

Annual Report



2024

MELCOR

Building community since 1923.

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FINANCIAL HIGHLIGHTS

(\$000s except as noted)	2024	2023	Change
Revenue	349,501	315,239	11%
Gross margin (%) ¹	45%	45%	(0)%
Fair value adjustment on investment properties	(28,439)	(24,456)	16%
Net income	33,528	62,980	(47)%
Net margin (%) ¹	10%	20%	(52)%
Funds from operations ²	93,806	84,455	11%
Shareholders' equity	1,242,630	1,209,578	3%
Total assets	2,108,553	2,097,473	1%
Cash from operations	98,626	48,808	102%

Per Share Data (\$)	2024	2023	Change
Basic earnings	1.10	2.04	(46)%
Diluted earnings	1.09	2.03	(46)%
Funds from operations ³	3.08	2.73	13%
Book value ³	40.92	39.45	4%
Dividends	0.44	0.64	(31)%

1. Supplementary financial measure.
2. Non-GAAP financial measure.
3. Non-GAAP financial ratio.
Refer to the Non-GAAP and Non-Standard Measures section on page 42 of our annual MD&A (available on SedarPlus.com and at Melcor.ca/Investors) for further information.

BUILDING COMMUNITY

Since 1923, our focus has been the business of real estate. While the specifics of our business have changed over the years to reflect the times, real estate is fundamental to who we are. Today, we are a diversified real estate development and asset management company. We transform raw land into high-quality residential, commercial and mixed-use real estate. We develop and manage master-planned residential communities, business and industrial parks, office buildings, retail commercial centres and golf courses. Melcor owns a diversified portfolio of assets in Alberta, Saskatchewan, British Columbia,

Arizona and Colorado. With over 170 communities and commercial projects developed across western Canada since the 1950s and over 2.8 million square feet in commercial projects built, we have helped to shape much of Alberta's landscape. At December 31, 2024, we managed 4.76 million square feet in commercial real estate assets and 452 residential rental units in the United States and Canada. We are committed to building communities that enrich quality of life.

We have been publicly traded since 1968 (TSX:MRD)

