

Appraisal Report of The Land

Prepared For

The Client

Prepared By

Serecon Inc.

November 2020



serecon

November 26, 2020

The Client

Dear Sir:

**RE: APPRAISAL REPORT OF THE LAND
OUR FILE #**

As requested, we enclose a current market value appraisal of the above-mentioned property in fee simple as at the effective date. The subject property is legally registered to The Client. The effective date of the appraisal is November 17, 2020, which is the date that the subject property was physically inspected.

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 Client 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 as market conditions and information are likely to change over time.

It is hereby certified that we inspected the subject property and comparable sales. 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 subject property 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 subject property are included in the following report and summarized at the beginning of the report.

Yours truly,
SERECON INC.

Enclosure

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1.0 Summary of Salient Facts and Conclusions

Legal Description	The Land
Registered Owner	The Client
Effective Date of Appraisal	November 17, 2020
Date of Inspection	November 17, 2020
Date of Report	November 26, 2020
Acreage	160 acres
Current Use	Agricultural
Zoning	Rural General - RG
Highest and Best Use	Agricultural Production with a Rural Residential and Farm Building Site
Market Value of Property	\$1,355,000.00 This estimate of value is based on the extraordinary assumption that the water well is fully owned as part of the subject property.

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 and Intended User	The client of this report is The Client. The intended user of the report is The Client.
2.1.2 Intended Use of the Report	The intended use of the report is for financing purposes.
2.1.3 Purpose of the Assignment	The purpose of this appraisal is to estimate the current market value of the subject property in fee simple.
2.1.4 Property Rights Appraised	The property rights appraised are of the fee simple interest. The fee simple interest is defined as follows: <i>"Fee simple interest – i.e. absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the four powers of government; taxation, expropriation, police power, and escheat."</i> ¹
2.2 Definition of Market Value	Market value is defined as: <i>"The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite for a sale, with buyer and the seller each acting prudently, knowledgeably, and for self-interest, assuming that neither is under duress."</i> ²
2.2.1 Effective Date of Value	The effective date of the market value estimate is November 17, 2020.
2.3 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.
2.3.1 Physical Inspection	The subject property was physically inspected on November 17, 2020 by Scott Fedirko, AIC Candidate Member. Photographs of the subject property were taken at

¹ The Appraisal of Real Estate, Third Canadian Edition, Pg. 6.1

² Canadian Uniform Standards of Professional Appraisal Practice, effective January 1, 2020, Appraisal Institute of Canada, Ottawa, Ontario. (Definitions) Pg. 10

that time. Land use areas were confirmed with inspection and aerial photographs. Unless otherwise specifically indicated in this report, all of the comparable properties used in the market value analysis were viewed by the appraisers.

It should be noted that an inspection for appraisal purposes is not the equivalent of an inspection by others such as a professional engineer, a licensed home inspector, plumber, electrician, carpenter or other trade specialists, or environmental professionals. The scope of inspection for appraisals is recognized as a 'visual observation by walk-through or site visit'.

2.3.2 Analysis Applied

In estimating the market value of real property, there are three standard approaches utilized. They are the Cost Approach, the Direct Comparison Approach, and the Income Approach.

The most applicable approach in appraising improved properties that reflects the actions of the market is the Direct Comparison Approach. However, due to the low number of sales of similar properties (land and buildings) in the subject area, it is difficult to find true comparables. As a result, the appraisers will rely on the Cost Approach and appraise the subject property as if bareland, and then add to it the depreciated value of buildings and improvements where applicable. This approach is further defined and discussed in the valuation section of this report.

2.3.3 Data Research

Publications produced by the MD provided information on applicable land use controls.

Sources of market evidence included; the local real estate board, Land Title Office transactions – including those reported by real estate agents, vendors and purchasers active in the market and advertised properties listed for sale both privately or publicly.

2.3.4 Audits and Technical Investigations

We did not complete technical investigations such as:

- Detailed inspections or engineering review of the structure, roof or mechanical systems
- An environmental review of the property
- A site or building survey
- Investigations into the bearing qualities of the soils

2.3.5 Area Analysis

Soil data was obtained from the Canada Land Inventory, Soil Capability for Agriculture. Land use data was obtained through inspection of the subject area, aerial photographs, Abacus Datagraphics and relevant land use planning documents.

2.3.6 Legal Matters

The Certificate of Title was searched and analyzed. There are 5 instruments registered against the title to the subject property. The treatment of these registered instruments, regarding this appraisal report, are discussed further in Section 3.1.2.

If needed, legal advice should be sought as no legal opinion is made or implied by this report.

2.3.7 Comparable Search

The information regarding the comparable properties used in the market value of land analysis was obtained from land title transfers, MLS data and area realtors. The sales utilized have been inspected from adjoining roadways; confirmed with parties to the transaction where possible; viewed utilizing aerial photo coverage as at the effective date, and are considered to be normal, arm's-length transactions. Confirmation of the comparables was not possible in all cases since parties to the transaction could not be contacted. However, the comparables utilized are thought to include only good arm's-length sales based on our investigations.

2.4 Assumptions and Limiting Conditions

This appraisal report is subject to the Assumptions and Limiting Conditions as outlined in Section 7.0. The reader is advised to review these assumptions and limiting conditions.

In addition, this appraisal is subject to the following critical assumptions, extraordinary assumptions and hypothetical conditions.

Discussions with the landowner indicated that the water well used on the property is located on, or nearby, the property line between the subject property and the The Land. Ownership of the water well is unclear. In addition, the landowner indicated that the water well was already in use (by The Land) at the time the construction started on the subject property improvements. As a result, it is an extraordinary assumption and limiting condition of this appraisal that the water well in question is owned by the subject property landowner in full.

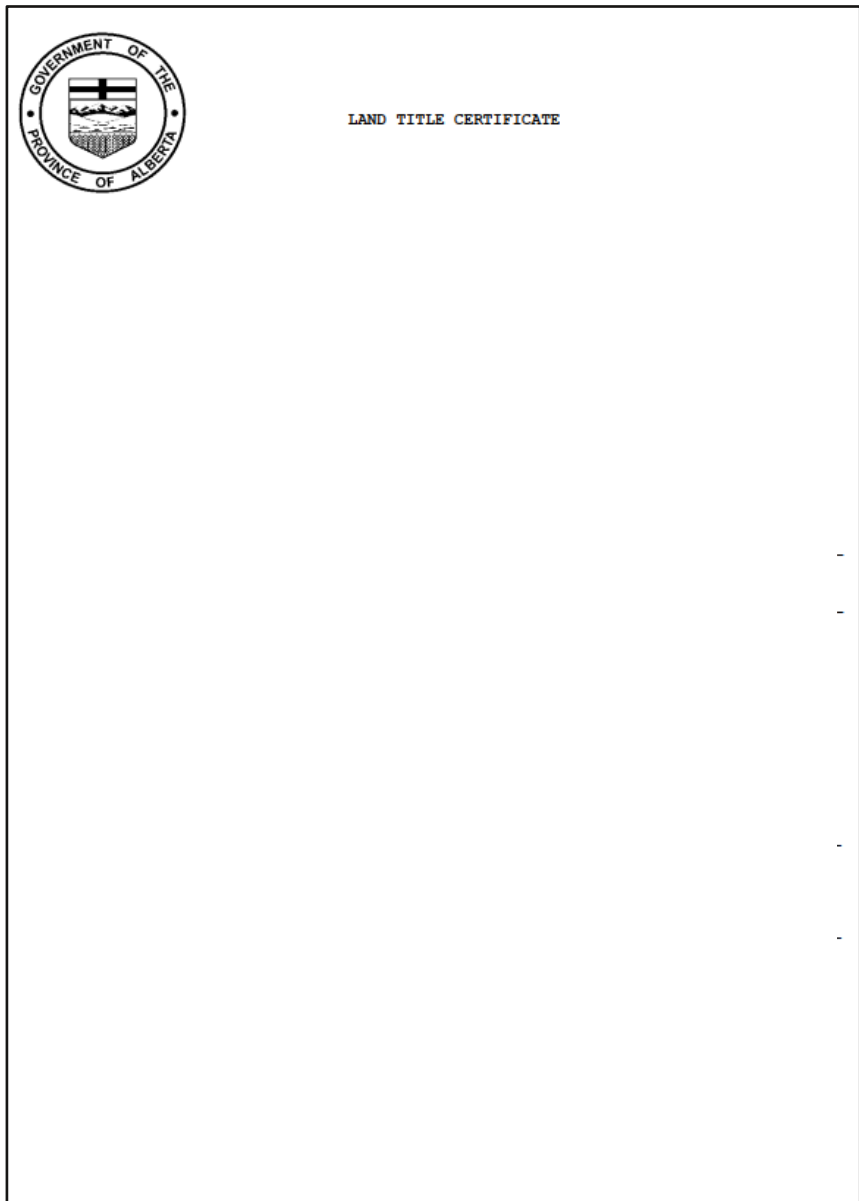
3.0 Subject and Area Data

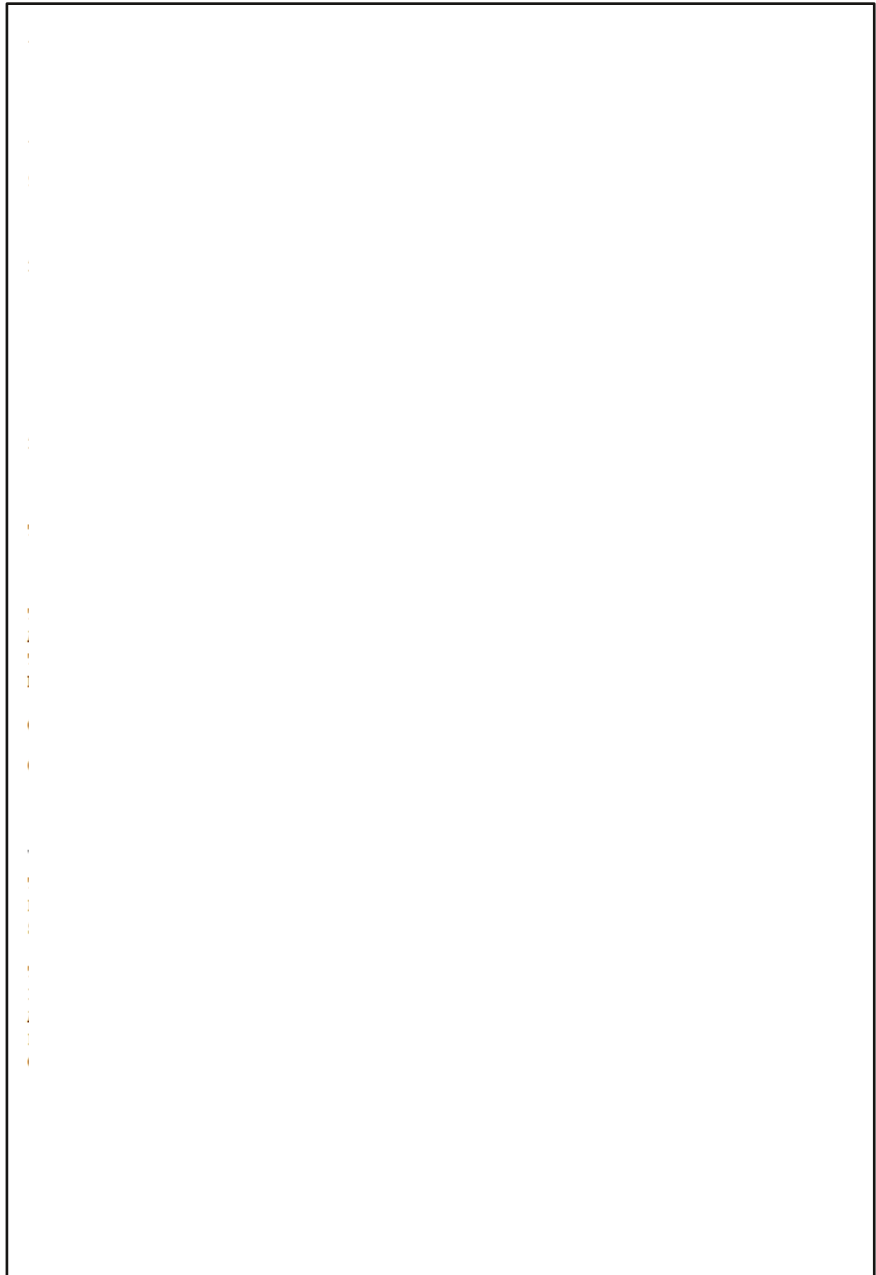
3.1 Identification of the Subject Property

The subject property is legally described as the The Land. The governing body for the subject property is the Municipal District.

