Media Release

for immediate distribution

Melcor REIT announces Q4 and 2024 annual results

Edmonton, Alberta | March 6, 2025

Melcor Real Estate Investment Trust ("Melcor REIT" or the "REIT") (TSX: MR.UN) today announced results for the fourth quarter and year ended December 31, 2024. The annual Management Discussion & Analysis and Condensed Interim Financial Statements are available on our website (www.MelcorREIT.ca) under Financial Reports, or on SEDAR+ (www.sedarplus.ca)

Andrew Melton, CEO of Melcor REIT commented: "2024 proved turbulent for Melcor REIT. Early in the year, our Board prioritized strengthening liquidity and the REIT's overall financial position. The REIT suspended cash distributions and listed non-core assets for sale to reduce debt and manage debt refinancing. We also sought strategic alternatives for the REIT, by forming an Independent Committee and launching a strategic review process, ultimately resulting in an offer from Melcor Developments Ltd. ("Melcor") to buy out their unowned equity interest (approximately 44.6%) in Melcor REIT Limited Partnership. We also faced and responded to persistent headwinds in Alberta's real estate market, particularly in the office sector, where lower demand and the need for higher tenant incentives continue to squeeze returns.

Despite these near-term challenges, our disciplined approach—including advancing the Melcor offer through the recently concluded go-shop period—got us through the year without breaching our debt obligations, and we continued to meet the needs of our tenants. We remained focused on prudent capital management, cost containment, and proactive leasing efforts to navigate the current environment."

The revenue and NOI decline in 2024 was driven by asset sales, reduced occupancy and lower new and renewing base rents. Occupancy rates fell in both our retail and office properties to 92% and 80% respectively (2023 – 93% and 81% respectively). General & administrative expenses also increased significantly over 2023 as result of professional fees associated with the strategic review process and agreements entered into with Melcor contributed to the rise in G&A expense. This had a significant impact on financial performance, including metrics such as FFO which was down 24% in the year and 50% in the quarter, and ACFO which was down 32% in the year and 76% in the quarter.

On December 12, 2024 the REIT redeemed all outstanding convertible debentures, with an aggregate principle amount of $46.00 million. The convertible debenture was repaid using funds drawn on the backstop loan from Melcor with a fixed interest rate of 10.75%.

We finalized the sale of two investment properties in the quarter, including Lethbridge Industrial, a 49,000 sf Industrial property located in Lethbridge, AB, for net proceeds of $4.34 million, and Parliament Place a 25,000 sf office property located in Regina, SK, for net proceeds of $4.83 million. Earlier in 2024 we sold Richter Street, a 29,000 sf office property located in Kelowna, BC, for net proceeds of $7.48 million.

Subsequent to year end, on February 24, 2025, we closed on the sale of Melcor Crossing, a 283,000 sf retail property located in Grande Prairie, AB for gross proceeds of $48.00 million less transaction costs. In accordance with the backstop loan with Melcor, a portion of the proceeds on this sale of this asset was used to reduce borrowings on that loan. The REIT remains focused on reducing overall debt and proceeds received from the sale of assets have been used to reduce over overall borrowings.

On March 5, 2025, the REIT and Melcor announced jointly that they have entered into voting support agreements with the Telsec Group and FC Group in connection with Melcor's proposed acquisition of Melcor REIT. The Telsec Group and the FC Group collectively own or exercise control or direction over approximately 4,057,515 trust units.

FINANCIAL HIGHLIGHTS[1]:

Financial highlights of our performance are summarized below:

Fourth Quarter:

- Revenue was down 2.1% to $18.12 million (Q4-2023 - $18.50 million).
- NOI was down 3.8% to $11.10 million (Q4-2023 - $11.53 million).
- FFO was down 50.0% to $2.83 million or $0.10 per unit (Q4-2023 - $5.65 million or $0.19 per unit).
- ACFO was down 76.1% to $0.88 million or $0.03 per unit (Q4-2023 - $3.69 million or $0.13 per unit).

1. *Readers are reminded that established key performance measures may not have standardized meaning under GAAP. For further information on the REIT's non-standard measures, non-GAAP measures, operating measures and non-GAAP ratios, refer to the information in the press release below along with the Non-GAAP and Non-Standard Measures section in the MD&A.*

Year-to-date:

- Revenue was down 2.1% to $72.34 million (2023 - $73.90 million).
- NOI was down 1.7% to $45.84 million (2023- $46.64 million).
- FFO was down 24.0% to $18.15 million or $0.62 per unit (2023 - $23.87 million or $0.82 per unit).
- ACFO was down 32.0% to $10.64 million or $0.37 per unit (2023 - $15.65 million or $0.54 per unit).

