



## **A FAMILY TRADITION... CHANGING THE LANDSCAPE**

**THE MELTON — MELCOR STORY**



## FOREWARD

2013 marked the 90<sup>th</sup> anniversary of Melcor Developments Ltd. It also commemorated our 45<sup>th</sup> anniversary as a public company – a status we have now held for half of Melcor’s lifespan.

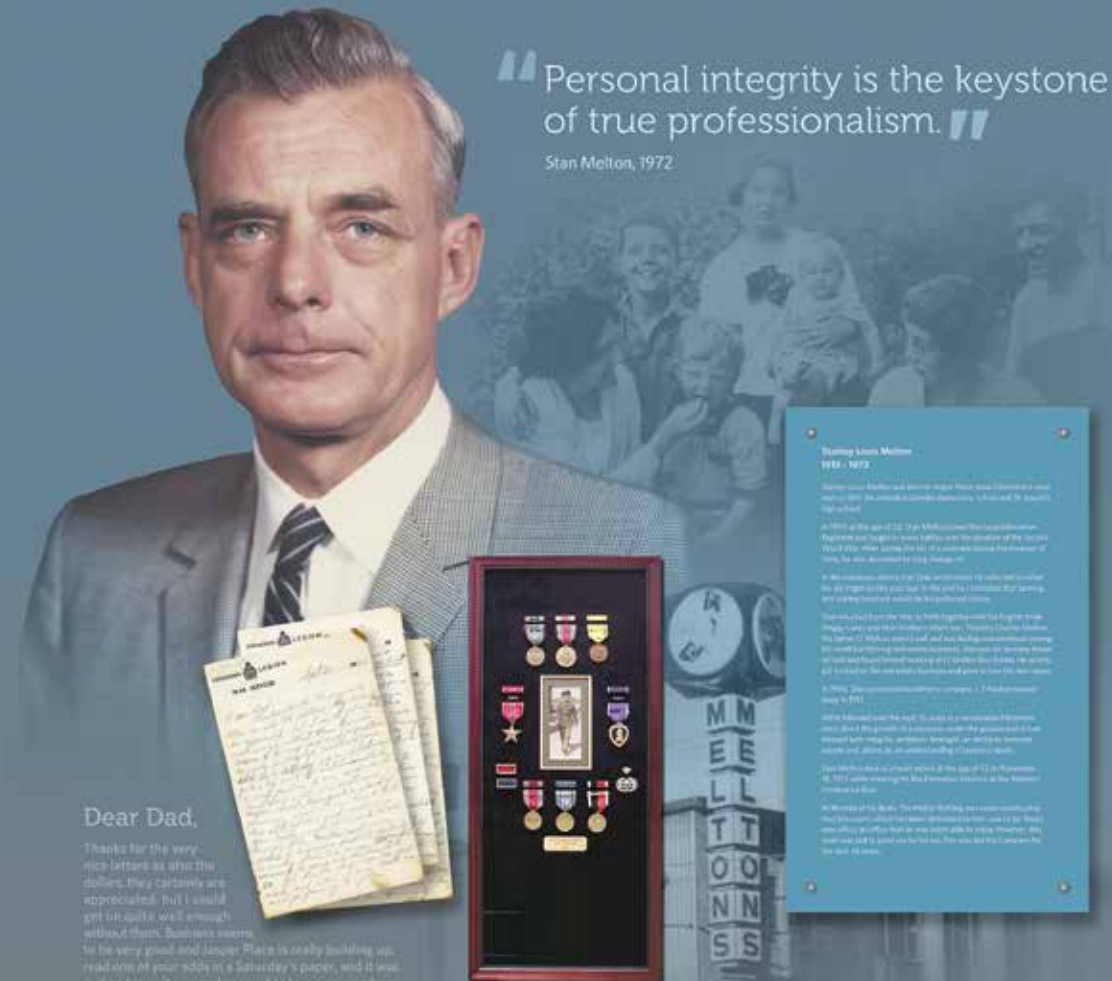
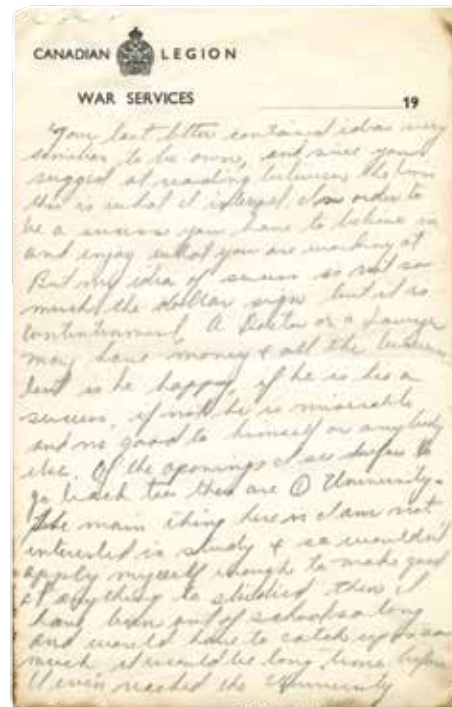
This publication is dedicated to our ninety-year history and the three generations of Melton family leadership that form our foundation of traditional values and entrepreneurship.

This book begins with an account of the first fifty years, taking us from our founding by L. T. Melton in 1923 to the passing of Stan Melton in 1973. It then chronicles four decades of Tim Melton’s ongoing tenure as company leader. This latter forty-year-period is outlined in four comprehensive sections, each spanning one decade, and characterized by unique market challenges. One theme is common to them all: the ongoing ability of Melcor, the Melton family and the people who work here to adapt to change and remain successful, regardless of the external environment.

The next ten years is an exciting time for Melcor. We boast a new generation of management and employees eager to carry on our tradition of hard work and strong business acumen.

We look forward to even greater achievements as we continue our journey through the next decade on the road to our 100<sup>th</sup> anniversary.

Brian Baker  
President and Chief Executive Officer



Thanks for the very nice letters as also the dollars, they certainly are appreciated, but I could get on quite well even without them. Business seems to be very good and Jasper Place is really building up, read one of your ads in a Saturday's paper, and it was quite a little while ago and seemed to be a very good one to me, and should bring along a lot more customers. Mother must have quite a stock of sweaters very well worn, there to leave them I'll bet there good, and my own lucky people at home to be able to enjoy them. Mother sent me a picture of Magnus and she certainly is a very attractive nurse. Michael seems to be going into the cow-poke to, tell him to keeping the good stick and when I come back we will get dancing the night-







## L.T. (TIMOTHY) MELTON - PRESIDENT 1923-1945



L.T. (Timothy) Melton, (father of Stan Melton and grandfather of Timothy C. Melton) was the founder of the company that has become the Melcor Developments Ltd. of today.

