

Benchmark Appraisal Report Subject Properties

Prepared For
The Client

Prepared By
Serecon Inc.

April 2017



April 21, 2017

The Client

Dear Sir:

**RE: BENCHMARK REPORT OF THE SUBJECT PROPERTIES
OUR FILE #**

As requested by The Client, we enclose a Benchmark Report on the value of various parcel sizes along the Subject Properties. The purpose of this report is to estimate a benchmark value for various parcel sizes along the Subject Properties for the negotiation of the acquisition of a portion of the properties for road widening purposes. The effective date is April 10, 2017, the date the subject area was physically inspected.

It is hereby certified that we inspected the subject area 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 properties which would in any way affect statements of value expressed. Employment in and compensation for making this appraisal are in no way contingent upon the values reported.

Our findings and conclusions relative to the subject properties 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

Legal Description	Various parcels																				
Effective Date of Appraisal	April 10, 2017																				
Date of Inspection	April 10, 2017																				
Acreage	Various Parcel Sizes																				
Current Uses	Country Residential, Agricultural, Future Development																				
Zoning	R-1 (Residential One District), R-2 (Residential Two District), Farmstead, DC 134 & RF (Ranch and Farm District)																				
Highest and Best Use	Country Residential for existing small rural residential holdings; Holding Property for future development with agricultural use in the interim holding period for undeveloped parcels.																				
Value Estimates	<table border="1"> <thead> <tr> <th>Parcel Size (Acres)</th> <th>Value Per Acre</th> </tr> </thead> <tbody> <tr> <td>2 acres</td> <td>\$170,000.00</td> </tr> <tr> <td>3 acres</td> <td>\$120,000.00</td> </tr> <tr> <td>4 acres</td> <td>\$95,000.00</td> </tr> <tr> <td>5 acres</td> <td>\$80,000.00</td> </tr> <tr> <td>8 acres</td> <td>\$60,000.00</td> </tr> <tr> <td>13 – 17 acres</td> <td>\$50,000.00</td> </tr> <tr> <td>Large Parcels – East</td> <td>\$20,000.00</td> </tr> <tr> <td></td> <td>\$35,000.00</td> </tr> <tr> <td></td> <td>\$40,000.00</td> </tr> </tbody> </table>	Parcel Size (Acres)	Value Per Acre	2 acres	\$170,000.00	3 acres	\$120,000.00	4 acres	\$95,000.00	5 acres	\$80,000.00	8 acres	\$60,000.00	13 – 17 acres	\$50,000.00	Large Parcels – East	\$20,000.00		\$35,000.00		\$40,000.00
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2.0 Purpose of the Report

2.1 Purpose

The purpose of this report is to provide benchmark value estimates for specified parcel sizes located along Range Road, Alberta for acquisition purposes related to road widening. There are approximately 12 individual parcels that have been identified and from which portions are required for road widening purposes. All parcels are located within the area, in County.

The intended use of this report is for negotiation purposes for the acquisition of land for road widening purposes. The intended users of the report are The Client, County and their respective employees for the specific purposes stated above. There are no other intended users of the report. This report is not intended for use for financing purposes.

2.2 Definition

Market value is defined as:

“the most probable price which a property should bring in a competitive and open market 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 any undue stimulus. Implicit in this definition is the consummation of the sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- 1) buyer and seller are typically motivated;*
- 2) both parties are well informed or well advised, and acting in what they consider to be their best interests;*
- 3) a reasonable time is allowed for exposure in the open market;*
- 4) payment is made in terms of Canadian dollars or in terms of financial arrangements comparable thereto; and*
- 5) 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 May 1, 2016.

Rights in Fee Simple are those rights assigned to ownership under the *Land Titles Act* of Alberta and include the right to use the property, to sell it, to enter it, to lease it, to give it away, or to refuse to do any of these.

2.3 Date of Inspection

Inspection of the area, in the course of completing the Benchmark Report, took place on April 10, 2017.

3.0 Statement of Limiting Conditions and Scope of the Appraisal

3.1 Limiting Conditions

It is assumed that:

- the land surveys are correct. No legal survey on our part was made and we assume no responsibility in this connection.
- the titles are good. All liens and or encumbrances have been disregarded and the properties are assumed to be free and clear of all encumbrances.
- there are no hidden or unapparent conditions of the property, subsoil, or structures that would render them more or less valuable. No responsibility is assumed for such conditions or engineering that might be required to discover these factors.
- this report refers to bareland only. The value of any improvements that may be included on the specified properties is not included in the value ranges provided.

Information furnished by others and contained in this appraisal has been cross-checked wherever possible during the course of this appraisal and is assumed to be accurate.

The aerial photographs and maps are included in the report only as an aid in the interpretation. No attempt has been made by the appraisers to verify the accuracy of these.

The appraisers are 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 property appraised.

The market value of the land excludes the Goods and Services Tax (GST).

Use of this appraisal is reserved for the main recipient, and its use shall be for the specific purposes outlined.

This benchmark assignment relates to the market value of the land as though unimproved. The value of any improvements located on any of the parent properties is not included in this appraisal assignment. This is an extraordinary assumption and limiting condition of the appraisal assignment.

3.2 Scope

The appraisers have been asked to provide an estimate of the Fee Simple market value of the land as though unimproved. All improvements located on the subject properties are ignored. The effective date of the report is April 10, 2017, the date the subject area was personally inspected.

The subject properties are defined as the lands required for the road widening. The subject properties will be referred to as the required lands at certain points throughout this report in order to explicitly differentiate the subject properties from the Parent Properties.

The parent properties are defined as the total titled unit, which contain the required lands, owned by the landowner as registered at the Land Titles Office as at the Effective Date.

The valuation is completed utilizing an En Bloc approach wherein the value of the subject properties, on a per acre basis, is the same as the value of the parent properties, on a per acre basis, assuming that the parent properties have the equivalent Highest and Best Use, zoning, physical features, and locational features as those within the required lands. This approach is premised on the fact that the lands being acquired are not a stand-alone titled unit and therefore would not be saleable as a stand-alone parcel, but that it has value and that value would be equivalent to the per acre value of the parent properties with equivalent characteristics, giving full consideration to the definition of market value and the willing seller, willing buyer concept.

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.

3.2.1 Area Analysis

Land use data was obtained through inspection of the subject area. General market data was obtained from land transfers, area realtors and the appraiser's familiarity with the area.

3.2.2 Physical Inspection

The subject area was personally inspected on April 10, 2017. Photographs of the subject area were taken at 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, unless otherwise indicated.

3.2.3 Legal Matters

As this is a benchmark appraisal, each individual parcel has not been appraised as a stand-alone property. All encumbrances registered against the titles to the subject property are disregarded. The values stated herein relate to property that is free and clear of any encumbrances.

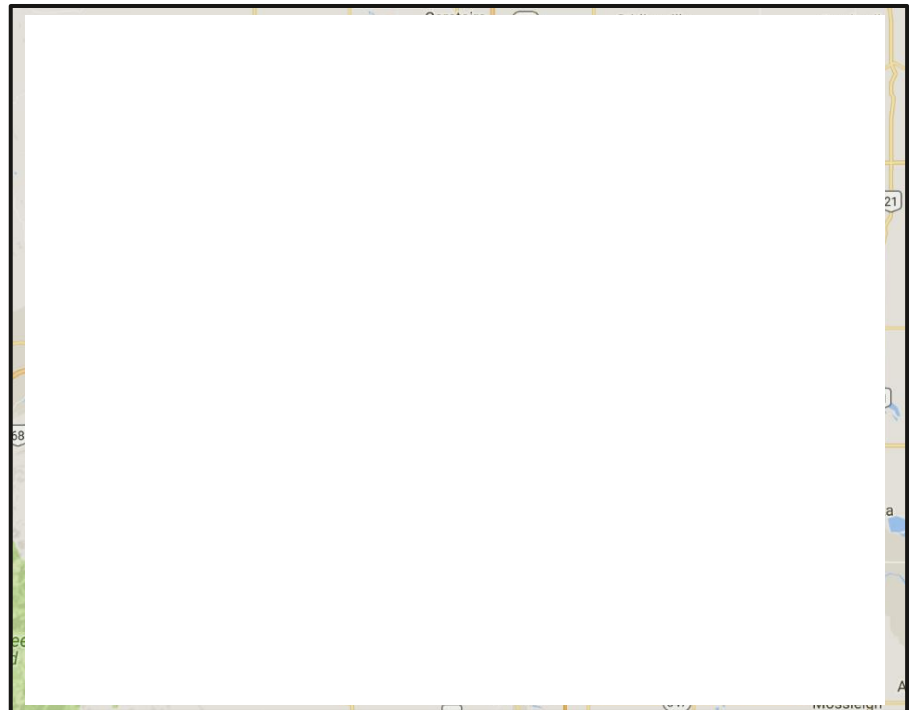
3.2.4 Comparable Search

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. Unless otherwise specified, the data regarding these comparable properties were confirmed with the vendor, purchaser, realtor or MLS data involved in each transaction.

4.0 Area Data

The subject area is located in County, just to the east and to the north of the City of. The subject area is partly within the Plan. While the Plan was approved by County in 2015, appeals to the Municipal Government Board were made with respect to this plan by the City of. No final decision has yet been made and thus, the ASP while approved by Council is not in force.

Area Boundary Map



4.1 Population and Facilities

The subject area includes the rural Hamlet of. County had a 2016 population of 38, residents. The nearest center is the City of which had a 2016 population of 1,. The City of and the City of provide a broad range of supplies and services to the subject area. The local school in is utilized as a private Sikh school offering K – 9 education to area residents making the subject area a popular choice for local families.

4.2 Climate

The climate of the area is termed continental, characterized by warm summers and cold winters. The average annual temperature is 4.4°C; the July mean temperature at the nearest weather Station (Airport) is approximately 16.5°C and the January mean temperature is approximately -7.1°C. The average annual precipitation is approximately 42 cm, with approximately 70% falling during the growing season from May to September. The frost-free period averages 117 days.

4.3 Soil and Topography

The Canada Land Inventory Soil Capability for Agriculture Map, Sheet 8 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 1, 2 and 3. The main limitations are topography and excess water.

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

4.4 Land Use

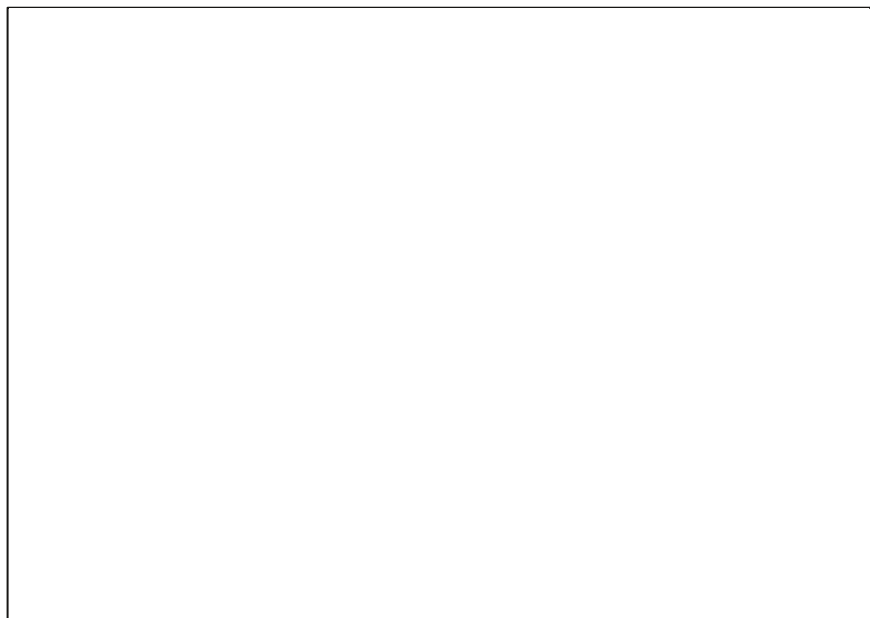
The subject area is within an area of urban influence. As a result, there are competing uses for land including industrial, residential and commercial uses. There remains a significant amount of land that continues to be used for agricultural purposes, however, land values far exceed what can be supported by agricultural uses.

CN Railway has developed a logistics park at. This facility was designed to serve transportation and logistics based businesses serving the region. The majority of this project remains undeveloped and available for purchase for new warehousing and logistics businesses.

Land to the south of the logistics park has primarily developed for rural residential uses. There is a mix of parcel sizes in the immediate area with some small lots containing less than 0.5 acres and some larger acreages, containing 20 acres or more. Some of the original 20 acre parcels have been further subdivided, primarily into 4 – 5 acre lots but with some lots as small as 2 acres.

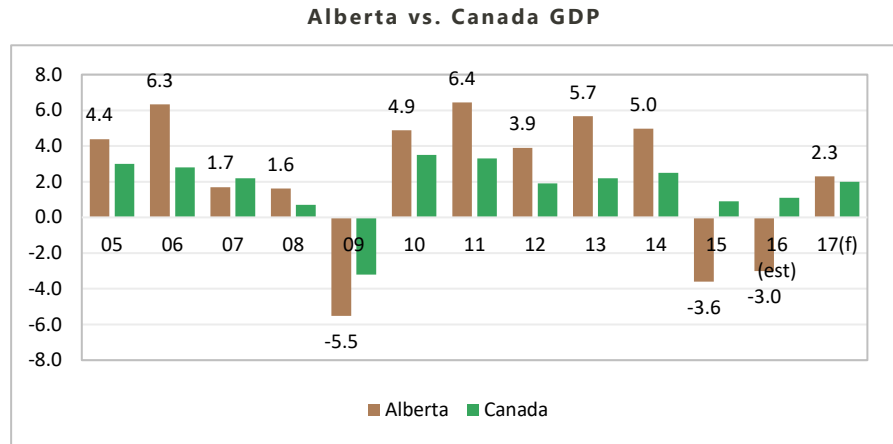
The following schematic illustrates the existing land use within the area.

Existing Land Use



4.5 Alberta Economic Data

Alberta has been struggling in the recent past due to a significant and prolonged drop in the price of oil and gas. The drop in oil and gas prices led to a reduction in the GDP of Alberta in 2015 and 2016. Alberta's GDP fell by about 3.6% in 2015, which compares to a rate of about +1% for Canada as a whole. Similarly, 2016 suffered from continued weakness with a further decline in the GDP, estimated to be around -3%. Looking forward, the Bank of Canada is forecasting positive 2.0% growth in GDP for Canada in 2017 and the Government of Alberta is forecasting positive growth of 2.3% for 2017.



Source: Statistics Canada, Bank of Canada and Government of Alberta

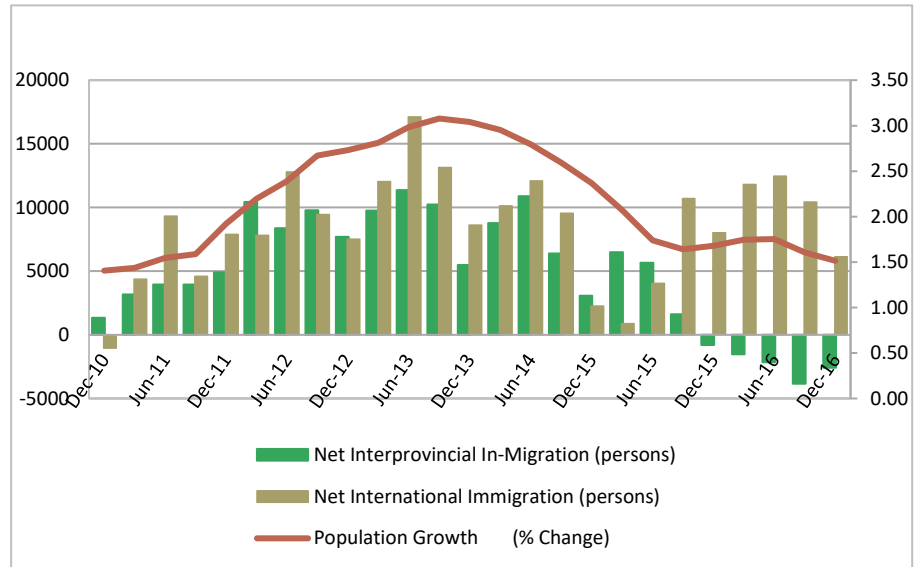
The drop in world oil and gas prices has led to significant lay-offs in Alberta, both in terms of head office employees and oilfield service employees. As a result, Alberta now has an unemployment rate that is higher than the national average, a situation that is contrary to the norm, where Alberta typically enjoys an unemployment rate that is significantly lower than the national average. As of March, 2017, the unemployment rate in Alberta was 8.4% which is an improvement over the recent peak in November, 2016 of 10.2%.



Source: Statistics Canada

The rate of population growth has declined from around 3% in the fall of 2013 to less than 2% from the first quarter of 2015 through the fourth quarter of 2016. The province has lost some residents due to interprovincial migration, however, relatively strong international immigration has remained relatively strong and prevented the rate of growth from slowing even further. It is worth noting that the unemployment rate would like be even higher, if not for the movement of some residents away from the Province.

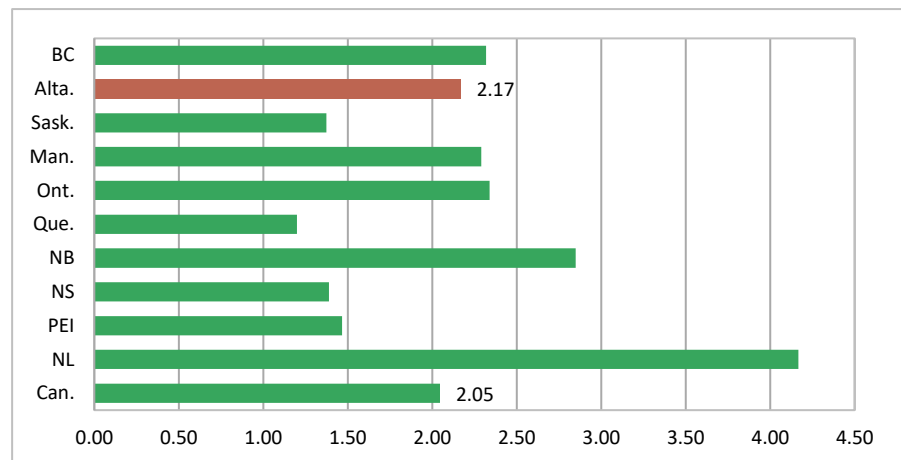
Alberta Demographics



Source: Statistics Canada

Alberta had inflation of 2.2% in February 2017 which was slightly higher than the national average of 2.05%.

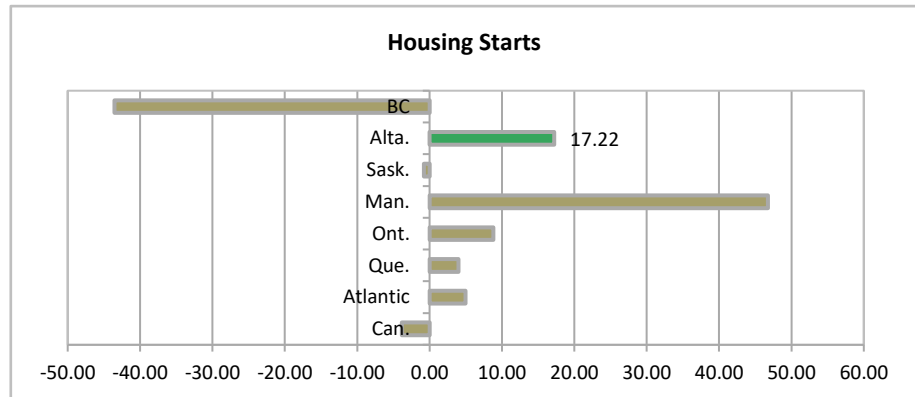
Consumer Price Index



Source: Statistics Canada

Alberta saw an increase in year over year housing starts of 17.22%. There are some signs of recovery beginning to appear in the market, with improving housing starts and a decreasing unemployment rate providing some reason for optimism.