3.1.1 Certificate of Title

A copy of the certificate of title is as shown below.





3.1.2 Encumbrances

There are five instruments registered against the title to the subject property.

Three of the instruments registered against the subject property relate to utility right-of-ways. These instruments are not expected to affect the market value of the subject property.

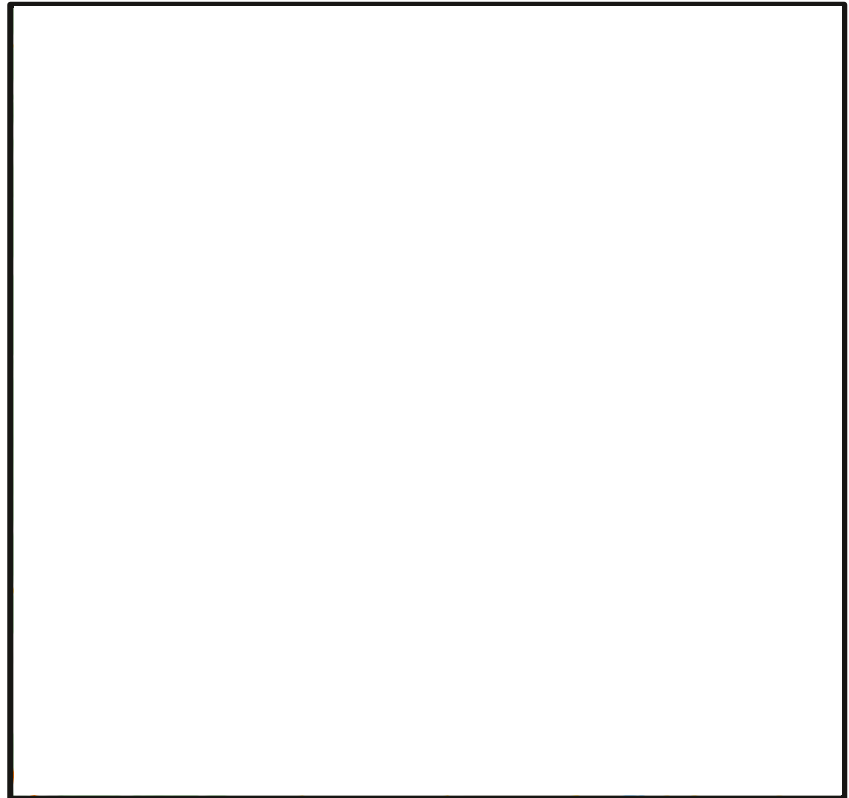
The remaining two instruments registered against the subject property relate to a mortgage (registered in 2014), with an amendment to the mortgage in 2018. These instruments are not expected to affect the market value of the subject property.

As the instruments registered to the subject property are not expected to influence the overall market value of the subject property, the subject property is appraised as though free and clear of encumbrances.

3.2 Area Data

The subject area is located in the southern portion of the MD of. The following map illustrates the approximate location of the subject area which is circled.

Municipal District Boundary Map



3.2.1 Local Population and Facilities

The subject area is located within The MD (2016 population of 5,). The Town of (2016 population of 2,) provides most of the day-to-day shopping needs of area residents. The City of (2019 population of ,482) provides numerous education facilities serving a range of needs; from elementary education through to post-secondary institutions. The Regional Hospital provides a range of healthcare services that one would expect to find in a hospital in a major urban centre. The major regional center serving the subject area is also the City, approximately 38 km northeast of the subject area, where most supplies and services including advanced medical facilities, modern cultural and religious facilities and an international airport are located.

3.2.2 Area Climate

The climate of the area is termed continental, characterized by warm summers and cold winters. The July mean temperature is approximately 17.4°C and the January mean temperature is approximately -6.8°C. The average annual precipitation is 400 mm, with approximately 63% falling during the growing season from May to September. The frost-free period ranges from 115 to 125 days.

3.2.3 Area Soil and Topography

The Canada Land Inventory Soil Capability for Agriculture Map, Sheet classifies the mineral soils into seven classes on the basis of soil survey information. Soils in Classes 1, 2, 3, and 4 are considered capable of sustained use for cultivated field crops, those in Classes 5 and 6 only for perennial forage crops, and those in Class 7 for neither. Soils in the subject area are generally Classes 2 and 3, with some smaller outcroppings of Class 4 & 5.

The topography of the subject area ranges from gently undulating to undulating.

3.2.4 Area Land Use

Land use in the subject area is primarily for agricultural production, with land utilized for the production of cultivated crops and livestock. Generally, land with limitations is more likely to be utilized as pasture for livestock. Land with higher quality soils is generally used for cultivation. Generally speaking, land located in the subject area is very well suited for sustained agricultural production, whether for livestock or crop production. It should also be noted that a relatively high level of irrigation occurs in the subject area, with irrigation becoming more common as one travels west towards the Belly River.

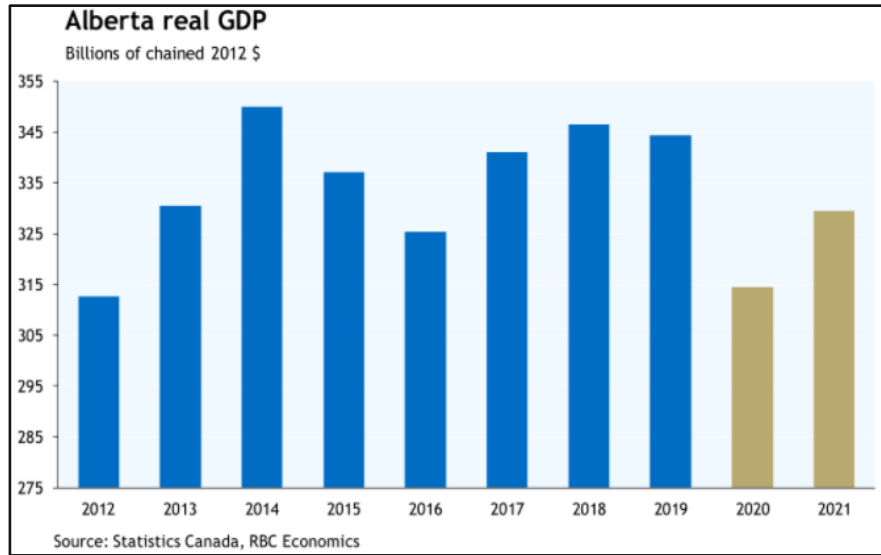
There is some use of, and demand for, land at the subject location for country residential and large parcel country residential use. Demand for this use is greatest where the property enjoys a special feature, such as river or creek frontage, or the property enjoys aesthetic views. Good mountain views are common in the subject area.

Land use in the MD is controlled by the Land Use Bylaw No. 6.

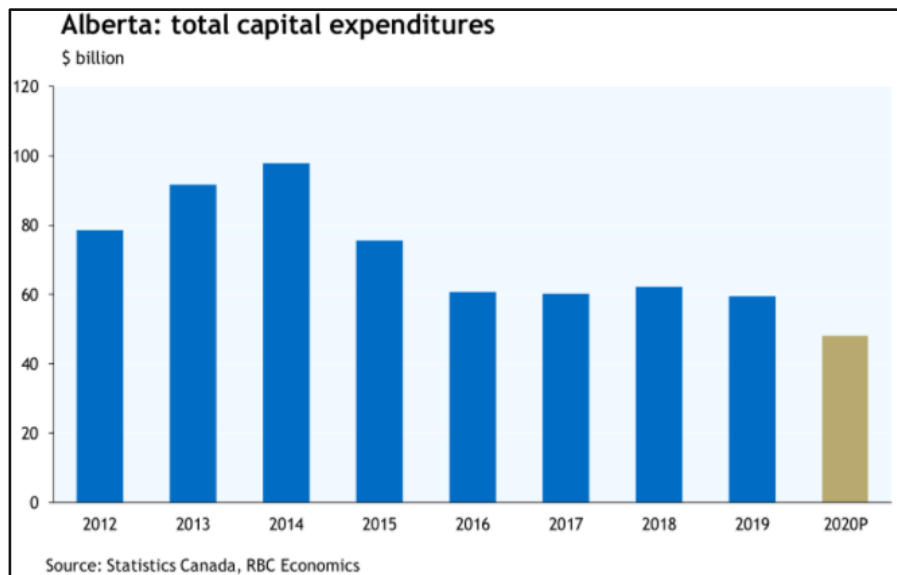
3.2.5 Regional Economic Data

The following is an excerpt from the RBC Economics Provincial Outlook which was released in September 2020. The excerpt contains only those portions relative to Alberta.

Alberta's economy was already wobbly even before COVID-19 hit. Activity shrunk 0.6% last year, as decades-low oil and gas drilling, and a sharp drop in construction outweighed growth in the services sector. The pandemic's enormous disruption this year was compounded by plunging global oil prices, which starved energy producers and the provincial government from much needed cash flow. We expect Alberta's economy to shrink a further 8.7% in 2020—the steepest one-year decline on record. An expected modest recovery in the energy sector will set the stage for growth to return next year. Our forecasted rate of 4.8% will leave total economic output still far below pre-COVID levels, however. In fact, it will still be short of 2014 levels.



As recently as early-March we thought 2020 would be the year Alberta finally put the 2015-2016 oil price crash and economic down-turn behind. COVID-19 quickly dashed these hopes. The mandatory closure of non-essential businesses at the end of March to combat the spread of the pandemic shut down large parts of the economy for up to three months. To make matters worse, Saudi Arabia and Russia in March started an oil trade war that crashed global oil prices. The WTI benchmark even became negative for a brief period of time in April. This served a huge blow to Alberta's producers who responded by cutting back production (down almost 14% at the lowest point in May) and capital spending. Oil and gas drilling plummeted in April and has remained depressed since (active rigs were down more than 70% at the beginning of September).



The good news is the phased-in easing of restrictions starting mid-May got many businesses going again. The province reached Phase 2 in mid-June which allowed more service industries to reopen. This supported a nascent recovery in the labour market. Employment increased every month since May. But there's a long way to go. More than half of the 360,000 jobs lost in March and April have yet to be recovered. The unemployment rate, at 11.8% in August, was still higher than it was at the peak of the mid-1980s recession.

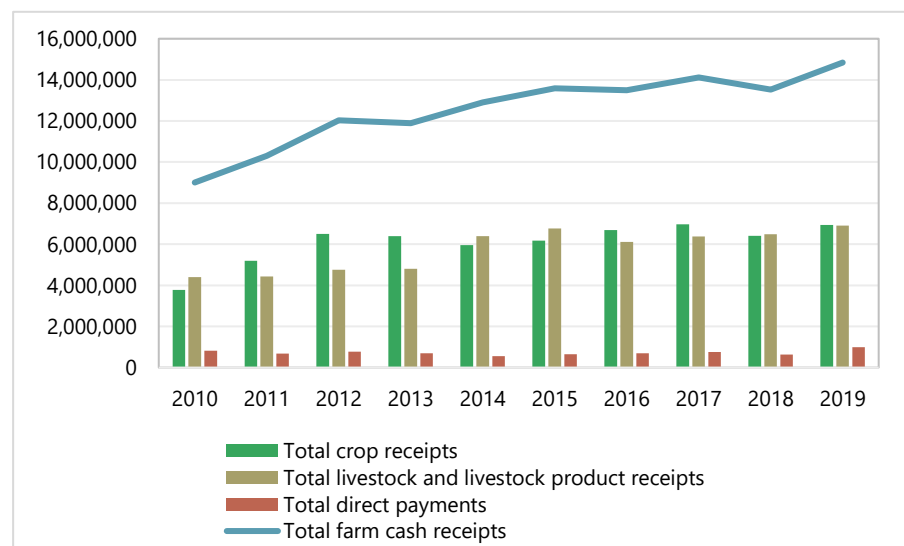
The jobs recovery won't get much help from the construction sector, unfortunately. Capital spending intentions slumped to an 11-year low this year. Cutbacks in the energy sector account for virtually all of the decline. The outlook for residential construction isn't promising either. We expect housing starts to fall from 27,300 units in 2019 to 20,800 units this year.

