

Real Estate Appraisal of Agricultural Cropland

PT. SW31-24-02-W4

Municipal District of Acadia No. 34, Alberta



Prepared By:
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Effective Date: July 11, 2015

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Our File No. J105
Client File No.

July 14, 2015

RE: Current Real Estate Appraisal Presented in a Full Narrative Report of the Agricultural Cropland Located at PT. SW31-24-02-W4, Municipal District of Acadia Valley No. 34

As requested by your client, the above referenced property has been examined for factors deemed pertinent in arriving at an estimated market value. The purpose of this appraisal is to estimate the Current Market Values of the Fee Simple Interest of the above property.

The intended use of this appraisal is for sale purposes. Therefore, the intended user of this appraisal report is the client who requested this appraisal. In order to carry out this assignment, the subject property was inspected on July 11, 2015 and a market study of real estate activity in the vicinity of the subject property has been conducted. This investigation included the collection and analysis of real estate market transactions, listings, offerings and information pertaining to other transactions that have occurred in the area in the recent past.

Based upon the data, analyses and conclusions contained in this report, the following Current Market Value estimate has been concluded effective July 11, 2015.

| VALUE ESTIMATE SUMMARY | | |
|------------------------|----------------|-------------------------------------|
| Subject Property | Effective Date | Estimated Value* As Is (Rounded) |
| PT. SW31-24-2-W4 | July 11, 2015 | Confidential |

*** - See Extraordinary Assumptions & Hypothetical/Limiting Conditions**

The estimated market value stated above, as well as every other element of this appraisal, are qualified in their entirety by the Fundamental Assumptions and Limiting Conditions set forth in this report, which are an integral part of this appraisal.

This cover letter and the pages that follow constitute my appraisal report, including the data and analyses utilized in forming the market value estimate. Should you have any questions concerning this report, please do not hesitate to call me directly at 780-902-2522.

Respectfully submitted,

Dale Yachimec

Dale Yachimec, AACI, P.App., MBA
Dale Commercial
Inspected Property: Yes No

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INTRODUCTION

EXECUTIVE SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Client: The client

Intended Use and User(s): The intended use of this appraisal is for sale purposes. Therefore, the intended user of this appraisal report is the client who requested this report.

Legal Address: PT. SW31-24-02-W4

Property Use: Agricultural

Land Use Designation/Zoning: A – Agricultural

Inspection Date: July 11, 2015

Effective Date of Appraisal: July 11, 2015

Report Date: July 14, 2015

Property Rights Appraised: Fee Simple Interest

Classification of Report and Appraisal: Current Market Value Presented in a Full Narrative Report

Land Size: 141.49 Acres

Highest and Best Use as Vacant: Agricultural Cropland Usage

Highest and Best Use as Improved: Agricultural Cropland Usage, Same as Vacant

| VALUE ESTIMATE SUMMARY | | |
|------------------------|----------------|-------------------------------------|
| Subject Property | Effective Date | Estimated Value* As Is (Rounded) |
| PT. SW31-24-2-W4 | July 11, 2015 | Confidential |

*** - See Extraordinary Assumptions & Hypothetical/Limiting Conditions**

Exposure Time (as defined in this report): 3 to 6 months given agricultural market conditions within the MD of Acadia No. 34 area

FUNDAMENTAL ASSUMPTIONS AND LIMITING CONDITIONS

The certification of the appraiser in this appraisal report is subject to the following assumptions and limiting conditions and any other specific conditions set forth by the appraiser elsewhere in the report.

