

MEDIA RELEASE

for immediate distribution

Melcor Developments announces third quarter results, declares quarterly dividend of \$0.13 per share

Edmonton, Alberta | November 6, 2025

Melcor Developments Ltd. ("Melcor") (TSX: MRD), an Alberta-based real estate development and asset management company, today reported results for the third quarter ended September 30, 2025. 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: "Melcor is pleased to report results for the third quarter of 2025. Revenue in the quarter was up 21.9% to \$72.54 million (Q3-2024: \$59.51 million) and year-to-date revenues are up 24.8% to \$223.43 million (2024: \$178.96 million). Funds from operations were also up 41.8% to \$23.40 million (Q3-2024: \$16.51 million) in the quarter and up 45.5% to \$73.31 million (2024: \$50.37 million) year-to-date.

Our Land division continues to be a key contributor to overall results within our diversified portfolio. Third quarter revenues were up \$13.60 million to \$40.93 million (Q3-2024: \$27.33 million) and year-to-date revenues in the division were up 54.6% or \$46.74 million to \$132.36 million (2024: \$85.63 million). Year-to-date earnings for the division were up 103.6% or \$32.31 million to \$63.52 million (2024: \$31.21 million). In the first half of 2025 we closed on the sale of 198.40 acres of subdivided but unserviced lots in our US region for revenue of \$62.20 million (US\$44.24 million) and earnings of \$39.09 million (US\$27.98 million) which was the largest factor in this increase.

Our Properties division reported a decrease in revenue compared to 2024, the result of recent property sales and declining occupancy rates. We closed on the sale of two investment properties in the first nine months of the year, including Evans Business Centre, an office building located in Scottsdale, Arizona for net proceeds of \$12.96 million (US\$9.37 million) and Melcor Crossing, a retail power center located in Grande Prairie, Alberta for net proceeds of \$47.63 million. Since quarter end, we closed on the sale of two additional properties including Coast Home Centre, located in Edmonton, AB for \$12.70 million less transaction costs and Westgrove Common, located in Spruce Grove, AB for \$14.85 million less transaction costs. Melcor continues to evaluate strategic asset sales to further strengthen its balance sheet and reduce our bank operating line. These decisions are made with a long-term view, balancing market conditions, and shareholder value creation.

New commercial development continues within our Properties division and to date in 2025 we have completed four buildings including one building located within our Woodbend Market development (9,913 sf) located in Leduc, AB and three buildings within our Winterburn Point development (24,990 sf) located in West Edmonton, AB. We have an additional three buildings under construction or awaiting lease-up (47,140 sf). Our leasing team remains active and completed 289,447 sf in renewals and an additional 130,777 sf of new leasing.

Since year-end, we have reduced general debt by 2.8% (December 31, 2024: \$611.34 million) despite the \$71.30 million cash outlay required to fund the purchase of the REIT public trust units (approximately 44.6%) on April 23, 2025. We remain focused and committed to maintaining and building strength in our balance sheet following this purchase and our strategic asset sales have supported this reduction.

Today the Board declared its quarterly dividend of \$0.13 per share. This dividend is payable on December 31, 2025 to shareholders of record on December 15, 2025 and is an eligible dividend for Canadian tax purposes."

Melcor REIT transaction:

Melcor and Melcor REIT ("REIT" or "the REIT") entered into an arrangement agreement (the "Arrangement") in late 2024 whereby Melcor would acquire its unowned equity interest (approximately 44.6%) in Melcor REIT Limited Partnership ("REIT LP") for \$5.50 per Class A LP Unit, for a total consideration of \$71.30 million (the "REIT LP Sale").

Details on the transaction are as follows:

- On April 11, 2025, the unitholders voted in favour of a special resolution to approve the plan of arrangement for Melcor to purchase its unowned equity interest in REIT LP for \$5.50 per Class A LP Unit or \$71.30 million in cash consideration (the "REIT LP Sale").
- The transaction closed on April 23, 2025 and in accordance with the Amended Arrangement Agreement, the REIT used the proceeds from the REIT LP Sale to redeem and cancel all of the REIT's outstanding trust units (the "Transaction").
- The Transaction resulted in an increase in deferred tax liabilities in the second quarter of \$22.20 million. Prior to the close of the Transaction, Melcor was only taxable on our share (55.4%) of the REIT and as a result, only recorded 55.4% of the REIT's deferred tax balances. Subsequent to the Transaction closing, we own 100% of REIT LP and recognize 100% of the deferred tax balances related to REIT LP.
- As at June 30, 2025, we have recorded \$7.08 million in transaction costs and other fees related to the Transaction of which \$5.88 million of transaction costs were capitalized to REIT units, with the remaining costs being expensed through G&A.