Alberta forecast at a glance					
% change unless otherwise specified					
	2017	2018	2019F	2020F	2021F
Real GDP	4.8	1.6	-0.6	-8.7	4.8
Nominal GDP	9.2	3.8	-0.1	-16.0	9.4
Employment	1.0	1.9	0.5	-7.5	4.5
Unemployment Rate (%)	7.8	6.6	6.9	11.3	9.5
Retail Sales	7.1	1.8	-0.8	-2.0	2.2
Housing Starts (Thousands of Units)	29.5	26.1	27.3	20.8	19.8
Consumer Price Index	1.5	2.5	1.7	1.0	0.8

3.2.6 Farm Economic Data

Alberta's farm economy has been stable over recent years with relatively consistent farm cash receipts. Receipts for crops, livestock and program payments all increased in 2019 compared to 2018. Over the past decade, farm cash receipts increased by approximately 64.8%.

Farm Cash Receipts

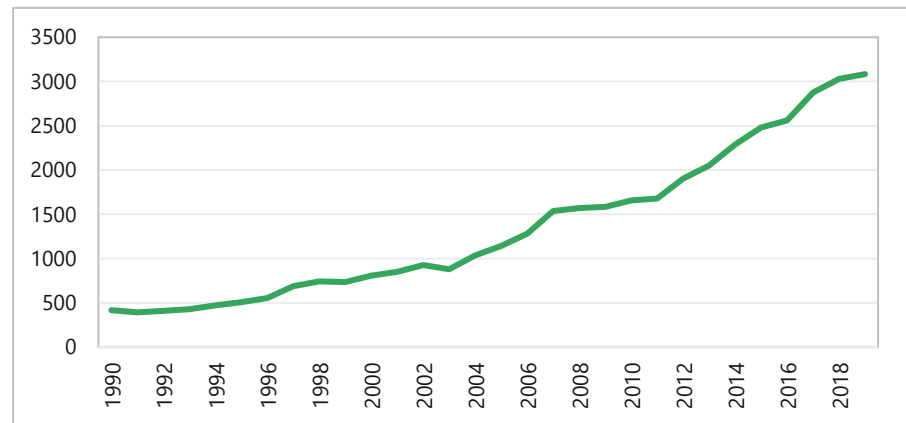


Source: Statistics Canada

The increases in farm cash receipts have had a positive impact on overall farmland values. Farmland values in Alberta have been increasing since 1992, particularly since 2011. It is expected, given the strong trends in farmland value appreciation in the past, that farmland values in Alberta have continued to rise, on average, in 2020, and will continue to do so in 2021.

Looking forward, there is reason to anticipate that while values may continue to rise, the increase may be at a more measured pace due to ongoing trade uncertainty with respect to major markets including China and the US, and some production problems related to poorer than normal growing conditions.

**Average Value of Farmland (\$/Acre)
Alberta**



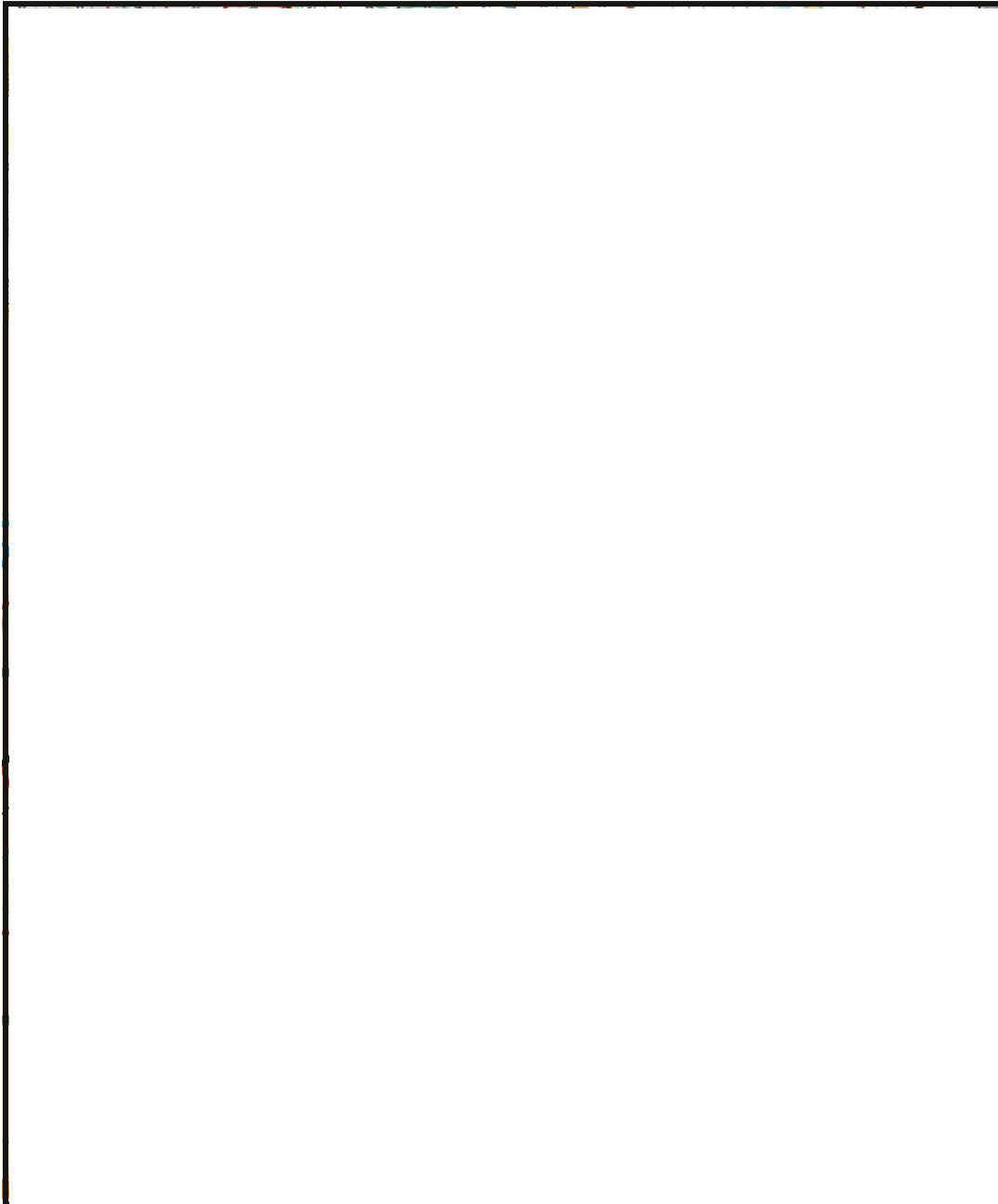
Source: Alberta Agriculture

3.3 Property Characteristics

The subject property is more thoroughly described in the following sections.

3.3.1 Property Location

The subject property is located approximately 12.0 km southeast. The location of the subject property is illustrated on the following map.

Area Map

 Subject Property

3.3.2 Aerial Photograph

The subject property is illustrated in the aerial photograph shown below.



3.3.3 Property Description

The subject titled parcel contains a total of 160 acres. The subject property is primarily composed of cultivated land used for annual crop and hay production. The subject property does have a section of low-lying area on the eastern portion of the property, adjacent to Range Road. During inspection, it was noted that this area seems to be prone to flooding. This area appears to still produce some level of hay/grass, but is significantly below the production levels expected from the cultivated portion of the subject property. The subject property is also home to a yardsite in the northeast portion of the parcel. The yardsite is improved with a residence/ shop, along with some minor landscaping. The following photographs were taken at the time of inspection.

3.3.4 Photographs



View of the The Land from southeast corner looking northwest



View of the The Land from northeast corner looking southwest

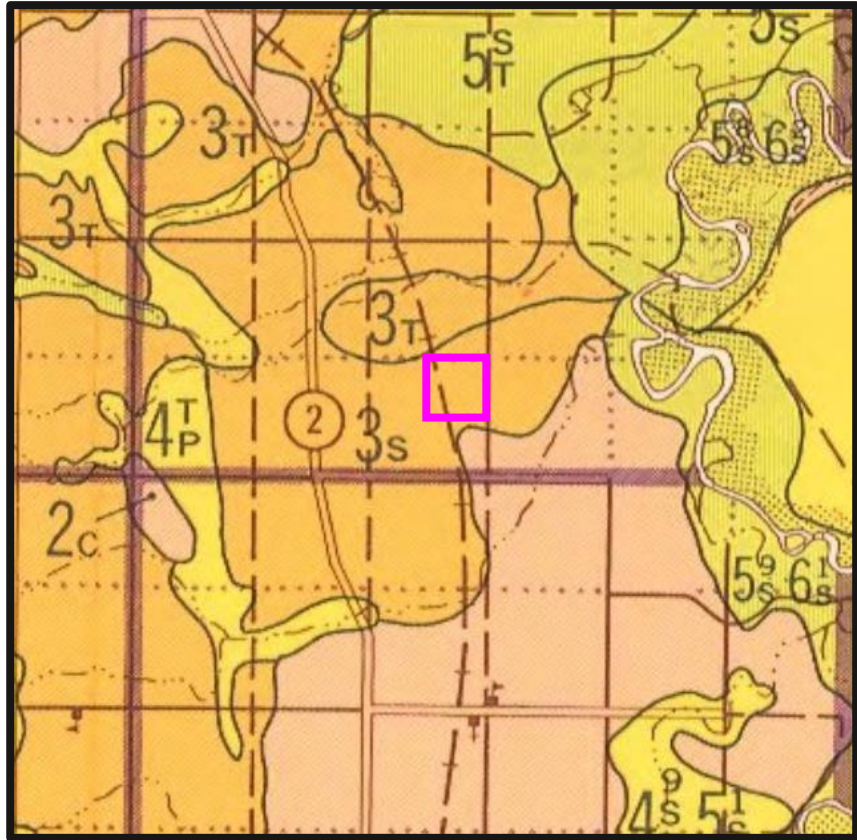


View of improved yardsite from Range Road, looking northwest

3.3.5 Property Soil and Topography

The Canada Land Inventory Soil Capability for Agriculture Map, Sheet H, rates the soil on the subject land as Class 3S.

Soil Capability for Agriculture Map



Class 3 soils have moderately severe limitations that restrict the range of crops or require special conservation practices. The limitations affect one or more of the following: timing and ease of tillage; planting and harvesting; choice of crops; and methods of conservation. Under good management they are fair to moderately high in productivity for a fair range of crops.

Subclass "S" involves a combination of limitations and could include undesirable soil structure, low natural fertility, low moisture holding capacity, and/or the adverse effect of soluble salts.

The topography of the subject property is flat to gently undulating.

3.3.6 Property Improvements

The subject property is improved with a concrete, prefabricated shop/residence, as well as various site improvements. The subject property's yardsite is also improved with some landscaping, which provides some aesthetic appeal. These improvements are discussed further in the valuation section of this report.

3.3.7 Existing Use of the Property	The subject property is currently utilized for agricultural production. The primary land use is crop production, excepting the yardsite and the eastern portion of the subject property which is uncultivated and has notable amounts of low-lying area.
3.3.8 Assessment and Taxes	The assessment and tax information for the subject property is not relevant to the market value analysis. Therefore, the assessment and tax considerations are not considered.
3.3.9 Ownership History	<p>In order to comply with the Standards of Professional Practice, an appraiser must consider and analyze any agreement for sale, option or listing that occurred within one year of the effective date of the report and any sale of the subject property that occurred within three years prior to the effective date of the report.</p> <p>The subject property did not transfer in the three years preceding the effective date. We are not aware of any agreement for sale, option, or listing of the property.</p>
3.4 Land Use Controls	<p>As at the effective date, the subject property was impacted by the following planning policies and regulations:</p> <ul style="list-style-type: none">▪ <u>Land Use Bylaw No.</u> <p>The appraisers are not aware of other planning documents that have specific implications for the subject property. The LUB is discussed below.</p>
3.4.1 Land Use Bylaw	<p>Land use is controlled by the <u>MD Land Use Bylaw No. 1</u>. The subject property is zoned Rural General - RG.</p> <p>The purpose and permitted and discretionary uses within the district are described below.</p> <p>Intent: The intent of this land use district is to provide for the protection of agricultural land by limiting and regulating development other than cultivation or grazing, through the following permitted, discretionary and prohibited land uses.</p> <p>Permitted Uses:</p> <ul style="list-style-type: none">▪ accessory buildings▪ accessory structures▪ farmstead▪ home occupation, minor▪ mobile home▪ modular home▪ primary residence▪ ready to move structure (RTM)▪ residential addition, porch, veranda▪ sea can for storage use▪ secondary residence▪ Wind Energy Conversion System (WECS) - Category 1

Discretionary Uses:

- abattoir
- airplane hangar
- airport site or airstrip
- alternative/renewable energy
- animal care service, large
- animal care service, small
- aquaculture operation
- archery range, private
- artificial insemination facility
- bed and breakfast
- cabin
- cemetery
- church
- community facility
- day care facility
- duplex employee housing
- family campground
- farm supplies and service
- food processing
- food service/catering
- garage suite
- garden center
- garden suite
- greenhouse
- guest ranch
- helipad
- heliport site
- holiday trailer and RV storage
- home care service
- home occupation, major
- household repair service
- intensive horticulture
- intensive livestock operation
- kennel - Category 1 and 2
- lodge
- market garden
- moved-in building for non-farm use
- multi-family unit
- office
- outdoor storage
- private riding stable and arena
- private rifle range
- private rodeo grounds
- public and private institutional use
- public and private utility
- public park and recreation
- ready-to-move structure (RTM)
- recreation vehicle storage
- residential addition within the minimum distance separation

- school
- sea can storage
- sign
- sod farm
- solar energy system, agricultural
- solar energy system, household
- sports club
- subsequent residence
- surveillance suite
- taxidermy
- tourist home
- towers
- travel agency
- vehicle service and repair
- visitor accommodation
- warehouse store
- warehouse
- welding shop
- Wind Energy Conversion System (WECS) - Category 2 and Category 3
- workshop

The subject property conforms to the land use zoning.

