

MEDIA RELEASE

for immediate distribution

Melcor Developments announces first quarter results, declares quarterly dividend of \$0.15 per share

Edmonton, Alberta | May 7, 2026

Melcor Developments Ltd. ("Melcor") (TSX: MRD), an Alberta-based real estate development and asset management company, today reported results for the first quarter ended March 31, 2026. The first quarter Management Discussion & Analysis (MD&A) and Condensed Interim Financial Statements are available on our website (www.melcor.ca) under Investors, or on SEDAR+ (www.sedarplus.ca).

Timothy Melton, Melcor's Executive Chair and Chief Executive Officer, commented: "For the first quarter of 2026, Melcor generated revenues of \$45.37 million at a gross margin of 48.1%, compared to revenues of \$50.74 million at a gross margin of 53.8% in Q1-2025. The year-over-year decline primarily reflects the timing and uneven nature of land sales in our U.S. operations, as well as the impact of recent non-core property dispositions. While economic conditions remain uncertain, particularly with respect to development timing and costs, our core Alberta operations continued to demonstrate stability.

Net income for the quarter was \$23.17 million, an increase of \$18.16 million from \$5.02 million in Q1-2025, largely driven by non-cash items recorded in the quarter. These items can introduce period-over-period fluctuations into reported earnings, and as such, management continues to rely on funds from operations ("FFO") as a better indicator of underlying performance. FFO for the quarter was \$8.52 million, down 36.6% from \$13.43 million in Q1-2025, reflecting lower gross profits from our Land division and reduced contributions from the Properties division following recent property disposals.

Our Land division contributed 44.1% of total revenue before intersegment elimination to date in 2026 compared to 45.7% in 2025. Land revenues declined due to lower contributions from land sales in our US region; however, within our Canadian market, revenues increased \$8.58 million to \$19.87 million as result of an increase in single-family lot sales.

Our Properties division contributed 55.7% of revenue before intersegment eliminations in 2026 compared to 54.1% in 2025. Revenues from our Properties division was down 7.9% to \$25.35 million in the quarter as a result of recent property disposals partially offset by revenue generated from newly developed commercial properties.

In our Golf division, our Black Mountain golf course opened March 25, 2026, and our Edmonton courses opened subsequent to the quarter.

Throughout the year, we maintained a conservative and disciplined approach to capital allocation, development activity, and balance sheet management. Building on an initiative that began in 2024, we continued to prune non-core assets to strengthen Melcor's financial position and reduce leverage. In 2025, we sold four properties, and year-to-date in 2026 we have sold an additional two properties for combined net proceeds of \$43.1 million, including the Staples Building in Calgary, AB and Telford Industrial, a industrial centre with three buildings, located in Leduc, AB.

These actions have resulted in meaningful improvement in our financial flexibility. General debt has been reduced by 8.1% year-over-year and we have reduced debt by 8.6% since year-end. In addition to our debt reduction, our debt-to-equity position has improved to 0.55 down from 0.64 as at March 31, 2026, and down from 0.62 at December 31, 2025.

Today the Board declared its quarterly dividend of \$0.15 per share. This dividend is payable on June 30, 2026 to shareholders of record on June 15, 2026 and is an eligible dividend for Canadian tax purposes."

Financial Highlights

Financial highlights of our performance are summarized below:

First quarter:

- Revenue was down 10.6% to \$45.37 million (Q1-2025: \$50.74 million)
- Gross profit was down 20.1% to \$21.84 million (Q1-2025: \$27.31 million)
- Funds from operations (FFO) was down 36.6% to \$8.52 million (Q1-2025: \$13.43 million)

Net income continues to be significantly impacted by non-cash items and management believes that FFO more accurately reflects true operating performance. To date, FFO decreased 36.6% to \$8.52 million (Q1-2025: \$13.43 million). The decrease over 2025 is primarily due to a reduction in gross profits generated from our Land division, paired with the recent property disposals in our Properties division.

Selected Highlights

(\$000s except as noted)	Three months ended March 31		
	2026	2025	Change %
Revenue	45,365	50,743	(10.6)
Gross margin ¹	48.1 %	53.8 %	(10.6)
Net income	23,173	5,016	362.0
Net margin ¹	51.1 %	9.9 %	416.2
FFO ²	8,515	13,426	(36.6)
Per Share Data (\$)			
Basic earnings	0.77	0.17	352.9
Diluted earnings	0.76	0.16	375.0
FFO ³	0.28	0.44	(36.4)
Dividends	0.50	0.11	354.5

As at (\$000s except share and per share amounts)	March 31, 2026	December 31, 2025	Change %
Total assets	1,976,831	2,051,135	(3.6)
Shareholders' equity	1,278,571	1,268,073	0.8
Total shares outstanding	30,036,833	30,102,605	(0.2)
Per Share Data (\$)			
Book value ⁽³⁾	42.57	42.13	1.0

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

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

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

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

Alberta's land development continued into the first quarter with momentum despite navigating a dynamic and uncertain economic environment. While ongoing global trade tensions, political uncertainty, moderated interest rates and increases in gas and construction costs contributed to uncertainty, our diverse portfolio demonstrated resilience and performed amid these conditions.

