

GENDIS INC.

NEWS RELEASE

For immediate release

GENDIS INC. ANNOUNCES FIRST QUARTER EARNINGS

Winnipeg, Manitoba (June 9, 2017) - Gendis Inc. (TSX:GDS) today announced its financial results for the 1st quarter ended April 30, 2017.

Net earnings for the 1st quarter were \$3,935,000 (\$0.31 per share) compared to net earnings of \$1,136,000 (\$0.09 per share) for the prior year 1st quarter. Revenue for the 1st quarter was \$1,695,000 compared to \$1,227,000 for the prior year 1st quarter. Revenue less expense for the 1st quarter was \$489,000 compared to \$255,000 for the prior year 1st quarter. The increase is primarily due to new tenancy in the Company's Sony place Facility.

The volatility in net earnings quarter over quarter is primarily due to the change in fair value of security investments and investment properties with the attendant effect on deferred income taxes.

On May 1, 2017, Pembina Pipeline announced an offer to acquire Veresen. The closing date is expected to occur in the 3rd or 4th quarter of this year. It is anticipated that the transaction will settle on a pro-rata share and cash exchange basis, providing Gendis with approximately \$9.6 million in cash and 0.6 million Pembina pipeline shares. These shares would have a fair value of approximately \$28 million as at June 8, 2017. Pembina Pipeline owns and operates conventional, heavy oil and oil sands pipelines, natural gas gathering and processing facilities and other infrastructure assets. The transaction is subject to regulatory and shareholder approval.

Condensed summarized information is as follows:

in millions of Canadian dollars except per share	Quarter ended	
	Apr 30 2017	Apr 30 2016
Revenue		
Lease rental revenue	1.2	0.7
Dividends	0.5	0.5
Total revenue	1.7	1.2
Expense		
Property	0.8	0.6
Administration & finance	0.4	0.4
Total expense	1.2	1.0
Total revenue less total expense	0.5	0.2
Fair value change:		
Veresen	4.0	2.1
Other security investments	(0.2)	-
Investment properties	0.2	(1.1)
Total fair value change	4.0	1.0
Income tax expense	0.6	0.1
Net earnings	3.9	1.1
Earnings per share	\$0.31	\$0.09

in millions of Canadian dollars	Apr 30 2017	Jan 31 2017	Apr 30 2016
Fair value of investments:			
Veresen	30.4	26.4	18.1
Osum	5.4	5.8	4.8
Other security investments	2.9	2.6	2.7
Investment properties	32.1	31.7	29.0
Other assets	1.3	1.2	0.9
Debt & payables	7.6	7.4	6.3
Deferred tax payable	1.0	0.4	0.1
Shareholders' equity	63.5	59.9	49.1

in millions of Canadian dollars	Quarter ended	
	Apr 30 2017	Apr 30 2016

Cash flow from:

Operations

Cash receipts

 Lease rentals

1.0 0.8

 Dividends & other receipts

0.6 0.6

Cash disbursements & finance expense

 Property

(0.5) (0.5)

 Administration & finance expense

(0.5) (0.4)

Income taxes recovered

— 0.6

Investing

 Expenditures on investment properties

(0.1) —

 Net expenditures on equipment

(0.1) —

Financing

 Decrease in debt

(0.2) (0.9)

 Dividend

(0.3) (0.3)

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GENDIS INC.

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

(unaudited - thousands of Canadian dollars)	Apr 30 2017	Jan 31 2017	Apr 30 2016
ASSETS			
Current assets			
Cash	14	162	9
Receivables	1,154	891	719
Total current assets	1,168	1,053	728
Non-current assets			
Investments in securities (note 2)	38,669	34,815	25,554
Investment properties (note 3)	32,060	31,740	28,990
Other current assets	219	142	175
Total non-current assets	70,948	66,697	54,719
Total assets	72,116	67,750	55,447
LIABILITIES			
Current liabilities			
Credit facilities (note 4)	4,835	4,997	4,198
Payables	1,770	1,447	1,145
Total current liabilities	6,605	6,444	5,343
Non-current liabilities			
Post employment benefit obligation	966	966	951
Deferred income tax payable	1,030	441	94
Total non-current liabilities	1,996	1,407	1,045
Total liabilities	8,601	7,851	6,388
SHAREHOLDERS' EQUITY	63,515	59,899	49,059
Total liabilities and shareholders' equity	72,116	67,750	55,447