4.0 Analysis and Conclusions

4.1 Characteristics of the Market

The market has been experiencing a period of strong demand for farmland from agricultural producers over the last several years. This is expected to be the main driver of demand and value for the subject property.

4.2 Highest and Best Use Definition

Highest and best use is the central concept related to the appraisal of real estate. In order to estimate market value, the appraiser must first define and resolve the highest and best use. Having resolved this question assists the appraiser in the selection of appropriate comparables, which should typically share the same highest and best use as the subject property.

The principle of highest and best use is defined by the Appraisal Institute of Canada as being:

"The reasonably probable use of real property, that is physically possible, legally permissible, financially feasible, and maximally productive, and that results in the highest value."³

The determination of highest and best use is based on the following criterion:

- *Legally Permissible:* The test of legal permissibility addresses lawful characteristics of the land such as municipal land use zoning and planning, private restrictions, building codes, and environmental regulations. The reasonable probability of a change must be investigated. The effect of compliance or noncompliance as at the effective date must be analyzed.
- *Physically Possible:* The test of physical possibilities addresses physical characteristics of the land such as size, shape, terrain, accessibility, and the risk of natural disasters regarding their effects on the highest and best use of the land.
- *Reasonably Probable:* The test of reasonable probability addresses the likelihood of whether other factors such as location, market conditions, and risk would discourage or suppress development of the land for a given use.
- *Financially Feasible:* The test of financial feasibility addresses economic consequences of the land such as revenues, expenses, and risks associated with generating value to the land. The effect of economic potential, or lack thereof, on market value must be analyzed.
- *Maximally Productive:* The test of maximum productivity identifies a use that results in the highest residual property value based on analysis of markets, risks, cost, and rates of return among several possible uses that passed the above criterion.

³ Source: Canadian Uniform Standards of Professional Appraisal Practice, effective August 1, 2020, Appraisal Institute of Canada, Ottawa, Ontario. Pg. 7

As part of the determination of highest and best use, an appraiser is also guided by essential principles. The most important principles are discussed below:

- *Supply and Demand:* The principle of supply and demand is the basis of any economic model in a free market where the demand and supply interrelate until an economic equilibrium is reached. Competition is fundamental to the supply and demand economic model.
- *Substitution:* The principle of substitution holds that a buyer will not offer more for one parcel of land than for an equivalent parcel. Accordingly, the greatest demand in the marketplace will be generated for the lowest priced land with similar utility.
- *Balance:* The principle of balance holds that real property value is created and sustained when contrasting, opposing, or interacting elements are in a state of equilibrium. When the balance is upset, real property values change.
- *Externalities:* The principle of externalities arises when external factors to a property have a positive or negative affect on property values.

4.3 Highest and Best Use as Vacant

The theories and principles of highest and best use discussed above are now applied to the subject property as though vacant.

4.3.1 Legally Permissible

The subject property is currently zoned as Rural General – RG, within the MD of land Use Bylaw No. (LUB). The subject property is currently utilized for agricultural purposes (annual crop/hay production). The subject property's current use is permitted under the LUB.

The subject property is found to be in compliance with municipal bylaws and land use controls. The subject property's current land use is deemed to be legally permissible.

4.3.2 Physically Possible

The subject property is characterized by flat to gently undulating topography, a relatively high degree of cultivation, and decent soil. The majority of the subject property is open and cultivated, with approximately 118 acres of cultivation. There is a depressional area located in the southeastern portion of the property. This area, from aerial photography and site inspection, appears to be prone to flooding/pooling water.

The soil present of the subject property is of good quality and is well suited for ongoing agricultural production.

The subject property has good, gravel road access. Range Road provides access to the eastern edge of the property. The subject property also benefits from relatively close proximity to Highway, with the subject property being located approximately 1.6 kms east of Highway #.

4.3.3 Reasonably Probable

The subject property is located in a rural location, within a reasonable distance to the nearest town and/or intensive development. Given the distance of the subject property to the nearest urban centre, it is unlikely that there would be significant demand to use this property for a use other than ongoing agricultural production.

The subject property has historically been utilized for agricultural production and is well suited for this use, which is anticipated to continue for the foreseeable future.

As previously mentioned, the distance from local urban centres limits the demand for more intensive development of rural lands. In addition, the zoning designation of the subject property (Rural General - RG) would exclude more intensive, non-agricultural, development.

It is reasonable to expect that given the subject property's location, past use, demand for different land uses in the area, and physical features, that agricultural production is likely to continue into the foreseeable future.

4.3.4 Financially Feasible

The LUB limits more intensive development of (Rural General - RG) designated lands in order to protect the agricultural land in the area. As a result, most new intensive development occurs in urban fringe areas, where development can be more effectively managed and is more centrally located.

The distance of the subject property from urban centres also factors in. The rural location of the subject property would make any business/commercial enterprise less profitable as costs for servicing the land would be much higher than in an urban environment. It is likely that any revenue generated from more intensive development would be limited, at best, again, due to the distance from urban centres and larger populations.

Given the risks associated with more intensive development in rural settings, as well as the stated purpose of the LUB, it is likely that continued agricultural production is the most financially feasible use of the land on the subject property.

4.3.5 Maximally Productive

The subject lands are currently used for agricultural production and have been managed as such. There are no other uses of the subject property land that would return as much to the landowner as agricultural production.

Given the limitations on more intensive development set by the LUB, and the risks associated with more intensive developments in rural locations, ongoing agricultural production is deemed to be the most maximally productive use of the subject property's land.

4.3.6 Conclusion of Highest and Best Use as Vacant

Therefore, the highest and best use of the subject property as though vacant is a continuation of its current use of agricultural production

4.4 Highest and Best Use as Improved

4.4.1 Legally Permissible

The theories and principles of highest and best use as previously discussed above are now applied to the subject property as though improved.

The subject property, and the associated improvements, are in conformity with the permitted and discretionary land uses as set out by the MD of Land Use Bylaw No. (LUB). The subject property's current use of ongoing agricultural production, as well as a rural residential site, is a permitted use as set out by the MD of Willow Creek.

The improvements on the subject property are in agreement with local regulations and there are no known negative externalities that would prevent these buildings from being used into the foreseeable future.

The subject property is located in a rural area with little to no intensive development existing in the immediate subject area. Given the MD's intent to protect agricultural land within the MD, and the unlikelihood of more intensive development occurring in the area, it is unlikely that the MD will rezone the subject property to a designation that allows more intensive development.

4.4.2 Physically Possible

The open and flat to gently undulating topography of the subject property is well suited for agricultural production. The subject property also has relatively high levels of cultivation, with good quality soil. The improvements on the yardsite are appropriate for use in an agricultural setting.

The depression area in the eastern portion of the property reduces the overall level of cultivation and productivity of the land but does not do so to such a degree as to make ongoing agricultural production impossible going forward.

4.4.3 Reasonably Probable

The subject property is located in a rural location in an area dominated by agricultural production. The rural setting of the subject property lends itself to agricultural production on an ongoing basis.

It is unlikely, given the MD's desire to protect agricultural land and control more intensive development within the MD, that the subject property would have its zoning designation changed to allow for more intensive development.

The subject property's improvements are reasonably well suited for agricultural production and there is remaining economic and physical life to these improvements. The improvements on the subject property consist primarily of the residence/shop. Farms typically need more building space in order to store equipment, machinery, etc. than what is available on the subject property. However, given the relatively low total acreage (160 acres), it is likely that the improvements located on the subject property are sufficient for agricultural production. It is reasonable to assume that the residence/shop would be suitable for a more intensive use, such as a commercial or industrial use. However, given the distance from the nearest urban centre, and the stated intent of the LUB, it is unlikely that more intensive development would be allowed on the subject property.

4.4.4 Financially Feasible

The restriction on more intensive development for the subject property by way of zoning designation limits the potential for different uses of the land and improvements on the subject property. Given the distance to urban centres and large populations, it is unlikely that intensive developments in the immediate subject area would be financially feasible. This is especially true when considering that the MD would like to protect agricultural land and restrict more intensive development for lands zoned Rural General - RG.

4.4.5 Maximally Productive

Given the restrictions on more intensive development on the subject property, and the overall level of suitability of the subject to ongoing agricultural production, it is expected that agricultural production is the most maximally productive use of the subject land and improvements.

4.4.6 Conclusion of Highest
and Best Use as
Improved

Therefore, the highest and best use of the subject property as improved is a continuation of its current use for agricultural production and as a rural residential site.

5.0 Market Value Estimate

5.1 Valuation Methodologies and Exclusions

In estimating the market value of real property, there are three standard approaches utilized. They are the Cost Approach, the Direct Comparison Approach, and the Income Approach.

The Cost Approach arrives at a value estimate of land treated as though vacant and adds to this the depreciated value of the improvements. The value of the land is ascertained by the Comparative Method, that is comparing the subject property to other properties of the same type and class which have sold, which have been offered for sale, or on which offers have been made in the same or competing area, at or about the same time as the effective date of appraisal.

The Direct Comparison Approach arrives at a value estimate of the subject property as a unit. The unit, a combination of land and buildings, is compared to similar properties of the same type and class which have sold, which have been offered for sale, or on which offers have been made in the same or competing areas at or about the same effective date. In the case of bareland, the Cost Approach and the Direct Comparison Approach are considered equivalent and may simply be referred to as the Comparative Method.

The Income Approach arrives at an estimate of value by determining the value of expected future returns to the subject property. It is, therefore, the capitalization of the expected net returns over a given period of time. The Income Approach is typically utilized to value revenue properties where the revenue is derived from leases for residential, commercial or industrial purposes, typically related to the lease of developed space.

The Income Approach is not typically utilized by vendors and purchasers active in the marketplace to value agricultural land. As this approach is not typically considered to be a relevant approach by the marketplace, it is not applied in this appraisal.

5.1.1 Methodologies Applied

Based upon a review of the subject property, the market evidence and methodologies considered relevant by market participants, this report relies on the Cost Approach.

5.1.2 Research, Confirmation and Adjustment of Market Data

The appraisers have completed a thorough investigation of relevant land sales data comparable to the subject property by searching Municipal Affairs land transfer information, MLS systems, lending institutions, local realtors, and area contacts in order to complete a Cost Approach.

Adjustments are applied to each of the comparable sales, where necessary, for any dissimilarities between the subject property and the comparable sales. All the required adjustments, except for improvements, are made on a percentage basis for

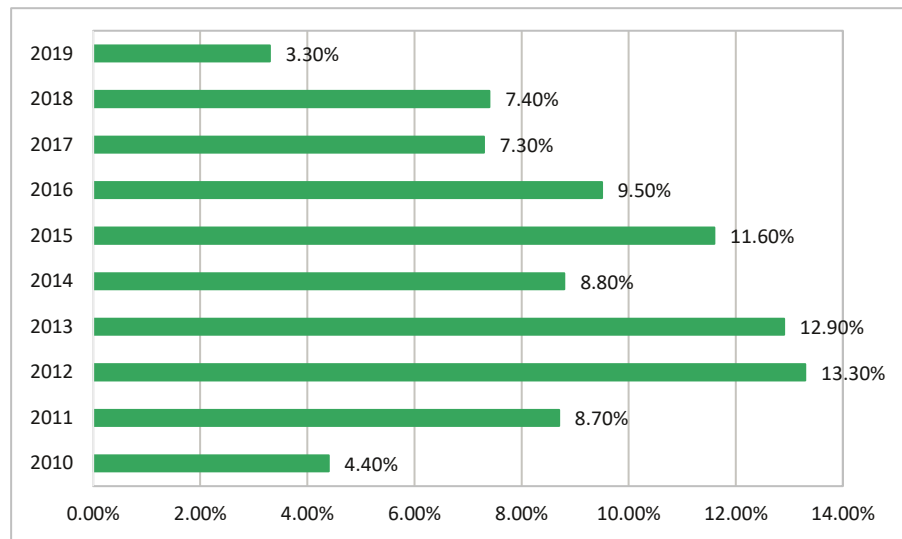
5.2 Cost Approach - Land Value Analysis

differences between the subject and comparable properties. The value is established on a per acre basis.