To date in 2026, we have recorded revenue of \$45.37 million at a gross margin of 48.1%, down 10.6% from revenue of \$50.74 million in 2025 at a gross margin of 53.8%. Net income was up \$18.16 million to \$23.17 million in the period from \$5.02 million in 2025.

Our **Land division** contributed 44.1% of total revenue before intersegment elimination to date in 2026 compared to 45.7% in 2025. Revenue generated from our Land division was down as a result of the absence of the US land revenues, partially offset by higher revenue generated from single family lot sales. In the Q1-2025 comparative period, our US region successfully closed on a 44.00 acre sale of subdivided but unserviced land (paper lots) in the first quarter, contributing \$12.00 million to revenues and \$8.32 million to earnings in the period. To date in 2026 we have recorded no US Land sales.

Our **Properties division** contributed 55.7% of revenue before intersegment eliminations in 2026 compared to 54.1% in 2025. Revenues from our Properties division was down 7.9% to \$25.35 million in the quarter (Q1-2025: \$27.51 million) as a result of recent property disposals partially offset by revenue generated from newly developed commercial properties. We continuously assess assets held in our Properties division, with an aim of focusing on our core Alberta market. We disposed of four investment properties in 2025, and sold two additional properties in the three months ended March 31, 2026. In addition to the properties sold, we have also classified one property as held for sale as at the period ended March 31, 2026.

Our **Golf division** courses opened subsequent to the first quarter, with the exception of Black Mountain Golf Club (Kelowna, BC) which opened on March 25, 2026.

Looking at revenue geographically, our US region contributed 6.3% or \$2.83 million of total revenue to date in 2026, with our Properties division contributing 5.8% and our Land division contributing 0.5%. This compares to total US revenues of 29.7% or \$15.05 million to date in Q1-2025, with our Properties division contributing 6.0% and our Land division contributing 23.6%. The reduction in year-to-date revenue from our Land division relates to the 44.00 acre sale in Q1-2025 for revenue of \$12.00 million and gross profit of \$8.32 million. Canadian revenue was up 19.2% or \$6.84 million to \$42.54 million (Q1-2025: \$35.70 million).

In the first quarter net income was \$23.17 million up \$18.16 million from \$5.02 million in Q1-2025. The increase in net income was significantly impacted by non-cash items including:

- *Fair value adjustments on investment properties:* in Q1-2026 we recorded a fair value gain on investment properties of \$1.03 million (Q1-2025: fair value gain of \$4.10 million).
- *Change in the REIT's unit price:* as a result of the transaction concluded in 2026, no adjustments related to the REIT units were recorded in 2026. This compares to a fair value loss of \$2.33 million recorded in Q1-2025.
- *Non-cash financing costs:* we recorded non-cash financing recoveries of \$0.08 million in Q1-2025, compared to non-cash financing costs of \$1.49 million in Q1-2025.
- *Deferred income taxes:* in Q1-2026, we recorded a \$12.75 million deferred tax benefit in connection with the wind-up of REIT LP. This had a positive impact on net income and is adjusted for in our FFO calculations.

These non-cash gains and losses are driven by market forces outside of Melcor's control and are a key reason we focus on FFO as a truer measure of our financial performance.

FFO decreased by 36.6% to \$8.52 million in Q1-2026 (Q1-2025: \$13.43 million). The reduction in FFO is a result of lower gross profit, down 18.8% or \$5.41 million to \$23.39 million in the quarter (Q1-2025: \$28.80 million). FFO was also impacted by the reduction of general and administrative expenses, which was down 20.0% or \$1.53 million to \$6.12 million (Q1-2025: \$7.65 million), positively impacting FFO.

ASSET DISPOSITIONS

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

2026 Dispositions (year-to-date):

- Telford Industrial, a industrial centre with three buildings, located in Leduc, AB for net proceeds of \$31.00 million
- Staples Building, a retail building located in Calgary, AB for net proceeds of \$12.07 million
- Two residential units located at the Edge at Grayhawk in Scottsdale, AZ for net proceeds of \$0.87 million (US\$0.64 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)

We continue to focus on divesting select non-core assets to generate cash for the purpose of reducing debt. Asset sales have been, and will continue to be, conducted with careful consideration of long-term shareholder value.

SHAREHOLDER HIGHLIGHTS

We continue to focus on returning value to our shareholders:

- We repurchased 65,772 shares for cancellation pursuant to the NCIB at a cost of \$1.09 million to date in 2026.
- We paid dividends of \$0.50 per share in the quarter, which included a regular quarterly dividend of \$0.15 per share and a special dividend of \$0.35 per share for total cash of \$15.02 million.
- On May 7, 2026, we declared a quarterly dividend of \$0.15 per share, payable on June 30, 2026, to shareholders of record on June 15, 2026. The dividend is an eligible dividend for Canadian tax purposes.