Net income in the current and comparative periods can be significantly impacted by non-cash fair value adjustments and thus not a meaningful metric to assess operating performance. Non-cash fair value adjustments include fair value adjustments on investment properties Class B Units and derivative financial instruments.

In 2024, fair value on investment properties was a loss of $25.52 million compared to a loss of $16.79 million in 2023. These losses include a $17.97 million loss from our office properties and a $11.52 million loss from our retail properties. Fair value adjustment on Class B Units, which have an inverse relationship with the REIT unit price, resulted in a loss of $17.74 million recorded in 2024 compared to gains of $22.25 million recorded in 2023. Fair value adjustment on derivative instruments resulted in a loss of $0.97 million in 2024 and a loss of $1.30 million in 2023.

Higher G&A costs significantly impacted our financial metrics in 2024. G&A expenses were up $3.53 million or 113.4% to $6.64 million in 2024 (2023 - $3.11 million). The increase is primarily attributed to costs associated with the establishment of the Independent Committee and the strategic review process established and costs associated with the Arrangement Agreement and the Amended Agreement entered into between Melcor and the REIT. Refer to page 2 for additional details on the Strategic Review Process and Arrangement Agreement. Higher professional fees associated with this process include related to legal and advisory costs as well as higher public company costs related to fees paid to the committee members. G&A costs impact not only net income, but also FFO and ACFO which were down significantly over 2023.

Excluding the above items, our remaining G&A expense categories remain on budget, and fairly stable over the prior year. Our G&A expenses tend to vary quarter over quarter depending on when certain fees are incurred. Our upper target for G&A is 5.0% of rental revenue. In 2024, G&A was 9.2% of revenue (2023: 4.2%).

Finance costs before distributions and excluding non-cash adjustments was up 3.8% or $0.74 million to $20.45 million (2023 - $19.71 million) as a result of increased interest on mortgages payable and our revolving credit facility, which was up 6.0% or $0.85 million due to rising interest rates on mortgage renewals. This increase also had a negative impact on our 2024 results including FFO and ACFO.

Management believes that FFO most accurately reflects our actual operating performance, while ACFO provides the best indication of our cash flow and, therefore, our capacity to pay distributions. However, both metrics should be considered in conjunction with our overall liquidity position.

OPERATING HIGHLIGHTS:

The real estate industry continues to face challenges. Office properties, in particular urban office, have continued to see the largest impact reflected by reduced occupancy and lower base rent on new and renewing base rents. These challenges have resulted in decreased valuations on our office properties, and to date in 2024 we have recorded losses of $17.97 million on office properties alone (2023 - $10.97 million loss). We also recorded net losses of $11.52 million on our retail properties (2023: $4.84 million loss). Due to age on some of our properties, we are faced with increasing capital spend on capital repairs and improvements required to attract and retain tenants.

In 2024, we completed 85,146 sf of new leasing and 363,471 sf in renewals and holdovers for an 85.4% retention rate. Occupancy was down compared to 2023 at 86.5% (December 31, 2023: 87.6%) with commitment on an additional 11,535 sf bringing committed occupancy up to 86.9%. We continue to feel the impact of inflationary pressures and increased costs putting downward pressure on metrics such as NOI and FFO . Despite a focus on leasing efforts, overall occupancy has decreased by 1.1% over 2023. WABR was up $0.13 per sf or 0.8% at $17.19 compared to year-end (December 31, 2023: $17.06).

Retail properties continue to anchor our portfolio, however, they are also seeing compression in both net rental revenue and NOI. Occupancy has decreased to 92.3%, down from 93.0% in 2023. Retail represents 45.9% of our total GLA as at December 31, 2024, and 59.9% of net rental income for the twelve months ended December 31, 2024.

