



ANNUAL REPORT *MELCOR* | 2025





“Our longevity comes down to one thing: strong results delivered by good people. That belief has been passed down through four generations of company leadership.”

The Golden Rule – treat others the way you want to be treated – still guides how we do business today.”

– Tim Melton

MELCOR

BUILDING COMMUNITY, WITH INTEGRITY

SINCE 1923.

As we simplified back to one company in 2025, we also took a moment to step back and ask a simple question: what has always been true about Melcor – no matter the cycle, the market, or the structure?

The answer wasn't a new idea. It was confirmation of our roots: do good work, treat people well, and take the long view. For more than a century, that has shaped how we operate, the partners we choose, and the standards we hold ourselves to.

To reflect that, we refreshed our brand expressions. We brought forward one of our earliest taglines – Integrity in Real Estate since 1923 – and paired it with a clear statement of purpose: Building Community.

Integrity shows up in the day-to-day as respect, accountability, and a commitment to quality that holds up over time. When that's the standard, what you create is more than real estate.

It's community that lasts.

MELCOR

MELCOR

WHAT'S INSIDE

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The Melton Building, Edmonton

CORPORATE

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 2.9 million square feet in commercial projects built, we have helped to shape much of Alberta's landscape. At December 31, 2025, we managed 4.37 million square feet in commercial real estate assets and 445 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)

COVER PHOTOGRAPHY

(Captioned from left to right, from top left corner)

Front cover images:

Clearview Market, Red Deer
The wetlands, in Sora, Calgary
Showhome by Brilliance Homes, in Goldwyn, Balzac
Aerial photography of Goldwyn, Balzac
The lake at Jensen Lakes, St. Albert
Black Mountain Golf Club, Kelowna
Playground, in Greenwich, Calgary
Calgary Farmers' Market, Greenwich, Calgary

Back cover images:

The Village at Blackmud Creek, Edmonton
Black Mountain Golf Club, Kelowna
The District, Calgary
Jensen Lakes Crossing, St. Albert
Playground in Lanark Landing, Airdrie
Jensen Lakes Crossing, St. Albert
Cobblestone Creek, Airdrie
Clearview Market, Red Deer

LAND



PROPERTIES



GOLF



Photography, top to bottom:
Sunset Ridge, Cochrane
North Clifton Estates, Kelowna
Lanark Landing, Airdrie
The Village at Blackmud Creek, Edmonton
West Henday Promenade, Edmonton
Black Mountain Golf Course, Kelowna
The Links Golf Course, Spruce Grove

2025 FACTS & FIGURES THE YEAR IN NUMBERS

FINANCIAL HIGHLIGHTS

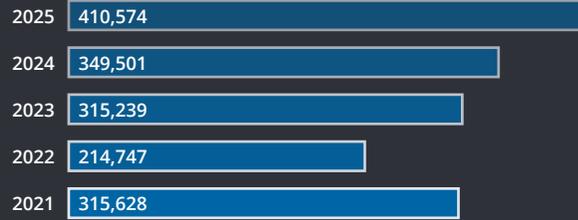
(\$000s except as noted)	2025	2024	Change
Revenue	410,547	349,501	17%
Gross margin (%) ¹	46%	45%	3%
Fair value adjustment on investment properties	(25,878)	(28,439)	(9)%
Net income	58,019	33,528	73%
Net margin (%) ¹	14%	10%	47%
Funds from operations ²	122,137	93,806	30%
Shareholders' equity	1,268,073	1,242,630	2%
Total assets	2,051,135	2,108,553	(3)%
Cash from operations	93,568	98,626	(5)%

Per Share Data (\$)	2025	2024	Change
Basic earnings	1.92	1.10	75%
Diluted earnings	1.91	1.09	74%
Funds from operations ³	4.04	3.08	31%
Book value ³	42.13	40.92	3%
Dividends	0.48	0.44	9%

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 pages 37-38 of our annual MD&A (available on SedarPlus.ca and at Melcor.ca/Investors) for further information.