Non-GAAP & Non-Standard Measures

FFO is a key measure of performance used by real estate operating companies; however, that is not defined by IFRS Accounting Standards, do not have standard meanings and may not be comparable with other industries or income trusts. This non-IFRS Accounting Standards measure is more fully defined and discussed in the Melcor's management discussion and analysis for the period ended March 31, 2026, which is available on SEDAR+ (www.sedarplus.ca).

Funds from operations (FFO): FFO is a non-GAAP financial measure and is defined as net income in accordance with IFRS Accounting Standards, excluding (i) fair value adjustments on investment properties; (ii) gains (or losses) from sales of investment properties; (iii) amortization of tenant incentives; (iv) fair value adjustments, directly attributable transaction costs to the REIT Units acquisition, interest expense and other effects of redeemable units classified as liabilities; (v) acquisition costs expensed as a result of the purchase of a property being accounted for as a business combination; (vi) adjustment for amortization of deferred financing fees, which is included in non-cash financing costs and (vii) fair value adjustment on derivative instrument, after adjustments for equity accounted entities, joint ventures and non-controlling interests calculated to reflect FFO on the same basis as consolidated properties (viii) gain (or losses) from the derecognition of a liability. See tables below for reconciliation of FFO:

Consolidated

(\$000s)	Three months ended March 31	
	2026	2025
Net income for the period	23,173	5,016
Amortization of tenant incentives	1,556	1,488
Fair value adjustment on investment properties	(1,026)	(4,098)
Depreciation on property and equipment	275	117
Stock based compensation expense	268	316
Non-cash finance costs	(80)	1,486
Gain on sale of assets and derecognition of liabilities	(2,043)	(1)
Deferred income taxes	(13,923)	1,149
Fair value adjustment on REIT Units	–	2,333
Transaction costs on REIT Units acquisition	–	5,620
Accrued finance charges	315	–
FFO	8,515	13,426

Properties

(\$000s)	Three months ended March 31	
	2026	2025
Segment earnings	15,797	17,314
Fair value adjustment on investment properties	(1,026)	(4,098)
Amortization of tenant incentives	1,556	1,488
Gain on sale of assets and derecognition of liabilities	(2,043)	–
Divisional FFO	14,284	14,704

Gross margin (%): Gross margin percent is a supplementary financial measure that indicates the relative efficiency with which we earn revenue. This ratio is calculated by dividing gross profit by revenue.

Net margin (%): Net margin percent is a supplementary financial measure that indicates the relative efficiency with which we earn income. This ratio is calculated by dividing net income by revenue.

Book value per share: Book value per share is a non-GAAP financial ratio and is calculated as shareholders' equity over number of common shares outstanding.

MD&A and Financial Statements

Information included in this press release is a summary of results. This press release should be read in conjunction with Melcor's consolidated financial statements and management's discussion and analysis for the three months ended March 31, 2026, which can be found on the company's website at www.Melcor.ca or on SEDAR+ (www.sedarplus.ca).

About Melcor Developments Ltd.

Melcor is a diversified real estate development and asset management company that transforms real estate from raw land through to high-quality finished product in both residential and commercial built form. Melcor develops and manages mixed-use residential communities, business and industrial parks, office buildings, retail commercial centres and golf courses. Melcor owns a well diversified portfolio of assets in Alberta, Saskatchewan, British Columbia, Arizona and Colorado.

Melcor has been focused on real estate since 1923. The company has built over 170 communities and commercial projects across Western Canada and today manages 4.15 million sf in commercial real estate assets and 444 residential rental units. Melcor is committed to building communities that enrich quality of life - communities where people live, work, shop and play.

Melcor's headquarters are located in Edmonton, Alberta, with regional offices throughout Alberta and in Kelowna, British Columbia and Phoenix, Arizona. Melcor has been a public company since 1968 and trades on the Toronto Stock Exchange (TSX:MRD).

Forward Looking Statements

In order to provide our investors with an understanding of our current results and future prospects, our public communications often include written or verbal forward-looking statements.

Forward-looking statements are disclosures regarding possible events, conditions, or results of operations that are based on assumptions about future economic conditions, courses of action and include future-oriented financial information.

This news release and other materials filed with the Canadian securities regulators contain statements that are forward-looking. These statements represent Melcor's intentions, plans, expectations, and beliefs and are based on our experience and our assessment of historical and future trends, and the application of key assumptions relating to future events and circumstances. Future-looking statements may involve, but are not limited to, comments with respect to our strategic initiatives for 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 under Business Environment and Risk in our annual MD&A and the additional disclosure under Business Environment and Risk in this MD&A.

Readers should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Except as may be required by law, we do not undertake to update any forward-looking statement, whether written or oral, made by the company or on its behalf.

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