

# MELCOR DEVELOPMENTS LTD. 2026

*Annual Information Form*

March 10, 2026

## Date of Information

All information contained in this annual information form is as at December 31, 2025 unless otherwise stated.

## Other Information

Additional information about Melcor Developments Ltd. (Melcor), including our information circular, annual and quarterly reports, and all documents incorporated by reference in the Annual Information Form (AIF) are available on our website at Melcor.ca and on SEDAR+ at www.sedarplus.ca.

## 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 AIF 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 2026 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 "Business Environment & Risks" in our annual MD&A for the year ended December 31, 2025, which is incorporated by reference.

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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# CORPORATE STRUCTURE

## Name, Address and Incorporation

Melton Real Estate Ltd. was amalgamated under the Companies Act of Alberta on August 1, 1967 and changed its name to Melcor Developments Ltd. on June 4, 1976. Melcor amalgamated with a wholly owned subsidiary on January 2, 1981, and again on December 31, 1992. In both instances it continued under the name Melcor Developments Ltd. On January 7, 1986, Melcor received a Certificate of Continuance pursuant to the Business Corporations Act of Alberta.

On April 13, 2006, the Certificate of Amalgamation was amended by dividing each authorized and unissued common share into ten common shares, so that after giving effect to the division, Melcor's authorized capital consisted of 100,000,000 common shares and 50,000,000 non-voting First Preferred shares.

On April 19, 2007, the shareholders approved an amendment to Melcor's Articles to change the authorized common voting shares from 100,000,000 to an unlimited number; the number of First Preferred shares authorized to be issued from 50,000,000 to an unlimited number; and to create a new class of common non-voting shares authorized to an unlimited number.

On May 1, 2013, Melcor formed the Melcor Real Estate Investment Trust ("Melcor REIT") through an initial public offering of Melcor REIT Trust Units. Units of Melcor REIT traded on the TSX under the symbol "MR.UN". As part of this transaction Melcor sold interests in a portfolio of income-producing properties to Melcor REIT. Melcor maintained an effective interest in the Melcor REIT of 55.4% and managed, administered and operated the Melcor REIT and its properties under an asset management agreement and property management agreement. Melcor reflected the public's 44.6% interest in the Melcor REIT as a financial liability on its financial statements.

On April 23, 2025, Melcor completed a significant strategic transaction that resulted in purchase of its unowned equity interest (approximately 44.6%) in Melcor REIT for \$5.50 per Class a LP Unit, for total consideration of \$71.30 million (the "REIT LP Sale").

On April 24, 2025, the REIT's Units were delisted from the Toronto Stock Exchange after the markets closed and the REIT has ceased to be a reporting issuer and terminated its public reporting obligations after the Units were delisted and on November 30, 2025 the REIT was terminated.

On January 30, 2026, Melcor REIT Limited Partnership was wound-up. Melcor REIT GP Inc. remains the the legal holder for 100% owned assets as nominee and bare trustee for Melcor Developments Ltd.

Furthermore, Melton Holdings Ltd. owns approximately 52.1% of the outstanding shares of Melcor and pursuant to IAS 24, Related Party Disclosures, is the ultimate controlling shareholder of Melcor.

Melcor's head office and registered office is located at:

**Melcor Developments Ltd.**  
900, 10310 Jasper Avenue  
Edmonton, Alberta T5J 1Y8

## Intercorporate Relationships

Our corporate structure as at March 10, 2026 is depicted in the diagram below. Certain subsidiaries have been excluded on the basis that the subsidiary does not have assets or revenues greater than 10% of Melcor's total consolidated assets or revenues. The combined assets or revenues of all omitted subsidiaries do not exceed 20% of Melcor's total consolidated assets or revenues.



# GENERAL DEVELOPMENT OF THE BUSINESS

## Three-Year History

The significant events affecting Melcor's business during the last three financial years and to the date of this AIF are summarized below:

### 2025:

#### Financial Highlights:

- In 2025, we recorded revenues of \$410.55 million, up 17.5% from revenues of \$349.50 million 2024.
- Gross profit was up 20.5% or \$32.26 million to \$189.65 million in 2025 (2024 - \$157.39 million), with consolidated gross margin up 1.2% to 46.2%, from 45.0% in 2024.
- Net income was up 73.0% to \$58.02 million (2024 - \$33.53 million) and FFO was up 30.2% to \$122.14 million (2024 - \$93.81 million).
- Net income continues to be significantly impacted by non-cash items. Included in 2025 net income was \$23.09 million in deferred tax expense recorded on close of the transaction with Melcor REIT, negatively impacting net income in the year. Other non-cash impacts to our net income include fair value adjustments on our investment properties which saw a loss of \$25.88 million in the year (2024 - loss of \$28.44 million). Adjustment related to REIT Units resulted in a fair value loss of \$9.12 million, which includes fair value adjustments on our REIT Units and transaction costs directly attributable to the REIT acquisition which represent cash expenditures incurred during the year (2024 - fair value loss of \$14.78 million related to fair value adjustment on REIT Units and distributions to REIT unitholders).
- Divisional results:
  - **Land division** revenue was up 28.7% or \$65.21 million to \$292.49 million (2024 - \$227.27 million), which was heavily impacted by US land sales in the current year, contributing 21.2% or \$62.14 million to our total Land division revenue.
  - **Properties division** revenue was down 4.7% or \$5.30 million to \$106.61 million (2024 - \$111.92 million), as a result of recent property disposals offset partially offset by revenue generated by our newly developed commercial properties.
  - **Golf division** revenue was up 9.1% or \$1.04 million million to \$12.49 million (2024 - \$11.45 million).

#### Operating Highlights:

- In 2025, we sold 1,454 (2024 - 1,296) single-family lots in our Canadian region, up 12.2% over 2024.
- Additionally, we sold 370.28 acres (2024 - 95.53) of commercial and raw land, which includes a 198.40 acre sale in La Privada, Arizona.
- 7 retail properties completed construction contributing an additional 82,209 sf to our Properties portfolio.
- As at December 31, 2025, our Canadian properties had an occupancy of 82.1% (December 31, 2024 - 87.2%), and our US properties had an occupancy of 71.4% (December 31, 2024 - 78.2%).
- Rounds of golf played in our Golf division was up 5.5% to 129,612 rounds (2024 - 122,824).

#### Return to Shareholders:

- Dividends paid to shareholders increased to \$0.48 per share in 2025, up from \$0.44 per share in 2024.
- We repurchased 344,980 shares for cancellation pursuant to the NCIB at a cost of \$4.78 million during 2025.

### 2024:

#### Financial Highlights:

- In 2024, revenue was up 10.9% or \$34.26 million to \$349.50 million (2023 - \$315.24 million).
- Gross profit was up 10.6% or \$15.03 million to \$157.39 million (2023 - \$142.35 million).
- Net income was down 46.8% or 29.45 million to \$33.53 million (2023 - \$62.98 million).
- Net income was significantly impacted by non-cash items including fair value losses on our investment properties of \$28.44 million in 2024 (2023 - \$24.46 million). Additionally, adjustments related to REIT Units reduced net income by \$14.78 million in 2024, a swing of \$26.65 million from 2023 where we recorded a fair value gain of \$11.87 million.
- FFO was up 11.1% or \$9.35 million to \$93.81 million (2023 - \$84.46 million) as a result of higher gross profit, offset by an increase in general and administration expenses.
- Divisional results:
  - **Land division** revenue was up 12.6% or \$25.52 million to \$227.27 million (2023 - \$201.75 million).
  - **Properties division** revenues was up 2.4% or 2.64 million to \$111.92 million (2023 - \$109.27 million).
  - **Golf division** revenue was up 3.2% or \$0.36 million to \$11.47 million (2023 - \$11.09 million).