The following describes the adjustments considered on a general basis. The specific adjustments applied to the comparables will be more thoroughly described in the analysis of the market data.

Time Adjustment Considerations: The subject property is in an area primarily used for agricultural purposes and therefore, rural real estate market forces have the greatest impact on value. Rural land (land not directly affected by urban real estate market forces) has increased in value over the past several years. The 2019 FCC Farmland Values Report indicates that farmland in Alberta has increased in value by approximately 9% per year on an annual basis over the last few years.

Annual Percentage Change in Alberta Farmland Values



Source: Farm Credit Canada

These increases in Alberta farmland values have occurred primarily for cultivated lands throughout the province; however, all types of farmland in the subject area have continued to increase in value over the past few years. Moreover, general data in the subject area indicates that the local market value trend is in-line with the provincial trend indicated by the FCC data.

The trend over the last few years is considered to have continued in 2020 to the effective date.

Given the trend of increasing land values for agricultural land in Alberta and the subject area, it is expected that farmland will continue to increase in value for the foreseeable future. This will result in a positive adjustment for time being made to the comparable sales used in this appraisal report.

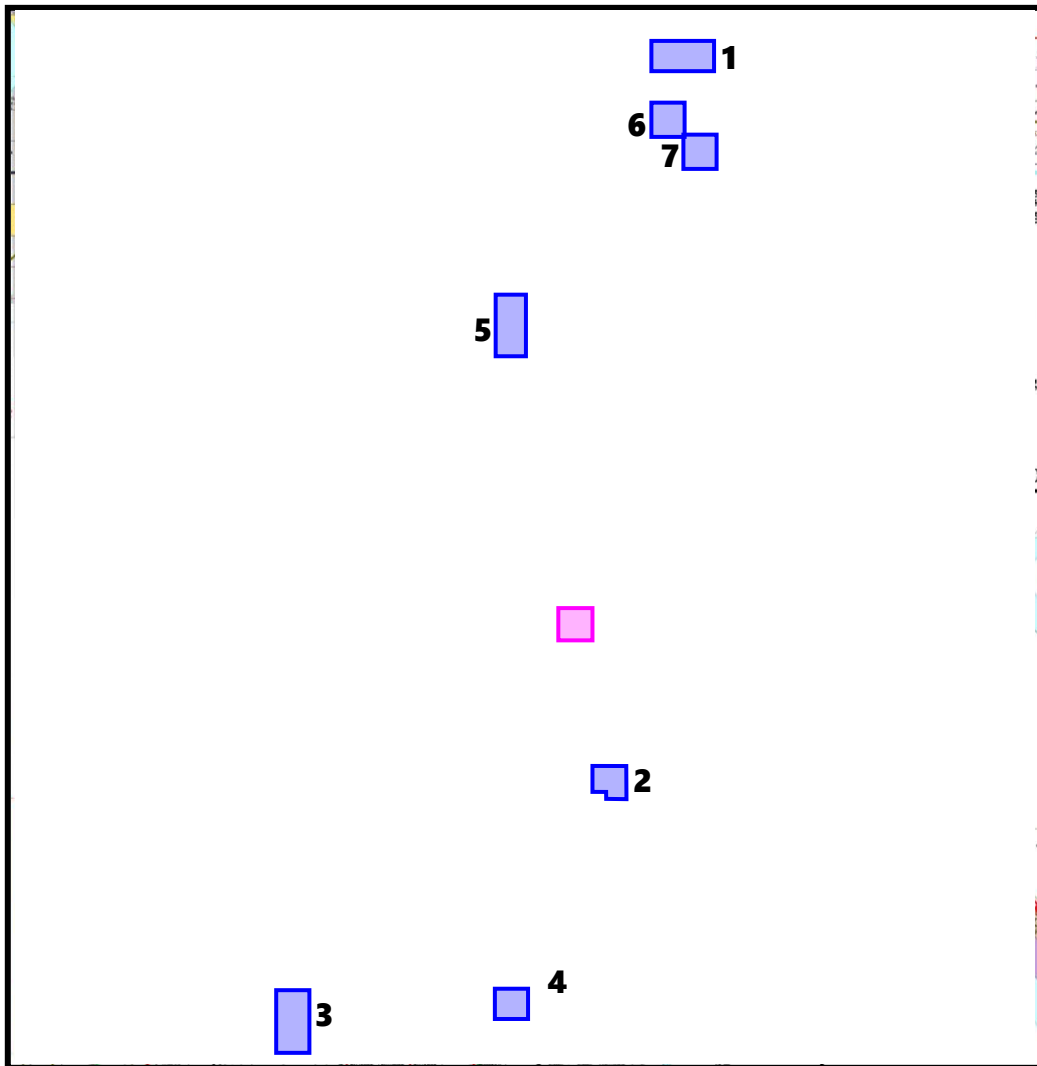
Location Adjustment Considerations: Adjustments are required for location where the comparable property has a superior or inferior location relative to the subject property with respect to market demand levels for farmland in a given area versus another. Adjustments are applied to the comparables as required to adjust for this factor.

Physical Features Adjustment Considerations: Properties with inferior soil ratings typically sell for less per acre than properties with superior soils. In addition, properties with severances and/or adverse topography sell for less per acre than properties with no severances and favorable topography for cultivation. Positive physical features adjustments have been applied to comparable properties containing inferior soil ratings, severances and/or adverse topography. Conversely, negative physical features adjustments have been applied to comparable properties containing superior soil ratings, severances and/or superior topography.

5.2.1 Comparable Data

The following comparable data is analyzed to estimate the market value of the subject property as though unimproved.

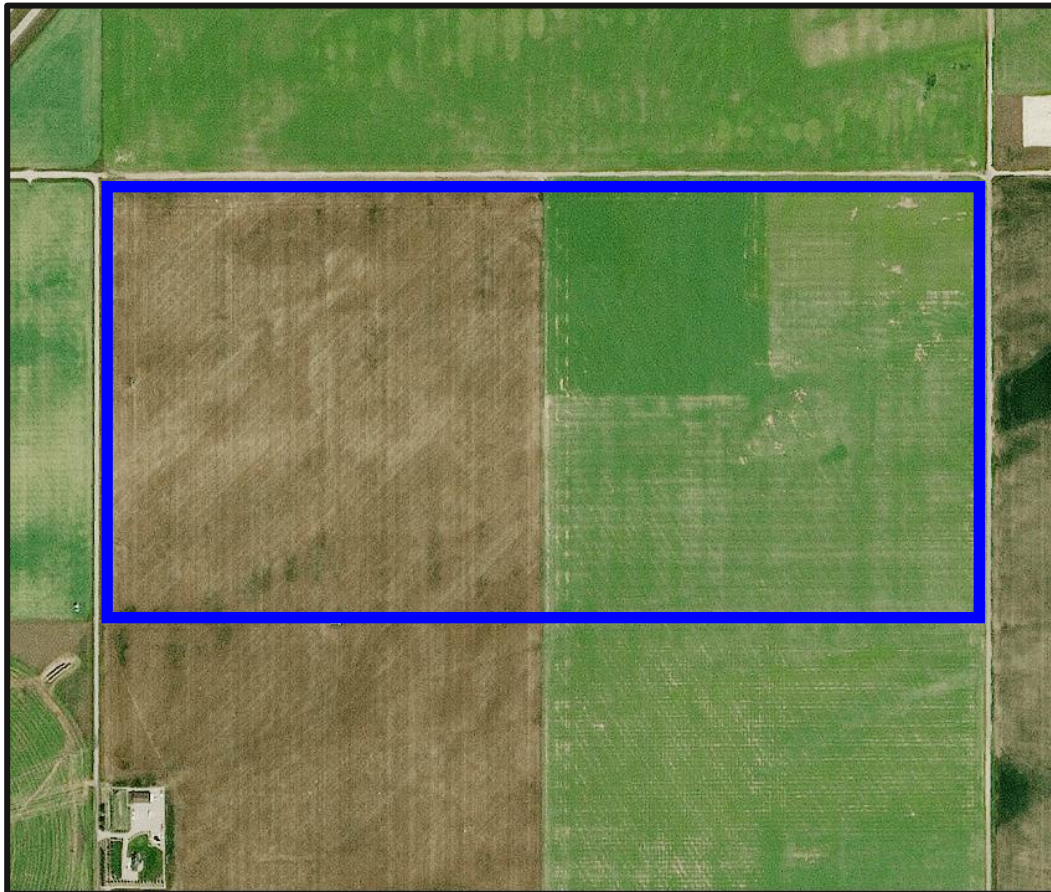
Subject and Comparable Map



1. N ½

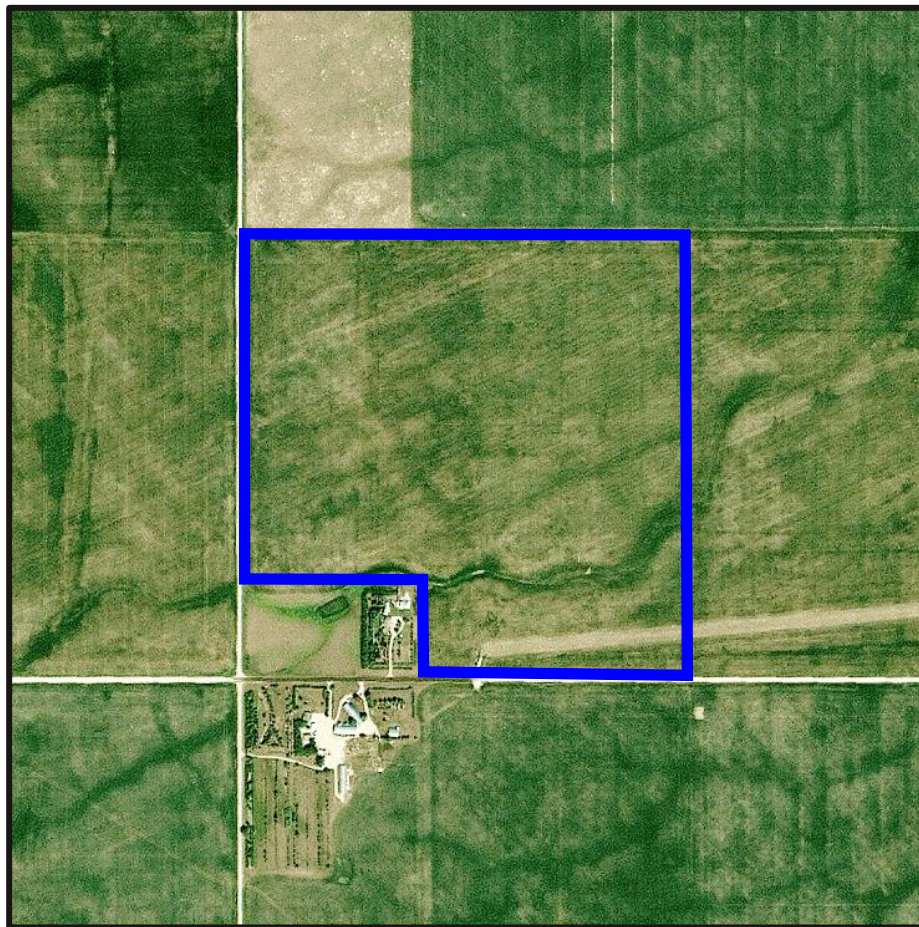
Sold: March 2020 for \$1,802,000.00
Acreage: 320 acres
Physical Features: CLI rated Class 3S; gently undulating to undulating topography
Zoning: Rural General - RG
Improvements: Nil
Location: 0.8 kms north and 4.8 kms east of the Town
Comments: The quarters involved in this transfer were sold by different vendors but purchased by the same party. The sales of each of these quarters occurred within one day of each other for the same price (\$901,000.00). For the purposes of this appraisal, these will be treated as a single transaction. This transaction is assumed to be arm's length.

