

Appraisal Report of Specific Equipment Owned by The Company

Prepared For
The Client

Prepared By
Serecon Inc.

October 2020



October 5, 2020

The Client

Dear Sir:

**RE: APPRAISAL REPORT OF SPECIFIC EQUIPMENT OWNED BY THE COMPANY
OUR FILE #**

As requested, we enclose a current market and liquidation value appraisal of specific equipment as at the effective date. The equipment located in Alberta was inspected on October 1, 2020. Specific equipment was not inspected and was valued based on information supplied by The Client. The effective date of appraisal is October 1, 2020.

This report is prepared at the request of The Client for use for financing purposes. It is not reasonable for any other person or corporation other than The Company and Ltd. to rely upon this appraisal without first obtaining written authorization from Serecon Inc. We expressly deny any liability related to unauthorized use of this report. Any use of the appraisal report, after the effective date must be considered at your discretion.

It is hereby certified that we inspected the subject equipment at the location. To the best of our knowledge and belief, statements contained in the appraisal report subject to the limiting conditions set forth, are true and correct. We hereby certify that we have no present or contemplated interest in the equipment which would in any way affect statements of value expressed. Employment in and compensation for providing this appraisal is in no way contingent upon the values reported.

Our findings and conclusions relative to the specific equipment are included in the following report and are summarized at the beginning of the report.

Yours truly,
SERECON INC.

Enclosure

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1.0 Summary of Salient Facts and Conclusions

Equipment Owner	The Company (Hay & Grain)
Effective Date of Appraisal	October 1, 2020
Date of Inspection	October 1, 2020
Date of Report	October 5, 2020
Total Market Value Estimate	\$1,608,500.00
Liquidation Value Estimate	\$1,448,000.00

2.0 Basis of the Appraisal

2.1 Definitions

The purpose of the following section is to identify the key definitions for the completion of this appraisal report.

2.1.1 Client

The client of this report is The Company (Hay & Grain).

2.1.2 Intended User

The intended user of this report is The Company (Hay & Grain) and Ltd.

2.1.3 Intended Use of the Report

The intended use of the report is for financing purposes.

2.1.4 Purpose of the Assignment

The purpose of this appraisal is to estimate the current market value and liquidation value of specific equipment.

2.2 Definition of Market Value

Market value is defined as:

"The most probable price which a property should bring in a competitive and open market as of the specified date under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of the specified date and the passing of title from seller to buyer under conditions whereby:

- *buyer and seller are typically motivated;*
- *both parties are well informed or well advised, and acting in what they consider their best interests;*
- *a reasonable time is allowed for exposure in the open market; payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto; and*
- *the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."*

Source: Canadian Uniform Standards of Professional Appraisal Practice, Appraisal Institute of Canada, effective date August 1, 2018.

2.3 Definition of Forced Sale Value

Forced Sale value is defined as:

"A Forced Sale Value implies a reduced selling period and a compulsion to sell Real Property. Also known as: "liquidation value", "distress sale" or "power of sale".

A Forced Sale Value reflects a situation where:

- *the seller is under compulsion to sell (and may be an unwilling seller);*
- *consummation of the sale is within a short period of time; and*
- *normal marketing time is not possible due to a brief exposure time.*

A forced sale is a description of the situation under which a sale takes place, resulting in a value that does not fully meet the definition of Market Value."

Source: Canadian Uniform Standards of Professional Appraisal Practice, Appraisal Institute of Canada, effective date January 1, 2020.

2.3.1 Effective Date of Value

The effective date of the market value estimate is October 1, 2020.

3.0 Statement of Limiting Conditions and Scope of the Report

3.1 Scope of Work	The purpose of the following section is to identify the extent of data research and analysis necessary to prepare this report for its intended use and to comply with the Canadian Uniform Standards of Professional Appraisal Practice (The Standards) of the Appraisal Institute of Canada. Following is a summary outlining the scope of data collection and analysis completed.
3.1.1 Physical Inspection	The subject equipment, where possible, was physically inspected on October 1, 2020 by Serecon. Photographs of the specific equipment were taken at that time. As per our instructions, specific equipment was not physically inspected.
3.2 Limiting Conditions	<p>A listing of equipment to be valued was provided by the client of this report. All information regarding the operational status of the equipment was supplied by them and is assumed to be accurate. In addition, all information regarding equipment which was not inspected is assumed to be accurate.</p> <p>Where a physical inspection was completed, only a visual inspection was conducted and no machinery was started and assessed operationally. The valuation is based on the assumption that the equipment operational status is reflected by its physical appearance. The appraisers have also relied upon verbal descriptions. Where information was not given, certain assumptions were made regarding the running condition of certain vehicles and equipment.</p> <p>Information furnished by others and contained in this report has been cross-checked wherever possible during the course of the appraisal and is assumed to be accurate.</p> <p>All equipment appraised is considered to be moveable. It is considered that the value of certain equipment, especially the grain handling equipment, can be different when not sold in-place. This specific equipment is to be valued as if to be moved.</p> <p>The value estimates provided are based on researching auction results, dealerships, suppliers, publications and file data.</p>

4.0 Equipment

The following equipment was inspected. All of the equipment is fairly new and would have a remaining economic life of between 10 and 25 years.