Housing Starts – Percent Change (Feb 2016 – Feb 2017)

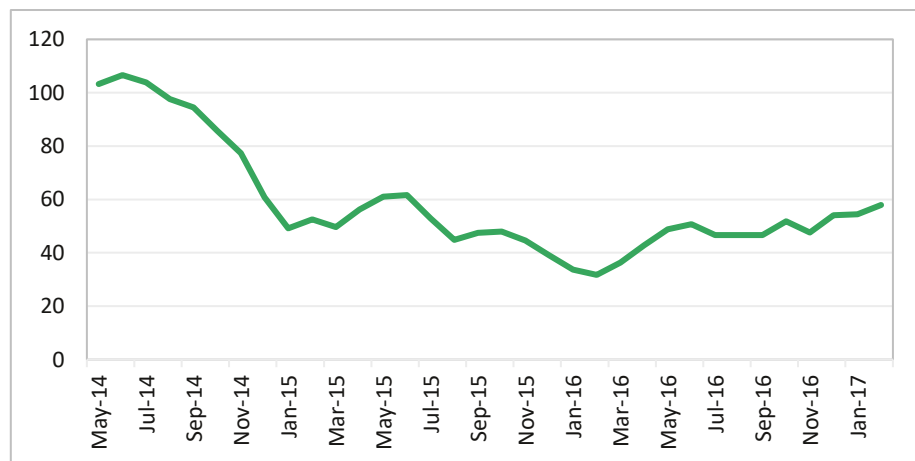


Source: Canada Mortgage and Housing Corporation

The rental market in the area has shifted to one that favors tenants with the vacancy rate forecast to hit 7% in October 2016. This compares to a rate of 1.00% in October 2013 and 1.4% in 2014.

The following table illustrates the drop in oil prices since May 2014. Most of the economic hardship experience in Alberta over the last two years can be directly correlated to the drop in oil prices. Prices have recently recovered from the recent low in February 2016 (\$31.74 US/BBL) and have been hovering around \$50/BBL in recent months.

WTI – NYMEX Chicago – Monthly Average (US \$/BBL)

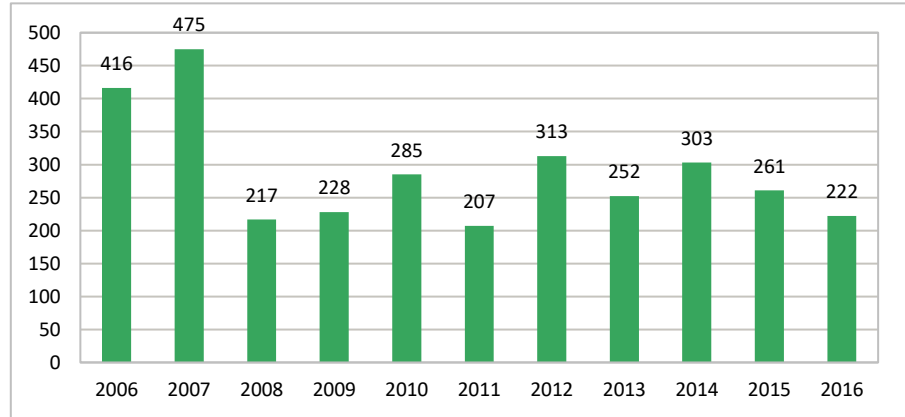


Source: National Resources Canada

4.6 Economic Data

County has grown in population faster than most rural municipalities due to its excellent proximity to the City of and the economic benefit of the location adjacent to a large urban center. County offers its residents the advantages of a rural lifestyle with a reasonable commuting distance to the City and its downtown power center. However, new dwelling units dropped significantly following the onset of the 2008/2009 recession and have not recovered to the levels of construction seen during the economic boom of 2006/2007.

Dwelling Unit Permits

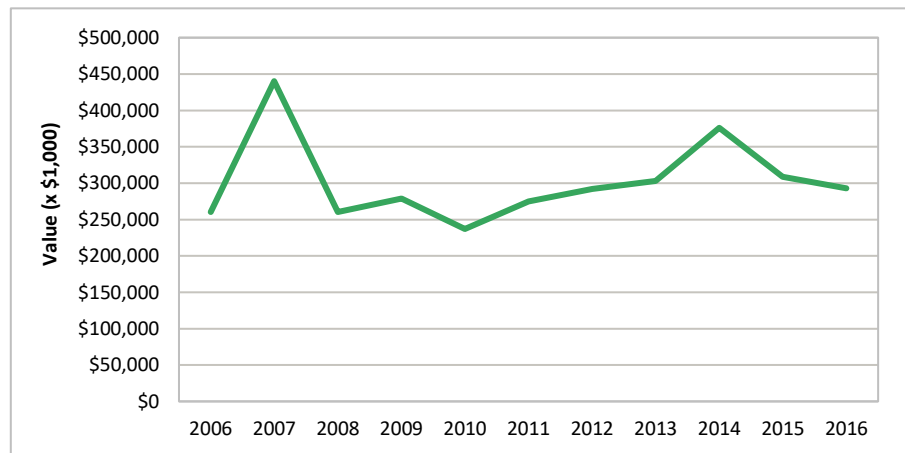


Source: County

In 2016, new dwelling permits totaled 222, while the 2015 total was 261. Thus, there has been a drop of about 15% in the number of new dwelling permits year over year from 2015 to 2016.

Building permit values also showed a significant decrease in value in 2008 and then fell further in 2010. The period from 2011 to 2014 illustrated a period of recovery before values again slid in 2015, likely in response to deteriorating economic conditions.

Building Permit Values



Source Rocky View County

4.7 Land Use Planning

County has been undergoing some intensive planning in recent years and has recently released some high level planning documents intended to guide future development in the County. The first document released was the Growth Management Strategy in 2009. This document identified areas where growth could be facilitated. More focus is geared towards residential development in hamlets to create density and provide sufficient populations to warrant facilities and less focus on sprawling country residential development. Country residential development is anticipated to still occur but primarily through the infilling of existing country residential areas, within existing Area Structure Plan areas, and within designated Hamlet growth areas, such as the subject area.

The next major document released was called the County Plan. Within this plan, the County outlined the desire to achieve a moderate level of growth over the next 10 to 12 year time frame amounting to no more than 2.5 to 3% of the region's population.

The majority of this growth is to be directed to certain regions within the municipality. These regions are identified on the following map.

County Growth Areas



Source: - County Plan

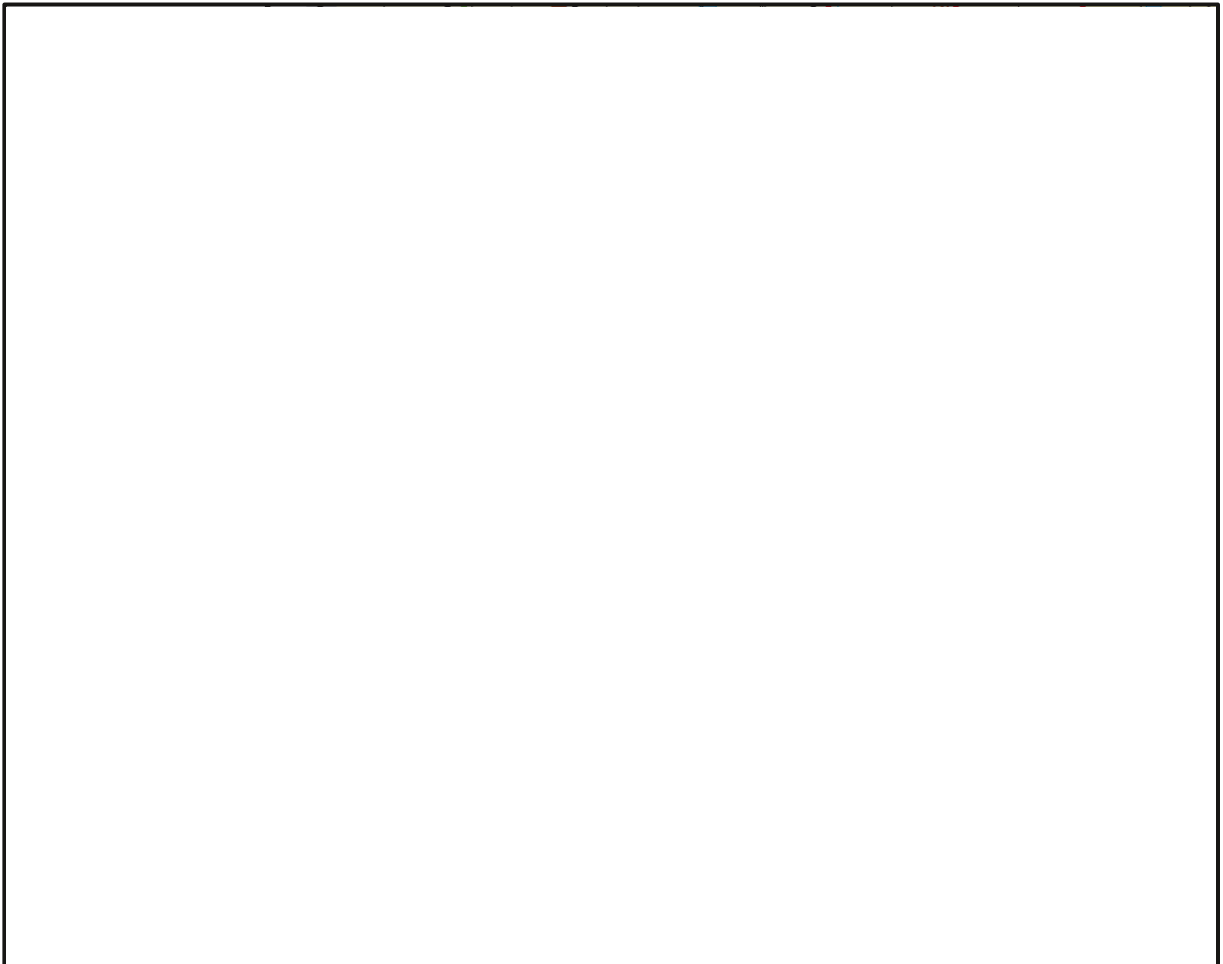
Development of land in the area will be influenced by the Municipal Government Boards decision with respect to appeals filed by the City of and the with respect to the ASP.

5.0 Subject Area Data

5.1 Property Location

The subject properties are located adjacent to the south of Township Road. The subject properties lie within the boundaries of the Area Structure Plan.

Area Map



Aerial Photograph



5.2 Impacted Property Description

The impacted properties range from full quarter section parcels used for agricultural purposes to small country residential acreages. Some earth work has begun on Phase 1 development land as outlined in the Conceptual Scheme. However, we note that there has been very little progress in recent years and a review of Google Earth imagery illustrates no substantial change in the land from 2011 to the most recent image taken in November 2016. By contrast, Park has enjoyed good sales with the first phase approaching build out and a new phase added over the same time frame.

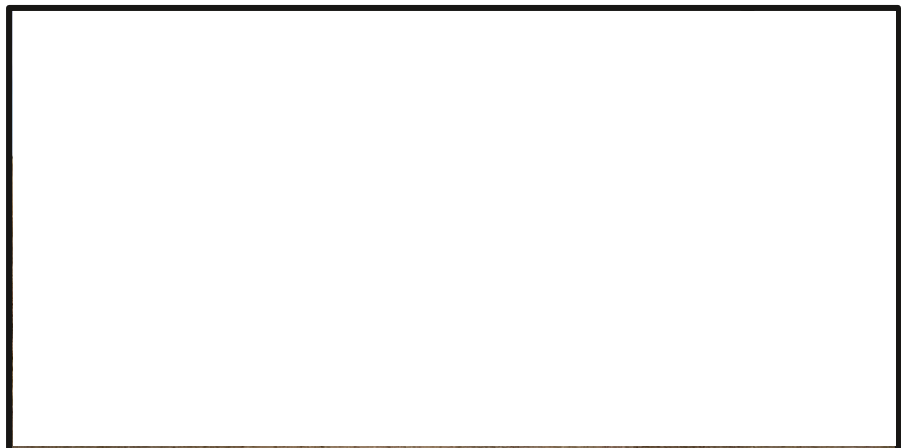
The table on the following page summarizes the impacted properties.

Parcel #	Subject Parcel Legal Land Description	Acres
1		148.98
2		8.0
3		145.94
4		153.94
5		120.00
6		160.00
7		2.00
8		3.09
9		4.02
10		13.05
11		17.06
12		5.07

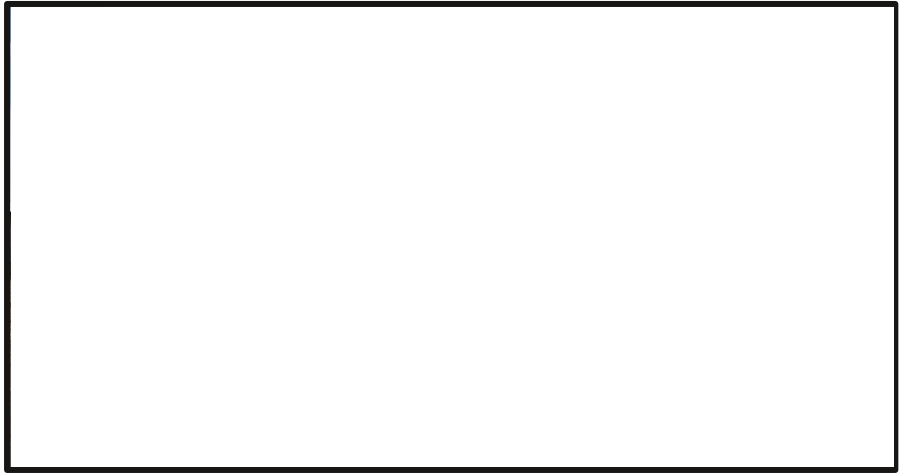
5.2.1 Subject Photographs



View from east looking west (Parcel 12).



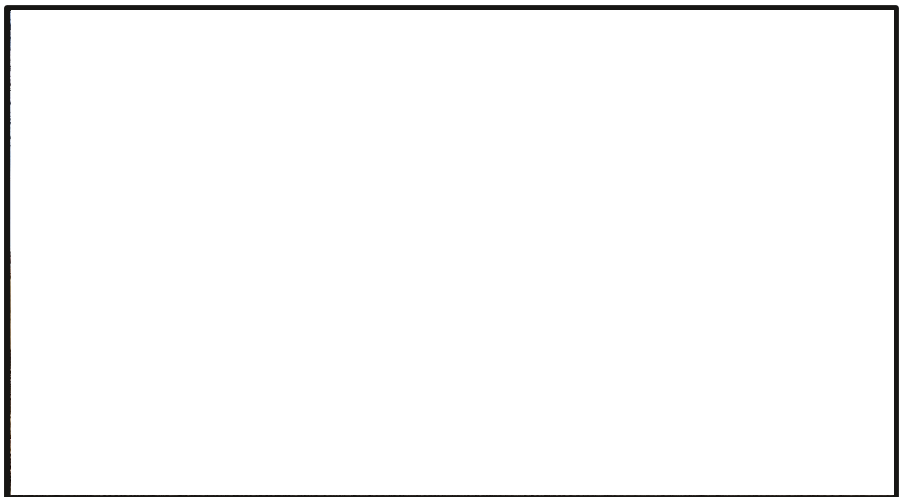
View from near northwest corner looking east-southeast (Parcel 1).



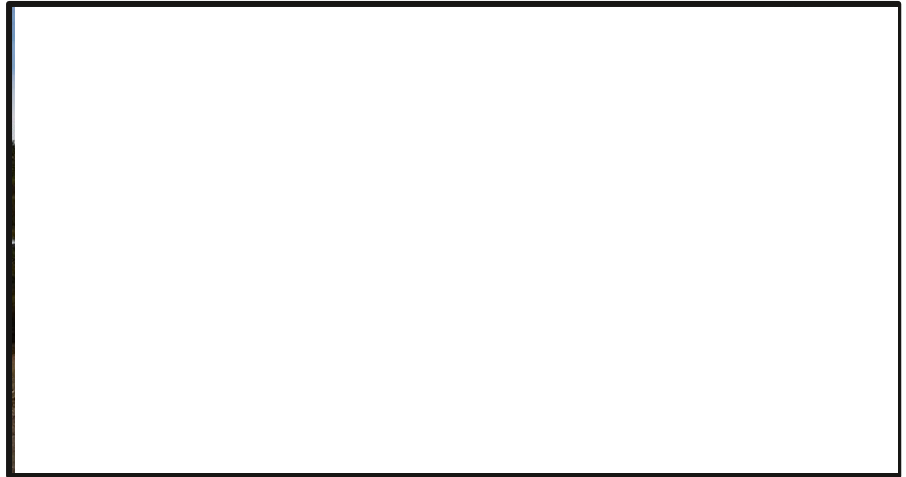
View from east looking west (Parcel 11)



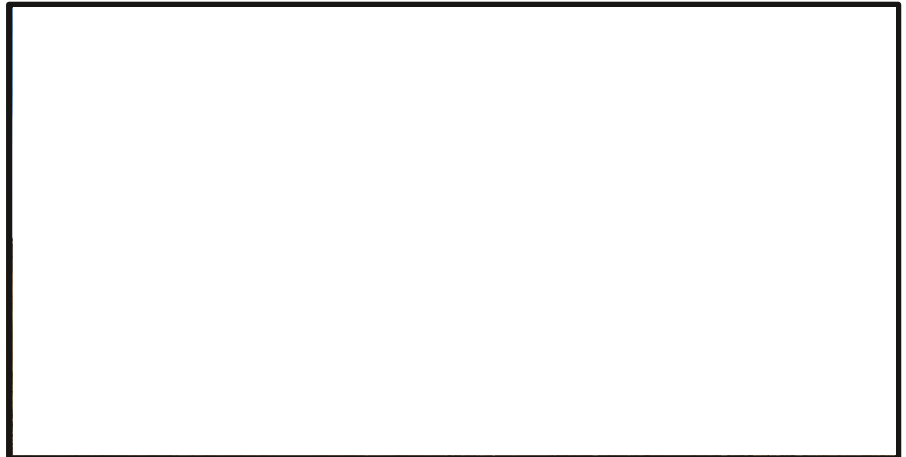
View from east looking west (Parcel 10).



View from east looking northwest (Parcel 9).



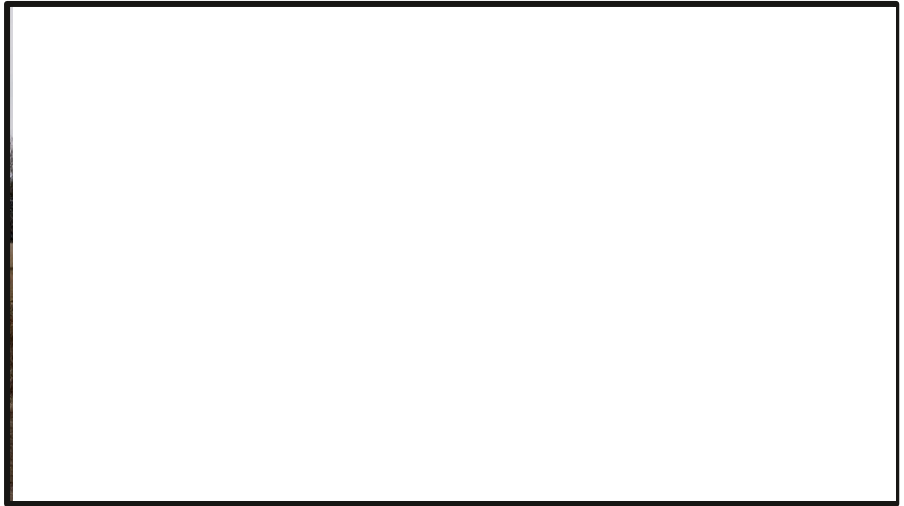
View from east looking west (Parcel 8).



View from east looking west (Parcel 7).



