

PRESS RELEASE

for immediate distribution

Melcor Developments announces results for 2020 and increases dividend by 25% to \$0.10 per share

Edmonton, Alberta | March 17, 2021

Melcor Developments Ltd. (TSX: MRD), is issuing a correction to the 2020 results announced earlier this afternoon under the same headline. In the Return to Shareholders section of our earlier press release, we reported incorrect dates. The correct dates are a payable date of March 31, 2021 and a record date of March 25, 2021.

The corrected release follows:

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, 2020. Revenue increased by 9% to \$226.82 million in 2020 compared to \$207.97 million in 2019. Funds from operations (FFO) per share was up 35% to \$1.55 per share in 2020 compared to \$1.15 per share in 2019. FFO adjusts for all non-cash earnings items and management believes it better reflects true operating performance.

Net income was down 70% to \$11.46 million or \$0.34 per share (basic) in 2020, compared to \$37.74 million or \$1.13 per share (basic) in 2019.

Darin Rayburn, Melcor's President and Chief Executive Officer, commented on the year: "On behalf of the Melcor team and our Board of Directors, it is my privilege to report on 2020.

To say that 2020 was a year unlike any other is beyond obvious. The COVID-19 pandemic had a significant impact on the world throughout much of the year. The business community shifted to working from home wherever possible, which along with homeschooling, contributed to a surprisingly strong market for new homes in the areas we operate, particularly in suburbs and bedroom communities across Alberta, and in Kelowna, BC and Denver, CO. While new home sales stalled in the early times of the pandemic, the heightened demand by mid-year helped us execute on our stated goal of reducing finished lot inventories by year end. We expect an active construction season for 2021 as demand continues and we replenish supply in a number of our existing developments and bring on a new community in Airdrie, AB.

Our investment properties, including the REIT, also faced significant COVID-19 impacts as many of our retail and personal service tenants were shut-down by provincial regulations for much of the year and our office tenants were required to work from home or maintain skeleton staff within buildings. We worked closely with our tenants throughout the year, helping them through the Canada Emergency Commercial Rent Assistance (CECRA) program, working on deferral plans and generally supporting tenants in any way we could. Our goal was to keep our balance sheet strong to put Melcor and the REIT in the best position to support our tenants and clients. A strategy we believe was for the benefit of all stakeholders, including our shareholders. Our Investment Properties and REIT divisions performed exceptionally well given the uncertainty introduced by COVID-19 and we were able to complete new leasing in the midst of the uncertainty. We remain cautious about the long-term impact on our tenants and anxiously await the complete re-opening of the economy when safe to do so.

Our property development team focused on completing projects in spite of new found challenges and their efforts resulted in the completion of 11 buildings (132,498 sf) in 2020. This new gross leasable area 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.

Our golf courses were also beneficiaries of COVID-19 as golfing was one of the safe activities that people were able to enjoy. Coupled with favourable weather conditions, rounds played in 2020 increased by 15% to 116,473 in spite of having approximately 15% fewer days due to the late opening. Our golf courses were also able to increase their margin from 27% to 43% as a result of improved operating efficiencies and reduced staffing.

The personal, communal, societal, economic and emotional impacts of COVID can not truly be measured or understood until we are far past the days of lockdowns, viruses and variants.

This year of pause and inner reflection also gave power to societal and cultural trends towards diversity, equality and inclusion for all and our world will be the better for it. Human spirit, especially in the face of adversity and challenge, is truly an amazing thing.

While it was a difficult year, our operations and administrative teams demonstrated they were definitely up for the challenge. Their resiliency, commitment and bravery in the face of unending change has been commendable.

No one could have predicted how 2020 would play out. When I reflect back on the year, my initial concerns surrounding the uncertainty ahead are now overshadowed by my immense pride at our Melcor teams' response throughout 2020.

On behalf of the Melcor Board of Directors and all Shareholders, I extend my extreme gratitude to the Melcor Developments team responsible for building even stronger relationships with clients, tenants, and partners, while keeping COVID cases virtually non-existent in our numerous sites and proving that we could survive a year like 2020.

We are also grateful to our Shareholders for their continued support through this tumultuous year. We are committed to protecting and enhancing your investment for the long term.

While we don't fully understand the long-term implications of COVID-19, our team has demonstrated that we are ready for anything."

Today the Board declared a dividend of \$0.10 per share, payable on March 31, 2021 to shareholders of record on March 25, 2021. The dividend is an eligible dividend for Canadian tax purposes.

