MEDIA RELEASE

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

Edmonton, Alberta | November 3, 2026

Melcor Developments Ltd. ("Melcor") (TSX: MRD), an Alberta-based real estate development and asset management company, today reported results for the third quarter ended September 30, 2026. The third quarter Management Discussion & Analysis (MD&A) and Condensed Interim Financial Statements are available on our website (www.melcor.ca) under Investors, or on SEDAR+ (www.sedarplus.ca).

Timothy Melton, Melcor's Executive Chair and Chief Executive Officer, commented: "Throughout 2026, we have continued to advance our long-term strategy of disciplined capital allocation, debt reduction, and the disposition of non-core assets.

To date in 2026, we have disposed of four properties: Telford Industrial in Leduc, the Staples Building in Calgary, the Stanley Building in Edmonton, and Office at the Promenade in Denver, Colorado. We also disposed of four residential units at Edge at Grayhawk in Scottsdale, Arizona. Together with the four commercial properties sold in 2025, these transactions reflect the continued execution of our strategy. General debt declined 21.0% to $469.10 million from $593.93 million at Q3-2025 and 14.5% from $548.74 million at year-end. Our debt-to-equity ratio improved to 0.52 at September 30, 2026, compared with 0.65 at Q3-2025, and 0.62 at year-end.

Our 2026 results reflect lower land sales activity in the U.S. and the impact of property dispositions, while our core Alberta operations remained stable and margins remained satisfactory. Year-to-date revenue was $167.77 million with a gross margin of 47.8%, compared with revenues of $223.43 million and a gross margin of 53.0% in 2025. FFO was $47.32 million compared with $73.31 million in 2025.

In our Land division, lower U.S. sales were partially offset by continued strength in our primary Alberta markets. Canadian land revenue increased to $70.55 million year-to-date, supported by higher single-family lot sales, while commercial and raw land sales were lower than in 2025.

Properties revenue declined 6.4% to $74.66 million year-to-date, primarily reflecting recent property dispositions, partially offset by revenue generated from newly developed commercial properties. While dispositions reduced near-term revenue, they support our broader capital management strategy and our focus on strengthening the balance sheet.

Our Golf division faced a challenging season, with a later opening and significant rainfall in the Edmonton region. Rounds played declined 4.2% compared to 2025, but total revenue remained stable at $11.73 million (2025: $11.63 million) as increased food and beverage and other clubhouse revenues helped offset lower course activity.

Today the Board declared its quarterly dividend of $0.15 per share. This dividend is payable on December 31, 2026 to shareholders of record on December 15, 2026 and is an eligible dividend for Canadian tax purposes."

Financial Highlights

Financial highlights of our performance are summarized below:

Third quarter:

- Revenue was down 16.7% to $60.42 million (Q3-2025: $72.54 million)
- Gross profit was down 24.7% to $27.11 million (Q3-2025: $35.99 million)
- Funds from operations (FFO) was down 27.0% to $17.09 million (Q3-2025: $23.40 million)

Year-to-date:

- Revenue was down 24.9% to $167.77 million (2025: $223.43 million)
- Gross profit was down 32.2% to $80.28 million (2025: $118.34 million)
- FFO was down 35.5% to $47.32 million (2025: $73.31 million)

Net income continues to be significantly impacted by non-cash items, including a one-time $12.75 million deferred tax benefit record in Q1-2026. Management believes that FFO more accurately reflects true operating performance. To date, FFO decreased 35.5% to $47.32 million (2025: $73.31 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

($000s except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2026	2025	Change %	**2026**	2025	Change %
Revenue	**60,416**	72,543	(16.7)	**167,773**	223,425	(24.9)
Gross margin[1]	**44.9 %**	49.6 %	(9.5)	**47.8 %**	53.0 %	(9.8)
Net income	**17,750**	14,093	25.9	**62,858**	26,367	138.4
Net margin[1]	**29.4 %**	19.4 %	51.5	**37.5 %**	11.8 %	217.8
FFO[2]	**17,086**	23,403	(27.0)	**47,318**	73,313	(35.5)
Per Share Data ($)						
Basic earnings	**0.59**	0.46	28.3	**2.09**	0.87	140.2
Diluted earnings	**0.59**	0.46	28.3	**2.08**	0.87	139.1
FFO[3]	**0.56**	0.77	(27.3)	**1.56**	2.42	(35.5)
Dividends	**0.15**	0.13	15.4	**0.80**	0.35	128.6

