

PRESS RELEASE

for immediate distribution

Melcor Developments announces results for 2017 and declares quarterly dividend of \$0.13 per share

Edmonton, Alberta | March 7, 2018

Melcor Developments Ltd. (TSX: MRD), a real estate development and asset management company with operations across western Canada and in the United States, today reported results for the fourth quarter and year ended December 31, 2017. The economic environment improved in many of Melcor's primary markets throughout the year, resulting in revenue growth of 6.4% to \$257.95 million in 2017 compared to \$242.46 million in 2016. Funds from operations (FFO) per share was up 38% to \$1.77 in 2017 compared to \$1.28 in 2016. FFO adjusts for all non-cash earnings items and management believes it better reflects true operating performance.

Net income was up 12% to \$38.53 million or \$1.15 per share (basic) in 2017, compared to \$34.43 million or \$1.04 per share (basic) in 2016.

Darin Rayburn, Melcor's President and Chief Executive Officer, commented on the year: "On behalf of the Melcor team and our Board of Directors, I'm pleased to report to you leading into a milestone year. In 2018, we have the honour of celebrating both our 95th year as a company and our 50th being publicly traded. Our Company's continued success over this extended period of time is no small feat. It requires resilience to change with the times, to react to market cycles and to continually re-imagine how our business can grow and prosper.

With the dividend declared today, we are now in our 30th consecutive year of dividend payments. Since becoming a public company in 1968, we have paid dividends in all but three years. Protecting and growing our shareholders investments and sharing profits through dividends remains a priority. Dividends in 2017 grew 8% over 2016.

Throughout 2017, we continued to execute on our conservative growth strategy and achieved stable results in both the fourth quarter and for the year. Residential sales returned to normalized levels and we balanced the offerings available in our communities to meet consumer needs for varied products and multiple price points. We continued to develop commercial assets to enable steady growth in our income-producing properties. In spite of challenges faced in the real estate acquisition and disposition market, the Melcor REIT took advantage of its unique acquisition pipeline in early 2018 with the vend-in of \$80.88 million worth of commercial properties. We now manage 3.92 million square feet of income property with stable overall occupancy of 92%.

Throughout the downturn of the past few years, we have worked towards advancing the planning and approvals of several new communities and commercial projects. In 2017, we broke ground on 2 new neighbourhood shopping centres and began servicing 2 new communities. We have additional commercial projects and communities in the works for the coming years, subject to market demand.

With appropriate levels of serviced land inventory and project approvals, stable occupancy on a diverse asset base and low debt, we are well positioned for the future."

The Board today declared a quarterly dividend of \$0.13 per share, payable on March 29, 2018 to shareholders of record on March 15, 2018. The dividend is an eligible dividend for Canadian tax purposes.

Selected Highlights

(\$000s except as noted)	2017	2016	Change
Revenue	257,950	242,461	6.4 %
Gross margin (%) *	45.1%	44.7%	0.9 %
Fair value adjustment on investment properties	(8,828)	15,795	(155.9)%
Net income	38,525	34,433	11.9 %
Net margin (%) *	14.9%	14.2%	4.9 %
Funds from operations *	59,021	42,564	38.7 %
Shareholders' equity	1,008,590	994,721	1.4 %
Total assets	1,990,983	1,891,988	5.2 %
Per Share Data			
Basic earnings	1.15	1.04	10.6 %
Diluted earnings	1.15	1.04	10.6 %
Funds from operations *	1.77	1.28	38.3 %
Book value *	30.21	29.83	1.3 %

The economic environment improved in many of our markets in 2017, contributing to strong results. We also continued to advance several strategies to position Melcor for future growth and success.

Community Development ramped up to meet demand following several years of softer markets. Single-family lot sales increased 47% and development of new single-family lots was up by 162% (including the purchase of 294 lots in the US) over 2016. Our strategy of diversifying residential product types to respond to demand in price-sensitive markets has proven successful, with smaller, more cost efficient product types leading sales. Promotions were in place throughout 2017 in certain communities to continue moving inventory; however, most promotions have been withdrawn going into 2018 due to normalized demand.