#### Operating Highlights:

- 1,296 (2023 - 1,149) single-family lots sold in Canada, up 12.8% or 147 lots.
- 95.53 acres of commercial land sold in Canada (2023 - 31.54 acres).
- 5 retail properties completed development adding 95,558 sf to our portfolio.
- As at December 31, 2024, our Canadian properties had an occupancy of 87.2% (December 31, 2023 - 84.1%) and our US properties had an occupancy of 78.2% (December 31, 80.5%).
- Rounds of golf played was steady at 122,824 rounds (2023 - 123,187).

### **Return to Shareholders:**

- Dividends paid to shareholders decreased to \$0.44 per share in 2024, down from \$0.64 per share in 2023.
- We repurchased 356,703 shares for cancellation pursuant to the NCIB at a cost of \$4.33 million during 2024.

### **2023:**

#### **Financial Highlights:**

- In 2023, revenue was up 30.4% or \$73.4 million to \$315.24 million (2022 - \$241.75 million).
- Gross profit was up 20.4% or \$24.09 million to \$142.35 million (2022 - \$118.26 million).
- Net income was down 29.5% or \$26.37 million to \$62.98 million (2022 - \$89.35 million).
- Net income is impacted by non-cash items which can significantly impact our year-over-year results. Included in net income were fair value losses recorded on our investment properties of \$24.46 million, a swing of \$46.01 million from a fair value gain of \$21.55 million in 2022. Other non-cash items impacting net income were non-cash finance costs which were \$4.77 million in 2023 compared to recoveries of \$8.52 million in 2022 for a net impact of \$13.28 million to our finance costs.
- FFO increased 38.8% or \$23.60 million to \$84.46 million (2022 - \$60.86 million).
- *Divisional results:*
  - **Land division** revenue was up 48.6% or \$65.98 million to \$201.75 million (2022 - \$135.78 million).
  - **Properties division** revenue was down 1.1% or \$1.19 million to \$109.27 million (2022 - \$110.47 million).
  - **Golf division** revenue was up 6.1% or \$0.64 million to \$11.09 million (2022 - \$10.45 million).

#### **Operating Highlights:**

- 1,149 single-family lots sold in Canada, up 8.4% or 89 lots (2022 - 1,060 lots)
- 36.06 acres of commercial land sold in Canada, up 24.8% or 7.17 acres (2022 - 28.89 acres)
- 234 single-family lots sold in our Harmony community located in Denver, CO, with no sales in 2022.
- 2 retail properties completed development with 22,140 sf added to our portfolio.
- As at December 31, 2023 our Canadian properties had an occupancy of 84.1% (December 31, 2022 - 89.3%), and our US properties had an occupancy of 80.5% (December 31, 2022 - 82.6%).
- Our rounds of golf played was steady at 123,187 rounds (2022 - 123,442).

### **Return to Shareholders:**

- Dividends paid to shareholders increased to \$0.64 per share in 2023, up from \$0.58 per share in 2022.
- We repurchased 712,160 shares for cancellation pursuant to the NCIB at a cost of \$8.10 million.

## **MELCOR REIT TRANSACTION (the "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 total consideration of \$71.30 million (the "REIT LP Sale").

The Arrangement was approved by the REIT's unitholders and the Court of King's Bench of Alberta granted the final order in respect of the Arrangement in early 2025. The Transaction closed on April 23, 2025 and the REIT's Units were delisted from the Toronto Stock Exchange after the markets closed on April 24, 2025. The REIT ceased to be a reporting issuer and terminated its public reporting obligations after the Units were delisted. Proceeds from the REIT LP Sale were used to repurchase and cancel all of the REIT's outstanding participating trust units (each, a "Unit") for consideration (the "Consideration") of \$5.50 per Unit less any applicable withholding taxes.

Subsequent to the Transaction, Melcor owned 100% of the REIT and REIT LP and the REIT Unit liability was settled. As a result of the Transaction, there was an additional \$23.09 million in deferred tax expense recorded in 2025 as Melcor's ownership in the REIT LP increased from 55.4% to 100%. We also recorded \$7.08 million in transaction costs and other fees related to the Transaction of which \$5.88 million were considered directly attributable to the acquisition and accordingly included in Adjustments related to REIT units in the consolidated statement of income, with the balance of costs recorded through general and administrative expenses.

On November 30, 2025 the REIT was terminated pursuant to the Declaration of Trust. Subsequent to year end, on January 30, 2026 REIT LP was wound up, Melcor continues to own Melcor REIT GP Inc.

Further details regarding the Transaction are contained in a REIT management information circular which was filed on SEDAR+ under the REIT's profile at [www.sedarplus.ca](http://www.sedarplus.ca).

## **Asset Dispositions:**

### **2024 Dispositions:**

- 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
- 14 residential units located at the Edge at Grayhawk in Scottsdale, AZ for net proceeds of \$6.14 million (US\$4.47 million)

### **2025 Dispositions:**

- 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 \$47.31 million
- Coast Home Centre, a retail building located in Edmonton, AB for net proceeds of \$14.52 million
- Westgrove Common, a retail power centre located in Spruce Grove, AB for net proceeds of \$12.46 million
- Seven residential units located at the Edge at Grayhawk in Scottsdale, AZ for net proceeds of \$2.78 million (US\$1.97 million)

### **2026 Dispositions (subsequent to year-end):**

- Staples Building, a retail building located in Calgary, AB for net proceeds of \$12.07 million.

# DESCRIPTION OF THE BUSINESS

## General Information

Melcor Developments Ltd. is a diversified real estate development and asset management company with a history dating back to 1923. For over a century, Melcor has focused on the business of real estate, operating under stable and committed ownership and supported by a long-tenured and dedicated workforce.

Melcor's principal operations are located within Alberta, with a significant presence in the metropolitan areas of Edmonton, Calgary, Red Deer, Grande Prairie and Lethbridge. Melcor also owns and operates in Saskatchewan, British Columbia and the United States, primarily in Arizona and Colorado.

As at December 31, 2025, Melcor managed 4.37 million square feet of commercial real estate assets and 445 residential rental units, contributing to our total asset value of \$2.05 billion.

In 2025, Melcor completed the repurchase of the minority equity interest (approximately 44.6%) in Melcor REIT. This transaction represented a significant milestone for the Company and further aligned its real estate assets under a consolidated ownership structure.

Melcor has been a public company since 1968, and its common shares trade on the Toronto Stock Exchange under the symbol "MRD."

Melcor operates four integrated divisions that together manage the full life cycle of real estate development:

- 1 **Land:** acquires raw land and plans residential communities and commercial developments
- 2 **Properties:** owns and operates a portfolio of commercial and residential properties and development of commercial properties, including 55 income-producing properties (as at December 31, 2025) representing 3.88 million sf in gross leasable area.
- 3 **Golf:** owning and operating championship golf courses associated with our residential communities.
- 4 **Corporate:** orchestrates strategic planning, financial governance, risk mitigation guiding the organization through dynamic market shifts towards sustained and adaptive success.

The following information applies in general to each of Melcor's divisions. Where individual segment characteristics differ, those differences are noted under the segment descriptions below. The financial statements of Melcor include investments in joint arrangements. For additional information on our joint arrangements, including our rights to and share of the assets, liabilities, revenues, and earnings that are recorded in our consolidated financial statements refer to our Annual Financial Statements.

## Products and Services

Melcor's operations encompass the full real estate lifecycle, transforming raw land into high-quality residential communities and commercial developments. Melcor develops, owns, and manages a diversified portfolio that included mixed-use

residential, business industrial parks, office buildings, retail commercial centres, and golf courses. Since the 1950s, Melcor has developed more than 170 residential communities and commercial projects across western Canada, contributing to the growth and development of many urban and suburban markets.

We believe that we have operational capabilities, experience, and organizational depth necessary to execute its strategic initiatives and advance the objectives set out in its business plan. Melcor's management team applies a disciplined, hand-on approach to oversee development activities, income-producing assets, and capital deployment.

