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Melcor Developments Ltd. Announces Notice of Redemption of Debentures

Edmonton, Alberta | June 25, 2014

Melcor Developments Ltd. (TSX: MRD), an Alberta-based real estate development and asset management company, today announced that it is issuing a notice of redemption to holders of its currently outstanding \$40.0 million 6.25% Convertible Unsecured Subordinated Debentures due February 8, 2017 (the “**Debentures**”). As set out in the notice of redemption, the redemption date of the Debentures will be August 8, 2014 (the “**Redemption Date**”). The Debentures are redeemable for an amount (the “**Redemption Price**”) equal to principal amount of the Debentures plus accrued unpaid interest up to, but excluding, the Redemption Date.

Pursuant to the terms of the Debentures, the Company has elected to satisfy its obligation to pay all of the Redemption Price by issuing and delivering to the holders that number of common shares of the Company (the “**Common Shares**”) obtained by dividing the Redemption Price by 95% of the current market price of the Common Shares on the Redemption Date. For this purpose, the current market price will be calculated based on 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. The Company anticipates announcing the current market price to be used to calculate the number of Common Shares that each holder of Debentures will receive on the redemption of the Debentures on or about August 1, 2014.

Prior to the redemption of the Debentures, each holder 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).

All holders of Debentures who fail to deliver a notice of conversion on or prior to August 7, 2014 shall have their Debentures redeemed on the Redemption Date and shall receive that number of Common Shares obtained by dividing the Redemption Price by 95% of the current market price of the Common Shares on the Redemption Date.

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, including the expected timing for announcing the current market price to be used to calculate the number of Common Shares that each holder of Debentures will receive on the redemption of the Debentures 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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