MEDIA RELEASE

for immediate distribution

Melcor Developments announces results for 2024, declares $0.11 per share dividend

Edmonton, Alberta | March 13, 2025

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, 2024. The annual Management Discussion & Analysis (MD&A) and Condensed Interim Financial Statements are available on our website (www.melcor.ca) under Investors, or on SEDAR+ (www.sedarplus.ca).

Timothy Melton, Melcor's Executive Chair and Chief Executive Officer, commented: "We are pleased to present Melcor's annual results for 2024. Our Canadian Land division benefited from sustained migration into Alberta, fueling steady demand for residential shelter. Strong sales in our Edmonton and Calgary regions contributed to a very good year, with revenues up 12.6% and earnings up 10.8% over 2023.

Our Properties division completed five new buildings in 2024, adding 95,558 sf to our portfolio. At year-end we had an additional 81,755 sf under construction. Going forward, the commencement of additional commercial development will be on a cautious and strategic basis.

Income properties revenue grew a modest 1.3% as the addition of new buildings to our portfolio was offset by the sale of several residential and commercial properties owned by Melcor or the REIT. Professional fees related to our proposed transaction with the REIT tempered earnings.

Our focus on balance sheet discipline led to an 8.8% or $58.84 million reduction in general debt in 2024. Along with select asset sales and cautious commercial development, these steps position Melcor to have the ability to close on the proposed acquisition of the REIT. While shifting economic and political conditions pose ongoing pressures on our business, we remain confident that our diversified asset mix will allow us to deploy capital prudently and respond strategically to areas of demand."

Today the Board declared a dividend of $0.11 per share, payable on March 31, 2025 to shareholders of record on March 21, 2025. The dividend is an eligible dividend for Canadian tax purposes.

Transaction with Melcor REIT

On September 12, 2024, Melcor and the REIT announced that they entered into an arrangement agreement ("Arrangement Agreement") under which Melcor committed to acquire its unowned equity interest (approximately 44.6%) in Melcor REIT Limited Partnership ("REIT LP") for $4.95 per unit, or $64.17 million in cash. Melcor's unowned equity interest in REIT LP comprises all REIT LP's outstanding Class A LP Units (approximately 13.0 million units). The REIT will use the proceeds from the REIT LP sale to repurchase and cancel all of the REIT's participating trust units.

Melcor, REIT LP and the REIT entered into a separate Backstop Loan Agreement pursuant to which Melcor has agreed to make an unsecured loan to the REIT LP, as borrower, in the principal amount up to the aggregate principal amount of the debentures outstanding. Amounts advanced pursuant to the Backstop Loan Agreement, will mature three years from the date of advance with a fixed interest rate of 10.75%, paid semi-annually and is prepayable, in whole or in part, at anytime prior to maturity with no penalty and will be postponed and subordinate to amounts advanced by the REIT's senior lenders. This loan will eliminate upon consolidation.

On November 25, 2024, Melcor and the REIT entered into an Amended and Restated Arrangement Agreement (the "Amended Agreement") which provides for, among other things, consideration of $5.50 per unit and a new and extended 90-day "go-shop" period which expired on February 24, 2025 during which it was permitted to solicit third-party interest in submitting a proposal which is superior to the proposal made by the Purchaser. Melcor did not have the right to match any superior proposal. The Amended Agreement also includes customary provisions, including non-solicitation by the REIT of alternative transactions following the conclusion of the go-shop period, and a $5.8 million termination fee payable to Melcor under certain customary circumstances, including in the event the REIT is successful in soliciting a superior proposal. In addition, Melcor agreed to (i) forego all termination and change of control payments it would otherwise be entitled to under the property management and asset management agreements in the event of a superior proposal; and (ii) reimburse the REIT for the reasonable costs and expenses incurred by it in connection with the New Arrangement (including all financial advisor costs and legal costs), subject to certain exceptions.

This transaction is subject to unitholder approval including the approval of at least (i) two-thirds (66 2/3%) of the votes cast by the REIT Unitholders and holders of special voting units of the REIT (the "Special Voting Units") present in person or represented by proxy at the special meeting to be called to approve the Transaction (the "Special Meeting"), voting as a single class (each holder of Trust Units and Special Voting Units being entitled to one vote per Trust Unit or Special Voting Unit, as applicable) and (ii) the majority of the holders of Trust Units present in person or represented by proxy at the Special Meeting, excluding the votes of Melcor, and any other unitholders whose votes are required to be excluded for the purposes of "minority approval" under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101").