2019 Ford F350 Super Duty Platinum
6.7L Power Stroke, aftermarket wheels and tires

96,957 km



Excellent condition

Estimated Market Value = \$65,000.00



2019 Lincoln Nautilus Reserve

43,725 km



Excellent condition

Estimated Market Value = \$45,000.00



2013 GMC Sierra 2500HD

193,901 km



Good condition

Estimated Market Value = \$30,000.00



2017 Komatsu WA 380-8 Wheel Loader with bucket

1,428 hrs

5,273 km

██████████

Excellent condition

Estimated Market Value = \$205,000.00



2018 Kenworth T800 Tridem
Cummins X15-565 with 18 speed

11,988 km

██████████

Excellent condition

Estimated Market Value = \$260,000.00



2017 Flat deck, galvanized trailer with wood deck

██████████

Excellent condition

Estimated Market Value = \$3,500.00



2019 utility trailer

██████████

Estimated Market Value = \$2,000.00



2020 Ami Reactor snow blade

██████████

Excellent condition

Estimated Market Value = \$17,000.00



12 individual conveyor roller sections

Fair condition

Estimated Market Value = \$24,000.00



Loader attachments
Pallet forks, bale forks, tipper attachments (2), stinger
lifting jib

Good condition

Estimated Market Value = \$35,000.00





Two tipper truck attachments

Excellent condition

Estimated Market Value = \$38,000.00



Miscellaneous tools and equipment

Augers, down spouts, grain leg parts, motors, steel decks
and walkways

Estimated Market Value = \$72,000.00







Two sea cans with LED lights

Good condition

Estimated Market Value = \$8,000.00



Two fuel tanks on skids, 5,000L and 25,000L capacities

Good condition

Estimated Market Value = \$17,000.00





Portable 90' x 11' truck scale with digital display

Serial # 4B

Good condition

Estimated Market Value = \$75,000.00



2012 Cub Cadet Pro X 500 zero turn mower
Kawasaki 27 hp

97.9 hrs

Good condition

Estimated Market Value = \$6,000.00



2005 New Vision Sportster by KZ
Fifth wheel, toy hauler camper

██████████

Good condition

Estimated Market Value = \$15,000.00

5.0 Equipment

As indicated previously, the equipment was not physically inspected. The photographs and descriptions below are based on information supplied to us. All of the equipment is fairly new and would have a remaining economic life of between 10 and 25 years.



2019, five Darmani corrugated steel bins with steel floors and remote openers

Total capacity approximately 155,000 bushels

Estimated Market Value = \$150,000.00



2018, five Darmani corrugated steel bins with steel floors and remote openers

Total capacity approximately 155,000 bushels

Estimated Market Value = \$150,000.00



Concept Industries 1530 Powder Coated Grain Bin

Estimated Market Value = \$30,000.00



2018 Wheatheart augers (UB 13-21)
Four, 13" x 33 Ft

Estimated Market Value = \$22,000.00



2018 John Deere 5100ELV FWA
1,100 hrs

Estimated Market Value = \$50,000.00



2015-2019 Grain Handling Equipment
80 ft, 12,000 bus/hr grain leg
Four auger extensions
Modular grain pit with cover, 40 MT
Grain distributor

Estimated Market Value = \$270,000.00





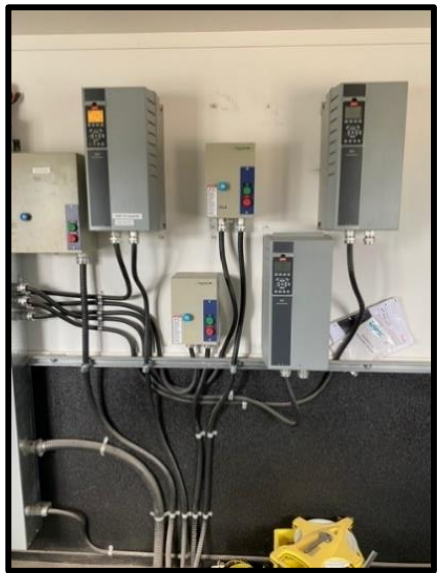
2015, 5,000 litre fuel tank on steel skids