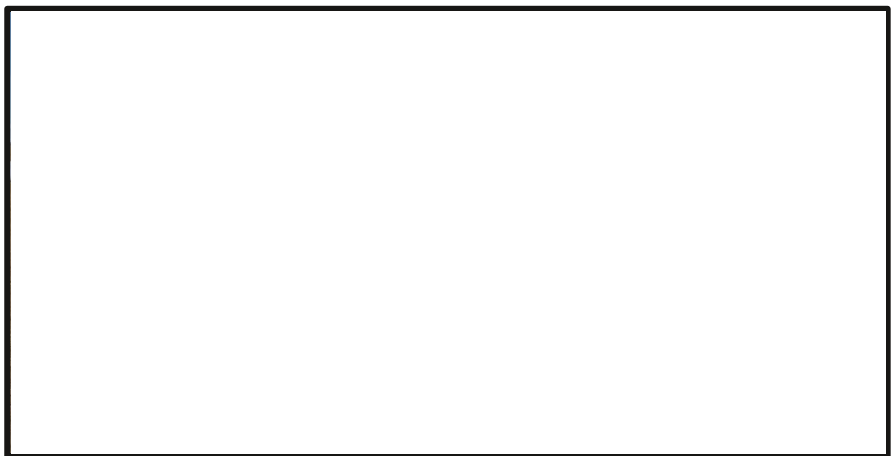
View from southwest boundary looking north-northeast (Parcel 1).



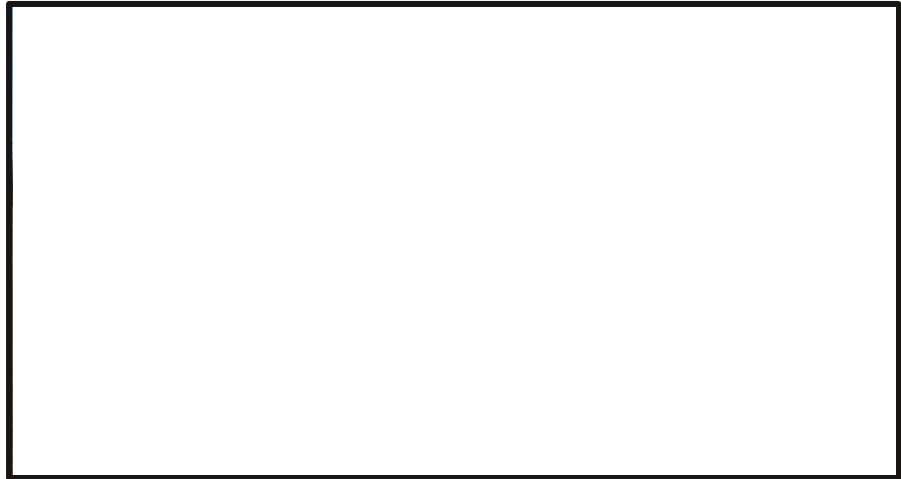
View from west looking east (Parcel 2).



View from eastern boundary (Parcel 5).



View south looking north
along east boundary (Parcels 5 & 6).



View from west looking north-north east.



View from west looking east.

5.3 Land Use and Zoning

Land use is controlled by the County Land Use Bylaw No. The impacted properties are zoned (RF) Ranch and Farm District, (R-1) Residential One District, (R-2) Residential Two District, (F) Farmstead and DC 134.

Ranch and Farm District (RF)

The purpose and intent of this District is to provide for agricultural activities as the primary land use on a quarter section of land or on large balance lands from a previous subdivision.

The permitted uses are as follows:

- accessory buildings not exceeding 500.00 sq. m.
- accessory dwelling unit (may be a secondary suite, a suite within a building, or a garden suite) agriculture, general
- farm dwelling, single detached
- government services

- home-based business, Type I
- keeping of livestock (See Section 24 for regulations)
- private swimming pools

The discretionary uses are as follows:

- a second accessory dwelling unit, not including a garden suite (for the purposes of family care or farm help, and when associated with a second farm dwelling, single detached).
- accessory building greater than 500.00 sq. m. (5,381.95 sq. ft.)
- additional farm dwellings
- agricultural processing, minor
- animal health care services
- bed and breakfast home
- bee keeping
- commercial communications facilities - Type "A", Type "B", Type "C"
- Equestrian Centre I and Equestrian Centre II
- farm dwelling, mobile home
- farm dwelling, moved-in
- farm gate sales
- farmers market
- fish farms
- home-based business, Type II
- horticulture development
- keeping of livestock (see section 24 for regulations)
- kennels
- kennels, hobby
- museums
- private riding arena
- public buildings and utilities
- signs
- special care facility
- special events parking
- working dogs

Residential One District (R-1)

The purpose of this District is to provide for a residential use on a small parcel of land which does not accommodate *agriculture, general*.

The permitted uses are as follows:

- accessory buildings less than 80.27 sq. m.
- dwelling, single detached
- home-based business Type 1
- keeping of livestock (see Section 24 for regulations)
- private swimming pools

The discretionary uses are as follows:

- accessory buildings greater than 80.27 sq. m (864.01 sq. ft.) building area and less than 120.00 sq. m (1,291.67 sq. ft.) building area

- accessory dwelling unit (may be a secondary suite, a suite within a building, or a garden suite)
- bed and breakfast homes
- child care facilities
- dwelling, moved-in
- keeping of livestock (see section 24 for regulations and parcel size requirements)
- health care practice
- kennels, hobby
- signs

Residential One District (R-2)

The purpose of this District is to provide a residential use on a small parcel of land which accommodates minor agricultural pursuits and required accessory buildings.

The permitted uses are as follows:

- accessory buildings less than 150.00 sq. m.
- dwelling, single detached
- home-based business Type 1
- keeping of livestock (See Section 24 for regulations)
- private swimming pools

The discretionary uses are as follows:

- accessory buildings greater than 150.00 sq. m (1,614.59 sq. ft.) building area and less than 225.00 sq. m (2,421.87 sq. ft.) building area
- accessory dwelling unit (may be a secondary suite, a suite within a building, or a garden suite)
- bed and breakfast home
- child care facilities
- commercial communication facilities - Type "A"
- dwelling, moved-in
- health care practice
- home-based business, Type II
- keeping of livestock (see Section 24 for regulations)
- kennels, hobby
- market gardens and greenhouses on parcels greater than 6.00 hectares (14.83 acres) in area where there is a surface supply of water
- private riding arena on parcels greater than 6.00 hectares (14.83) acres in area
- signs
- special care facilities
- special events parking
- tree farms on parcels greater than 6.00 hectares (14.83 acres) in area where there is a surface supply of water

Farmstead District

The purpose of this District is to provide for a single parcel of land containing an existing Farmstead from an unsubdivided quarter section.

Permitted Uses:

- accessory buildings less than 80.00 sq. m (861.11 sq. ft.) building area
- agriculture, general
- dwelling, single detached
- home-based business, Type I
- keeping of livestock (See Section 24 for regulations)
- private swimming pool

Discretionary Uses:

- accessory buildings in excess of 80.00 sq. m (861.00 sq. ft.) but no more than 223.0 sq. m (2,400.35 sq. ft.)
- accessory dwelling unit (may be a secondary suite, a suite within a building, or a garden suite)
- animal health care services
- bed and breakfast home
- child care facilities
- commercial communication facilities – Type “A”, Type “B”, Type “C”
- farm dwelling, mobile home
- farm dwelling, moved-in
- farm gate sales
- farmers market
- home-based business, Type II
- horticulture development
- keeping of livestock (see Section 24 for regulations)
- Kennels on parcels greater than 5.00 hectares (12.36 acres)
- kennels, hobby
- signs
- special events parking

DC134 (Direct Control 134) - Land Use Regulations – Comprehensive Residential Development Cell #1

The purpose and intent of this development is to provide for fully-serviced single family residential dwellings within a comprehensively planned and managed community and built in accordance with “prairie-style” architectural guidelines.

The permitted uses are as follows:

- accessory buildings less than 65.0 sq. m. (700 sq. ft.) building area
- child care facilities
- dwelling, single detached
- home-based business, Type II
- public buildings, uses, utilities and services
- sales centre
- show homes
- signs
- swimming pool

DC4 - Land Use Regulations – Large Lot Residential Development Cell #2

The purpose and intent of this development cell is to provide for fully-serviced single family residential dwellings on lots that are approximately ½ acre in size and designed to complement existing and future residential development along the north side of Range Road.

The permitted uses are as follows:

- accessory buildings less than 85.0 sq. m. (915 sq. ft.) building area
- accessory dwelling units
- dwelling, single detached
- home-based business, Type II
- public buildings, uses, utilities and services
- sales centre
- show homes
- signs
- swimming pool

The development cells within 4 are illustrated on the following schematic.

5.4 Buildings and Improvements

Many of the impacted properties are improved. However, the required lands are bareland and therefore all improvements are ignored as we are considering the market value of the bareland only.

5.5 Property History

The Standards require that appraisers consider all offers, listings and sales of properties that occurred within the three-year period preceding the appraisal. There were no arm's-length transactions involving the subject properties within the preceding three-year period. We are not aware of any offers, listings or agreements for sale involving any of the subject properties within the preceding three year period.

The appraisers are aware that a letter of intent was presented to some of the partners in the Development partnership dating back to January, 2012. This offer was not executed and the land did not change hands. Given the sharp downturn in the economy, it is our view that the value expressed in the letter of intent would no longer be valid for the property and this information will not be considered further.

6.0 Highest and Best Use

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

Source: [Canadian Uniform Standards of Professional Appraisal Practice](#), effective May 1, 2016, Appraisal Institute of Canada, Ottawa, Ontario. Pg. 9

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.

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.

The theories and principles of Highest and Best Use discussed above are now applied to the subject properties. The theoretical application of the Highest and Best Use analysis pertains to the potential uses of the land as though vacant. However, the practical application of the Highest and Best Use analysis considers the influence of existing improvements on the Highest and Best Use of a property.

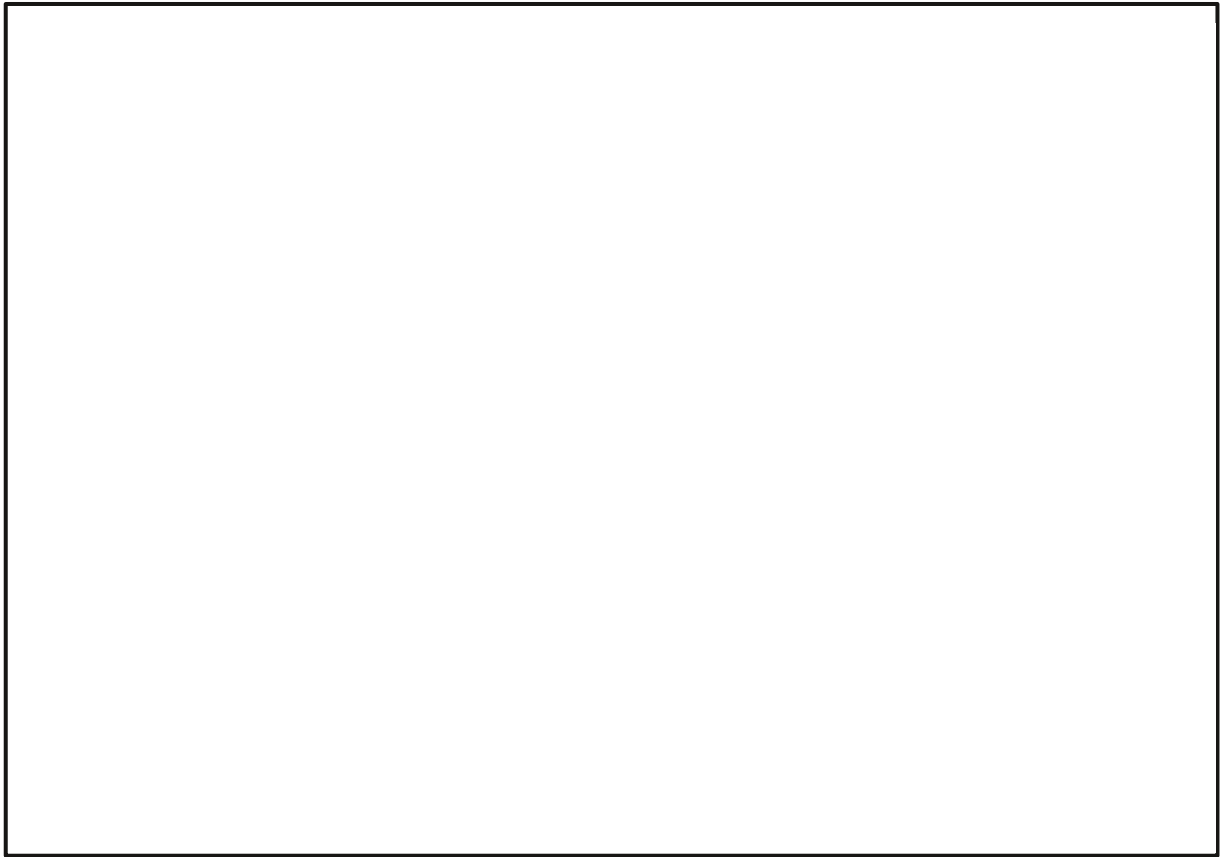
Legally Permissible

There are multiple zonings for the subject properties ranging. All zonings for the subject properties have been obtained from, and conforms to each of the respective zonings in the County Land Use Bylaw No. A table showing the zoning for each subject parcel is shown below.

Current Zoning of Subject Parcels

Parcel #	Subject Parcel Legal Land Description	Acres	Zoning
1		148.98	Ranch and Farm
2		8.00	Farmstead
3		145.94	Ranch and Farm
4		153.94	Ranch and Farm
5		120.00	Ranch and Farm
6		160.00	Ranch and Farm and DC 134
7		2.00	R-1
8		3.09	R-1
9		4.02	R-2
10		13.05	R-2
11		17.06	R-2
12		5.07	R-2

All of the subject properties lie within the Structure Plan. The land use strategy map of the ASP is shown on the following page.

ASP Land Use Strategy

Most of the subject properties lie in an area indicated as a Future Policy Area. The northernmost impacted acreage in the area is indicated as Industrial Transition, while the remaining impacted acreages in the area are indicated as Country Residential.

In addition to the ASP, a Conceptual Scheme is also in place for land in the area and. This Conceptual Scheme, known as, envisions a largely residential development with institutional, commercial and business uses on the southernmost.

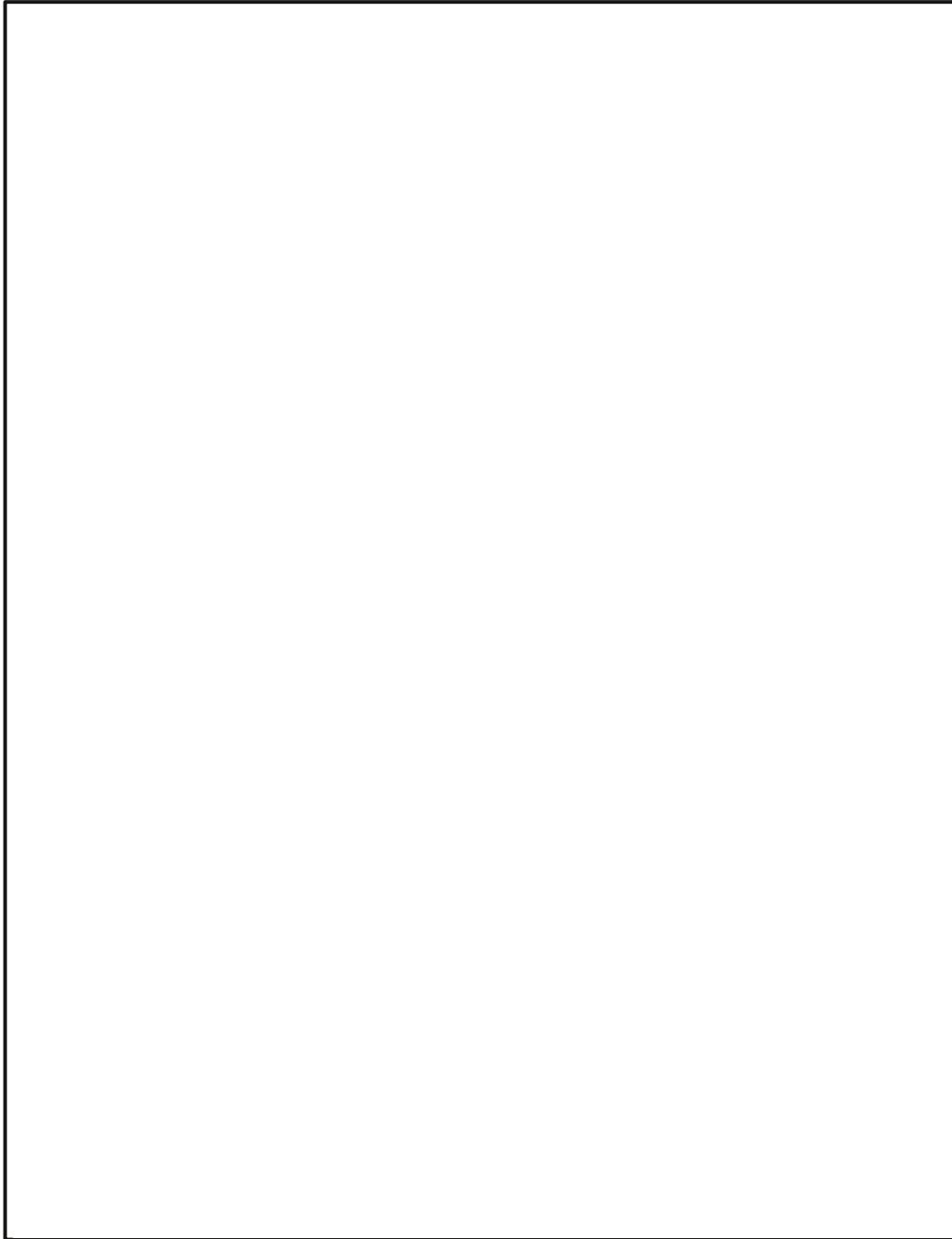
As previously noted, some initial earthwork has been done with respect to Phase 1, in the northeast corner of the area, however, little progress has been made for the past 5 years.

A map illustrating the proposed land use strategy for the land in the area is shown on the following page.

Land Use Strategy

A previous Draft version of the ASP illustrated the same land use for the area as the approved version. However, the land in area was illustrated as Low Density Residential while the land in the area was illustrated as a long-term development area.

Draft ASP Land Use Strategy



Physically Possible

The following table illustrates the individual subject properties and the physical limitations which may influence the future use of the individual parcels.

Parcel #	Subject Parcel	Acres	Current Use	Physical Limitation
1		148.98	Agricultural	None
2		8.0	Country Residential	Existing residence and extensive tree shelterbelts.
3		145.94	Agricultural	None
4		153.94	Agricultural	None
5		120.00	Agricultural	None
6		160.00	Agricultural and future development	None
7		2.00	Country Residential	Large existing residence, small parcel size
8		3.09	Country Residential	Existing improvements
9		4.02	Country Residential	Existing improvements
10		13.05	Country Residential	Existing improvements
11		17.06	Country Residential	Existing improvements
12		5.07	Country Residential	Existing improvements

There are no physical impediments that will restrict the future use of the large parcels (Parcel #1, #3, #4, #5, #6).

The country residential parcels which are less than 5 acres in size have limited potential for additional development due to the existing siting of improvements on the properties. These improvements are in good condition and contribute significantly to the value of the properties. Thus, Parcels #7, #8 and #9 are thought to be fully developed and further subdivision is not thought to be physically possible.

