

LIVE. WORK. SHOP. PLAY.



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Date of Information

All information contained in this annual information form is dated December 31, 2013 unless otherwise stated.

Other Information

Additional information about Melcor, including our information circular, annual and quarterly reports, and all documents incorporated by reference in the annual information form are available on SEDAR at www.sedar.com.

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 Annual Information Form (AIF) and other materials filed with the Canadian securities regulators contain statements that are forward-looking. These statements represent Melcor's intentions, plans, expectations, and beliefs and are based on our experience and our assessment of historical and future trends, and the application of key assumptions relating to future events and circumstances. Future-looking statements may involve, but are not limited to, comments with respect to our strategic initiatives for 2014 and beyond, future development plans and objectives, targets, expectations of the real estate, financing and economic environments, our financial condition or the results of or outlook of our operations.

By their nature, forward-looking statements require assumptions and involve risks and uncertainties related to the business and general economic environment, many beyond our control. There is significant risk that the predictions, forecasts, valuations, conclusions or projections we make will not prove to be accurate and that our actual results will be materially different from targets, expectations, estimates or intentions expressed in forward-looking statements. We caution readers of this document not to place undue reliance on forward-looking statements. Assumptions about the performance of the Canadian and US economies and how this performance will affect Melcor's business are material factors we consider in determining our forward-looking statements. For additional information regarding material risks and assumptions, please see the discussion "Business Environment & Risks" in our annual MD&A for the year ended December 31, 2013, which is incorporated by reference.

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

Corporate Structure

Name, Address and Incorporation

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

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

On April 19, 2007, the shareholders approved an amendment to the Articles of the Company to authorize a change in authorized amount for the common voting shares of the Company from 100,000,000 to an unlimited number; the number of First Preferred shares authorized to be issued was changed from 50,000,000 to an unlimited number; and the creation of a new class of common non-voting shares to an unlimited number.

On May 1, 2013, Melcor formed the Melcor Real Estate Investment Trust (the "Melcor REIT" through an initial public offering of Melcor REIT Units. Units of the Melcor REIT trade on the TSX under the symbol "MR.UN". As part of this transaction Melcor sold interests in a portfolio of 27 income-producing properties to the Melcor REIT for total consideration of \$266.03 million. Melcor retains a controlling 51.1% effective interest in the Melcor REIT and continues to manage, administer and operate the Melcor REIT and its properties under an asset management agreement and property management agreement. Melcor reflects the public's 48.9% interest in the Melcor REIT as a financial liability on its financial statements.

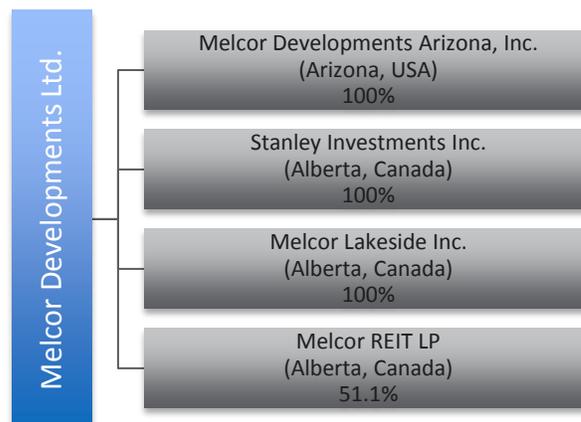
The head office and registered office of Melcor is located at:

Melcor Developments Ltd.

900, 10310 - Jasper Avenue
Edmonton, Alberta T5J 1Y8

Intercorporate Relationships

As at March 12, 2014, Melcor's corporate structure was as depicted in the diagram below. Certain subsidiaries of the Company have been excluded on the basis that the subsidiary does not have assets or revenues greater than 10% of the total consolidated assets or revenues of the Company. The combined assets or revenues of all omitted subsidiaries do not exceed 20% of the total consolidated assets or revenues of the Company.



General Development of the Business

Three Year History

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

2011

- Mr. Jonathan W. Chia joined Melcor as Vice President, Finance and Chief Financial Officer on January 24, 2011.
- On February 8, 2011, Melcor announced the issuance and sale of \$40.00 million of 6.25% convertible unsecured subordinated debentures by way of private placement. Melcor intends to use the net proceeds for general corporate purposes.
- Mr. Brian D. Baker was appointed to Executive Vice President and Chief Operating Officer on June 2, 2011.
- Melcor announced the sale of The Market at Magrath, a 78,400 sq. ft. commercial and office development in southwest Edmonton, Alberta on August 16, 2011 for \$34.50 million.
- Melcor sold two industrial warehouse buildings in Saskatchewan for \$4.35 million.
- The Investment Properties division acquired:
 - a 264-unit multi-family apartment complex near Houston, TX in the second quarter for US\$21.50 million; and
 - a 240-unit multi-family apartment complex in North Dallas, TX for US\$19.80 million in the fourth quarter, bringing Melcor's Texas multi-family portfolio to 744 units.
 - 9 additional units in the Dakota at Camelback, a condominium reversion project in Phoenix, Arizona where Melcor already own 64 units;
 - 93 units in The Edge at Greyhawk, a condominium reversion project in Scottsdale, Arizona; and
 - 11 other residential units throughout the Phoenix area.
- The Community Development division acquired approximately 774 acres of raw land in Aurora, CO in the fourth quarter for US\$14.63 million.

