MEDIA RELEASE

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

Edmonton, Alberta | August 13, 2026

Melcor Developments Ltd. ("Melcor") (TSX: MRD), an Alberta-based real estate development and asset management company, today reported results for the second quarter ended June 30, 2026. The second 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: "The first half of 2026 reflects the continued execution of our long-term strategy. While the timing of land sales and recent property dispositions resulted in lower revenue and funds from operations ("FFO") compared to the prior year, our core Alberta operations remained stable, margins remained strong, and we continued to strengthen our balance sheet. Through disciplined capital allocation, debt reduction, and the strategic sale of non-core assets, we have improved our financial flexibility while maintaining a substantial inventory of development land and a diversified portfolio of income-producing assets. As Alberta continues to benefit from population growth and economic investment, we believe Melcor remains well positioned to capitalize on opportunities across our markets and create long-term value for shareholders.

In the first six months of the year, Melcor reported revenue of $107.36 million and a gross margin of 49.5%, compared to revenues of $150.88 million and a gross margin of 54.6% in 2025. The decrease in revenue was largely attributable to lower land sales activity in the U.S. region, where timing and uneven nature of land sales can significantly impact period-to-period results, as well as the impact of property disposals completed over the past 18 months as part of the Melcor's asset optimization strategy.

Despite ongoing uncertainty surrounding economic conditions, construction costs and development timelines, activity within Melcor's core Alberta markets remained stable. Demand for residential lots continued to support Canadian land sales, while Melcor's income-producing properties maintained a solid operating base benefiting from our recent completed commercial developments.

Net income for the first half of 2026 increased to $45.11 million from $12.27 million in 2025. As reported earnings were significantly influenced by non-cash and non-operating items, we continue to focus on funds from operations ("FFO") as a key measure of underlying performance. Year-to-date FFO was $30.23 million, down 39.4% from $49.91 million in 2025, the result of lower land sales and the impact of recent income-producing property dispositions.

While lower land sales in our US region reduced the Land division's contribution to total revenue to 47.8% year-to-date in 2026 from 60.5% in 2025, demand in Alberta remained strong. Canadian land revenue increased by $10.32 million to $40.09 million, supported by higher single-family lot sales and continued demand in key residential markets.

Our Properties division contributed 46.6% of revenue before intersegment eliminations to date in 2026 compared to 35.5% in 2025. Revenues from our Properties division was down 6.3% to $50.22 million year-to-date (2025: $53.62 million) as a result of recent property disposals partially offset by revenue generated from newly developed commercial properties. While these dispositions reduced short-term revenue, they have enhanced liquidity and supported Melcor's broader capital management objectives.

Our Golf division faced a challenging start to the season, with a later than normal opening, unfavorable weather conditions and record rainfall in the Edmonton region contributing to a 10.7% decline in rounds played compared to 2025. Despite lower course activity, revenue remained stable at $6.06 million (2025: $6.02 million), as reduced green fee revenue was offset by contributions from our food and beverage operations and other clubhouse revenue streams.

To date in 2026, we have sold two properties, including the Staples Building in Calgary, AB and Telford Industrial in Leduc, AB which generated net proceeds of $43.08 million. These dispositions are in addition to the four commercial properties sold in 2025 for net proceeds of $87.58 million and demonstrate a continuation of our ongoing portfolio optimization strategy designed to enhance liquidity and strengthen our financial position.

Overall, we have reduced general debt by 18.4% to $490.24 million over the comparative quarter (Q2-2025: $601.05 million) and general debt is down 10.7% (December 31, 2025: $548.74 million) over year-end. Our debt to equity ratio on June 30, 2026 was 0.53, down from 0.65 in Q2-2025, and 0.62 since year-end.

Today the Board declared its quarterly dividend of $0.15 per share. This dividend is payable on September 29, 2026 to shareholders of record on September 15, 2026 and is an eligible dividend for Canadian tax purposes."