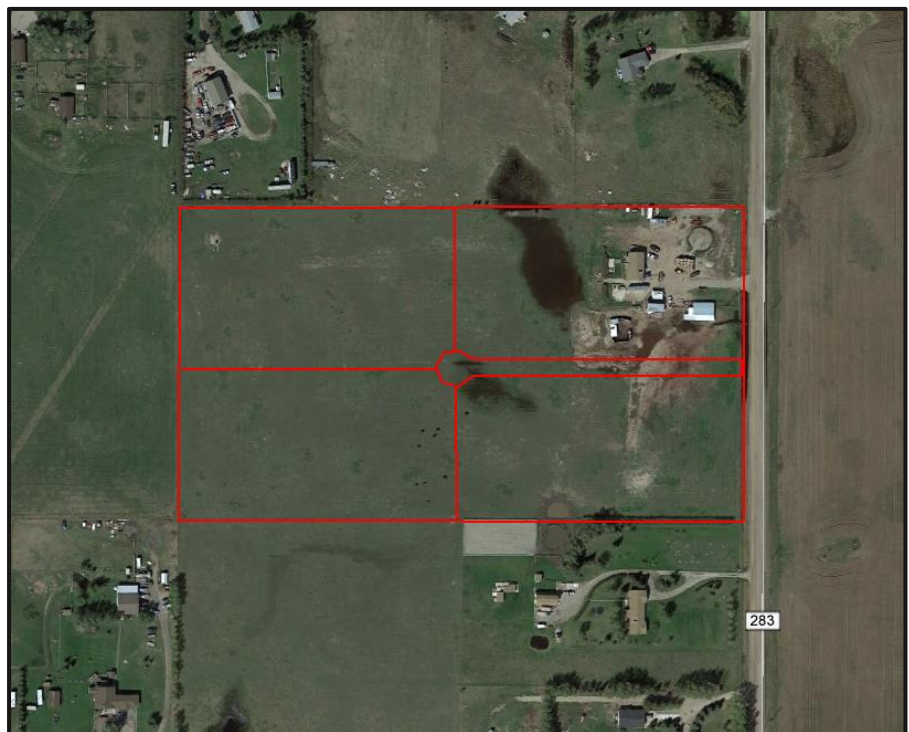
Parcels #2 and #12 may have good potential for subdivision as the improvements are not centrally located within the parcel, thus providing some potential for the subdivision of the southern portion of each property for an additional parcel.

Parcel #12 may have good potential for business use as the land is denoted as in industrial transition parcel. This property benefits from frontage on Township Road and is opposite the Park.

Parcel #10 has an existing residence and accessory buildings which are thought to have good value. With the development of a road along the southern portion of the northeast portion, it may be possible to create two additional subdivision, each of about 4 acres in size at the rear of the property. The following illustrates the potential sub-dividable area:

Parcel #10

Parcel #11 has buildings located within the northeastern portion of the property. With the development of a cul-de-sac road just south of the building site this property is thought to have potential to be divided into four ± 4.00 acre country residential sites. The following illustrates the potential lots.

Parcel #11

Reasonably Probable

Parcels #1, #3 and #4 are thought to be long term development lands based on the data we have reviewed. These properties may be developed in the future, however the most reasonably probable use for the foreseeable future is agricultural. The value is expected to remain well above what an agricultural value could support due to the urban influence and the long-term development potential. Thus, these properties are thought to be Holding Properties with agricultural use in the interim holding period.

Parcel #2 is thought to remain as a rural residential property with potential for the subdivision of the southern portion for an additional country residential parcel.

Parcels #5 and #6 are included in a conceptual scheme designed as a low density rural residential development. This land has already been approved for this use. Water is located nearby with the pumping station located in the northwest corner of the area. This development was initially approved in 2006 and initial earth work was completed around 2011. However, the development appears to have stalled. Different information can be found online indicating that the development is "Coming in 2012" as well as 2014 and 2015. In our view, the development is likely on hold due to the poor economic conditions. However, once conditions improve, we anticipate that this development should proceed. Based on the earthwork completed and the initial phasing, the SE 33 is expected to develop prior to the area. Thus, the area is expected to be a short-term development property, while the area is expected to be a medium-term development property.

Parcels #7, #8 and #9 are not thought to have potential for further development at this time as the existing buildings would limit the potential for further subdivision.

Parcels #10 and #11 are thought to have additional potential for further subdivision for country residential use. Many properties in the immediate area have been subdivided further, thus, an application to subdivide these properties is expected to have a very good likelihood of approval.

Parcel #12 is thought to have some potential for further subdivision or redevelopment for an industrial transition use.

Highest and Best Use Conclusion

Given all of the above, the Highest and Best Use of the various subject properties is considered to be as follows:

Parcel #	Subject Parcel	Acres	Highest and Best Use
1		148.98	Holding property for long term future development with agricultural use in the interim holding period.
2		8.0	Country residential with potential for further subdivision of the southern portion.
3		145.94	Holding property for long term future development with agricultural use in the interim holding period.
4		153.94	Holding property for long term future development with agricultural use in the interim holding period.
5		120.00	Holding property for medium term future development with agricultural use in the interim holding period.
6		160.00	Short term development land with agricultural use outside of the developing area
7		2.00	Country Residential
8		3.09	Country Residential
9		4.02	Country Residential
10		13.05	Country Residential with potential for further subdivision
11		17.06	Country Residential with potential for further subdivision
12		5.07	Country Residential with potential for further subdivision/industrial transition use.

7.0 Market Value Estimate

7.1 Standard Approaches

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. This approach is not typically utilized to value unimproved agricultural land and is not applied in this appraisal.

7.2 Direct Comparison Approach to Value

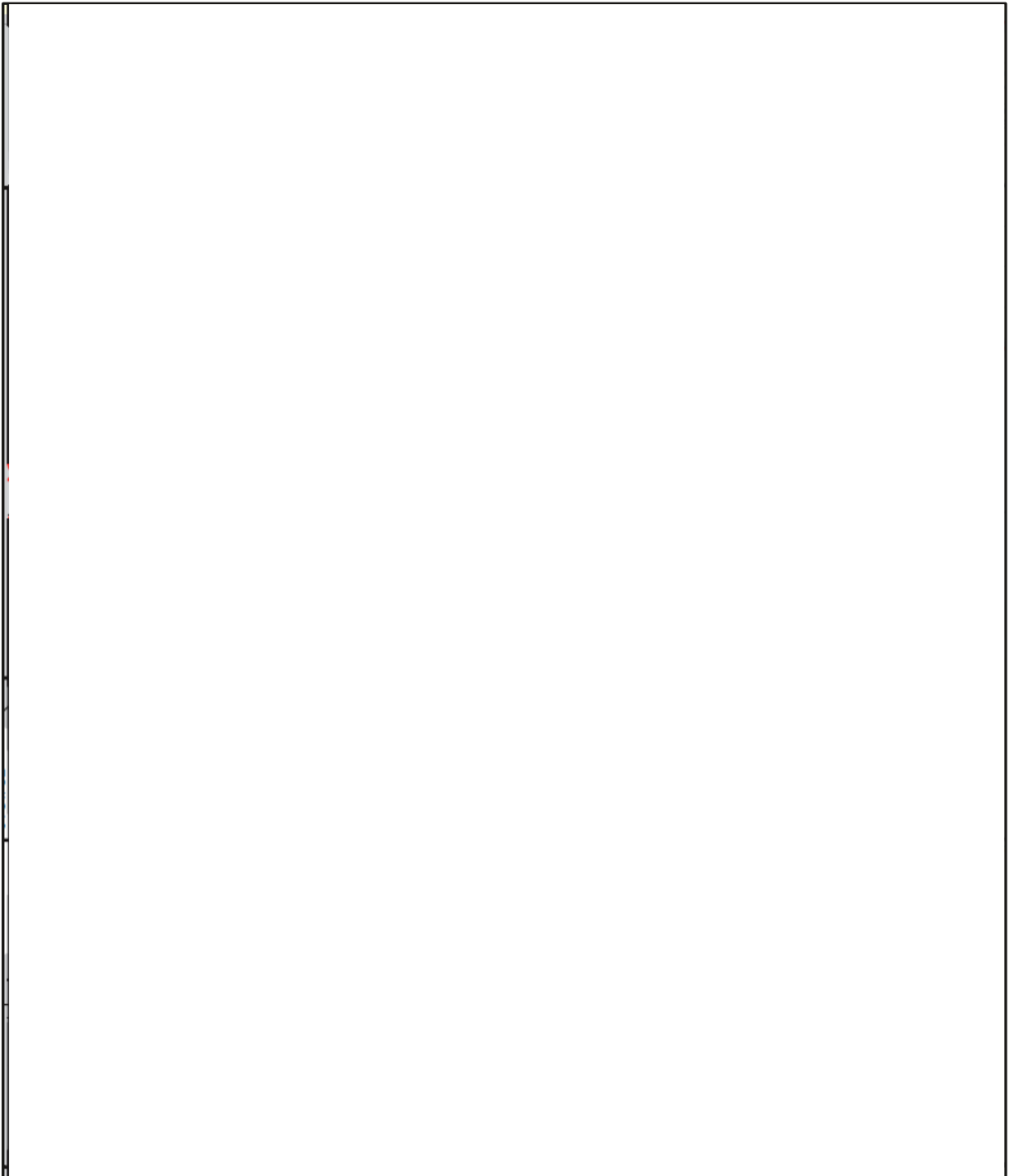
The subject properties are appraised as though bareland. The most reliable methodology for appraising bareland is the Direct Comparison Approach.

The appraisers have completed a thorough investigation of the market to find land sales data comparable to the impacted properties by searching Municipal Affairs land transfer information, MLS data, local realtors, and area contacts.

The following comparable properties are used to estimate the market value range of the subject properties via a Direct Comparison Approach.

7.2.1 Small Parcel Value (±2.0 Acres – ±8 Acres)

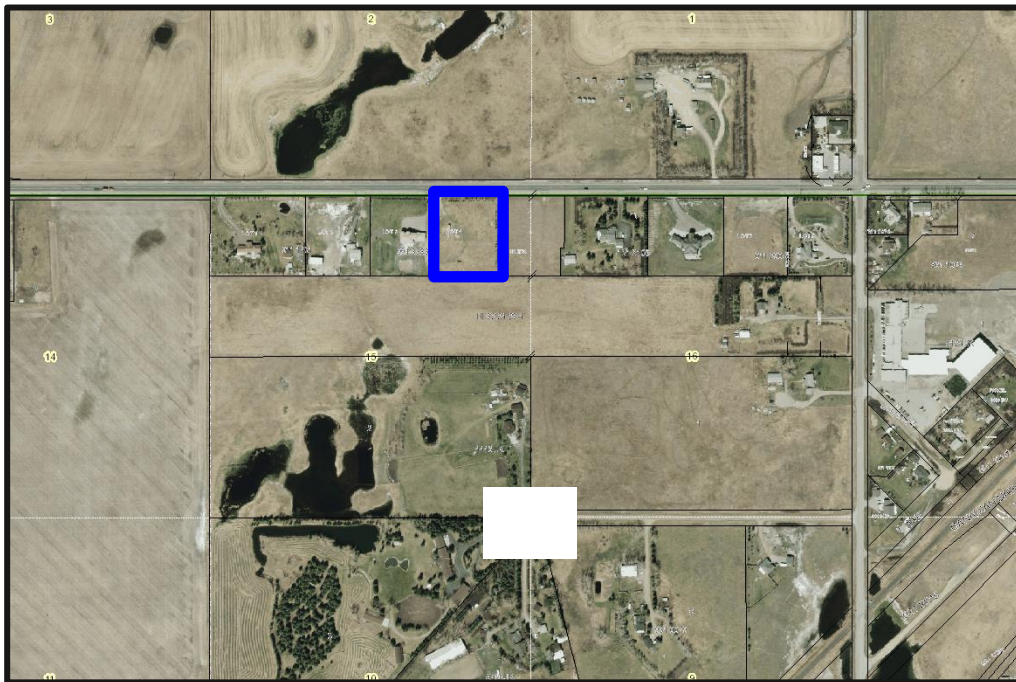
The following comparables are utilized to estimate the benchmark value for the 2.00 acre subject property.

Comparable Map Bareland Sales

 Subject Properties  Comparable Properties

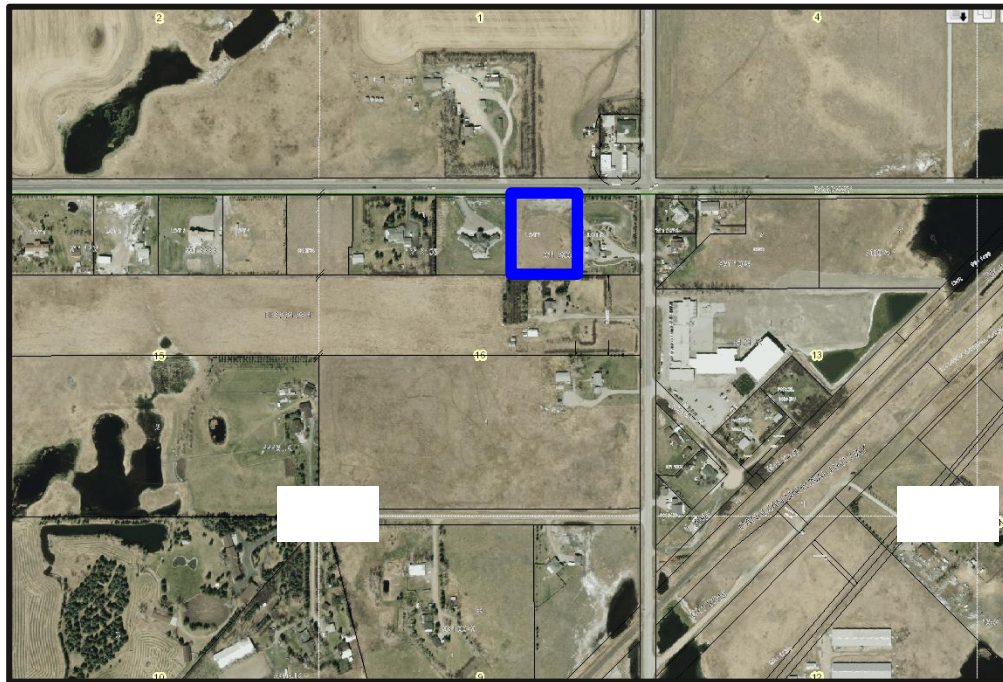
1. Pt

Sold: March, 2016 for \$450,000.00
Acreage: 2.00 acres
Physical Features: Open level lot.
Zoning: Residential One
Improvements: Water well; Estimated Contributory Value = \$10,000.00
Location: Adjacent to Range Road 250; excellent paved access
Comments: Private sale; was previously listed on MLS for \$539,900.00; property has since been developed with a new residence; a premium applies to these lots adjacent to boulevard; negative adjustment for location is applied
Bareland Value: \$220,000.00 per acre
Adjustment: Location -20%
Indicated Value: \$176,000.00 per acre



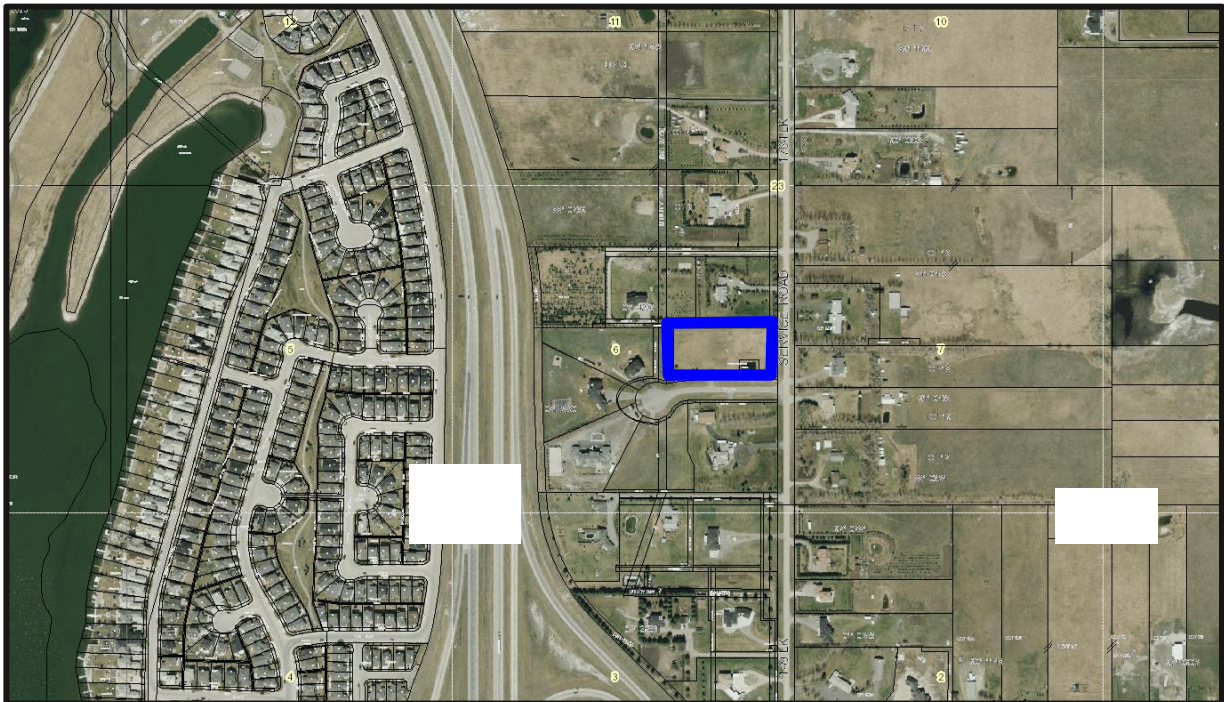
2. Pt.

