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Melcor Developments Ltd. Announces Common Share Market Price for Redemption of Debentures

Edmonton, Alberta | August 1, 2014

Melcor Developments Ltd. (TSX: MRD), an Alberta-based real estate development and asset management company, is pleased to announce that upon redemption of its currently outstanding \$40.0 million 6.25% Convertible Unsecured Subordinated Debentures (the “**Debentures**”) due February 8, 2017, for which a redemption notice was issued on June 24, 2014, common shares of the Company (the “**Common Shares**”), each with an issue price of \$24.66 (the “**Redemption Issue Price**”), will be issued to satisfy the principal amount of the Debentures. Consequently, holders of Debentures who have not elected to convert their Debentures on or prior to August 7, 2014, will receive 40.56 Common Shares for each \$1,000 principal amount of Debentures redeemed plus a cash payment for accrued unpaid interest up to, but excluding, the August 8, 2014 redemption date (the “**Redemption Date**”).

Pursuant to the terms of the Debentures, the Redemption Issue Price is calculated as 95% of the volume weighted average trading price of the Common Shares on the Toronto Stock Exchange (the “**TSX**”) for the 20 consecutive trading days ending on the fifth trading day preceding the Redemption Date.

Each holder not wishing to receive Common Shares upon redemption at the Redemption Issue price will have the right to convert their Debentures into Common Shares at a conversion price of \$18.51 per Common Share (the “**Conversion Price**”) at any time on or prior to August 7, 2014. A holder electing to convert the principal amount of their Debentures will receive 54.02 Common Shares for each \$1,000 principal amount of Debentures converted plus a cash payment for accrued unpaid interest up to, but excluding, the conversion date.

No fractional shares will be issued on redemption or conversion but, in lieu thereof, the Company shall pay the cash equivalent thereof determined on the basis of the current market price of the Common Shares on the Redemption Date or conversion date, as applicable (less any tax required to be deducted, if any).

About Melcor Developments Ltd.

Melcor is a diversified real estate development and 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.

Melcor's headquarters are located in Edmonton, Alberta, with regional offices throughout Alberta and British Columbia. Company developments span western Canada and the US. Melcor has been a public company since 1968 and trades on the Toronto Stock Exchange (TSX:MRD).

Forward Looking Statements

Certain information set forth in this news release, may contain forward-looking statements, and necessarily involve risks and uncertainties, certain of which are beyond Melcor's control. Actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Melcor will derive therefrom. Additional information on these and other factors that could affect Melcor are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com). Furthermore, the forward-looking statements contained in this news release are made as of the date of this news release, and Melcor does not undertake any obligation to update publicly or to revise any of the included forward looking statements, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable securities law.

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