Financial Highlights

Financial highlights of our performance are summarized below:

Second quarter:

- Revenue was down 38.1% to $61.99 million (Q2-2025: $100.14 million)
- Gross profit was down 43.1% to $31.33 million (Q2-2025: $55.04 million)
- Funds from operations (FFO) was down 39.9% to $21.72 million (Q2-2025: $36.13 million)

Year-to-date:

- Revenue was down 28.8% to $107.36 million (2025: $150.88 million)
- Gross profit was down 35.4% to $53.16 million (2025: $82.35 million)
- FFO was down 39.4% to $30.23 million (2025: $49.91 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 39.4% to $30.23 million (2025: $49.91 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

($000s except as noted)	Three months ended June 30			Six months ended June 30		
	2026	2025	Change %	**2026**	2025	Change %
Revenue	**61,992**	100,139	(38.1)	**107,357**	150,882	(28.8)
Gross margin[1]	**50.5 %**	55.0 %	(8.2)	**49.5 %**	54.6 %	(9.3)
Net income	**21,935**	7,258	202.2	**45,108**	12,274	267.5
Net margin[1]	**35.4 %**	7.2 %	391.7	**42.0 %**	8.1 %	418.5
FFO[2]	**21,717**	36,125	(39.9)	**30,232**	49,910	(39.4)
Per Share Data ($)						
Basic earnings	**0.73**	0.24	204.2	**1.50**	0.41	265.9
Diluted earnings	**0.73**	0.24	204.2	**1.49**	0.40	272.5
FFO[3]	**0.72**	1.19	(39.5)	**1.00**	1.65	(39.4)
Dividends	**0.15**	0.11	36.4	**0.65**	0.22	195.5

As at ($000s except share and per share amounts)	**June 30, 2026**	December 31, 2025	Change %
Total assets	**1,983,538**	2,051,135	(3.3)
Shareholders' equity	**1,296,687**	1,268,073	2.3
Total shares outstanding	**29,968,752**	30,102,605	(0.4)
Per Share Data ($)			
Book value [3]	**43.27**	42.13	2.7

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 can be difficult to predict when they will close.

Demand for residential and commercial real estate in Alberta remained healthy during the six months ended June 30, 2026, driven by continued population growth, housing demand and steady activity across residential and commercial real estate markets in Alberta. The operating environment, however, continued to be influenced by global trade tensions, evolving policy decisions, uncertainty and elevated development and construction costs. Despite these challenges, Melcor's diversified portfolio of land development, income producing properties and our golf courses demonstrated stability and resilience, resulting in solid operating performance.

To date in 2026, we have recorded revenue of $107.36 million at a gross margin of 49.5%, down 28.8% from revenue of $150.88 million in 2025 at a gross margin of 54.6%. Net income was up $32.83 million to $45.11 million year-to-date compared to $12.27 million in 2025.

Our **Land division** contributed 47.8% of total revenue before intersegment elimination to date in 2026 compared to 60.5% in 2025. The decrease in revenue generated from our Land division was primarily attributable to lower land sales in our US region partially offset by an increase in single-family lot sales in our Canadian regions. In the 2025 comparative period, our US region generated year-to-date revenue of $61.66 million and gross profit of $39.02 million. Results were positively impacted by the sale of 198.40 acres of subdivided but unserviced land (paper lots) in Goodyear, Arizona. By comparison, the US region generated year-to-date revenue of $11.46 million and gross profits of $5.99 million in 2026 which included the sale of 61.57 acres of subdivided but unserviced land (paper lots) in Buckeye, AZ.

Our **Properties** division accounted for 46.8% of total revenue, before intersegment eliminations compared to 35.5% in 2025 year-to-date. Occupancy decreased over year-end to 81.1% (December 31, 2025: 81.9%) and was down over last year (Q2-2025: 82.5%) primarily reflecting the disposition of highly occupied properties, including Telford Industrial (Leduc, AB) and the Staples Building (Calgary, AB), which were sold in the first half of the year. To date, we completed 289,447 sf in renewals and an additional 130,777 sf of new leasing.

Our **Golf division** courses opened during the second quarter, with the exception of Black Mountain Golf Club (Kelowna, BC) which opened on March 25, 2026. As a result of the unfavourable weather, and Alberta's significant rainfall this 2026 golf season, our golf courses have seen a reduction of 10.7% in rounds played to 47,933 (2025: 53,674). Although rounds were down year-to-date, revenue remained stable at $6.06 million (2025: $6.02 million) due to other revenue streams including food and beverage sales.

From a geographic perspective, our US region contributed 15.7%, or $16.86 million of our total revenue to date in 2026. This included contributions from our Properties division of 5.0% or $5.39 million, and our Land division of 10.7%, or $11.46 million. This compares to total US revenues of 44.9%, or $67.70 million to date in 2025, comprised of 4.0% or $6.03 million from our Properties division and 40.9%, or $61.66 million from our Land division. The year-over-year decrease in the US revenue was primarily attributable to lower land sales activity, as noted above.