Sold:	June, 2015 for \$459,000.00
Acreage:	2.00 acres
Physical Features:	Vacant level residential lot
Zoning:	Residential One
Improvements:	Water well; Estimated Contributory Value = \$10,000.00
Location:	Adjacent to Township Road
Comments:	Excellent access via paved road
Bareland Value:	\$224,500.00 per acre
Adjustment:	Location -20%
Indicated Value:	\$179,600.00 per acre



3. Pt

Sold:	September, 2016 for \$393,000.00
Acreage:	2.00 acres
Physical Features:	Partially treed lot
Zoning:	Residential One
Improvements:	Water well; Estimated Contributory Value = \$10,000.00
Location:	0.4 km east of; easily accessed from via paved road
Comments:	Normal sale through realtor on MLS; attractive lot with view; slight negative adjustment for aesthetics
Bareland Value:	\$191,500.00 per acre
Adjustment:	Aesthetics -10%
Indicated Value:	\$172,350.00 per acre



4. Pt

Sold:	October, 2013 for \$390,000.00
Acreage:	2.02 acres
Physical Features:	Vacant residential lot
Zoning:	Residential One
Improvements:	Water well; Estimated Contributory Value = \$10,000.00
Location:	2.4 km east of in area
Comments:	Private sale; slightly superior location
Bareland Value:	\$188,119.00 per acre
Adjustment:	Location -10%
Indicated Value:	\$169,307.00 per acre



5. Pt

Sold:	February, 2016 for \$580,000.00
Acreage:	2.30 acres
Physical Features:	Vacant residential lot
Zoning:	Residential One
Improvements:	Older bungalow moved onto site, 1,130 sq. ft. with full unfinished basement; two bedroom detached accessory suite, detached garage with greenhouse lean-to on one side, fenced and well landscaped; rural services including water well and septic tank and field; Estimated Contributory Value = \$160,000.00
Location:	3.2 km east of in area
Comments:	Normal sale via MLS
Bareland Value:	\$182,609.00 per acre
Adjustment:	Location -10%
Indicated Value:	\$164,348.00 per acre



6. Pt

Sold: June, 2015 for \$685,000.00

Acreage: 2.63 acres

Physical Features: Landscaped and developed level residential lot

Zoning: Rural Residential

Improvements: 2,000 sq. ft. bungalow constructed in 2000 with three bedrooms up and a one bedroom suite in 1/2 of the basement; balance of basement is developed with rec room, bathroom and bedroom; judicial sale and property described as needing work; water well and rural services; Estimated Contributory Value = \$300,000.00

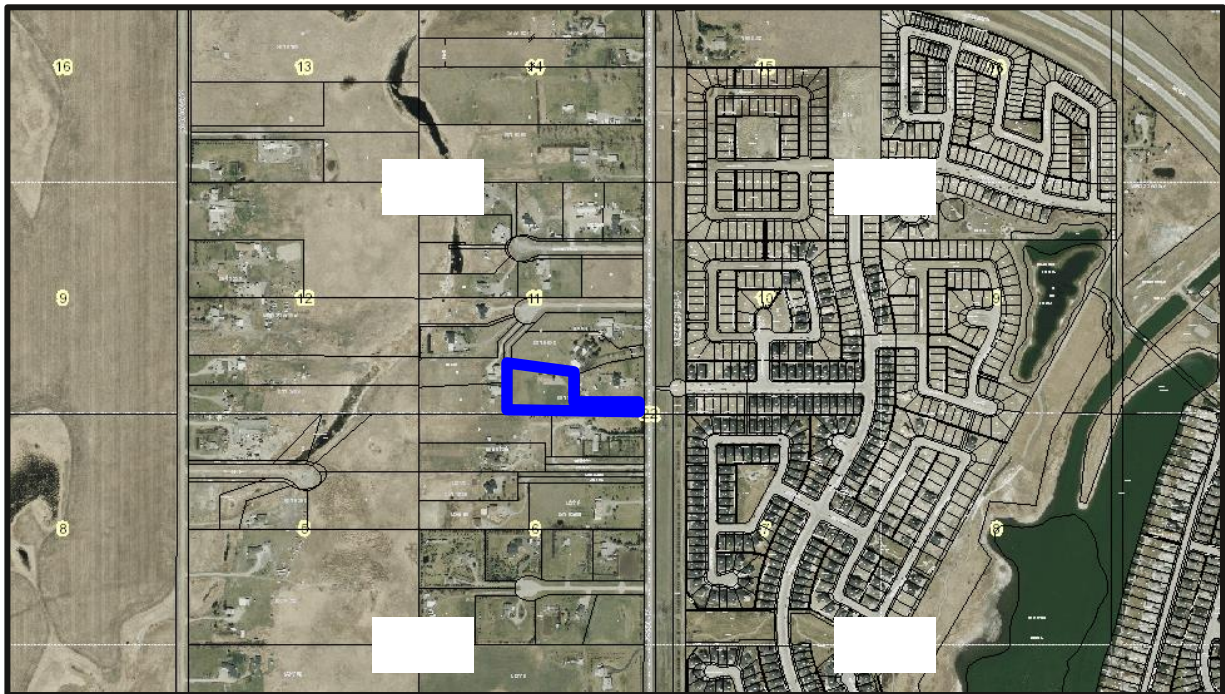
Location: Located within the limits of the City of

Comments: Normal sale through realtor on MLS; judicial sale; superior location; negative adjustment applied for location, positive adjustment for motive

Bareland Value: \$146,388.00 per acre

Adjustment: Location -20%, motive +5%

Indicated Value: \$124,430.00 per acre



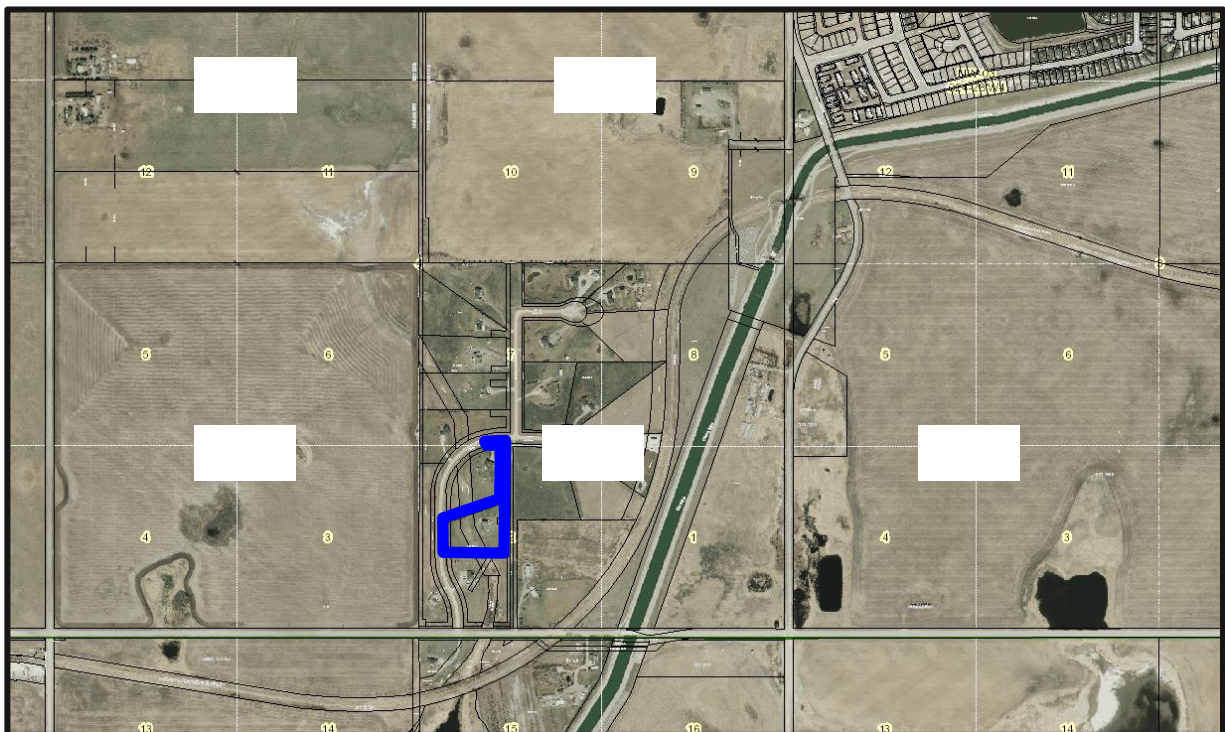
7. Pt

Sold: November, 2013 for \$351,000.00
Acreage: 3.30 acres
Physical Features: Vacant level residential lot
Zoning: Residential One
Improvements: Drilled water well; Estimated Contributory Value = \$10,000.00
Location: 2.0 km east of the City of limits; adjacent to
Comments: Judicial sale; sold through realtor on MLS; high end homes in this neighbourhood but the lots are not well kept and have a business/industrial feel; a portion of this property has a small wetland and cannot be developed; positive adjustments applied for location and physical features
Bareland Value: \$103,333.00 per acre
Adjustment: Location +5%; physical features +10%
Indicated Value: \$118,833.00 per acre



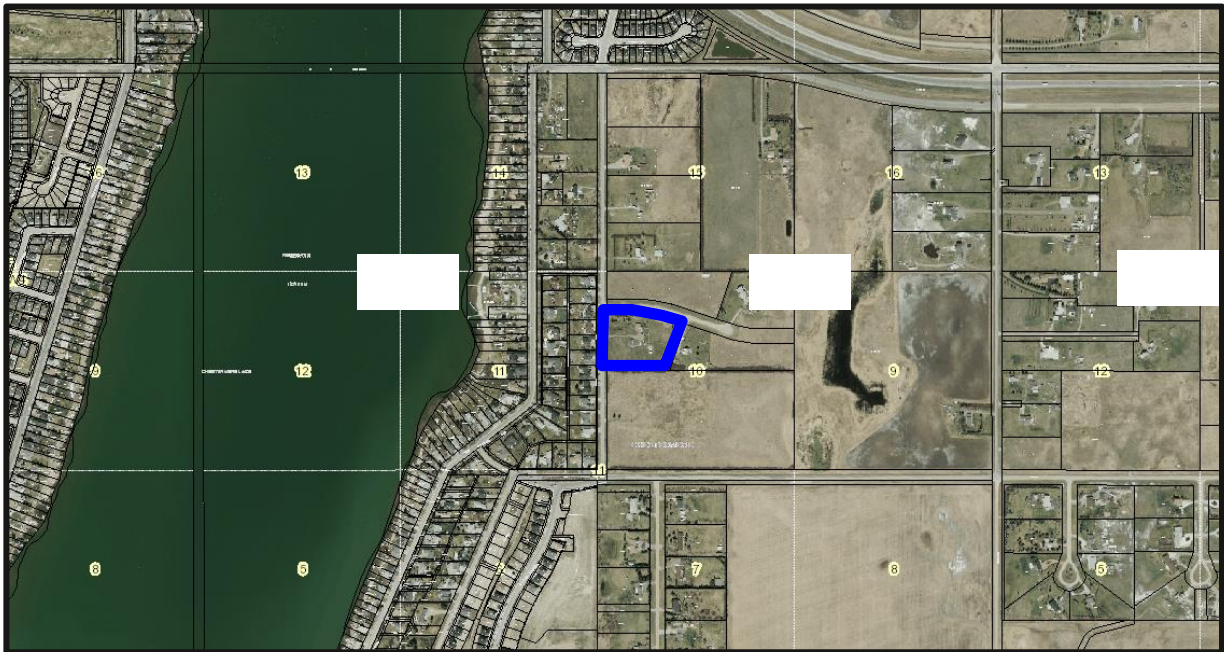
8. Pt

Sold:	November, 2015 for \$705,000.00
Acreage:	3.95 acres
Physical Features:	Improved residential lot
Zoning:	Residential One
Improvements:	2,267 sq. ft. two storey residence with a triple attached garage; constructed in 2002; illegal basement suite; Estimated Contributory Value = \$270,000.00
Location:	Within City of
Comments:	Southwestern portion of; near irrigation canal. Irregular parcel shape will be difficult to subdivide in future; overall slight positive adjustment is applied
Bareland Value:	\$110,127.00 per acre
Adjustment:	Location -20%; physical features +5%
Indicated Value:	\$93,608.00 per acre



9. NE

Sold:	March, 2016 for \$710,000.00
Acreage:	3.98 acres
Physical Features:	Improved residential acreage
Zoning:	Large Lot Rural Residential
Improvements:	1,400 sq. ft. bi-level constructed in 1970; detached 770 sq. ft. two-car garage; rural services with water well and septic tank and field; Estimated Contributory Value = \$250,000.00
Location:	Within the City of
Comments:	Normal sale through MLS; superior location; negative adjustment for location
Bareland Value:	\$115,578.00 per acre
Adjustment:	Location -20%
Indicated Value:	\$92,462.00 per acre



10. Pt

Sold: August, 2015 for \$740,000.00
Acreage: 4.0 acres
Physical Features: Improved residential acreage
Zoning: Farmstead
Improvements: Renovated bungalow originally constructed in 1994 in almost new condition; 1,488 sq. ft. with fully finished 1,270 sq. ft. walkout basement; double attached garage, 40' x 40' insulated barn; aerated pond for irrigation water; rural services; Estimated Contributory Value = \$400,000.00
Location: 6.4 km east of
Comments: Good access to via Boulevard (Secondary Highway); overall somewhat inferior location
Bareland Value: \$85,000.00 per acre
Adjustment: Location +10%
Indicated Value: \$93,500.00 per acre



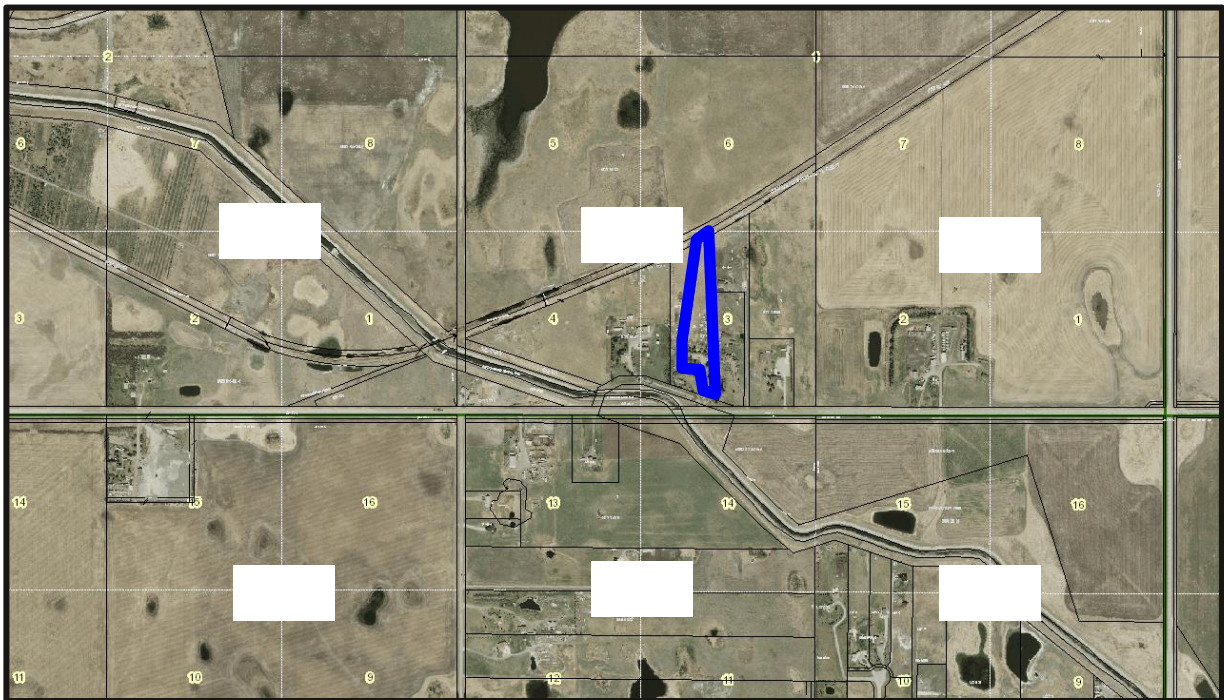
11. Pt

Sold: July, 2012 for \$490,000.00
Acreage: 4.05 acres
Physical Features: Bareland residential acreage
Zoning: Farmstead
Improvements: Nil
Location: 3.6 km east of; within Area
Comments: Good access to via Road and Highway ; older sale but a bareland indicator in the immediate vicinity. Superior location when compared to Range Road. This property had additional potential to be subdivided into two lots and thus sold for a higher value.
Bareland Value: \$120,988.00 per acre
Adjustment: Location -15%
Indicated Value: \$108,889.00 per acre



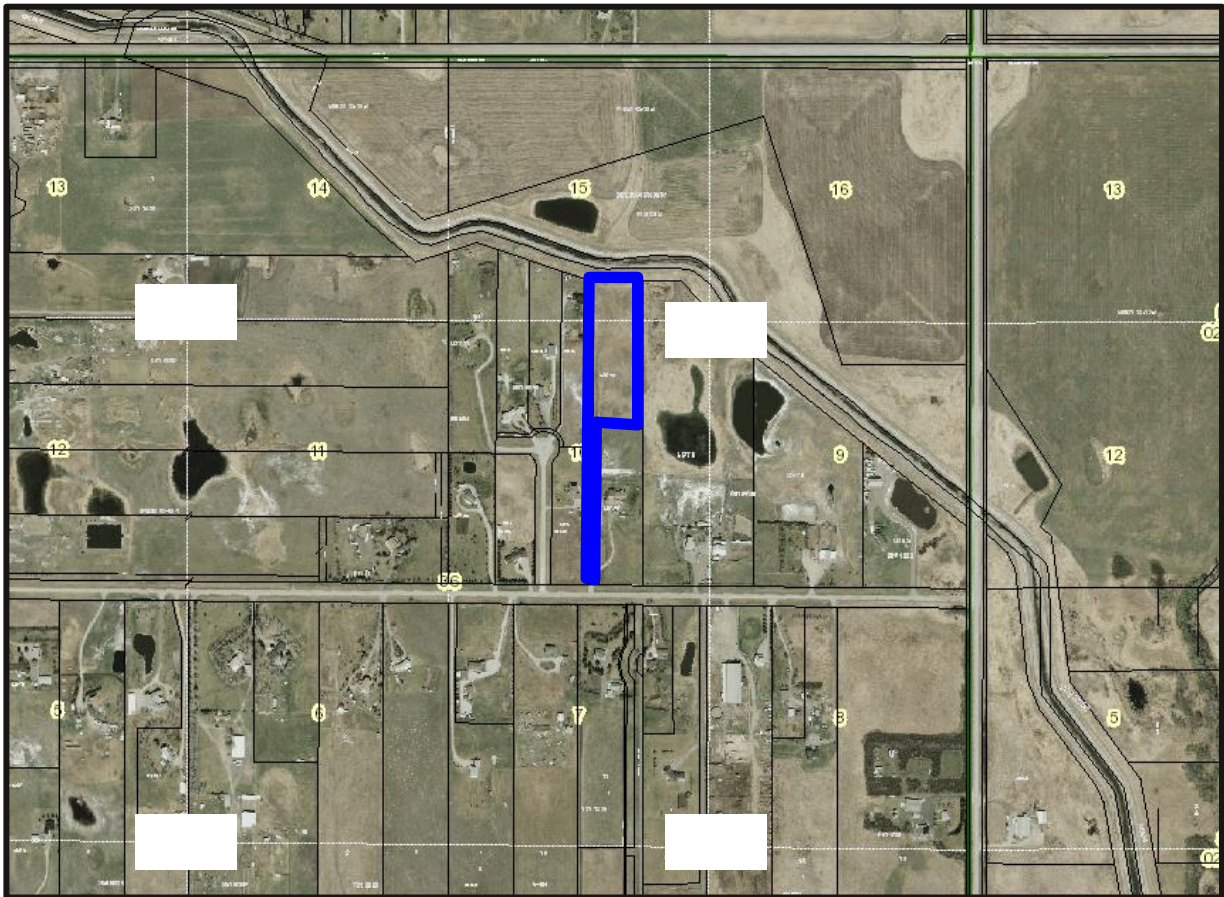
12. Pt.