L.T. Melton travelled to Edmonton from Winnipeg with his young bride Doreen in 1918.

From 1918 to 1922 he apprenticed in the real estate business in the offices of Allan, Kellam, McKay and Greene.

In the early years Timothy sold residential building lots for \$100 each with terms of \$5 down and \$5 per month. Many families lived in tents on their property while their homes were being built.

In 1932, the Company changed its name to L.T. Melton Realty. Timothy ran the business himself until 1942 when activity reached a point where he could justify some help. In that year he hired Bill Aitken from the Hinton coal mines to open the Jasper Place branch.

Shortly thereafter, in the summer of 1945, Timothy's son Stan returned from distinguished service in World War II and was persuaded to join Bill Aitken in the flourishing Jasper Place office.

One of the most significant transactions of Timothy's career was the 1949 sale of land located at 156 Street and 87 Ave (Part of Jasper Place at the time) for the construction of the Starlight Drive in theatre. The 'Starlight' was a feature at this location until the late 1960's when it was replaced by a mixed use residential development called 'Whitehall Square' - which still exists today.

L.T. (Timothy) Melton passed away in 1951.

In 1922 he opened the Stanley Investment company (named after his young son Stan). The new company specialized in real estate in West Edmonton and the community of Jasper Place (at the time a suburb of Edmonton, but now part of the City).

The offices of the early company were in a home/office situated on 100 Street and 102 Avenue, the site of what became Edmonton Centre's Woodwards store (now Winners and Sport Chek). The Melton family lived on the second floor.





*“In 1948, Stan purchased his father’s company. L T Melton passed away in 1951.*

*What followed, over the next 25 years, is a remarkable Edmonton story about the growth of a company under the guidance of a man possessed of integrity, ambition, foresight, and, above all, an ability to motivate people through his natural understanding of their needs.”*

Stan Melton Wall – Melcor Head Office

## STAN MELTON - PRESIDENT 1945-1973



In 1945, 26-year-old Corp. Stan Melton returned from service in World War II intending to begin a career in farming. Instead, he put his ambitions on hold in order to help his ailing father, Louis Timothy Melton, in his real estate business.

Under Stan’s enthusiastic leadership, L.T. Melton Real Estate became a prominent real estate company in Edmonton. To better serve customers, its scope of operations expanded

to include commercial real estate, mortgages, insurance, appraisals, property management and, ultimately, land development and home construction.

The postwar population boom in Edmonton contributed the Company’s rapid expansion. As industry leaders, Stan and his dedicated management team developed innovative business concepts such as branch offices specializing in neighbourhood districts, institutional advertising and a guaranteed sales plan.

Shortly after Stan’s father’s death in 1951, the Company was renamed Melton Real Estate. A professional management structure was in place to implement plans for major geographic growth and expansion into other real estate-related businesses.

In 1952, Melton Petroleum was incorporated with the intention of participating in the Alberta oil boom. It never achieved success as an oil producer but, through good fortune, purchased strategic lands with ideal geographic features that allowed the Company to play a major role in the development of Southwest Edmonton.

In 1954, Trans Canada Mortgage was formed as an in-house customer service vehicle to help clients access hard-to-get real estate financing.

By 1955, the Brokerage Division had expanded to include 10 offices in Edmonton and 3 in Calgary.

Also in 1955, Sillton Developments was incorporated and became the Company’s land development arm. Sillton was active in many west Edmonton neighbourhoods as well as the 1,200-acre Forest Heights development in Calgary.

*“It is the Company’s objective to provide a Canada-wide real estate service. Further expansion is planned for western Canada and expansion to eastern Canada is being considered.”*

Stan Melton, 1955 Melton Real Estate Annual General Meeting



In 1956, the Company entered the home building business with the incorporation of Melton Homes – in addition to new home construction, this venture also provided in-house listings to sales staff.

By 1958, the Company had an office in Vancouver, making Melton Real Estate one of Canada’s leading realtors.

The Company’s continued growth in the 1960s led to plans for nationwide expansion. The Company’s ‘bowtie’ logo and tagline, “Call a Melton Man and Start Packing” were recognized in real estate markets throughout Western Canada.

Stan led by instilling his values into Company culture such as good customer service and integrity. He knew a motivated and dedicated staff was vital. He often said attracting and retaining good people was the key to success and was committed to ensuring his employees had opportunities for career advancement.

Stan Melton lived the Golden Rule in both his personal and business life:

***“Treat others as you would like to be treated.”***

In 1968, the Melton group of companies amalgamated to form Melton Real Estate Ltd., which was to become a publicly-traded company. In 1969, its shares were listed on the Vancouver Stock Exchange. And soon after they were listed on the Toronto Stock Exchange.

By the end of this decade, the Company boasted dozens of offices with locations in Edmonton, Red Deer, Calgary, Vancouver, Saskatoon, Regina and Winnipeg.

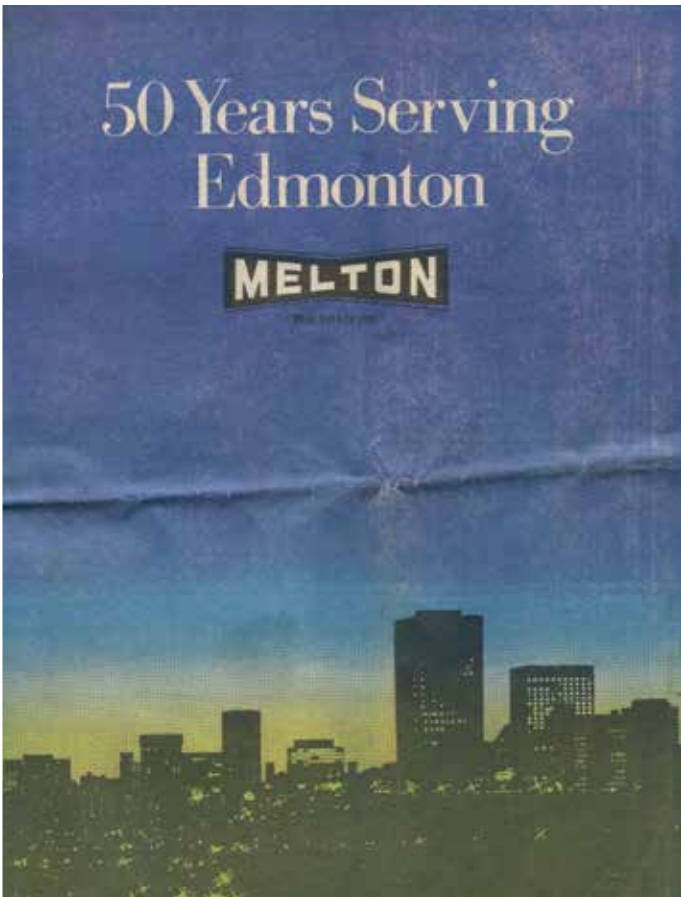
In 1973, the Company’s expansion into Eastern Canada was achieved with the establishment of brokerage referral agreements with H Keith Realty in Toronto and Westgate Realty of Montreal. This helped serve an increasingly transitory Canadian population.