Selected Highlights

<i>(\$000s except as noted)</i>	2020	2019	Change
Revenue	226,818	207,971	9.1 %
Gross margin (%) *	43.3 %	46.5 %	(6.9)%
Fair value adjustment on investment properties	(76,480)	12,234	(725.1)%
Net income	11,464	37,741	(69.6)%
Net margin (%) *	5.1 %	18.1 %	(71.8)%
Funds from operations *	51,424	38,265	34.4 %
Shareholders' equity	1,077,429	1,080,257	(0.3)%
Total assets	2,001,285	2,096,047	(4.5)%
<i>Per Share Data</i>			
Basic earnings	0.34	1.13	(69.9)%
Diluted earnings	0.34	1.13	(69.9)%
Funds from operations *	1.55	1.15	34.8 %
Book value *	32.56	32.51	0.2 %

2020 revenue grew by 9% as a result of growth in Community Development division revenue. Our Harmony community in the US contributed \$34.16 million to revenue as we both developed and sold out our second phase (181 lots). We also sold additional lots in phase one and have only four lots remaining and they are reserved for a future showhome parade. US revenue, which includes both investment properties and residential development, made up 22% of total revenue.

Our portfolio of income properties grew 1% to 4.63 million sf via properties constructed and transferred internally. The Property Development team transferred 11 buildings (132,498 sf) to Investment Properties in 2020 with the majority of these properties being transferred during the last quarter as they are generally tied to the construction season in Alberta. These new buildings will contribute to revenue growth in 2021. Investment Properties and the REIT had a combined revenue growth of 2% and represent 41% of revenue. GLA growth was partially offset by the sale of a US office property with a total of 24,154 sf during the year.

Although COVID-19 presented obstacles throughout the 2020 fiscal year, single-family lot sales in Canada were up 15% compared to 2019. Community Development division revenue was down 7% in the divisional results table as we did not sell any land to our Property Development group in the current year, this is eliminated upon consolidation. With a strategic focus on managing inventory combined with cautious consideration of COVID-19, we developed 11% fewer lots than 2019, and made no land purchases during the year. Promotions were in place throughout 2020 in various communities to move inventory.

Showhomes in two of our newer communities opened during the year:

- Lanark Landing in Airdrie, AB features a variety of home types, with the first phase comprised of affordable entry product that has been selling well (laned single-family, duplex and townhome). A new phase with front drive product (duplex and single family) was also delivered this year.
- Rosewood at Secord in Edmonton, AB features affordable modern farmhouse, prairie contemporary, heritage and classic modern style single-family and townhomes and has also been moving at a higher than typical sales velocity.

With a disciplined focus on reducing controllable G&A expense, FFO increased by 34%.

Throughout the year, we maintained our conservative and disciplined approach to investment and development activities and the management of our assets and liabilities.

Investing for growth

In an effort to conserve cash and navigate cautiously through an unpredictable year, we did not make any land purchases in 2020.

Our Property Development division completed and transferred 11 buildings (132,498 sf) in 2020 with a further 84,606 sf under development and 51,158 sf completed and awaiting lease up at year end. Revenue was up 5% over 2019 as 33% more GLA was completed and transferred compared to last year. Revenue from the Property Development division is eliminated on consolidation. 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 9 buildings in 5 projects expected to be completed and transferred to Investment Properties in 2021.

We completed the following dispositions of US assets during the year:

- four residential units in Arizona for a sales price of \$1.11 million (US\$0.84 million) (net of transaction costs) were sold throughout the year. The sale price was settled through cash.
- an Arizona office property, Perimeter, was sold for \$6.07 million (US\$4.63 million), net of transaction costs, on August 28, 2020.

Return to Shareholders

We continued to distribute profits to our shareholders, although at a reduced rate due to cash conservation efforts in response to the effects of COVID-19. In 2020, we paid dividends of \$0.34 per share compared to \$0.50 per share in 2019.

We declared a dividend of \$0.10 per share on March 17, 2021 payable on March 31, 2021 to shareholders of record on March 25, 2021. The dividend is an eligible dividend for Canadian tax purposes.

We have 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 and policy changes related to the governing political bodies both provincially and federally. We continue to intentionally diversify our business across asset class and geography, including investment in the US with raw land and commercial property acquisitions and the continued development of our 1,100-acre community in Aurora. We anticipate that these diversification strategies will continue to ease our reliance on the Alberta economy going forward.

Although the impacts of COVID-19 present us with a level of unpredictability over market conditions and possible future restrictions that could impact our operations, we expect to navigate through 2021 by conservatively replenishing our depleted inventory in many communities. To meet this market demand, we plan to bring on 20 new phases in 14 communities in 2021. On the commercial side, retail activity remains steady and we expect that to continue in 2021. Our US assets delivered positive results in economies that are growing and that are counter cyclical to our resource dependence in Alberta.

Our business model has adapted to changing times and economic cycles for over 95 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, movement of residential and commercial land through the municipal approvals process, steady occupancy rates and capacity on our operating facility, we remain well-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 2020 consolidated financial statements and management's discussion and analysis for the year ended December 31, 2020, which can be found on the Company's website at www.Melcor.ca or on SEDAR (www.sedar.com).

Annual General Meeting

Melcor's annual general meeting will be held May 20, 2021 at 11:00 AM MDT. Further details will be provided.

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 4.6 million sf in commercial real estate assets and 604 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 2020 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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