(1) Readers are reminded that established key performance measures may not have standardized meaning under GAAP. For further information on the Melcor's non-standard measures, non-GAAP measures, operating measures and non-GAAP ratios, refer to the information in the press release below along with the Non-GAAP and Non-Standard Measures section in the MD&A

On March 5, 2025, the REIT and Melcor announced jointly that they have entered into voting support agreements with each of Telsec Property Corporation, Richard Van Grieken, Bonnie Van Grieken and Kris Van Grieken (collectively, the “Telsec Group”) and FC Private Equity Realty Management Corp. and its affiliates (collectively, the “FC Group”) in connection with Melcor’s proposed acquisition of Melcor REIT. Pursuant to the voting support agreements, each of the Telsec Group and the FC Group have, among other things, agreed to vote (or cause to be voted) all of the trust units owned by them, or over which they have control or direction, in favour of the Amended Arrangement at the Special Meeting scheduled for April 11, 2025. The Voting Support Agreements contain customary representations, warranties, covenants and termination provisions for agreements of this nature. The Telsec Group and the FC Group collectively own or exercise control or direction over approximately 4.1 million REIT trust units.

Further details regarding the transaction is contained in a REIT management information circular which will be filed on SEDAR+ under the REIT's profile at www.sedarplus.ca and will be on the REIT website at https://melcorreit.ca/special-meeting/.

Financial Highlights

Financial highlights of our performance are summarized below:

Fourth quarter:

- Revenue was up 36.3% to $170.54 million (Q4-2023: $125.13 million)
- Net income was up 214.1% to $32.38 million (Q4-2023: $10.31 million)
- Funds from operations (FFO) was up 15.6% to $43.44 million (Q4-2023: $37.56 million)
- Basic earnings per share was up 211.8% to $1.06 per share (Q4-2023: $0.34 per share)

Year-to-date:

- Revenue was up 10.9% to $349.50 million (2023: $315.24 million)
- Net income was down 46.8% to $33.53 million (2023: $62.98 million)
- Funds from operations (FFO) was up 11.1% to $93.81 million (2023: $84.46 million)
- Basic earnings per share was down 46.1% to $1.10 per share (2023: $2.04 per share)

Selected Highlights

($000s except as noted)	Three Months Ended December 31,			Year Ended December 31,		
	2024	2023	% Change	**2024**	2023	% Change
Revenue	**170,538**	125,134	36.3 %	**349,501**	315,239	10.9 %
Gross margin (%)[3]	**41.1 %**	39.6 %	3.8 %	**45.0 %**	45.2 %	(0.4)%
Fair value adjustment on investment properties	**(2,825)**	(22,928)	(87.7)%	**(28,439)**	(24,456)	16.3 %
Net income	**32,384**	10,311	214.1 %	**33,528**	62,980	(46.8)%
Net margin (%)[3]	**19.0 %**	8.2 %	131.7 %	**9.6 %**	20.0 %	(52.0)%
Funds from operations[1]	**22,297**	42,311	(47.3)%	**93,806**	84,455	11.1 %
Per Share Data ($)						
Basic earnings	**1.07**	0.34	214.7 %	**1.10**	2.04	(46.1)%
Diluted earnings	**1.05**	0.34	208.8 %	**1.09**	2.03	(46.3)%
Funds from operations[2]	**1.44**	1.21	19.0 %	**3.08**	2.73	12.8 %
Dividends	**1.42**	1.21	17.4 %	**0.44**	0.64	(31.3)%

As at ($000s except share and per share amounts)	December 31, 2024	December 31, 2023	% Change
Shareholders' equity	**1,242,630**	1,209,578	2.7 %
Total assets	**2,108,553**	2,097,473	0.5 %
Total Shares outstanding	**30,367,626**	30,662,453	(1.0)%
Book value[2]	**40.92**	39.45	3.7 %

(1) Non-GAAP financial measure. Refer to the Non-GAAP and Non-Standard Measures section in the MD&A for further information.
(2) Non-GAAP financial ratio. Refer to the Non-GAAP and Non-Standard Measures section in the MD&A for further information.
(3) Supplementary financial measure. Refer to the Non-GAAP and Non-Standard Measures section in the MD&A for further information.