As at ($000s except share and per share amounts)	**September 30, 2026**	December 31, 2025	Change %
Total assets	**1,985,962**	2,051,135	(3.2)
Shareholders' equity	**1,308,401**	1,268,073	3.2
Total shares outstanding	**29,880,612**	30,102,605	(0.7)
Per Share Data ($)			
Book value [(3)]	**43.79**	42.13	3.9

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 products, 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 supported by favourable demographic trends and continued population growth during the nine months ended September 30, 2026. However, market conditions continued to reflect the impacts of economic uncertainty, elevated development and construction costs, affordability pressures and ongoing policy and trade-related developments. Despite these challenges, Melcor's diversified portfolio of land development, income-producing properties and golf operations provided operational flexibility and contributed to resilient financial and operating results during the period.

To date in 2026, we have recorded revenue of $167.77 million at a gross margin of 47.8%, down 24.9% from revenue of $223.43 million at a gross margin of 53.0% in 2025. Net income was up $36.49 million to $62.86 million year-to-date compared to $26.37 million in 2025.

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 35.5% to $47.32 million (2025: $73.31 million). The decrease over 2025 is primarily due to a reduction in gross profits generated from our Land division and the impact of recent property dispositions on revenue and gross profit in our Properties division.

Consolidated revenue decreased 16.7% to $60.42 million in Q3-2026 (Q3-2025: $72.54 million) and decreased 24.9% to $167.77 million year-to-date (2025: $223.43 million). Gross profit was down 24.7% to $27.11 million in Q3-2026 (Q3-2025: $35.99 million) and was down 32.2% to $80.28 million year-to-date (2025: $118.34 million), with consolidated gross margin down 4.7% over Q3-2025 to 44.9% in the quarter and was down 5.2% over 2025 to 47.8% year-to-date.

The Land division represented 48.8% of total revenue before intersegment elimination to date in 2026 compared to 59.1% in 2025. The decrease in revenue generated from our Land division was the result of lower US land sales in 2026 compared to 2025. To date in 2026 we have sold 61.57 acres of unserviced land (paper lots) for revenue of $10.92 million, compared to 198.40 acres of unserviced land (paper lots) sold in 2025 for revenue of $58.64 million, a decrease of $47.72 million year over year. Partially offsetting this decrease was higher single-family lot sales in the Canadian regions.

Our Properties division contributed 44.3% of total revenue before intersegment eliminations to date in 2026 compared to 35.7% in 2025. Revenues from our Properties division decreased 6.6% to $24.44 million in the quarter (Q3-2025: $26.16 million) and 6.4% to $74.66 million year-to-date (2025: $79.78 million), reflecting recent property dispositions, partially offset by revenue generated from newly developed commercial properties. Occupancy also declined, primarily within our US portfolio, where revenue and margins were lower compared to the prior year.

Our Golf division was impacted by unfavourable weather conditions during the 2026 golf season, including significant rainfall across Alberta. As a result, total rounds played at all courses declined 4.2% to 115,149 (2025: 120,173). Despite the decline in rounds played, revenue remained stable at $11.73 million (2025: $11.63 million), supported by food and beverage operations and other ancillary revenues.

Our US region contributed 11.7% of total revenue, or $19.59 million in 2026 to date compared with 32.0% of total revenue, or $71.40 million in 2025. US revenue included $7.93 million from our Properties division (2025: $9.20 million) and $11.66 million from our Land division (2025: $62.20 million). The decrease was primarily attributable to lower land sales activity, as noted above.

