

for immediate distribution

Melcor to purchase up to \$15 million worth of Melcor REIT Class B LP Units

Edmonton, Alberta | October 10, 2019

Melcor Developments Ltd. (TSX: MRD) today announced that it intends to complete a private placement of between \$10 million and \$15 million worth of Melcor REIT Limited Partnership (the “Partnership”) Class B LP units. The Partnership is a subsidiary of Real Estate Investment Trust (TSX: MR.UN – “the REIT”).

The private placement agreement was reached in conjunction with the \$54.8 million third-party acquisition of a 283,000 square foot retail power centre in Grande Prairie, Alberta that the [REIT announced](#) today and a \$40 million convertible debenture “bought deal” offering undertaken by the REIT (the “Offering”).

Darin Rayburn, President and Chief Executive Officer of both Melcor and the REIT commented: “The REIT’s acquisition increases our portfolio gross leasable area by 9.7% and is expected to be immediately accretive to Unitholders, demonstrating the REIT’s strong accretive growth potential. The private placement, to be completed by Melcor, demonstrates Melcor’s ongoing support of the REIT in achieving its growth objectives, and Melcor’s recognition that the intrinsic value of the REIT far exceeds recent trading ranges.”

The aggregate subscription for the private placement will be equal to the greater of: (i) \$15 million less the REIT’s gross proceeds from the exercise of the over-allotment option granted in connection with the Offering (if any); and (ii) \$10 million. The private placement is conditional upon the successful completion of the acquisition. Each Class B LP unit will be issued at a 1.5% premium to the market price of the REIT’s units based on the 5 day volume weighted average immediately prior to close of the acquisition.

Melcor currently holds an approximate 53.1% effective interest in the REIT through ownership of all of the Class B LP Units of the Partnership. Each Class B LP Unit is exchangeable at the option of the holder for one Unit and has attached a Special Voting Unit, providing for voting rights in the REIT. As a result of the foregoing relationship, the private placement constitutes a “related party transaction” under MI 61-101. MI 61-101 provides a number of circumstances in which a transaction between an issuer and a related party may be subject to valuation and minority approval requirements. However, an exemption from such requirements is available under MI 61-101 where the fair market value of the transaction does not exceed 25% of the market capitalization of the issuer. Given that the gross proceeds to the REIT from the private placement will not exceed \$15.0 million, the private placement will not be subject to the valuation and minority approval requirements of MI 61-101.

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 140 communities across western Canada and today manages over 4 million sf in commercial real estate assets and over 600

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). www.melcor.ca

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