Net income in the current and comparative period is significantly impacted by non-cash fair value adjustments and thus not reflective of overall financial performance. Furthermore, given the cyclical nature of real estate development, comparison of any three-month period may not be meaningful.

Consolidated revenue for 2024 was $349.50 million up 10.9% over 2023. Gross margin was 45.0%, down from 45.2% in 2023.

Net income was $33.53 million, down from $62.98 million in 2023. Net income is significantly impacted by swings in non-cash fair value adjustments on investment properties, REIT units, the revaluation of interest rate swaps and the conversion feature on our convertible debenture. Non-cash fair value items impacting net income include:

- *Fair value adjustment on investment properties:* In 2024, we recorded fair value losses on investment properties of $28.44 million compared to fair value losses of $24.46 million recorded in 2023.
- *Adjustment related to REIT units:* In 2024, we recorded losses related to our REIT units of $14.78 million, a swing of $26.65 million over 2023 when we recorded a gain of $11.87 million. The change in adjustment on REIT units includes the distributions declared in the current period, and fair value adjustments related to REIT's share price. REIT's share price in the market place has a counter effect on Melcor's statement of income, in which the REIT's increased share price over 2023 has negatively impacted net income position.

These non-cash gains and losses are driven by market forces outside of Melcor's control and are a key reason we focus on FFO as a truer measure of our financial performance.

FFO increased $9.35 million or 11.1% to $93.81 million from $84.46 million in 2023. This increase was primarily due to higher gross profit, which was up $15.03 million or 10.6% in 2024, offset by general and administration expenses which was up 30.8% or $7.06 million due to professional fees associated with the establishment of the Independent Committee and the strategic review process.

Our Land division had an exceptional year, with revenues up 12.6% to $227.27 million and earnings up 10.8% to $82.66 million over 2023. Edmonton provided the largest portion of sales, contributing 44.4% of our total land revenues at $101.00 million. Calgary continued to provide strong results contributing 41.9% of our total land revenues at $95.27 million in 2024. Our US market can be inconsistent year-over-year due to the market demands, with builders purchasing in bulk both single-family homes and paper lots. In 2024, we sold 42.46 acres of paper lots contributing $11.56 million to revenues.

Our Properties and REIT divisions accounted for 33.1% of total revenue, before intersegment eliminations compared with 35.5% in 2023. Properties revenue was up 1.3% to $118.58 million (2023 - $117.06 million) with segment earnings down 13.0% or $3.78 million. The reduction in segment earnings is a result of general and administrative expenses which increased in connection to the proposed transaction between Melcor and REIT. Individually, our G&A within our Properties division was up $0.81 million and the REIT was up $3.53 million over 2023. The REIT's general and administrative expenses were significantly impacted by the establishment of the Independent committee in the REIT and costs associated with the Arrangement Agreement.

Properties completed construction on 5 retail buildings adding 95,558 sf to our portfolio of income-generating properties. These properties are completed within our Woodbend development, located in Leduc, AB and our Winterburn Point development, located in Edmonton, AB.

Revenue in our Golf division was up 3.2% with revenue from green fees flat over 2023, and food and beverage revenues increasing over 2023.

The US contributed 7.1% of total revenue or $24.67 million in the year, with $11.56 million related to our Land division, and $13.11 million from our Properties division. This compares to 2023 revenue of $54.26 million (17% of total revenue), with $40.75 million from our Land division and $13.52 million from our Properties division.

Investing for growth

Our Properties division completed 5 retail buildings (95,558 sf) in 2024 with a further 81,755 sf under development. These new buildings will positively impact results in future years as we continue to grow our income-generating assets. We continue to progress commercial land through the development, approvals and lease-up process and have an additional 5 buildings in 5 developments across Alberta expected to be completed in 2025 and 2026.

Asset Dispositions

- 14 residential units located at the Edge at Grayhawk located in Phoenix, AZ for net proceeds of $6.13 million (US$4.74 million)
- 104th Street Building, an office building located in Edmonton, AB for gross proceeds of $2.90 million ($0.96 million at JV%)
- Lethbridge Industrial, a REIT held industrial building located in Lethbridge, AB for gross proceeds of $4.50 million
- Parliament Place, a REIT held office building located in Regina, SK for gross proceeds of $5.00 million

Subsequent to year end, on February 24, 2025, we closed on the sale of Melcor Crossing, a 283,000 sf retail property located in Grande Prairie, AB for gross proceeds of $48.00 million less transaction costs.