General

1. The effective date to which the opinions expressed in this report apply is set forth in the Cover Letter. The appraiser assumes no responsibility for economic or physical factors occurring at some later date that may affect the opinions stated herein. No opinion is expressed regarding legal matters that require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers.
2. Information, estimates, and opinions contained in this report were obtained from sources considered reliable and believed to be true and correct. However, the appraiser assumes no responsibility for accuracy of such items furnished by the appraiser obtained from other parties.
3. The appraiser assumes no responsibility for legal matters affecting the property appraised or the title thereto, nor does the appraiser render any opinion as to the title, which is assumed to be marketable. The property is appraised as though under responsible ownership and management and free and clear of any or all liens or encumbrances unless otherwise stated.
4. The appraiser is not required to give testimony or appear in court because of having prepared this appraisal of the subject property unless arrangements have been made otherwise.
5. Disclosure of the contents of this appraisal is governed by the by-laws and regulations of the professional appraisal organizations with which the appraiser is affiliated.
6. Neither all nor any part of the contents of this report or copy thereof (including conclusions as to property value, the identity of the appraiser, professional designations, reference to any professional appraisal organizations, or the firm with which the appraisers are connected) shall be used for any purpose other than the intended use of this appraisal outlined in this report by anyone but the client or the client's assigns without the prior written consent of the appraiser. Nor shall this report be conveyed by anyone to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.
7. No engineering survey has been made by the appraiser. Except as specifically stated, data relative to sizes and areas were either estimated through measurement or taken from sources considered reliable, and no encroachment of any real improvements present is assumed to exist other than specified. All maps, plats and exhibits included are for illustration only, as an aid in visualizing matters discussed within the report and should not be considered as surveys or relied upon for any other purpose. All engineering and other information obtained from The client regarding the subject property are assumed to be correct.
8. It is assumed that all applicable zoning regulations and restrictions have been complied with, unless nonconformity has been stated, defined, and considered in the appraisal report.
9. No changes of any item of the appraisal report shall be made by anyone other than the appraiser, and the appraiser shall have no responsibility for any such unauthorized changes.
10. The appraiser inspected the subject property and found no obvious evidence of soil deficiencies except as stated in the report. However, no responsibility can be assumed for hidden soil deficiencies, such as weight bearing capacity limitations, or conformity to specific government requirements, without the provision of specific professional or governmental inspections. For purposes of this appraisal, the appraiser assumes that there are no hidden or unapparent soil deficiencies of the property, subsoil, or structures if present, which would render it more or less valuable. The appraiser assumes no responsibility for such conditions or for engineering that might be required to discover the factors.
11. The completion of an environmental assessment was not within the scope of this analysis. Unless otherwise stated in this report, the existence of petroleum leakage, chemicals or toxic waste, which may or may not be present on the property or adjacent properties, were not called to the attention of, nor were they observed by the appraiser. Therefore, the assumption is being made that no environmental hazard problems are evident on the subject land except those discussed within the context of this report.
12. The value concluded herein is entirely contingent upon the subject property not being within or subject to any unknown provincial or federal regulations not identified on the title, such as building height restrictions, nature reserves, etc., which, as a result might limit, restrict, and/or prevent development of the subject land to its highest and best use.

EXTRAORDINARY ASSUMPTIONS & HYPOTHETICAL/LIMITING CONDITIONS

Extraordinary Assumptions/Hypothetical Conditions:

Extraordinary Assumption is defined as "An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. An extraordinary assumption may be used in an assignment only if:

- It is required to properly develop credible opinions and conclusions;
- The appraiser has a reasonable basis for the extraordinary assumption;
- Use of the extraordinary assumption results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in the latest Canadian Uniform Standards for extraordinary assumptions.

Hypothetical Condition is defined as a hypothetical condition that is known to be contrary to what exists. However, the conditions are asserted by the appraiser for the purposes of the analysis as per the terms of reference provided by The client. An example would be valuing a property as if vacant when building and/or site improvements are present. For every Hypothetical Condition, an Extraordinary Assumption is also required.

The following **Extraordinary Assumption/Hypothetical Condition(s)** is/are being made:

None

Extraordinary Limiting Conditions:

Extraordinary Limiting Conditions is defined as a necessary modification or exclusion of a Standard Rule, which may diminish the reliability of the report. An example would be the appraiser's inability to inspect the interior of a building being appraised.

The following **Extraordinary Limiting Conditions** are being made:

None

EFFECTIVE DATE OF THE APPRAISAL/DATE OF THE REPORT

INSPECTION DATE: July 11, 2015
EFFECTIVE DATE: July 11, 2015
DATE OF THE REPORT: July 14, 2015

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to provide an estimate of the Current Market Value of the Fee Simple Interest of the subject property.