In 2024, we closed on the sale of three properties including:

- Richter Street property (sold: May 10, 2024); a 29,000 sf office property located in Kelowna, BC, for gross proceeds of $7.80 million, or net proceeds of $7.48 million after transaction costs.
- Lethbridge Industrial (sold: October 1, 2024); a 49,000 sf Industrial property located in Lethbridge, AB, for gross proceeds of $4.50 million, or net proceeds of $4.34 million after transaction costs.
- Parliament Place (sold: November 22, 2024); a 25,000 sf office property located in Regina, SK, for gross proceeds of $5.00 million, or net proceeds of $4.83 million after transaction costs.

Subsequent to year end, on February 24, 2025, we closed on the sale of Melcor Crossing, a 283,000 sf retail property located in Grande Prairie, AB for gross proceeds of $48.00 million less transaction costs.

STRATEGIC REVIEW PROCESS:

In February 2024, the REIT established an Independent Committee to oversee a broad-based strategic review with a focus on unlocking unitholder value. The Independent Committee retained BMO as financial advisor to evaluate a broad range of strategic alternatives for the purpose of maximizing unitholder value.

On September 12, 2024, Melcor ("the Purchaser") and the REIT announced that they entered into an arrangement agreement (the "Arrangement Agreement") with Melcor REIT GP Inc. (the "GP") pursuant to which, among other steps, Melcor would acquire its unowned equity interest (approximately 44.6%) in REIT LP for $4.95 per unit in cash consideration (the "REIT LP Sale"). Melcor's unowned equity interest in REIT LP comprises all the REIT LP's outstanding Class A LP Units (approximately 13.0 million units). The REIT would use the proceeds from the REIT LP Sale to redeem and cancel all of the REIT's participating trust units.

On November 25, 2025, the REIT and Melcor entered into an Amended and Restated Arrangement Agreement (the "Amended Agreement") which provides for, among other things, consideration of $5.50 per unit and a new and extended 90-day "go-shop" period which expired on February 24, 2025 during which it was permitted to solicit third-party interest in submitting a proposal which is superior to the proposal made by Melcor. Melcor did not have the right to match any superior proposal. The Amended Agreement also includes customary provisions, including non-solicitation by the REIT of alternative transactions following the conclusion of the go-shop period, and a $5.8 million termination fee payable to Melcor under certain customary circumstances, including in the event the REIT is successful in soliciting a superior proposal. In addition, Melcor has agreed to (i) forego all termination and change of control payments it would otherwise be entitled to under the property management and asset management agreements in the event of a superior proposal; and (ii) reimburse the REIT for the reasonable costs and expenses incurred by it in connection with the Amended Arrangement (including all financial advisor costs and legal costs), subject to certain exceptions.

It is anticipated that a new special meeting (the "New Meeting") of the holders of participating trust units (Units) and special voting units (the "Voting Unitholders") will be called to approve the New Arrangement (as defined below) with such New Meeting having a new record date for entitlement to vote. The REIT has applied to the Court of King's Bench of Alberta (the "Court") for an Interim Order providing for the updated transaction terms and timeline. The REIT will provide further disclosure to its unitholders, including with respect to the date of the New Meeting, once available. Unitholders are not required to take any action at this time.

The transaction pursuant to the Amended Agreement is structured as a statutory plan of arrangement under the Business Corporations Act (Alberta) (the "New Arrangement"). Completion of the New Arrangement, which is expected to occur in the second quarter of 2025 is subject to various closing conditions, including, without limitation, Court approval including the approval of at least (i) two-thirds (66 2/3%) of the votes cast by Voting Unitholders present in person or represented by proxy at the New Meeting (each holder of Units and special voting units being entitled to one vote per Unit or special voting unit, as applicable) and (ii) the majority of the holders of Units present in person or represented by proxy at the New Meeting, excluding the votes of the Purchaser and any other Voting Unitholders whose votes are required to be excluded for the purposes of "minority approval" under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions.

On March 5, 2025, the REIT and Melcor announced jointly that they have entered into voting support agreements with each of Telsec Property Corporation, Richard Van Grieken, Bonnie Van Grieken and Kris Van Grieken (collectively, the "Telsec Group") and FC Private Equity Realty Management Corp. and its affiliates (collectively, the "FC Group") in connection with Melcor's proposed acquisition of Melcor REIT. Pursuant to the voting support agreements, each of the Telsec Group and the FC Group have, among other things, agreed to vote (or cause to be voted) all of the Trust Units owned by them, or over which they have control or direction, in favour of the New Arrangement at the New Meeting scheduled for April 11, 2025. The Voting Support Agreements contain customary representations, warranties, covenants and termination provisions for agreements of this nature. The Telsec Group and the FC Group collectively own or exercise control or direction over approximately 4,057,515 Trust Units.