Also that year, a major new land development project commenced with the opening of Dalhousie in northwest Calgary. The Edmonton land development operation had by this time been active in the development of many new neighbourhoods including Lynnwood, Elmwood, Callingwood, Thorncliffe and Primrose.

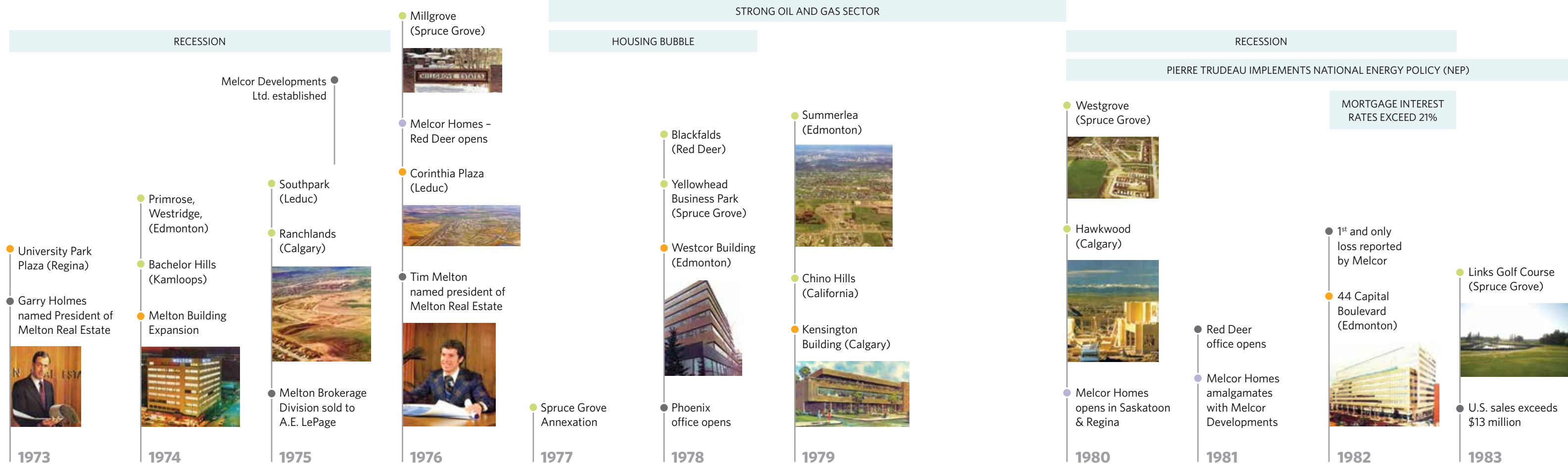
Sadly, on Nov. 18, 1973, Stan Melton died suddenly of a heart attack. He was 54 years old.

So ended the 30 year history of Melton Real Estate under the leadership of Stan Melton. His ambition, enthusiasm, desire to serve customers and provide opportunities for his employees were vital ingredients that propelled and grew the Company. His legacy includes both the values he passed down and the solid reputation the Company earned. The tremendous growth and success the Company has enjoyed since his death are testimony to the cornerstones he laid.

In 1975, Melton Real Estate’s Brokerage Division was sold to A.E. LePage of Toronto. Shortly thereafter the company was renamed Melcor Developments Ltd. The committed and professional management team that Stan had assembled shifted company operations to real estate development. The Melton family retained control and stewardship of the company under the direction of Stan’s son, Tim Melton.







*"We are continuing our efforts to obtain a higher percentage of earnings from rentals through the development and retention of income properties."*

1980 annual report – Tim Melton

# CHAPTER TWO 1973-1983

● Land events ● Housing events ● Revenue Properties events ● Corporate events







*"The National Energy Program is a disastrous example of unilateral government decision making ..... While it purports to make Canadians more self-sufficient in energy it is having the opposite effect. Skilled workers, oil rights and large amounts of capital are being driven from Canada."*