INTENDED USE OF THE APPRAISAL

The intended use of this appraisal is for sale purposes. Therefore, the intended user of this appraisal report is the client who requested this appraisal.

PROPERTY RIGHTS DEFINED

The property rights for the subject property being appraised are those of the "Fee Simple Interest". Fee Simple interest includes a "bundle of rights", which embraces the right to use the property, to sell it, to lease it, to enter it, or to give it away. It also includes the right to refuse to take any of these actions. These rights and privileges are limited by powers of government that relate to taxation, eminent domain, police power and escheat.

LOCAL MARKET AREA DEFINED

Local Market Area is an area or region in which real estate properties generally share similar location and/or economic characteristics, such as a municipal neighbourhood or district, an entire municipality or a region within a municipality, or a region within a province. A local market area can be broad or specific depending on the type of property.

MARKET VALUE DEFINED

The latest edition of the Canadian Uniform Standards defines market value as follows:

“The most probable price in terms of money 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, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a 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 each acted in what they consider their own best interest.
3. A reasonable time is allowed for exposure in the open market.
4. Payment is made in terms of cash in 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.”

EXPOSURE PERIOD DEFINED

The latest edition of the Canadian Uniform Standards defines exposure period as follows:

“The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a current estimate based upon an analysis of past events assuming a competitive and open market.”

Exposure time is different for various types of real estate and under various market conditions. It is noted that the overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. This statement focuses on the time component.

The fact that exposure time is always presumed to occur prior to the effective date of the appraisal is substantiated by related facts in the appraisal process: the supply/demand conditions as of the effective date of the appraisal; the use of current cost information; the analysis of historical sales information (sold after exposure and after completion of negotiations between the seller and buyer); and the analysis of future income expectancy estimated from the effective date of appraisal. The estimate of the most probable exposure time is based upon consideration of one or more of the following:

- Statistical information about the time the properties are listed on the open market;
- Information gathered through sales verification; and,
- Interviews of market participants.

PROPERTY RIGHTS APPRAISED

The property rights for the subject property being appraised are those of the "Fee Simple Interest".

PROPERTY IDENTIFICATION

The subject property is legally described as PT. SW31-24-02-W4

SCOPE OF THE APPRAISAL

As part of the valuation process, the appraiser inspected the subject property, viewed the surrounding properties, viewed the market area and inspected the comparable sales where deemed necessary. The highest and best uses were analyzed and determined for the subject property.

A search for comparables was made based upon, but not limited to the following search criteria: 1) Similarly located comparable sales within the general area. 2) Date of sale within the past several years and 3) Similar potential use. The most comparable sales were then selected.

The sources of comparables used in this analysis included use of an in-house developed database of market transactions obtained from a variety of sources including but not limited to title transfers obtained from Alberta Land Titles, comparable sales obtained from the Multiple Listings System of the local Real Estate Board and/or through discussions with local realtors, property owners and other appraisers knowledgeable of the area that were personally verified by the appraiser. The appraiser is responsible for the researching and analysis of all data and conclusions utilized within this report.

Any exterior photographs in this report of comparables that were obtained from MLS Sale/Listing sheets or from Assessment Reports are considered reliable and relevant. Unless otherwise stated herein, the appraiser believes that the selected photographs are an accurate illustration of the property as of the listed, sale or assessed date and complies with the Personal Information Protection and Electronic Documents Act (PIPEDA).