The New Arrangement provides for a distribution by the REIT to holders of Units ("Unitholders") of record immediately prior to closing in an amount equal to the REIT's estimate of its taxable income, including taxable income to be allocated from the REIT LP to the REIT, in its current taxation year. Such distribution will be payable by the issuance of additional Units which will immediately be consolidated.

FINANCING:

As at December 31, 2024, based on our borrowing base calculation, we have access to $38.57 million of the $50.00 million credit facility and have drawn $23.53 million leaving $15.04 million in undrawn liquidity under our revolving credit facility. We also have additional commitments, including outstanding accounts payable and tenant security deposits and prepayments, reducing our available liquidity to $11.38 million.

The 2024, the distribution suspension enabled the REIT to retain approximately $12.76 million in cash, compared to distributions paid in 2023. If distributions had continued at a rate of $0.04 per unit per month, consistent with 2023, our spend would have exceeded our available liquidity, demonstrating the positive impact of the distribution suspension on the REIT's liquidity.

As at March 6, 2025 access to the facility was reduced to $38.22 million, a decrease of $0.36 million since December 31, 2024. This decrease is the result changes NOI over December 31, 2024 on properties pledged as collateral on our facility.

In 2024, six mortgages were up for renewal for a combined total of $43.91 million, with a weighted average interest rate of 4.09%. In the year, we refinanced one of these mortgages with a maturing principal balance of $7.02 million for $11.00 million at a rate of 6.00%, providing additional proceeds of $3.98 million, and renewed an additional five mortgages for a combined total of $35.29 million at a weighted average rate of 5.25%. Included with one of these renewals was a $1.60 million pay down to the principal balance. The REIT continues to monitor its secured debts and proactively engage with lenders in regard to upcoming maturities

On December 12, 2024 the REIT redeemed all outstanding convertible debentures. The aggregate principle amount of the Debentures, $46.00 million, was repaid using funds drawn on the backstop loan from Melcor which was contemplated and negotiated as part of the Arrangement Agreement. The backstop loan is an unsecured subordinated loan to the REIT LP, as borrower, up to aggregate principal amount of the debentures outstanding on redemption, excluding any accrued and unpaid interest thereon. The backstop loan was subject to consent of the REIT's senior lenders, which was received prior to funding. Amounts advanced on the backstop loan mature three years from the date of advance with a fixed interest rate of 10.75%, paid semi-annually and is prepayable, in whole or in part, at anytime prior to maturity with no penalty. Additionally, the REIT is required to make mandatory prepayments equal to 50% of net cash proceeds from certain asset sales during the loan term.

In connection with consent received from the REIT's senior lenders regarding repayment of the convertible debentures, the REIT's $50.00 million revolving credit facility's maturity date was set at June 1, 2026.

The REIT continues to monitor its secured debts in order to identify opportunities and risks, and proactively engages with lenders in regard to upcoming maturities.

DISTRIBUTIONS:

In January 2024 we declared a cash distribution of $0.04 per unit. On February 22, 2024, we announced the suspension of the monthly cash distributions. In light of the uncertainties surrounding the REIT’s capital and property market conditions, management and the Board carefully conducted a comprehensive review of the REIT’s capital structure and operations to ensure the long-term viability of the REIT’s cash flow and preserve value for its unitholders. As a result, the REIT determined that a suspension of the distribution was warranted and the Board believes this decision was prudent and in the best interests of the REIT and its unitholders.

On December 20, 2024, a special non-cash distribution in the amount of $0.36 per outstanding trust units was declared payable to unitholders of record as at December 31, 2024. Immediately following the special distribution, the number of outstanding trust units were consolidated so that each unitholder held exactly the same number of trust units after the consolidation as each unitholder held immediately prior to the special distribution. The amount of the special distribution was equal to the REIT’s estimated taxable income and capital gains for the 2024 taxation year net of any deductions available to the REIT from cash distributions made in the year. The special distribution was intended to reduce the REIT’s taxable income for the 2024 taxation year to nil.