KEY METRICS

REVENUE



ASSETS



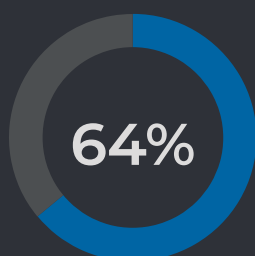
FUNDS FROM OPERATIONS



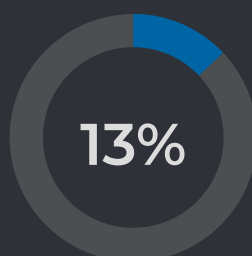
SHAREHOLDERS' EQUITY



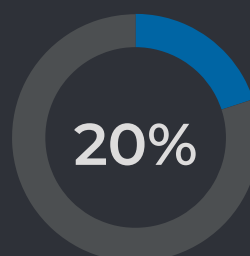
2024 REVENUE BY DIVISION



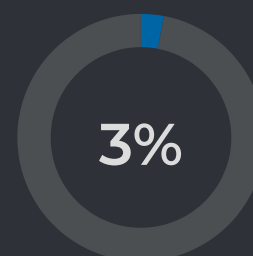
LAND



PROPERTIES

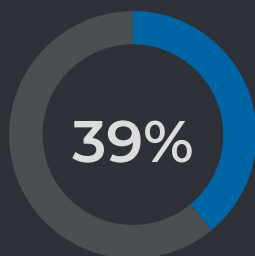


REIT

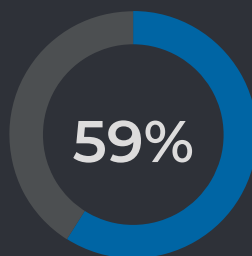


GOLF

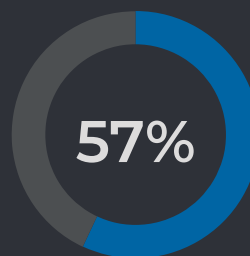
2024 GROSS MARGIN BY DIVISION



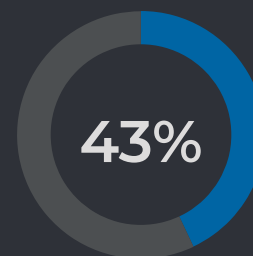
LAND



PROPERTIES



REIT



GOLF

LETTER FROM THE EXECUTIVE CHAIR & CEO

On behalf of the Board of Directors, I am pleased to share our results for the year ended December 31, 2024.

Melcor posted a strong year with record results. Our diversified portfolio and disciplined approach enabled us to deliver both record revenues and record funds from operations (FFO), with FFO up 11% over 2023 to \$93.8 million and consolidated revenue up 11% to \$350 million.

During the year, we took significant steps to consolidate our corporate structure as we undertook a transaction to acquire all of the outstanding public interest in Melcor REIT. In April 2025, Melcor completed this transaction, acquiring the public units at a price of \$5.50 per unit. I want to extend my sincere thanks to the Melcor Board, as well as the Trustees of the REIT for their leadership throughout this process, including Ralph Young and Andy Melton who have both served as REIT Trustees since inception of the REIT. With the REIT assets now held under Melcor's corporate structure, we believe we are better positioned to deploy appropriate capital to those assets with flexibility and discipline.

From a capital management perspective, we remained cautious and conservative. We reduced our general debt throughout 2024, in anticipation of the closing of the transaction with Melcor REIT. We also continued returning capital to shareholders through dividends and share buybacks. In 2024, we repurchased 356,703 shares at a cost of \$4.3 million. We continue to believe that our shares trade at a discount to their intrinsic value and that buybacks are a prudent use of capital.

While net income declined in 2024, this was largely due to non-cash fair value losses driven by market-based revaluations of investment properties and REIT units—factors that do not reflect our core operating performance. FFO continues to provide the clearest measure of our ongoing results and increased 11% compared to 2023.

Looking ahead, we remain alert to risks, including ongoing inflationary pressures, tariff uncertainty, and recession concerns in North America. At the same time, Alberta continues to benefit from positive demographic trends and job creation. We are well-positioned to respond with agility as opportunities arise.

For over a century, Melcor has endured through change by remaining focused on the fundamentals: prudent risk management, disciplined reinvestment, and a long-term view. These proven business principles, together with the "Golden Rule", continue to guide our strategy today. I would like to thank our Board for their ongoing counsel, and extend appreciation to our management and staff for their dedication throughout the year. To our shareholders, customers, and partners, thank you for your continued trust.



TIMOTHY MELTON
EXECUTIVE CHAIR AND CEO

Tim Melton
Executive Chair & CEO

May 13, 2025



A new phase in the estate community of Jagare Ridge in Edmonton.



Construction of a commercial retail unit (CRU) at Winterburn Point in west Edmonton.



The community garden, orchard and pump track at Lanark Landing in Airdrie.

LETTER FROM THE COO & CFO

As we look back on 2024, the year was defined not only by record-setting financial performance, but also by our efforts to set up our company for long-term success. We delivered strong results across our business, strengthened our financial position, and made meaningful progress toward aligning our structure for the future – culminating in the acquisition of the remaining public interest in the REIT in April 2025.

Through 2024, we prepared for this transaction by paying down debt to strengthen our balance sheet and increasing our credit facility. This provided us ample room on our credit facility to redeem the REIT debenture in December 2024 and ultimately fund the transaction itself in April 2025. Post-transaction, we anticipate future savings through the elimination of certain public company costs and duplicative governance structures.

Bringing this transaction to the finish line required substantial coordination, review, and due diligence. I am incredibly proud of our team for the professionalism and rigour they brought to every stage of the process.

