PRESS RELEASE

for immediate distribution

Melcor Developments announces third quarter results, declares quarterly dividend of $0.15 per share

Edmonton, Alberta | November 8, 2022

Melcor Developments Ltd. (TSX: MRD), an Alberta-based real estate development and asset management company, today reported results for the third quarter ended September 30, 2022. Revenue was stable at $165.49 million year-to-date and up 9% at $61.14 million in the quarter as a result of the cyclical nature of the real estate industry and timing of sales in the current and comparative periods.

Net income was $23.77 million in Q3-2022 compared to $16.56 million in Q3-2021. Net income is significantly impacted by swings in non-cash fair value adjustments on investment properties, REIT units and the conversion feature on our convertible debenture. As a result management relies on Funds From Operations (FFO) as a better reflection of Melcor's true operating performance. FFO was up 28% in the quarter to $16.01 million or $0.49 per share and down 1% year-to-date to $38.56 million or $1.18 per share. Year-to-date FFO was impacted by lease termination fees received in both the REIT ($1.00 million) and Investment Properties ($1.94 million) divisions. Adjusting for these one-time events, FFO was up $2.49 million due to improved gross profit, which is partially offset by higher G&A expenses and distributions on REIT units over 2021.

The number of single-family lots sold in our Community Development division was up in the quarter at 272 and year-to-date at 676 (Q3-2021: 109, YTD-2021: 408). Occupancy in our income-producing divisions (Investment Properties and REIT) increased over year-end to 88% and our retention in the REIT for 2022 is strong at 88%. Our Property Development division completed and transferred one building (12,660 sf) to our Investment Properties division and has a further 51,694 sf under development or awaiting lease-up.

Timothy Melton, Melcor's Executive Chair and Chief Executive Officer, commented: "We are pleased to report Melcor's results for the third quarter of 2022. Generally, results have been satisfactory year-to-date. Revenue, income and cash flow from the Community Development division have been strong in our Canadian regions but relatively weaker in the United States. Rising interest rates have slowed demand in the real estate industry. We expect this trend to negatively impact the market for real estate and serviced lots over the next few quarters.

Revenue and occupancy in our income-producing properties improved modestly in the quarter. Past lockdowns and work-from-home policies were detrimental to many businesses and the commercial real estate sector. With restrictions lifted and life returning to normal, the prospects for commercial real estate may slowly improve.

The Property Development division continues to explore opportunities to construct new projects, focusing on sites that the company owns. Increasing interest rates will make the economic case for new developments more challenging.

The Recreational Properties division had a good year. Weather conditions through the summer and fall were ideal. Playing conditions at the golf courses and a focus on food and beverage operations continued to contribute to success and customer loyalty."

Third Quarter Results

Given the longer term nature of real estate development, comparison of any three-month period may not be meaningful.

The market continues to be challenged by inflation and rising interest rates. The leasing market has seen added supply in some of our core regions and a shift in demand for product with new construction and remote and hybrid work models following the lifting of work from home restrictions.

Occupancy in our investment properties (including the REIT) increased over year-end to 88.4% (Q4-2021: 84.2%) due to the timing of leasing coming online. Our year-to-date retention for REIT was healthy at 87.9%. Strong leasing activity in our Property Development division continues to drive new development in commercial centres that complement and enhance our communities.

Demand remains stable throughout all regions in our Community Development division with plenty of activity in sales and construction. The US community development model differs from Canadian markets, with the majority of revenue occurring in a single quarter. Builders buy lots in bulk to develop themselves and build homes to sell to homeowners. These are often referred to as "paper lot sales". Due to the bulk selling nature of our US market, no lots have been sold in US year-to-date.

Investment properties GLA increased slightly as a result of property transferred from Property Development over the past 12 months. Revenue from our Income Properties and REIT divisions was up in the quarter compared to Q3-2021. Our year-to date results continue to be impacted by lease termination fees received in our REIT division ($1.00 million) and Investment Properties division ($1.94 million) which occurred in Q1-2021.