Drawing on its experience across multiple real estate cycles, Melcor employs an integrated operating model that emphasizes prudent risk management, disciplined capital allocation, and active asset oversight. Melcor's business model is focused on generating sustainable, long-term returns while maintaining flexibility to adapt to changing market conditions.

The Products & Services of each division are outlined below:

### Land

Our Land division acquires and advances raw land through the planning and development process for residential communities, as well as commercial and industrial projects. Development activities typically progress through multiple stages, from land acquisition and entitlement to servicing and construction, and may span several years before residential units or commercial buildings are constructed.

The scope and complexity of the development process vary depending on the size and nature of the project and may involve extensive coordination with municipal authorities, provincial agencies, and other stakeholders. As a result, development timelines can be lengthy and are subject to regulatory approval, infrastructure requirements, and market conditions.

Components of the process include:

**Area Structure Plan (ASP)** is the planning and technical document that provides the proposed use for a land development. It is also the key document that is used as the project reference and guides all the other steps in the development process.

As the developer, Melcor works with our professional consulting and engineering firms to draft the ASP and present it to the municipality.

The ASP provides all the specific components required by the municipality. Common ASP components include:

- General land use concept – size, existing land use, intent for subdivisions, etc.
- Phasing and development sequence
- Traffic impact assessment – proposed transportation routes, arterial roadways, existing roadways, etc.
- Geo-technical and groundwater report
- Sewage treatment

- Storm water management
- Water supply
- Environmental assessment
- Archaeological and historical assessment
- Provision for municipal reserves
- Fire protection
- Location of pedestrian links (if applicable)
- Maps – existing land use, proposed zoning, natural areas, boundaries, roads and utilities, municipal reserves, tentative subdivision plan, etc.
- Any other items required by the municipality or relevant provincial agencies

**Off-site levies** are how municipalities recover capital costs incurred for new infrastructure or the expansion of existing infrastructure required because of a new development. They are used to equitably account for affected offsite infrastructure capital costs such as water treatment, drainage, sewage, associated lands and expanded roads. Since new infrastructure costs incurred by the municipality can benefit several developments, the municipality will calculate how each development will be accountable for the shared infrastructure. There are a variety of methods that municipalities can use to calculate these charges.

**Subdivision Application** is the specific process of dividing a parcel of land into two or more parcels with separate legal titles for each parcel. The subdivision of land can be done independently, but within the development process and as part of an ASP, it identifies the lots/titles in the parcel of land that the ASP represents. In an initial ASP draft, the subdivisions are generally identified. Once the ASP is approved and moved forward, the subdivision application is reviewed with the specific subdivision plans.

**Development Agreement** is a contractual agreement between the municipality and the developer and is used for residential, industrial and commercial developments. It sets out the terms and conditions of how the infrastructure development of the lands are to take place within the municipality. It ensures that the infrastructure required to service a proposed development is constructed to the municipality's standards. Development Agreements may also contain provisions for the payment of applicable off-site levies, securities and/or any moneys that might be owing to the developer when further development occurs by others.

Once the development agreement is signed off, Melcor project manages the construction of deep and shallow utilities, roads and parks and amenities. Melcor also manages sales, the plan registration and community maintenance until a community is turned over to the City or a Home Owners Association for ongoing maintenance.

We've built over 170 communities and commercial projects across western Canada since the 1950s.

### Properties

As a result of Transaction described on page 5 we changed our segment reporting in 2025 and the consolidated results, including comparative figures, reported in our Properties division now includes the combined operations of our previously reported "Properties" and "REIT" divisions.

Our Properties division manages 4.37 million sf of diversified income-generating assets that provides stable operating results

and helps moderate the seasonal and cyclical nature of Melcor's construction-related business.

Melcor maintains a conservative and disciplined approach to investment and development activities and the management of our assets. Commercial property development remains focused on projects advancing selectively where pre-leasing thresholds and market conditions support development.

Throughout 2024 and in 2025 we focused on the strategic disposition of non-core assets in order to strengthen Melcor's financial position by reducing debt. Management continues to actively review the asset base to identify acquisition and disposition opportunities.

With over 102 years of experience in Alberta, Melcor has navigated through many economic cycles, applying their knowledge gained to strengthen the business through disciplined decision-making, prudent risk management, and selective participation in market opportunities.

Looking forward, we anticipate a more uncertain and moderated environment following the strong results delivered in 2025. While market fundamentals remain supportive, ongoing global trade uncertainty, shifting interest rate expectations, and continued construction cost pressures are expected to shape development activity. Melcor will continue to emphasize disciplined execution and thoughtful capital allocation as it navigates the year ahead.

### Signature Customer Care

Our MelCARE.ca tenant service portal allows users to submit requests online with enhanced tracking and communication, access building information, review scheduled services or events and reserve amenities. Our MelCARE software has provided our tenants with a 30 minute or less response time.

### Hands-on management

Our hands-on, on-site building management delivers exceptional customer care and identifies issues early on for prompt resolution.

### Continuous improvement

We continually improve our assets with value-add investments that enhance quality and the tenant experience while also contributing to sustainability and environmental best practices. We use our intimate knowledge of the buildings we operate to support our capital investment decisions, optimize operating efficiency and continuously improve our buildings for improved client satisfaction.

### Enhancements to improve sustainability

Many of our continuous improvement initiatives focus on sustainability and energy reduction strategies to ensure our buildings are green. We are dedicated to achieving and maintaining best practice with respect to energy efficiency and sustainability.

### Relationship focused

We have many long-term clients – some who have been with us for over 25 years. We take pride in building strong relationships with our tenants and continually meeting their needs as their businesses evolve.

## Golf

We own and operate 3 championship golf courses that are integrated within our communities. A fourth golf course is jointly owned and operated by our joint venture partner.

Revenue in our Golf division was up 9.1% in 2025, as a result of an increase in the number of rounds played in the season to 129,612 (2024 - 122,824).

## Specialized Skill and Knowledge

Melcor employs management and administrative personnel to manage our business. We use third-party contractors to carry out development and construction activities (such as planning, design, engineering, architecture, utilities servicing).

We contract property management services for some assets in our Properties and Melcor REIT divisions and we employed approximately 254 seasonal staff in our Golf division over the golf season.

## Competitive Conditions

The real estate development and management industry is highly competitive, with a large number of well-financed companies operating in the same markets as Melcor. Our operations and assets are concentrated in and around major population and employment centers. We develop long-term relationships with the municipalities, construction industry, financial institutions and the people who live in these communities.

Our competitive position is shaped by our:

- Financial strength and proven track record
- Solid asset base, including raw land holdings
- Experienced personnel

The majority of our assets are located in Alberta, where oil and gas activity is a significant economic driver. While our direct reliance on oil and gas is minimal, our business is reliant on overall market conditions and consumer confidence that generally hinge on the oil and gas market.

Melcor maintains a strong financial position and is poised to take advantage of purchase opportunities that a softer real estate market may provide.

## Financing

We maintain strong relationships with our major lenders. Our capital structure and liquidity allow continued access to financing in spite of fluctuations to credit markets and the economic environment.

Melcor uses fixed rate, long-term mortgages on its revenue producing assets to raise capital for acquisitions, development activities, and other business expenditures. As such, most of Melcor's borrowings are in the form of long-term financings secured by specific assets.

Operations are supplemented by a syndicated operating line of credit with Canadian chartered banks, which margins Melcor's land development assets (raw land inventory, land under development and agreements receivable). We also use fixed rate, long-term mortgage financing on our revenue producing assets to raise capital for acquisitions, development activities, and other business expenditures. As such, most of our borrowings are in the form of long-term, property specific financings such as mortgages or project financings secured by specific assets.

Melcor also has project specific financings on residential community and commercial development projects.

## Environmental Protection

Melcor's development activities are subject to laws and regulations concerning the protection of the environment. For example, environmental laws or local bylaws may apply to a development site based on its environmental condition, present and former uses, and its adjoining properties. Environmental laws and conditions may result in delays, cause Melcor to incur significant compliance and other costs, and can severely restrict or prevent development in environmentally sensitive regions or areas. We employ a rigorous due diligence process prior to acquiring raw land, development sites or investment properties to mitigate our exposure to these potential issues.

