12% to 8%, which resulted in a \$1.4 million write down of deferred income tax assets which had been previously recognized by Genesis.
- This environment has created opportunities for favourable land acquisitions. In September 2019, Genesis closed the purchase of 130 acres of future residential development land in north Calgary for \$23.7 million. Upon completion of development, the community is expected to include over 800 single-family homes and approximately 7 acres of multi-family and commercial sites. The purchase was paid for by way of a cash payment of \$5.1 million and an \$18.6 million vendor-take-back mortgage, bearing interest at the rate of 5% per annum and is repayable in two installments of \$9.3 million, one in each of May 2021 and May 2022. Genesis continues to actively seek opportunistic acquisition opportunities while maintaining a strong balance sheet.
- After this land acquisition, Genesis maintained a solid cash position (\$9.0 million in cash and cash equivalents as at September 30, 2019) and a prudent debt level (\$36.8 million in loans and credit facilities as at September 30, 2019) being 13% of total assets.

Selected financial results and operating data:

(\$000s, except for per share items or unless otherwise noted)	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Key Financial Data				
Total revenues	12,786	27,178	42,016	60,502
Net earnings attributable to equity shareholders	300	539	17	1,766
Net earnings per share - basic and diluted	0.01	0.01	0.00	0.04
Cash flows (used in) from operating activities	(10,076)	7,694	(282)	7,555
Cash flows (used in) from operating activities per share - basic and diluted	(0.24)	0.18	(0.01)	0.18
Key Operating Data				
Land Development				
Total residential lots sold (units)	27	42	97	143
Residential lot revenues	4,911	7,574	16,841	25,166
Home Building				
Homes sold (units)	26	32	85	89
Revenues ⁽¹⁾	12,623	13,816	39,195	38,080
Outstanding new home orders at period end (units)			61	37

⁽¹⁾ Includes revenues of \$4,748,000 for 26 lots in Q3 2019 and \$14,020,000 for 85 lots in YTD 2019 purchased by the Home Building division from the Land Development division (\$4,710,000 and 32 in Q3 2018; \$13,242,000 and 89 in YTD 2018) and sold with the home. These amounts are eliminated on consolidation.

<i>(\$000s, except for per share items or unless otherwise noted)</i>	As at Sept. 30, 2019	As at Dec. 31, 2018
Key Balance Sheet Data		
Cash and cash equivalents	8,968	24,042
Total assets	280,914	278,156
Loans and credit facilities	36,762	31,696
Shareholders' equity	192,220	191,970
Loans and credit facilities (debt) to total assets	13%	11%

Net earnings attributable to equity shareholders in Q3 2019 was \$300,000 (\$0.01 earnings per share - basic and diluted) compared to net earnings attributable to equity shareholders of \$539,000 (\$0.01 earnings per share - basic and diluted) in Q3 2018. Net earnings attributable to equity shareholders in YTD 2019 was \$17,000 (\$0.00 earnings per share - basic and diluted) compared to net earnings attributable to equity shareholders of \$1,766,000 (\$0.04 earnings per share - basic and diluted) in YTD 2018.

No development or non-core land sales occurred in 2019 to September 30, 2019, while \$10,498,000 was realized from two land development parcels in the same period in 2018. As well, there were much lower volumes of lots and homes sold in Q3 2019 and YTD 2019 than the 2018 comparative periods. These two factors explain the revenue declines for these periods. Due to the lower sales, direct cost of sales was also lower in Q3 2019 and YTD 2019.

Genesis is seeing the demand for presale homes increasing. The Corporation ended the third quarter of 2019 with a backlog of 61 new home orders, up from a backlog of 37 new home orders a year earlier. New home orders for the nine months ended September 30, 2019 were 112 units compared to 95 units for the same period in 2018.

On June 28, 2019, legislation was enacted to decrease the Alberta corporate income tax rate from 12% to 8% with a 1% reduction effective July 1, 2019 and further 1% reductions on each of January 1, 2020, 2021 and 2022. As a result, during the three months ended June 30, 2019, deferred income tax assets were reduced by \$1,371,000, which was recognized as an increase in deferred income tax expense. Increased income tax expense resulted in Genesis' net income attributable to equity shareholders in YTD 2019 declining.

Genesis' cash flows used in operating activities were (\$10,076,000) or ((\$0.24) per share - basic and diluted) in Q3 2019, compared to cash flows from operating activities of \$7,694,000 (\$0.18 per share - basic and diluted) in Q3 2018. Cash flows from operating activities can vary considerably between periods. The total change of \$17,770,000 is a result of numerous factors including (1) lower lot and home volumes; and (2) significant one-time transactions including \$5,101,000 of cash used in the Q3 2019 land acquisition and the Q3 2018 cash proceeds of \$10,249,000 from the sale of development land. Genesis' cash flows used in operating activities were (\$282,000) or ((\$0.01) per share - basic and diluted) in YTD 2019, compared to cash flows from operating activities of \$7,555,000 (\$0.18 per share - basic and diluted) in YTD 2018.

Genesis had \$8,968,000 in cash and cash equivalents at September 30, 2019, compared to \$24,042,000 as at December 31, 2018, with the reduction primarily due to Genesis making an \$8,000,000 payment on a vendor-take-back mortgage payable in the first quarter of 2019, \$6,951,000 in cash investments in land development projects and the partial repayment of land project servicing loans and housing project construction loans. Total loans and credit facilities outstanding at September 30, 2019 were \$36,762,000, (13% of the total book value of assets) compared to \$31,696,000 (11% of the total book value of assets) at December 31, 2018.

Outlook

Genesis continues to implement its strategy focused on developing its existing assets in a prudent manner, while taking advantage of opportunities in the market to acquire additional land positions. Genesis continues to actively market lots, parcels and homes while controlling costs with the goal of maximizing cash flow and maintaining its solid financial position, and actively pursues servicing and zoning approvals to maximize the value of its land holdings. Its strong land base, integrated approach, solid financial position and experienced team positions Genesis to take advantage of opportunities to acquire additional lands for future residential development.

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 months and nine months ended September 30, 2019 and 2018 and the related Management's Discussion and Analysis ("MD&A") dated November 6, 2019 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.

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ADVISORIES

Cautionary Note Regarding 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", "seeks", "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.

Forward-looking statements are based on material factors or assumptions made by us with respect to, among other things, opportunities that may or may not be pursued by us; changes in the real estate industry; fluctuations in the Canadian and Alberta economy; changes in the number of lots sold and homes delivered per year; and changes in laws or regulations or the interpretation or application of those laws and regulations. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. The following table outlines certain significant forward-looking statements contained in this press release and factors that could cause actual results to differ from such statements.

Forward-looking statements in this news release include, but are not limited to:	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 expected completion dates of various projects that the Corporation is currently engaged in; - plans and strategies surrounding the acquisition of additional land; - the future residential development of land; - anticipated general economic and business conditions; - expectations for lot and home prices; - construction starts and completions; - the future impact of marketing efforts; - future servicing and zoning approvals; - anticipated expenditures on land development activities; - the sales process and construction margins; - the ability to continue to renew or repay financial obligations; and - the availability of excess cash on hand and its proposed use.	- 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; - the cyclicity of the oil and gas industry; - changes in the Canadian US dollar exchange rate; - labour matters; - governmental regulations; - general economic and financial conditions; - 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 in 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.