PRESS RELEASE

for immediate distribution

Melcor Developments announces third quarter results, declares quarterly dividend of $0.16 per share

Edmonton, Alberta | November 8, 2023

Melcor Developments Ltd. (TSX: MRD), an Alberta-based real estate development and asset management company, today reported results for the third quarter and nine months ended September 30, 2023. The third quarter 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 results for the third quarter of 2023. Melcor has continued to show resilience while navigating challenging market conditions. These challenges include rising interest rates and ongoing inflation which has had significant impact on the cost of doing business and interest costs on borrowed funds. Our diverse portfolio of assets has enabled us to strategically focus on areas where demand remains strong, and we remain well positioned to bring on new product for our builder partners and committed to providing best-in-class service for our tenants.

Our Community Development team had a strong quarter and sold 260 lots in Canada and 121 in the US. Year-to-date we have sold 455 lots in Canada, with 343 of these lots located in our Edmonton region. Development in our Calgary region is active with new communities underway and sales in these communities are expected later in the year. Our US development project, located in Harmony, Colorado, has sold 205 lots year-to-date as compared to the prior year where no lots were sold.

Our Property Development team continues to strategically develop commercial sites and at the end of the quarter had 91,644 sf under development. During the quarter, we completed development of a 17,300 sf building in Woodbend Market.

Our Income Properties teams remain focused on retaining current tenants and leasing up vacant space to help combat rising costs. Despite these efforts, we continue to see an erosion of operating cash flow resulting from reductions in office lease rates, higher tenant incentives, increasing operating costs and continuing higher financing costs.

Since year-end, we have reduced our general debt by 6% (down $44.20 million) demonstrating our commitment to financial prudency. This year, Melcor is celebrating its 100 year anniversary in real estate which is a testament to our resilience in the marketplace. We remain committed to our shareholders and thank our Board of Directors for their continued support and all our employees for their dedication to our business."

Financial Highlights

Financial highlights of our performance are summarized below:

Third quarter:

- Revenue was up 45% to $88.78 million (Q3-2022: $61.14 million)
- Net income was up 21% to $28.88 million (Q3-2022: $23.77 million)
- Funds from operations (FFO) was up 40% to $22.42 million (Q3-2022: $16.01 million)
- Basic earnings per share was up 29% to $0.94 per share (Q3-2022: $0.73 per share)

Year-to-date:

- Revenue was up 15% to $190.11 million (Q3-2022: $165.49 million)
- Net income was up 1% to $52.67 million (Q3-2022: $23.77 million)
- Funds from operations (FFO) was up 22% to $46.89 million (Q3-2022: 38,562)
- Basic earnings per share was up 7% to $1.70 per share (Q3-2022: $1.59 per share)

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. FFO is an alternative non-GAAP metric used in the real estate industry to measure financial disclosure and was up 40% in the quarter and up 22% year-to-date compared with 2022.

Melcor reported a strong third quarter, despite challenges in the market including inflation and higher interest rates. Notwithstanding market conditions, demand for homes has remained stable across our geographically dispersed Community Development division, and our Income Properties and Recreational Properties segments continues to generate stable results. To date in 2023, results have yielded a gross margin of 49%, consistent with 2022. With rising interest rates, we remain focused on managing liquidity and debt, and since year-end have reduced our general debt by $44.20 million or 6%. Quarterly dividends have remained stable at $0.16 per quarter, and year-to-date are up $0.12 compared to 2022.

Our **Community Development** division produced strong results, with revenue up 125% to $64.03 million and earnings up 155% to $25.34 million in the quarter, compared to Q3-2022. Year-to-date revenue was up 41% to $105.24 million and earnings was up 67% to $40.98 million. The largest driver of the increase in this division was our US region where we have successfully closed on the 205 single-family lots to date in 2023, generating revenue of $34.31 million at a gross margin of 49%. No lots were closed on in the US region in 2022. The US community development model differs from Canadian markets, and sales can fluctuate quarter-over-quarter due the nature of the US market with production builders buying lots in bulk and then building and selling the homes to consumers.

Our **Property Development** division had an active construction quarter, and completed and transferred one CRU (17,300 sf) for $7.90 million in our Woodbend development to Investments Properties. The Property Development division currently has 91,644 sf under active development and awaiting lease-up across six CRU's.

Our **Income Properties**, which include Investment Properties and REIT divisions, contributed 46% of revenue in 2023 compared to 53% in 2022. Occupancy deceased slightly to 87% (December 31, 2022: 88%) and we have been actively pursuing and securing new leases across all asset classes. Our year-to-date retention for REIT was strong at 92%. Overall revenue from our income producing properties was down 5% in Q3-2023 and 1% year-to-date. Revenue and NOI can be impacted by disposition of assets held and transfers from our Property Development division as new leases have fixturing and rent free periods which are adjusted for in our same-asset NOI calculation.