Shareholder Highlights

We continued to return value to our shareholders and unitholders:

Melcor Developments:

- Dividends paid to shareholders decreased to $0.44 per share in 2024, down from $0.64 per share in 2023.
- We repurchased 356,703 shares for cancellation pursuant to the NCIB at a cost of $4.33 million during 2024. In 2023 we repurchased 712,160 shares at a cost of $8.10 million.
- On March 13, 2025 we declared a quarterly dividend of $0.11 per share, payable on March 28, 2025 to shareholders of record on March 21, 2025. The dividend is an eligible dividend for Canadian tax purposes.

Melcor REIT:

- Cash distributions to unitholders of the REIT was $0.04 per unit in 2024, compared to $0.48 in 2023.
- On February 22, 2024 the REIT announced the suspension of its monthly cash distribution.
- On December 20, 2024, the REIT announced a non-cash special distribution in the amount of $0.36 per outstanding trust units to unitholders of record as at December 31, 2024.

Outlook

Melcor owns a diverse portfolio of real estate assets; including raw land, land under development, serviced residential, multifamily and commerical lots, income-producing properties and also owns and operates championship golf courses. This diverse mix helps position us to meet demand for any real estate opportunity regardless of market conditions. There is always market volatility, but Melcor has had a resilient and proven record.

We expect to continue to see moderate strength in our residential and commercial developments throughout 2025. The increase in overall migration to Alberta influenced the demand for residential development, and the shift to suburban communities. Alberta is projected to see continued positive job creation and immigration creating demand for residential serviced lots. There is potential for improved land sales in Melcor US operations.

Despite the challenges and opportunities, our business model has successfully adapted to changing times and economic cycles. Melcor remains cautiously optimistic about 2025 and is committed to maintaining a disciplined, conservative approach to operations. This ensures we remain profitable while achieving our core objectives of protecting shareholder investment and sharing corporate profits with our shareholders.

Non-GAAP & Non-Standard Measures

FFO is a key measure of performance used by real estate operating companies; however, that is not defined by International Financial Reporting Standards ("IFRS"), do not have standard meanings and may not be comparable with other industries or income trusts. This non-IFRS measures are more fully defined and discussed in the Melcor's management discussion and analysis for the period ended December 31, 2024, which is available on SEDAR+ at www.sedarplus.ca.

FFO Reconciliation

Consolidated

($000s)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2024	2023	**2024**	2023
Net income for the period	**32,384**	10,311	**33,528**	62,980
Amortization of tenant incentives	**1,798**	2,042	**8,217**	8,416
Fair value adjustment on investment properties	**2,825**	22,928	**28,439**	24,456
Depreciation on property and equipment	**188**	198	**1,247**	1,260
Stock based compensation expense	**324**	286	**1,238**	1,057
Non-cash financing costs	**91**	6,275	**3,974**	4,766
Gain on sale of asset	**(2)**	(3)	**(58)**	(51)
Deferred income taxes	**773**	914	**2,962**	(336)
Fair value adjustment on REIT units	**5,055**	(5,389)	**14,259**	(18,093)
FFO	**43,436**	37,562	**93,806**	84,455

Properties

($000s)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2024	2023	**2024**	2023
Segment Earnings	**4,678**	(9,788)	**16,018**	6,188
Fair value adjustment on investment properties	**798**	15,311	**5,543**	13,784
Amortization of tenant incentives	**587**	601	**2,575**	2,480
Divisional FFO	**6,063**	6,124	**24,136**	22,452

(1) Refer to note 24 to the consolidated financial statements

REIT

($000s)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2024	2023	**2024**	2023
Segment Earnings	**4,607**	1,255	**9,201**	22,807
Fair value adjustment on investment properties	**2,628**	8,429	**25,515**	16,794
Amortization of tenant incentives	**781**	956	**3,879**	3,975
Divisional FFO	**8,016**	10,640	**38,595**	43,576

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 2024 consolidated financial statements and management's discussion and analysis for the year ended December 31, 2024, which can be found on the Company's website at www.Melcor.ca or on SEDAR+ (www.sedarplus.ca).

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 owns a well diversified portfolio of assets in Alberta, Saskatchewan, British Columbia, Arizona and Colorado.

Melcor has been focused on real estate since 1923. The Company has built over 140 communities across western Canada and today manages 4.8 million sf in commercial real estate assets and 452 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 2025 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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