Financial Highlights

($000s)	Three-months ended December 31 2024	2023	△%	Year ended December 31 2024	2023	△%
Non-Standard KPIs						
Net operating income (NOI)[5]	**11,095**	11,530	(4)%	**45,836**	46,635	(2)%
Same-asset NOI[5]	**9,996**	10,169	(2)%	**40,699**	41,216	(1)%
Funds from Operations (FFO)[5]	**2,827**	5,654	(50)%	**18,147**	23,869	(24)%
Adjusted Funds from Operations (AFFO)[5]	**753**	3,567	(79)%	**10,131**	15,178	(33)%
Adjusted Cash Flows from Operations (ACFO)[5]	**881**	3,691	(76)%	**10,637**	15,654	(32)%
Rental revenue	**18,118**	18,502	(2)%	**72,335**	73,900	(2)%
Income before fair value adjustment[5]	**2,046**	2,763	(26)%	**13,623**	12,154	12 %
Fair value adjustment on investment properties[1]	**(2,628)**	(8,429)	nm	**(25,515)**	(16,794)	nm
Cash flow from operations	**784**	3,197	(75)%	**16,009**	11,993	33 %
Distributions to unitholders	**–**	1,555	(100)%	**518**	6,222	(92)%
Special non-cash distribution to unitholders	**4,667**	–	nm	**4,667**	–	nm
Distributions[2]	**$–**	$0.120	(100)%	**$0.040**	$0.480	(92)%
Special non-cash distribution to unitholders [2]	**$0.360**	$–	nm	**$0.360**	$–	nm
Per Unit Metrics						
Net income (loss)						
Basic	**($0.51)**	($0.12)		**($2.36)**	$1.26	
Diluted	**($0.49)**	($0.21)		**($2.36)**	$0.06	
Weighted average number of units for net income (loss) (000s):[3]						
Basic	**12,963**	12,963	– %	**12,963**	12,963	– %
Diluted	**12,963**	29,088	(55)%	**12,963**	29,088	(55)%
FFO						
Basic[6]	**$0.10**	$0.19		**$0.62**	$0.82	
Diluted[6]	**$0.11**	$0.18		**$0.63**	$0.75	
Payout ratio[6]	**–%**	62%		**6%**	58%	
AFFO						
Basic[6]	**$0.03**	$0.12		**$0.35**	$0.52	
Payout ratio[6]	**–%**	98%		**11%**	92%	
ACFO						
Basic[6]	**$0.03**	$0.13		**$0.37**	$0.54	
Payout ratio[6]	**–%**	95%		**11%**	89%	
Weighted average number of units for FFO, AFFO & ACFO (000s):[4]						
Basic	**29,088**	29,088	– %	**29,088**	29,088	– %
Diluted	**33,414**	36,255	(8)%	**34,050**	36,255	(6)%

(1) The abbreviation nm is shorthand for not meaningful and is used through this MD&A where appropriate.
(2) Cash distributions for 2024 were $0.04 per unit in the month of January 2024, and were suspended in February 2024. On December 20, 2024, the REIT announced a special non-cash distribution in the amount of $0.36 per unit payable at the close of business on December 31, 2024. The payment of the special distribution was made by the issuance of additional trust units based on the closing market price of the units on the Toronto Stock Exchange on December 31, 2024. Immediately following the special distribution, the number of outstanding trust units were consolidated so that each unitholder will hold exactly the same number of trust units after the consolidation as each unitholder held immediately prior to the special distribution. Cash distributions in the comparative period were paid out at $0.04 per unit per month.
(3) For the purposes of calculating per unit net income (loss) the basic weighted average number of units includes Trust Units and the diluted weighted average number of units includes Class B LP Units and convertible debentures, to the extent that their impact is dilutive. On December 12, 2024, the convertible debentures were fully redeemed.
(4) For the purposes of calculating per unit FFO, AFFO and ACFO the basic weighted average number of units includes Trust Units and Class B LP Units.
(5) Non-GAAP financial measure. Refer to the Non-GAAP and Non-Standard Measures section of the MD&A for further information.
(6) Non-GAAP ratio. Refer to the Non-GAAP and Non-Standard Measures section of the MD&A for further information.