1981 annual report – Tim Melton





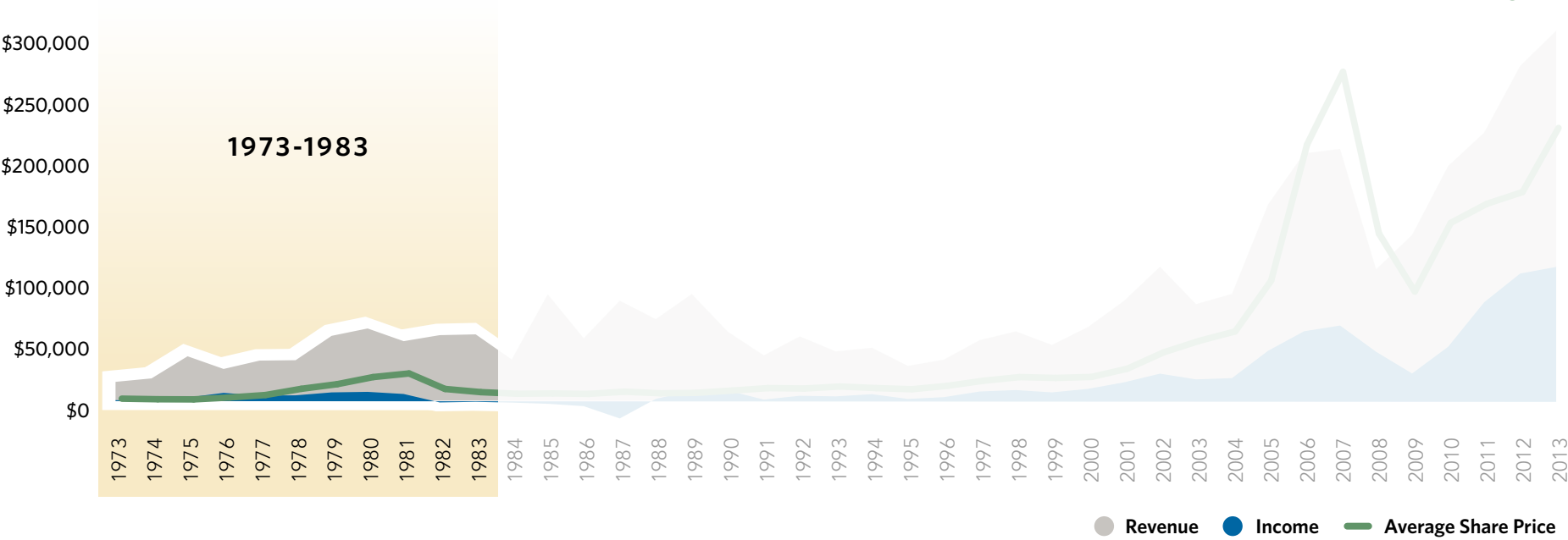


## HIGHLIGHTS 1973-1983

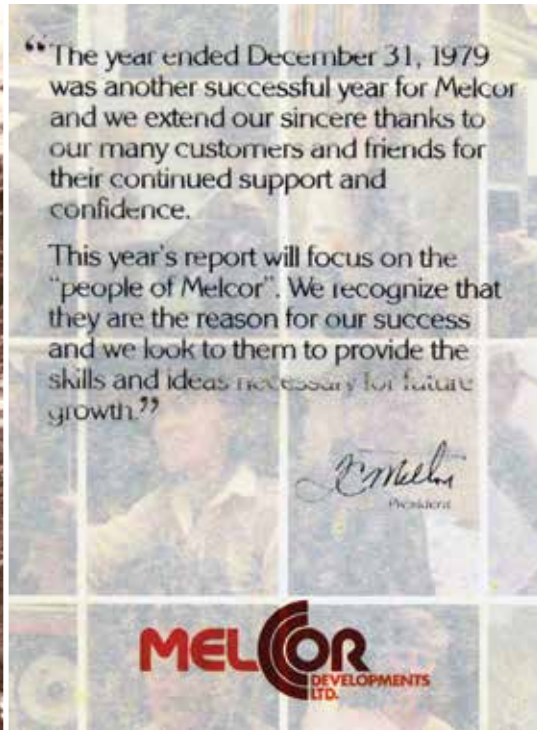
- Garry Holmes becomes President following Stan Melton's death in 1973
- Tim Melton is named President in 1976
- Brokerage arm of the business reaches its peak with:
  - Over 700 sales people
  - Branches in British Columbia, Alberta, Saskatchewan and Manitoba
  - Alliances with other brokers in the remaining 6 provinces
- In 1975 the Brokerage division is sold to A.E. LePage of Toronto
- The Company changes its name to Melcor Developments Ltd. and continues as a pure development company engaged in:
  - Land Development
  - Revenue Property construction and management
  - Home building
- National Energy Policy is introduced in 1981 precipitating a recession in Alberta that the province does not fully recover from for 15 years
- Melcor acquires its first properties in the United States – in Phoenix, Arizona and Orange County, California
- Sales and earnings in U.S. offset troubled markets in Alberta
- Major expansion of income properties
- Melcor reports its first loss in 1982. This was the only annual loss the company has ever endured
- Melcor assets valued at \$185 million



Revenue & Income (Thousands)







## DIVISIONAL ACTIVITY 1973-1983

### LAND

- Start of 11 new development areas in 10 municipalities
- New projects in Canada
  - Edmonton – Summerlea, Woodhaven, Millgrove, Primrose, Westridge, Corinthia Park, Southpark
  - Calgary – Dalhousie, Ranchlands
  - Red Deer – Blackfalds Green
- Revenue \$212 million / Earnings \$102 million

### BROKERAGE

- Number of sales personnel exceeds 700
- Activity expands to 4 western provinces and Forges alliances in all Eastern Canadian provincial markets
- Brokerage sold to A. E. LePage of Toronto December 31, 1975

### HOUSING

- 2118 housing starts
- Active in 7 municipalities
- \$166 million total Sales

### REVENUE PROPERTIES

- Leased space increases from 173,000 Sq. Ft. to 967,000 Sq. Ft.
- 11 new properties acquired including
  - Melton Building – Edmonton – 114,600 Sq. Ft.
  - Corinthia Plaza – Leduc – 23,143 Sq. Ft.
  - Westcor Building – Edmonton – 72,800 Sq. Ft.
  - Kensington Building – Calgary – 23,851 Sq. Ft.
  - University Park Plaza – Regina – 41,206 Sq. Ft.

*“The Decision was audacious: less than a year after taking over the family-controlled company, Tim Melton sold the real estate brokerage business which had been the core of Melton Real Estate Ltd.... But the results have been unassailable.”*

Financial Post – May 17, 1980





*“Housing markets in the United States remain strong and we expect significant revenues and profits from US operations over the next two years.”*

1986 annual report – Tim Melton

# CHAPTER THREE 1984-1993

Land events   Housing events   Revenue Properties events   Corporate events







*"Our continued emphasis is to ensure that we aggressively deliver good quality products and service as a basis for success in whatever markets that exist."*

1985 annual report – Tim Melton

## HIGHLIGHTS 1984-1993

- Alberta and Melcor struggle to survive in a prolonged recession
  - Personnel downsizing
  - Assets are reduced and written down
- California developments become available for sale during a California housing boom
- Towards the end of the 80's, in a slow but stable economy, Melcor begins to recover with the initiation of new development projects
- By 1993 the company has reduced its debt to equity ratio to 0.94:1 from a high in 1987 of 6.61:1
- Melcor assets valued at \$144 million

*"Our message rings out loud and clear to all levels of government, especially the Alberta government – stay out of our business."*

