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## Melcor reports strong third quarter results, declares semi-annual dividend of \$0.30

Edmonton, Alberta | November 5, 2014

Melcor Developments Ltd. (TSX: MRD), an Alberta-based real estate development and asset management company, today reported results for the quarter and nine months ended September 30, 2014. Revenue grew 26% to \$191.56 million year-to-date compared to \$151.55 million in 2013. Strong demand for single-family lots and multi-family land in Alberta and growth in gross leasable area under management were the primary contributors to this growth.

Net income grew 13% to \$50.64 million or \$1.62 per share (basic) year-to-date, compared to \$44.71 million and \$1.47 per share (basic) in the same period of 2013.

Funds from operations (FFO) per share was up 77% to \$1.54 year-to-date compared to \$0.87 in 2013. FFO adjusts for all non-cash earnings items included in income such as fair value adjustments on investment properties and stock-based compensation expense.

Brian Baker, Melcor's President and Chief Executive Officer, commented on the quarter: "We are pleased with our Q3 and year-to-date results, which reflect the efforts of a disciplined team executing on Melcor's business plan and corporate strategy."

Our four principle operating divisions - combined with Melcor REIT - are integrated in a way unique in the real estate industry. It is a powerful business model that fuels growth in carefully measured steps.

As residential and commercial demand across Alberta remains strong, we continue to grow our asset base, organically, via raw land acquisition and newly completed commercial projects, and through third-party acquisitions.

With a stable financial position, extraordinary inventory assets and the strongest management team in industry, we remain cautiously optimistic for the continued growth and success of our company."

Subsequent to the quarter, the Board declared a semi-annual dividend of \$0.30 per share, payable on December 31, 2014 to shareholders of record on December 15, 2014. The dividend is an eligible dividend for Canadian tax purposes.

### Highlights

Revenue grew 58% compared to Q3-2013 and by 26% year-to-date, driven by:

- Strong residential demand in Alberta, with a 90% increase in single-family lot sales in the quarter and 35% year-to-date.
- A 32% increase in gross leasable area (GLA) owned by our Investment Properties and REIT divisions compared to Q3-2013. This growth is a result of executing on our growth strategy for external acquisitions and the transfer of newly-completed commercial properties from the Property Development division.
- Our Property Development division completed and transferred 3 buildings (79,353 sq. ft.) from 2 projects – McKenzie Industrial and Chestermere Station – to Investment Properties in Q3-2014. Year-to-date, 12 buildings (279,115 sq. ft.) across 6 projects were completed and transferred.

We continued to invest in raw land inventory to support future growth in our strategic markets with the following acquisitions:

- 147.27 acres of land in SE Edmonton (Alberta) at a cost of \$17.32 million.
- 122.85 acres of land in Arizona for \$7.10 million (US\$6.51 million).

Melcor REIT continues to execute its operating and growth strategy:

- REIT revenue grew by 13% over Q3-2013 as a result of our growing portfolio and higher occupancy. Occupancy remained steady in the quarter. Higher revenue resulted in a 13% increase in NOI over Q3-2013.
- During Q4-2014, the REIT entered into an agreement with a third party to acquire a 158,320 sq. ft. office and retail property situated on an 18.98 acre site (including approximately 2 acres of undeveloped area) located in Edmonton, AB for a purchase price of \$31.38 million. The purchase price will be settled through the assumption of approximately \$15.10 million in mortgage debt and cash from the revolving line of credit. The acquisition is expected to close in Q4-2014.

We continue our tradition of distributing profit to our investors:

- Melcor declared a semi-annual dividend of \$0.30 per share, payable on December 31, 2014 to shareholders of record on December 15, 2014. The dividend is an eligible dividend for Canadian tax purposes. This brings the total dividend for 2014 to \$0.58 per share.
- Melcor REIT paid distributions of \$0.05625 per trust unit in July, August and September. Distributions made in FY-2014 represent a payout ratio of 86%. Melcor REIT also declared distributions of \$0.05625 per trust unit for October, November and December 2014.

## 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 and moderate. These fundamentals create a favorable environment for both residential and commercial property development. We continue to monitor the recent volatility in oil prices for impact on our business operations. We remain cautiously optimistic for the continued growth and success of our company.
- 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.

## MD&A and Financial Statements

Information included in this press release is a summary of results. It 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, 2014, which can be found on the company's website at [www.Melcor.ca](http://www.Melcor.ca) or on SEDAR ([www.sedar.com](http://www.sedar.com)).

## 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

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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