	2024	2023	△%
Total assets ($000s)	**662,876**	700,998	(5)%
Equity at historical cost ($000s)(1)	**288,196**	288,196	– %
Indebtedness ($000s)(2)	**395,057**	420,339	(6)%
Weighted average interest rate on debt	**5.09%**	4.52%	13 %
Debt to GBV, excluding convertible debentures (maximum threshold - 60%)(5)	**54%**	50%	7 %
Debt to GBV (maximum threshold - 65%)(5)	**54%**	56%	(5)%
Finance costs coverage ratio(3)	**1.89**	2.21	(14)%
Debt service coverage ratio(4)	**1.54**	1.93	(20)%

(1) Calculated as the sum of trust units and Class B LP Units at their historical cost. In accordance with IFRS Accounting Standards the Class B LP Units are presented as a financial liability in the consolidated financial statements. Please refer to page 22 for the calculation of Equity at historical cost.
(2) Calculated as the sum of total amount drawn on revolving credit facility, mortgages payable, Class C LP Units, and backstop loan excluding convertible debentures, unamortized discount and transaction costs.
(3) Non-GAAP financial ratio. Calculated as the sum of FFO and finance costs; divided by finance costs, excluding distributions on Class B LP Units and fair value adjustment on derivative instruments. This metric is not calculated for purposes of covenant compliance on any of our debt facilities. Refer to the Non-GAAP and Non-Standard Measures section of the MD&A for further information.
(4) Non-GAAP financial ratio. Calculated as FFO; divided by sum of contractual principal repayments on mortgages payable and distributions of Class C LP Units. This metric is not calculated for purposes of covenant compliance on any of our debt facilities. Refer to the Non-GAAP and Non-Standard Measures section of the MD&A for further information.
(5) Debt to GBV is a Non-GAAP ratio. Refer to the Non-GAAP and Non-Standard Measures section of the MD&A for further information.

Operational Highlights

	2024	2023	△%
Number of properties	**35**	38	(8)%
Gross leasable area (GLA) (sf)	**3,046,450**	3,150,646	(3)%
Occupancy (weighted by GLA)	**86.5%**	87.6 %	(1)%
Retention (weighted by GLA)	**85.4%**	87.9 %	(3)%
Weighted average remaining lease term (years)	**4.55**	4.31	6 %
Weighted average base rent (per sf)	**$17.19**	$17.06	1 %

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 REIT's 2024 consolidated financial statements and management's discussion and analysis, which can be found on the REIT's website at www.MelcorREIT.ca or on SEDAR+ (www.sedarplus.ca).

About Melcor REIT

Melcor REIT is an unincorporated, open-ended real estate investment trust. Melcor REIT owns, acquires, manages and leases quality retail, office and industrial income-generating properties with exposure to high growth western Canadian markets. As at December 31, 2024 its portfolio was made up of interests in 35 properties representing approximately 3.05 million square feet of gross leasable area located across Alberta and in Regina, Saskatchewan. For more information, please visit www.MelcorREIT.ca.

Non-standard Measures

NOI, Same-asset NOI, FFO, AFFO and ACFO are key measures of performance used by real estate operating companies; however, they are not defined by International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) do not have standard meanings and may not be comparable with other industries or income trusts. These non-IFRS Accounting Standards measures are more fully defined and discussed in the REIT's management discussion and analysis for the period ended December 31, 2024, which is available on SEDAR+ at www.sedarplus.ca.

NOI Reconciliation

	Three months ended December 31			Year ended December 31		
($000s)	2024	2023	△%	2024	2023	△%
Net income/(loss)	(6,665)	(1,616)		(30,597)	16,313	
Net finance costs	4,944	9,305		21,977	28,685	
Fair value adjustment on Class B LP Units	6,289	(6,450)		17,738	(22,253)	
Fair value adjustment on investment properties	2,628	8,429		25,515	16,794	
General and administrative expenses	3,017	818		6,640	3,112	
Amortization of tenant incentives	781	956		3,879	3,975	
Straight-line rent adjustment	101	88		684	9	
NOI	11,095	11,530	(4)%	45,836	46,635	(2)%

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

Same-asset Reconciliation

	Three months ended December 31			Year ended December 31		
($000s)	2024	2023	△%	2024	2023	△%
Same-asset NOI(1)	9,996	10,169	(2)%	40,699	41,216	(1)%
Disposals / Asset Held for Sale	1,099	1,361		5,137	5,419	
NOI(1)	11,095	11,530	(4)%	45,836	46,635	(2)%
Amortization of tenant incentives	(781)	(956)		(3,879)	(3,975)	
Straight-line rent adjustments	(101)	(88)		(684)	(9)	
Net rental income	10,213	10,486	(3)%	41,273	42,651	(3)%

