

Media Release

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MELCOR REIT AND MELCOR DEVELOPMENTS ANNOUNCE AMENDED AND RESTATED ARRANGEMENT AGREEMENT AND CANCELLATION OF UNITHOLDER MEETING

- **Melcor REIT and Melcor Developments enter into Amended and Restated Arrangement Agreement which provides increased per-Unit consideration of \$5.50**
- **Special unitholder meeting scheduled for November 26, 2024 is cancelled and Melcor REIT engages in new 90-day extended “go-shop” period**
- **Under the terms of the “go-shop”, Melcor Developments will not have the right to match a superior proposal and agrees to support any accepted superior proposal**

Edmonton, Alberta | November 25, 2024

Melcor Real Estate Investment Trust (“**Melcor REIT**” or the “**REIT**”) (TSX: MR.UN) and Melcor Developments Ltd. (“**Melcor**” or the “**Purchaser**”) (TSX: MRD) announce that they have entered into an Amended and Restated Arrangement Agreement (the “**Amended Agreement**”) with Melcor REIT GP Inc. (the “**GP**”), which provides for, among other things, consideration of \$5.50 per unit (“**Unit**”) (the “**Improved Consideration**”), which is \$0.55 per Unit or an 11% increase over the prior consideration. Furthermore, the Amended Agreement has a new and extended 90-day “go shop” period. Given the REIT’s execution of the Amended Agreement, the REIT also announces today that it is cancelling the special meeting of REIT unitholders scheduled for November 26, 2024. This will allow the REIT to immediately commence work on the extended 90-day “go shop” process pursuant to the terms of the Amended Agreement, which will expire at 11:59 MT on February 24, 2025. The Purchaser will not have the right to match any superior proposal.

Execution of the Amended Agreement was unanimously approved by the REIT’s Board of Trustees (with Mr. Andrew Melton, Ms. Naomi Stefura and Mr. Ralph Young each abstaining), acting on the unanimous recommendation of the previously announced independent committee of the REIT’s Board of Trustees (the “**Independent Committee**”). BMO Capital Markets, financial advisor to the REIT, and Ventum Financial Corp. (“**Ventum Capital Markets**”), independent financial advisor and independent valuator to the Independent Committee, have each rendered fairness opinions to the effect that, as at November 24, 2024, the Improved Consideration to be received by the REIT’s unitholders pursuant to the Amended Agreement is fair, from a financial point of view. In addition, Ventum Capital Markets will deliver an updated independent formal valuation.

It is anticipated that a new special meeting (the “**New Meeting**”) of the holders of Units and special voting units (the “**Voting Unitholders**”) will be called to approve the New Arrangement (as defined below) following expiry of the “go shop” period, with such New Meeting having a new record date for entitlement to vote. The REIT intends to apply to the Court of King’s Bench of Alberta (the “**Court**”) for an amended Interim Order providing for the updated transaction terms and timeline. The REIT will provide further disclosure to its unitholders, including with respect to the date of the New Meeting, once available. Unitholders are not required to take any action at this time.

Arrangement Details

The transaction pursuant to the Amended Agreement is structured as a statutory plan of arrangement under the *Business Corporations Act* (Alberta) (the “**New Arrangement**”). Completion of the New Arrangement, which is expected to occur in the second quarter of 2025 is subject to customary closing conditions, including Voting Unitholder and Court approval. The New Arrangement provides for a distribution by the REIT to holders of Units (“**Unitholders**”) of record immediately prior to closing in an amount equal to the REIT’s estimate of its taxable income, including taxable income to be allocated from the Melcor REIT Limited Partnership to the REIT, in its current taxation year. Such distribution will be payable by the issuance of additional Units which will immediately be consolidated.

Pursuant to the Amended Agreement, the REIT will have a 90-day “go-shop” period that will extend from November 25, 2024 to February 24, 2025 (the “**Go-Shop Period**”), during which it is permitted to solicit third-party interest in submitting a proposal which is superior to the proposal made by the Purchaser. The Purchaser will not have the right to match a superior proposal and has agreed to sell its interest in the REIT under any superior proposal that is accepted by the Independent Committee, subject to certain terms as set out in the Amended Agreement, including the termination of and release under all agreements between the Purchaser and the REIT. The Amended Agreement also includes customary provisions, including non-solicitation by the REIT of alternative transactions following the conclusion of the Go-Shop Period, and a \$5.8 million termination fee payable to the Purchaser under certain customary circumstances, including in the event the REIT is successful in soliciting a superior proposal. In addition, the Purchaser has agreed to (i) forego all termination and change of control payments it would otherwise be entitled to under the property management and asset management agreements in the event of a superior proposal; and (ii) reimburse the REIT for the reasonable costs and expenses incurred by it in connection with the New Arrangement (including all financial advisor costs and legal costs), subject to certain exceptions. There can be no assurance that the go-shop process will result in a superior proposal.

