

GENDIS INC. ANNOUNCES THIRD QUARTER RESULTS

Winnipeg, Manitoba (December 2, 2016) - Gendis Inc. (TSX:GDS) today announced its financial results for the 3rd quarter ended October 31, 2016.

Revenue for the 3rd quarter was \$1,198,000 compared to \$1,269,000 for last year. Revenue less expense for the 3rd quarter was a loss of \$107,000 compared to a profit of \$544,000 for last year. Net earnings for the 3rd quarter were \$1,188,000 (\$0.09 per share) compared to a loss of \$6,546,000 (\$0.50 per share) for last year.

Revenue year-to-date was \$3,741,000 compared to \$4,144,000 year-to-date last year. Revenue less expense year-to-date was \$528,000 compared to \$1,089,000 year-to-date last year. Net earnings year-to-date were \$9,015,000 (\$0.70 per share) compared to net loss of \$10,391,000 (\$0.80 per share) year-to-date last year.

The volatility in net earnings quarter over quarter and year over year is primarily due to the change in fair value of investment in securities, primarily the Company's investment in Veresen and investment properties with the attendant effect on deferred income taxes.

Condensed summarized information is as follows:

| in millions of Canadian dollars except per share | Quarter ended | | YTD ended | |
|---|----------------|----------------|----------------|----------------|
| | Oct 31 2016 | Oct 31 2015 | Oct 31 2016 | Oct 31 2015 |
| Revenue | | | | |
| Lease rental revenue | 0.7 | 0.8 | 2.2 | 2.6 |
| Dividends & other income | 0.5 | 0.5 | 1.5 | 1.5 |
| Total revenue | 1.2 | 1.3 | 3.7 | 4.1 |
| Expense | | | | |
| Property | 0.9 | 0.3 | 2.1 | 1.9 |
| Administration & finance | 0.4 | 0.4 | 1.1 | 1.2 |
| Total expense | 1.3 | 0.7 | 3.2 | 3.1 |
| Total revenue less total expense | (0.1) | 0.6 | 0.5 | 1.0 |
| Fair value change: | | | | |
| Veresen | 2.4 | (6.8) | 8.4 | (9.4) |
| Osum | - | - | - | (0.6) |
| Other security investments | (0.4) | - | - | (0.4) |
| Investment properties | (0.8) | (0.3) | - | (1.7) |
| Total fair value change | 1.2 | (7.1) | 8.4 | (12.1) |
| Income tax (expense)recovery | 0.1 | - | 0.1 | 0.7 |
| Net earnings (loss) | 1.2 | (6.5) | 9.0 | (10.4) |
| Earnings (loss) per share | 0.09 | \$(0.50) | 0.70 | \$(0.80) |

| in millions of Canadian dollars | Oct 31 2016 | Jan 31 2016 | Oct 31 2015 |
|---------------------------------|----------------|----------------|----------------|
| Fair value of investments: | | | |
| Veresen | 24.3 | 16.1 | 22.7 |
| Osum | 4.8 | 4.8 | 5.6 |
| Other security investments | 2.8 | 2.6 | 3.9 |
| Investment properties | 30.2 | 30.1 | 29.2 |
| Other assets | 1.4 | 1.8 | 0.9 |
| Debt & payables | 7.2 | 7.2 | 7.1 |
| Shareholders' equity | 56.3 | 48.2 | 55.2 |

| in millions of Canadian dollars | Quarter ended | | Year to date ended | |
|---------------------------------|----------------|----------------|-----------------------|----------------|
| | Oct 31 2016 | Oct 31 2015 | Oct 31 2016 | Oct 31 2015 |

Cash flow from:

Operations

Cash receipts

| | | | | |
|--------------------------|-----|-----|-----|-----|
| Lease rentals | 0.9 | 1.0 | 2.6 | 2.8 |
| Dividends & other income | 0.6 | 0.7 | 1.6 | 1.8 |

Cash disbursements

| | | | | |
|----------------------------------|-------|-------|-------|-------|
| Property | (0.4) | (0.5) | (2.0) | (1.9) |
| Administration & finance expense | (0.4) | (0.4) | (1.1) | (1.5) |
| Income taxes recovered (paid) | - | - | 0.6 | (0.2) |

Investing

| | | | | |
|---|---|-------|-------|-------|
| Proceeds on sales of security investments | - | - | - | 0.1 |
| Purchase of security investments | - | - | - | (0.3) |
| Expenditures on investment properties and equipment | - | (0.1) | (0.1) | (0.4) |

Financing

| | | | | |
|--|-------|-------|-------|-------|
| Increase (decrease) in debt | (0.2) | (0.2) | (0.6) | 1.4 |
| Purchase of share capital for cancellation | - | (0.2) | - | (0.8) |
| Dividends | (0.3) | (0.3) | (1.0) | (1.0) |