KEY METRICS

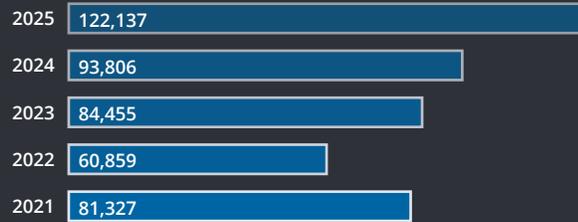
REVENUE



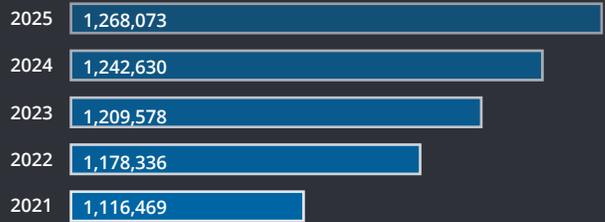
ASSETS



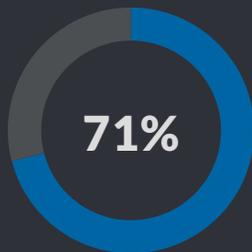
FUNDS FROM OPERATIONS



SHAREHOLDERS' EQUITY



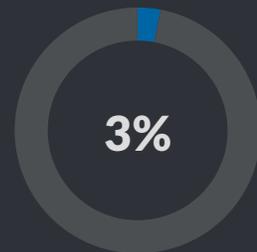
2025 REVENUE BY DIVISION



LAND

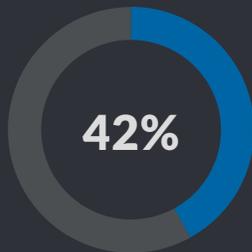


PROPERTIES

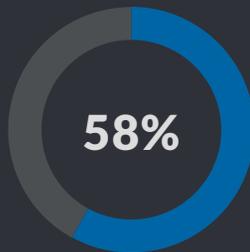


GOLF

2025 GROSS MARGIN BY DIVISION



LAND



PROPERTIES



GOLF

LETTER FROM THE EXECUTIVE CHAIR & CEO



Princeton Place, Edmonton

On behalf of the Board of Directors, I am pleased to report on Melcor's results for the year ended December 31, 2025.

The past year was remarkable for Melcor, with revenues exceeding \$400 million and funds from operations exceeding \$100 million, both for the first time in the Company's history.

Another achievement in the year was completing the purchase of the public interest in Melcor REIT in April 2025 for \$5.50 per unit, closing a chapter that began more than a decade ago when we established the REIT. With the transaction complete, we have consolidated Melcor back to one entity. This provides for more efficiencies across our real estate portfolio and the flexibility to reinvest where we see the best risk-adjusted returns.



The Community Center at Harmony, Aurora, Colorado



Rosewood at Secord & Winterburn Point (under development), Edmonton

We continue to focus on four fundamental pillars to drive our success:

- **Maintaining a strong financial position** to ensure flexibility across market cycles
- **Paying dividends** that reflect our commitment to returning capital to shareholders
- **Buying back shares** in a disciplined manner when value is compelling
- **Pursuing strategic acquisitions** that align with our long-term strategy

From a capital management perspective, we remained focused on what matters most: balance sheet strength, prudent capital allocation, and returning value to shareholders. Share buybacks and dividends have been central to our approach. Throughout 2025, we continued

to buy back the daily maximum under our normal course issuer bid. Dividends have also been an important part of how we return value to shareholders. We have paid a regular dividend to shareholders for 37 consecutive years and have missed only three years in our 58-year history as a public company. In 2024, we reduced the dividend to build cash and pay down debt ahead of the REIT transaction. Following the completion of the transaction, we increased the dividend for the second half of 2025.

Alongside the release of our 2025 annual results, we are pleased to announce an increase in our quarterly dividend



to \$0.15 per share. The Board has also declared a special dividend of \$0.35 per share, both payable on March 31, 2026.

Looking ahead, we anticipate more normalized results amid continued economic uncertainty. Melcor has consistently adapted across cycles by staying focused on optimizing shareholder returns and generating long-term value. For 2026, we expect softer real estate demand, translating to more moderate operating results.

We will continue to do what has served the Company well for generations: remain focused, act prudently and invest for long-term value while returning capital when appropriate. The Golden Rule continues to guide how we operate – with integrity, respect and accountability.

I would like to thank my fellow Directors for their counsel and oversight, and our management team and employees for their commitment and execution throughout the year. To our shareholders, customers, and partners, thank you for your continued confidence in Melcor.



