

Press Release

for immediate distribution

Melcor REIT announces 2013 annual results exceeding forecast; forecast revised upward

Edmonton, Alberta | March 10, 2014

Annual Highlights	Nine-month Forecast Highlights
<ul style="list-style-type: none">• Rental Revenue of \$39.33 million for growth of 5% over 2012.• Net rental income of \$23.40 million for growth of 6% over 2012.• Fair value gains of \$16.95 million resulted in a 4% increase in the fair value of our portfolio over December 31, 2012.• Debt to Gross Book Value (GBV) ratio of 51%, within our target range of 50%-55%.• Gross leasable area increased by 8% through two property acquisitions completed during the year. A third property was added to our portfolio subsequent to year-end, increasing our GLA by 12% since IPO.	<ul style="list-style-type: none">• Rental Revenue of \$29.64 million, exceeding forecast by 4%• Net rental income of \$17.55 million, exceeding forecast by 6%• Adjusted funds from operations (AFFO) of \$10.49 million or \$0.56 per unit, exceeding forecast by 5%.• Distributions of \$0.05625 per trust unit (as forecast) were paid in each of the REIT's eight months of operations. <p><i>Comparison to the forecast period (April - December 2013) is presented above. In the prospectus dated April 19, 2013, a 12-month forecast (April 2013 to March 2014) was presented.</i></p>

Melcor REIT (TSX: MR.UN) announced results for the fourth quarter and year ended December 31, 2013. For the twelve-month period ending March 31, 2014 we will be comparing our results to the financial forecast disclosed in our prospectus dated April 19, 2013, which is available on SEDAR at www.sedar.com.

Darin Rayburn, CEO of Melcor REIT commented: "Since our IPO, we've been focused on delivering the results we promised to you. I'm very pleased to report strong results for 2013 that do just that: we've not only delivered as promised, we exceeded forecast on all significant measures. Strong leasing activity and successful property acquisitions contributed to these results and position us for continued growth in 2014 and beyond."

Rayburn continued: "Today, there are many positive factors that will continue to shape our growth and our future. We have a well established and diversified portfolio of assets in high growth Western Canadian markets. We have a solid pipeline of high quality assets being developed over the next 5 - 10 years. We have an exceptional and experienced team managing and leasing our properties and overseeing strategic investment in our assets to maximize their potential. We remain confident in our future and our ability to continue to deliver results and consistent returns to unitholders."

Financial Highlights for the year include:

- Successful IPO of Melcor REIT and acquired 27 income-producing properties representing 1.57 million sq. ft. from Melcor. The REIT raised gross proceeds of \$91.3 million through the issuance of 9,130,000 units.
- The successful execution of operational strategies contributed to:
 - **5% growth in both revenue and NOI over 2012.** Revenue growth was driven by higher average base rent (per sq. ft.), increase in GLA following two property acquisitions in 2013, and other revenues. Revenue growth outpaced the increase in direct operating expenses resulting in NOI growth over 2012.
 - **FFO and AFFO 6% and 5% ahead of forecast, respectively.** The increase reflects higher NOI achieved. Please refer to the Operational Highlights below for additional information on the factors that contributed to our financial results.

Selected Financial Information

Financial Highlights			
	Year ended	Three-months ended	Financial Forecast*
(\$000s)	2013	Q4 - 2013	Q4 - 2013
Non-Standard Key Performance Indicators**			
Rental revenue	39,325	10,070	9,556
Net rental income	23,395	5,696	5,612
Net operating income (NOI)	25,295	6,231	6,212
Same asset NOI	22,457	5,172	n/a
Funds from Operations (FFO)	15,903	3,723	3,941
Adjusted Funds from Operations (AFFO)	13,916	3,344	3,518
Per unit metrics⁽¹⁾			
FFO	0.85	0.20	0.21
AFFO	0.75	0.18	0.19
Distributions	0.450	0.169	0.169
*Financial forecast is for the three-months ended December 31, 2013.			
**Refer to the following section, Non-Standard Measures, for metric information.			
		31-Dec-13	31-Dec-12
Total assets (\$000s)		454,743	396,845
Debt (\$000s) ⁽²⁾		215,601	180,002
Debt to GBV ratio		51%	46%

(1) Calculated as if the trust units and Class B LP Units were outstanding during the entire current and comparative periods.

(2) Calculated as the sum of total amount drawn on revolving credit facility, mortgages payable and Class C LP Units, excluding unamortized fair value adjustment on Class C LP Units.