We continue to strategically assess our assets within our Income Properties segment, with an aim to focus on our core Alberta market. Earlier in the year we sold Kelowna Business Centre for $19.50 million, with net proceeds used to reduce our line of credit in Melcor REIT. We also sold Stafford Common, a retail building located in Lethbridge, AB for gross proceeds of $3.50 million. We have also listed our Saskatchewan investment properties for sale, held in Melcor REIT, and in accordance with IFRS have reclassified the three retail properties as assets held for sale. Year-to-date we have also sold 7 units at the Edge at Grayhawk in Phoenix, AZ for net proceeds of $3.13 million (US

RETURNING VALUE

We continue to return value to our shareholders and unitholders:

Melcor Developments:

- We have paid quarterly dividends of $0.16 per share on March 30, 2023, June 30, 2023 and September 30, 2023.
- We have repurchased 625,829 shares for cancellation pursuant to the NCIB at a cost of $7.13 million year-to-date.
- On November 8, 2023 we declared a quarterly dividend of $0.16 per share, payable on December 29, 2023 to shareholders of record on December 15, 2023. The dividend is an eligible dividend for Canadian tax purposes.

Melcor REIT:

- The REIT paid monthly consistent distributions of $0.04 per unit per month from January 2023 to September 2023.
- On October 16, 2023 we declared a distribution of $0.04 per unit payable on November 15, 2023 to unitholders on record on October 31, 2023.

Selected Highlights

($000s except as noted)	Three months ended September 30			Nine months ended September 30		
	2023	2022	Change %	**2023**	2022	Change %
Revenue	**88,781**	61,136	45	**190,105**	165,486	15
Gross margin[1]	**45.8 %**	49.3 %	(7)	**48.8 %**	49.1 %	(1)
Net income	**28,883**	23,774	21	**52,669**	52,152	1
Net margin[1]	**32.5 %**	38.9 %	(16)	**27.7 %**	31.5 %	(12)
FFO[2]	**22,416**	16,012	40	**46,893**	38,562	22
Per Share Data ($)						
Basic earnings	**0.94**	0.73	29	**1.70**	1.59	7
Diluted earnings	**0.94**	0.73	29	**1.69**	1.59	6
FFO[3]	**0.73**	0.49	49	**1.51**	1.18	28
Dividends	**0.16**	0.15	7	**0.48**	0.43	12

As at ($000s except share and per share amounts)	**30-Sept-2023**	31-Dec-2022	Change %
Total assets	**2,141,254**	2,167,050	(1.2)
Shareholders' equity	**1,209,566**	1,178,336	2.7
Total shares outstanding	**30,622,799**	31,248,628	(2.0)
Per Share Data ($)			
Book value [3]	**39.50**	37.71	4.7

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, 2023, 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, 2023, 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, 2023	September 30, 2022	**September 30, 2023**	September 30, 2022
Net income for the period	**28,883**	23,774	52,669	52,152
Amortization of operating lease incentives	**2,105**	2,738	6,374	5,620
Fair value adjustment on investment properties	**(5,736)**	(3,070)	1,528	247
Depreciation on property and equipment	**491**	533	1,062	1,141
Stock based compensation expense	**293**	514	771	847
Non-cash finance costs	**(1,924)**	(2,619)	(1,509)	(7,911)
Deferred income taxes	**160**	(126)	(1,250)	11
Fair value adjustment on REIT units	**(1,815)**	(5,703)	(12,704)	(13,508)
FFO	**22,416**	16,012	46,893	38,562

Investment Properties

($000s)	Three-months		Nine-months	
	September 30, 2023	September 30, 2022	**September 30, 2023**	September 30, 2022
Segment Earnings	**4,566**	2,461	**15,164**	16,698
Fair value adjustment on investment properties	**216**	4,263	**724**	549
Amortization of operating lease incentives	**652**	415	**1,879**	1,173
Divisional FFO	**5,434**	7,139	**17,767**	18,420

REIT

($000s)	Three-months		Nine-months	
	September 30, 2023	September 30, 2022	**September 30, 2023**	September 30, 2022
Segment Earnings	**11,202**	16,443	**21,552**	27,238
Fair value adjustment on investment properties	**(1,051)**	(6,337)	**8,365**	2,865
Amortization of operating lease incentives	**968**	956	**3,019**	2,763
Divisional FFO	**11,119**	11,062	**32,936**	32,866

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 170 communities and commercial projects across Western Canada and today manages 4.71 million sf in commercial real estate assets and 469 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 2023 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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