Bareland Value: \$5,631.00 per acre
Adjustments: Time +6.00%; Time Adjusted Value = \$5,969.00 per acre
Other Adjustments: Location 0%, physical features -10%
Total Other Adjustments: -10%
Indicated Value: \$5,372.00 per acre



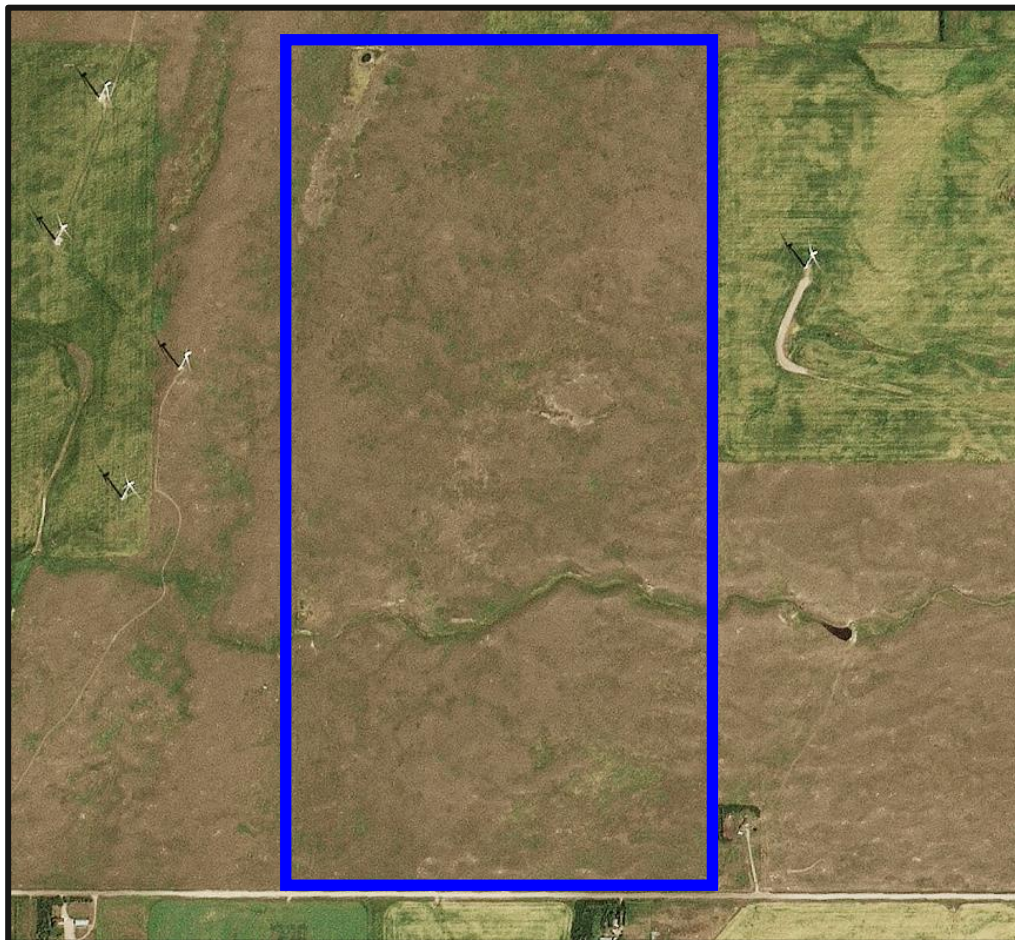
2. SW

Sold: December 2019 for \$664,830.00
Acreage: 147.74 acres
Physical Features: CLI rated Class 2C; gently undulating to undulating topography
Zoning: Rural General - RG
Improvements: Nil
Location: 12.0 kms south and 3.2 kms east of
Comments: This property was purchased by a Hutterian Colony. This transaction is assumed to be arm's-length. Property enjoys good mountain views.
Bareland Value: \$4,500.00 per acre
Adjustments: Time +8.25%; Time Adjusted Value = \$4,871.00 per acre
Other Adjustments: Location 0%, physical features -10%
Total Other Adjustments: -10%
Indicated Value: \$4,384.00 per acre



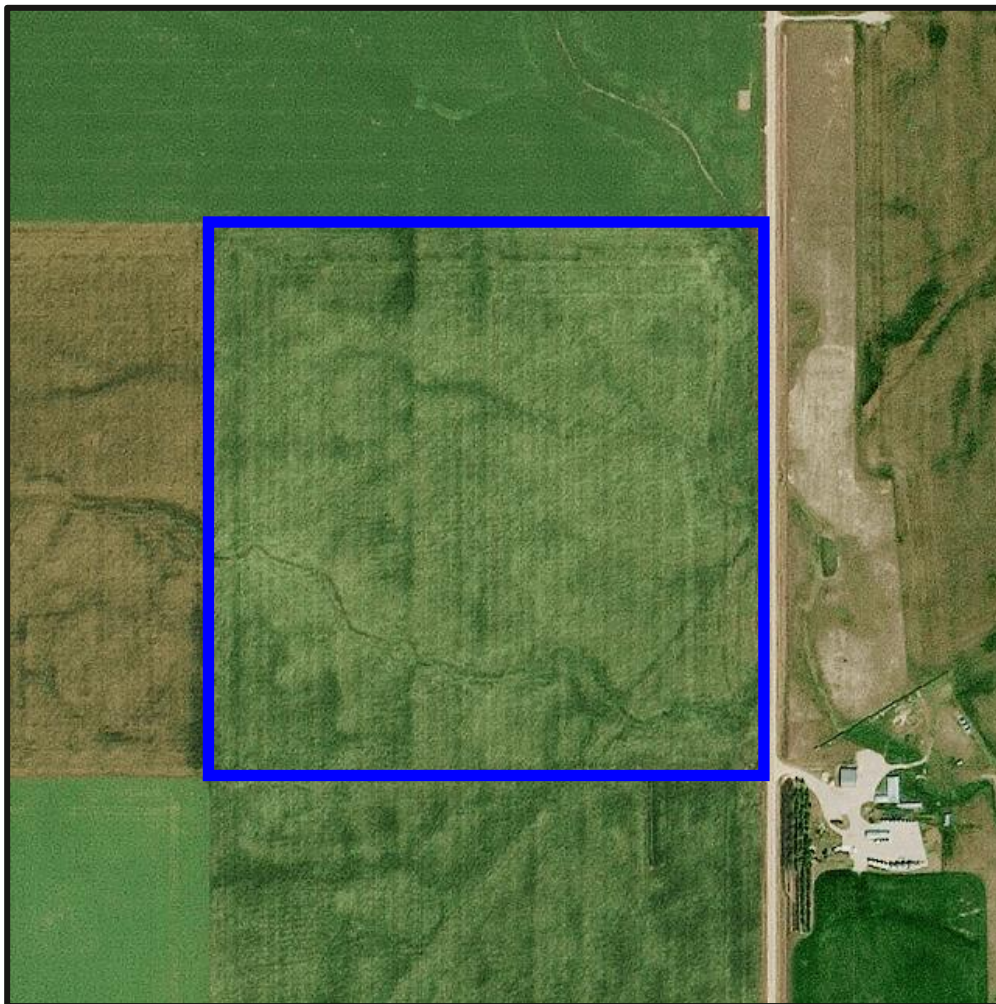
3. W

Sold: June 2019 for \$1,200,000.00
Acreage: 323.16 acres
Physical Features: CLI rated Class 3T; undulating to rolling topography
Zoning: Rural General - RG
Improvements: Nil
Location: 17.6 kms south of the
Comments: This property was purchased by a Hutterian Colony. This transaction is assumed to be arm's-length. Property enjoys mountain views (somewhat obscured by adjacent yardsite). Numerous wind turbines on east and west adjacent properties.
Bareland Value: \$3,713.00 per acre
Adjustments: Time +12.75%; Time Adjusted Value = \$4,186.00 per acre
Other Adjustments: Location 0%, physical features +20%
Total Other Adjustments: +20%
Indicated Value: \$5,023.00 per acre



4. NE

Sold:	February 2019 for \$772,289.00
Acreage:	157.61 acres
Physical Features:	CLI rated Class 2C; gently undulating topography
Zoning:	Rural General - RG
Improvements:	Nil
Location:	17.6 kms south and 0.8 kms east of
Comments:	This parcel is adjacent to Highway. This transaction is assumed to be arm's length.
Bareland Value:	\$4,900.00 per acre
Adjustments:	Time +15.75%; Time Adjusted Value = \$5,672.00 per acre
<u>Other Adjustments:</u>	Location 0%, physical features -10%
<u>Total Other Adjustments:</u>	-10%
Indicated Value:	\$5,105.00 per acre



5. E ½

Sold: September 2018 for \$1,376,000.00

Acreage: 320 acres

Physical Features: CLI rated Class 2C; gently undulating topography, parcel slopes slightly to the south; treed area in the eastern portion, where reclaimed irrigation canal is located

Zoning: Rural General - RG

Improvements: Two older steel grain bins (approximately 3,000 bushels of storage combined); Estimated Contributory Value = \$3,000.00

Location: 0.8 kms east of the

Comments: Parcel has a partially reclaimed irrigation canal. This transaction is assumed to be arm's length.

Bareland Value: \$4,291.00 per acre

Adjustments: Time +19.50%; Time Adjusted Value = \$5,128.00 per acre

Other Adjustments: Location 0%, physical features -5%

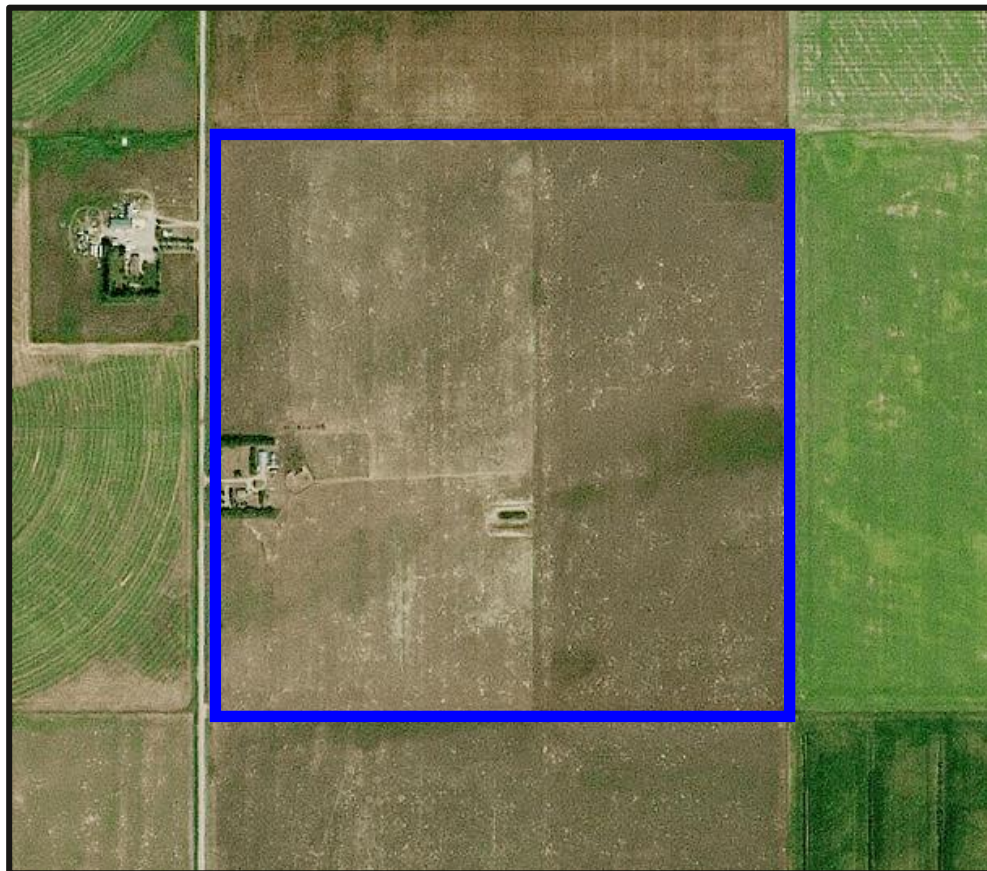
Total Other Adjustments: -5%

Indicated Value: \$4,872.00 per acre



6. NW

Sold: September 2018 for \$1,000,000.00
Acreage: 160 acres
Physical Features: CLI rated Class 3S; gently undulating topography
Zoning: Rural General - RG
Improvements: Property includes an improved yardsite that includes a single storey residence, steel quonset, corrals, other outbuildings and some landscaping. Surface Lease present in northeast corner of property. Estimated Contributory Value = \$200,000.00
Location: 4.8 kms east of the
Comments: This transaction is assumed to be arm's-length
Bareland Value: \$5,000.00 per acre
Adjustments: Time +19.50%; Time Adjusted Value = \$5,975.00 per acre
Other Adjustments: Location 0%, physical features -10%
Total Other Adjustments: -10%
Indicated Value: \$5,378.00 per acre



7. SE

Sold: June 2018 for \$805,000.00
Acreage: 160 acres
Physical Features: CLI rated 80% Class 3S, 20% Class 2C; gently undulating topography; eight shelterbelts running in a north/south orientation
Zoning: Rural General - RG
Improvements: Nil
Location: 5.6 kms east of the
Comments: This transaction is assumed to be arm's-length
Bareland Value: \$5,031.00 per acre
Adjustments: Time +21.75%; Time Adjusted Value = \$6,125.00 per acre
Other Adjustments: Location 0%, physical features -10%
Total Other Adjustments: -10%
Indicated Value: \$5,513.00 per acre



5.2.2 Analysis of
 Comparable Data

The appraisers have researched all land transactions in the subject area to find comparable land sales with similar size, physical features, and location as the subject. In the appraiser's opinion, the comparable properties utilized are considered the best indicators of value and give a range of values after adjustments for differences from \$4,384.00 to \$5,513.00 per acre.