2012

- The Community Development division added several parcels of raw land:
 - Acquired a 50% interest in 166 acres of land in St. Albert in the first quarter.
 - Added 233 acres of land in the third quarter, strategically located near existing land holdings in St. Albert and Red Deer.
- The Investment Properties division acquired a multi-tenant industrial warehouse in Lethbridge in the second quarter and took over management of approximately 70,000 square feet (including four free-standing bank buildings) transferred from the Property Development division.
- The Property Development division completed approximately 125,000 square feet (11 buildings) in leasable space in 2012.
- Mr. Brian D. Baker was appointed to President and Chief Operating Officer on June 1, 2012.

2013

- On January 8, Melcor announced that it had commenced a strategic process to advance its business interests through the creation of a real estate investment trust ("REIT").
- On March 6, Melcor announced that Mr. Ralph B. Young would be retiring and that Mr. Brian D. Baker would be named as his successor.
- On March 21, the preliminary prospectus for the Melcor REIT was filed.
- On May 1, the Initial Public Offering of the Melcor REIT was completed.
- On May 9, Melcor declared a special dividend of \$0.50 per share.
- Mr. Brian D. Baker was appointed President & Chief Executive Officer on July 2, 2013.
- The Community Development division acquired 474.02 acres of raw land inventory, including:
 - 180.17 acres in St. Albert, AB
 - 42.66 acres of residential land in the Lethbridge, AB area

- 155.00 acres in Kelowna, BC
 - 2.59 acres in the Calgary, AB area
 - 35% interest in 93.60 acres in Aurora, CO
 - Remaining 25% interest on 1,032 acres in Aurora, CO planned for future residential development.
- The Property Development division completed 103,388 square feet of leasable space in 2013 (13 buildings). Another 590,000 square feet remains under construction (8 buildings).
 - The Investment Property division acquired the joint venture partner's 50% interest in Lethbridge Centre for a net purchase price of \$14.34 million. They also acquired 6 buildings (44,681 sq. ft.) from the Property Development division.

Description of the Business

General Information

Melcor Developments Ltd. is a real estate development and management company which traces its history back to 1923. It has operated and prospered for 90 years due to stable and committed ownership and loyal and dedicated staff who are focused on the real estate industry. Melcor trades on the Toronto Stock Exchange under the symbol "MRD."

Melcor's main operations are in Alberta, specifically in the metropolitan areas of Calgary, Edmonton, Lethbridge, and Red Deer. Melcor also holds and operates assets across Western Canada (British Columbia and Saskatchewan) and the United States (Arizona, Colorado and Texas). Melcor has five primary business segments: Community Development, Property Development, Melcor REIT, Investment Properties and Recreational Properties.

The following information applies in general to each of Melcor's segments. Where individual segment characteristics differ, those differences are noted under the segment description below.

Production and Services

Melcor believes that it has the necessary capabilities to execute the strategic initiatives and achieve performance targets set out in its business plan. Melcor's management team is focused on ensuring a disciplined approach and hands-on management of its projects, assets, and capital.

Melcor's depth of experience in the real estate industry provides a competitive advantage. Our business model is focused on sustainable returns over a longer-term horizon.

Specialized Skill and Knowledge

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

We also contract property management services for some assets in the Investment Properties and Melcor REIT divisions and employed approximately 288 seasonal staff in our Recreational Properties division over the golf season.

Competitive Conditions

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

Two main features shape our competitive position, namely:

- Financial strength and proven track record; and
- Experience and integrity of personnel.

Financing

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

Melcor uses fixed rate, long-term mortgages on its revenue producing assets to raise capital for acquisitions,

development activities, and other business expenditures. As such, most of Melcor's borrowings are in the form of long-term financings secured by specific assets.

Operations are supplemented by a syndicated operating line of credit with Canadian chartered banks, which margins Melcor's land development assets (raw land inventory, land under development and agreements receivable). Melcor also uses project financing on a case-by-case basis on land development and property development projects. In 2013 Melcor took out project specific financings on one residential community project and four commercial development projects. At December 31, 2013 this debt totalled \$47.46 million.

Environmental Protection

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

Environmental protection requirements did not have a significant financial or operational effect on Melcor's capital expenditures, earnings or competitive position during 2013 and we do not expect significant effects in future years.

Employees

Melcor had 124 employees at December 31, 2013 and employed an average of 288 seasonal employees in the summer months, primarily in the Recreational Properties division.

Total full-time permanent staff grew 19% over December 31, 2012. The following table shows the distribution of staff on that date.

	2012	2013	% change
Corporate	32	31	(3%)
Community Development	23	31	35%
Investment Properties	24	30	25%
Property Development	9	11	22%
Recreational Properties	16	21	31%
Total	104	124	19%

Risk Factors

Reference is made to pages 35 to 36 of Melcor's 2013 annual report under the heading "Business Environment & Risks", which is incorporated by reference.