In the second quarter, net income was $21.94 million, up $14.68 million from $7.26 million in Q2-2025, and was $45.11 million year-to-date, up $32.83 million from $12.27 million in 2025. The increase in net income was significantly impacted by non-cash items including:

- *Fair value adjustments on investment properties*: in Q2-2026 we recorded a fair value gain on investment properties of $4.87 million (Q2-2025: fair value loss of $3.08 million), and we recorded a $5.90 million in fair value gain year-to-date (2025: fair value gain of $1.02 million).
- *Change in the REIT's unit price:* no fair value adjustments related to REIT units were recorded in 2026 as Melcor no longer held REIT units following the completion of the REIT transaction in Q2-2025. This compares to losses of $0.91 million recorded in Q2-2025 and $3.24 million year-to-date in 2025.
- *Non-cash financing costs*: we recorded non-cash financing costs of $0.46 million in Q2-2025, compared to non-cash financing recoveries of $0.58 million in Q2-2025, and non-cash financing costs of $0.38 million year-to-date (2025: $0.91 million).
- *Deferred income taxes*: we have recorded a deferred tax benefit of $12.21 million year-to-date in 2026 (2025: $23.93 million deferred tax expense), which includes a one-time $12.75 million deferred tax benefit record in Q1-2026 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 39.9% to $21.72 million in Q2-2026 (Q2-2025: $36.13 million) and was down 39.4% to $30.23 million year-to-date (2025: $49.91 million). The reduction in FFO is a result of lower gross profit, down 43.1% or $23.71 million to $31.33 million in the quarter (Q2-2025: $55.04 million) and down 35.4% or $29.19 million to $53.16 million year-to-date (2025: $82.35 million). FFO was also impacted by the reduction of general and administrative expenses, which was down 0.6% or $0.04 million in the period to $6.71 million (Q2-2025: $6.76 million), and down 10.9% or $1.57 million to $12.83 million (2025: $14.41 million) year-to-date, positively impacting FFO.

ASSET DISPOSITIONS

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

2026 Dispositions (year-to-date):

- Telford Industrial, an 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
- Three residential units located at the Edge at Grayhawk in Scottsdale, AZ for net proceeds of $1.17 million (US$0.86 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 137,304 shares for cancellation pursuant to the NCIB at a cost of $1.09 million to date in 2026.
- We paid dividends of $0.65 per share which includes quarterly dividend of $0.15 per share paid on March 31, 2026 and June 30, 2026 as well as a special dividend of $0.35 per share paid on March 31, 2026 for a total cash outflow of $19.52 million to date in 2026.
- On August 13, 2026, we declared a quarterly dividend of $0.15 per share, payable on September 29, 2026, to shareholders of record on September 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 June 30, 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 (vii) gain (or losses) from the derecognition of a liability. See tables below for reconciliation of FFO:

Consolidated

($000s)	Three months ended June 30		Six months ended June 30	
	2026	2025	**2026**	2025
Net income for the period	**21,935**	7,258	**45,108**	12,274
Amortization of tenant incentives	**1,421**	1,759	**2,977**	3,606
Fair value adjustment on investment properties	**(4,874)**	3,081	**(5,900)**	(1,017)
Depreciation on property and equipment	**283**	420	**558**	537
Stock based compensation expense	**507**	356	**775**	672
Non-cash finance costs	**462**	(575)	**382**	911
Gain on sale of assets and derecognition of liabilities	**(56)**	(115)	**(2,099)**	(116)
Deferred income taxes	**1,715**	22,776	**(12,208)**	23,925
Fair value adjustment on REIT Units	**–**	907	**–**	3,240
Transaction costs on REIT Units acquisition	**–**	258	**–**	5,878
Accrued finance charges	**324**	–	**639**	–
FFO	**21,717**	36,125	**30,232**	49,910

Properties

($000s)	Three months ended June 30		Six months ended June 30	
	2026	2025	**2026**	2025
Segment earnings	**17,552**	10,289	**33,349**	27,603
Fair value adjustment on investment properties	**(4,874)**	3,081	**(5,900)**	(1,017)
Amortization of tenant incentives	**1,421**	1,759	**2,977**	3,606
Gain on sale of assets and derecognition of liabilities	**–**	–	**(2,043)**	–
Divisional FFO	**14,099**	15,129	**28,383**	30,192

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 and six months ended June 30, 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 4.16 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.

Contact Information:
Investor Relations
Tel: 780-945-4795
ir@melcor.ca