Our Land division once again drove the business, contributing 64% of total revenue and 75% of segment earnings. Alberta's population growth and strong housing demand supported healthy single-family lot sales and a notable uptick in multi-family land sales, with over 37 acres sold – the highest level in more than a decade. The multi-family market is now beginning to show signs of moderation as supply and demand recalibrate. We also sold nearly 1300 single family lots and registered 17 new phases across 10

communities. In the United States, our land business remained quiet this year, with no single-family lot sales and limited paper lot activity. This part of our portfolio continues to generate uneven revenue by nature as it is driven by bulk transactions.

The strength of our land portfolio reinforces the importance of holding the right inventory in the right places – and maintaining the operational agility to bring it to market as demand dictates.

On the income-producing side, our Canadian properties delivered steady performance. In contrast, our U.S. commercial portfolio – composed entirely of office buildings – remains challenged. Return-to-office trends have lagged those in Canada, and this is reflected in both occupancy and rental rates. We remain focused on value creation through prudent development and leasing strategies, while also evaluating the long-term potential of each asset within our portfolio. We believe this disciplined approach is key to navigating today's higher-cost environment.

In 2024, our Properties team completed five new retail buildings totaling over 95,000 square feet and has an additional 82,000 square feet under construction. These developments enhance our long-term portfolio and align with our focus on service oriented retail.

General and administrative (G&A) expenses were elevated in 2024, increasing by \$7.1 million or 31% over the prior year. This increase is attributable entirely to the REIT transaction, including professional fees associated with legal, advisory, valuation and committee oversight work. These are one-time costs and are not expected to repeat.

Despite these extraordinary expenses, our operating performance was strong. Funds from Operations (FFO) reached an all-time high of \$94 million, up 11% over 2023, supported by higher gross profit and prudent cost control in our operating divisions.

As we look forward, we continue to monitor the broader macroeconomic environment. While Alberta remains a bright spot – supported by strong interprovincial migration and projected GDP growth – headwinds remain. Uncertainty around tariffs, inflationary pressures, and the potential for a recession may impact demand and capital markets in the months ahead. We are entering this period with a strong balance sheet, a healthy pipeline of projects, and a clear, measured approach to risk.

That we achieved strong results while simultaneously executing a complex and transformative transaction reflects the dedication and expertise of our team. I am grateful to work alongside such a talented group of people and proud of what we accomplished together in 2024. To our shareholders, customers, and partners: thank you for your continued support. Together, we are building strong communities and a stronger future.



Sunset Ridge and Pinnacle Estates in Cochrane.



NAOMI STEFURA
CHIEF OPERATING OFFICER & CFO

A handwritten signature of Naomi Stefura in black ink. The signature is cursive and stylized, with the first letters of the first and last names being capitalized and prominent.

Naomi Stefura
Chief Operating Officer & Chief Financial Officer

May 13, 2025

CORPORATE GOVERNANCE

We are committed to effective corporate governance practices as a core component of our operating philosophy. Strong governance practices lay the foundation for a sustainable company and long-term value creation for our shareholders. As governance practices evolve, we periodically review, evaluate and enhance our governance program. Here are a few highlights of our program:

INDEPENDENCE

The majority of our directors are independent and our committees are comprised of a majority of independent directors. The independent directors meet in camera (without management and related directors) for a portion of each meeting held. As our Chair is related to Melcor, we have appointed a Lead Director, Cathy Roozen, who is independent of the company. Ms. Roozen chairs the in camera sessions and ensures that the board conducts itself in accordance with good governance practices.

INTEGRITY: THE HEART OF OUR BUSINESS

The highest standard of ethical conduct has always been at the heart of Melcor's operating philosophy. All employees, directors and officers follow (and annually sign) our Code of Business Conduct and Ethics, which governs Melcor's work environment, regulatory compliance and the protection of our assets and reputation. The Code can be found on our website at www.melcor.ca.