Community Development

Community Development acquires raw land and plans, services and markets urban communities. The majority of residential lots and parcels are sold to homebuilders that purchase sites through agreements for sale. The Community Development division also plans, services and markets large-scale commercial and industrial centres across Alberta. In 2013, this segment accounted for 77% of consolidated revenues (2012 – 79%).

The following table summarizes Melcor's raw land inventory in acres by region at December 31, 2013:

Region (in acres)	Residential	Commercial /Industrial	Total
Northern Alberta			
Edmonton	753	13	766
Leduc	347	232	579
Spruce Grove	404	356	760
County of Parkland	571	-	571
St. Albert	419	-	419
Southern Alberta			
Airdrie	606	-	606
Calgary	651	59	710
Chestermere	16	-	16
Cochrane	190	-	190
County of Rockyview	-	849	849
Lethbridge	525	-	525
Central Alberta			
Red Deer	825	80	905
Innisfail	-	129	129
Penhold	126	-	126
Sylvan Lake	214	-	214
Other			
Regina, SK	-	616	616
Kelowna, BC	533	26	559
Fraser-Fort George, BC	94	-	94
Aurora, CO	1,032	-	1,032
Tomball, TX	-	2	2
Phoenix, AZ	97	-	97
Tucson, AZ	-	6	6
	7,403	2,368	9,771
Average cost per acre	\$40,591	\$13,776	

Seasonality

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

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

For additional information regarding the Community Development division, see Melcor's 2013 management's discussion and analysis incorporated by reference in this AIF and filed on www.sedar.com.

Property Development

Property Development acquires prime commercial sites from the Community Development division to develop and lease high-quality retail, office and industrial revenue-producing properties that deliver asset appreciation gains and/or stable long-term returns.

Once completed and substantially leased, these assets are transferred to the Investment Properties division where they are held and managed. Since 2003, the Property Development division has developed over 1,500,000 million square feet of office, retail and industrial space, including 590,000 square feet under current development. Participants in commercial projects include companies such as Wal-Mart, Rona, Home Depot, Canadian Tire, Save-On-Foods, Shoppers Drug Mart, Staples, Rexall Drugs, TD Bank, Scotiabank, Royal Bank, Canadian Western Bank, ATB, BMO, Starbucks, Tim Hortons, Winners and more.

The following table provides a summary of Melcor's active property development sites at December 31, 2013:

Project	Location	Project Current ¹ / Total Size (Sq. Ft.) ²
Leduc Common	Leduc, Alberta	457,466 / 489,000
A 63-acre regional power centre at 50 th Avenue and Discovery Way. The site is shadow-anchored by Walmart and includes national tenants such as Rona, Staples, Winners and Sport Chek. Additional buildings are planned for 2015.		
Chestermere Station³	Chestermere, Alberta	172,536 / 325,000
A 32-acre regional shopping centre located at Highway 1A and Windermere Blvd. This site is shadow-anchored by Safeway, and includes tenants such as RBC, TD Bank, Shoppers Drug Mart, Boston Pizza and Tim Hortons. An additional 6,889 sq. ft. in retail development was completed in 2013. An additional ATB site was started and will be completed the first part of 2014. Future development plans include a 46,000 sq. ft. professional building, pad sites and CRUs.		
Kingsview Market	Airdrie, Alberta	96,809 / 331,000
A 46-acre regional shopping centre located at QEII Highway and Yankee Valley Blvd. This site is shadow-anchored by Home Hardware and includes national tenants such as RBC, Shoppers Drug Mart, Starbucks and ESSO. An additional 12,300 sq. ft. is		

Project	Location	Project Current ¹ / Total Size (Sq. Ft.) ²
planned for 2014.		
Clearview Market³	Red Deer, Alberta	109,783 / 146,000
A 21-acre regional shopping centre located at 67 th Street and 30 th Avenue. This site is shadow-anchored by Loblaws and includes national tenants such as RBC, TD Bank, Servus, CIBC and Shoppers Drug Mart. An office building was under construction in 2013 and is expected to be completed in 2014.		
Stoneycreek Village³	Ft. McMurray, Alberta	5,200 / 210,000
An 8-acre mixed-use shopping centre located at Prospect Drive and Riverstone Common will include approximately 139,000 sq. ft. of retail space anchored by Save-On Foods and 70,000 sq. ft. of office space. CIBC took possession of 5,200 sq. ft. in 2013. Construction of the project was largely completed in 2013 with tenants taking possession in 2014.		
Village at Blackmud Creek	Edmonton, Alberta	8,400 / 725,000
A 33-acre regional business park located at Ellerslie Road and Calgary Trail. This project started in 2012 as work commenced on the first office building totalling 43,000 sq. ft. An 8,400 sq. ft. CRU was completed in the fall of 2013.		
West Henday Promenade	Edmonton, Alberta	38,500 / 378,000
A 25-acre regional mixed-use commercial centre located at Anthony Henday Drive and 87 th Avenue. Sobeys, RBC, CIBC, Petro Canada, Sobeys Liquor and Shoppers Drug-Mart all opened in 2013. There is currently another two buildings totalling 13,000 square feet under construction with tenants opening in the spring of 2014.		
Telford Industrial	Leduc, Alberta	89,000 / 600,000
A 80-acre industrial park. In 2013, an 89,000 sq. ft. industrial building on 9 acres of land was completed. Melcor is planning to construct an additional 10,000 sq. ft. building in 2014.		
McKenzie Industrial	Red Deer, Alberta	66,000/66,000
A 160-acre industrial park. Melcor completed a 66,300 sq. ft. multi-tenant building, which currently has leases in place for 32,000 sq. ft. Melcor is selling the remaining parcels of land in the industrial park. Four lots were sold in 2013.		

