

Melcor Developments announces first quarter results, declares quarterly dividend of \$0.15

Edmonton, Alberta | May 12, 2015

Melcor Developments Ltd. (TSX: MRD), an Alberta-based real estate development and asset management company, today reported results for the quarter ended March 31, 2015. Revenue grew 17% to \$37.55 million in the quarter compared to \$32.01 million in Q1-2014. Growth in the gross leasable area under management is the primary contributor to this growth.

Funds from operations (FFO) per share remained steady over Q1-2014 at \$0.19. FFO adjusts for all non-cash earnings items.

Net income grew 112% to \$14.56 million or \$0.44 per share (basic) in Q1-2015, compared to \$6.86 million and \$0.22 per share (basic) in Q1-2014. This growth was largely a result of fair value adjustments on REIT units.

Brian Baker, Melcor's President and Chief Executive Officer, commented on the quarter: "Our first quarter results are evidence of our commitment to executing on Melcor's business plan and corporate strategy. We continue to build Melcor into western Canada's premier real estate development and asset management company.

We continue to conservatively manage our assets and liabilities and focus on increasing the value of our real estate assets through development activity and monitoring acquisition opportunities as they arise.

We are well positioned for continued success in 2015 and beyond."

The Board today declared a quarterly dividend of \$0.15 per share, payable on June 30, 2015 to shareholders of record on June 15, 2015. The dividend is an eligible dividend for Canadian tax purposes.

First Quarter Highlights

Growth achieved in the first quarter of 2015 is a result of our long-term strategy of creating a pipeline of stable, income-producing assets to reduce volatility in our operating results. We continue to conservatively manage our assets and liabilities and focus on increasing the value of our real estate assets through development activity.

Highlights of the first quarter include:

- Overall revenue growth of 17% to \$37.55 million compared to Q1-2014 as a result of growth in our portfolio of managed assets. Single-family lot sales were on-budget in the quarter, contributing to a 10% increase in Community Development revenue.
- Net income growth of 112% to \$14.56 million over Q1-2014 as a result of fair value adjustments on REIT units.
- Generated stable funds from operations of \$6.21 million.
- We continued to invest in land inventory and purchased 147 acres in Red Deer for future residential development.
- On May 12, 2015 we declared a quarterly dividend of \$0.15 per share, payable on June 30, 2015 to shareholders of record on June 15, 2015. The dividend is an eligible dividend for Canadian tax purposes.

Selected Highlights

<i>Three months ended (\$000s except as noted)</i>	31-Mar-15	31-Mar-14	Change
Revenue	37,554	32,011	17.3 %
Gross margin (%) *	47.3%	51.5%	(4.2)%
Net income	14,560	6,864	112.1 %
Net Margin (%) *	38.8%	21.4%	17.4 %
Funds from operations *	6,213	6,196	0.3 %
<i>Per Share Data</i>			
Basic earnings	0.44	0.22	100.0 %
Diluted earnings	0.44	0.22	100.0 %
Funds from operations *	0.19	0.20	(5.0)%
<i>As at (\$000s except as noted)</i>			
	31-Mar-15	31-Dec-14	Change
Shareholders' equity	920,161	901,335	2.1 %
Total assets	1,889,723	1,863,296	1.4 %
<i>Per Share Data</i>			
Book value *	27.76	27.22	2.0 %

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 consolidated financial statements and management's discussion and analysis for the three months ended March 31, 2015, which can be found on the company's website at www.Melcor.ca or on SEDAR (www.sedar.com).

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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