

PRESS RELEASE

for immediate distribution

Melcor Developments announces 2015 results, declares quarterly dividend of \$0.12 per share

Edmonton, Alberta | March 16, 2016

Melcor Developments Ltd. (TSX: MRD), an Alberta-based real estate development and asset management company, today reported results for the fourth quarter and year ended December 31, 2015. Revenue declined by 16% to \$263.31 million in 2015 compared to \$313.01 million in 2014. 2015 was characterized by a challenging economic environment in many of Melcor's markets as the price of oil slid to levels last seen in 2003. Activity levels throughout the year were mixed, with continued interest and steady activity in select regions and asset classes.

Funds from operations (FFO) per share was down 39% to \$1.64 in 2015 compared to \$2.70 in 2014. FFO adjusts for all non-cash earnings items.

Net income declined 25% to \$75.96 million or \$2.29 per share (basic) in 2015, compared to \$100.72 million and \$3.18 per share (basic) in 2014.

Brian Baker, Melcor's President and Chief Executive Officer, commented on the year: "Despite the headwinds of an oil and gas economy in recession, our company performed well in 2015. We sold 1,376 single family lots, 180 acres of serviced multi-family, commercial and raw land and completed the construction of 51,300 sf of retail and industrial development. We now manage 3.5 million sf of income property through our Investment Property division and Melcor REIT and our overall occupancy in these assets currently stands at 93%. People are still buying houses and companies are still leasing space.

Given our financial strength, there are advantages to an economy in recession, including declining raw land prices and reductions in the cost of commercial construction and land servicing. The continued cost decline will make the construction of buildings and the servicing of land far more affordable. These resets, in the context of historically low interest rates, are a silver lining on a recessionary cloud.

Economic cycles are inevitable. Our long term strategic planning, conservative capital management and the ongoing strength of our balance sheet ensure we are in a position to not only endure this most recent test, but emerge from it stronger and prepared to lead the industry out of it."

Timothy Melton, Melcor's Executive Chairman, commented on the year ahead: "Our short-term outlook, given that our major asset base is in Alberta, is challenging. In the first quarter of 2016, oil and gas prices are near record lows and the energy sector continues to announce layoffs and reduced investment. Special interest groups are impeding resource development and preventing access to world markets. As Canadians, we have benefited tremendously from the energy sector. Our federal government and provincial governments must work for us in a productive way, removing barriers and thus, allowing industry to continue to grow and create jobs.

Notwithstanding short-term economic issues, we remain well-positioned for longer-term growth and success."

The Board today declared a quarterly dividend of \$0.12 per share, payable on April 5, 2016 to shareholders of record on March 29, 2016. The dividend is an eligible dividend for Canadian tax purposes.

Selected Highlights

| <i>(\$000s except as noted)</i> | 2015 | 2014 | Change |
|--|-----------|-----------|---------|
| Revenue | 263,309 | 313,009 | (15.9)% |
| Gross margin (%) * | 45.8% | 48.0% | (4.6)% |
| Fair value adjustment on investment properties | 9,574 | 12,828 | (25.4)% |
| Net income | 75,958 | 100,719 | (24.6)% |
| Net margin (%) * | 28.8% | 32.2% | (10.6)% |
| Funds from operations * | 54,271 | 85,477 | (36.5)% |
| Shareholders' equity | 977,970 | 901,335 | 8.5 % |
| Total assets | 1,891,969 | 1,863,296 | 1.5 % |
| Per Share Data | | | |
| Basic earnings | 2.29 | 3.18 | (28.0)% |
| Diluted earnings | 2.29 | 3.06 | (25.2)% |
| Funds from operations * | 1.64 | 2.70 | (39.3)% |
| Book value * | 29.43 | 27.22 | 8.1 % |

Melcor's long-term strategy of creating a pipeline of stable, income-producing assets to reduce volatility in operating results continues to generate results and helped to offset the revenue contraction seen in the Community Development division. Revenue from Melcor's income-producing portfolio (including REIT properties) grew by 18% to partially offset the 28% decline in revenue from Community Development due to regional softness in residential real estate. Diversity in the Community Development division's product types (from multi-family to estate) contributed to steady activity in under-served asset classes.

Throughout the year, the company remained cautious in investment and development activities and conservatively managed its assets and liabilities.

The company's strategies of conservative growth to maintain a strong and stable balance sheet and increasing recurring income by growing and diversifying the investment property portfolio have contributed to a more stable and diverse revenue profile.

Building strategically

Melcor continued to invest in income-producing commercial properties and grew its portfolio of managed properties by 5%:

- Acquired 3 income-producing properties, including:
 - a 63,112 sf office building in Denver, Colorado for \$6.15 million (US\$4.88 million). The building has a good tenant mix in a high profile commercial location near the Denver airport.
 - a 47,385 sf office building in the Greater Phoenix Area, Arizona for \$8.47 million (US \$6.43 million).

These US acquisitions were funded by the sale of three US residential rental properties, which were sold for gross proceeds of \$81.15 million (US \$59.94 million). These properties were purchased in 2010 and 2011 for \$44.56 million (US \$44.55 million) and held in the Investment Property division. Melcor's US strategy is to take advantage of economies that are counter to Alberta's economic reliance on the resource sector by buying at market lows and earning income off the assets until the market improves. The dispositions and acquisitions completed in 2015 demonstrate the company's belief that the residential market has substantially recovered, and that the commercial market is now stable with upside potential.