1. Current size is existing total leasable square footage in the project, including buildings sold to retailers.
2. Total project size represents the estimated total square footage to be developed in the project when fully built out. This includes sites that may be individually sold to retailers or end-users.
3. Joint arrangement project.

The following table summarizes Melcor's future property development sites. An additional 2,265,000 sq. ft. of future development potential, including 590,000 sq. ft. under current development, remains in the active project sites described on page 7.

Project	Location	Total Project Size (Sq. Ft.) ¹
Shops at Jagare Ridge²	Edmonton, Alberta	105,000
A 12-acre regional shopping centre located at 141 st Street and 28 th Avenue. This project is scheduled to commence in 2015.		
The District at North Deerfoot	Calgary, Alberta	2,250,000
A 115-acre regional business/industrial park located at QEII Highway and Country Hills Blvd SE. Construction is scheduled to commence in 2014.		
Greenwich	Calgary, Alberta	395,000
A 16-acre regional shopping centre and office park located at Highway 1 and 83 rd Street NW. Due to servicing delays from the City of Calgary and interchange delays from the province this project is scheduled to commence in 2016+.		
West Calgary Marketplace	Calgary, Alberta	800,000
An 80-acre regional power centre located at Highway 1 and Old Banff Coach Road. This project is scheduled to commence in 2017+.		
Keystone Common	Calgary, Alberta	775,000
An 80-acre regional power centre located at Stoney Trail and 11 th Street NE. This project is scheduled to commence in 2017+.		
The Shoppes at Canyons	Lethbridge, Alberta	105,000
A 12-acre regional shopping centre located at University Drive and Chinook Trail West. This project is scheduled to commence in 2015.		
West Pointe Marketplace	Lethbridge, Alberta	750,000
An 85-acre regional power centre located at Highway 3 and University Drive West. This project is scheduled to commence in 2017+.		

1. Total project size represents the estimated total square footage to be developed in the project when fully built out. This includes sites that may be individually sold to retailers or end-users.
2. Joint arrangement project.

Seasonality

The Property Development division is seasonal by nature. Construction activity is highly weather dependant. Delays may increase the cost of construction.

For additional information regarding the Property Development division, see Melcor's 2013 management's discussion and analysis incorporated by reference in this AIF and filed on www.sedar.com.

Melcor REIT

See Melcor REIT's 2013 Annual Information Form, pages 4 to 7, which is incorporated by reference and is located at www.MelcorREIT.ca/2013 or www.sedar.com.

Investment Properties

Melcor acquires and owns a portfolio of high-quality residential, office, retail, and industrial properties, which are held as long-term investments. The Investment Properties division manages and leases these Melcor-owned properties in addition to the 30 assets held in the Melcor REIT. In total, Investment Properties manages over 2.48 million square feet of space in commercial revenue-generating properties and 1280 residential units located across Western Canada and the southern United States. In 2013, this segment accounted for 7% of consolidated revenues (2012 - 6% after REIT formation).

The following tables detail Melcor's investment property holdings:

Commercial Properties	Year Acquired	Type	Gross Leasable Area ²	% Leased	
				2013	2012
Chestermere	2013	Retail	20,587	100	-
Clearview Market ¹	2012-13	Retail	71,653	98	100
Kingsview	2013	Retail	30,264	100	-
Leduc Common Phase 4	2013	Retail	38,412	100	-
Lethbridge Centre	2007	Mixed	445,001	87	78
Market Mall	2007	Retail	42,586	100	100
Premier Audio	2008	Retail	6,000	100	100
University Park Plaza	1981	Retail	41,238	100	100
Total @ 100% ownership			695,741	91	-
Total net of JV ownership			637,679	91	-

1. Owned through joint arrangement.
2. Leasable Square Feet is updated periodically, typically as leases renew.

Residential Properties	Location	Year Acquired	Units	% Leased	
				2013	2012
Augusta Meadows	Tomball (Houston), TX	2011	264	92	92
Brownstones at Biltmore	Phoenix, AZ	2011	10	90	90
Dakota at Camelback	Phoenix, AZ	2009	107	98	99
Edward Street Apartments	Edmonton, AB	2006	11	100	100
Lakeside 121	Lewisville (Dallas), TX	2011	240	94	94
Pebble Creek	Sugarland (Houston), TX	2010	240	96	96
The Artesia	Scottsdale, AZ	2011	1	100	0
The Edge at Grayhawk	Scottsdale, AZ	2011	99	94	94
Total			972	94	94