Further details regarding the Transaction is contained in a REIT management information circular which was filed on SEDAR+ under the REIT's profile at www.sedarplus.ca.

Financial Highlights

Financial highlights of our performance are summarized below:

Third quarter:

- Revenue was up 21.9% to \$72.54 million (Q3-2024: \$59.51 million)
- Gross profit was up 25.8% to \$35.99 million (Q3-2024: \$28.61 million)
- Funds from operations (FFO) was up 41.8% to \$23.40 million (Q3-2024: \$16.51 million)
- Basic earnings per share was \$0.46 per share (Q3-2024: loss of \$1.15 per share)

Year-to-date:

- Revenue was up 24.8% to \$223.43 million (2024: \$178.96 million)
- Gross profit was up 35.5% to \$118.34 million (2024: \$87.31 million)
- Funds from operations (FFO) was up 45.5% to \$73.31 million (2024: \$50.37 million)
- Basic earnings per share was \$0.87 per share (2024: \$0.04 per share)

The real estate industry is impacted by the cyclical nature of development, demand for product, the timing of raw and multi-family land sales and lot registrations. Revenue and net income can also fluctuate significantly from quarter to quarter due to the timing of plan registrations. Lot sales, which have a significant impact on quarterly results, are uneven by nature and it is difficult to predict when they will close.

We continuously assess assets held in our Properties division, with an aim of focusing on our core Alberta market. We disposed of four investment properties in 2024, and sold two additional properties in the nine-months ended September 30, 2025

As at September 30, 2025 we classified three properties as assets held for sale. Subsequent to the quarter, we closed on the sale two of these properties. We adjust for both sold assets and assets listed as held for sale in our same-asset calculations.

Consolidated revenue was up 21.9% to \$72.54 million in Q3-2025 (Q3-2024: \$59.51 million) and was up 24.8% to \$223.43 million year-to-date (2024: \$178.96 million). This increase is the result of higher revenue generated in our Land division compared to Q3-2024 and year-to-date, partially offset by lower revenue generated by our Properties division. Gross profit was up 25.8% to \$35.99 million in Q3-2025 (Q3-2024: \$28.61 million), and up 35.5% to \$118.34 million year-to-date (2024: \$87.31 million), with consolidated gross margin up 1.5% since Q3-2024 to 49.6%, and up 4.2% year-to-date to 53.0%.

Our Land division contributed 59.1% of total revenue before intersegment elimination to date in 2025 compared to 47.7% in 2024. Our Properties division contributed 35.7% of revenue before intersegment eliminations in 2025 compared to 46.3% in 2024. Revenues from our Properties division was down 3.6% to \$26.16 million in the quarter (Q3-2024: \$27.15 million) and down 3.9% to \$79.78 million year-to-date (2024: \$83.04 million) as a result of recent property disposals partially offset by revenue generated from newly developed commercial properties developed in our Properties division.

The US contributed 5.1% or \$3.71 million of total revenue in the quarter and 32.0% or \$71.41 million in the year including revenue from our Land division of \$0.54 million in the quarter and \$62.20 million year-to-date. This compares to total revenues of \$3.45 million in the quarter and \$11.61 million year-to-date in 2024 (5.8% and 6.5% of total revenue respectively). The increase in year-to-date revenue from our Land division relates to the sale of 198.40 acres of subdivided but unserviced land (paper lots) in the first half of the year for revenue of \$62.20 million and gross profit of \$39.56 million. There were no land sales in our US region in the 2024 comparative periods.

In the third quarter net income was \$14.09 million up \$49.08 million from a net loss of \$34.98 million in Q3-2024 and was \$26.37 million year-to-date up \$25.22 million from \$1.14 million in 2024. The increase in net income was significantly impacted by non-cash items including fair value adjustments on investment properties and adjustments related to REIT Units, as detailed below.

Non-cash items that had a significant impact on net income include:

- *Fair value adjustments on investment properties:* in Q3-2025 we recorded a fair value loss on investment properties of \$6.30 million (Q3-2024: fair value loss of \$17.64 million) and year-to-date we have recorded a fair value loss of \$5.28 million (2024: fair value loss \$25.61 million).
- *Change in the REIT's unit price:* this change has a counter-intuitive impact on net income as an increase in unit value decreases net income. To date in 2025, we recorded a fair value loss of \$3.24 million compared to a loss of \$9.20 million in 2024. No amounts were recorded in the quarter as the Transaction closed in the second quarter (Q3-2024: fair value loss of \$27.09 million).
- *Non-cash financing costs:* we recorded non-cash financing costs of \$0.97 million in the quarter and non-cash financing costs of \$1.88 million year-to-date. This compares to 2024 non-cash financing costs of \$4.01 million in the quarter and non-cash financing costs of \$3.88 million year-to-date.