GENDIS INC.
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED APRIL 30

(unaudited - thousands of Canadian dollars except for share data)	quarter ended	
	2017	2016
Revenue		
Lease rentals	1,175	696
Dividends and other income	520	531
Total revenue	1,695	1,227
Expense		
Property	824	558
Administration	346	383
Finance	36	31
Total expense	1,206	972
Total revenue less total expense	489	255
Fair value change		
Investments in securities	3,845	2,083
Investment properties	190	(1,142)
Total fair value change	4,035	941
Earnings before income tax	4,524	1,196
Income tax expense	589	60
Net earnings from operations and comprehensive income	3,935	1,136
Net earnings from operations per share	\$0.31	\$0.09

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, 2016	12,801	13,457	34,788	48,245
Comprehensive income			1,136	1,136
Purchase of share capital for cancellation	(1)	(1)	(1)	(2)
Dividend			(320)	(320)
Balance - April 30, 2016	12,800	13,456	35,603	49,059
For the remainder of the year:				
Comprehensive loss			11,889	11,889
Purchase of share capital for cancellation	(31)	(34)	(55)	(89)
Dividends			(960)	(960)
Balance - January 31, 2017	12,769	13,422	46,477	59,899
Comprehensive income			3,935	3,935
Dividend			(319)	(319)
Balance - April 30, 2017	12,769	13,422	50,093	63,515

GENDIS INC.
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIODS ENDED APRIL 30

(unaudited - thousands of Canadian dollars)	Quarter ended	
	2017	2016
Changes in cash position		
By operations		
Cash receipts		
Lease rentals	954	836
Dividends	575	596
Cash disbursements		
Property	(495)	(517)
Administration	(459)	(382)
Incomes taxes recovered	-	638
Finance expense paid	(35)	(31)
Total by operations	540	1,140
By investing activities		
Expenditures on investment properties	(130)	-
Expenditures on furnishings and equipment	(78)	(19)
Total by investing activities	(208)	(19)
By financing activities		
Net advance (repayment) of credit facilities	(161)	(900)
Purchase of share capital for cancellation	-	(2)
Dividend paid	(319)	(320)
Total by financing activities	(480)	(1,222)
Decrease in cash	(148)	(101)
Cash - beginning of period	162	110
Cash - end of period	14	9

Gendis Inc.

Notes to the unaudited Interim condensed Financial Statements

April 30, 2017

(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, 2017, 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, 2017. These policies have been consistently applied to all periods presented.

2. Investments in securities

	Apr 30 2017	Jan 31 2017
Veresen	30,440	26,440
Osum	5,441	5,838
Other security investments	2,788	2,537
	<u>38,669</u>	<u>34,815</u>

3. Investments property

	Apr 30 2017	Jan 31 2017
Industrial	25,160	24,890
Commercial	6,900	6,850
	<u>32,060</u>	<u>31,740</u>

4. Credit facilities

	Borrowing Balance		Remaining borrowing availability		Carrying value of collateral	
	Apr 30 2017	Jan 31 2017	Apr 30 2017	Jan 31 2017	Apr 30 2017	Jan 31 2017
Banker's acceptances	4,835	4,998	5,000	5,000	25,093	24,504
Broker's margin account	-	-	978	979	1,958	1,958
	<u>4,835</u>	<u>4,998</u>	<u>5,978</u>	<u>5,979</u>	<u>27,051</u>	<u>26,462</u>

5. Subsequent Events

On June 9, 2017, the Company declared a regular dividend of 2.5¢ per share to shareholders of record June 23, 2017, payable July 7, 2017.

From April 30, 2017 to June 8, 2017, the fair value of the Company's investment in securities increased by approximately \$6 million, primarily due to a takeover offer announced on May 1, 2017 by Pembina Pipeline for Veresen. The transaction is expected to close before the end of this year.

6. Operating segments

	Quarter	Realty	Corporate	Inter- segment	Total
	Ended Apr 30				
Revenue	2017	1,192	731	(228)	1,695
	2016	713	738	(224)	1,227
Property & administration expense	2017	893	363	(86)	1,170
	2016	618	401	(78)	941
Finance expense	2017	142	36	(142)	36
	2016	146	31	(146)	31
Total revenue less total expense	2017	157	332	—	489
	2016	(51)	306	—	255
Fair value change	2017	190	3,845	—	4,035
	2016	(1,142)	2,083	—	941
Income tax expense (recovery)	2017	95	494	—	589
	2016	(21)	81	—	60
Comprehensive income	2017	252	3,683	—	3,935
	2016	(1,172)	2,308	—	1,136
Total assets	2017	32,992	60,231	(21,107)	72,116
	2016	29,509	48,047	(22,109)	55,447
Total liabilities	2017	23,430	6,278	(21,107)	8,601
	2016	22,756	5,741	(22,109)	6,388