Completion of the New Arrangement will be subject to various closing conditions, including the approval of at least (i) two-thirds (66 2/3%) of the votes cast by Voting Unitholders present in person or represented by proxy at the New Meeting (each holder of Units and special voting units being entitled to one vote per Unit or special voting unit, as applicable) and (ii) the majority of the holders of Units present in person or represented by proxy at the New Meeting, excluding the votes of the Purchaser and any other Voting Unitholders whose votes are required to be excluded for the purposes of “minority approval” under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*. Further details regarding the applicable voting requirements will be contained in a new management information circular (the “**New Circular**”) to be filed with applicable regulatory authorities following the expiry of the Go-Shop Period and mailed to Voting Unitholders in connection with the New Meeting to approve the New Arrangement.

A copy of the Amended Agreement will be filed with Canadian securities regulators and will be available on the SEDAR+ profile of each of the Purchaser and the REIT at www.sedarplus.ca. In addition, a copy of the New Circular will be made available on the REIT’s SEDAR+ profile at www.sedarplus.ca. All parties desiring details with respect to the Arrangement are urged to read those and other relevant materials when they become available.

Subject to and upon completion of the Arrangement, the Units will cease to be listed on the TSX.

About Melcor REIT

Melcor REIT is an unincorporated, open-ended real estate investment trust. Melcor REIT owns, acquires, manages and leases quality retail, office and industrial income-generating properties in western Canadian markets. Its portfolio is currently made up of interests in 36 properties representing approximately 3.072 million square feet of gross leasable area located across Alberta and in Regina, Saskatchewan.

About Melcor

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 4.80 million sf in commercial real estate assets and 455 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 Statement Cautions and Disclaimers:

This news release includes forward-looking information within the meaning of applicable Canadian securities laws. In some cases, forward-looking information can be identified by the use of words such as "may", "will", "should", "expect", "intend", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", and by discussions of strategies that involve risks and uncertainties, certain of which are beyond the REIT's and Melcor's control. In this news release, forward-looking information includes, among other things, anticipated timing and completion of the transaction contemplated by the Amended Agreement, the REIT calling and holding a New Meeting, the outcome of the new 90-day "go shop" process, the receipt of a superior proposal, the timing and contents of Ventum Capital Markets providing an independent formal valuation, expectations with respect to the timing and outcome of the New Arrangement and the anticipated benefits thereof, the timing and amount of any distributions made prior to completion of the New Arrangement (if completed), the timing of mailing and filing of the New Circular, and the benefits and outcome of the Amended Agreement. The forward-looking information is based on certain key expectations and assumptions made by the REIT and/or Melcor, including with respect to the structure of the Arrangement and all other statements that are not historical facts. The timing and completion of the Arrangement pursuant to the Amended Agreement is subject to customary closing conditions, termination rights and other risks and uncertainties including, without limitation, required regulatory, court, and unitholder approvals. Although the managements of the REIT and Melcor believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that any transaction, including the Arrangement, will occur or that it will occur on the timetable or on the terms and conditions contemplated in this news release. The Arrangement could be modified, restructured or terminated. Readers are cautioned not to place undue reliance on forward-looking information. Additional information on these and other factors that could affect the REIT and Melcor are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR+ website (www.sedarplus.ca).

By its nature, such forward-looking information necessarily involves known and unknown risks and uncertainties that may cause actual results, performance, prospects and opportunities in future periods of the REIT and Melcor to differ materially from those expressed or implied by such forward-looking statements. Furthermore, the forward-looking statements contained in this news release are made as of the date of this news release and neither the REIT, nor Melcor nor any other person assumes responsibility for the accuracy and completeness of any forward-looking information, and no one has any obligation to update or revise any forward-looking information, whether as a result of new information, future events or such other factors which affect this information, except as required by law.