PRESS RELEASE

for immediate distribution

Melcor Developments announces results for 2022, declares $0.16 per share dividend and appoints Naomi Stefura as COO

Edmonton, Alberta | March 16, 2023

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, 2022. Revenue decreased by 23% to $241.75 million in 2022 compared to a record high of $315.63 million in 2021. Net income was up 59% to $89.35 million or $2.75 per share (basic) in 2022, compared to $56.31 million or $1.70 per share (basic) in 2021. 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]. FFO per share was down 24% to $1.88 per share in 2022 compared to $2.46 per share in 2021 correlated with decreased revenue.

Tim Melton, Melcor's Executive Chair and Chief Executive Officer, commented on the year: "I'm pleased to announce another year of satisfactory results for the company as Melcor enters its 100th year as a real estate focused company. We achieved revenue of $241.75 million and net income of $89.35 million.

Melcor had a successful year, with steady demand in Canadian markets and increased momentum in the Calgary region where two new communities were introduced over the past few years with plans for additional communities to be launched in 2023. The big outlier for the year was the lack of community sales in the US. Community sales revenue in the US is typically characterized by bulk sales agreements, which can result in variability from one period to another, making it challenging to compare results over time.

We completed the sale of 117 residential units in the US, generating cash of $35.00 million (US$26.15 million). These properties were originally purchased between 2010 and 2013 for $11.94 million, which represents a gain of $23.06 million. Subsequent to the year, we returned $24.01 million (US$18.00 million) in cash to Canada to reduce borrowings on our credit facility as we navigate interest rate uncertainty.

Our commercial income divisions, Investment Properties and REIT, contributed $117.12 million in revenue up 4% over the prior year with growth in square footage owned and improved occupancy. Their higher contribution to revenue also improved gross margin for the year to 49% from 44% last year. Investment Properties manages 4.80 million sf of commercial GLA and 476 residential units (including property owned by the REIT). The Recreational Properties division also had a successful year despite weather conditions leading to a shorter golf season than 2021.

In 2022, we increased our dividend 32% to $0.58 per share. We also repurchased the maximum shares allowable under our Normal Course Issuer Bid, thereby reducing shares outstanding by 5% and increasing each shareholders' ownership position marginally.

I am also pleased to announce the appointment of Naomi Stefura as Chief Operating Officer (COO) of the company. Naomi has been an exceptional CFO, and we are confident that she will excel in her new role while concurrently holding her position as CFO. During her 14 year tenure with Melcor, Naomi has demonstrated an unwavering commitment to the company's values, and has gained a deep understanding of the company's operating divisions. She has earned the respect of all stakeholders, including the board, employees, and partners. Naomi's promotion to COO is a testament to her hard work, expertise, and leadership skills. It is my pleasure to work with Naomi, and the entire Melcor team, to achieve our company objectives.

On behalf of the board and all shareholders, I wish to acknowledge the entire Melcor team for their hard work and commitment to serving all company stakeholders and producing good results for the company.

Rising interest rates, combined with general inflation and geopolitical conflict provided some pause in 2022; however, we remain confident that our assets position the company to navigate changing economic times as we have done for the past 100 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 $0.16 per share, payable on March 31, 2023 to shareholders of record on March 24, 2023. The dividend is an eligible dividend for Canadian tax purposes.

(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

Selected Highlights

($000s except as noted)	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2022	2021	% Change	**2022**	2021	% Change
Revenue	**76,261**	150,598	(49)%	**241,747**	315,628	(23)%
Gross margin (%)[3]	**48.6 %**	40.3 %	23 %	**48.9 %**	44.4 %	10 %
Fair value adjustment on investment properties	**21,801**	9,330	120 %	**21,554**	19,370	11 %
Net income	**37,202**	44,769	(17)%	**89,354**	56,311	59 %
Net margin (%)[3]	**49 %**	30 %	64 %	**37.0 %**	17.8 %	108 %
Funds from operations[1]	**22,297**	42,311	(47)%	**60,859**	81,327	(25)%
Per Share Data ($)						
Basic earnings	**1.15**	1.35	(15)%	**2.75**	1.70	62 %
Diluted earnings	**1.15**	1.35	(15)%	**2.74**	1.70	61 %
Funds from operations[2]	**0.68**	1.27	(46)%	**1.88**	2.46	(24)%
Dividends	**0.68**	1.27	(46)%	**0.58**	0.44	32 %