West Henday Promenade, Edmonton



Tonewood, Spruce Grove



TIMOTHY MELTON
EXECUTIVE CHAIR AND CEO

A white, handwritten signature of Timothy Melton, written in a cursive style, set against the blue background.

Letter from the Executive Chair & CEO

Tim Melton
Executive Chair & CEO

March 10, 2026

LETTER FROM THE COO & CFO

2025 stands out as a defining year for Melcor. We delivered record results and positioned our business for the long term.

Revenue reached \$410 million, up 17% from 2024. Funds from operations (FFO) were \$121 million, up 29% year-over-year. Because net income includes non-cash items such as fair value adjustments and deferred tax impacts, we continue to view FFO as a useful lens on underlying operating performance and cash generation.

The largest swing factor in our 2025 results was the sale of 198 acres of unserviced land in Arizona for \$59 million. This sale reflects our paper lot strategy in the U.S., where we advance land through planning and approvals and then monetize larger parcels when the timing and pricing are right. These transactions can be years in the making, causing results to vary from year to year.

In Alberta, local market fundamentals remained strong for our Land division. Edmonton continued to deliver strong, stable results while Calgary grew modestly as new communities continued to come online. Two of our regional centres – Red Deer and Lethbridge – achieved solid revenue performance in 2025 with strong lot sales. These regions are smaller contributors in the overall mix, but the direction is positive and consistent with the broader Alberta growth story.

A second defining element of 2025 was the completion of the REIT transaction. While the transaction itself had minimal impact on our results since the REIT was always consolidated in our financial reporting, it did mark a major milestone in simplifying Melcor's structure under one balance sheet. Following the acquisition, we advanced our portfolio review and completed selective divestitures of

Woodbend Market, Leduc





Greenwich, Calgary

non-core assets. Over time, we expect to benefit from this simpler structure and the elimination of duplicative public company costs.

In 2025, we sold four non-core commercial assets and seven residential units for net proceeds of \$90 million and closed off the REIT line of credit. Together, these actions strengthened our financial footing and improved our flexibility to reinvest in opportunities that align with our long-term strategy.



Throughout the year, we maintained a conservative approach to investment, development, and balance sheet management. Despite the \$71 million cash outlay to complete the REIT transaction, we reduced general debt by \$62 million over the past 12 months, improving our debt-to-equity ratio to 0.62 at December 31, 2025, down from 0.70 at December 31, 2024. These outcomes reflect deliberate stewardship – maintaining flexibility while continuing to invest strategically.

We also continued to grow our income-generating portfolio in a measured way. In 2025, the Properties division completed 7 retail buildings totaling 82,209 square feet. We expect these additions to contribute to results as they move through lease-up and stabilization. Our goal is to rebuild our income portfolio in commercial assets that fit our long-term strategy. Winterburn Point in west Edmonton is a good example of the strategy in action: community-centric, retail-anchored development that creates a shared hub for neighbouring communities while generating stable cash flow over time.



Lanark Landing, Airdrie



The Links Golf Course, Spruce Grove

Looking ahead to 2026, we expect results to normalize after the strong results of 2025. While market fundamentals remain supportive, global trade uncertainty, shifting immigration expectations, and construction cost pressures are expected to continue to influence development activity. Our approach remains optimistic, but disciplined. We will pace development in line with market conditions, prioritize opportunities with the best risk-adjusted returns, and continue to manage the balance sheet conservatively.

I would like to thank our employees for their execution and focus through a year that combined strong operating performance with major strategic and portfolio actions. To our customers, partners, and communities, thank you for the trust you place in Melcor. And to our shareholders, thank you for your confidence as we continue to steward our business with a long-term view.

Clearview Market, Red Deer





NAOMI STEFURA
CHIEF OPERATING OFFICER & CFO

Naomi Stefura

Letter from the COO & CFO
Naomi Stefura
Chief Operating Officer & CFO

March 10, 2026

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.