Sold: December, 2014 for \$700,000.00
Acreage: 4.79 acres
Physical Features: Improved residential acreage
Zoning: Farmstead
Improvements: 2 storey split residence with approximately 3,767 sq. ft. of above grade space; home is larger but is mostly original and in need of some updating; four-car attached garage; rural services; Estimated Contributory Value = \$300,000.00
Location: City of
Comments: This property is in the very southeast corner of; slightly superior location
Bareland Value: \$83,507.00 per acre
Adjustment: Location -5%
Indicated Value: \$79,332.00 per acre



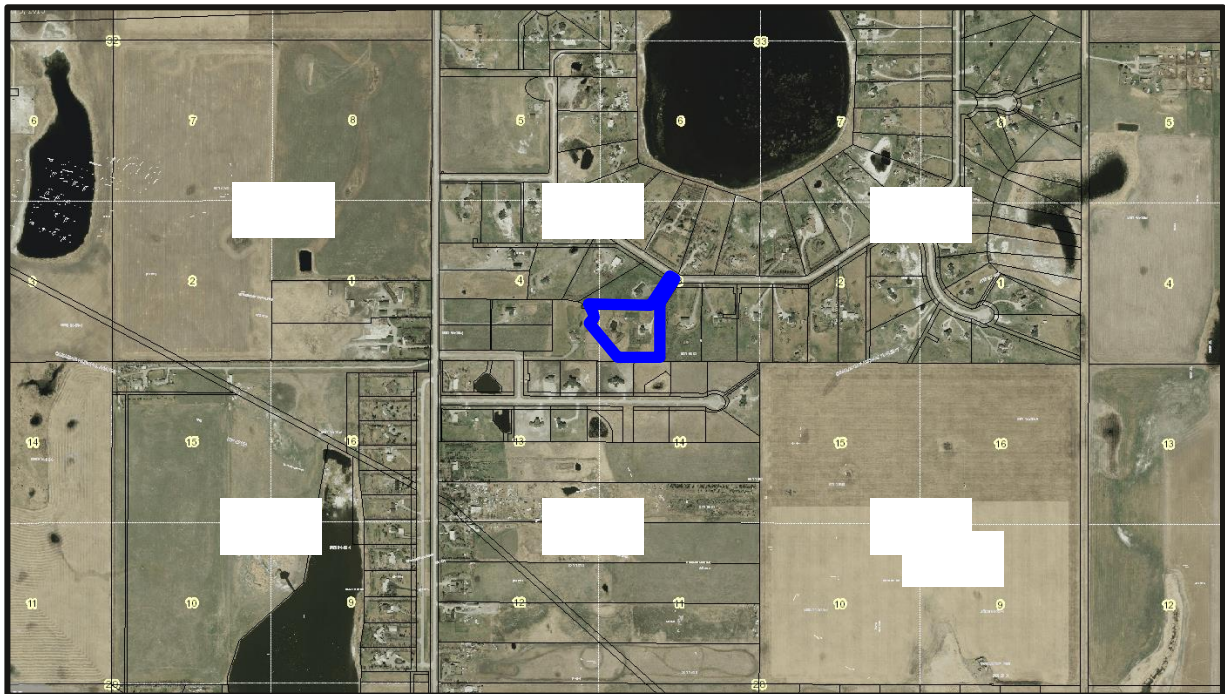
13. Pt

Sold:	June, 2014 for \$365,000.00
Acreage:	5.02 acres
Physical Features:	Bareland residential acreage
Zoning:	Residential Two
Improvements:	Drilled water well; Estimated Contributory Value = \$10,000.00
Location:	0.8 km east of boundary
Comments:	Vacant residential parcel with frontage on irrigation canal
Bareland Value:	\$70,717.00 per acre
Adjustments:	Location +15%
Indicated Value:	\$81,325.00 per acre



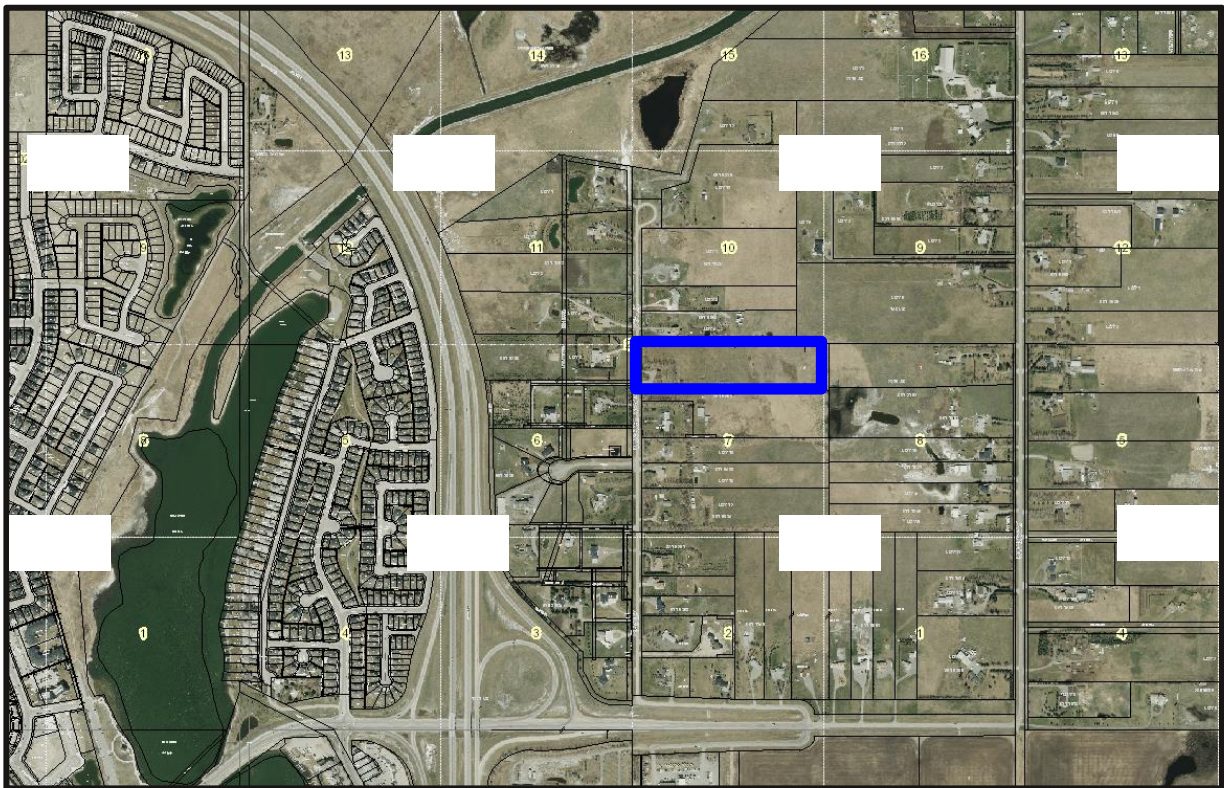
14. Pt

Sold: May, 2016 for \$785,000.00
Acreage: 5.24 acres
Physical Features: Improved residential acreage
Zoning: Residential Two
Improvements: Two storey residence constructed in 1999 and in good condition; total of 2,167 sq. ft. above grade with double attached garage; partially finished basement; in good condition; significant landscaping with planted fruit trees; rural services with water supplied by water co-op; Estimated Contributory Value = \$375,000.00
Location: 3.5 km east of
Comments: Located in Estates; slightly inferior location
Bareland Value: \$78,244.00 per acre
Adjustment: Location +5%
Indicated Value: \$82,156.00 per acre



15. Pt.

Sold:	November, 2015 for \$888,200.00
Acreage:	9.48 acres
Physical Features:	Improved residential acreage
Zoning:	Residential Two
Improvements:	1,613 sq. ft. bi-level with full walkout basement; triple attached garage. Estimated contributory value of \$375,000.00
Location:	0.6 km east of
Comments:	Attractive acreage with nicely treed yard; overall no adjustments are applied
Bareland Value:	\$54,135.00 per acre



16. Pt.

Sold: September, 2016 for \$496,000.00

Acreage: 9.5 acres

Physical Features: Long narrow strip along southern portion of quarter section (156.75 feet wide)

Zoning: Farmstead

Improvements: 1,018 sq. ft. bungalow constructed in 1950 and 840 sq. ft. newer detached garage; rural servicing with water tank and septic tank and field; Estimated Contributory Value = \$100,000.00

Location: 4.8 km east and 0.8 km north of

Comments: Inferior location when compared to the subject area; long narrow shape requires positive adjustment; positive adjustments applied for location any physical features

Bareland Value: \$41,684.00 per acre

Adjustments: Location +15%; Physical features +10%

Indicated Value: \$52,105.00 per acre



17. Pt.

Sold: May, 2016 for \$545,000.00
Acreage: 10.75 acres
Physical Features: Bareland residential acreage
Zoning: Residential Two
Improvements: Water well; Estimated Contributory Value = \$10,000.00
Location: Approximately 2.0 km east of the City of. Overall no adjustments are applied
Comments: Normal sale through MLS
Bareland Value: \$49,767.00 per acre



7.2.2 Sales Analysis and
Value Estimate

The appraisers have researched the subject area for land transactions of parcels of varying sizes. The majority of small parcels in the area are developed, and thus there is a limited selection of bareland sales. The above fifteen sales represent the best comparable data within the immediate subject area to illustrate the market value of parcels ranging from 2 acres to eight acres in size.

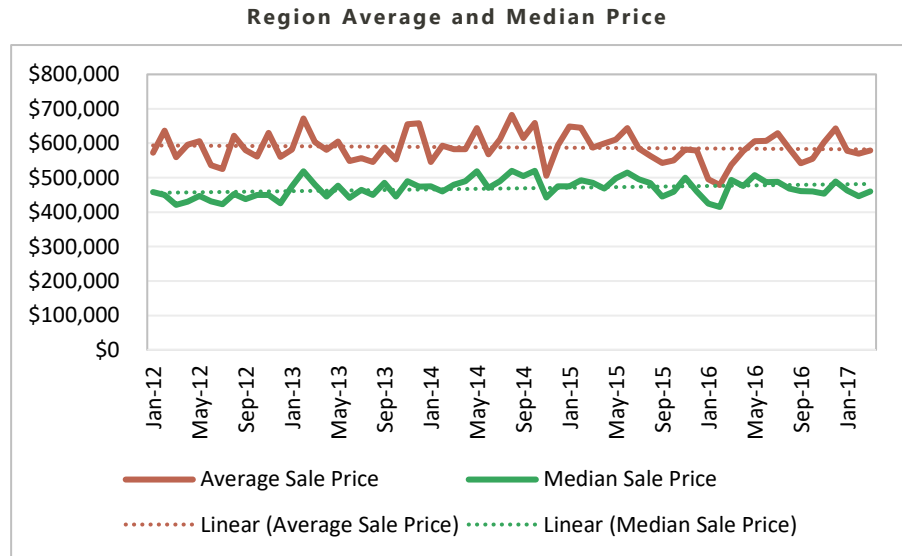
The following is a description of additional factors that have been taken into account in the following value analysis for 2 acre, 3acre, 4 acre, 5 acre and 8 acre parent properties.

It should be noted that we are not appraising any one specific property but rather providing a benchmark of the likely value for a variety of parcel sizes. The discussed below are applied to the comparables to adjust for differences when compared to the subject area and not to any one specific property.

Time Adjustments

Due to a lack of recent transactions, the appraisers have had to broaden our search both in terms of time and location. The oldest of our comparables dates back to 2013 and thus, we need to consider value changes over time. In order to consider the value change over time, we have turned to a review of the Average and Median Price for all of the Region from 2012 to 2017.

The following graph illustrates the Median and Average Price for all MLS property sales in the Region from January, 2012 to March, 2017.



Source: Real Estate Board

The sales data illustrates that overall, the market has been rather flat with the average sale price illustrating a slight decline over time while the median value illustrates a slight increase over time.

As an additional consideration, the appraisers have found a resale of a property within the Hamlet of. This property sold in October, 2012 for \$467,000.00 and resold in June, 2016 for \$470,000.00.

A second bareland acreage sold in July, 2013 for \$390,000.00 and resold in August, 2016 for \$405,000.00 illustrating an increase of just 1.3% per year over a three year period.

This resale data supports the data illustrated above that the market has remained stable over time. Based on this market evidence, we conclude that there is no basis for a positive or negative time adjustment. The comparable properties are not adjusted for time.

Other
Considerations

Location: The subject properties are located within the Hamlet of which is near and is identified as a growth area for County. While the current ASP is not in force, it is our view that there is good potential for future growth within this area. A positive adjustment is applied to those properties who lack a similarly advantageous location.

Physical Features: A portion of Comparable # 5 is not developable due to a low lying area in the middle of the lot and an access right of way. A positive adjustment for physical features is applied to this property.

7.2.3 Bareland Indicator
Summary

The comparables illustrate the following:

Comp #	Parcel Size	\$/Acre After Adj.	Comments
1	2.00	\$176,000	Superior location
2	2.00	\$179,600	Superior location
3	2.00	\$172,350	Superior aesthetics
4	2.02	\$169,307	Slightly superior location
5	2.30	\$164,348	Slightly superior location
6	2.63	\$124,430	Superior location
7	3.3	\$118,833	Positive adjustments for location & physical features
8	3.95	\$93,608	Irregular parcel
9	3.98	\$92,462	Adjusted Superior location
10	4.00	\$93,500	Slightly Inferior location
11	4.05	\$108,889	Slightly superior location
12	4.79	\$79,332	Slightly superior location
13	5.02	\$81,325	Positive adjustment for location
14	5.24	\$82,156	Positive adjustment for location
15	9.48	\$54,135	No adjustments applied
16	9.5	\$52,105	Positive adjustments for location and physical features
17	10.98	\$49,767	No adjustments applied

There is a strong cultural influence in the market due to the proximity to the school and the in northeast. Based on our discussions with area realtors and our analysis of the market, we believe a premium accrues to properties close to the school and along Road and Boulevard. This is taken into consideration when arriving at a final value estimate for the subject parcels and adjustments were applied for this factor under location.

The appraisers also note that the greatest value is typically found in the initial two acres as this is generally the minimum parcel required to allow for rural servicing. Each additional acreage provides a diminishing return and thus, as the parcel size increases, the value per acre decreases.

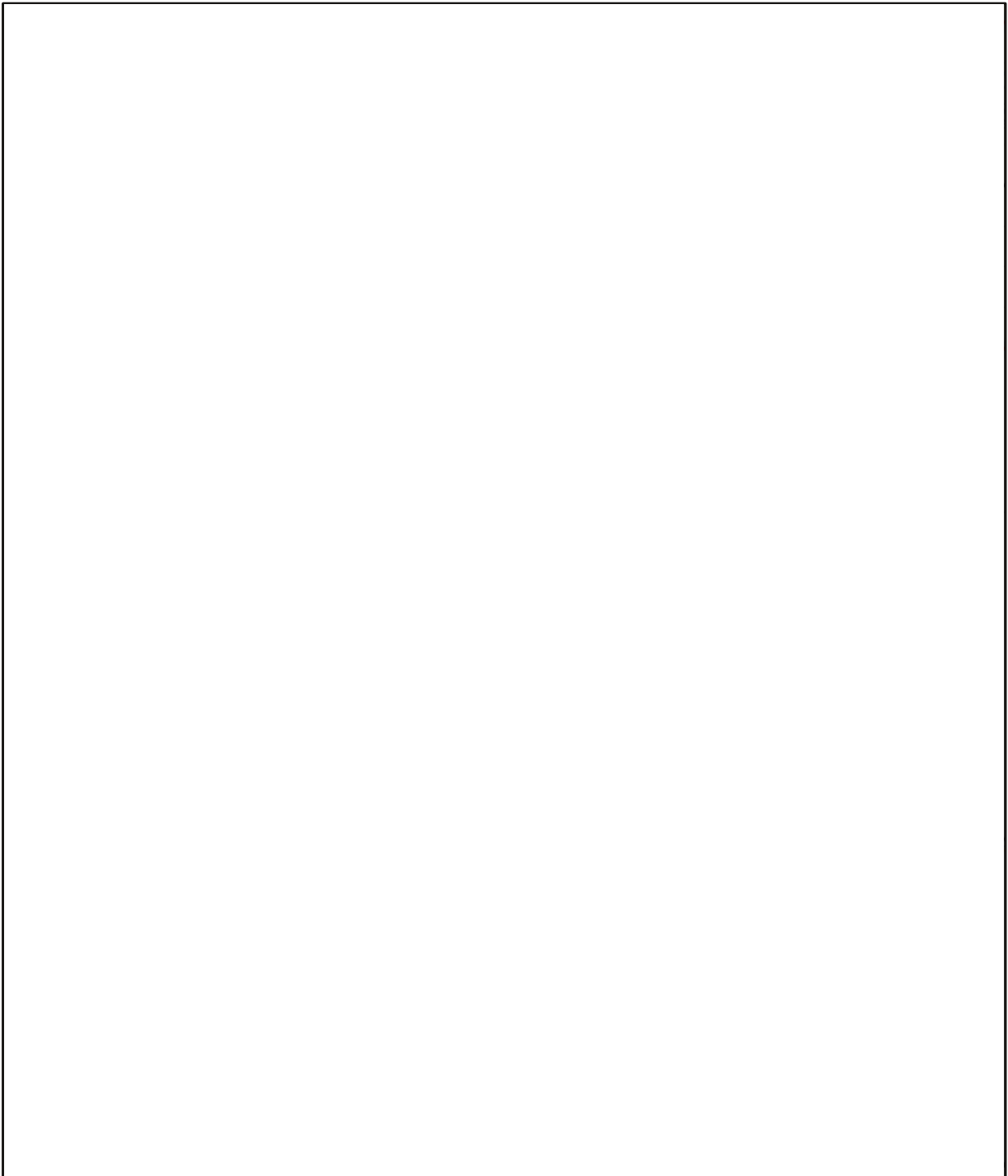
After carefully considering all of the above, we provide the following Benchmark Value Estimates for small parcels along Range Road 283.

Parcel Size	Estimated Benchmark Value Per Acre	Estimated Total Bareland Lot Value
2 Acres	\$170,000	\$340,000
3 Acres	\$120,000	\$360,000
4 Acres	\$95,000	\$380,000
5 Acres	\$80,000	\$400,000
8 Acres	\$60,000	\$480,000

7.2.4 Small Parcel Value (±13.0 - ±17.0 Acres)

The following comparables are utilized to estimate the bareland benchmark value of the ±13 and ±17 acre subject properties. Comparables #13, #14 and #15 above are also utilized in this analysis but are not repeated below.

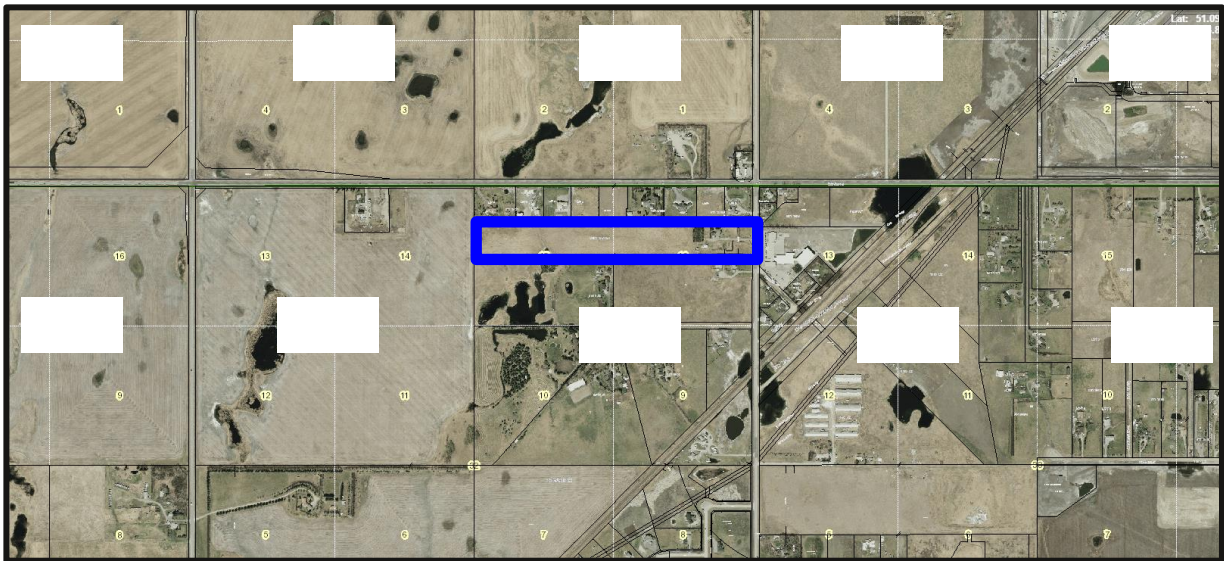
Comparable Map Bareland Sales



 Subject Properties  Comparable Properties

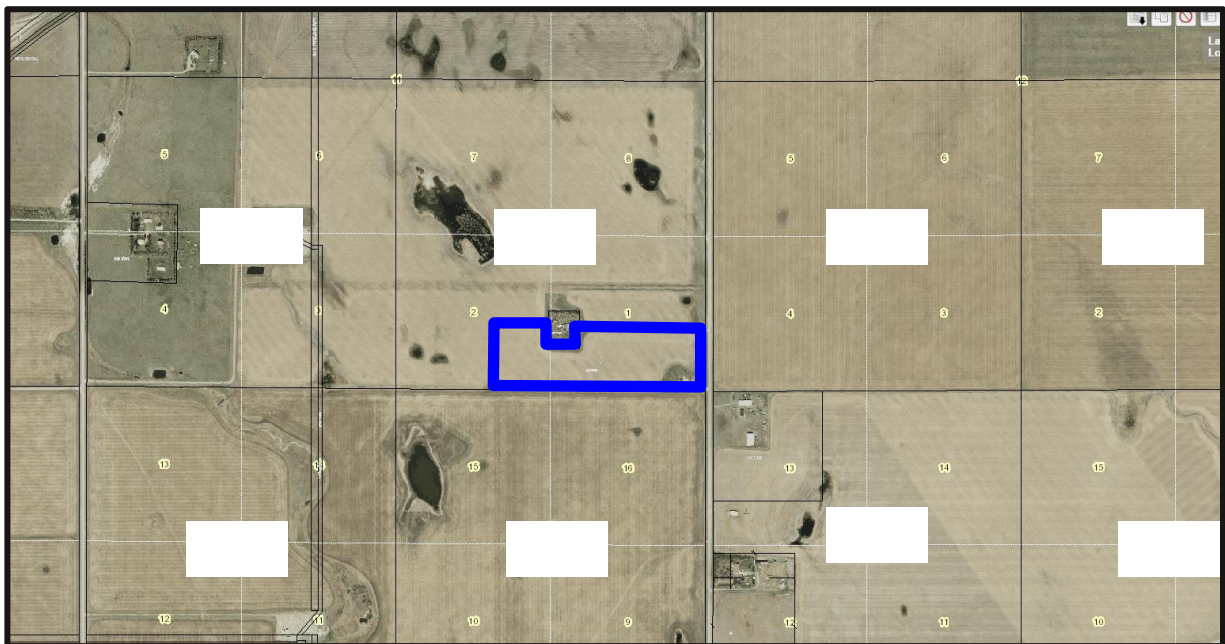
18. Pt.

