

Press Release

for immediate distribution

Melcor REIT announces third quarter results exceeding forecast

Edmonton, Alberta | November 1, 2013

Third Quarter Highlights

- **Adjusted funds from operations (AFFO)** of \$3.58 million, exceeding forecast by 8%
- **Net operating income (NOI)** of \$6.34 million, exceeding forecast by 6% and representing growth of 5 % over Q3-12; YTD NOI of \$19.06 million for growth of 6%
- **Same asset NOI** growth of 7% over Q3-12
- **Rental Revenue** of \$9.79 million, exceeding forecast by 4% and representing growth of 7% over Q3-12; YTD rental revenue of \$29.26 million for growth of 9%
- **Debt to Gross Book Value (GBV)** ratio of 47%
- **Occupancy** of 91.6%, compared to forecasted 89.5%. Continued strong leasing activity also drove increased weighted average base rents.

Melcor REIT (TSX: MR.UN) announced results for the three and nine months ended September 30, 2013. For the twelve-month period ending March 31, 2014 we will be comparing our results to the financial forecast disclosed in our prospectus dated April 19, 2013, which is available on SEDAR at www.sedar.com.

Darin Rayburn, CEO of Melcor REIT commented: "We are pleased to report third quarter results that exceeded forecast. The successful acquisition of the Coast Home retail property in the third quarter demonstrates our commitment to acquiring immediately accretive third party assets to grow our portfolio. With the Right of First Offer granted on all properties developed by Melcor Developments, our growth outlook is strong."

Rayburn continued: "We also continue to improve existing assets, which, combined with our focus on exceptional customer care, led to increased occupancy in the quarter. We remain confident in our ability to grow a strong and balanced portfolio that will provide consistent returns to unitholders."

Highlights for the quarter include:

- **Strong growth in revenue** during the third quarter, increasing \$0.60 million or 7% over Q3 2012, and \$0.40 million or 4% over our Q3 2013 financial forecast. Revenue growth was driven by improved occupancy and weighted average base rent; in addition to higher other revenues and straight-line rent adjustment.
- **Positive growth in FFO and AFFO:** FFO and AFFO per unit for the third quarter were 10% and 6% higher than forecast respectively as a result of higher NOI. Timing of operating expenditures; in conjunction with higher revenues, were the primary drivers behind increased NOI.
- **Distributions of \$0.05625 per trust unit** were paid in July, August and September, providing Unitholders an effective holding period return of 2.81% since our IPO on May 1, 2013. **These distributions were inline with forecast.**

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- **Fair value gains of \$7.47 million year-to-date** resulted in a 2% increase in the fair value of our portfolio over December 31, 2012.
- **Weighted average interest rate on our mortgages and Class C LP Units decreased by 50 basis points or 10%** as a result of lower average interest rates on the Class C LP Units achieved through refinancing prior to the IPO.
- **Completed the acquisition of Coast Home Centre**, a retail centre in Edmonton, Alberta for \$12.45 million.

Selected Financial Information

Financial Highlights			
	Three-months ended	Nine-months ended	Financial Forecast*
(\$000s)	Q3 - 2013	2013	Q3 - 2013
Non-Standard Key Performance Indicators**			
Rental revenue	9,794	29,255	9,390
Net operating income (NOI)	6,343	19,064	6,007
Same asset NOI	5,738	17,285	n/a
Funds from Operations (FFO)	4,076	12,180	3,713
Adjusted Funds from Operations (AFFO)	3,577	11,079	3,298
Per unit metrics ⁽¹⁾			
FFO	0.22	0.65	0.20
AFFO	0.19	0.59	0.18
Distributions	0.169	0.281	0.169

*Financial forecast is for the three-months ended September 30, 2013.

**Refer to the following section, Non-IFRS supplemental measures, for metric information.

	30-Sept-13	31-Dec-12
Total assets (\$000s)	425,320	396,845
Debt (\$000s) ⁽²⁾	194,587	180,002
Debt to GBV ratio	47%	46%

Operational Highlights		
	30-Sept-13	31-Dec-12
Number of properties	28	27
Gross Leasable Area (GLA) (sq. ft.)	1,628,603	1,571,474
Occupancy % (weighted GLA)	91.6%	91.0%
Weighted average base rent (per sq. ft.)	\$16.57	\$16.35

(1) Calculated as if the trust units and Class B LP Units were outstanding during the entire current and comparative periods.

(2) Calculated as the sum of total amount drawn on revolving credit facility, mortgages payable and Class C LP Units.

MD&A and Financial Statements

Melcor REIT's consolidated financial statements and management's discussion and analysis for the three- and nine-months ended September 30, 2013 can be found on the REIT's website at www.MelcorREIT.ca or on SEDAR (www.sedar.com).

Conference Call & Webcast

Unitholders and interested parties are invited to join CEO Darin Rayburn and CFO Jonathan Chia on a conference call to be held Monday, November 4, 2013 at 9:00 AM ET. Call 416-340-8530 in the Toronto area; 800-769-8320 toll free.

The call will be webcast at <http://www.gowebcasting.com/5002>. A replay of the call will be available shortly after the call is concluded at the same address.

About Melcor REIT

Melcor REIT is an unincorporated, open-ended real estate investment trust. Melcor REIT owns, acquires, manages and leases quality retail, office and industrial income-generating properties with exposure to high growth western Canadian markets. Its portfolio is currently made up of interests in 28 properties representing approximately 1.63 million square feet of gross leasable area located in and around Edmonton, Calgary, and Lethbridge, Alberta; Regina, Saskatchewan; and Kelowna, British Columbia. For more information, please visit www.MelcorREIT.ca.

Non-IFRS supplemental measures

NOI, FFO and AFFO are key measures of performance used by real estate operating companies; however, they are not defined by International Financial Reporting Standards ("IFRS"), do not have standard meanings and may not be comparable with other industries or income trusts. These Non-IFRS measures are more fully defined and discussed in the REIT's Management Discussion and Analysis for the period ended September 30, 2013, which is available on SEDAR at www.sedar.com.

Forward-Looking Statements:

This press release may contain forward-looking information within the meaning of applicable securities legislation, which reflects the REIT's current expectations regarding future events. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the REIT's control, that could cause actual results and events to differ materially from those that are disclosed in or implied by such forward-looking information. Such risks and uncertainties include, but are not limited to, general and local economic and business conditions; the financial condition of tenants; the REIT's ability to refinance maturing debt; leasing risks, including those associated with the ability to lease vacant space; and interest rate fluctuations. The REIT's objectives and forward-looking statements are based on certain assumptions, including that the general economy remains stable, interest rates remain stable, conditions within the real estate market remain consistent, competition for acquisitions remains consistent with the current climate and that the capital markets continue to provide ready access to equity and/or debt. All forward-looking information in this press release speaks as of the date of this press release. The REIT does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise. Additional information about these assumptions and risks and uncertainties is contained in the REIT's filings with securities regulators.

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