Parking Lots	Location	Year Acquired	Number of Stalls
104 th Street	Edmonton, AB	2001	28
102 nd Street	Edmonton, AB	2009	45
Executive Terrace	Regina, SK	2007	59
Phillips Lofts	Edmonton, AB	2002	28
Richter Street	Kelowna, BC	2007	26
Royal Bank	Edmonton, AB	2005	330
Total			516

Development Sites	Location	Year Acquired	Size (Sq. Ft.)
Jasper Avenue Park	Edmonton, AB	2005	24,000
Market Tire Site	Edmonton, AB	2011	15,000

For a list of Melcor REIT owned properties that Investment Properties manages under Property Management and Asset Management agreements, refer to the Melcor REIT 2013 Annual Information Form, incorporated by reference.

Seasonality

The Investment Properties division enters long-term leases and is not subject to seasonal variations.

For additional information regarding the Investment Properties division see the Melcor and Melcor REIT 2013 management's discussion and analysis incorporated by reference in this AIF and filed on www.sedar.com.

Recreational Properties

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

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

1. *Managed by third party.*

Competitive Conditions

The number of golf courses in the Edmonton region has grown substantially over the past 25 years, leading to pressure to remain competitively priced and offer a great golf experience. In spite of several years of poor weather conditions over the golf season, Melcor's golf courses remain profitable.

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

Seasonality

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

For additional information regarding the Recreational Properties division, see Melcor's 2013 management's discussion and analysis incorporated by reference in this AIF and filed on www.sedar.com.

Dividends | Capital Structure | Market for Securities

Dividends

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

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

Per common share	2013	2012	2011
On or before June 30	\$0.25	\$0.22	\$0.20
On or before December 31	\$0.25	\$0.23	\$0.20
Special dividend ¹	\$0.50	-	-
Total	\$1.00	\$0.45	\$0.40

1. On May 9, 2013, Melcor declared a Special Dividend of \$0.50 per share, payable on June 28, 2013 to shareholders of record on June 14, 2013.

General Description of Capital Structure

Melcor has the following share capital:

- Unlimited Voting Common Shares (30,181,624 issued and outstanding as at December 31, 2013)
- Unlimited Non-Voting Common Shares (none issued)
- Unlimited Non-Voting First Preferred Shares (none issued)

Market For Securities

Melcor's common shares are listed on The Toronto Stock Exchange (TSX) under the symbol "MRD". Trading information for the period January 1, 2013 to December 31, 2013 is set out below:

	High	Low	Close	Volume
January	\$21.25	\$15.75	\$19.35	396,376
February	\$19.75	\$18.13	\$18.85	373,557
March	\$19.24	\$17.75	\$18.02	529,403
April	\$18.60	\$17.10	\$17.90	910,297
May	\$19.47	\$17.80	\$19.39	282,579
June	\$19.59	\$18.10	\$18.80	644,411
July	\$19.60	\$18.38	\$19.50	231,546
August	\$19.60	\$18.78	\$19.36	109,815
September	\$19.45	\$19.10	\$19.30	256,631
October	\$19.78	\$19.06	\$19.59	197,272
November	\$20.70	\$19.05	\$19.35	429,130
December	\$20.24	\$19.15	\$20.05	185,666

Directors & Officers

Directors

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

Name and Municipality of Residence	Position with Melcor	Principal Occupation	Director Since
William D. Grace, FCA^{1,2,4} Edmonton, Alberta	Lead Director	Corporate Director	1994
Gordon J. Clanachan, FCA, ICD.D¹ Edmonton, Alberta	Director	Corporate Director and Consultant	2009
Ross A. Grieve² Edmonton, Alberta	Director	Chairman, PCL Construction Holdings Ltd.	2003
Catherine M. Roozen¹ Edmonton, Alberta	Director	Director & Secretary, Cathton Investments Ltd.	2007
Allan E. Scott^{2,4} Edmonton, Alberta	Director	Corporate Director	2007
Timothy C. Melton³ Edmonton, Alberta	Executive Chairman	Executive Chairman, Melcor Developments Ltd.	1973
Andrew J. Melton³ Calgary, Alberta	Vice-Executive Chairman	Vice-Executive Chairman, Melcor Developments Ltd.	1985
Ralph B. Young³ Edmonton, Alberta	Director	Chancellor, University of Alberta (June 2013 – present)	1976

- Member of the Audit Committee. Mr. Clanachan is the Chair of the Audit Committee.*
- Member of the Corporate Governance and Compensation Committee (CGCC). Mr. Scott is the Chair of the CGCC.*
- Mr. T.C. Melton, Mr. A.J. Melton and Mr. Young are not considered independent based on their positions or prior positions with Melcor. Mr. R.B. Young retired as Chief Executive Officer of Melcor effective July 2, 2013.*
- Mr. W.D. Grace will retire from the board of directors effective April 24, 2014. Mr. A.E. Scott was appointed Lead Director effective March 12, 2014.*

All of the directors have held the principal occupation indicated above for the previous 5 years, except:

- Mr. Andrew J. Melton, who held the position of Principal at Avison Young Commercial Real Estate until October 2010.
- Mr. Ralph Young, who was the Chief Executive Officer of Melcor until his retirement in 2013.