Net Income & FFO:

In the third quarter, net income was $17.75 million, up $3.66 million from $14.09 million in Q3-2025, and was $62.86 million year-to-date, up $36.49 million from $26.37 million in 2025. The increase in net income was significantly impacted by non-cash items including:

- *Fair value adjustments on investment properties*: in Q3-2026 we recorded a fair value loss on investment properties of $3.97 million (Q3-2025: fair value loss of $6.30 million), and we recorded a $1.93 million in fair value gain year-to-date (2025: fair value loss of $5.28 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 year-to-date losses of $3.24 million in 2025.
- *Non-cash financing costs*: we recorded non-cash financing recoveries of $2.08 million in Q3-2026, compared to non-cash financing costs of $0.97 million in Q3-2025, and non-cash financing recoveries of $1.70 million year-to-date (2025: costs of $1.88 million).
- *Deferred income taxes*: we recorded a deferred tax benefit of $9.42 million year-to-date in 2026 (2025: $23.61 million deferred tax expense), which includes a one-time $12.75 million deferred tax benefit recorded 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. In 2025, we recorded a deferred tax expense of $22.20 million upon closing of the REIT Transaction, which negatively impacted net income in the prior year.

The above items are non-cash in nature and as a result, management focuses on FFO as a more meaningful measure of our financial and operational performance.

FFO decreased by 27.0% to $17.09 million in Q3-2026 (Q3-2025: $23.40 million) and was down 35.5% to $47.32 million year-to-date (2025: $73.31 million). The reduction in FFO is a result of lower gross profit, down 24.7% or $8.88 million to $27.11 million in the quarter (Q3-2025: $35.99 million) and down 32.2% or $38.07 million to $80.28 million year-to-date (2025: $118.34 million). FFO was also impacted by the reduction of general and administrative expenses, which was down 7.0% or $0.43 million in the period to $5.76 million (Q3-2025: $6.20 million), and down 9.7% or $2.01 million to $18.60 million year-to-date (2025: $20.60 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, 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 $12.08 million
- Stanley Building, an office building located in Edmonton, AB for net proceeds of $1.70 million.
- Office at the Promenade, an office complex located in Denver, CO was transferred as part of a debt settlement arrangement.
- Four residential units located at the Edge at Grayhawk in Scottsdale, AZ for net proceeds of $1.69 million (US$1.23 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 225,444 shares for cancellation pursuant to the NCIB at a cost of $4.05 million to date in 2026.
- We paid dividends of $0.80 per share which includes quarterly dividend of $0.15 per share paid on March 31, 2026, June 30, 2026 and September 30, 2026, as well as a special dividend of $0.35 per share paid on March 31, 2026 for a total cash outflow of $24.00 million to date in 2026.
- On November 3, 2026, we declared a quarterly dividend of $0.15 per share, payable on December 31, 2026, to shareholders of record on December 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 Melcor's management discussion and analysis for the period ended September 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 September 30,		Nine months ended September 30,	
	2026	2025	**2026**	2025
Net income for the period	**17,750**	14,093	**62,858**	26,367
Amortization of tenant incentives	**1,350**	1,613	**4,327**	5,219
Fair value adjustment on investment properties	**3,970**	6,299	**(1,930)**	5,282
Depreciation on property and equipment	**319**	463	**877**	1,000
Stock based compensation expense	**398**	293	**1,173**	965
Non-cash finance costs (recoveries)	**(2,078)**	967	**(1,696)**	1,878
Gain on sale of assets and derecognition of liabilities	**(5,454)**	(10)	**(7,553)**	(126)
Deferred income taxes	**2,793**	(315)	**(9,415)**	23,610
Fair value adjustment on REIT Units	**–**	–	**–**	3,240
Transaction costs on REIT Units acquisition	**–**	–	**–**	5,878
Accrued finance charges (recoveries)	**(1,962)**	–	**(1,323)**	–
FFO	**17,086**	23,403	**47,318**	73,313

Properties

($000s)	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	**2026**	2025
Segment earnings	**14,004**	8,014	**47,353**	35,617
Fair value adjustment on investment properties	**3,970**	6,299	**(1,930)**	5,282
Amortization of tenant incentives	**1,350**	1,613	**4,327**	5,219
Gain on sale of assets and derecognition of liabilities	**(5,441)**	–	**(7,484)**	–
Divisional FFO	**13,883**	15,926	**42,266**	46,118

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 nine months ended September 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 4.14 million sf in commercial real estate assets and 441 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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