Red Deer Advocate – Oct 5, 1984 – Tim Melton

## DIVISIONAL ACTIVITY 1984-1993

### LAND

- New projects are developed in Phoenix Arizona (South Mountain Park) and Orange County California (Village Oaks)
- Annual sales in U.S. exceed \$13million – providing revenues to offset troubled markets in Canada
- Links Golf Course completed and opened in Spruce Grove
- New projects in Canada
  - Edmonton – The Country Club, Terwillegar Park Estates, Terwillegar Heights, Eagle Ridge, Craigavon
  - Red Deer – Victoria Park
  - Blackfalds – Blackfalds Green
  - Lethbridge – Willow Ridge
  - Calgary – Arbour Lake
- Revenue \$327 million / Earnings \$74 million compared with Revenue \$212 million / Earnings \$102 million in the previous 10 years





### BROKERAGE

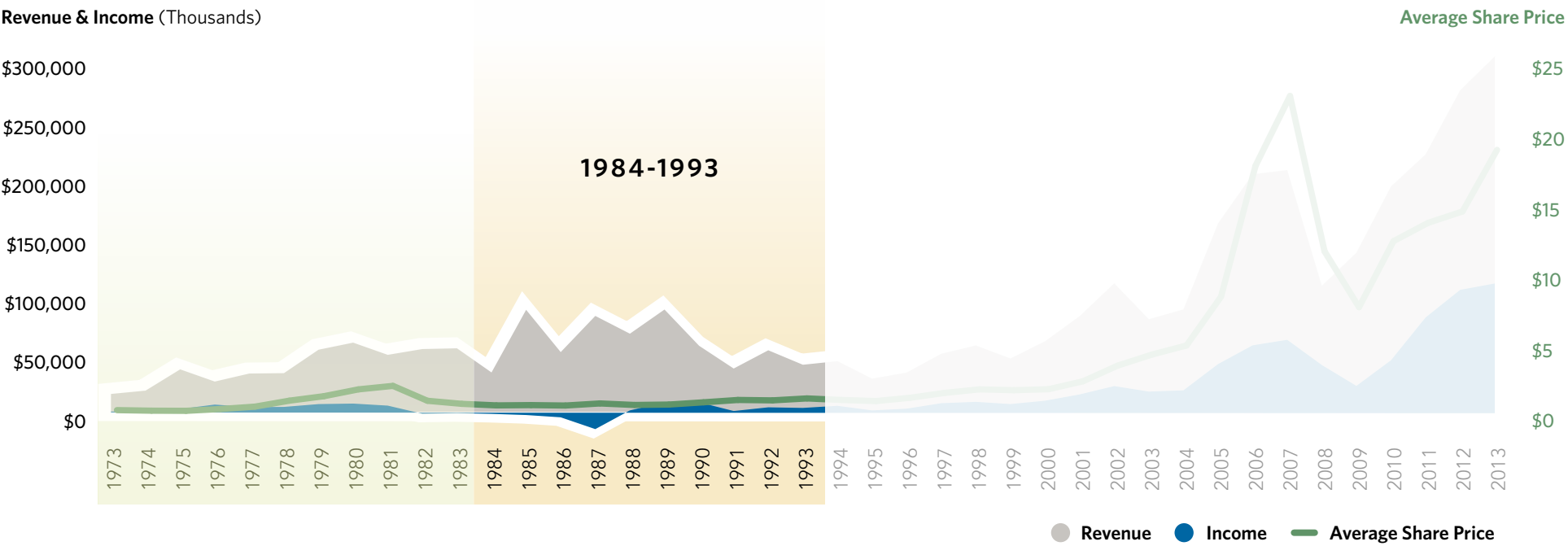
- After a 10 year absence from the real estate brokerage business Melton Real Estate Inc. begins commercial brokerage
- After several years of operation the commercial brokerage venture is discontinued

### HOUSING

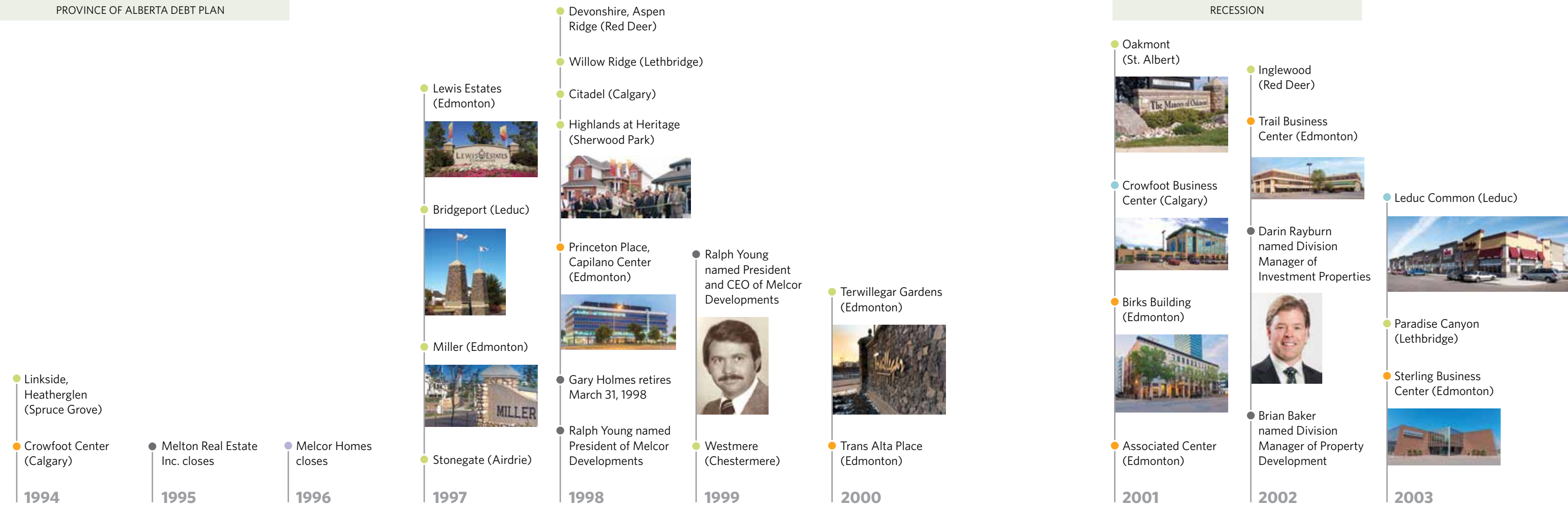
- 1110 housing starts
- Active in 7 municipalities
- \$169 million total Sales