Operational Highlights for the year include:

- Executed the strategy through the first eight-months of operations, leading to financial and operating results which exceeded forecast. These strategies include:
 - **Focus on leasing programs and strong leasing activity,** leading to increased rental rates on new and renewed leases signed in 2013. In conjunction with higher rates on leases with escalating rent leases, this led to a 7% increase in weighted average base rent.

- **Growth through acquisition:** Completed three acquisitions, which diversified our portfolio and increased GLA by 8% since the IPO on May 1, 2013. With an additional acquisition in January 2014, GLA has grown by 12% since the IPO. These accretive income producing properties were (purchase price excludes closing costs):
 - Coast Home Centre, Q3-2013: a 59,725 sq. ft. retail property in Edmonton for \$12.30 million.
 - Liberty Crossing, Q4-2013: a 63,317 sq. ft. retail property in Red Deer for \$13.25 million.
 - LC Industrial, Q1-2014: a 67,610 sq. ft. industrial warehouse in Lethbridge for \$5.93 million (subsequent event).
- **Asset enhancement:** Completed substantial redevelopment of two office properties, leading to significantly increased occupancy for these properties.

Selected Operational Information

Operational Highlights		
	31-Dec-13	31-Dec-12
Number of properties	29	27
Gross Leasable Area (GLA) (sq. ft.)	1,691,920	1,571,474
Occupancy % (weighted GLA)	91%	91%
Weighted average base rent (per sq. ft.)	\$17.49	\$16.35

Re-forecast Q1-2014

Based on our results to date and the additional properties acquired, management has revised the forecast for the remaining three months of the forecast period. The following summarizes the revised key metrics for Q1-2014.

	Revised Forecast	Prospectus Forecast*	% Change
Net rental income	6,117	5,572	9%
Net income and comprehensive income	1,884	1,533	19%
Funds from Operations (FFO)	4,301	3,950	8%
Adjusted Funds from Operations (AFFO)	3,795	3,516	7%
FFO	0.23	0.21	9%
AFFO	0.20	0.19	5%

*Prospectus forecast is for the three months ended March 31, 2014 as included in our prospectus dated April 19, 2013.

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 REIT's 2013 Annual Report to unitholders. Melcor REIT's consolidated financial statements and management's discussion and analysis for the three-months and year ended December 31, 2013 can be found on the REIT's website at www.MelcorREIT.ca or on SEDAR (www.sedar.com).

Conference Call & Webcast

Unitholders and interested parties are invited to join CEO Darin Rayburn and CFO Jonathan Chia on a conference call to be held Tuesday, March 11, 2014 at 9:00 AM ET. Call 416-340-8530 in the Toronto area; 800-769-8320 toll free.

The call will be webcast at <http://www.gowebcasting.com/5178>. A replay of the call will be available shortly after the call is concluded at the same address.

Annual General Meeting

We invite unitholders to join us at Melcor REIT's annual meeting on April 24, 2014 at 9:00 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 REIT

Melcor REIT is an unincorporated, open-ended real estate investment trust. Melcor REIT owns, acquires, manages and leases quality retail, office and industrial income-generating properties with exposure to high growth western Canadian markets. Its portfolio is currently made up of interests in 30 properties representing approximately 1.76 million square feet of gross leasable area located across Alberta and in Regina, Saskatchewan; and Kelowna, British Columbia. For more information, please visit www.MelcorREIT.ca.

Non-Standard Measures

NOI, FFO and AFFO are key measures of performance used by real estate operating companies; however, they are not defined by International Financial Reporting Standards ("IFRS"), do not have standard meanings and may not be comparable with other industries or income trusts. These non-IFRS measures are more fully defined and discussed in the REIT's Management Discussion and Analysis for the period ended December 31, 2013, which is available on SEDAR at www.sedar.com.

Forward-Looking Statements:

This press release may contain forward-looking information within the meaning of applicable securities legislation, which reflects the REIT's current expectations regarding future events. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the REIT's control, that could cause actual results and events to differ materially from those that are disclosed in or implied by such forward-looking information. Such risks and uncertainties include, but are not limited to, general and local economic and business conditions; the financial condition of tenants; the REIT's ability to refinance maturing debt; leasing risks, including those associated with the ability to lease vacant space; and interest rate fluctuations. The REIT's objectives and forward-looking statements are based on certain assumptions, including that the general economy remains stable, interest rates remain stable, conditions within the real estate market remain consistent, competition for acquisitions remains consistent with the current climate and that the capital markets continue to provide ready access to equity and/or debt. All forward-looking information in this press release speaks as of the date of this press release. The REIT does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise. Additional information about these assumptions and risks and uncertainties is contained in the REIT's filings with securities regulators.

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