PRESS RELEASE

for immediate distribution

Melcor Developments announces first quarter results, declares quarterly dividend of $0.14 per share

Edmonton, Alberta | May 9, 2022

Melcor Developments Ltd. (TSX: MRD), an Alberta-based real estate development and asset management company, today reported results for the first quarter ended March 31, 2022. Revenue for the quarter was up 23% to $53.31 million compared to Q1-2021. Net income in the quarter was impacted by non-cash fair value losses of $5.68 million on REIT units related to unit price appreciation since December 31, 2021 resulting in a net income of $2.47 million or $0.08 per share (basic) compared with a net loss of $14.03 million or $0.42 per share (basic) in Q1-2021.

Funds from operations (FFO) increased 5% to $10.70 million or $0.33 per share over Q1-2021. FFO is a better measure of performance as it elimates the significant swings in fair value adjustments on REIT units and investment properties.

Community Development division revenue increased 75% over Q1-2021, with 288 single-family lots and 7.58 multi-family acres sold (Q1-2021: 122 single-family lots and 8.53 acres of land sold to government bodies). **Property Development** activity corresponds to the construction season in Alberta, with increases in fair value typically occurring in the later part of the year.

Revenue in our income-producing divisions (**Investment Properties** and **REIT**) was down 3% over Q1-2021. Excluding the Early Termination in the REIT and the IP Early Termination events in Q1-2021, revenue in these divisions was up 7% over Q1-2021.

Timothy Melton, Melcor's Executive Chair and Chief Executive Officer, commented on the quarter: "We are pleased to present Melcor's results for the first quarter of 2022. The Community Development division had a strong quarter, with 288 single-family lots sold compared to 122 in Q1-2021. The division is planning to produce several new phases in a number of communities through the second and third quarters this year.

Revenue and occupancy in our income-producing divisions have remained relatively stable. Leasing activity through the quarter has trended to positive, with 179,269 sf of new and renewed leasing (including holdovers) in the REIT leading to improved occupancy of 87.4%. Occupancy for IP was also up slightly to 77.6% for Canadian properties and 76.9% for US properties.

Golf course operations will start contributing to revenue in the second quarter."

First Quarter Results

Revenue in Q1-2022 was up 23% compared to Q1-2021 as a result of continued strength in the new homes market and the timing of lot registrations in the quarter, which contributed to the 75% increase in Community Development revenue. The Community Development division also sold 7.58 acres of multi-family land, including 2.3 acres in Edmonton and 5.3 acres in Lethbridge in Q1-2022. Given the timing of sales in real estate development, comparison of any three-month period may not be meaningful.

Revenue from our income-generating Investment Properties and REIT divisions was down compared to Q1-2021 due to the Early Termination and IP Early Termination events (see Investment Properties, page 10 and REIT, page 10 for additional information) which contributed $2.94 million to other revenue as well as US residential properties disposed of over the past 12 months contributing to lower revenue.

FINANCIAL HIGHLIGHTS

Revenue was up 23% as a results of the 136% increase in single-family lots sold and 7.58 acres in multi-family land sales (Q1-2021 - nil), leading to 75% growth in Community Development revenue.

Funds from operations (FFO) increased 5% over Q1-2021.

Net income was $2.47 million in Q1-2022 compared to a net loss of $14.03 million in Q1-2021. Net loss is significantly impacted by swings in non-cash fair value adjustments on investment properties and REIT units. The change in the REIT's unit price has a counter-intuitive impact on net income as an increase in unit value decreases net income. These losses are a key reason we focus on FFO as a truer measure of our financial performance.

DIVISIONAL OPERATING HIGHLIGHTS

The **Community Development** division will have a busy construction season to replenish inventory in all regions. Showhomes in the new community known as Cobblestone Creek in Airdrie, AB will be opening soon. The Pinnacle at Sunset Ridge in Cochrane, AB is a highly anticipated estate community, with lots scheduled for release in 2022. New showhome parades are also opening in several other communities in the spring/summer of 2022.

Sales activity remains healthy in our Canadian markets, including satellite communities such as St. Albert, Spruce Grove, Airdrie and Cochrane. Year-to-date, we sold 288 single-family lots compared to 122 last year. We continue to move new communities and additional phases in existing neighbourhoods through the municipal approval process.

The **Property Development** team has 6,913 sf in 1 project (Jensen Lakes Crossing) currently under construction, with no transfers in 2022 to date. A further 23,247 sf is complete and awaiting lease-up and transfer in 2 projects: Woodbend Market and Chestermere Station. Construction and leasing activity resulted in fair value gains of $0.33 million.

Revenue in our income-producing divisions (**Investment Properties** and **REIT**) was down 3% in the quarter. This decrease is a result of the Early Termination and IP Early Termination events which both occurred in Q1-2021, coupled with reduced revenue from our US properties as 11 residential units were sold in Q2 and Q3-2021. These reductions to revenue were partially offset by increased occupancy in both Canada and the US.