### REVENUE PROPERTIES

- Revenue property portfolio reduced
- Ongoing efforts to reduce debt from 967,000 Sq. Ft. to 307,000 Sq. Ft. of gross leasable area
- Number of properties under management is reduced to 7
- 44 Capital Boulevard (380,000 Sq. Ft.) completed, leased and sold
- Crowfoot commercial started in NW Calgary
- Westland Market Mall in Spruce Grove, Alberta completed







*“1998 is a milestone year for the company marking its 75<sup>th</sup> anniversary. The company’s longevity and growth results from its ability to adapt to changing market conditions.”*

1997 annual report – Tim Melton

## CHAPTER FOUR 1994-2003

● Land events ● Housing events ● Property Development events ● Investment Properties events ● Corporate events







## HIGHLIGHTS 1994-2003

- Alberta endures a second recession
- The mid 90's recession results in housing starts at decade – low levels
- Brian Baker is hired in 1997
- Ralph Young becomes President in 1998. Tim Melton is appointed chairman and CEO.
- The Calgary economy begins to recover in 1998; Edmonton follows in 2001
- The Company celebrates its 75 year anniversary in 1998
- Garry Holmes retires in 1998
- By 2003 company achieves record revenues and earnings
- New emphasis on the Investment Properties Division and Property Development Division begin an expansion that will dramatically alter the operations of the Company
- Melcor assets valued at \$251 million



Revenue & Income (Thousands)

\$300,000  
\$250,000  
\$200,000  
\$150,000  
\$100,000  
\$50,000  
\$0

1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013

● Revenue ● Income — Average Share Price

1994-2003

Average Share Price

\$25  
\$20  
\$15  
\$10  
\$5  
\$0





## DIVISIONAL ACTIVITY 1994-2003

### LAND

- New Projects
  - Edmonton – Linkside (Spruce Grove), Heatherglen (Spruce Grove), Lewis Estates, Highlands at Heritage, Bridgeport (Leduc), Miller, Oakmont (St. Albert), Terwillegar Gardens
  - Calgary – Stonegate, Citadel, Westmere (Chestermere), Watergrove (Manufactured home park), Kings Heights (Airdrie)
  - Red Deer – Aspen Ridge, Devonshire, Inglewood
  - Lethbridge – Willow Ridge, Paradise Canyon

- Lewis Estates is acquired in 1997 and a new joint venture is formed

- The acquisition of Lewis Estates includes the Company’s second golf course

- 2020 acres developed

- 9,652 lots sold

- Revenue \$509 million / Earnings \$176 million compared with Revenue \$327 million / Earnings \$74 million in the previous 10 years

### BROKERAGE

- Melton Real Estate Inc. is discontinued in 1995

### HOUSING

- 194 housing starts
- Active in 5 municipalities
- \$17 million total Sales
- Housing operation discontinued in 1995

### INVESTMENT PROPERTIES

- Acquisitions
  - Princeton Place – Edmonton – 58558 Sq. Ft.
  - Capilano Center – Edmonton – 90,973 Sq. Ft.
  - Trans Alta Place – Edmonton – 44,295 Sq. Ft.
  - Watergrove – Calgary – Manufactured homes – 308 units
  - Associated Center – Edmonton – 74,323 Sq. Ft.
  - Sterling Business Center – Edmonton – 67,909 Sq. Ft.
  - Birks Building – Edmonton – 33,172 Sq. Ft.
  - Trail Business Center – Edmonton – 77, 296 Sq. Ft.

- Darin Rayburn Becomes V.P. Investment Properties

- Gross leasable area increases from 307,000 Sq. Ft. in 1993 to 820,000 Sq. Ft. in 2003