2026 BOARD OF DIRECTORS



Douglas Goss QC, AOE
Edmonton, Alberta, Canada

Independent
Counsel, Bryan & Company LLP

Director Since	2021
Attendance	100%
Compensation	\$58,000
Shareholdings	2,500
Committees	Governance



Andrew Melton
Calgary, Alberta, Canada

Related
Corporate Director

Director Since	1985
Attendance	100%
Compensation	\$12,500
Shareholdings	244,340
Committees	Investment



Kathleen Melton ICD.D
Calgary, Alberta, Canada

Related
Corporate Director

Director Since	2016
Attendance	100%
Compensation	\$48,000
Shareholdings	41,000
Committees	Governance, Investment



Timothy Melton
Edmonton, Alberta, Canada

Related
Executive Chair & CEO, Melcor

Director Since	1973
Attendance	100%
Compensation	\$nil
Shareholdings	2,438,419
Committees	Investment



Bruce Pennock CA, CPA
Edmonton, Alberta, Canada

Independent
Partner, Pennock Acheson Nielsen Devaney

Director Since	2021
Attendance	88%
Compensation	\$46,500
Shareholdings	5,000
Committees	Audit (Chair)



Janet Riopel ICD.D
Edmonton, Alberta, Canada

Independent
President & CEO, TREYL Communications

Director Since	2022
Attendance	100%
Compensation	\$36,000
Shareholdings	2,430
Committees	Audit



Catherine Roozen AOE, LLD
Edmonton, Alberta, Canada

Independent | Lead Director
Director & Secretary, Cathton Investments

Director Since	2007
Attendance	100%
Compensation	\$80,000
Shareholdings	145,600
Committees	Audit, Governance (Chair)



Ralph Young PENG, MBA
Edmonton, Alberta, Canada

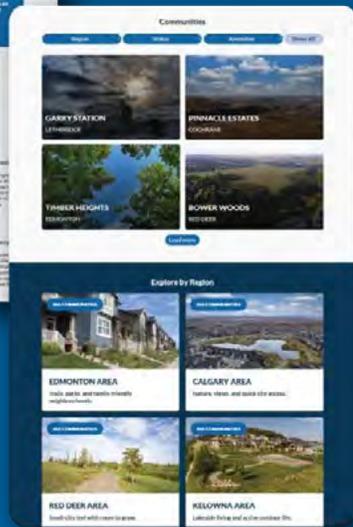
Independent
Corporate Director

Director Since	1976
Attendance	83%
Compensation	\$31,500
Shareholdings	1,405,300
Committees	Governance

MELCOR | COMMUNITIES

COMMUNITY PORTFOLIO

MelcorCommunities.com is the centralized, corporate-level digital platform for Melcor's master-planned community portfolio; supporting portfolio visibility, brand consistency, and lead generation for our builder partners across regions. The website connects buyers in the early stages of their home search to our builder partners.



MelcorCommunities.com



We invite you to learn more about the communities we're currently building, and to see how this digital platform supports home sales.

Scan the QR code or visit our website to view.



Lanark Landing, Airdrie



Rosenthal, Edmonton



Blue Sky, Kelowna

WHY IT MATTERS: BRAND PRESENCE

In 2025, Melcor relaunched MelcorCommunities.com to improve how communities are presented online and to create a clearer path from discovery to inquiry through regionally organized content and centralized promotion of our community-level websites.

MASTER-PLANNED, HIGH QUALITY COMMUNITIES

The updated website emphasizes the quality of our developments, supporting public understanding of our community development projects and their differentiation in the market.

OUR COMMUNITIES FEATURE:

- **Amenity-led design:** Parks, recreation features, gathering spaces
- **Retail and daily services nearby:** Including Melcor-developed neighbourhood shopping centres
- **Parks, green space and pathways:** Trail networks and outdoor connectivity
- **Schools close to home:** Supporting long-term neighbourhood demand
- **Cohesive planning and builder standards:** Architectural guidelines, HOA programs in select communities



LAND

DEVELOPMENT, LEASING, & PROPERTY MANAGEMENT

PROPERTIES PORTFOLIO



MelcorSpace.com



BUILDING COMMERCIAL COMMUNITY

The Properties team oversees the full lifecycle of our commercial real estate assets, from development and leasing through to ongoing property management and customer service.

Our team continues to implement a one-company operating approach, bringing development, leasing, and property operations together to drive consistent execution and protect long-term asset quality.

Scan the QR code or visit link to view portfolio.