- Added density to an existing retail power centre by constructing an additional CRU, increasing GLA by 7,534 sf.
- The property development division completed and transferred 5 buildings (51,298 sf valued at \$26.55 million) in 2015 compared to 22 buildings (555,010 sf valued at \$161.05 million) in 2014.

Melcor continued to invest in land inventory and increased its Canadian land holdings by 146.97 acres. The acquired land is primarily allocated to residential development. The company continues to move land use designations through the municipal approval process to increase its supply of shovel ready assets so that they are ready to capitalize when market demand improves.

Investments in improvements to existing properties continued in 2015. Melcor and the REIT invested \$5.02 million in capital enhancement projects.

The company set an objective of increasing occupancy in its income-producing properties in 2015, and through strategic leasing programs, achieved occupancy of 93%.

Return to Shareholders

Melcor continues its tradition of distributing profit to investors. During 2015, the company paid annual dividends of \$0.60 per share, representing 3% growth over 2014 regular dividends. The dividend is an eligible dividend for Canadian tax purposes.

Melcor declared a \$0.12 per share dividend on March 16, 2016 payable on April 5, 2016 to shareholders of record on March 29, 2016. The company's dividend has been reduced to ensure the appropriate balance between returning profit to shareholders and conserving cash for investment opportunities and our capital allocation strategy.

Melcor has been paying dividends since 1969.

Outlook

Melcor owns a high quality portfolio of assets, including raw land, developed land inventory (including residential lots and acres for multi-family and commercial development), income-producing properties and championship golf courses. Alberta, the company's largest market, has undergone dramatic changes in economic outlook over the past year as a result of lower oil prices. Despite these clear economic headwinds, the company continues to see interest in residential communities as well as leasing activity for income-producing and under-development commercial properties.

The company expects variations in market demand based on region and asset class to continue in 2016, with relatively steady performance in Edmonton, Lethbridge and Kelowna. On the residential side, the company expect starter homes and communities to lead the market. On the commercial side, retail has been steady throughout 2015 and that trend is expected to continue. Melcor's US assets will continue to deliver positive returns, especially with a commercial asset base expanded via opportunistic buys in economies that are growing and that are counter cyclical to the resource dependence in Alberta.

Melcor continues to take advantage of opportunities to diversify its asset base both geographically and by product type. The company's business model has adapted to changing times for over 90 years. Melcor continues to operate with a disciplined, conservative approach designed to ensure that the company remain profitable while achieving its fundamental goals of protecting shareholder investment and sharing corporate profit with shareholders.

MD&A and Financial Statements

Information included in this press release is a summary of results. This press release should be read in conjunction with Melcor's 2015 consolidated financial statements and management's discussion and analysis for the year ended December 31, 2015, which can be found on the company's website at www.Melcor.ca or on SEDAR (www.sedar.com).

Annual General Meeting

We invite shareholders to join us at Melcor's annual general meeting on April 27, 2016 at 10:30 am MDT. The meeting will be held at the YMCA Welcome Village Gymnasium, 9538-103A Avenue NW, Edmonton, Alberta. We look forward to seeing you there.

About Melcor Developments Ltd.

Melcor is a diversified real estate development and asset management company that transforms real estate from raw land through to high-quality finished product in both residential and commercial built form. Melcor develops and manages mixed-use residential communities, business and industrial parks, office buildings, retail commercial centres and golf courses. Melcor owns a well diversified portfolio of assets in Alberta, Saskatchewan, British Columbia, Arizona, Colorado and Texas.

Melcor has been focused on real estate since 1923. The company has built over 100 communities across western Canada and today manages 3.5 million sf in commercial real estate assets and 781 residential rental units. Melcor is committed to building communities that enrich quality of life - communities where people live, work, shop and play.

Melcor's headquarters are located in Edmonton, Alberta, with regional offices throughout Alberta and in British Columbia and Arizona. Melcor has been a public company since 1968 and trades on the Toronto Stock Exchange (TSX:MRD).

Forward Looking Statements

In order to provide our investors with an understanding of our current results and future prospects, our public communications often include written or verbal forward-looking statements.

Forward-looking statements are disclosures regarding possible events, conditions, or results of operations that are based on assumptions about future economic conditions, courses of action and include future-oriented financial information.

This news release and other materials filed with the Canadian securities regulators contain statements that are forward-looking. These statements represent Melcor's intentions, plans, expectations, and beliefs and are based on our experience and our assessment of historical and future trends, and the application of key assumptions relating to future events and circumstances. Future-looking statements may involve, but are not limited to, comments with respect to our strategic initiatives for 2016 and beyond, future development plans and objectives, targets, expectations of the real estate, financing and economic environments, our financial condition or the results of or outlook of our operations.

By their nature, forward-looking statements require assumptions and involve risks and uncertainties related to the business and general economic environment, many beyond our control. There is significant risk that the predictions, forecasts, valuations, conclusions or projections we make will not prove to be accurate and that our actual results will be materially different from targets, expectations, estimates or intentions expressed in forward-looking statements. We caution readers of this document not to place undue reliance on forward-looking statements. Assumptions about the performance of the Canadian and US economies and how this performance will affect Melcor's business are material factors we consider in determining our forward-looking statements. For additional information regarding material risks and assumptions, please see the discussion under Business Environment and Risk in our annual MD&A.

Readers should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Except as may be required by law, we do not undertake to update any forward-looking statement, whether written or oral, made by the company or on its behalf.

Contact Information:

Business Contact

Brian Baker
Chief Executive Officer
Tel: 780.423.6931
info@melcor.ca

Investor Relations

Jonathan Chia, CA
Chief Financial Officer
Tel: 1.855.673.6931
ir@melcor.ca