- Number of properties under management increases from 7 to 22

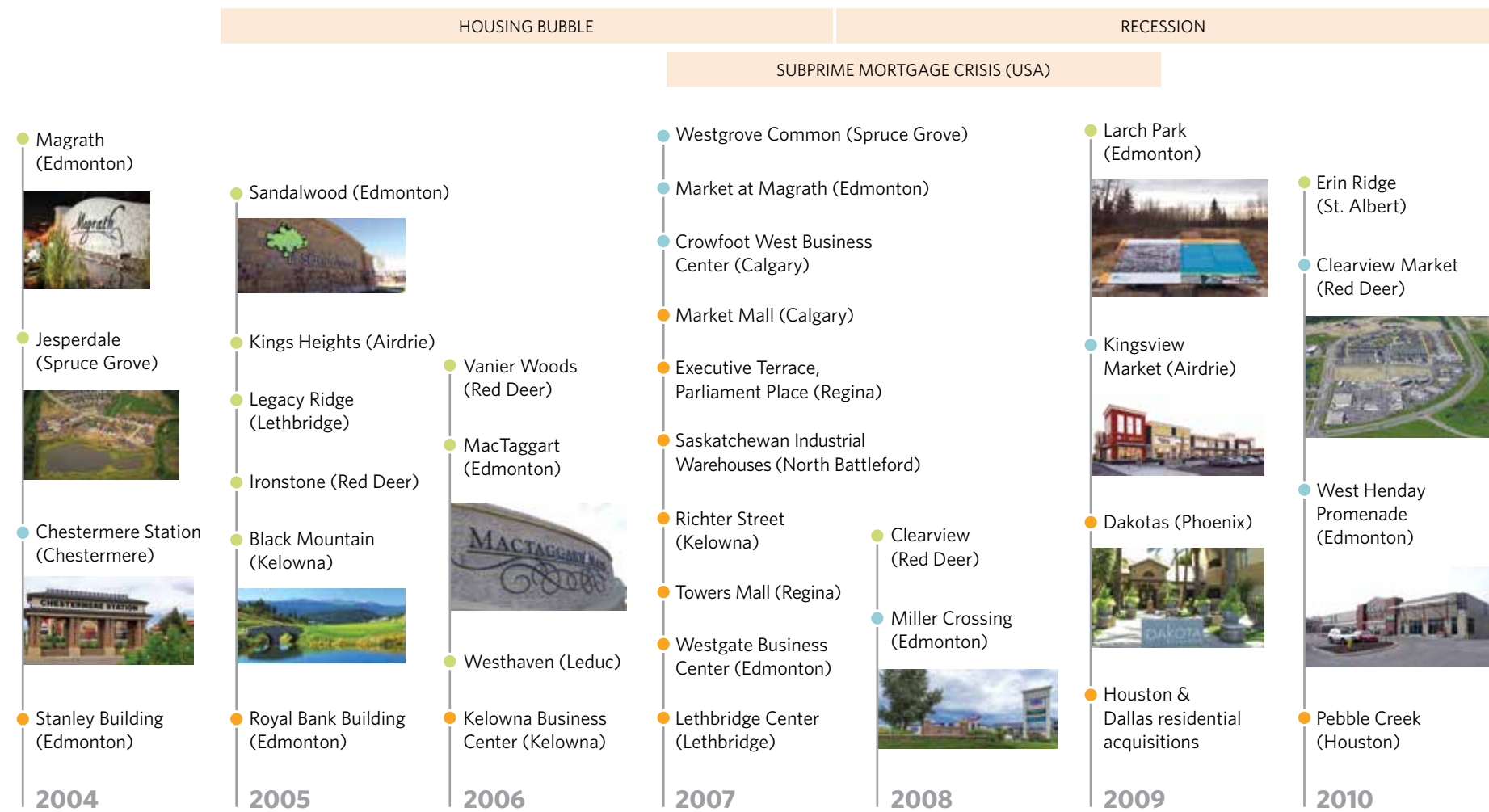
### PROPERTY DEVELOPMENT

- Crowfoot Business Center started – 68000 Sq. Ft.
- Leduc Common (Leduc) – 2003
- Brian Baker becomes V.P. Property Development

*“The outlook for Alberta is positive because of the Alberta Advantage.”*

1995 annual report – Tim Melton





*“Melcor has re-entered the real estate market in the southwest USA with recent acquisitions in Arizona and Texas. We believe the USA market will recover to normal economic conditions in a 3 to 5 year timeframe ....”*

2010 annual report – Ralph Young

## CHAPTER FIVE 2004-2013

● Land events   ● Housing events   ● Property Development events   ● Investment Properties events   ● Corporate events







*"Every day at Melcor, I am inspired by both our rich tradition of excellence and our youthful energy. Our company is comprised of the most talented and hardest working team in the industry: a reality that is reflected in our record results for 2012."*

2012 annual report – Brian Baker

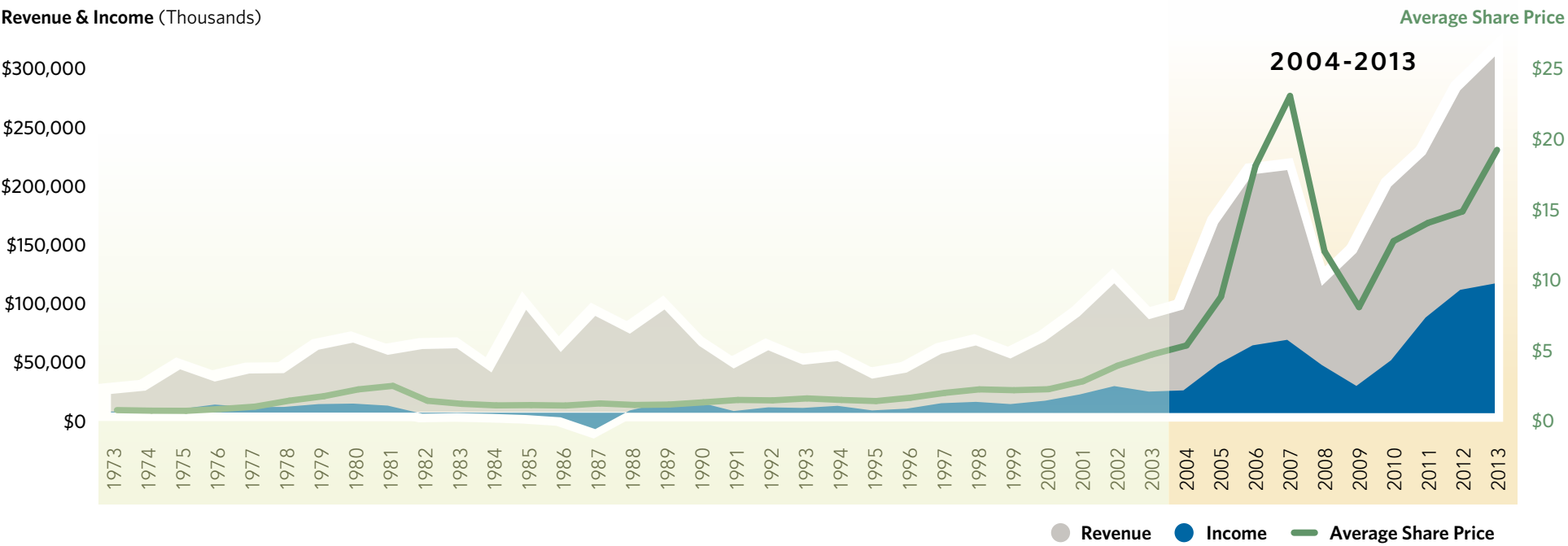






## HIGHLIGHTS 2004-2013

- This decade is marked by an operational shift from predominately raw land development to a diversified operational balance that included new commercial construction and revenue property acquisition
- Revenues and income continue to reach new highs peaking in 2007
- In 2008 the US suffers a major financial crisis which pulls the world economy into recession. Canada and Alberta fair better than other nations. Melcor adjusts its levels of activity and inventory as a precaution
- As a result of fears relating to the impact of the U.S. real estate crisis Melcor stock plummets from an all time high of \$32 to \$3.75 and then recovers to \$20
- 2009 and 2010 show significant improvements in the Alberta economy
- By 2010 Melcor is back to within 10% of pre-recession highs
- Brian Baker is named President in 2012
- Ralph Young and Peter Daly retire in 2013
- Brian Baker is named President and CEO in 2013
- By 2013 Melcor has exceeded pre-recession success
- Melcor bundles and sells its Investment Properties portfolio to the public market, forming Melcor REIT
- Darin Rayburn named as President and CEO of Melcor REIT
- Melcor assets valued at \$1,727 million





## DIVISIONAL ACTIVITY 2004-2013

### LAND

- New Projects
  - Edmonton (and area) – Magrath, Sandalwood, MacTaggart, Rosenthal, Erin Ridge (St Albert), Jesperdale (Spruce Grove), Westhaven (Leduc), Aurora, Blackmud Creek, Jagare Ridge (includes Melcor’s 3rd golf course), Larch Park, Telford Industrial (Leduc)
  - Calgary – Kings Heights (Airdrie), Sunset Ridge (Cochrane), Kinwood, Country Hills, Valley Ridge
  - Red Deer – Vanier Woods, Laredo, The Vistas at Ryders Ridge (Sylvan Lake), Clearview, Ironstone
  - Lethbridge – Legacy Ridge, Garry Station, Canyon Crest
  - Kelowna – Black Mountain (includes Melcor’s 4th golf course)
- 3127 acres developed
- 12591 lots sold
- Revenue \$1.54 Billion / Earnings \$638 million compared with Revenue \$509 million / Earnings \$176 million in the previous 10 years