As at ($000s except share and per share amounts)	December 31, 2022	December 31, 2021	% Change
Shareholders' equity	**1,178,336**	1,116,469	6 %
Total assets	**2,167,050**	2,113,927	3 %
Total Shares outstanding	**31,248,628**	32,961,015	5 %
Book value[2]	**37.71**	33.87	11 %

(1) Non-GAAP financial measure. Refer to the Non-GAAP and Non-Standard Measures section on page 40 for further information.
(2) Non-GAAP financial ratio. Refer to the Non-GAAP and Non-Standard Measures section on page 40 for further information.
(3) Supplementary financial measure. Refer to the Non-GAAP and Non-Standard Measures section on page 40 for further information.

Consolidated revenue for 2022 was $241.75 million down 23% from the record revenue set in 2021. Gross margin was 49% due to higher contributions from our higher margin commercial properties divisions. Net income was up 59% to $89.35 million and FFO was down 25.2% to $60.86 million. Although FFO was down, we also generated additional cash through the sale of US residential units for proceeds of $35.00 million, not reflected in FFO. This represents a gain of $23.06 million, however as Investment Properties are carried at fair value, the increase would have been captured in fair value adjustments in the current and comparative periods.

The significant factor in comparing our results to the prior year is the lack of US Community Development sales in 2022. In 2021, this region sold 280 lots and 155 acres (595 paper lots) for revenue of $54.89 million and earnings of $21.18 million. In the current year, no lots or acres were sold. Land sales in the US differ from Canadian as we often sell the lots in bulk agreements leading to dramatic swings in sales period over period. New home sales in our Canadian regions remain strong, resulting in 1,060 single-family lots being sold compared to 1,261 lots in 2021.

Property Development revenue is primarily derived from internal transfers to our Investment Properties division. In 2022, the value of transfers to Investment Properties was $13.63 million (eliminated on consolidation). Transfers added 36,846 sf (5 retail buildings) to our portfolio of income-generating properties. Margins on transfers was 17%, up compared to 2021.

Investment Properties revenue was up 10% due to GLA growth (transfers from the Property Development division) and improved occupancy. As mentioned above, the division also sold 117 residential units in Phoenix, Arizona for $35.00 million (US$26.15 million) net of transaction costs. These sales are not included in revenue however the value of the assets increased over time through both exchange rates changes and market improvements, contributing to a total realized gain on sale of $23.06 million. As the properties were unencumbered at the time of sale, they contributed $35.00 million cash to proceeds from investing activities. Subsequent to year end, $24.01 million (US$18.00 million) was repatriated and used to pay down our line of credit.

Revenue in the Recreational Properties division was up 5% with slightly lower revenue from green fees due to weather conditions during the golf season offset by an increase in food and beverage revenues over 2021.

The US contributed 7% of total revenue or $15.83 million in the year, all from Investment Properties. This compares to 2021 revenue of $70.38 million (22% of total revenue). As noted above, the large swing in US revenue was due to timing of sales in our US Community Development.

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 13.01 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 9,857 acres.

Our Property Development division completed and transferred 5 buildings (36,846 sf) in 2022 with a further 61,850 sf under development, with all completed buildings at year end transferred to our Investment Property division. 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 6 buildings in 4 projects expected to be completed and transferred to Investment Properties in 2023.

Asset Dispositions

During the year, we sold 117 residential units in Arizona for $35.00 million (US$26.15 million) net of transaction costs.