Our golf courses saw a slight decrease in rounds played to date in 2022 primarily due to late opening dates at the courses. 2021 saw a record breaking number of rounds played as more golfers enjoyed a safe, outdoor activity during government restrictions. This is offset by efforts to focus on the clubhouses and food and beverage services, resulting in higher revenue year-to-date.

FINANCIAL HIGHLIGHTS

Revenue was up 9% to $61.14 million in Q3-2022 (Q3-2021: $56.21 million) and has remained stable year-to-date. The real estate industry can have fluctuations in revenue period over period as a result of the cyclical nature of development. Lot sales, which have a significant impact on quarterly results, are uneven by nature and it is difficult to predict when they will close. Typically we see the most revenue from lot sales in the third and forth quarters as that is when plans typically register. Year-to-date revenue in Community Development saw a decrease of 5% as a result of US sales recognized in the comparative period. Excluding the US revenues, Canadian Community Development revenue has increased $9.97 million or 16% over 2021 year-to-date results.

FFO was up 28% or $3.50 million in the quarter and down 1% or $0.45 million year-to-date over the comparative period. 2021 year-to-date FFO continues to be impacted by lease termination fees received in both the REIT ($1.00 million) and Investment Properties ($1.94 million) divisions. Adjusting for these one-time events, FFO was up $2.49 million year-to-date compared to 2021.

Improved gross profit both in the quarter and year-to-date have been partially offset by higher G&A expenses which continue to feel inflationary pressures. Distributions to REIT unitholders also increased both in the quarter and year-to-date, which correlates to the distribution increase in the REIT in August 2021.

Net income was $23.77 million in Q3-2022 compared to $16.56 million in Q3-2021. Net income is significantly impacted by swings in non-cash fair value adjustments on investment properties, REIT units and the conversion feature on our convertible debenture. 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 gains 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.

DIVISIONAL OPERATING HIGHLIGHTS

The Community Development division saw healthy sales activity in our Canadian markets, including satellite communities such as St. Albert, Spruce Grove, Airdrie and Cochrane. Year-to-date, we sold 676 single-family lots compared to 408 last year. We continue to move new communities and additional phases in existing neighbourhoods through the municipal approval process. Our Harmony community in Denver, CO remains the largest land development project in our US region. Sales in this area are often sold in bulk and thus result in lumpy sales being realized in this region. No lots have been sold in the US year-to-date.

The Property Development division currently has 40,911 sf in 2 projects (Clearview Market 2 and Greenwich) under construction, and transferred one CRU (12,660 sf) in Chestermere to our Investment Properties division in the quarter. A further 10,783 sf in Woodbend Market is complete and awaiting lease-up and transfer. Construction and leasing activity resulted in fair value gains of $0.36 million in the quarter and $0.77 million year-to-date.

Total GLA under management varies period over period as a result of both property transfers and remeasures of property that typically occur on lease transfers and/or renewals. Revenue in our income-producing divisions (Investment Properties and REIT) continued to produce stable results in both the quarter and year-to-date. Year-to-date results continue to be impacted by early termination fees received in Q1-2021, which are included in other revenue, and the disposition of 11 residential units in the US in late 2021, resulting in reduced revenue. Year-to-date we disposed of 8 residential units in the US. Increased occupancy on our Canadian and US assets contributed positively to revenue. Additionally, REIT occupancy also saw an increase in Q3-2022.

The Investment Property portfolio fair value increased $2.07 million in Q3-2022. To date in 2022, we have had 46 legal phases valued by external valuation professionals. We have seen some shifts in the market this quarter and a slight increase in capitalization rates on our office properties, which decreases the fair value of an asset, and slight cap rate decreases on our retail portfolio. Fair value is also impacted by increased spend on tenant incentives that did not have a corresponding increase in fair value.

Our Recreational Properties saw a 10% decrease in rounds played to date in 2022 as a result of later course openings compared to 2021. However, revenue increased 4% to $9.62 million as a result of increased food and beverages sales in our clubhouses and restaurants.

