

## FORM 62-103

### *Required Disclosure Under the Early Warning Requirements*

#### Item 1 - Security and Reporting Issuer

- 1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of securities.**

Trust Units of:

Melcor Real Estate Investment Trust (the “**Issuer**”)  
900, 10310 Jasper Avenue  
Edmonton, Alberta T5J 1W8

- 1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.**

Private Transaction.

#### Item 2 - Identity of the Acquiror

- 2.1 State the name and address of the acquiror.**

Melcor Developments Ltd. (the “**Acquiror**”)  
900, 10310 Jasper Avenue  
Edmonton, Alberta T5J 1W8

- 2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.**

On November 12, 2019, in connection with the acquisition (“**Acquisition**”) by the Issuer of certain real properties from an arm’s length seller, the Acquiror acquired on a private placement basis (the “**Concurrent Private Placement**”), indirectly, through a wholly-owned subsidiary, ownership of (a) 1,225,822 special voting units (“**Special Voting Units**”) of the Issuer, and (b) 1,225,822 Class B Limited Partnership Units (“**Class B LP Units**”) of a subsidiary limited partnership of the Issuer, which Class B LP Units are economically equivalent to and exchangeable for Trust Units of the Issuer on a one-for-one basis.

- 2.3 State the names of any joint actors.**

N/A.

#### Item 3 - Interest in Securities of the Reporting Issuer

- 3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the acquiror's securityholding percentage in the class of securities.**

The Acquiror acquired, indirectly, through a wholly-owned subsidiary, ownership of (a) 1,225,822 Special Voting Units and (b) 1,225,822 Class B LP Units.

**3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file this report.**

The Acquiror acquired, indirectly, through a wholly-owned subsidiary, ownership of (a) 1,225,822 Special Voting Units, and (b) 1,225,822 Class B LP Units, which Class B LP Units are economically equivalent to and exchangeable for Trust Units of the Issuer on a one-for-one basis.

**3.3 If the transaction involved a securities lending arrangement, state that fact.**

N/A.

**3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.**

Prior to November 12, 2019, the Acquiror owned indirectly, through a wholly-owned subsidiary, (a) 14,899,325 Special Voting Units, representing 100% of the issued and outstanding Special Voting Units, and (b) 14,899,325 Class B LP Units, representing 100% of the issued and outstanding Class B Units. Assuming the Acquiror exercises all of its exchange rights associated with the Class B LP Units held by the Acquiror, the Acquiror would own, indirectly, through a wholly-owned subsidiary, 14,899,325 Trust Units of the Issuer, representing approximately 53.1% of the issued and outstanding Trust Units of the Issuer.

On November 12, 2019, following the closing of the Acquisition and the Concurrent Private Placement, and assuming the Acquiror exercises all of its exchange rights associated with the Class B LP Units held by the Acquiror, the Acquiror would own, indirectly, through a wholly-owned subsidiary, 16,125,147 Trust Units, representing approximately 55.1% of the issued and outstanding Trust Units of the Issuer.

**3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which**

**(a) the acquiror, either alone or together with any joint actors, has ownership and control,**

Following the closing of the Acquisition and the Concurrent Private Placement, and assuming the Acquiror exercises all of its exchange rights associated with the Class B LP Units held by the Acquiror, the Acquiror would own, indirectly, through a wholly-owned subsidiary, 16,125,147 Trust Units, representing approximately 55.1% of the issued and outstanding Trust Units of the Issuer.

**(b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and**

N/A.

**(c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

N/A.

**3.6 It the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.**

N/A.

**3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.**

N/A.

**State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.**

N/A.

**3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.**

N/A.

#### **Item 4 - Consideration Paid**

**4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.**

One Special Voting Unit and one Class B LP Unit together had an issue price of \$8.16 (representing a 1.5% premium to the five day volume weighted average trading price of the Trust Units on the Toronto Stock Exchange as of the end of trading on November 11, 2019). The aggregate subscription price for the 1,225,822

Class B LP Units paid by the Acquiror, which was paid in cash, was \$10,000,000.00.

**4.2 *In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.***

One Special Voting Unit and one Class B LP Unit together had an issue price of \$8.16 (representing a 1.5% premium to the five day volume weighted average trading price of the Trust Units on the Toronto Stock Exchange as of the end of trading on November 11, 2019). The aggregate subscription price for the 1,225,822 Class B LP Units paid by the Acquiror, which was paid in cash, was \$10,000,000.00.

**4.3 *If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.***

N/A.

**Item 5 - Purpose of the Transaction**

***State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquirer and any joint actors may have related to certain matters.***

The 1,225,822 Special Voting Units and the 1,225,822 Class B LP Units were acquired for investment purposes. The Acquiror and its affiliates may from time to time acquire additional securities of the Issuer and entities controlled by the Issuer, whether in connection with real property acquisitions or otherwise, dispose of some or all of the securities of any such entity or maintain current securities positions in any such entity.

**Item 6 - Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer**

***Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.***

Pursuant to an Exchange Agreement dated May 1, 2013 between, *inter alia*, the Issuer and the Acquiror, each Class B LP Unit is exchangeable into one Trust Unit of the

Issuer, and, subject to certain restrictions, the Acquiror (together with certain affiliates) has been granted pre-emptive rights to retain its *pro rata* ownership interest in the Issuer and its subsidiaries, as well as demand and “piggyback” registration rights with respect to public offerings by the Issuer, and “drag” and “tag” rights with respect to purchases of securities of subsidiaries of the Issuer.

Pursuant to the Issuer’s Amended and Restated Declaration of Trust dated May 1, 2013, the Acquiror (together with certain affiliates) has the right to nominate a certain number of trustees to the board of trustees of the Issuer, depending on the size of the board and the size of the beneficial interest in the Issuer on a fully-diluted basis held by them.

Pursuant to an Underwriting Agreement dated October 15, 2019 and entered into in connection with Acquisition and subject to certain exceptions, the Acquiror (together with its affiliates) has agreed with the underwriters not to, directly or indirectly, offer, sell or otherwise dispose of, or agree to, or announce, any such offer, sale or disposition of, any Class B LP Units (or units into which the Class B LP Units are exchangeable) acquired by the Acquiror pursuant to the Acquisition for a period of 90 days following October 29, 2019.

#### **Item 7 - Change in Material Fact**

***If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.***

N/A.

#### **Item 8 - Exemption**

***If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.***

N/A.

#### **Item 9 - Certification**

***The acquiror must certify that the information in this report is true and complete in every respect. In the case of an agent, the certification is based on the agent's best knowledge, information and belief but the acquiror is still responsible for ensuring that the information filed by the agent is true and complete. This report must be signed by each person on whose behalf the report is filed or his or her authorized representative. It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.***

#### **Certificate**

***I, as the acquiror, or I, as the agent filing this report on behalf of an acquirer, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.***

**DATED** this 13<sup>th</sup> day of November, 2019.

**MELCOR DEVELOPMENTS LTD.**

Per: (signed) Naomi Stefura \_\_\_\_\_  
Naomi Stefura  
Chief Financial Officer