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GENDIS INC.
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

| (unaudited - thousands of Canadian dollars) | Oct 31 2016 | Jan 31 2016 | Oct 31 2015 |
|---|----------------|----------------|----------------|
| ASSETS | | | |
| Current assets | | | |
| Cash | 146 | 110 | 39 |
| Income tax recoverable | - | 800 | - |
| Receivables | 967 | 638 | 692 |
| Total current assets | 1,113 | 1,548 | 731 |
| Non-current assets | | | |
| Investment in securities (note 2) | 31,849 | 23,461 | 32,130 |
| Investment properties | 30,200 | 30,130 | 29,247 |
| Furnishings and equipment | 152 | 170 | 182 |
| Deferred income tax | 208 | 136 | - |
| Total non-current assets | 62,409 | 53,897 | 61,559 |
| Total assets | 63,522 | 55,445 | 62,290 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Credit facilities (note 3) | 4,495 | 5,098 | 4,998 |
| Payables | 1,778 | 1,151 | 1,050 |
| Total current liabilities | 6,273 | 6,249 | 6,048 |
| Non-current liabilities | | | |
| Post employment benefit obligation | 951 | 951 | 1,012 |
| Total non-current liabilities | 951 | 951 | 1,012 |
| Total liabilities | 7,224 | 7,200 | 7,060 |
| SHAREHOLDERS' EQUITY | 56,298 | 48,245 | 55,230 |
| Total liabilities and shareholders' equity | 63,522 | 55,445 | 62,290 |

GENDIS INC.
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED OCTOBER 31

| (unaudited - thousands of Canadian dollars except for share data) | Quarter ended | | Year-to-date ended | |
|--|---------------|-----------------|--------------------|-----------------|
| | 2016 | 2015 | 2016 | 2015 |
| Revenue | | | | |
| Lease rentals | 683 | 744 | 2,175 | 2,579 |
| Dividends & other income | 515 | 525 | 1,566 | 1,565 |
| Total revenue | 1,198 | 1,269 | 3,741 | 4,144 |
| Expense | | | | |
| Property | 928 | 362 | 2,070 | 1,855 |
| Administration | 343 | 332 | 1,046 | 1,103 |
| Finance | 34 | 31 | 97 | 97 |
| Total expense | 1,305 | 725 | 3,213 | 3,055 |
| Total revenue less total expense | (107) | 544 | 528 | 1,089 |
| Fair value change | | | | |
| Investment properties | (783) | (293) | 25 | (1,731) |
| Investment in securities | 1,971 | (6,793) | 8,358 | (10,434) |
| Total fair value change | 1,188 | (7,086) | 8,383 | (12,165) |
| Earnings (loss) before income tax | 1,081 | (6,542) | 8,911 | (11,076) |
| Income tax (expense) recovery | 107 | (4) | 104 | 685 |
| Net earnings (loss) from operations and comprehensive income (loss) | 1,188 | (6,546) | 9,015 | (10,391) |
| Net earnings (loss) from operations per share | 0.09 | \$(0.50) | 0.70 | \$(0.80) |

GENDIS INC.

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| (unaudited - thousands - shares & Canadian dollars as applicable) | Share Capital | | Retained | Total |
|--|---------------|--------|----------|----------|
| | # | \$ | earnings | \$ |
| Balance - January 31, 2015 | 13,046 | 13,713 | 53,667 | 67,380 |
| Comprehensive loss | | | (10,391) | (10,391) |
| Purchase of share capital for cancellation | | | (971) | (971) |
| Dividends | (220) | (230) | (558) | (788) |
| Balance - October 31, 2015 | 12,826 | 13,483 | 41,747 | 55,230 |
| For the remainder of the year: | | | | |
| Comprehensive loss | | | (6,586) | (6,586) |
| Purchase of share capital for cancellation | (25) | (26) | (53) | (79) |
| Dividend | | | (320) | (320) |
| Balance - January 31, 2016 | 12,801 | 13,457 | 34,788 | 48,245 |
| Comprehensive income | | | 9,015 | 9,015 |
| Purchase of share capital for cancellation | (1) | (1) | (1) | (2) |
| Dividends | | | (960) | (960) |
| Balance - October 31, 2016 | 12,800 | 13,456 | 42,842 | 56,298 |

GENDIS INC.
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIODS ENDED OCTOBER 31

| (unaudited - thousands of Canadian dollars) | Quarter ended | | Year to date ended | |
|---|---------------|--------------|-----------------------|--------------|
| | 2016 | 2015 | 2016 | 2015 |
| Changes in cash position | | | | |
| By operations | | | | |
| Cash receipts | | | | |
| Lease rentals | 889 | 951 | 2,614 | 2,813 |
| Dividends & other income | 557 | 722 | 1,549 | 1,773 |
| Cash disbursements | | | | |
| Property | (420) | (496) | (2,032) | (1,949) |
| Administration | (345) | (408) | (1,009) | (1,345) |
| Income taxes recovered (paid) | - | - | 638 | (224) |
| Finance expense paid | (34) | (33) | (97) | (98) |
| Total by operations | 647 | 736 | 1,663 | 970 |
| By investing activities | | | | |
| Proceeds from sale of security investments | - | - | - | 125 |
| Acquisition of security investments | - | - | - | (300) |
| Expenditures on investment properties | (42) | (103) | (45) | (401) |
| Proceeds from sale of equipment | - | - | - | 85 |
| Expenditures on furnishings and equipment | - | (3) | (17) | (118) |
| Total by investing activities | (42) | (106) | (62) | (609) |
| By financing activities | | | | |
| Net advance (repayment) of credit facilities | (203) | (198) | (603) | 1,401 |
| Purchase of share capital for cancellation | - | (153) | (2) | (788) |
| Dividends paid | (320) | (322) | (960) | (971) |
| Total by financing activities | (523) | (673) | (1,565) | (358) |
| Increase (decrease) in cash | 82 | (43) | 36 | 3 |
| Cash - beginning of period | 64 | 82 | 110 | 36 |
| Cash - end of period | 146 | 39 | 146 | 39 |

Gendis Inc.