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

FFO & AFFO Reconciliation

	Three months ended December 31			Year ended December 31		
($000s, except per unit amounts)	**2024**	**2023**	△%	**2024**	**2023**	△%
Net income (loss) for the year	**(6,665)**	(1,616)		**(30,597)**	16,313	
Add (deduct)						
Fair value adjustment on investment properties	**2,628**	8,429		**25,515**	16,794	
Fair value adjustment on Class B LP Units	**6,289**	(6,450)		**17,738**	(22,253)	
Amortization of tenant incentives	**781**	956		**3,879**	3,975	
Distributions on Class B LP Units	**–**	1,935		**645**	7,740	
Fair value adjustment on derivative instruments	**(206)**	2,400		**967**	1,300	
Funds From Operations (FFO)[1]	**2,827**	5,654	(50)%	**18,147**	23,869	(24)%
Add (deduct)						
Straight-line rent adjustments	**101**	88		**684**	9	
Normalized capital expenditures	**(750)**	(750)		**(3,000)**	(3,000)	
Normalized tenant incentives and leasing commissions	**(1,425)**	(1,425)		**(5,700)**	(5,700)	
Adjusted Funds from Operations (AFFO)[1]	**753**	3,567	(79)%	**10,131**	15,178	(33)%
FFO/Unit[2]	**$0.10**	$0.19		**$0.62**	$0.82	
AFFO/Unit[2]	**$0.03**	$0.12		**$0.35**	$0.52	
Weighted average number of units (000s):[3]	**29,088**	29,088	– %	**29,088**	29,088	– %

(1) Non-GAAP financial measure. Refer to the non-standard measures section of the MD&A for further information.
(2) Non-GAAP ratio. Refer to the non-standard measures section of the MD&A for further information.
(3) For the purposes of calculating per unit FFO and AFFO the basic weighted average number of units includes Trust Units and Class B LP Units.

ACFO Reconciliation

	Three months ended December 31			Year ended December 31		
($000s, except per unit amounts)	**2024**	**2023**	△%	**2024**	**2023**	△%
Cash flows from operations	**784**	3,197	(75)%	**16,009**	11,993	33 %
Distributions on Class B LP Units	**–**	1,935		**645**	7,740	
Actual payment of tenant incentives and direct leasing costs	**931**	4,158		**4,436**	8,516	
Changes in operating assets and liabilities	**1,647**	(3,140)		**(599)**	(2,677)	
Amortization of deferred financing fees	**(306)**	(284)		**(1,154)**	(1,218)	
Normalized capital expenditures	**(750)**	(750)		**(3,000)**	(3,000)	
Normalized tenant incentives and leasing commissions	**(1,425)**	(1,425)		**(5,700)**	(5,700)	
Adjusted Cash Flows from Operations (ACFO)[1]	**881**	3,691	(76)%	**10,637**	15,654	(32)%
ACFO/Unit[2]	**$0.03**	$0.13		**$0.37**	$0.54	
Weighted average number of units (000s):[3]	**29,088**	29,088	– %	**29,088**	29,088	– %

(1) Non-GAAP financial measure. Refer to the non-standard measures section of the MD&A for further information.
(2) Non-GAAP ratio. Refer to the non-standard measures section of the MD&A for further information.
(3) The diluted weighted average number of units includes Trust Units, Class B LP Units and convertible debentures.

Forward-looking Statements:

This press release may contain forward-looking information within the meaning of applicable securities legislation, which reflects the REIT's current expectations regarding future events. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the REIT's control, that could cause actual results and events to differ materially from those that are disclosed in or implied by such forward-looking information. Such risks and uncertainties include, but are not limited to, general and local economic and business conditions; the financial condition of tenants; the REIT's ability to refinance maturing debt; leasing risks, including those associated with the ability to lease vacant space; and interest rate fluctuations. The REIT's objectives and forward-looking statements are based on certain assumptions, including that the general economy remains stable, interest rates remain stable, conditions within the real estate market remain consistent, competition for acquisitions remains consistent with the current climate and that the capital markets continue to provide ready access to equity and/or debt. All forward-looking information in this press release speaks as of the date of this press release. The REIT does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise. Additional information about these assumptions and risks and uncertainties is contained in the REIT's filings with securities regulators.

Contact Information:

Investor Relations
Tel: 1.780.945.4795
ir@MelcorREIT.ca