Executive Officers

The following table lists the executive officers of Melcor Developments Ltd., their province of residence, period of service as an executive officer of Melcor and their principal occupation during the five preceding years:

Name and Municipality of Residence	Executive Officer Since	Principal Occupation in 5 Preceding Years
Timothy C. Melton Edmonton, Alberta	January 1973	Executive Chairman
Andrew J. Melton Calgary, Alberta	October 2010	Executive Vice Chairman Principal (Avison Young Real Estate: 1995 to October 2010)
Brian D. Baker Edmonton, Alberta	October 2004	President & Chief Executive Officer President & Chief Operating Officer (July 2012 – July 2013) Executive Vice President & Chief Operating Officer (June 2011 – June 2012) Vice President, Property Development (October 2004 – June 2011)
Jonathan W. Chia, CA Edmonton, Alberta	January 2011	Chief Financial Officer Chief Financial Officer (Matrikon Inc. – July 2008) Sr. Manager – Finance (Matrikon Inc. – July 2005)
Darin A. Rayburn Edmonton, Alberta	November 2005	Executive Vice President, Investment Properties

The Directors and Executive Officers, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 59.46% of Melcor's outstanding common shares as at March 12, 2014.

Additional Information

Transfer Agent & Registrar

Valiant Trust Company is Melcor's transfer agent and registrar. Valiant Trust Company provides services to Melcor shareholders through its offices in Edmonton, Alberta.

Legal Proceedings & Regulatory Actions

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

Interest Of Management & Others in Material Transactions

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

On February 8, 2011, Melcor completed the issuance and sale of \$40,000,000, 6.25% convertible unsecured subordinated debentures. \$20,000,000 of the convertible debentures was issued to Melton Holdings Ltd., of which greater than 50% of the voting shares are controlled by Mr. Timothy C. Melton and Mr. Andrew J. Melton. \$2,000,000 of the convertible debentures was issued to Cavell Holdings Ltd., which is controlled by Mr. Timothy C. Melton.

Names & Interests of Experts

PricewaterhouseCoopers LLP, Chartered Accountants, Suite 1501, 10088 – 102 Avenue NW, Edmonton, Alberta, T5J 3N5 are Melcor's independent external auditors. PricewaterhouseCoopers LLP are independent of Melcor in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

Altus Group Limited, Suite 780, 10180 - 100 Street NW, Edmonton, Alberta, T5J 3S4, are Melcor's independent valuers. Altus Group Limited, a member of the Appraisal Institute of Canada, prepares and certifies a report with respect to the valuation of Melcor's

investment properties as required to be presented in accordance with International Financial Reporting standards. Altus Group Limited is independent of Melcor in accordance with the Canadian Uniform Standards of Professional Appraisal Practices, which regulates the Appraisal Institute of Canada.

Material Contracts

Melcor did not enter into any material contracts outside the ordinary course of business in 2013.

Additional Information

Additional information relating to Melcor's business is available on SEDAR at www.sedar.com or under the 'Investor Relations' tab on Melcor's website at www.melcor.ca.

Additional financial information about Melcor is provided in the comparative consolidated financial statements and management's discussion and analysis in the annual report for the year ended December 31, 2013.

Copies of these documents and any other documents incorporated by reference, additional interim financial statements for periods subsequent to December 31, 2013 and additional copies of this Annual Information Form are available on request.

Please direct your request for materials to:

By Mail: Investor Relations
Melcor Developments Ltd.
900, 10310 Jasper Avenue
Edmonton, Alberta T5J 1Y8

By Phone: 780-423-6931

By Fax: 780-426-1796

By Email: ir@melcor.ca

Audit Committee



Gordon Clanachan



William Grace



Catherine Roozen

Audit Committee Charter

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

Composition of the Audit Committee

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

The Audit Committee is comprised of the following members:

Committee Member	Relevant Education & Experience
Gordon Clanachan, FCA, ICD.D <i>Chair Member since 2009 Independent</i>	Mr. Clanachan is a graduate of Glasgow University, Scotland. He is a Fellow Chartered Accountant and holds the ICD.D designation. During the past 5 years, Mr. Clanachan has been a corporate director and consultant providing business advisory services. He is a member of the advisory board for a number of companies. From 1994 to 1999, he served as President & CEO of RaiLink Ltd., a TSX-listed public company and Canada’s largest regional railway. Mr. Clanachan is a director of Chandos G.P. Corp. and is Chair of the Board of Trustees of Edmonton Pipe Industry Pension and Health & Welfare Funds.
William Grace, FCA <i>Member since 1994 Independent</i>	Mr. Grace is a graduate of the University of Alberta and a Fellow Chartered Accountant. From 1988 to 1994, he was the managing partner in the Edmonton office of Price Waterhouse. During his business career, he served on the Boards of several Canadian corporations. Mr. Grace has served on the Audit Committees for numerous public and private companies. Mr. Grace is a past President of both the Alberta and Canadian Institute of Chartered Accountants.