STRATEGIC PLANNING PROCESS

The board ensures that Melcor establishes a solid strategy designed to optimize shareholder value. This process includes active consultation with management on the issues, business environment, assumptions, goals and financial budgets that underpin the strategy and ensures that risk levels are appropriate. To ensure that the board is fully informed and engaged in the strategic issues and critical risks of our business, one meeting each year is dedicated to the review and approval of our strategic plan to manage risk, protect shareholder value and build a sustainable business.

ALIGNMENT WITH SHAREHOLDER INTERESTS

Our compensation philosophy is to pay for superior performance. Thus a significant portion of executive compensation is "at risk": tied directly to results and thus linked to Melcor's success. This ensures alignment with shareholder interests and a focus on long-term value creation.

2024 BOARD OF DIRECTORS



Douglas Goss QC, AOE
Edmonton, Alberta, Canada

Independent
Counsel, Bryan & Company LLP

Director Since	2021
Attendance	100%
Compensation	\$37,500
Shareholdings	2,500
Committees	Governance, Independent (Chair)



Andrew Melton
Calgary, Alberta, Canada

Related
Corporate Director

Director Since	1985
Attendance	100%
Compensation	\$nil
Shareholdings	228,924
Committees	Investment



Kathleen Melton ICD.D
Calgary, Alberta, Canada

Related
Corporate Director

Director Since	2016
Attendance	100%
Compensation	\$57,000
Shareholdings	42,950
Committees	Governance, Investment



Timothy Melton
Edmonton, Alberta, Canada

Related
Executive Chair & CEO, Melcor

Director Since	1973
Attendance	100%
Compensation	\$nil
Shareholdings	2,391,279
Committees	Investment



Bruce Pennock CA, CPA
Edmonton, Alberta, Canada

Independent
Partner, Pennock Acheson Nielsen Devaney

Director Since	2021
Attendance	100%
Compensation	\$52,500
Shareholdings	5,000
Committees	Audit (Chair), Independent



Janet Riopel ICD.D
Edmonton, Alberta, Canada

Independent
President & CEO, TREYL Communications

Director Since	2022
Attendance	100%
Compensation	\$40,500
Shareholdings	1,750
Committees	Audit, Independent



Catherine Roozen AOE, LLD
Edmonton, Alberta, Canada

Independent | Lead Director
Director & Secretary, Cathton Investments

Director Since	2007
Attendance	100%
Compensation	\$59,500
Shareholdings	145,600
Committees	Audit, Governance (Chair), Independent



Ralph Young PENG, MBA
Edmonton, Alberta, Canada

Independent
Corporate Director

Director Since	1976
Attendance	100%
Compensation	\$34,500
Shareholdings	1,405,300
Committees	Governance