Environmental protection requirements did not have a significant financial or operational effect on our capital expenditures, earnings or competitive position during 2025 and we do not expect significant effects in future years.

For more information on our Environmental, Social Responsibility and Governance (ESG) practices, please refer to the ESG section in our 2025 annual MD&A, incorporated by reference.

## Environment, Social and Governance (ESG)

We strive to ensure that our corporate sustainability goals and practices are meaningfully aligned with our business.

Here are the steps we are taking to prepare for anticipated ESG reporting requirements:

- we are assessing the material ESG risks and opportunities that apply to our business divisions and determining how we will benchmark, measure and report on these topics as requirements are adopted.
- we are broadening our initial building inventory/benchmarking beyond Edmonton. Our Edmonton office building climate inventory was completed in 2022 in conjunction with our involvement with Edmonton's Corporate Climate Leaders program and we are currently determining our reduction targets on the inventoried buildings and extending our benchmarking to buildings beyond Edmonton.
- we are establishing baseline data on Social and Governance topics.

## Employees

Melcor had 140 employees at December 31, 2025 and employed 254 seasonal employees in the summer months, primarily in the Golf division.

Total full-time permanent employment was relatively stable compared to December 31, 2024. The following table shows the distribution of staff at the end of the year.

	2024	2025	% change
Corporate	32	34	6 %
Land	18	17	(6)%
Properties	56	61	9 %
Golf	29	28	(3)%
<b>Total</b>	<b>135</b>	<b>140</b>	<b>4 %</b>

## Risk Factors

Reference is made to Melcor's 2025 annual report, under the heading "Business Environment & Risks" which is incorporated by reference.

## LAND

Our Land division acquires raw land and plans, services and markets urban communities. The majority of residential lots and parcels are sold to homebuilders that purchase sites through agreements for sale. The Land division also plans, services and markets large-scale commercial and industrial centres. In 2025, this segment accounted for 71.1% of consolidated revenue (2024 – 64.8%).

The following table summarizes Melcor's raw land inventory (at Melcor ownership percentage) by region at December 31, 2025. Total raw land inventory was 9,003 acres.

Region (in acres)	Commercial/ Industrial	Residential	Total
<b>Northern Alberta</b>	432	2,246	2,678
Edmonton	–	374	374
Leduc	209	488	697.3
Parkland	–	939	939.36
Spruce Grove	222	154	375.72
St. Albert	–	291	290.7
<b>Southern Alberta</b>	215	2,265	2,480
Airdrie	–	433	433
Calgary	39	507	546
Chestermere	–	2	2
Cochrane	–	70	70
Lethbridge	177	528	705
Rockyview	–	726	726
<b>Central Alberta</b>	16	1,589	1,605
Innisfail	–	–	–
Penhold	–	108	108
Red Deer	–	1,300	1,300
Red Deer County	16	–	16
Sylvan Lake	–	181	181
<b>BC &amp; Saskatchewan</b>	583	482	1,065
Fraser-Fort George	–	72	72
Kelowna	–	410	410
Regina	583	–	583
<b>USA</b>	42	1,133	1,175
Aurora (Colorado)	42	1,041	1,084
Buckeye (Arizona)	–	92	92
<b>Total</b>	<b>1,288</b>	<b>7,715</b>	<b>9,003</b>
<b>Average cost per acre</b>	<b>\$ 27,825</b>	<b>\$ 38,646</b>	<b>\$ 37,097</b>

### Seasonality

The Land division is seasonal by nature. The cyclical nature of real estate markets, the mix of land sold, and the mix of joint arrangement sales activity can cause period-to-period fluctuations in results.

The division is also subject to the seasonality of the construction industry. Revenue is recognized when plans are registered, which tends to happen in the fourth quarter when development activity slows down and builders gain possession of lots.

For additional information regarding the Land division, see Melcor's 2025 management's discussion and analysis incorporated by reference in this AIF and filed on [www.sedarplus.ca](http://www.sedarplus.ca).

## PROPERTIES:

### Owns & operates

Our Properties division also manages a portfolio of high-quality office, retail, industrial and residential properties, which are located across western Canada and the US. Currently our Properties division manages 4.37 million sf of income-producing commercial GLA and 445 residential units.

Revenue from our Income Properties contributed 25.9% of total revenue and 32.3% of total gross profit in 2025.

Our commercial property portfolio is primarily comprised of properties developed and transferred internally along with properties acquired from third parties elsewhere. In our management capacity, we are committed to efficient property management for optimized operating costs, occupancy and rental rates, providing our joint venture partners with best-in-class management services. We focus on client retention through continuous customer contact and ongoing service evaluations. We also enhance our portfolio by upgrading the appearance, functionality and desirability of our properties, thereby increasing their rental potential.

### Property Development

The development component of our Properties division develops and manages construction while working in unison with our leasing team creating value on land primarily developed by our Land division. We recognize fair value gains as development and leasing activities progress. Completed buildings are recognized at fair market value (based on third party appraisals) once construction and leasing activities are nearing completion.

Management fee revenue is comprised of fees paid by joint arrangement partners and is a percentage of total development costs incurred, which fluctuate period to period depending on the development stage of active projects.

The development team completed 7 retail buildings (82,209 sf) including:

- 3 buildings at our Winterburn Point development in Edmonton AB (24,990 sf);
- 2 buildings at our Greenwich Village development in Calgary, AB (37,278 sf);
- 1 building at our Woodbend Market development in Leduc, AB (9,913 sf); and,
- 1 building at our Chestermere Station development, in Chestermere, AB (10,028 sf).

Fair value gains on properties under active development are recognized throughout the active development process until the property is recognized at fair market value. From development we generated \$4.58 million in fair value gains comparative to \$3.81 million recognized in fair value gains from construction activity in 2024.

We have over 102 years of experience in Alberta's cyclical economy. Throughout this time, we have managed through many downturns and have learned to not only weather the cycle, but to make our business stronger by recognizing and participating in opportunities while balancing our risk and exposure. All economic

indicators point to upward momentum in Alberta's economy and we are well-positioned to participate in opportunities while also maintaining our conservative approach to real estate development.

## INVESTMENT PROPERTIES PORTFOLIO

Melcor acquires and owns a portfolio of high-quality residential, office, retail, and industrial properties, which are held as long-term investments. In total, Properties team manages 4.37 million sf GLA in commercial revenue-generating properties and 445 residential units located across Western Canada and the southern United States. In 2025, this segment accounted for 25.9% of consolidated revenues (2024 - 31.9%).

The following tables detail Melcor's investment property holdings at December 31, 2025:

