

PRESS RELEASE

for immediate distribution

Melcor Developments announces results for 2021 and a dividend of \$0.14 per share

Edmonton, Alberta | March 16, 2022

Melcor Developments Ltd. (TSX: MRD), a real estate development and asset management company with operations across western Canada and in the United States, today reported results for the fourth quarter and year ended December 31, 2021. Revenue increased by 39% to a record \$315.63 million in 2021 compared to \$226.82 million in 2020. Net income was up 391% to \$56.31 million or \$1.70 per share (basic) in 2021, compared to \$11.46 million or \$0.34 per share (basic) in 2020. Net income is impacted by non-cash items including fair value adjustments on REIT units and investment properties. These fair value adjustments are due to market factors outside management's control and that is why management prefers funds from operations (FFO)⁽¹⁾ as a better reflection of true operating performance. FFO per share was up 59% to \$2.46 per share in 2021 compared to \$1.55 per share in 2020.

Tim Melton, Melcor's Executive Chair and Chief Executive Officer, commented on the year: "Melcor is pleased to report record revenue of \$315.63 million and net income of \$56.31 million.

The company's Community Development division had a successful year. Residential real estate markets were generally strong resulting in year over year lot sales growth of 64% in Canadian operations and 16% in the company's US operations.

The Investment Properties division and Melcor REIT had a satisfactory year with stable revenue of \$113.03 million. Income-generating assets were again impacted by the COVID-19 pandemic. The company's long-term experience and success in cyclical real estate markets has assisted in managing business through this difficult period. As COVID-19 restrictions are gradually lifted and people return to normal working environments, we look forward to improving divisional results.

Melcor's golf course operations had a very successful year. Outdoor activities such as golf have been beneficiaries of the COVID-19 pandemic. Also, weather conditions were very favorable through the 2021 golf season. The number of rounds played increased by 17% and revenue growth was 30% over the previous year.

We acknowledge and thank the entire Melcor team for their continued hard work and commitment to serving all company stakeholders. The past 2-year period has been an exceptionally uncertain and challenging time.

We would like to make special acknowledgement of Darin Rayburn who retired at the end of 2021 as President and CEO of Melcor and Melcor REIT. We thank Darin for his significant contributions to the company over the past 19 years.

In closing, Melcor wishes to thank shareholders for their continued support and confidence. We remain committed to protecting and enhancing your investment in the company."

Today the Board declared a dividend of \$0.14 per share, payable on March 31, 2022 to shareholders of record on March 25, 2022. The dividend is an eligible dividend for Canadian tax purposes.

Selected Highlights

(\$000s except as noted)	2021	2020	Change
Revenue	315,628	226,818	39.2 %
Gross margin (%) ⁽³⁾	44.4 %	43.3 %	2.5 %
Fair value adjustment on investment properties	19,370	(76,480)	(125.3)%
Net income	56,311	11,464	391.2 %
Net margin (%) ⁽³⁾	17.8 %	5.1 %	249.0 %
Funds from operations ⁽¹⁾	81,327	51,424	58.1 %
Shareholders' equity	1,116,469	1,077,429	3.6 %
Total assets	2,113,927	2,001,285	5.6 %

(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 on page 39 of the MD&A

(\$000s except as noted)	2021	2020	Change
<i>Per Share Data</i>			
Basic earnings	1.70	0.34	400.0 %
Diluted earnings	1.70	0.34	400.0 %
Funds from operations ⁽²⁾	2.46	1.55	58.7 %
Book value ⁽²⁾	33.87	32.56	4.0 %

(1) Non-GAAP financial measure. Refer to the Non-GAAP and Non-Standard Measures section on page 39 for further information.

(2) Non-GAAP financial ratio. Refer to the Non-GAAP and Non-Standard Measures section on page 39 for further information.

(3) Supplementary financial measure. Refer to the Non-GAAP and Non-Standard Measures section on page 39 for further information.

2021 revenue was up 39% to a record \$315.63 million with net income of \$56.31 million and FFO of \$81.33 million. Community Development revenue was up 76%, with a robust market for new homes. New home sales in our Canadian markets remain strong, resulting in 1,261 single-family lots being sold compared to 770 lots in 2020. Single-family lot sales in our US markets were up 16% to 280 as we sold all of the Harmony (CO) phase 3 lots that were developed in the year.

Property Development revenue was up 7% contributing \$42.80 million and 118,734 sf (9 buildings) to our portfolio of income-generating properties.

Investment Properties revenue was up 2% as a result of transfers from the Property Development division, which increased GLA by 3% over 2020. The REIT was relatively stable over the prior year despite being the division most challenged by the pandemic.

Revenue in the Recreational Properties division was up 30%. Our golf courses benefited through COVID-19 as a relatively safe outdoor recreational option when travel and other forms of entertainment were closed, coupled with a mild winter leading to early openings and favourable weather during the golf season.