Sold: April, 2012 for \$1,360,000.00
Acreage: 20 acres
Physical Features: Developed rural residential acreage with older improvements
Zoning: Agricultural Holding
Improvements: Older residence, approximately 1,500 sq. ft. and quonset (\pm 1,200 sq. ft.); no contributory value
Location: 2.4 km east of; directly across from School
Comments: This property was also listed for sale in 2014 and 2015; the initial list price was \$2,400,000.00 and was then reduced to \$2,100,000.00 or \$105,000.00 per acre; the listing expired without selling; superior location near the school and where development has been occurring
Bareland Value: \$68,000.00 per acre
Adjustments: Location – 25%
Indicated Value: \$51,000.00



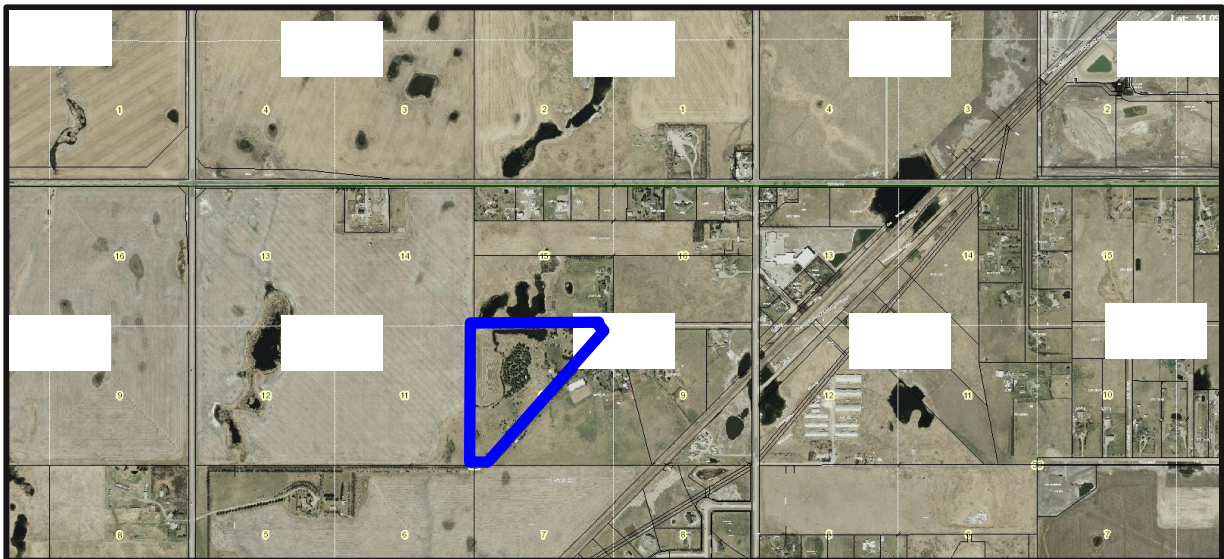
19. Pt.

Listing: Currently listed for sale for \$1,150,000.00
Acreage: 20.02 acres
Physical Features: Developed rural residential acreage; the majority of the land is farmed as part of the larger quarter section
Zoning: Agricultural Holding
Improvements: Three bedroom modular home, 1,248 sq. ft. (estimated); rural servicing but municipal water available; Estimated Contributory Value = \$175,000.00
Location: 8.0 km east of
Comments: Available for sale through MLS; advertised as future industrial development land; negative adjustment applied for motive but positive and offsetting adjustment required for location; irregular parcel shape; property has been on the market for approximately one year with decreasing list price; originally listed at \$2,000,000.00
Bareland Value: \$48,701.00 per acre
Adjustments: Location +25%; Motive – 20%
Indicated Value: \$51,136.00



20. Pt.

Sold: August, 2014 for \$2,400,000.00
Acreage: 22.95 acres
Physical Features: Improved rural residential property
Zoning: Agricultural Holding
Improvements: 2,468 sq. ft. bi-level with 2,260 sq. ft. finished basement, indoor swimming pool, total of 6 bedrooms and 3.5 baths, constructed in 1974; 2,720 sq. ft. shop with 700 sq. ft. office, 1,500 sq. ft. barn, 3,200 sq. ft. quonset; 700' x 80' dugout supplies irrigation system for extensive landscaping, guest cabin, picnic shelter with built in BBQ; Estimated Contributory Value = \$900,000.00
Location: 2.4 km east of
Comments: Sold through realtor on MLS
Bareland Value: \$65,359.00 per acre
Adjustments: Location -25%
Indicated Value: \$49,019. 00 per acre



7.2.5 Bareland Indicator
Summary

The above comparables, like the previous set are not adjusted for time as it is our view that there has been limited movement in value over time. However, the appraisers will bear in mind the date of sale when contemplating value estimates, as well as the locational and physical features of the properties.

The sales are summarized in a table below:

Comp#	Parcel Size	\$/acre After Adj	Comments
15	9.48	\$54,135	No adjustments applied
16	9.5	\$52,105	Positive adjustments for location and physical features
17	10.75	\$49,767	No adjustments applied
18	20.00	\$51,000	Superior location. Negative adjustment applied
19	20.02	\$51,136	Positive location negative motive
20	22.95	\$49,019	Negative location adjustment

There are relatively few available sales for the 13 and 17 acre subject properties as most parcels in the subject area have been subdivided into smaller parcels. The above comparables are the best indicators that could be found.

The appraisers are aware of additional sales and listings that are outside of the area. These sales would generally support a much lower value conclusion. However, when we consider the larger parcel sales and listings in the immediate subject area, it becomes apparent that the value for large parcels on a per acre basis is higher than the small parcels outside of the area. Logically, we know that a smaller parcel should be worth more, and it becomes clear that these other comparables are not in fact comparable to the subject area.

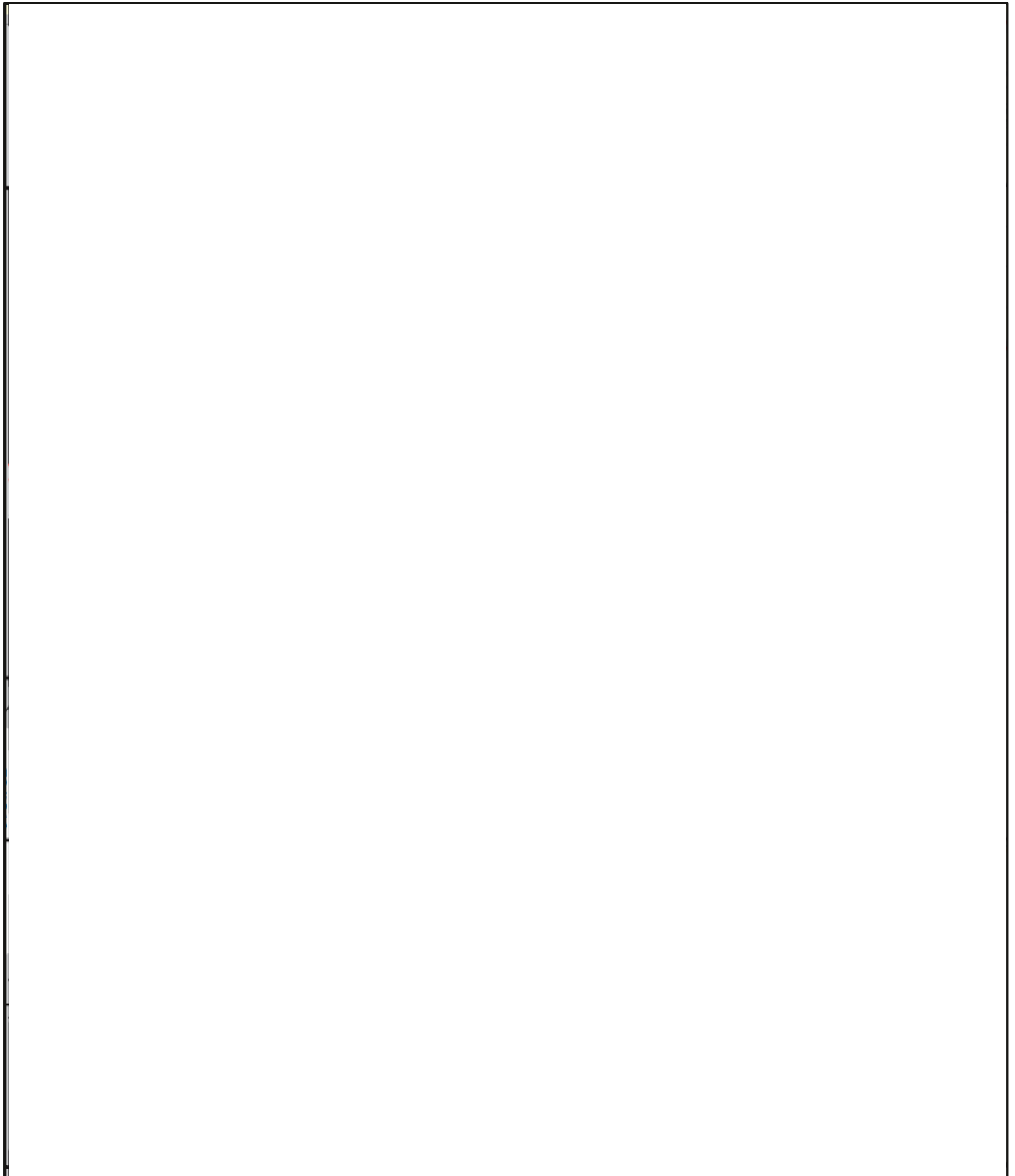
In addition to the above comparables, the appraisers are aware of several expired listings of 17 – 20 acre parcels. These properties were listed and exposed to the market in 2014, 2015 and 2016 at prices ranging from \$105,000.00 - \$127,000.00 per acre. None of these properties transacted except for Comparable #18 above, which had extensive improvements. Given the long exposure period, it is apparent that the \$105,000.00 - \$127,000.00 price level is not attainable for this parcel size at this location and at this time. Thus, these expired listings have not been considered further.

Overall, there appears to be little differentiation in value for parcels ranging from 10 acres to 20 acres in size.

Given all of the data collected, our benchmark value estimate for the 13.05 acre and 17.06 acre parcels is \$50,000.00 per acre.

 7.2.6 Large Parcel
Comparables (±160
Acres)

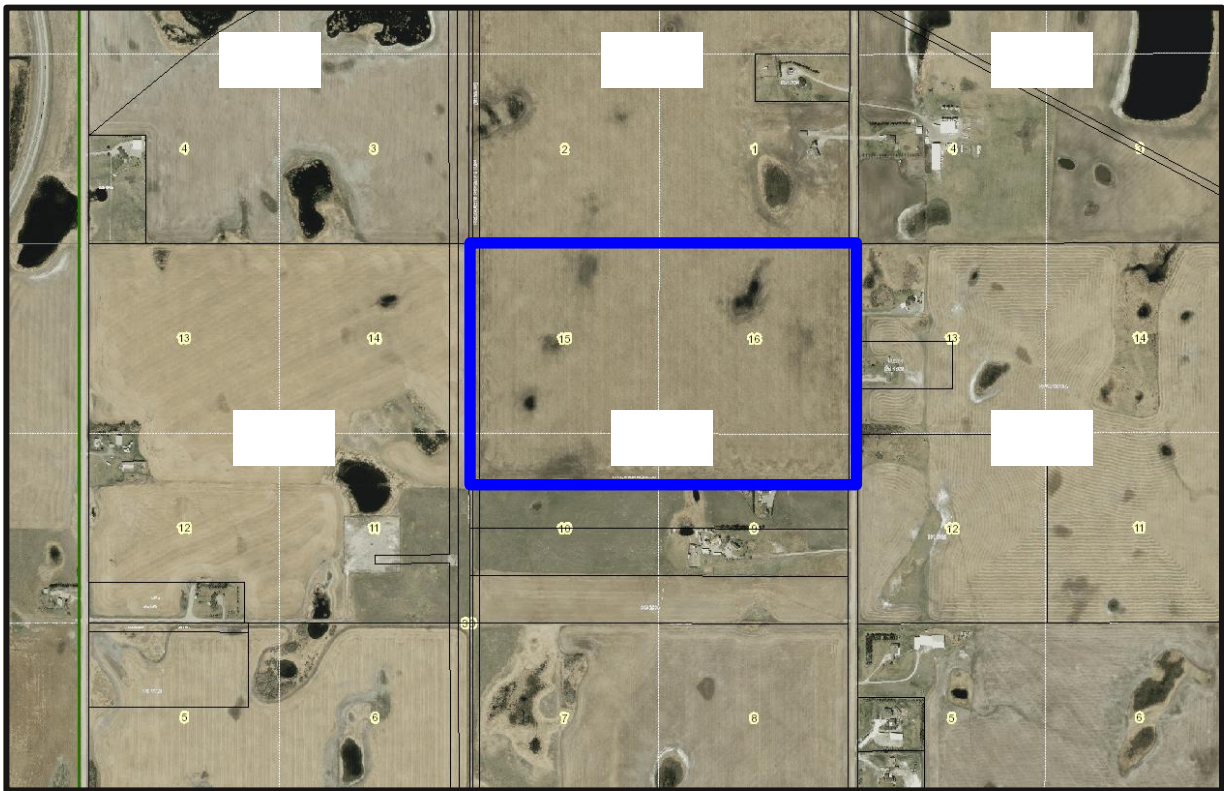
The following comparables are utilized to estimate the benchmark values for the remaining larger parcels.

Comparable Map Bareland Sales

 Subject Properties  Comparable Properties

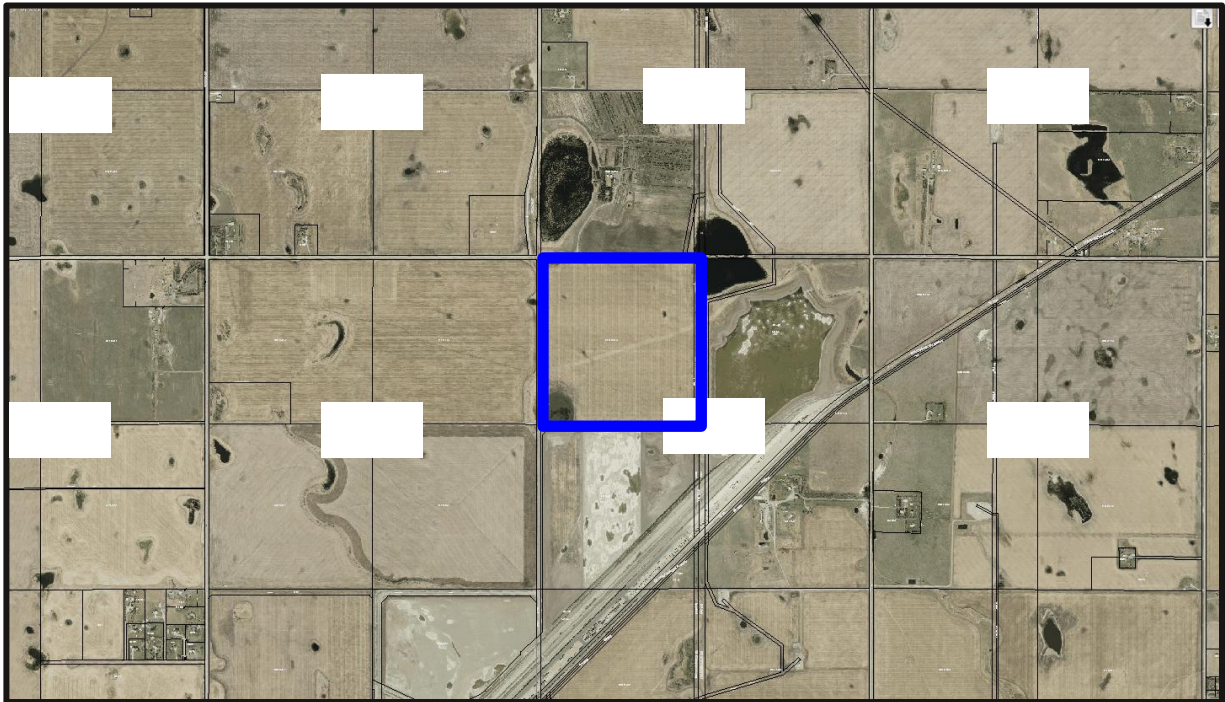
21. NE

Listing:	Expired without selling December 31, 2016 for \$4,000,000.00
Acres:	100 acres
Soil/Physical Features:	CLI rated 90% Class 3T, 10% Class 6W
Improvements:	Nil.
Location:	0.8 km east of
Comments:	Closer to but less centrally located and not in an ASP; property did not sell and thus its value is likely something less than \$40,000.00 per acre
Bareland Value:	\$40,000.00 per acre



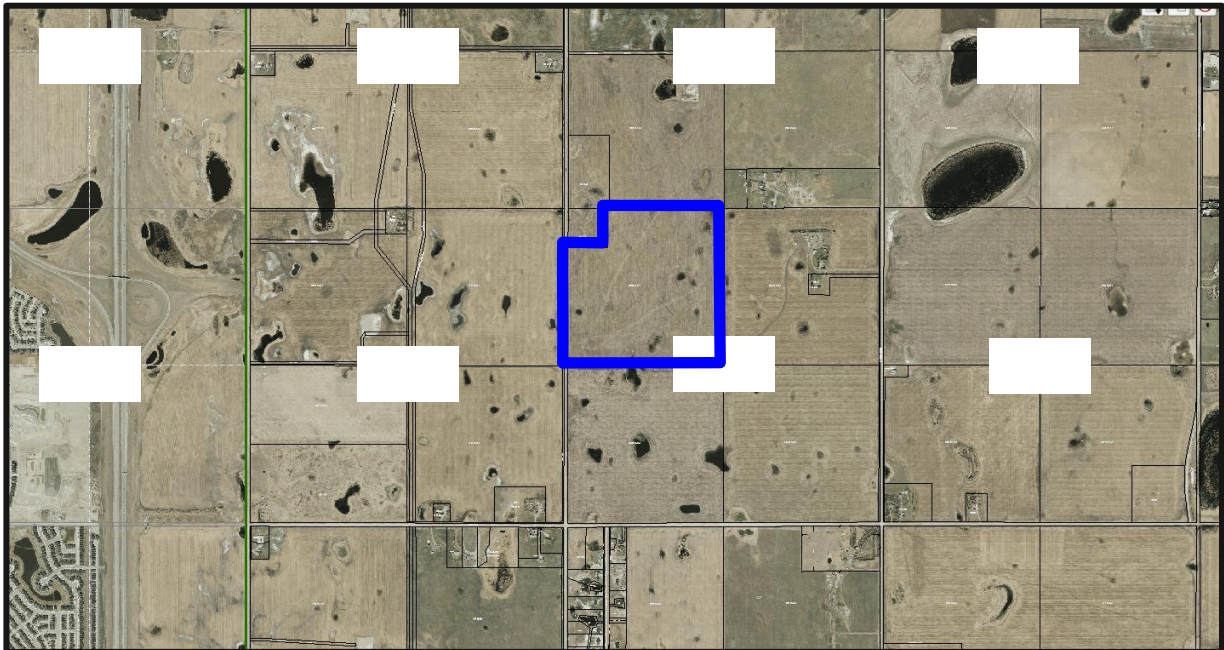
22.