Commercial Properties	Year Acquired	Type	GLA (JV%) <sup>2</sup>	% Leased <sup>3</sup>	
				2025	2024
<b>Northern Alberta</b>			<b>2,120,261</b>	<b>83 %</b>	<b>85 %</b>
100 Street Place	2000	Office	44,245	53 %	62 %
10117 Jasper Avenue	2005	Office	134,598	51 %	58 %
Birks Building	2001	Office	36,913	76 %	78 %
Campsite	2016	Ind.	13,654	100 %	100 %
Capilano Centre <sup>1</sup>	1999	Office	45,487	77 %	73 %
Coast Home Centre <sup>4</sup>	2013	Retail	–	na	82 %
Jensen Lakes	2018	Retail	99,138	95 %	95 %
Leduc Common <sup>2</sup>	2003-14	Retail	283,885	89 %	97 %
Melton Building	1973	Office	114,718	54 %	54 %
Princeton Place	1999	Office	61,279	100 %	94 %
Robertson Gallery	2008	Retail	6,000	– %	100 %
Select Building	2014	Office	23,432	100 %	100 %
Shoppes of Jagare Ridge <sup>1</sup>	2018	Retail	34,662	93 %	95 %
Stanley Buildings	2004	Office	34,938	83 %	96 %
Sterling Centre	2003	Office	69,491	93 %	93 %
Telford	2014-18	Ind.	143,118	100 %	100 %
TKE Building	2002	Ind.	15,968	100 %	100 %
Trail Centre	2002	Office	79,578	71 %	74 %
Village at Blackmud Creek	2014	Office	48,335	94 %	99 %
		Retail	9,046	57 %	57 %
Village at Blackmud RBC	2019	Office	56,524	97 %	97 %
West Henday Promenade	2014-18	Retail	77,970	100 %	98 %
Westcor Building	1978	Office	73,373	14 %	20 %
Westgate Centre	2001	Office	75,093	99 %	99 %
Westgrove Common <sup>4</sup>	2006-16	Retail	–	na	100 %
White Oaks	2014	Office	30,521	94 %	96 %
		Retail	127,382	98 %	96 %
Winterburn Point	2024	Retail	52,141	83 %	74 %
Woodbend	2019	Retail	77,773	100 %	87 %
Clearview Market <sup>1</sup>	2012-20	Retail/ Office	47,431	92 %	91 %
Liberty Crossing	2013	Retail	64,792	61 %	76 %
McKenzie Industrial	2014	Retail	67,274	94 %	94 %
Vista Ridge	2021	Retail	4,974	100 %	100 %
Stoneycreek <sup>1</sup>	2014	Retail/ Office	66,528	91 %	90 %
Melcor Crossing <sup>4</sup>	2019	Retail	–	na	88 %

Commercial Properties	Year Acquired	Type	GLA (JV)% <sup>2</sup>	% Leased <sup>3</sup>	
				2025	2024
<b>Southern Alberta</b>			<b>1,046,132</b>	<b>80 %</b>	<b>91 %</b>
Chestermere Station <sup>1</sup>	2006-22	Retail	95,989	93 %	90 %
Crowfoot Building	2002	Office	69,365	100 %	94 %
Greenwich	2021	Retail	99,834	88 %	80 %
Kensington Road	1980	Office	23,932	42 %	67 %
Kingsview Commercial <sup>1</sup>	2020	Retail	17,066	100 %	100 %
Kingsview Market	2010-20	Retail	119,428	100 %	100 %
Staples Distribution <sup>5</sup>	2019	Retail	56,084	100 %	100 %
The District	2018-19	Retail	81,277	97 %	89 %
LFS Building	2018	Office	33,196	100 %	100 %
Melcor Centre	2014	Office/ Retail	449,961	62 %	90 %
<b>Saskatchewan</b>			<b>239,767</b>	<b>85 %</b>	<b>89 %</b>
Executive Terrace	2007	Office	41,982	55 %	82 %
Market Mall	2014	Retail	42,912	75 %	75 %
Towers Mall	2007	Retail	113,493	100 %	100 %
University Park	2014	Retail	41,380	83 %	83 %
<b>US</b>			<b>469,752</b>	<b>85 %</b>	<b>89 %</b>
Chauncey	2014	Office	34,438	81 %	75 %
Evans <sup>4</sup>	2015	Office	–	na	100 %
Glendale	2018	Office	129,245	100 %	100 %
Inverness	2016	Office	95,127	68 %	70 %
Promenade	2016	Office	128,383	59 %	64 %
Syracuse	2016	Office	82,559	47 %	65 %
<b>Total net of JV ownership</b>			<b>3,875,912</b>	<b>81 %</b>	<b>86 %</b>
<b>Total at 100% ownership</b>			<b>4,365,326</b>		

1. Owned through joint arrangement. GLA at Melcor %.
2. Gross leasable area is updated periodically, typically as leases renew.
3. Based on gross leasable area.
4. Properties sold within the trailing 12-month period (2025).
5. Property sold subsequent to year-end on February 19, 2026

Residential Properties	Location	Units	% Leased		
			2025	2024	
Edward Street Apartments	Edmonton, AB	2006	11	100	91
Northridge Apartments	St. Albert, AB	2016	72	100	96
The Edge at Grayhawk <sup>2</sup>	Scottsdale, AZ	2011	53	93	100
The Shores <sup>4</sup>	Scottsdale, AZ		1	n/a	n/a
Watergrove <sup>1</sup>	Calgary, AB	1995	308	100	100
<b>Total</b>			<b>445</b>	<b>99</b>	<b>98</b>

1. Watergrove is a land lease community that Melcor manages.
2. 7 units at The Edge were sold in 2025 for net proceeds of \$2.78 million (US\$1.97 million).

Parking Lots	Location	Year Acquired	Number of Stalls
104th Street	Edmonton, AB	2001	28
102nd Street	Edmonton, AB	2009	45
Executive Terrace	Regina, SK	2007	83
Melcor Centre	Lethbridge, AB	2007	860
Royal Bank	Edmonton, AB	2005	330
Northridge Place	St. Albert, AB	2016	85
Village at Blackmud Creek	Edmonton, AB	2013/2016	432
Stoney Creek	Fort McMurray, AB	2013	832
<b>Total</b>			<b>2,695</b>

Development Sites	Location	Year Acquired	Size (Sf)
124 Street Area	Edmonton, AB	1999	7,740
Jasper Avenue Park	Edmonton, AB	2005	7,740
Market Tire Site	Edmonton, AB	2011	27,000

### Seasonality

The Properties division enters long-term leases, thus seasonal variation is minimal compared to weather-dependent divisions.

For additional information regarding the Properties division see the Melcor 2025 management's discussion and analysis incorporated by reference in this AIF and filed on [www.sedarplus.ca](http://www.sedarplus.ca).

### GOLF

Melcor owns and manages three 18-hole championship golf courses in Alberta and British Columbia, and has a 50% interest in a fourth course managed by a third party as follows:

Golf Course	Ownership	Location
The Links at Spruce Grove	100%	Spruce Grove, AB
Black Mountain Golf Club	100%	Kelowna, BC
Lewis Estates Golf Course	60%	Edmonton, AB
Jagare Ridge Golf Club <sup>1</sup>	50%	Edmonton, AB

1. Managed by third party.

### Competitive Conditions

There are a significant number of golf courses in both the Edmonton area and in Kelowna, BC, leading to pressure to remain competitively priced and offer a great golf experience. In spite of challenging competitive conditions and unpredictable weather conditions over the golf season, Melcor's golf courses remain profitable.

Our competitive advantage is that our golf courses are optimized to balance consistent playing conditions and player experience while paying close attention to the bottom line.

### Seasonality

This division is significantly impacted by weather conditions. Revenue is highly dependent on the number of golf rounds that can be sold throughout the golf season and maintenance and operations costs can be impacted by precipitation and weather patterns throughout the whole year as well as severe weather events.

For additional information regarding the Golf division, see Melcor's 2025 management's discussion and analysis, incorporated by reference in this AIF and filed on [www.sedarplus.ca](http://www.sedarplus.ca).

# DIVIDENDS | CAPITAL STRUCTURE | MARKET FOR SECURITIES

## Dividends

In setting dividends, Melcor's Board of Directors considers relevant factors such as company performance and financial condition, earnings, availability of cash and capital requirements. The board determines the timing and amount of future dividends on Melcor's common shares based on these factors.

