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MELCOR CLOSSES \$80.875 MILLION SALE TO MELCOR REIT

Edmonton, Alberta | January 12, 2018

Melcor Developments Ltd. (TSX:MRD), an Alberta-based real estate development and asset management company, announced today that it has completed the sale of five commercial properties comprised of 172,629 sf gross leasable area (GLA) at its ownership percentage to Melcor Real Estate Investment Trust (the REIT) for \$80.875 million (excluding transaction costs).

Darin Rayburn, Melcor’s President & Chief Executive Officer commented on the sale: “It is gratifying to see a key element of the growth strategy for both Melcor and the REIT come to fruition through our fourth transaction with the REIT. Monetizing the value of our commercial properties means we can continue to invest in new projects and raw land to continue the cycle.

I thank the entire Melcor team for their dedication to ensuring that we continue to create value for Melcor and our shareholders. A transaction such as this starts with a raw land purchase, followed by approvals, zoning, servicing, construction of buildings, leasing and ongoing property management. Our success in continuing to build value through this value chain is a testament to the whole Melcor team as this process progresses through most of our operating divisions and is supported by our corporate team.”

The commercial properties, which were completed and leased by Melcor, are as follows:

PROPERTY	PHASE	TYPE	LOCATION	GLA (sf)	OCCUPANCY
Kingsview Market Square	2 & 4	Retail	Airdrie	52,469	100%
Telford Industrial	4	Industrial	Leduc	44,328	100%
Chestermere Station ¹	7	Retail	Chestermere	10,531	100%
The District at North Deerfoot	1	Retail	Calgary	23,159	100%
West Henday Promenade	2	Retail	Edmonton	42,142	100%
TOTAL				172,629	100%

¹ *Chestermere Station is 50% owned by Melcor.*

Melcor will continue to manage these properties under the asset and property management agreements.

Melcor’s effective ownership in the REIT is now a 53.0% majority interest.

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 3.90 million sf in commercial real estate assets and 612 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 Phoenix, Arizona. Melcor has been a public company since 1968 and trades on the Toronto Stock Exchange (TSX:MRD).

Forward Looking Statements

Certain information set forth in this news release, may contain forward-looking statements, and necessarily involve risks and uncertainties, certain of which are beyond Melcor's control. Actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Melcor will derive therefrom. Additional information on these and other factors that could affect Melcor are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com). Furthermore, the forward-looking statements contained in this news release are made as of the date of this news release, and Melcor does not undertake any obligation to update publicly or to revise any of the included forward looking statements, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable securities law.

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