FIVE YEAR PERFORMANCE MEASURES

	2024	% CHANGE	2023	% CHANGE	2022	% CHANGE	2021	% CHANGE	2020
ASSETS (\$000s)	2,108,553	0.5%	2,097,473	(3.2)%	2,167,050	2.5%	2,113,927	5.6%	2,001,285
SHAREHOLDERS' EQUITY (\$000s)	1,242,630	2.7%	1,209,578	2.7%	1,178,336	5.5%	1,116,469	3.6%	1,077,429
REVENUE (\$000s)	349,501	10.9%	315,239	30.4%	241,747	(23.4)%	315,628	39.2%	226,818
GROSS MARGIN ¹	45.0%		45.2%		48.9%		44.4%		43.3%
ADMINISTRATIVE EXPENSES/REVENUE ¹	8.6%		7.3%		9.5%		6.9%		8.0%
BASIC EARNINGS PER SHARE (\$)	1.10	(46.1)%	2.04	(25.8)%	2.75	61.8%	1.70	400.0%	0.34
NET INCOME (\$000s)	33,528	(46.8)%	62,980	(29.5)%	89,354	58.7%	56,311	391.2%	11,464
FFO ² (\$000s)	93,806	11.1%	84,455	38.8%	60,859	(25.5)%	81,327	58.1%	51,424
FFO PER SHARE ³ (\$)	3.08	12.8%	2.73	45.2%	1.88	(23.8)%	2.46	58.7%	1.55
AVERAGE SHARE PRICE (\$)	12.10	4.6%	11.56	(12.7)%	13.24	4.0%	12.73	55.1%	8.21
DIVIDEND PER SHARE (\$)	0.44	(31.3)%	0.64	10.3%	0.58	31.8%	0.44	29.4%	0.34
DIVIDEND YIELD ⁴	3.64%		5.53%		4.38%		3.5%		4.1%
BOOK VALUE PER SHARE ⁵ (\$)	40.92		39.45		37.71	11.3%	33.87	4.0%	32.56
AVERAGE BOOK VALUE PER SHARE ⁵ (\$)	40.33	4.1%	38.73	12.2%	34.50	8.6%	32.66	(1.8)%	33.26
AVERAGE MARKET /AVERAGE BOOK ⁶ (\$)	0.30		0.30		0.38		0.38		0.25
PRICE/EARNINGS RATIO ⁷	11.00	94.0%	5.67	24.3%	4.81		7.49		24.15
RETURN ON EQUITY ⁸	2.70%		5.21%		7.58%		5.04%		1.06%
RETURN ON ASSETS ⁹	1.59%		3.00%		4.13%		2.66%		0.57%
DEBT/EQUITY RATIO ¹⁰ (EXCLUDING REIT UNITS)	0.64		0.69		0.78		0.81		0.80
ASSET TURNOVER ¹¹	16.58%		15.03%		11.16%		14.93%		11.33%

1. Supplementary financial measure. Refer to Non-GAAP and Non-Standard Measures in the annual MD&A (page 42-44).
2. Non-GAAP financial measure. Refer to Non-GAAP and Non-Standard Measures in the annual MD&A (page 42-44).
3. Non-GAAP financial ratio. Refer to Non-GAAP and Non-Standard Measures in the annual MD&A (page 42-44).
4. Dividend yield is dividends per share divided by the average share price.
5. Average book value per share is the average of the book values at each quarter end date.
6. Average market/average book is the average share price divided by the average book value per share.

7. Price/earnings ratio is the average share price for the year divided by the basic earnings per share.
8. Return on equity is net income for the year divided by equity at year end.
9. Return on assets is net income for the year divided by assets at year end.
10. Debt/equity ratio is debt, excluding REIT units, divided by shareholders equity.
11. Asset turnover is revenue divided by assets at year end.

ANNUAL GENERAL MEETING

Melcor will be hosting a virtual AGM this year. Please see the information circular for details on how to participate and vote during the meeting. As usual, there will be a question & answer period following the formal portion of the meeting.

Annual Meeting: June 24, 2025 | 11:00 am MT

Meeting Access: web.lumiagm.com/273671855
Meeting ID: 273671855
Meeting Password: melcordev25

PROXY DEADLINE:

Friday June 20, 2025 | 11:00 am MT

SHAREHOLDER SERVICES

For shareholder services, including dividend information, change of address and lost share certificates, please contact:

Odyssey Trust

Trader's Bank Building
702 67 Yonge Street
Toronto, ON M5E 1J8

1-888-290-1175

<https://odysseycontact.com>

KEY DATES

Earnings Dates:

Q1-2025 – May 13, 2025

Q2-2025 – August 14, 2025

Q3-2025 – November 6, 2025

Q4-2025 – TBD

Dates are subject to change without notice.

CORPORATE INFORMATION

Melcor Developments Ltd.

900, 10310 Jasper Avenue
Edmonton, AB T5J 1Y8

P. 780.423.6931

1.855.673.6931

Exchange Listing

Toronto Stock Exchange: **MRD**

Auditors

PricewaterhouseCoopers LLP

Legal Counsel

Bryan & Company LLP

Investor Relations

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