Notes to the unaudited Interim condensed Financial Statements

October 31, 2016

(All tabular amounts in thousands of Canadian dollars unless otherwise stated)

1. General information

General information on Gendis Inc. is the same as disclosed in Note 1 to the complete audited annual financial statements for the year ended January 31, 2016, which have been prepared in accordance with International Financial Reporting Standards. These interim condensed financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. The principal accounting policies applied in the preparation of these interim condensed financial statements are the same as set out in Note 2 to the complete audited annual financial statements for the year ended January 31, 2016. These policies have been consistently applied to all periods presented.

2. Investment in securities

| | Oct 31 2016 | Jan 31 2016 |
|----------------------------|----------------|----------------|
| Veresen | 24,300 | 15,960 |
| Osum | 4,759 | 4,759 |
| Other security investments | 2,790 | 2,742 |
| | 31,849 | 23,461 |

3. Credit facilities

| | Borrowing Balance | | Remaining borrowing availability | | Carrying value of collateral | |
|-------------------------|----------------------|----------------|--|----------------|---------------------------------|----------------|
| | Oct 31 2016 | Jan 31 2016 | Oct 31 2016 | Jan 31 2016 | Oct 31 2016 | Jan 31 2016 |
| Bank credit facility | 4,495 | 5,098 | 5,500 | 2,289 | 22,501 | 14,778 |
| Broker's margin account | — | — | 900 | 591 | 1,799 | 1,199 |
| | 4,495 | 5,098 | 6,400 | 2,880 | 24,300 | 15,977 |

4. Subsequent Event

On December 2, 2016, the Company declared a regular dividend of 2.5¢ per share to shareholders of record December 16, 2016, payable January 6, 2017.

5. Operating segments

| | Quarter Ended Oct 31 | Realty | Corporate | Inter- segment | Total |
|--------------------------------------|----------------------------|---------|-----------|-------------------|----------|
| Revenue | 2016 | 700 | 725 | (227) | 1,198 |
| | 2015 | 761 | 733 | (225) | 1,269 |
| Property & administration Expense | 2016 | 988 | 360 | (77) | 1,271 |
| | 2015 | 425 | 349 | (80) | 694 |
| Finance expense | 2016 | 150 | 34 | (150) | 34 |
| | 2015 | 145 | 31 | (145) | 31 |
| Total revenue less total expense | 2016 | (438) | 331 | — | (107) |
| | 2015 | 191 | 353 | — | 544 |
| Fair value change | 2016 | (783) | 1,971 | — | 1,188 |
| | 2015 | (293) | (6,793) | — | (7,086) |
| Income tax recovery (expense) | 2016 | 91 | 16 | — | 107 |
| | 2015 | (11) | 7 | — | (4) |
| Comprehensive income (loss) | 2016 | (1,130) | 2,318 | — | 1,188 |
| | 2015 | (113) | (6,433) | — | (6,546) |
| | YTD Ended Oct 31 | Realty | Corporate | Inter- Segment | Total |
| Revenue | 2016 | 2,227 | 2,189 | (675) | 3,741 |
| | 2015 | 2,631 | 2,190 | (677) | 4,144 |
| Property & administration expense | 2016 | 2,250 | 1,098 | (232) | 3,116 |
| | 2015 | 2,044 | 1,155 | (241) | 2,958 |
| Finance expense | 2016 | 443 | 97 | (443) | 97 |
| | 2015 | 436 | 97 | (436) | 97 |
| Total revenue less total expense | 2016 | (466) | 994 | — | 528 |
| | 2015 | 151 | 938 | — | 1,089 |
| Fair value change | 2016 | 25 | 8,358 | — | 8,383 |
| | 2015 | (1,731) | (10,434) | — | (12,165) |
| Income tax recovery (expense) | 2016 | 105 | (1) | — | 104 |
| | 2015 | 193 | 492 | — | 685 |
| Comprehensive income (loss) | 2016 | (336) | 9,351 | — | 9,015 |
| | 2015 | (1,387) | (9,004) | — | (10,391) |
| Total assets | 2016 | 31,302 | 54,839 | (22,619) | 63,522 |
| | 2015 | 29,802 | 54,755 | (22,267) | 62,290 |
| Total liabilities | 2016 | 23,709 | 6,134 | (22,619) | 7,224 |
| | 2015 | 23,050 | 6,277 | (22,267) | 7,060 |