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## Melcor reports record results for its 90<sup>th</sup> year of business

Edmonton, Alberta | March 12, 2014

Melcor Developments Ltd. (TSX: MRD), an Alberta-based real estate development and asset management company reported solid results for the fourth quarter and year ended December 31, 2013. Revenue was a record \$303.74 million, an increase of 10.5% over 2012 and total assets grew 19.4% to \$1.73 billion. Fair value gains of \$47.57 million were recorded in 2013, a decrease of 19.5% compared to 2012. Net income decreased by 6.1% to \$98.62 million or \$3.24 per share as a result of lower fair value gains in 2013 and one time adjustments related to the formation of Melcor REIT. Adjusted earnings, which reflect our proportionate interest in the earnings for the REIT, were \$110.44 million or \$3.63 per share, also a company record. This is compared to \$105.02 million or \$3.49 per share in 2012. Management considers adjusted earnings and adjusted earnings per share a clearer measure of operational and relative performance.

Strong revenue and earnings in the fourth quarter contributed to Melcor's performance in its 90<sup>th</sup> year of business. Fourth quarter revenue grew 7.2% to \$152.19 million compared to Q4-2012. Basic earnings per share was \$1.77 compared to \$1.84 in the prior year while adjusted basic earnings was \$1.87 compared to \$1.84 in 2012.

Brian Baker, Melcor's President and Chief Executive Officer commented on the year: "We are pleased to report record results for 2013. Our results reflect the efforts of a disciplined team executing on its strategy. Our four principle operating divisions - combined with Melcor REIT - are integrated in a way that is unique in our industry. It is a powerful business model that fuels our continued growth in a controlled and balanced manner.

With a stable financial position, extraordinary assets, inventory for future development, and the strongest management team in industry, we remain confident of our future growth and success."

### A Record Year

With continued strong market demand, 2013 was the third consecutive year that Melcor achieved record revenue. Some of the highlights of the year include:

- Record consolidated revenues of \$303.74 million and record revenues in each division
- Adjusted basic earnings per share of \$3.63
- Asset growth of 19.4% to \$1.73 billion
- Successful completion of the REIT IPO realized a long term strategy of accessing the capital markets to help support our continued growth
- Gross margin improved to 44.4% as a result of efficient execution in all divisions

Strategically and operationally, Melcor is well positioned for continued growth with an effective team and quality assets in markets that are outperforming national averages.

## Building Strategically

Melcor REIT was formed through an IPO, which raised gross proceeds of \$91.30 million. This strategic initiative resulted in the conversion of a portion of the equity held in the 27 assets sold to the REIT to cash. Part of the IPO proceeds were distributed to shareholders through a special dividend of \$0.50 per share.

Melcor also continued to invest in land inventory, developing commercial properties and improving existing leasable properties in 2013.

- The Community Development division acquired several parcels of raw land for future development, including:
  - the remaining 25% interest on 1,032.00 acres of land planned for future residential development in Aurora, Colorado
  - Canadian land assemblies totaling 576.81 acres in key markets
- The Property Development division had projects totaling over \$142.26 million under development (at fair value) in 2013, compared to projects under development of \$61.87 million in 2012. The division completed and transferred 13 buildings totaling 103,388 sq. ft. to the Investment Properties division in 2013. This compares with 6 buildings and 69,947 sq. ft. last year.
- The Investment Properties and REIT divisions portfolios grew through third-party acquisitions and transfers of completed buildings from our Property Development division. Highlights of note include:
  - three third-party property acquisitions, totaling 345,543 sq. ft. (at JV%) at a cost of \$49.05 million, two of which were completed by the REIT
  - 29 condo units in the US for \$2.59 million
  - 55,156 sq. ft. (at JV%) with a fair value of \$26.14 million from Property Development comprised of 13 buildings in Airdrie, Chestermere and Red Deer, Alberta

## People: Our Key Asset

Brian Baker was appointed President and Chief Executive Officer on July 2, 2013 following the retirement of Ralph Young.

Over the past two years, Melcor has significantly expanded overall resource capacity with the addition of 38 employment positions. This additional talent base positions the company well to both manage our increasing asset base and to effectively execute on growth strategies.

## Return to Shareholders

Melcor paid annual dividends of \$0.50 per share, plus a special dividend of \$0.50, to shareholders. Melcor has been paying dividends since 1969.

## Outlook

The majority of our assets are in Alberta, with steadily growing inventory in the US. We believe the economic indicators in these regions provide a strong business outlook for the foreseeable future.

- Alberta fundamentals remain solid, with low unemployment rates, high net in-migration, weekly earnings exceeding the national average, strong capital investment, moderate inflation and relative stability in the price of oil. These fundamentals create a favorable environment for both residential and commercial property development.
- The US continues its moderate economic recovery with some lingering uncertainty, but with an increasing sense of optimism.

Our key differentiators are our financial strength, diversified business model, proven track record and the experience and integrity of our personnel.

## Annual Results

Information included in this press release is a summary of results. This press release should be read in conjunction with Melcor's 2013 Annual Report to shareholders. Melcor's consolidated financial statements and management's discussion and analysis are filed on SEDAR ([www.sedar.com](http://www.sedar.com)) and are available on Melcor's website at [www.Melcor.ca](http://www.Melcor.ca). Melcor's management information circular and other material will be mailed to shareholders of record on or about March 21, 2014.

## Annual General Meeting

We invite shareholders to join us at Melcor's annual meeting on April 24, 2014 at 11:00 am MDT. The meeting will be held in the Empire Ballroom at the Fairmont Hotel Macdonald, 10065 – 100 Street NW, Edmonton, Alberta. We look forward to seeing you there.

## About Melcor Developments Ltd.

Melcor is a diversified real estate development and asset management company with a rich heritage of integrity and innovation in real estate since 1923.

Through integrated operating divisions, Melcor manages the full life cycle of real estate development: acquiring raw land, community planning, construction and development, and managing revenue-producing office, retail and residential assets. Melcor develops and manages mixed-use residential communities, business and industrial parks, office buildings, retail commercial centres and golf courses.

Melcor is committed to building communities that enrich quality of life – communities where people live, work, shop and play.

## Non-Standard Measures

Adjusted earnings and adjusted basic earnings per share are key metrics used by management which are not defined by International Financial Reporting Standards ("IFRS"), do not have standard meanings and may not be comparable with other industries or companies. These non-IFRS measures are more fully defined and discussed in Melcor's Management Discussion and Analysis for the year ended December 31, 2013, which is available on SEDAR ([www.sedar.com](http://www.sedar.com)) and Melcor's website at [www.Melcor.ca](http://www.Melcor.ca).

## 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 2014 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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