The following table summarizes the adjusted values of the comparable properties, in ascending order.

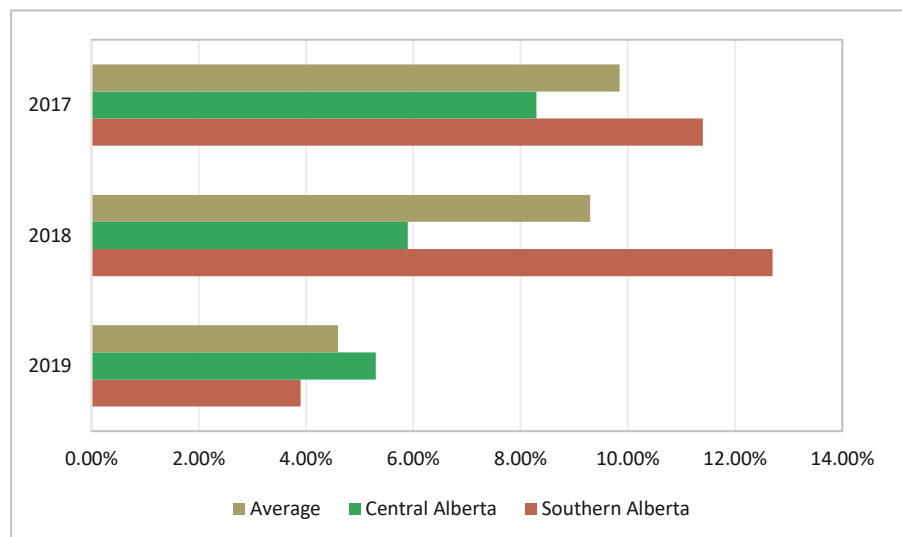
Comparable #	Value per Acre
2	\$4,384.00
5	\$4,872.00
3	\$5,023.00
4	\$5,105.00
1	\$5,372.00
6	\$5,378.00
7	\$5,513.00

The following is a description of, and support for, the adjustments applied to each of the comparable properties.

Time Adjustments:

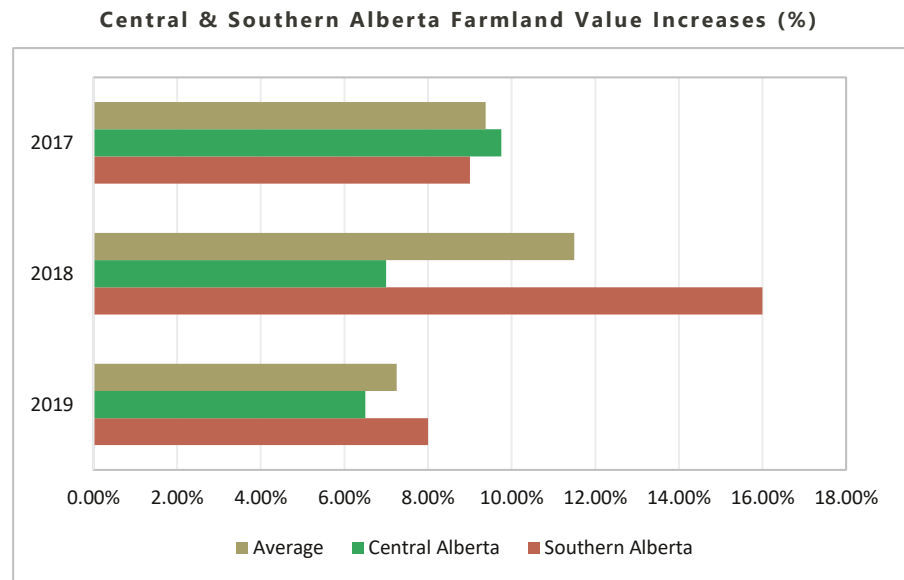
The comparable sales used in this appraisal report occurred between June 2018 and March 2020. Data from Farm Credit Canada shows that farmland in central and southern Alberta increased by an average of approximately 7.0% per year from 2018 through to the end of 2019.

Central & Southern Alberta Farmland Value Increases (%)



Source: Farm Credit Canada

Information collected by Serecon Inc. shows that farmland values have been increasing by approximately 9.4% per year, for the years 2018 through to the end of 2019.



Source: Serecon Inc.

Additionally, appraisal work completed by Serecon Inc. in neighbouring sub-markets indicates that land values have notably appreciated over 2020.

Given the above analysis and info, a time adjustment of +0.75% per month will be applied to the comparable properties.

Other Adjustments:

Location: There are no adjustments to the comparables due to differences in location.

Physical Features: The physical features of the comparable properties are analyzed against the subject property as a whole which includes consideration of the cultivated acres and non-arable areas.

Comparables #1, #2, #4, #6, and #7 are considered to have superior topography features and greater cultivatable acres, compared to the subject property. As such, a negative adjustment of -10% has been applied to these comparables to account for their superior topography and cultivatable acres.

Comparable #3 is currently uncultivated and used for pasture/forage. However, it shares a similar soil rating with the subject property and although it is currently uncultivated, the land is most likely arable. In addition, the location of this land nearby numerous wind turbines causes the property to be in less demand for rural yardsite uses which has a negative impact on value in our opinion. As a result, Comparable #4 has had an upward adjustment of +20% applied to it to account for these factors.

Like the previously discussed comparables, Comparable #5 is considered to have superior physical features than the subject property. However, adjustment is offset somewhat by the irregular field configuration due to an abandoned and partially reclaimed irrigation canal that traverses through the parcel. Overall, a small negative adjustment is warranted for Comparable #5 in our opinion.

Adjustment Table

The following table summarizes the adjustments applied to the comparable properties in comparison to the subject property.

	1	2	3	4	5	6	7
Sale Date	Mar. 2020	Dec. 2019	Jun. 2019	Feb. 2019	Sep. 2018	Sep. 2018	Jun. 2018
Bareland Value/Acre	\$5,631.00	\$4,500.00	\$3,713.00	\$4,900.00	\$4,291.00	\$5,000.00	\$5,031.00
Time Adjustment	+6.00%	+8.25%	+12.75%	+15.75%	+19.50%	+19.50%	+21.75%
Time Adj. Value/Acre	\$5,969.00	\$4,871.00	\$4,186.00	\$5,672.00	\$5,128.00	\$5,975.00	\$6,125.00
Adjustments:							
Location	0%	0%	0%	0%	0%	0%	0%
Physical Features	-10%	-10%	+20%	-10%	-5%	-10%	-10%
Net Adjustment	-10%	-10%	+20%	-10%	-5%	-10%	-10%
Indicated \$/Acre	\$5,372.00	\$4,384.00	\$5,023.00	\$5,105.00	\$4,872.00	\$5,378.00	\$5,513.00

5.2.3 Land Value Estimate

All the comparables are given some weight in the final analysis. Comparables with less adjustments are weighted greater than those with more adjustments.

Comparable #1 is the most recent comparable sale. As the level of adjustments to Comparable #1 was the lowest of all comparables (due to a comparatively low level of time adjustment) and will be given additional consideration in the estimate of final value.

Comparable #2 was a Hutterite purchase in Dec. 2019. Comparable #2 gives the lowest indication of market value for the subject property. While all indications imply that this was an arm's-length sale, its low value relative to the other six comparables suggests that there may have been additional motivation that influenced this transaction. As a result, Comparable #2 will be given less weight in the final estimation of market value.

Comparable #3 received the largest amount of adjustments. This was due, in large part, to its uncultivated status and the adjustment necessary to make it more comparable to the subject property.

The remaining comparables required relatively similar levels of adjustment. The adjustments in these comparables related to time, physical features, specifically, soil quality and topography/level of cultivation. Overall, most comparables needed relatively low levels of adjustment, as most comparables shared similar soil and topography/level of cultivation. The largest adjustments to comparables resulted from relatively large time adjustments.

After considering all of the data collected and analyzed, it is our opinion that there is good support for a market value of \$5,300.00 per acre for the subject property as a whole, as at the effective date of November 17, 2020. There is a total of 160.00 titles acres. Thus, the total bareland market value estimate is \$848,000.00 (rounded). This estimate does not include the value of any improvements.

5.3 Cost Approach – Improvement Analysis

The estimated depreciated value of the improvements must be added to the estimated market value of the site, as outlined above, in order to arrive at a total market value estimate. The following outlines the application of the Cost Approach to the buildings and improvements to derive a value estimate.

5.3.1 Depreciated Value of Improvements

In order to complete the Cost Approach to Value, it is necessary to estimate the replacement cost of the improvements and deduct from this accrued depreciation from all sources. Replacement cost is based on replacement of utility, not necessarily reproduction of the existing improvement. Accrued depreciation is defined as a loss in utility (value) from physical deterioration, functional obsolescence, and external depreciation.

Physical deterioration is estimated by using a modified Age/Life Method which involves estimating the effective age and remaining economic life of the improvement. The effective age may be different than the actual or chronological age, depending on maintenance and condition. Remaining economic life is the base from which remaining utility is estimated.

Functional obsolescence is the loss in building utility/value as a result of the inability of the structure to perform its proper function due to super-adequacies, inefficient designs, deficiencies etc.

External or economic obsolescence is a result of economic factors external to the property itself.

1. Residence/Shop

The main improvement on the subject property is the residence/shop. The residence/shop structure in total measures approximately 80'×50' and was constructed in 2017. The residence/shop consists of the 'shop' portion, which measures approximately 60'×50', and the residence portion, which measures approximately 20'×50'.

The residence/shop is constructed using prefabricated concrete panels, built on a concrete foundation with some metal siding and roofing. The lower portion (approximately 3') of the exterior walls feature faux stone finish.

The concrete pre-fabricated panels are approximately 10" thick and contain approximately 4" of insulation sandwiched between two 3" concrete portions. The foundation of the residence/shop is 8" thick with 8" of gravel substrate. The residence/shop does not include a basement.

The residence/shop has undergone several stages of construction. The structure and the residence portion of the improvement were finished in 2017. The mezzanine in the shop was constructed in 2018 and the shop interior was completed in 2019.

The residence portion of the improvement features three bedrooms, one bathroom, and an unfinished 'sunroom' on the second floor. The main floor features living room, kitchen, and utility room. The walls of the residence are finished with a mix of wood panelling and paint. It should be noted that interior walls are wood framed with drywall, while all exterior walls are concrete. Flooring in the residence portion of the improvement is laminate. A covered patio is found off the south wall of the residence (on the main level). The sunroom is located directly above the covered patio. The residence can be access from three man-doors; one located off the shop, one located off the south facing wall of the residence, and the other from the western wall of the residence.

The shop flooring is bare concrete. The ceiling and portions of the interior walls are affixed with 'DelPro' plastic covering. The mezzanine measures approximately 32'x18'. There are also two additional rooms that are part of the residence but are located in the mezzanine; they measure approximately 14'x18'. The shop features numerous access points, including two overhead doors, and 2 man-doors. The overhead doors measure 18'x18' (hand driven), and 12'x12' (powered).

Heating for the residence is provided by a forced air furnace (which is propane fired), and a wood stove. Heating for the shop is provided by two propane fired heaters. Water for the property is provided by a water well. Sewage is handled by a septic tank with pump out. A propane tank is located on the northeast corner of the improvement. It measures approximately 1900 litres.