Committee Member	Relevant Education & Experience
Catherine Roozen <i>Member since 2007 Independent</i>	Ms. Roozen is a graduate of the University of Alberta where she served as a Governor from 1998 to 2005. Since 1981, she has been a Director and the Corporate Secretary of Cathton Investments Ltd. and The Allard Foundation Ltd. Ms. Roozen also currently serves as a director of Corus Entertainment Inc.

Preapproval Policy

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

External Auditor Fees

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

	2013	2012
Audit fees	\$142,000	\$239,623
Audit-related fees ¹	154,600	187,950
Tax fees ²	157,850	101,071
Internal Controls Compliance	41,200	45,000
All other fees ³	23,250	30,000
Total	\$620,900	\$603,644

1. Audit related fees include fees for subsidiary companies, joint arrangements, and building operating statements and homeowners associations.
2. Tax fees include tax compliance services and tax advisory and planning services.
3. All other fees include services rendered for advice related to accounting policies.

Appendix A | Audit Committee Charter

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

PURPOSE

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

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

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

COMPOSITION AND PROCEDURES

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

1. Composition

The Committee shall consist of no fewer than three members. None of the members of the Committee shall be an officer or employee of the Company or any of its subsidiaries and each member of the Committee shall be an "independent director" (in accordance with the definition of "independent director" established from time to time under the requirements or guidelines for audit committee service under applicable securities

laws and the rules of any stock exchange on which the Company's shares are listed for trading).

2. Appointment and Replacement of Committee Members

Any member of the Committee may be removed or replaced at any time by the Board and shall automatically cease to be a member of the Committee upon ceasing to be a director. The Board may fill vacancies on the Committee by election from among its members. The Board shall fill any vacancy if the membership of the Committee is less than three directors. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its power so long as a quorum remains in office. Subject to the foregoing, the members of the Committee shall be elected by the Board annually and each member of the Committee shall hold office as such until the next annual meeting of shareholders after his or her election or until his or her successor shall be duly elected and qualified. The Chair of the Committee shall be designated by the Board.

3. Meetings

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

4. Financial Literacy

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

5. Chair

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

6. Separate Executive Meetings (in camera sessions)

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

7. Professional Assistance

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

8. Review of Charter and Audit Committee Disclosures

The Committee will periodically review and reassess the adequacy of this Charter as it deems appropriate and recommend changes to the Board. The Committee will evaluate its performance with reference to this Charter.

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

9. Delegation

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

10. Reporting to the Board

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

SPECIFIC MANDATES OF THE COMMITTEE

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

I. External Auditors

(a) Oversee the work and review the performance and qualifications of the external auditors of the Company who are accountable to the Committee and the Board as the representatives of the shareholders of the Company, and make recommendations to the Board as to the reappointment or appointment of the external auditors of the Company to be proposed in the Company's proxy circular for shareholder approval and shall have authority to terminate the external

auditors. In performing this oversight and review, the Committee will:

- i. At least annually, obtain and review a report by the external auditors describing (A) the external auditors' internal quality control procedures; (B) any material issues raised by the most recent internal quality control review, or peer review, of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors, and any steps taken to deal with any such issues; and (C) (to assess the auditors' independence) all relationships between the external auditors and the Company;
 - ii. Take into account the opinions of management; and
 - iii. Review and evaluate the Lead Partner of the external auditors.
- (b) review the reasons for any proposed change in the external auditors of the Company which is not initiated by the Committee or Board and any other significant issues related to the change, including the response of the incumbent auditors, and enquire as to the qualifications of the proposed replacement auditors before making its recommendation to the Board;
- (c) approve the annual audit plan, terms of engagement and the compensation to be paid by the Company to the Company's external auditors;
- (d) review the independence of the Company's external auditors, including a written report from the external auditors respecting their independence and consideration of applicable auditor independence standards;
- (e) adopt policies and procedures for the pre-approval of all audit and permitted non-audit services to be provided to the Company or any of its affiliates by the external auditors or any of their affiliates, subject to any de minimus exception allowed by applicable law; the Committee may delegate to one or more designated members of the Committee the authority to grant pre-approvals required by this subsection;
- (f) review the disclosure with respect to its pre-approval of audit and non-audit services provided by the Company's external auditors;
- (g) approve any hiring by the Company or its subsidiaries of employees or former employees of the Company's external auditors;