The following table sets forth the cash dividends paid out per common share:

Per common share	2025	2024	2023
Payable on or before March 31	\$0.11	\$0.11	\$0.16
Payable on or before June 30	\$0.11	\$0.11	\$0.16
Payable on or before September 30	\$0.13	\$0.11	\$0.16
Payable on or before December 31	\$0.13	\$0.11	\$0.16
<b>Total</b>	<b>\$0.48</b>	<b>\$0.44</b>	<b>\$0.64</b>

## General Description of Capital Structure

Melcor has the following share capital:

- Unlimited Voting Common Shares (30,102,605 issued and outstanding as at December 31, 2025)
- Unlimited Non-Voting Common Shares (none issued)
- Unlimited Non-Voting First Preferred Shares (none issued)

## Market For Securities

Melcor's common shares are listed on The Toronto Stock Exchange (TSX) under the symbol "MRD". Trading information (TSX platform only) for the period January 1, 2025 to December 31, 2025 is set out below:

	High	Low	Close	Volume
January	\$ 13.03	\$ 12.12	\$ 12.68	125,700
February	\$ 13.20	\$ 12.56	\$ 12.86	111,400
March	\$ 12.92	\$ 11.51	\$ 12.27	135,200
April	\$ 12.69	\$ 11.30	\$ 11.88	234,800
May	\$ 14.01	\$ 11.90	\$ 13.01	173,700
June	\$ 14.81	\$ 13.54	\$ 13.97	226,100
July	\$ 14.40	\$ 13.62	\$ 14.14	135,600
August	\$ 15.19	\$ 13.56	\$ 14.69	90,600
September	\$ 15.54	\$ 14.86	\$ 15.27	107,200
October	\$ 15.21	\$ 14.22	\$ 14.78	110,800
November	\$ 15.50	\$ 14.18	\$ 14.80	176,600
December	\$ 15.56	\$ 15.10	\$ 15.34	95,500

## DIRECTORS & OFFICERS

### Directors

Each director holds office from the date of election until the next annual general meeting of the shareholders. The following table lists the directors of Melcor, their province of residence, period of service as a director and their principal occupation during the five preceding years:

Name and Municipality of Residence	Position with Melcor	Principal Occupation	Director Since
<b>Douglas Goss</b> Edmonton, Alberta	Director	Counsel at Bryan & Company LLP	2021
<b>Andrew J. Melton<sup>1</sup></b> Calgary, Alberta	Director	Corporate Director 2022 - 2025: REIT CEO	1985
<b>Kathleen M. Melton<sup>1</sup></b> Calgary, Alberta	Director	Corporate Director	2016
<b>Timothy C. Melton<sup>1</sup></b> Edmonton, Alberta	Executive Chair & CEO	Chair & CEO, Melcor Developments	1973
<b>Bruce Pennock</b> Edmonton, Alberta	Director	Partner at Pennock Acheson Nielsen Devaney LLP	2021
<b>Janet Riopel</b> Edmonton, Alberta	Director	President & CEO, Treyll Communications Inc.	2022
<b>Catherine M. Roozen</b> Edmonton, Alberta	Director	Director & Secretary, Cathton Investments Ltd.	2007
<b>Ralph B. Young</b> Edmonton, Alberta	Director	Corporate Director	1976

1. Mr. Tim Melton, Mr. Andrew Melton and Ms. Kathleen Melton are not considered independent based on their positions or relationship to Melcor executives.

All directors have held the principal occupation indicated above for the previous 5 years except as noted.

Melcor's directors were elected at a meeting of the Shareholders on June 25, 2024, and will hold office until Melcor's next annual general meeting of Shareholders, unless they resign or are removed by Shareholders prior to such time.

### Committee Composition 2025

Director	Audit Committee	Compensation & Governance Committee
<b>Douglas Goss</b>	–	✓
<b>Andrew Melton</b>	–	–
<b>Kathleen Melton<sup>1</sup></b>	–	✓
<b>Timothy Melton</b>	–	–
<b>Bruce Pennock</b>	✓ Chair	–
<b>Janet Riopel</b>	✓	–
<b>Catherine M. Roozen</b>	✓	✓ Chair
<b>Ralph Young</b>	–	✓

1. Ms. Melton does not participate or have a vote on compensation matters.

### Executive Officers

The following table lists the executive officers of Melcor as at December 31, 2025, their province of residence, period of service as an executive officer and their principal occupation during the five preceding years

Name and Municipality of Residence	Position with Melcor	Prior 5 Years	Since
<b>Timothy C. Melton</b> Edmonton, Alberta	Executive Chair & CEO	Executive Chair CEO (2021-)	1973
<b>Naomi M. Stefura CA</b> Edmonton, Alberta	COO and CFO	COO & CFO (2023-) EVP & CFO (2021-23)	2008

The Directors and Executive Officers, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 20,044,260 (67%) of Melcor's outstanding common shares as at March 10, 2026.

## ADDITIONAL INFORMATION

### Transfer Agent & Registrar

Odyssey Trust Company is Melcor's transfer agent and registrar. Odyssey Trust Company provides services to Melcor shareholders.

### Legal Proceedings & Regulatory Actions

Except for the approval of the Court sought in connection with the Arrangement Agreement in 2024 and except as anticipated to be sought in connection with the New Arrangement, Melcor is not aware of any existing or contemplated legal proceedings to which it is or was a party to, or to which any of its properties is or was the subject of, outside the normal course of business.

Melcor is involved in various claims and litigation as a regular part of its business. Management believes that the resolution of these claims and litigation (which in certain cases are covered by insurance, subject to applicable deductibles) will not have a material adverse effect on its financial position or results of operations.

### Interest Of Management & Others in Material Transactions

To Melcor's knowledge, no director or executive officer of Melcor, or any of their associates or affiliates has any material interest, directly or indirectly, in any transaction within the three most recently completed fiscal years that has materially affected or will materially affect Melcor.

### Names & Interests of Experts

PricewaterhouseCoopers LLP, Chartered Accountants, Suite Stantec Tower, 10220 103rd Avenue NW Edmonton, Alberta, T5J 0K4, are Melcor's independent external auditors. PricewaterhouseCoopers LLP are independent of Melcor in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

Altus Group Limited, Suite 600, 10250 101 Street NW, Edmonton, Alberta, T5J 3P4, are Melcor's independent valuers. Altus Group Limited, a member of the Appraisal Institute of Canada, prepares and certifies a report with respect to the valuation of Melcor's investment properties as required to be presented in accordance with International Financial Reporting standards. Altus Group Limited is independent of Melcor in accordance with the Canadian Uniform Standards of Professional Appraisal Practices, which regulates the Appraisal Institute of Canada.

### Material Contracts

Melcor did not enter into any material contracts outside the ordinary course of business in 2025.

### Additional Information

Additional information relating to Melcor's business is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) or under the 'Investor Relations' tab on Melcor's website at [www.melcor.ca](http://www.melcor.ca).

Additional financial information about Melcor is provided in the comparative consolidated financial statements and management's discussion and analysis in the annual report for the year ended December 31, 2025.

You will find information on directors' and officers' remuneration, the principal holders of Melcor shares, and the number of shares that are authorized for issuance under our equity compensation plans in our 2026 information circular.

Copies of these documents and any other documents incorporated by reference, additional interim financial statements for periods subsequent to December 31, 2025 and additional copies of this Annual Information Form are available on request.

Please direct your request for materials to:

<b>By Mail:</b>	Investor Relations 900, 10310 Jasper Avenue Edmonton, Alberta T5J 1Y8
<b>By Phone:</b>	1-855-673-6931
<b>By Fax:</b>	780-426-1796
<b>By Email:</b>	<a href="mailto:ir@melcor.ca">ir@melcor.ca</a>

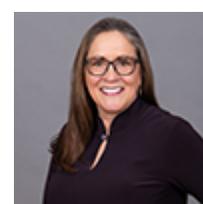
## AUDIT COMMITTEE



**BRUCE PENNOCK**



**CATHERINE ROOZEN**



**JANET RIOPEL**

### Audit Committee Charter

The Audit Committee Charter is attached as Appendix A. The Audit Committee Chair Position Description is attached as Appendix B.

### Composition of the Audit Committee

The Board of Directors believes that the current composition of the Audit Committee reflects a high level of financial literacy and expertise. Each member of the Audit Committee has been determined by the Board to be “financially literate” and “independent” as defined under NI 52-110.

