

PRESS RELEASE

for immediate distribution

Melcor Developments announces third quarter results and declares quarterly dividend of \$0.12

Edmonton, Alberta | November 9, 2016

Melcor Developments Ltd. (TSX: MRD), an Alberta-based real estate development and asset management company, today reported results for the quarter ended September 30, 2016. Revenue for the quarter was \$63.43 million compared to \$87.92 million in Q3-2015. Nine month revenue was \$136.07 million compared to \$171.59 million in 2015.

Revenue from income-producing assets (Investment Properties and the REIT) grew by 7% over Q3-2015 consistent with our long-term diversification strategy. Income-producing assets represented 41% of total revenue during the quarter, up from 28% in Q3-2015.

Melcor recorded net income of \$10.32 million or \$0.31 per share (basic) for the first nine months of 2016, compared to net income of \$43.30 million or \$1.31 per share (basic) in 2015. Melcor's net income during the first nine months of 2016 was significantly affected by non-cash fair value losses on REIT units of \$16.28 million (2015 - fair value gains of \$17.01 million).

Funds from operations eliminates the elements that have no cash impact on our business from net income and is viewed as a more accurate indicator of Melcor's operating business. Year to date funds from operations was \$22.80 million (\$0.69 per share) compared to \$32.67 million (\$0.99 per share) in the same period of 2015.

The Board today declared a quarterly dividend of \$0.12 per share, payable on December 30, 2016 to shareholders of record on December 15, 2016. The dividend is an eligible dividend for Canadian tax purposes.

Brian Baker, Melcor's President and Chief Executive Officer, commented on the quarter: "Our performance remains steady as we continue to navigate the headwinds of an Alberta economy in recession. Our ongoing strategy of growing our revenue property portfolio and our geographic diversification into the US has helped counter lagging Alberta land sales.

Continued emphasis on conservative capital and debt management will enable us to take advantage of strategic investment and development opportunities as they arise."

Third Quarter Results

All divisions remained active in Q3-2016; however the pace of sales in the Community Development division was slower than it has been in prior years. We continue to see interest and steady activity in select regions and asset classes. In other regions builders are still carrying prior year's inventory and sales of single-family lots have softened significantly.

Our strategy of managing our business for the long-term has resulted in a strong and stable balance sheet that enables us to take advantage of potential opportunities to grow our business via raw land and commercial income-producing property acquisitions.

Our strategy of growing and diversifying our investment property portfolio has contributed to a more stable and diverse revenue profile that is less sensitive to rapid changes in the economy. Our income producing commercial properties have increased by 439,666 sf since Q3-2015.

In the third quarter:

- Revenue declined 28% to \$63.43 million compared to Q3-2015 primarily due to decreased lot sales in the Community Development division.
- Revenue from income-producing assets (Investment Properties and the REIT) grew by 7% over Q3-2015. This is consistent with our long-term diversification strategy to increase the portion of revenues earned from income-producing assets, which represented 41% of total revenue during the period, up from 28% in Q3-2015.
- Funds from operations was \$10.23 million compared to \$17.88 million in Q3-2015. Funds from operations eliminates the elements that have no cash impact on our business from net income and we view it as a better indicator of our operating business than net income.
- We continue to take advantage of the favourable financing environment and have taken out new mortgage financing on recently completed projects, which contributed to significant line of credit capacity to support additional acquisitions and investments.

- We continue to acquire new land when opportunities arise. During the quarter, we purchased a joint venture partner interest in raw land in Red Deer, which increased our developable land by 22.94 acres.
- We continue to invest in and grow our portfolio of income-producing assets and completed the construction of three buildings valued at \$25.75 million which added 32,205 sf to our portfolio.
- We paid a quarterly dividend of \$0.12 per share on September 30, 2016. The REIT paid distributions of \$0.05625 per trust unit in July, August and September for a quarterly payout ratio of 77%.
- On November 9, 2016 we declared a quarterly dividend of \$0.12 per share, payable on December 30, 2016 to shareholders of record on December 15, 2016. The dividend is an eligible dividend for Canadian tax purposes.

Selected Highlights

(\$000s except as noted)	Three months ended			Nine months ended		
	September 30, 2016	September 30, 2015	Change	September 30, 2016	September 30, 2015	Change
Revenue	63,432	87,921	(27.9)%	136,070	171,588	(20.7)%
Gross margin (%) *	45.9%	40.8%	5.1 %	48.0%	43.6%	4.4 %
Net income	16,260	24,823	(34.5)%	10,324	43,300	(76.2)%
Net Margin (%) *	25.6%	28.2%	(2.6)%	7.6%	25.2%	(17.6)%
Funds from operations *	10,225	17,878	(42.8)%	22,803	32,669	(30.2)%
Per Share Data (\$)						
Basic earnings	0.49	0.75	(34.7)%	0.31	1.31	(76.3)%
Diluted earnings	0.49	0.74	(33.8)%	0.31	1.30	(76.2)%
Funds from operations *	0.31	0.54	(42.6)%	0.69	0.99	(30.3)%

As at (\$000s except as noted)	September 30, 2016	December 31, 2015	Change
Shareholders' equity	970,772	977,970	(0.7)%
Total assets	1,886,895	1,891,969	(0.3)%
Per Share Data (\$)			
Book value *	29.19	29.43	(0.8)%

*See non-standard measures in the Q3-2016 MD&A for calculations.

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 consolidated financial statements and management's discussion and analysis for the three and nine months ended September 30, 2016, which can be found on the company's website at www.Melcor.ca or on SEDAR (www.sedar.com).

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 780 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 Kelowna, 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

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.

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