Overall, the shop/residence appears to be in good condition. The building is a relatively new build with little time to accumulate significant/notable physical deterioration. It should be noted that the finish of the interior is relatively well finished, with modern finishes typical of what one would expect to find in a new home. However, the precast concrete construction of the residence/shop has meant that some of the finish details are of a lower quality than what one would find in a typical home. Finishing concrete walls is more difficult than a traditional wood frame wall, and the quality of construction present in the residence portion of the residence/shop reflects this.

The construction style of the structure wherein there are living quarters within a main shop structure is generally considered to be an inefficient design which would attract reduced demand in the marketplace. Most market participants seek traditional residences that are separate from other structures such as a shop. That said, market participants who are seeking such living quarters would generally view the subject improvement as a suitable and would attribute some value to the living space albeit at diminished values due to limited demand. Given these factors, the functional obsolescence factor has a more notable impact on market value than other more typical yardsites in the greater subject area.



Estimated Replacement Cost:		
5,000 sq. ft. @ \$130.00/sq. ft.		= \$650,000.00
Estimated Depreciation:		
Physical Deterioration: 3/60	= \$32,500.00	
Subtotal:		= \$617,500.00
Functional Obsolescence: 20%	= 123,500.00	
Subtotal:		= \$494,000.00
External Obsolescence: 10%	= <u>49,400.00</u>	
Estimated Depreciated Value (rounded)		= <u>\$445,000.00</u>

2. Site Improvements

The yardsite also benefits from various site improvements. These improvements are expected to contribute value to the subject property, in general, although not significantly. Site improvements on the subject property's yardsite include: a small shed (constructed in the same pre-cast concrete fashion as the residence/shop), fencing for yard around residence along with a large wind-fence (approximately 400' feet in length). The landscaping includes a small road from Range Road 253 to the residence/shop, gravel, and sod grass for use around the residence/shop. The landscaping on the subject property is sufficient and typical for a newly built country residential site.

The Appraisal Institute of Canada, which has spent considerable effort in estimating the return on investment for various elements of home improvement, indicates that landscaping provides a return on investment in the range of 20 to 50%. The rate of return tends to be diminishing. In other words, the more landscaping there is, the lower the return on investment. Other sources indicated that extensive landscaping can provide little or no return on investment. On the other hand, the market does

expect and will pay for a certain amount of landscaping such as a lawn, driveway, and vegetation.

Overall, the estimated replacement cost new of the landscaping is estimated to be \$40,000.00 while the return on investment is estimated to be 25%. Therefore, the estimated contributory value of the landscaping described above is \$10,000.00.

The following table indicates our estimates of replacement cost new (RCN), depreciation, and depreciated value for the utilities and services on the yardsite. It is noted that most of the utilities and services are located underground. Thus, it is assumed that these improvements are all in good working order and have a typical expected economic life given the age of the associated improvements.

Service	RCN	Depreciation	Estimated Depreciated Value
Water Well	\$15,000	30%	\$10,500
Power	20,000	10%	18,000
Telephone	1,000	25%	750
Septic Tank and Field	25,000	10%	22,500
Total (rounded)	\$61,000		\$52,000

Given all of the above, the total estimated value of the site improvements is \$62,000.00.

This estimate of value is based on the extraordinary assumption that the water well is fully owned as part of the subject property.

5.3.2 Summary of Depreciated Value of Buildings and Improvements

Summary of Depreciated Value of Buildings and Improvements

Improvement	Estimated Market Value
Residence/Shop	\$445,000
Site Improvements	62,000
Total	\$507,000

5.3.3 Total Estimated Market Value via the Cost Approach

Total Estimated Market Value via the Cost Approach

Component	Estimated Contributory Value (Rounded)
Land	\$848,000.00
Improvements	\$507,000.00
Total	\$1,355,000.00

This estimate of value is based on the extraordinary assumption that the water well is fully owned as part of the subject property.

5.4 Reconciliation and Final Value Estimate

The market value of the subject property is estimated via the Cost Approach to Value. The Cost Approach to Value provides a specific value estimate for the subject property. As stated previously, the Cost Approach to Value is considered to be a more reliable method by which to estimate market value, due to the lack of similar improved comparables for the Direct Comparison Approach to Value and the fact that the Income Approach to Value is not considered to be a relevant approach by the marketplace, for agricultural appraisals.

Therefore, after carefully considering all of the data collected, the estimated market value in fee simple of the subject property as at the effective date is \$1,355,000.00.

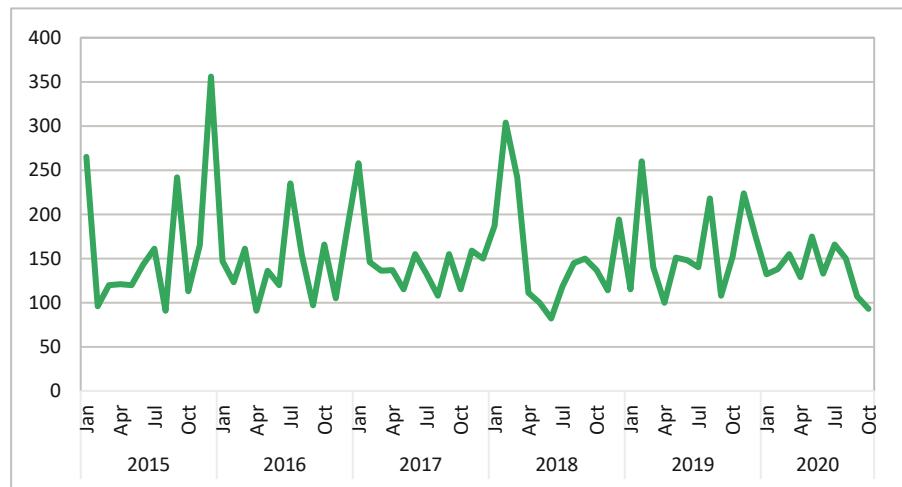
5.4.1 Exposure Time

With any value estimate there is a market exposure time. Exposure time can be defined as; *"The estimated length of time the property interest being appraised would have been offered on the market before the hypothetical consummation of a sale at the estimated value on the effective date of the appraisal."*⁴.

Given the current market conditions, the estimated exposure time is 3 to 6 months. Data from the Calgary Real Estate Board (CREB) shows that properties, listed for sale in the MD, are typically on the market for an average of 100-200 days. It should be noted that there are occasions when the Days on Market statistic falls outside this range, however, these are relatively uncommon, and brief occurrences.

Given the above, an exposure time of 3 to 6 months is considered to be reasonable.

Average Days on Market (DOM) for Properties within the MD



Source: CREB

⁴ Canadian Uniform Standard of Professional Appraisal Practice, effective August 1, 2020, Appraisal Institute of Canada, Ottawa, Ontario, Pg. 5

6.0 Certification as to the Appraisal

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

- 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 property 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 property 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.
- Except as herein disclosed, 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 date of inspection of the subject property is November 17, 2020.
- , AIC Candidate, personally inspected the property that is the subject of this report.
- The subject property is legally described as the The Land.
- The date of certification of the report is November 26, 2020.
- Based upon the data, analyses and conclusions contained herein, the market value of the interest in the property described as at November 17, 2020 is estimated at \$1,355,000.00.

- This estimate of value is based on the extraordinary assumption that the water well is fully owned as part of the subject property.

7.0 Appendix

7.1 Assumptions and Limiting Conditions

The certification that appears in this appraisal report is subject to compliance with the Personal Information and Electronics Documents Act (PIPEDA), Canadian Uniform Standards of Professional Appraisal Practice ("CUSPAP") and the following conditions:

1. This report is prepared at the request of the client and for the specific use referred to herein. It is not reasonable for any other party to rely on this appraisal without first obtaining written authorization from the client and the authors; where the client is the mortgagee and the loan is insured, liability is extended to the mortgage insurer. Liability is expressly denied to any person other than the client and those who obtain written consent and, accordingly, no responsibility is accepted for any damage suffered by any such person because of decisions made or actions taken, based on this report. Diligence by all intended users is assumed.
2. Because market conditions, including economic, social and political factors change rapidly and, on occasion, without warning, the market value estimate expressed as of the date of this appraisal cannot be relied upon as of any other date except with further advice from the appraiser and confirmed in writing.
3. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or its title. The appraiser assumes that the title is good and marketable and free and clear of all encumbrances including leases, unless otherwise noted in this report. The property is appraised based on it being under responsible ownership.
4. The subject property is presumed to comply with government regulations including zoning, building codes, environmental and health regulations. If it is non-compliant, it may affect its value. It should be clearly understood that the physical inspection does not imply compliance with any building code requirements as this is beyond the professional expertise of the appraiser.
5. No legal survey of the property has been made. Any dimensions in the report generated by the appraiser is included only to assist the reader of the report in visualizing the property.
6. This report is completed on the basis that testimony or appearance in court concerning this appraisal is not required unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to, adequate time to review the appraisal report and data related thereto and the provision of appropriate compensation.
7. Unless otherwise stated in this report, the appraiser has no knowledge of any hidden or unapparent conditions of the property (including, but not limited to, its soils, physical structure, mechanical or other operating systems, its foundation, etc.) or adverse environmental conditions (on it or a neighbouring property, including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable. It has been assumed that there are no such conditions unless they were observed at the time of

inspection or became apparent during the normal research involved in completing the appraisal. This report should not be construed as an environmental audit or detailed property condition report, as such reporting is beyond the scope of this report and/or the qualifications of the appraiser. The author makes no guarantees or warranties, express or implied, regarding the condition of the property, and will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. The bearing capacity of the soil is assumed to be adequate.

8. The appraiser is not qualified to comment on environmental issues that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government or otherwise, and free of any environmental condition, past, present or future, that might affect the market value of the property appraised. If the party relying on this report requires information about environmental issues then that party is cautioned to retain an expert qualified in such issues. We expressly deny any legal liability relating to the effect of environmental issues on the market value of the subject property.
9. The analyses set out in this report relied on written and verbal information obtained from a variety of sources we considered reliable and accurate. Unless otherwise stated herein, we did not verify client-supplied information, which we believed to be correct.
10. The term "inspection" refers to observation and reporting of the general material finishing and conditions seen for the purposes of a standard appraisal inspection. The inspection scope of work includes the identification of marketable characteristics/amenities offered for comparison and valuation purposes only, in accordance with the CUSPAP.
11. The contents of this report are confidential and will not be disclosed by the author to any party except as provided for by the provisions of the CUSPAP and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body. The appraiser acknowledges that the information collected herein is personal and confidential and shall not use or disclose the contents of this report except as provided for in the provisions of the CUSPAP and in accordance with the appraiser's privacy policy. The client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information contained herein and shall comply in all material respects with the contents of the appraiser's privacy policy and in accordance with the PIPEDA.
12. The appraiser has agreed to enter into the assignment as requested by the client named in the report for the use specified by the client, which is stated in the report. The client has agreed that the performance of this appraisal and the report format are appropriate for the intended use.

13. This appraisal report, its content and all attachments/addendums and their content are the property of the author. The client, intended users and any appraisal facilitator are prohibited from any replication of parts or the whole report in any way, without the written consent of the appraiser and the client., If transmitted electronically, this report will have been digitally signed and secured with personal passwords to lock the appraisal file. Due to the possibility of digital modification, only originally signed reports and those reports sent directly by the appraiser, can be relied upon without fault.

MANDATORY FOR FINANCING APPRAISALS

14. Where the intended use of this report is for financing or mortgage lending, it is a condition of reliance on this report that the authorized user has or will conduct loan underwriting and rigorous due diligence in accordance with the standards of a reasonable and prudent lender, including but not limited to ensuring the borrower's demonstrated willingness and capacity to service his/her debt obligations on a timely basis, and to conduct such loan underwriting and due diligence in accordance with the standards set out by the Office of the Superintendent of Financial Institutions (OSFI) Residential Mortgage Underwriting Practices and Procedures B-20, even when not otherwise required by law. Liability is expressly denied to those that do not meet this condition.
15. Where the intended use of this report is for mortgage insurance, it is a condition of reliance on this report that the authorized user will conduct loan insurance underwriting and rigorous due diligence in accordance with the standards of a reasonable and prudent mortgage insurer, including but not limited to ensuring the borrower's demonstrated willingness and capacity to service his/her debt obligations on a timely basis, to conduct such loan insurance underwriting and/ due diligence in accordance with the standards set out by the Office of the Superintendent of Financial Institutions (OSFI) Residential Mortgage Insurance Underwriting Practices and Procedures B-21, even when not otherwise required by law. Liability is expressly denied to those that do not meet this condition.

7.2 Appraiser's Qualifications