PROPERTIES





Clearview Market, Red Deer



The District, Calgary



Leduc Common, Leduc



Westcor, Edmonton



100 Street Place, Edmonton



Clearview Market, Red Deer



West Henday Promenade, Edmonton

FIVE YEAR PERFORMANCE MEASURES

	2025	% CHANGE	2024	% CHANGE	2023	% CHANGE	2022	% CHANGE	2021
ASSETS (\$000s)	2,051,135	(2.7)%	2,108,553	0.5%	2,097,473	(3.2)%	2,167,050	2.5%	2,113,927
SHAREHOLDERS' EQUITY (\$000s)	1,268,073	2.0%	1,242,630	2.7%	1,209,578	2.7%	1,178,336	5.5%	1,116,469
REVENUE (\$000s)	410,547	17.5%	349,501	10.9%	315,239	30.4%	241,747	(23.4)%	315,628
GROSS MARGIN ¹	46.2%		45.0%		45.2%		48.9%		44.4%
ADMINISTRATIVE EXPENSES/REVENUE ¹	7.2%		8.6%		7.3%		9.5%		6.9%
BASIC EARNINGS PER SHARE (\$)	1.92	74.5%	1.10	(46.1)%	2.04	(25.8)%	2.75	61.8%	1.70
NET INCOME (\$000s)	58,019	73.0%	33,528	(46.8)%	62,980	(29.5)%	89,354	58.7%	56,311
FFO ² (\$000s)	122,137	30.2%	93,806	11.1%	84,455	38.8%	60,859	(25.5)%	81,327
FFO PER SHARE ³ (\$)	4.04	31.3%	3.08	12.8%	2.73	45.2%	1.88	(23.8)%	2.46
AVERAGE SHARE PRICE (\$)	13.81	4.3%	12.10	4.6%	11.56	(12.7)%	13.24	4.0%	12.73
DIVIDEND PER SHARE (\$)	0.48	9.1%	0.44	(31.3)%	0.64	10.3%	0.58	31.8%	0.44
DIVIDEND YIELD ⁴	3.47%		3.64%		5.53%		4.38%		3.5%
BOOK VALUE PER SHARE ⁵ (\$)	42.13		40.92		39.45		37.71	11.3%	33.87
AVERAGE BOOK VALUE PER SHARE ⁵ (\$)	41.37	2.6%	40.33	4.1%	38.73	12.2%	34.50	8.6%	32.66
AVERAGE MARKET /AVERAGE BOOK ⁶ (\$)	0.33		0.30		0.30		0.38		0.38
PRICE/EARNINGS RATIO ⁷	7.19	(34.6)%	11.00	94.0%	5.67	24.3%	4.81		7.49
RETURN ON EQUITY ⁸	4.58%		2.70%		5.21%		7.58%		5.04%
FFO ON EQUITY ⁹	9.63%		7.55%		6.98%		5.16%		7.28%
RETURN ON ASSETS ¹⁰	2.83%		1.59%		3.00%		4.13%		2.66%
DEBT/EQUITY RATIO ¹¹ (EXCLUDING REIT UNITS)	0.62		0.64		0.69		0.78		0.81
ASSET TURNOVER ¹²	20.02%		16.58%		15.03%		11.16%		14.93%

Refer to Non-GAAP and Non-Standard Measures in the annual MD&A (page 37-38) for additional information on items 1, 2, 3, 9.

1. Supplementary financial measure.

2. Non-GAAP financial measure.

3. Non-GAAP financial ratio.

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. FFO on Equity is funds from operations for year divided by shareholders equity. Refer to Non-GAAP and Non-Standard Measures in the annual MD&A (pages 42-44)

10. Return on assets is net income for the year divided by assets at year end.

11. Debt/equity ratio is debt, excluding REIT units, divided by shareholders equity.

12. Asset turnover is revenue divided by assets at year end.

ANNUAL GENERAL MEETING

We are pleased to invite you to our 57th annual meeting of shareholders. You may attend the meeting in person or via webcast. Both the live and online audience will have the opportunity to ask questions following the meeting. We encourage you to vote in advance of the meeting as per the instructions received in your voting package.

**Annual Meeting: April 23, 2026 | 10:00 am MT
Melton Building**

6th Floor
10310 Jasper Avenue | Edmonton, AB

Online: gowebcasting.com/14628

PROXY DEADLINE:

Tuesday April 21, 2026 | 10:00 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:

Q1-2026 – May 7, 2026

Q2-2026 – August 13, 2026

Q3-2026 – November 3, 2026

Q4-2026 – 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

P. 1.855.673.6931

ir@melcor.ca



Integrity in real estate since 1923

Building community since 1923



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Edmonton, AB T5J 1Y8

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Investor Inquiries:
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