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## Melcor Developments announces 2014 results, declares quarterly dividend of \$0.15

Edmonton, Alberta | March 11, 2015

Melcor Developments Ltd. (TSX: MRD), an Alberta-based real estate development and asset management company, today reported results for the fourth quarter and year ended December 31, 2014. Revenue grew 3% to a record \$313.01 million in 2014 compared to \$303.74 million in 2013. Strong residential market demand in Alberta and growth in the gross leasable area under management continue to be the primary contributors to this growth.

Funds from operations (FFO) per share was up 42% to \$2.70 in 2014 compared to \$1.90 in 2013. FFO adjusts for all non-cash earnings items.

Net income grew 2% to \$100.72 million or \$3.18 per share (basic) in 2014, compared to \$98.62 million and \$3.24 per share (basic) in 2013.

Brian Baker, Melcor's President and Chief Executive Officer, commented on the quarter: "Our strong 2014 results are a testament to the hard work of our people and our committed approach to executing on Melcor's business plan and corporate strategy. We continue to build Melcor into western Canada's premier real estate development and management company. We also continue our tradition of sharing profit with our investors and are pleased to introduce quarterly dividend payouts for 2015.

Our ongoing strategy of diversifying revenue resulted in a successful year. More than 50% of our divisional revenue came from non-land sales. This diversification strategy will serve us well as we navigate the impact of a lower crude price on Alberta in 2015.

Because of our financial strength and policy of fiscal prudence we are well-positioned as we transition into a low oil price environment. We believe that the economic correction in Alberta will present buying opportunities and will reduce our commercial construction and land development costs, resulting in more efficient delivery of projects.

We are well positioned for 2015 and beyond."

The Board today declared a quarterly dividend of \$0.15 per share, payable on March 31, 2015 to shareholders of record on March 17, 2015. The dividend is an eligible dividend for Canadian tax purposes.

### A Record Year

With continued strong market demand, 2014 was the fourth consecutive year that we achieved record revenue. Some of the highlights of the year include:

- Record consolidated revenues of \$313.01 million.
- Asset growth of 8% to \$1.86 billion.
- Funds from operations grew 48% to \$85.48 million.
- Gross margin increased by 4% primarily as a result of increased pricing in Community Development and growth in our highest margin segments: Investment Properties and the REIT.

### Building Strategically

We continued to invest in land inventory, developing commercial properties and improving existing leasable properties.

- The Community Development division added several parcels of raw land for future development:
  - We acquired 122.85 acres of raw land in Goodyear, Arizona which will be allocated for residential development.
  - We increased our Canadian land holdings by 722.57 acres in our key regions and markets. The acquired land is primarily allocated to residential development.
- The Property Development division completed and transferred projects totaling \$161.05 million in 2014, compared to \$26.94 million in 2013, to our Investment Properties division. This includes 22 buildings totalling 555,010 sf in new GLA (at 100%). This compares with 13 buildings and 103,388 sf last year.
- Our portfolio of managed properties grew by 33% through third-party acquisitions and transfers of completed buildings from our Property Development division.
  - Melcor completed third party commercial property acquisitions, which included two office buildings in Phoenix, Arizona. These acquisitions added 59,220 sf at a cost of \$12.27 million.
  - The REIT completed three third-party property acquisitions, adding 249,361 sf at a cost of \$42.83 million.
- The REIT acquired six properties and two additional phases in existing properties (793,941 sf) from Melcor for \$151.75 million.
- Melcor and the REIT invested \$4.77 million in capital improvements to existing properties.

## Return to Shareholders

We continue our tradition of sharing profit with our investors. During 2014, we paid annual dividends of \$0.58 per share, representing 16% growth over 2013 regular dividends.

For 2015, we changed our semi-annual dividend schedule to a quarterly payout and declared a dividend of \$0.15 per share payable on March 31, 2015 to shareholders of record on March 17, 2015.

We have been paying dividends since 1969.

## Outlook

We own a high quality portfolio of assets, including raw land, developed land inventory (including residential lots and acres for multi-family and commercial development), income-producing properties and championship golf courses. Alberta, our largest market, has undergone dramatic changes in economic outlook over the past few months as a result of lower oil prices. Despite this, we continue to see active interest in our residential communities and land inventory as well as leasing activity for our income-producing and under-development commercial properties.

We will continue to take advantage of opportunities to diversify our asset base both geographically and by product type. Our business model has adapted to changing times for over 90 years. We continue to operate with a disciplined, conservative approach designed to ensure that we remain profitable while achieving our fundamental goals of protecting shareholder investment and sharing corporate profit with our shareholders.

## Selected Highlights

(\$000s except as noted)	2014	2013	Change
Revenue	313,009	303,742	3.1%
Gross margin (%) *	48.0%	44.4%	8.1%
Fair value adjustment on investment properties	12,828	47,571	(73.0)%
Net income	100,719	98,623	2.1%
Net margin (%) *	32.2%	32.5%	(0.9)%
Adjusted earnings*	91,699	110,439	(17.0)%
Funds from operations *	85,477	57,859	47.7%
Shareholders' equity	901,335	769,231	17.2%
Total assets	1,863,296	1,727,933	7.8%
<i>Cash from operations</i>	<i>69,663</i>	<i>64,651</i>	<i>7.8%</i>
<b>Per Share Data</b>			
Basic earnings	3.18	3.24	(1.9)%
Diluted earnings	3.06	3.05	0.3%
Adjusted basic earnings*	2.89	3.63	(20.4)%
Adjusted diluted earnings*	2.75	3.35	(17.9)%
Funds from operations *	2.70	1.90	42.1%
Book value *	27.22	25.03	8.7%

\* See non-standard measures in the annual MD&A for definitions and calculations.

### 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 2014 Annual Report. Melcor's consolidated financial statements and management's discussion and analysis for the three-months and year ended December 31, 2014 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)).

### Annual General Meeting

We invite shareholders to join us at Melcor's annual general meeting on April 23, 2015 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 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 has been focused on real estate since 1923. The company has built over 90 communities across Western Canada and today manages over 3.3 million sf in commercial real estate assets and 1,286 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 British Columbia and 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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