RETURNING VALUE

We continue to return value to our shareholders and unitholders:

Melcor Developments:

- We paid a quarterly dividend of $0.15 per share in September 2022 (year-to-date: $0.43 per share).
- On November 8, 2022 we declared a quarterly dividend of $0.15 per share, payable on December 30, 2022 to shareholders of record on December 15, 2022. The dividend is an eligible dividend for Canadian tax purposes.

Melcor REIT:

- The REIT increased monthly distributions by 14% to $0.04 per unit in August 2021.
- Subsequent to the quarter, the REIT declared distributions for November and December and will be paying the previously declared October distribution as follows:

Month	Declaration Date	Record Date	Distribution Date	Distribution Amount
October 2022	August 15, 2022	October 31, 2022	November 15, 2022	$0.04 per Unit
November 2022	November 3, 2022	November 30, 2022	December 15, 2022	$0.04 per Unit
December 2022	November 3, 2022	December 30, 2022	January 16, 2023	$0.04 per Unit

Selected Highlights

($000s except as noted)	Three months ended September 30			Nine months ended September30		
	2022	2021	Change %	**2022**	2021	Change %
Revenue	**61,136**	56,213	9	**165,486**	165,030	–
Gross margin[1]	**49.3%**	47.9%	3	**49.1%**	48.2%	2
Net income	**23,774**	16,561	44	**52,152**	11,542	352
Net margin[1]	**38.9%**	29.5%	32	**31.5%**	7.0%	350
FFO[2]	**16,012**	12,516	28	**38,562**	39,016	(1)
Per Share Data ($)						
Basic earnings	**0.73**	0.50	46	**1.59**	0.35	354
Diluted earnings	**0.73**	0.50	46	**1.59**	0.35	354
FFO[3]	**0.49**	0.38	29	**1.18**	1.17	1
Dividends	**0.15**	0.12	25	**0.43**	0.32	34

As at ($000s except share and per share amounts)	**30-Sep-2022**	31-Dec-2021	Change %
Total assets	**2,178,869**	2,113,927	3.1
Shareholders' equity	**1,159,857**	1,116,469	3.9
Total shares outstanding	**32,061,202**	32,961,015	(2.7)
Per Share Data ($)			
Book value [3]	**35.55**	33.87	5.0

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 and nine months ended September 30, 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 September 30, 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		Nine-months	
	September 30, 2022	September 30, 2021	**September 30, 2022**	September 30, 2021
Net income for the period	**23,774**	16,561	**52,152**	11,542
Amortization of operating lease incentives	**2,738**	2,102	**5,620**	5,922
Fair value adjustment on investment properties	**(3,070)**	(5,183)	**247**	(10,040)
Depreciation on property and equipment	**533**	509	**1,141**	1,107
Stock based compensation expense	**514**	254	**847**	762
Non-cash finance costs	**(2,619)**	(135)	**(7,911)**	4,147
Gain on sale of asset	**(29)**	(65)	**(37)**	(127)
Deferred income taxes	**(126)**	(879)	**11**	(604)
Fair value adjustment on REIT units	**(5,703)**	(648)	**(13,508)**	26,307
FFO	**16,012**	12,516	**38,562**	39,016

Investment Properties

($000s)	Three-months		Nine-months	
	September 30, 2022	September 30, 2021	**September 30, 2022**	September 30, 2021
Segment Earnings	**2,461**	4,523	**16,698**	19,322
Fair value adjustment on investment properties	**4,263**	395	**549**	(3,476)
Amortization of operating lease incentives	**415**	406	**1,173**	1,214
Divisional FFO	**7,139**	5,324	**18,420**	17,060

REIT

($000s)	Three-months		Nine-months	
	September 30, 2022	September 30, 2021	**September 30, 2022**	September 30, 2021
Segment Earnings	**16,443**	12,666	**27,238**	33,691
Fair value adjustment on investment properties	**(6,337)**	(2,535)	**2,865**	(2,665)
Amortization of operating lease incentives	**956**	1,116	**2,763**	2,967
Divisional FFO	**11,062**	11,247	**32,866**	33,993

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 4.79 million sf in commercial real estate assets and 585 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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