The 2025 Audit Committee was comprised of:

Member	Relevant Education & Experience
Bruce Pennock, CA <i>Chair</i> Member since 2021 Independent Financially Literate	Bruce Pennock has extensive experience in providing audit, accounting and business advisory services to large family-owned enterprises, private equity-backed organizations and publicly traded entities. Prior to founding Pennock Acheson Nielsen Devaney LLP in 1995, Bruce was a partner with the international accounting firm of Deloitte, where he served as director of assurance for 15 years, served on three of the firms strategic planning committees and chaired the Canadian firms Consumer Products Committee. As a member of the Institute of Chartered Accountants of Alberta, Bruce has sat on both the Canadian Institute’s Auditing Standards Committee and the Provincial institute’s committee dealing with financial reporting for Credit Unions. Bruce has a Bachelor of Commerce from the University of Alberta and a CA designation from the Alberta Institute of Chartered Accountants. Bruce has also served on the Board of the Royal Alexander Hospital, on the board and chaired the finance committee of Catholic Social Services and serviced as a trustee for the Canadian Franciscan Friars.
Catherine Roozen Member since 2007 Independent Financially Literate	Ms. Roozen is a graduate of the University of Alberta where she served as a Governor from 1998-2005. Since 1981, she has been a Director and the Corporate Secretary of Cathton Investments Ltd. and The Allard Foundation Ltd. Ms. Roozen served over 10 years as the Chair of the Human Resources Committee at Corus Entertainment Inc and served for 10 years on the board of EPCOR Utilities having recently retired in 2025. Ms. Roozen continues to serve as a director of several other private entities.
Janet Riopel, ICD.D Member since 2022 Independent Financially Literate	Ms. Riopel is the President & CEO of TREYL Communications Inc. She has deep roots in the Edmonton business community and considerable experience in managing complex, multi-stakeholder projects. She is a director on the board of Alberta Innovates and sits on MacEwan University’s capital campaign to build a new downtown school of business. Most recently, Ms. Riopel was the President & CEO of the Edmonton Chamber of Commerce. Ms. Riopel was a recipient of both the Queen’s Platinum and Golden Jubilee medals.

### Preapproval Policy

The Audit Committee pre-approves the annual audit plan and non-audit services performed by the independent auditor in order to ensure that the provision of such services does not impair the auditor’s independence. Unless a type of service to be provided by the independent auditor has received general pre-approval, it will require specific pre-approval by the Audit Committee. Any proposed service exceeding pre-approved cost levels requires specific pre-approval by the Audit Committee.

### External Auditor Fees

PricewaterhouseCoopers LLP (or their predecessors) have been Melcor’s Auditors since the company went public in 1968. During the past 2 years, Melcor has paid the following fees to its auditors:

	2025	2024
Audit fees	\$ 569,100	\$ 341,438
Audit-related fees <sup>1</sup>	\$ 353,528	\$ 261,615
Tax fees <sup>2</sup>	\$ 160,821	\$ 92,020
<b>Total</b>	<b>\$ 1,083,449</b>	<b>\$ 695,073</b>

1. Audit related fees include fees for subsidiary companies, joint arrangements, and building operating statements and homeowners associations.
2. Tax fees include tax compliance services and tax advisory and planning services.
3. Total fees for 2025 include additional costs related to the transaction between Melcor Development and Melcor REIT, which closed in April 2025.

# APPENDIX A

## AUDIT COMMITTEE CHARTER

The term "**Company**" refers to Melcor Developments Ltd. and its subsidiaries and the term "**Board**" refers to the board of directors of the Company.

### **PURPOSE**

The Audit Committee (the "**Committee**") is a standing committee appointed by the Board to assist the Board in fulfilling its oversight responsibilities with respect to the Company's financial reporting including responsibility to:

- oversee the integrity of the Company's consolidated financial statements and financial reporting process, including the audit process and the Company's internal accounting controls and procedures and compliance with related legal and regulatory requirements;
- oversee the performance, qualifications, independence and compensation of the Company's external auditors;
- oversee the work of the Company's financial management and external auditors in these areas;
- provide an open avenue of communication between the external auditors, the Board and the officers (collectively, "Management") of the Company.

In addition, the Committee will review and/or approve any other matter specifically delegated to the Committee by the Board.

### **COMPOSITION AND PROCEDURES**

In addition to the procedures and powers set out in any resolution of the Board, the Committee will have the following composition and procedures:

#### **1. Composition**

The Committee shall consist of no fewer than three members. None of the members of the Committee shall be an officer or employee of the Company or any of its subsidiaries and each member of the Committee shall be an "independent director" (in accordance with the definition of "independent director" established from time to time under the requirements or guidelines for audit committee service under applicable securities laws and the rules of any stock exchange on which the Company's shares are listed for trading).

#### **2. Appointment and Replacement of Committee Members**

Any member of the Committee may be removed or replaced at any time by the Board and shall automatically cease to be a member of the Committee upon ceasing to be a director. The Board may fill vacancies on the Committee by election from among its members. The Board shall fill any vacancy if the membership of the Committee is less than three directors. If and whenever a vacancy shall exist on the Committee, the

remaining members may exercise all its power so long as a quorum remains in office. Subject to the foregoing, the members of the Committee shall be elected by the Board annually and each member of the Committee shall hold office as such until the next annual meeting of shareholders after his or her election or until his or her successor shall be duly elected and qualified. The Chair of the Committee shall be designated by the Board.

#### **3. Meetings**

Regular meetings of the Committee are held at least 4 times each year. Committee meetings may be called by the Committee Chair or by a majority of the Committee members. At any meeting of the Committee, a quorum of at least two committee members must be present for the Committee to exercise any of its powers. Meetings may be conducted with members present, or by telephone or other communication facilities which permit all persons participating in the meeting to communicate with each other.

#### **4. Financial Literacy**

All members of the Committee must be "financially literate" (as that term is interpreted by the Board in its reasonable judgment or as may be defined from time to time under the requirements or guidelines for audit committee service under securities laws and the rules of any stock exchange on which the Company's shares are listed for trading) or must become financially literate within a reasonable period of time after his or her appointment to the Committee.

#### **5. Chair**

The Chair of the Committee shall have the duties and responsibilities set forth in Appendix "II".

#### **6. Separate Executive Meetings (in camera sessions)**

The Committee meets at least once every quarter, and more often as warranted, with the Chief Financial Officer and with the external auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately.

#### **7. Professional Assistance**

The Committee may retain special legal, accounting, financial or other consultants to advise the Committee at the Company's expense.

#### **8. Review of Charter and Audit Committee Disclosures**

The Committee will periodically review and reassess the adequacy of this Charter as it deems appropriate and

recommend changes to the Board. The Committee will evaluate its performance with reference to this Charter.

The Committee will approve the form of disclosure of this Charter and any Audit Committee information, where required by applicable securities laws or regulatory requirements, in the annual proxy circular or annual report of the Company.

### 9. Delegation

The Committee may delegate from time to time to any person or committee of persons any of the Committee's responsibilities that lawfully may be delegated.

### 10. Reporting to the Board

The Committee will report through the Committee Chair to the Board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.

