

Melcor Developments announces third quarter results, declares quarterly dividend of \$0.15

Edmonton, Alberta | November 10, 2015

Melcor Developments Ltd. (TSX: MRD), an Alberta-based real estate development and asset management company, today reported results for the quarter ended September 30, 2015. Revenue for the quarter was \$87.92 million compared to \$93.48 million in Q3-2014. Year-to-date revenue decreased to \$171.59 million from \$191.56 million as a result of lower average lot price and the mix of land sold in our Community Development division.

Revenue from income-producing assets (Investment Properties and the REIT) grew by 14% over Q3-2014 and by 20% year-to-date while gross leasable area increased by 18%. Our long-term diversification strategy is to increase the portion of revenues earned from income-producing assets, which represented 28% of total revenue in Q3-2015 and 42% of total revenue year-to-date up from 23% and 31% respectively.

Funds from operations (FFO) was \$0.99 per share year-to-date compared to \$1.54 per share in the same period of 2014. FFO adjusts for all non-cash earnings items and was impacted by lower sales in certain regions and a 10% decrease in average lot price in our Community Development division.

Melcor earned net income of \$43.30 million or \$1.31 per share (basic) year-to-date, compared to \$50.64 million or \$1.62 per share (basic) in 2014. Income in Q3-2015 declined from \$26.19 million in Q3-2014 to \$24.82 million.

Brian Baker, Melcor's President and Chief Executive Officer, commented on the quarter: "Our stable performance in 2015 to date is due in large part to executing on our ongoing strategy of diversifying our revenue mix with a specific focus on growth in income-producing assets. We also continue to benefit from our investment in US markets, which serves as a partial hedge against lower oil and gas prices and their impact on the Alberta economy. These strategies, in combination with a conservative approach to business execution and a strong balance sheet, will continue to serve us well as the Alberta economy remains in a state of uncertainty."

The Board today declared a quarterly dividend of \$0.15 per share, payable on December 31, 2015 to shareholders of record on December 15, 2015. The dividend is an eligible dividend for Canadian tax purposes.

Third Quarter Highlights

All divisions remained active through the first nine months of 2015. Melcor continues to see interest and steady activity in select regions and asset classes. The company's strategies of conservative growth to maintain a strong and stable balance sheet and increasing recurring income by growing and diversifying their investment property portfolio have contributed to a more stable and diverse revenue profile that is less sensitive to economic cycles. Gross leasable area of income producing properties increased by 531,909 sf since Q3-2014.

Additional highlights include:

- Increased investment in the income-producing property portfolio, including:
 - Acquisition of the Evans Business Center (Greater Phoenix Area, Arizona) in the US for \$8.47 million (US \$6.43 million) adding 47,385 sf to the Investment Properties portfolio.
 - The transfer of 2 buildings from Property Development to Investment Properties for a total of 24,609 sf in 2 projects, Telford Industrial (Leduc, AB) and The District at North Deerfoot (Calgary, AB).
 - Adding density to a retail property by beginning construction on a new 7,800 sf commercial retail unit (CRU).
- During the quarter Melcor sold Pebble Creek (Greater Houston Area, Texas), a US residential rental property, for gross proceeds of \$43.55 million (US \$33.00 million). The property was purchased in 2010 for \$21.97 million (US \$20.63 million) and held it in the Investment Property division as an income-producing property.

Selected Highlights

(\$000s except as noted)						
	Three months ended			Nine months ended		
	30-Sept-15	30-Sept-14	Change	30-Sept-15	30-Sept-14	Change
Revenue	87,921	93,484	(6.0)%	171,588	191,557	(10.4)%
Gross margin (%) *	40.8%	47.2%	(6.4)%	43.6%	48.4%	(4.8)%
Net income	24,823	26,193	(5.2)%	43,300	50,642	(14.5)%
Net Margin (%) *	28.2%	28.0%	0.2 %	25.2%	26.4%	(1.2)%
Funds from operations *	17,878	27,623	(35.3)%	32,669	48,228	(32.3)%
Per Share Data						
Basic earnings	0.75	0.83	(9.6)%	1.31	1.62	(19.1)%
Diluted earnings	0.74	0.83	(10.8)%	1.30	1.60	(18.8)%
Funds from operations *	0.54	0.88	(38.6)%	0.99	1.54	(35.7)%

As at (\$000s except as noted)			
	30-Sept-15	31-Dec-14	Change
Shareholders' equity	945,006	901,335	4.8 %
Total assets	1,908,902	1,863,296	2.4 %
Per Share Data			
Book value *	28.47	27.22	4.6 %

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, 2015, 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 90 communities across Western Canada and today manages 3.47 million sf in commercial real estate assets and 1,046 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 2015 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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