Estimated Market Value = \$5,000.00



40 foot Sea-can with electrical equipment and LED lighting

Estimated Market Value = \$6,000.00





2005 Brandt Grain Vac 5000

Serial #73

Estimated Market Value = \$8,000.00

6.0 Summary – Total Estimated Current Market Value

Equipment	Notes	Estimated Market Value
2019 Ford F350	Super Duty Platinum, 96,957 km	\$65,000
2019 Lincoln Nautilus	Reserve, 43,725 km	\$45,000
2013 GMC Sierra	2500HD, 193,901 km	\$30,000
2017 Komatsu WA 380-8	Wheel Loader, 1,428 hrs	\$205,000
2018 Kenworth T800	Tridem, 11,988 km	\$260,000
2017 Flat deck	Galvanized trailer	\$3,500
2019 Utility trailer		\$2,000
2020 Snow blade		\$17,000
Rollers	12 sections	\$24,000
Loader attachments	5 attachments	\$35,000
Tipper truck attachments	2 attachments	\$38,000
Miscellaneous tools and equipment		\$72,000
Sea cans	2 units	\$8,000
Fuel tanks	2 units	\$17,000
Truck scale	90' x 11'	\$75,000
2012 Cub Cadet	Zero turn mower	\$6,000
2005 Sportster	Toy hauler camper	\$15,000
Subtotal:		\$917,500
Equipment		
2019 Darmani Grain Bins	Five with 155,000 bushel total capacity	\$150,000
2018 Darmani Grain Bins	Five with 155,000 bushel total capacity	\$150,000
Powder Coated Bin	Concept Industries Grain Bin	\$30,000
2018 Wheatheart Augers	Four, 13" x 33ft augers	\$22,000
2018 John Deere 5100ELV	FWA tractor with 1,100 hrs	\$50,000
Grain Handling Equipment	Leg, auger extensions, grain pit, diffuser	\$270,000
Fuel Tank	5,000 L	\$5,000
Sea-can	40ft with electrical equipment	\$6,000
2005 Brandt Grain Vac 5000		\$8,000
Subtotal:		\$691,000
Total		\$1,608,500

7.0 Forced Sale Values

As indicated above, Forced Sale value is defined as:

"A Forced Sale Value implies a reduced selling period and a compulsion to sell Real Property. Also known as: "liquidation value", "distress sale" or "power of sale".

A Forced Sale Value reflects a situation where:

- *the seller is under compulsion to sell (and may be an unwilling seller);*
- *consummation of the sale is within a short period of time; and*
- *normal marketing time is not possible due to a brief exposure time.*

A forced sale is a description of the situation under which a sale takes place, resulting in a value that does not fully meet the definition of Market Value."

Source: Canadian Uniform Standards of Professional Appraisal Practice, Appraisal Institute of Canada, effective date January 1, 2020.

For the purpose of this appraisal and specifically the forced sale value for the subject equipment, the appraisers have been asked to determine a forced liquidation value.

A forced liquidation value is the monetary value of the assets if sold under time pressure with the focus being sale of items under a time deadline. This type of sale involves selling all the assets together to one purchaser or by way of auction. Under this forced sale scenario, we have assumed a 30 to 90 day selling period.

It is very common for this type of equipment to sell regularly at auction and it is felt that an auction would be the most logical way to liquidate under a forced sale scenario. Due to the nature and frequency of auctions in the subject market we do not feel that there would be any difference between the market values listed above and the sale price the same assets at auction. However, an auction would require a commission of approximately 10% to be paid by the vendor and thus the total proceeds of a sale of the same equipment by way of auction would 10% less than the values indicated in the current market value section above. Therefore, the subject equipment would have an estimated forced liquidation value of **\$1,448,000.00**.

These value estimates are subject to the limiting conditions of this report.

8.0 Certification as to the Appraisal

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are my impartial and unbiased professional analyses, opinions and conclusions.
- I have no past, present or prospective interest in the equipment that is the subject of this report and no personal and/or professional interest or conflict of with respect to the parties involved with this assignment.
- I have no bias with respect to the equipment that is the subject of this report or to the parties involved with this assignment.
- My engagement in and compensation is not contingent upon developing or reporting predetermined results, the amount of value estimate, a conclusion favouring the client, or the occurrence of a subsequent event.
- My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the CUSPAP.
- I have the knowledge and experience to complete this assignment competently, and where applicable this report is co-signed in compliance with CUSPAP.
- No one has provided significant professional assistance to the person(s) signing this report.
- As of the date of this report the undersigned has fulfilled the requirements of the AIC's Continuing Professional Development Program.
- As set out elsewhere in this report, this report is subject to certain assumptions and limiting conditions, the verification of which is outside the scope of this report.
- The undersigned are members in good standing of the Appraisal Institute of Canada.
- The appraisers under the Real Estate Council of Alberta.
- The subject equipment, where applicable, was personally inspected on October 1, 2020.
- The date of certification of the report is October 5, 2020.

- Based upon the data, analyses and conclusions contained herein, the market value of the interest in the equipment described as at October 1, 2020 is estimated at \$1,608,500.00 (CDN dollars). The forced sale liquidation value of the interest in the equipment described as at October 1, 2020 is estimated at \$1,448,000.00 (CDN dollars).

9.0 Appraiser's Qualifications