Investment Properties maintained stable occupancy rates and healthy renewals in spite of market challenges. Investment Properties manages 3.92 million sf of commercial property and 609 residential units, down slightly from last year as we sold some properties to monetize the value created and re-invest capital.

Revenue from our income-producing portfolio (including REIT properties) remained steady over 2016 while the Community Development division saw an increase of 3%. 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, we maintained our conservative and disciplined approach to investment and development activities and the management of our assets and liabilities.

Property Development completed and transferred 4 buildings (38,199 sf) in 2017 with a further 125,300 sf under development and nearing completion. Revenue from the Property Development division is eliminated on consolidation. Total revenue was down over 2016 as 58% less GLA was completed and transferred in the year. Transfers to Investment Properties will positively impact results in future years as we continue to grow our income-producing assets for long-term holding or for sale to the REIT. We continued to progress commercial land through the development, approvals and lease-up process and have an additional 5 buildings in 4 developments expected to be completed and transferred to Investment Properties in 2018.

We completed the following dispositions during the year, resulting in a 1% reduction of GLA in our portfolio of managed properties:

- a parking lot in Edmonton, Alberta for \$2.99 million (net of transaction costs),
- a residential building in the US for \$0.17 million (net of transaction costs), and
- the REIT disposed of an industrial property in Lethbridge, Alberta for \$7.76 million (net of transaction costs).

We continued to invest in land inventory and increased our land holdings by 771.44 acres in strategic growth corridors. The acquired land is primarily allocated to residential development and includes 515.78 acres acquired in the US. We continue to move land use approvals through the municipal approval process to increase our supply of shovel ready assets so that we are ready to capitalize on improved demand.

Occupancy in our income-producing properties owned by Melcor and the REIT remained steady at 92%.

Subsequent to the year end, the REIT purchased five commercial properties (172,629 sf of owned GLA) from Melcor for \$80.88 million. This was the fourth sale completed to the REIT and represents a key part of our value chain. Through the REIT, we are able to monetize the value we create as we move land from raw inventory to completed commercial project. As majority owner of the REIT, we receive monthly distributions from the REIT. Growing the asset management side of our business helps to stabilize our overall revenue throughout the year.

Return to Shareholders

Melcor continues to distribute profit to our shareholders. During 2017, the Company paid annual dividends of \$0.52 per share, representing growth of 8%.

Melcor declared a \$0.13 per share dividend on March 7, 2018 payable on March 29, 2018 to shareholders of record on March 15, 2018. The dividend is an eligible dividend for Canadian tax purposes.

Melcor has been paying dividends since 1969.

Outlook

Melcor owns a high quality portfolio of assets, including raw land, developed land inventory (residential lots and acres for multi-family and commercial development), income-producing properties and championship golf courses. Alberta, our largest market, has undergone dramatic changes throughout the past few years, primarily related to lower oil prices. We continue to execute on our strategic plan and achieved solid results in 2017. We are intentionally diversifying across asset class and geography, and continue to invest in the US with both raw land acquisitions and the launch of an 1,100-acre community with expansion capacity. This diversification will serve to ease reliance on the Alberta economy.

Market demand varies by asset class and region and we expect this to continue in 2018. On the residential side, we expect starter homes and lower priced options including duplexes, townhomes and new product types such as zero lot lines to continue to lead the market. On the commercial side, retail activity remains steady and we expect that trend to continue. Our US assets continue to deliver positive returns in economies that are growing and that are counter cyclical to our resource dependence in Alberta.

Our business model has adapted to changing times for 94 years. We will continue to take advantage of opportunities to diversify our asset base both geographically and by product type. We will maintain our disciplined, conservative approach to operations to ensure that we remain profitable while achieving our fundamental goals of protecting shareholder investment and sharing corporate profit with our shareholders.

With appropriate levels of serviced land inventory, high occupancy rates and capacity on our operating facility, we remain positioned for the future.

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 2017 consolidated financial statements and management's discussion and analysis for the year ended December 31, 2017, 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 May 10, 2018 at 11:00 am MDT. The meeting will be held in the Devonian Room at the Westin, 10135 100 Street, 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 and Colorado.

Melcor has been focused on real estate since 1923. The Company has built over 100 communities across western Canada and today manages 3.9 million sf in commercial real estate assets and 609 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 2018 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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