United States revenue was up 22% to \$70.38 million, with contributions from Harmony, where we sold 280 single-family lots combined with two sales of paper lot parcels in Arizona (595 lots or 155 acres) for revenue of \$24.00 million (US \$19.15 million).

Throughout the year, we maintained our conservative and disciplined approach to investment and development activities and the management of our assets and liabilities.

Investing for growth

We purchased 17.10 acres adjacent to other holdings in Buckeye, Arizona. This land is immediately developable and fits our strategy of purchasing land to rezone in the US. While we may participate in strategic land purchase opportunities such as this, our primary focus is on harvesting our current inventory of 10,023 acres.

Our Property Development division completed and transferred 9 buildings (118,734 sf) in 2021 with a further 6,913 sf under development and 23,247 sf completed and awaiting lease up at year end. Revenue was up 7% over 2020 as interdivisional fair value adjustments related to prior year building transfers were applied. Revenue from the Property Development division is eliminated on consolidation. Transfers to Investment Properties will positively impact results in future years as we continue to grow our income-producing assets for long-term holding or for sale to the REIT. We continued to progress commercial land through the development, approvals and lease-up process and have an additional 7 buildings in 5 projects expected to be completed and transferred to Investment Properties in 2022.

Capital recycling

We completed the following dispositions of US assets during the year:

- We disposed of one residential unit in Arizona for \$0.34 million (US\$0.28 million) net of transaction costs.
- We disposed of a residential brownstone complex (10 units) for \$7.08 million (US\$5.68 million) net of transaction costs.

Return to Shareholders

We continued to distribute profits to our shareholders. In 2021, we paid dividends of \$0.44 per share compared to \$0.34 per share in 2020 for a growth of 29%.

We declared a dividend of \$0.14 per share on March 16, 2022 payable on March 31, 2022 to shareholders of record on March 25, 2022. The dividend is an eligible dividend for Canadian tax purposes. We have been paying dividends since 1969.

Outlook

Melcor owns a high quality portfolio of assets, including raw land, developed land inventory (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 throughout the past few years, primarily related to volatile oil prices. We have diversified our business across asset class and geography, including investment in the US with raw land and commercial property acquisitions and the continued development of our community in Aurora, CO.

The recent increase in the price of oil, coupled with the hot housing market in Alberta and a trend toward in-migration from across the country are hallmarks of a bullish market in Alberta; we hope that this will reverse the negative sentiment towards Alberta that has been prevalent since late 2014.

To continue to meet housing market demand, we expect to bring on new phases in 2022. On the commercial side, retail activity remains steady and we expect that to continue in 2022. Our US assets continue to deliver positive results and we expect the US to continue to grow as a percentage of our overall revenues.

Our business model has adapted to changing times and economic cycles over the years. We will maintain our disciplined, conservative approach to operations to ensure that we remain profitable while achieving our fundamental goals of protecting shareholder investment and sharing corporate profit with our shareholders.

With appropriate levels of serviced land inventory, movement of residential and commercial land through the municipal approvals process, steady occupancy rates and capacity on our operating facility, we remain well-positioned for the future.

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 measure is more fully defined and discussed in the Melcor's management discussion and analysis for the period ended December 31, 2021, which is available on SEDAR at www.sedar.com.

FFO Reconciliation

Consolidated

(\$000s)	Year Ended	
	2021	2020
Net income for the year	56,311	11,464
Amortization of operating lease incentives	8,160	7,879
Fair value adjustment on investment properties	(19,370)	76,480
Depreciation on property and equipment	1,334	1,407
Stock based compensation expense	1,132	873
Non-cash financing costs	3,479	2,043
Gain on sale of asset	(151)	(40)
Deferred income taxes	4,684	(5,409)
Fair value adjustment on REIT units	25,748	(43,273)
FFO	81,327	51,424

Investment Properties

(\$000s)	Year Ended	
	2021	2020
Divisional income for the year⁽¹⁾	31,077	(30)
Fair value adjustment on investment properties	(10,850)	20,392
Amortization of operating lease incentives	1,624	1,754
Divisional FFO	21,851	22,116

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

REIT

(\$000s)	Year Ended	
	2021	2020
Divisional income for the year⁽¹⁾	43,710	(22,387)
Fair value adjustment on investment properties	(2,879)	62,748
Amortization of operating lease incentives	4,218	3,779
Divisional FFO	45,049	44,140

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

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 2021 consolidated financial statements and management's discussion and analysis for the year ended December 31, 2021, which can be found on the Company's website at www.Melcor.ca or on SEDAR (www.sedar.com).

Annual General Meeting

PLEASE NOTE: This year, in response to the COVID-19 pandemic, and in order to conduct the meeting in a manner that protects the health and safety of our directors, shareholders and the public at large, the meeting will be webcast with voting only by instrument of proxy. We invite shareholders to join our annual meeting on May 19, 2022 at 11:00 AM MT at <https://www.gowebcasting.com/11745>.

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 593 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 2020 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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