#### **SPECIFIC MANDATES OF THE COMMITTEE**

The Committee shall have authority over, and shall be responsible for the following specific matters:

#### **I. External Auditors**

- (a) Oversee the work and review the performance and qualifications of the external auditors of the Company who are accountable to the Committee and the Board as the representatives of the shareholders of the Company, and make recommendations to the Board as to the reappointment or appointment of the external auditors of the Company to be proposed in the Company's proxy circular for shareholder approval and shall have authority to terminate the external auditors. In performing this oversight and review, the Committee will:
  - i. At least annually, obtain and review a report by the external auditors describing (A) the external auditors' internal quality control procedures; (B) any material issues raised by the most recent internal quality control review, or peer review, of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors, and any steps taken to deal with any such issues; and (C) (to assess the auditors' independence) all relationships between the external auditors and the Company;
  - ii. Take into account the opinions of management; and
  - iii. Review and evaluate the Lead Partner of the external auditors.
- (b) review the reasons for any proposed change in the external auditors of the Company which is not initiated by the Committee or Board and any other significant issues related to the change, including the response of the incumbent auditors, and enquire as to the qualifications of the proposed replacement auditors before making its recommendation to the Board;
- (c) approve the annual audit plan, terms of engagement and the compensation to be paid by the Company to the Company's external auditors;
- (d) review the independence of the Company's external auditors, including a written report from the external auditors respecting their independence and consideration of applicable auditor independence standards;
- (e) adopt policies and procedures for the pre-approval of all audit and permitted non-audit services to be provided to the Company or any of its affiliates by the external auditors or any of their affiliates, subject to any de minimus exception allowed by applicable law; the Committee may delegate to one or more designated members of the Committee the authority to grant pre-approvals required by this subsection;
- (f) review the disclosure with respect to its pre-approval of audit and non-audit services provided by the Company's external auditors;
- (g) approve any hiring by the Company or its subsidiaries of employees or former employees of the Company's external auditors;
- (h) review a written or oral report describing:
  - i. critical accounting policies and practices to be used in the Company's annual audit,
  - ii. alternative treatments of financial information within generally accepted accounting principles that have been discussed with the Company's management and that are significant to its consolidated financial statements, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditors, and
  - iii. other material written communication between the Company's external auditors and the Company's management, such as any management letter or schedule of unadjusted differences;
- (i) review with the external auditors and the Company's management the general audit approach and scope of proposed audits of the consolidated financial statements of the Company, the objectives, staffing, locations, coordination and reliance upon the Company's management in the audit, the overall audit plans, the audit procedures to be used and the timing and estimated budgets of the audits;
- (j) if a review engagement report is requested of the external auditors, review such report before the release of the Company's interim consolidated financial statements;
- (k) discuss with the external auditors any difficulties or disputes that arose with the Company's management during the course of the audit, any restrictions on the scope of activities or access to requested information and the adequacy of the Company's management's responses in correcting audit-related deficiencies;

#### **II. Financial Disclosure**

- (a) review with the external auditors and the Company's management:
  - i. the Company's audited consolidated financial statements and the notes and Managements' Discussion and Analysis relating to such consolidated financial statements, the annual report, the annual information form, the financial

- information of the Company contained in any prospectus or information circular or other disclosure documents or regulatory filings, or any other disclosures relating to financial information of the Company, the recommendations for approval of these documents from the CEO and CFO of the Company and based on such recommendations provide, where applicable, its own recommendations to the Board for their approval and release to the public;
- ii. the Company's interim consolidated financial statements and the notes and Managements' Discussion and Analysis relating to such consolidated financial statements and any other disclosures relating to financial information, the recommendations for approval of these documents from the CEO and CFO of the Company and based on such recommendations provide, where applicable, its own recommendations to the Board for their approval and release to the public;
  - iii. the quality, appropriateness and acceptability of the Company's accounting principles and practices used in its financial reporting, changes in the Company's accounting principles or practices and the application of particular accounting principles and disclosure practices by the Company's management to new transactions or events;
  - iv. all significant financial reporting issues and judgments made in connection with the preparation of the Company's consolidated financial statements, including the effects of alternative methods in respect of any matter considered significant by the external auditor within generally accepted accounting principles on the consolidated financial statements;
  - v. the effect of regulatory and accounting initiatives on the Company's consolidated financial statements and other financial disclosures;
  - vi. any reserves, accruals, provisions or estimates that may have a significant effect upon the consolidated financial statements of the Company;
  - vii. the use of special purpose entities and the business purpose and economic effect of off balance sheet transactions, arrangements, obligations, guarantees and other relationships of the Company and their impact on the reported financial results of the Company;
  - viii. any legal matter, claim or contingency that could have a significant impact on the consolidated financial statements, the Company's compliance policies and any material reports, inquiries or other correspondence received from regulators or governmental agencies and the manner in which any such legal matter, claim or contingency has been disclosed in the Company's consolidated financial statements;
  - ix. any disclosures concerning any weaknesses or any deficiencies in the design or operation of internal controls or disclosure controls made to the Committee by the CEO and CFO during their certification process in documents filed with applicable securities regulators;
  - x. review the treatment for financial reporting purposes of any significant transactions that are not a normal part of the Company's operations;
  - xi. the use of any "pro forma" or "adjusted" information not in accordance with generally accepted accounting principles;
- (b) review and resolve disagreements between the Company's management and its external auditors regarding financial reporting or the application of any accounting principles or practices;
  - (c) receive from the CEO and the CFO of the Company a certificate certifying in respect of each annual and interim report the matters such officers are required to certify in connection with the filing of such reports under applicable securities laws;
  - (d) review and discuss with management the Company's guidelines and policies with respect to risk assessment and the Company's major financial and business risk exposures and the steps taken to monitor and control such exposures;
  - (e) review earnings press releases, as well as financial information and earnings guidance provided to analysts and ratings agencies, it being understood that such discussions may, in the discretion of the Committee, be done generally (i.e., by discussing the types of information to be disclosed and the type of presentation to be made) and that the Committee need not discuss in advance each earnings release or each instance in which the Company gives earning guidance (if applicable);
  - (f) receive quarterly a report from the Company's internal auditor (if applicable).

### III. Insurance

- (a) review periodically insurance programs relating to the Company and its investments;

### IV. Internal Audit

- (a) review periodically management's decision related to the need, scope and sourcing for an internal audit function.

### V. Internal Controls

- (a) review the adequacy and effectiveness of the Company's internal accounting and financial controls based on recommendations from the Company's management and the external auditors for the improvement of accounting practices and internal controls;
- (b) oversee compliance with internal controls and the Code of Business Conduct, particularly as it relates to financial reporting;
- (c) review and approve the expense accounts of the Chair of the Board. This function may be delegated to the Chair of the Committee.

### VI. Compliance

- (a) review with the Company's Chief Financial Officer, other members of management and the external auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports, which raise material issues regarding the Company's financial statements or accounting policies;

- (b) review with the Company's external legal counsel matters that may have a material impact on the financial statements or accounting policies;
- (c) establish procedures for:
  - i. the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters;
  - ii. the confidential, anonymous submission by employees of the Company with concerns regarding any accounting or auditing matters.
- (d) on an annual basis review compliance with the Disclosure Policy of the Company; and
- (e) on a periodic basis, review reports on the Company's information technology systems that support the financial reporting process, including a periodic review of cybersecurity risk.

#### **VII. Other Items**

- (a) on an annual basis review and assess Committee member attendance and the Committee's performance and report thereon to the Board and review this Charter and, if required implement amendments to this Charter;
- (b) review, as required, any claims of indemnification pursuant to the by-laws of the Company;
- (c) on a quarterly basis review any related party transactions and the development of policies and procedures related to those transactions;

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## **APPENDIX B**

### **POSITION DESCRIPTION – AUDIT COMMITTEE CHAIR**

The Chair of the Audit Committee of Melcor Developments Ltd. has the duties and responsibilities described below:

- Provide overall leadership to facilitate the effective functioning of the Committee, including:
  - Overseeing the structure, composition, membership and activities delegated to the Committee;
  - Chairing every meeting of the Committee and encouraging free and open discussion at meetings of the Committee;
  - Setting the agenda for Committee meetings with input from Committee members and management as appropriate;
  - Facilitate the timely distribution of meeting materials and minutes;
  - encouraging Committee members to ask questions and express viewpoints during meetings; and
  - taking all other reasonable steps to ensure that the responsibilities and duties of the Committee, as outlined in its Charter, are well understood by the Committee members and executed as effectively as possible.
- Foster ethical and responsible decision making by the Committee and its individual members;
- Encourage the Committee to meet in separate, regularly scheduled in camera sessions with the independent auditors, without the presence of management; and.
- Following each meeting of the Committee, report to the Board of Directors on the activities, decisions and recommendations of the Committee.