Listing:	Currently for sale for \$5,400,000.00
Acreages:	149.26 acres
Soil/Physical Features:	CLI rated Class 1; gently undulating with a low spot in the southwest corner
Improvements:	Nil.
Location:	4.8 km east of; near new facility
Comments:	Within the ASP and adjacent to Park; illustrated as industrial land in ASP; transmission lines run adjacent to east side of the property and are accepted from the title; this property is only a listing and therefore its value is likely something less than \$36,178.00 per acre
Bareland Value:	\$36,178.00 per acre



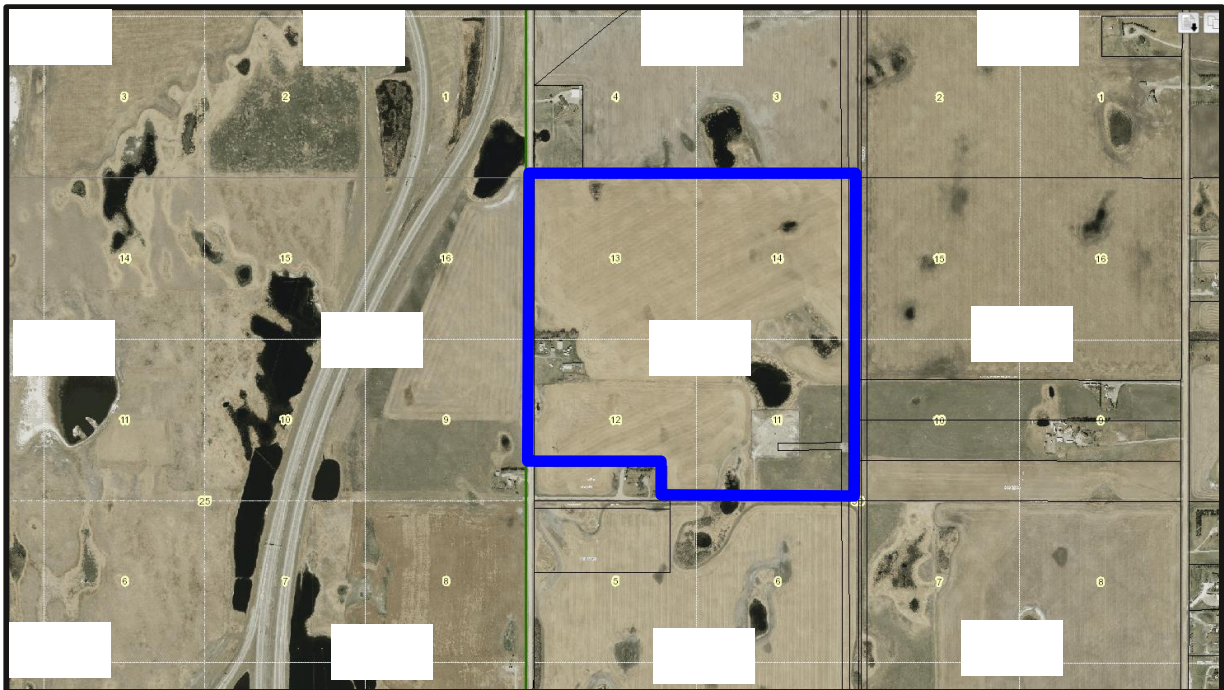
23.

Sold: October, 2016 \$3,750,000.00
Acres: 149.99 acres
Soil/Physical Features: CLI rated 90% (90% Class 3T, 10% Class 6W) 10% Class 1
Improvements: Nil
Location: 1.6 km east of
Comments: Closer to but outside of an area structure plan
Bareland Value: \$25,002.00 per acre



24.

Sold: August, 2015 \$2,758,000.00
Acres: 153.01 acres
Soil/Physical Features: CLI rated 90% Class 3T, 10% Class 6W
Improvements: farm building site with 1 ½ storey 2,275 sq. ft. residence with addition, old quonset in poor condition, second quonset in better condition and detached two car garage; the buildings are not thought to have contributed value in the sale
Location: Adjacent to east city limit
Comments: Closer to but less centrally located and outside of an area structure plan; there is a pipeline corridor running along the east boundary of this property; some of the pipelines contain sour gas and may require additional setback area; views from this property; very near
Bareland Value: \$18,025.00 per acre



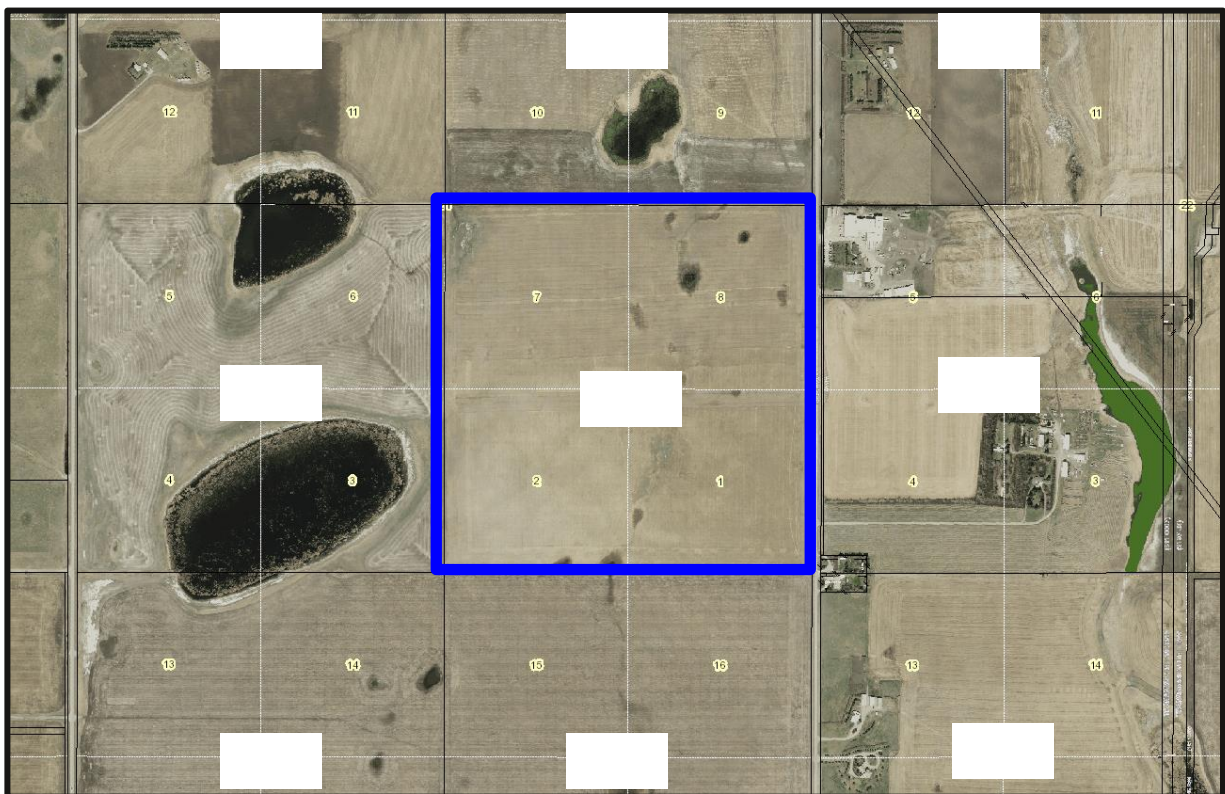
25.

Sold: October, 2013 for \$5,750,000.00
Acres: 155.01 acres
Soil/Physical Features: CLI rated 50% (90% Class 2T, 10% Class 5W) 50% (90% Class 3T, 10% Class 6WN)
Improvements: Nil.
Location: 1.6 km east of and adjacent to Boulevard
Comments: Closer to; superior location when compared to subject area
Bareland Value: \$37,094.00 per acre



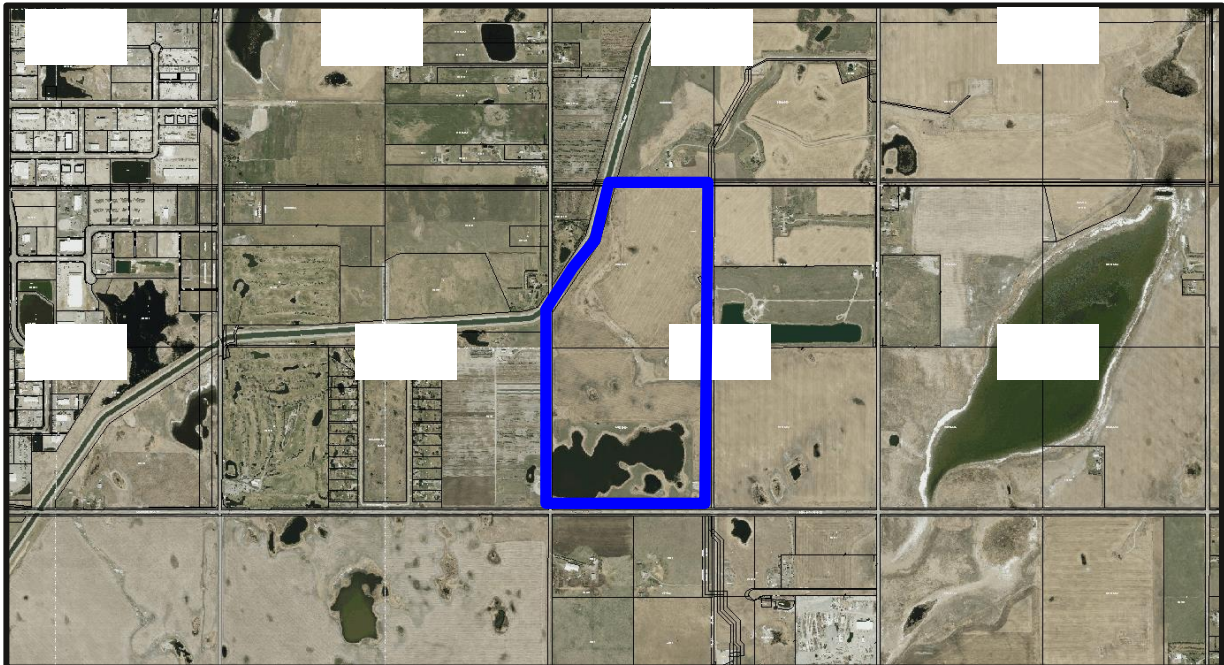
26.

Listing: Currently for sale for \$4,000,000.00
Acres: 160.00 acres
Soil/Physical Features: CLI rated Class 1
Improvements: Nil.
Location: 4.0 km east of; outside of an ASP area
Comments: Attractive cultivated land, slopes to west with good mountain views; this land has been on and off the market since 2007 with a decreasing list price; first listing was at \$5,040,000.00
Bareland Value: \$25,000.00 per acre



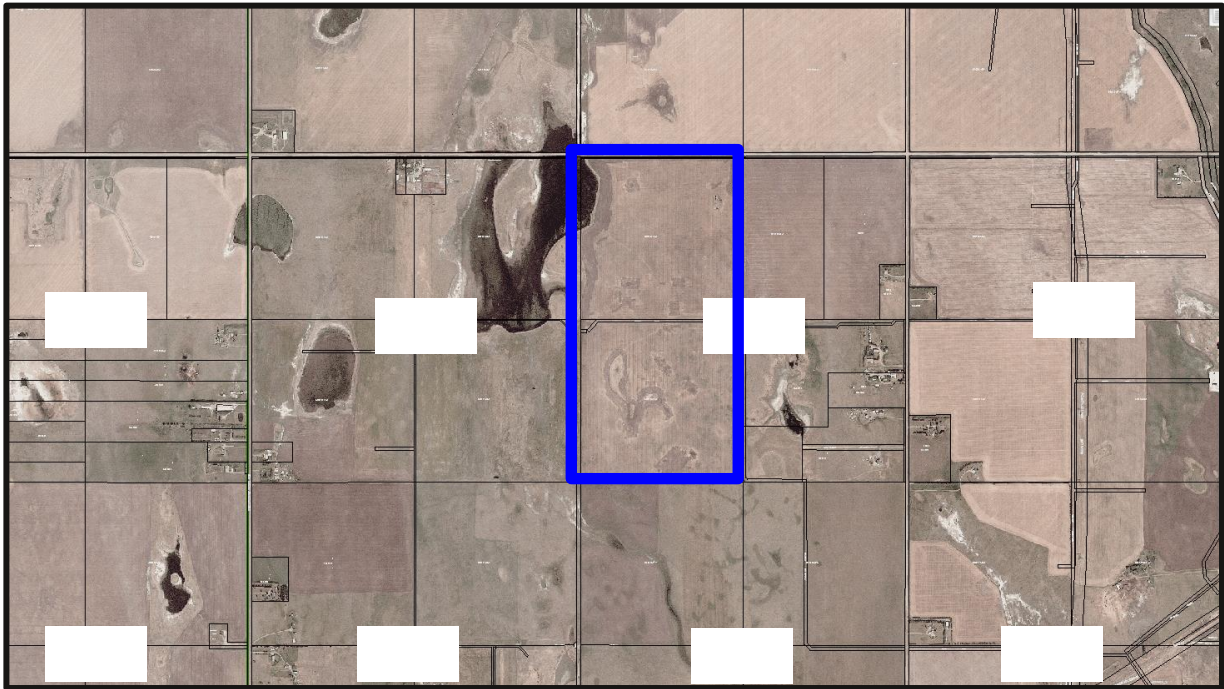
27.

Sold: March, 2016 for \$7,500,000.00
Acreages: 288.37 acres
Soil/Physical Features: CLI rated 70% Class 3T, 20% Class 6W, 10% Class 7W
Improvements: Nil.
Location: Kiddy corner to City limits; adjacent to Trail
Comments: Mostly cultivated land; this property is in the Area Structure Plan and is identified as Long Term Development – Regional Business Center; approximately 50 acres in south end is wetland area and will not be developable
Bareland Value: \$26,008.00 per acre



28.

Listing: Currently for sale for \$5,900,000.00
Acres: 320.00 acres
Soil/Physical Features: CLI rated 60% Class 2T, 15% Class 2D, 25% Class 5W
Improvements: Nil.
Location: Adjacent to Road; 4.8 km east of
Comments: Mostly cultivated land with low area in northwest corner; outside of an ASP area; inferior location compared to subject property
Bareland Value: \$18,438.00 per acre



7.2.7 Bareland Indicator
 Summary

The above comparables, like the previous sets are not adjusted for time as it is our view that there has been limited movement in value over time. However, the appraisers will bear in mind the date of sale when contemplating value estimates. The most important factor in regards to these parcels is designation within the Area Structure Plan and time to development.

Comparable	Parcel Sizes	\$/acre	Comments
21	100.00	\$40,000	Expired Listing
22	149.26	\$36,178	Current Listing
23	149.99	\$25,002	October 2016 sale
24	153.01	\$18,025	Adjacent to Limits
25	155.01	\$37,094	2013 sale
26	160.00	\$25,000	Current listing
27	288.37	\$26,008	Within an ASP
28	320.00	\$18,438	Inferior location

The large subject properties are expected to have differing values as the land to the west of Range Road is within an approved Conceptual Scheme and the land to the east of Range Road is denoted on various plans as long term development horizon lands.

Comparables #23, #24, #27 and #28 are thought to be the best indicators of value for the land in the area note that Comparable #23 is closer to, and thus likely illustrates a value that is higher than what could be attained for the and Comparable 24 is immediately adjacent to the City of and sold for under \$20,000 per acre. Comparable #27 is within an ASP and is thought to have a shorter time frame to development. Thus, we expect that the area should have a value that is lower than is illustrated by Comparable #27. Comparable #28 has an inferior location and is only a listing. We anticipate that it will transact below the current list price. After considering all of the above. the estimated benchmark value for the area properties is \$20,000.00 per acre.

The value of the area is expected to be higher due to the existing conceptual scheme in place. However, we also note that the development has been stalled for a period of time and the local economy is struggling to recover from the recession that resulted from the sharp downturn in oil prices. We note that the development is a low density development, with a proposed density of 2.5 units per acre. This is a much lower density than in a typical urban development.

The development has been stalled due to a combination of factors including litigation amongst the joint venture partners, and a lack of available financing. The current conditional subdivision approval expires on June 30, 2017 and has already been granted extensions. There are many conditions that remain to be met and we anticipate that additional extension(s) will be required.

In order to analyze the area further, we have considered the following additional data:

Forty acres in area recently transferred (January, 2017) for \$2,590,750.00 or \$64,769.00 per acre. This land is located within the City of and within the Area Structure Plan and is designated as a future residential area. A more site specific ASP will be required at a future date to provide further policy direction for the development of this specific property along with other adjacent lands. This property is not within the first ASP area. Overall, this property is thought to have greater development potential which would suggest that the Buffalo Hills lands should have a lower value than this sale indicates.

Approximately 227 acres of land in the Town of is currently listed for sale for \$9,995,000.00 or about \$44,031.00 per acre. This land is also designated as future residential land, but has a much higher expected density of 8 – 10 units per gross residential acre. This density is much higher than what is allowed at but this development is in a less attractive area.

Development land can be highly speculative and while land development can be highly profitable, it is also a very risky venture. We note that Land Development Corporation announced the sale of just under 1,477 acres of land at in March, 2017 for \$9,000,000.00 or about \$6,093.00 per acre. This land had been assembled in late 2008 at a purchase price of \$20,500.00 per acre, although it should be noted that this value also included water rights. This land is not included in a Conceptual Scheme or an approved ASP. However, this purchase and resale illustrates that speculative land may not retain its value when economic conditions change.

We are also aware of two listings (one now expired) of property adjacent to Highway #, just south of the subject area. These properties are for sale at value over \$100,000.00 but have not transacted. We have not considered these listings as the land has highway commercial potential which is not relevant to any of our subject parcels.

In our final analysis, the greatest emphasis is placed on Comparable #23, which is a larger parcel sale in the immediate subject area. This sale transacted in 2013, when the economy was not recessionary but on the other hand, this property is not part of an approved conceptual scheme. All things considered, it is our view that the market value of the area land should be similar to the value illustrated by Comparable #23, with some upward adjustment for the area due to the shorter time frame to development, and downward adjustment for the area for the longer time frame to development.

The appraisers note that at the present time, development land is generally not transacting in the region due to the prolonged downturn in the economy. The lack of interest in future development land is expected to have a tempering effect on market values and historical offers and appraisals are not necessarily a reflection of current market values.

Overall, we feel that the market evidence supports a benchmark value of \$40,000.00 per acre for the land in the area and \$35,000.00 per acre for the land in the area.

7.2.8 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.”*³

The estimates of market value are based on a market exposure time of six to eight months for the smaller properties (less than 20 acres), and six to eighteen months for the larger parcels.

7.3 Reconciliation

As this is a benchmark report and only the comparative method is utilized, no reconciliation is required.

The total estimated value per acre for the various parcel sizes is summarized below:

Parcel Size (Acres)	Value Per Acre
2 acres	\$170,000.00
3 acres	\$120,000.00
4 acres	\$95,000.00
5 acres	\$80,000.00
8 acres	\$60,000.00
13 – 17 acres	\$50,000.00
Large Parcels – East of Range Road 283	\$20,000.00
NE 28-24-28-W4	\$35,000.00
SE 33-24-28-W4	\$40,000.00

³ Canadian Uniform Standards of Professional Appraisal Practice, effective May 1, 2016, Appraisal Institute of Canada, Ottawa, Ontario. Pg 6

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 personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or contemplated interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice.
- I have completed and fulfilled the Mandatory Re-certification Program requirements of the Appraisal Institute of Canada.
- The subject area was personally inspected by
- The effective date of the report is April 10, 2017.
- The date of certification is April 21, 2017.

9.0 Appraiser's Qualifications