These non-cash gains and losses 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.

Additionally in 2025, Melcor incurred \$7.08 million in transaction costs and other fees related to the REIT Unit acquisition which negatively impacted net income. \$5.88 million of these costs were considered directly attributable to the acquisition and accordingly included in adjustments related to REIT Units, with the balance of costs recorded through general and administrative expenses. Costs included in adjustments related to REIT Units have been adjusted for in our FFO calculations. The Transaction resulted in an additional \$22.20 million in deferred income taxes recorded in the second quarter, which negatively impacted net income and is also adjusted for in our FFO calculations.

FFO increased by 41.8% to \$23.40 million in Q3-2025 (Q3-2024: \$16.51 million) and increased by 45.5% to \$73.31 million year-to-date (2024: \$50.37 million). FFO increased as a result of higher gross profit, up 21.9% or \$6.76 million to \$37.60 million in the quarter (Q3-2024: \$30.85 million) and up 31.8% or \$29.84 million to \$123.56 million year-to-date (2024: \$93.72 million). FFO was also impacted by higher G&A expenses incurred as a result of the Transaction which closed on April 23, 2025.

DIVISIONAL OPERATING HIGHLIGHTS

Our **Land** division revenue was up 49.8% or \$13.60 million in Q3-2025 to \$40.93 million (Q3-2024: \$27.33 million) and up 54.6% or \$46.74 million to \$132.36 million year-to-date (2024: \$85.63 million). The increase was attributed to our US region, which contributed \$62.20 million in revenues year-to-date from the sale of 198.40 acres of subdivided but unserviced lots (paper lots) sold in the first half of the year. Our Canadian market, saw an increase in revenues of \$13.30 million in the quarter and year-to-date has seen an overall reduction in revenues of \$13.65 million, the result of lower single-family lot sales and acre sales over 2024.

Our **Properties** division accounted for 35.7% of total revenue, before intersegment eliminations compared to 46.4% in 2024 year-to-date. Occupancy decreased over year-end to 81.6% (December 31, 2024: 86.1%) and was down over last year (Q3-2024: 86.5%). During the quarter we completed 289,447 sf in renewals and an additional 130,777 sf of new leasing. Our Properties division currently has 47,140 sf under active development or awaiting lease-up on three buildings (Chestermere Station and Greenwich) and we completed construction on three buildings in the quarter located in our Winterburn Point (West Edmonton, AB) development adding 24,990 sf to our portfolio and one building was completed earlier in the year located in our Woodbend Market (Leduc, AB) adding 9,913 sf, for a cumulative 34,903 sf added to our portfolio year-to-date. Construction and leasing activities have resulted in a \$0.49 million fair value gain in the period (Q3-2024: \$1.02 million) and gains of \$2.44 million year-to-date (2024: \$1.89 million).

In our **Golf** division, rounds of golf were up 4.0% to 120,173 rounds played to date (2024: 115,595 rounds) and revenue is up 8.7% or \$0.93 million to \$11.63 million year-to-date (2024: \$10.70 million). Thanks to a mild fall season, three of our courses remained operational as of September 30, 2025, with the final round of golf occurring on November 2, 2025. All courses are now closed for the season.

ASSET DISPOSITIONS

We continue to focus on pruning non-core assets within our portfolio.

2025 Dispositions (year-to-date):

- Evans Business Centre, an office building located in Scottsdale, AZ for net proceeds of \$12.96 million (US\$9.37 million)
- Melcor Crossing, a retail power centre located in Grande Prairie, AB for net proceeds of \$47.63 million
- Six residential units located at the Edge at Grayhawk in Scottsdale, AZ for net proceeds of \$2.42 million (US\$1.72 million)

2025 Dispositions - Subsequent to quarter end:

- Coast Home Centre, a retail building located in Edmonton, AB for proceeds of \$14.85 million, less transaction costs
- Westgrove Common, a retail power centre located in Spruce Grove, AB for proceeds of \$12.70 million, less transaction costs

2024 Dispositions (annual):

- 14 residential units located at the Edge at Grayhawk in Scottsdale, AZ for net proceeds of \$6.14 million (US\$4.47 million)
- 104th Street Building, an office building located in Edmonton, AB for net proceeds of \$2.69 million (\$0.90 million at JV%)
- Lethbridge Industrial, an industrial building located in Lethbridge, AB for net proceeds of \$4.34 million
- Parliament Place, an office building located in Regina, SK for net proceeds of \$4.84 million
- Richter Street Building, an office building located in Kelowna, BC for net proceeds of \$7.48 million

We continue to focus on divesting select non-core assets to generate cash for the purpose of reducing debt. We used availability on our credit facility to repay maturing REIT debentures in late 2024 and also to fund the purchase of the unowned equity interest in the REIT in April 2025. Asset sales have been, and will continue to be, conducted with careful consideration of long-term shareholder value.