We also entered into an unconditional agreement to sell a REIT-owned investment property for gross proceeds of $19.50 million ($19.03 million net of transaction costs). This asset was reclassified as asset held for sale at year end and was subsequently sold on February 1, 2023.

Shareholder Highlights

We continued to return value to our shareholders and unitholders:

Melcor Developments:

We increased dividends paid to shareholders by 31.8% to $0.58 per share (2021 - $0.44 per share).

On March 16, 2023 we declared a quarterly dividend of $0.16 per share, payable on March 31, 2023 to shareholders of record on March 24, 2023. The dividend is an eligible dividend for Canadian tax purposes.

We have been paying dividends since 1969.

On December 22, 2022, Melcor filled the current NCIB by purchasing the final shares bringing the total purchased to the maximum 1,641,627 shares allowed. The current NCIB period ends on March 31, 2023 and no additional shares can be purchased at this time.

Melcor REIT:

The REIT distributed $0.48 per unit to unitholders in 2022 compared to $0.45 per unit in 2021. Subsequent to the year, the REIT declared distributions of $0.04 per unit for January, February and March 2023.

The REIT has been paying distributions since inception in 2013.

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, due to volatile oil prices, pandemic operating constraints and rising interest rates. 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.

Inflation and interest rate increases have generally slowed the Canadian market however we have found stable demand for quality new homes and office and retail space. Alberta is projected to have Canada's highest GDP growth in 2023.

We expect to develop approximately 1,000 new single-family lots across our portfolio in 2023 to meet market demand. On the commercial side, retail activity remains steady and we expect that to continue in 2023. Although our 2022 US Community Development division did not provide us with strong results, we have a positive outlook for 2023.

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 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 December 31, 2022, which is available on SEDAR at www.sedar.com.

FFO Reconciliation

Consolidated

($000s)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2022	2021	**2022**	2021
Net income for the period	**37,202**	44,769	**89,354**	56,311
Amortization of operating lease incentives	**1,941**	2,238	**7,561**	8,160
Fair value adjustment on investment properties	**(21,801)**	(9,330)	**(21,554)**	(19,370)
Depreciation on property and equipment	**209**	227	**1,350**	1,334
Stock based compensation expense	**(6)**	370	**841**	1,132
Non-cash financing costs	**(607)**	(668)	**(8,518)**	3,479
Gain on sale of asset	**(3)**	(24)	**(40)**	(151)
Deferred income taxes	**8,214**	5,288	**8,225**	4,684
Fair value adjustment on REIT units	**(2,852)**	(559)	**(16,360)**	25,748
FFO	**22,297**	42,311	**60,859**	81,327

Investment Properties

($000s)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2022	2021	**2022**	2021
Segment Earnings	**31,399**	11,755	**48,097**	31,077
Fair value adjustment on investment properties	**(26,212)**	(7,374)	**(25,663)**	(10,850)
Amortization of operating lease incentives	**447**	410	**1,620**	1,624
Divisional FFO	**5,634**	4,791	**24,054**	21,851

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

REIT

($000s)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2022	2021	**2022**	2021
Segment Earnings	**485**	10,019	**27,723**	43,710
Fair value adjustment on investment properties	**9,130**	(214)	**11,995**	(2,879)
Amortization of operating lease incentives	**962**	1,251	**3,725**	4,218
Divisional FFO	**10,577**	11,056	**43,443**	45,049

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 2022 consolidated financial statements and management's discussion and analysis for the year ended December 31, 2022, which can be found on the Company's website at www.Melcor.ca or on SEDAR (www.sedar.com).

Annual General Meeting

We invite unitholders to join us at our annual general meeting on April 26, 2023 at 11:00 AM MT at the Fairmont Hotel Macdonald, Empire Ballroom, 10065 100 Street NW, Edmonton, AB. The meeting will also be webcast at https://www.gowebcasting.com/12427

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 476 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.

Contact Information:

Corporate Communications
Tel: 1.855.673.6931 x4707

ir@Melcor.ca