### INVESTMENT PROPERTIES

- New Projects
  - Lethbridge Center – Lethbridge – 427,197 Sq. Ft.
  - Royal Bank Building – Edmonton – 135,684 Sq. Ft.
  - Westgate Business Center – Edmonton – 74,845 Sq. Ft.
  - U.S. properties in Houston, Phoenix
  - Towers Mall – Regina – 115,999 Sq. Ft.
  - Kelowna Business Center – Kelowna – 72,082 Sq. Ft.
  - Richter Street – Kelowna – 28978 Sq. Ft.
  - Pebble Creek – Houston – 240 units
  - Dakotas – Phoenix – 64 units
  - Saskatchewan Industrial Warehouses – North Battleford – 559,000 Sq. Ft.
  - Stanley Building – Edmonton – 35,000 Sq. Ft.
  - Executive Terrace – Regina – 42,843 Sq. Ft.
  - Parliament Place – Regina – 24,411 Sq. Ft.
  - Coast Home Center – Edmonton – 59,725 Sq. Ft.
  - Liberty Crossing – Red Deer – 63,317 Sq. Ft.
  - Market Mall – Calgary – 42,586 Sq. Ft.
- Leased space increases from 820,000 Sq. Ft. in 2003 to 3,000,000 Sq. Ft. in 2013
- Operating in 3 provinces and 2 states
- Number of properties under management increases from 22 to 29
- Melcor REIT is formed in 2013. Melcor bundles and sells its revenue-producing properties to the public market via IPO and forms Melcor REIT. Melcor retains 50% ownership and management of the properties

*“The most notable event of 2013 was the successful Initial Public Offering of the Melcor REIT.*

*Through Melcor REIT, we bundled and sold a mix of 27 office, retail and industrial commercial properties comprising 1.57 million Sq. Ft. of gross leasable area.*

*The REIT model and accompanying access to the capital markets will help to fuel our continued growth, providing a stable source of working capital that will be re-deployed into our operating divisions.”*

2013 annual report – Brian Baker







## PROPERTY DEVELOPMENT

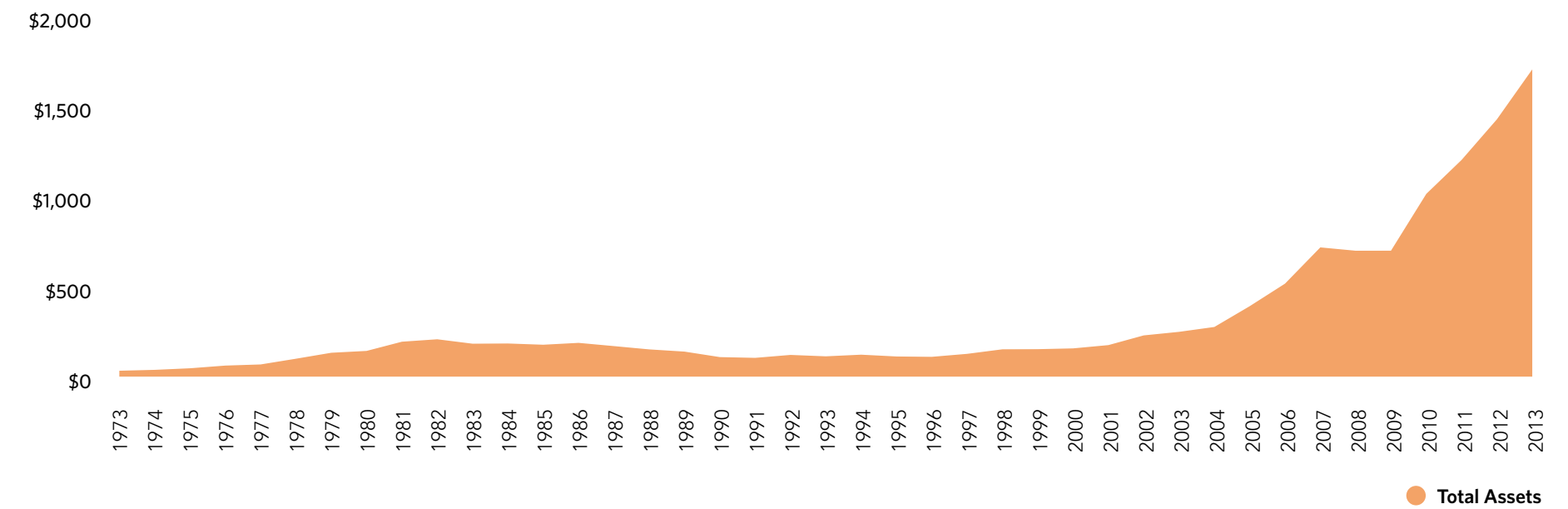
- New commercial projects
  - Market at Magrath (Edmonton)
  - McKenzie Industrial Business Park (Red Deer) – 2011
  - Campsite Business Park (Spruce Grove) – 2012
  - Crowfoot West Business Center (Calgary)
  - Miller Crossing (Edmonton) – 27,500 Sq. Ft.
  - Kingsview Market (Airdrie) – 2010
  - Westgrove Common (Spruce Grove)
  - Chestermere Station (Chestermere) – 2004
  - Clearview Market (Red Deer) – 2011
  - Stoney Creek (Fort McMurray) – 2012
  - The District (Calgary) – 2013
  - Telford Industrial Park (Leduc) – 2013
  - West Henday Promenade (Edmonton) – 2013
  - The Village at Blackmud Creek (Edmonton) – 2012
  - Leduc Common (Leduc) – 212,000 Sq. Ft.

*“For 90 years, our focus has been real estate. In the mid-70’s we were Canada’s largest residential real estate brokerage. We’ve built over 90 communities across western Canada since the 1950’s and have helped to shape much of Alberta’s landscape.”*

2013 annual report – Brian Baker



Total Assets (Millions)







*“Treat others as you would  
like to be treated.”*