Our **Recreational Properties** are now open. Black Mountain opened on March 30, 2022. Our other courses opened subsequent to the quarter, on April 22 for courses managed by Melcor and April 29 for the course managed by a third party.

RETURNING VALUE

We continue to return value to our shareholders and unitholders:

- We paid a quarterly dividend of $0.14 per share in Q1-2022.
- On May 9, 2022 we declared a quarterly dividend of $0.14 per share, payable on June 30, 2022 to shareholders of record on June 15, 2022. The dividend is an eligible dividend for Canadian tax purposes.
- The REIT increased monthly distributions by 14% to $0.04 per unit compared to Q1-2021.
- The REIT also declared the following distributions for periods subsequent to the quarter:

Month	Record Date	Distribution Date	Distribution Amount
April 2022	April 29, 2022	May 16, 2022	$0.04 per Unit
May 2022	May 31, 2022	June 15, 2022	$0.04 per Unit

Selected Highlights

($000s except as noted)	Three months ended		
	31-Mar-22	31-Mar-21	Change
Revenue	**53,306**	43,270	23.2 %
Gross margin (%) [1]	**47.2 %**	52.2 %	(9.6)%
Net income	**2,470**	(14,033)	117.6 %
Net margin (%) [1]	**4.6 %**	(32.4)%	114.2 %
Funds from operations (FFO) [2]	**10,697**	10,174	5.1 %
Per Share Data ($)			
Basic earnings	**0.08**	(0.42)	119.0 %
Diluted earnings	**0.07**	(0.42)	116.7 %
Funds from operations [3]	**0.33**	0.31	6.5 %
Dividends	**0.14**	0.10	40.0 %

As at ($000s except share and per share amounts)	**31-Mar-22**	31-Dec-21	Change
Total assets	**2,114,888**	2,113,927	– %
Shareholders' equity	**1,110,053**	1,116,469	(0.6)%
Total shares outstanding	**32,832,559**	32,961,015	(0.4)%
Per Share Data ($)			
Book value [3]	**33.81**	33.87	(0.2)%

1. *Supplementary financial measure. Refer to the Non-GAAP and Non-Standard Measures section for further information.*
2. *Non-GAAP financial measure. Refer to the Non-GAAP and Non-Standard Measures section for further information.*
3. *Non-GAAP financial ratio. Refer to the Non-GAAP and Non-Standard Measures section for further information.*

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, 2022, which can be found on the company's website at www.Melcor.ca or on SEDAR (www.sedar.com).

Non-GAAP & Non-Standard Measures

FFO is a key measures 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 March 31, 2022, which is available on SEDAR at www.sedar.com.

Funds from operations (FFO): FFO is a non*GAAP financial measure and is defined as net income in accordance with IFRS, excluding (i) fair value adjustments on investment properties; (ii) gains (or losses) from sales of investment properties; (iii) amortization of tenant incentives; (iv) fair value adjustments, interest expense and other effects of redeemable units classified as liabilities; (v) acquisition costs expensed as a result of the purchase of a property being accounted for as a business combination; (vi) adjustment for amortization of deferred financing fees, which is included in non-cash financing costs and (vii) fair value adjustment on derivative instrument, after adjustments for equity accounted entities, joint ventures and non-controlling interests calculated to reflect FFO on the same basis as consolidated properties. See tables below for reconciliation of FFO:

Consolidated

($000s)	Three months ended	
	31-Mar-22	31-Mar-21
Net income (loss) for the period	**2,470**	(14,033)
Amortization of operating lease incentives	**1,407**	2,011
Fair value adjustment on investment properties	**2,522**	(976)
Depreciation on property and equipment	**156**	178
Stock based compensation expense	**117**	266
Non-cash finance costs	**(1,472)**	1,274
Gain on sale of asset	**–**	(4)
Deferred income taxes	**(181)**	(184)
Fair value adjustment on REIT units	**5,678**	21,642
FFO	**10,697**	10,174

Investment Properties

($000s)	Three months ended	
	31-Mar-22	31-Mar-21
Segment Earnings	**5,112**	6,666
Fair value adjustment on investment properties	**218**	(466)
Amortization of operating lease incentives	**365**	515
Divisional FFO	**5,695**	6,715

REIT

($000s)	Three months ended	
	31-Mar-22	31-Mar-21
Segment Earnings	**6,513**	10,395
Fair value adjustment on investment properties	**3,662**	401
Amortization of operating lease incentives	**901**	915
Divisional FFO	**11,076**	11,711

Gross margin (%): Gross margin percent is a supplementary financial measure that indicates the relative efficiency with which we earn revenue. This ratio is calculated by dividing gross profit by revenue.

Net margin (%): Net margin percent is a supplementary financial measure that indicates the relative efficiency with which we earn income. This ratio is calculated by dividing net income by revenue.

Book value per share: Book value per share is a non-GAAP financial ratio and is calculated as shareholders' equity over number of common shares outstanding.

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 and commercial projects across Western Canada and today manages 4.75 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 Kelowna, British Columbia and Phoenix, 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 2022 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 and the additional disclosure under Business Environment and Risk in this 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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