- (h) review a written or oral report describing:
 - i. critical accounting policies and practices to be used in the Company's annual audit,
 - ii. alternative treatments of financial information within generally accepted accounting principles that have been discussed with the Company's management and that are significant to its consolidated financial statements, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditors, and
 - iii. other material written communication between the Company's external auditors and the Company's management, such as any management letter or schedule of unadjusted differences;
 - (i) review with the external auditors and the Company's management the general audit approach and scope of proposed audits of the consolidated financial statements of the Company, the objectives, staffing, locations, co-ordination and reliance upon the Company's management in the audit, the overall audit plans, the audit procedures to be used and the timing and estimated budgets of the audits;
 - (j) if a review engagement report is requested of the external auditors, review such report before the release of the Company's interim consolidated financial statements;
 - (k) discuss with the external auditors any difficulties or disputes that arose with the Company's management during the course of the audit, any restrictions on the scope of activities or access to requested information and the adequacy of the Company's management's responses in correcting audit-related deficiencies;
- II. Financial Disclosure**
- (a) review with the external auditors and the Company's management:
 - i. the Company's audited consolidated financial statements and the notes and Managements' Discussion and Analysis relating to such consolidated financial statements, the annual report, the annual information form, the financial information of the Company contained in any prospectus or information circular or other disclosure documents or regulatory filings, or any other disclosures relating to financial information of the Company, the recommendations for approval of these documents from the CEO and CFO of the Company and based on such recommendations provide, where applicable, its own recommendations to the Board for their approval and release to the public;
 - ii. the Company's interim consolidated financial statements and the notes and Managements' Discussion and Analysis relating to such consolidated financial statements and any other disclosures relating to financial information, the recommendations for approval of these documents from the CEO and CFO of the Company and based on such recommendations provide, where applicable, its own recommendations to the Board for their approval and release to the public;
 - iii. the quality, appropriateness and acceptability of the Company's accounting principles and practices used in its financial reporting, changes in the Company's accounting principles or practices and the application of particular accounting principles and disclosure practices by the Company's management to new transactions or events;
 - iv. all significant financial reporting issues and judgments made in connection with the preparation of the Company's consolidated financial statements, including the effects of alternative methods in respect of any matter considered significant by the external auditor within generally accepted accounting principles on the consolidated financial statements;
 - v. the effect of regulatory and accounting initiatives on the Company's consolidated financial statements and other financial disclosures;
 - vi. any reserves, accruals, provisions or estimates that may have a significant effect upon the consolidated financial statements of the Company;
 - vii. the use of special purpose entities and the business purpose and economic effect of off balance sheet transactions, arrangements, obligations, guarantees and other relationships of the Company and their impact on the reported financial results of the Company;
 - viii. any legal matter, claim or contingency that could have a significant impact on the consolidated financial statements, the Company's compliance policies and any material reports, inquiries or other correspondence received from regulators or

governmental agencies and the manner in which any such legal matter, claim or contingency has been disclosed in the Company's consolidated financial statements;

- ix. any disclosures concerning any weaknesses or any deficiencies in the design or operation of internal controls or disclosure controls made to the Committee by the CEO and CFO during their certification process in documents filed with applicable securities regulators;
 - x. review the treatment for financial reporting purposes of any significant transactions that are not a normal part of the Company's operations;
 - xi. the use of any "pro forma" or "adjusted" information not in accordance with generally accepted accounting principles;
- (b) review and resolve disagreements between the Company's management and its external auditors regarding financial reporting or the application of any accounting principles or practices;
 - (c) receive from the CEO and the CFO of the Company a certificate certifying in respect of each annual and interim report the matters such officers are required to certify in connection with the filing of such reports under applicable securities laws;
 - (d) review and discuss with management the Company's guidelines and policies with respect to risk assessment and the Company's major financial and business risk exposures and the steps taken to monitor and control such exposures;
 - (e) review earnings press releases, as well as financial information and earnings guidance provided to analysts and ratings agencies, it being understood that such discussions may, in the discretion of the Committee, be done generally (i.e., by discussing the types of information to be disclosed and the type of presentation to be made) and that the Committee need not discuss in advance each earnings release or each instance in which the Company gives earning guidance (if applicable);
 - (f) receive quarterly a report from the Company's internal auditor (if applicable).

III. Insurance

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

IV. Internal Audit

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

V. Internal Controls

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

VI. Compliance

- (a) review with the Company's Chief Financial Officer, other members of management and the external auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports, which raise material issues regarding the Company's financial statements or accounting policies;
- (b) review with the Company's external legal counsel matters that may have a material impact on the financial statements or accounting policies;
- (c) establish procedures for:
 - i. the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters;
 - ii. the confidential, anonymous submission by employees of the Company with concerns regarding any accounting or auditing matters.

VII. Other Items

- (a) on an annual basis review and assess Committee member attendance and the Committee's performance and report thereon to the Board and review this Charter and, if required implement amendments to this Charter;
- (b) review, as required, any claims of indemnification pursuant to the by-laws of the Company;
- (c) on a quarterly basis review any related party transactions and the development of policies and procedures related to those transactions;
- (d) on an annual basis review compliance with the Disclosure Policy of the Company; and
- (e) on a periodic basis, review reports on the Company's information technology systems that support the financial reporting process.

Appendix B | Position Description – Audit Committee Chair

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

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