SHAREHOLDER HIGHLIGHTS

We continue to focus on returning value to our shareholders:

- We repurchased 257,580 shares for cancellation pursuant to the NCIB at a cost of \$3.46 million to date in 2025.
- On April 23, 2025 Melcor acquired its unowned equity interest in the REIT for \$5.50 per Unit. The REIT used the proceeds to purchase and cancel all of the REIT's outstanding participating trust units.
- To date in 2025 we have paid dividends of \$0.35 per share, up from \$0.33 per share to date in 2024.
- On November 6, 2025, we declared a quarterly dividend of \$0.13 per share, payable on December 31, 2025, to shareholders of record on December 15, 2025. The dividend is an eligible dividend for Canadian tax purposes.

Selected Highlights

(\$000s except as noted)	Three months ended September 30			Nine months ended September 30		
	2025	2024	Change %	2025	2024	Change %
Revenue	72,543	59,508	21.9	223,425	178,963	24.8
Gross margin ¹	49.6 %	48.1 %	3.1	53.0 %	48.8 %	8.6
Net income (loss)	14,093	(34,984)	140.3	26,367	1,144	2,204.8
Net margin ¹	19.4 %	(58.8)%	133.0	11.8 %	0.6 %	1,866.7
FFO ²	23,403	16,507	41.8	73,313	50,370	45.5
Per Share Data (\$)						
Basic earnings (loss)	0.46	(1.15)	140.0	0.87	0.04	2,075.0
Diluted earnings (loss)	0.46	(1.15)	140.0	0.87	0.04	2,075.0
FFO ³	0.77	0.54	42.6	2.42	1.64	47.6
Dividends	0.13	0.11	18.2	0.35	0.33	6.1

As at (\$000s except share and per share amounts)	September 30, 2025	December 31, 2024	Change %
Total assets	2,059,320	2,108,553	(2.3)
Shareholders' equity	1,245,849	1,242,630	0.3
Total shares outstanding	30,110,046	30,367,626	(0.8)
Per Share Data (\$)			
Book value ⁽³⁾	41.38	40.92	1.1

¹ Supplementary financial measure. Refer to the Non-GAAP and Non-Standard Measures section of the MD&A for further information.

² Non-GAAP financial measure. Refer to the Non-GAAP and Non-Standard Measures section of the MD&A for further information.

³ Non-GAAP financial ratio. Refer to the Non-GAAP and Non-Standard Measures section of the MD&A 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, 2025, which can be found on the company's website at www.Melcor.ca or on SEDAR+ (www.sedarplus.ca).

Non-GAAP & Non-Standard Measures

FFO is a key measure of performance used by real estate operating companies; however, that is not defined by IFRS Accounting Standards, do not have standard meanings and may not be comparable with other industries or income trusts. This non-IFRS Accounting Standards measure is more fully defined and discussed in the Melcor's management discussion and analysis for the period ended September 30, 2025, which is available on SEDAR+ (www.sedarplus.ca).

Funds from operations (FFO): FFO is a non-GAAP financial measure and is defined as net income in accordance with IFRS Accounting Standards, 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, transaction costs, 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 ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Net income (loss) for the period	14,093	(34,984)	26,367	1,144
Amortization of tenant incentives	1,613	2,239	5,219	6,419
Fair value adjustment on investment properties	6,299	17,643	5,282	25,614
Depreciation on property and equipment	463	494	1,000	1,059
Stock based compensation expense	293	333	965	914
Non-cash finance costs	967	4,010	1,878	3,883
Gain on sale of asset	(10)	(3)	(126)	(56)
Deferred income taxes	(315)	(318)	23,610	2,189
Fair value adjustment on REIT Units	–	27,093	3,240	9,204
Transaction costs on REIT Units acquisition	–	–	5,878	–
FFO	23,403	16,507	73,313	50,370

Properties

(\$000s)	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Segment earnings (loss)	8,014	(4,340)	35,617	15,934
Fair value adjustment on investment properties	6,299	17,643	5,282	25,614
Amortization of tenant incentives	1,613	2,239	5,219	6,419
Divisional FFO	15,926	15,542	46,118	47,967

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 4.45 million sf in commercial real estate assets and 446 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 2025 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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