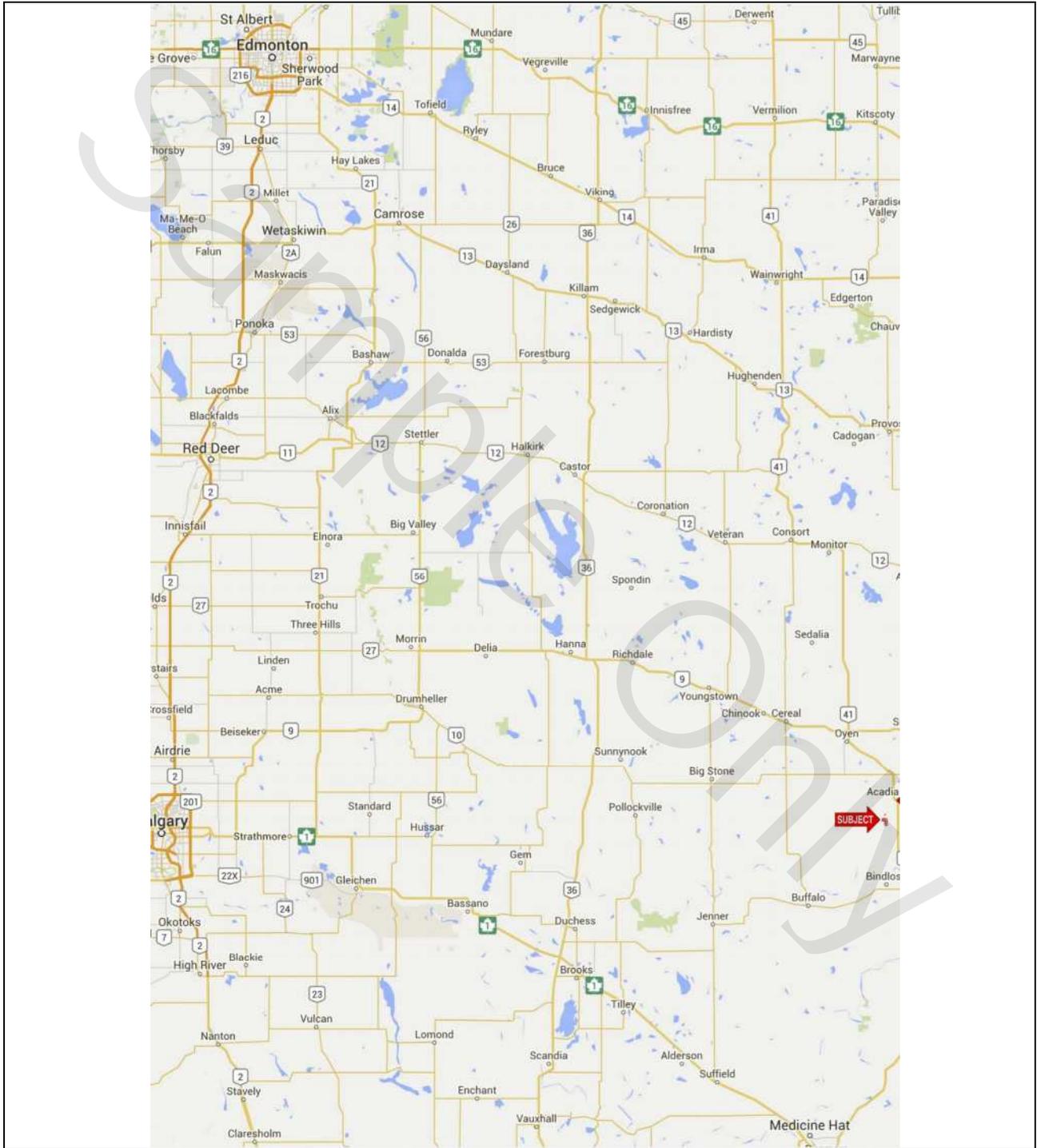
To arrive at the value estimate, discussions were also held with representatives of the local municipality regarding the assessed value, land use designation and potential future uses of the subject property. All applicable current land use and planning documents were obtained from the municipality and reviewed as applicable to the subject property. A copy of each current Certificates of Title was obtained from Land Titles for each subject property and all encumbrances were reviewed.

All valuation techniques were considered during the valuation of the subject property, however only those techniques deemed appropriate were selected and applied. The three key approaches considered are outlined later in this report.

FACTUAL DATA

REGIONAL/MUNICIPAL ECONOMIC ANALYSIS

ALBERTA ECONOMIC ANALYSIS



Regional Location Map

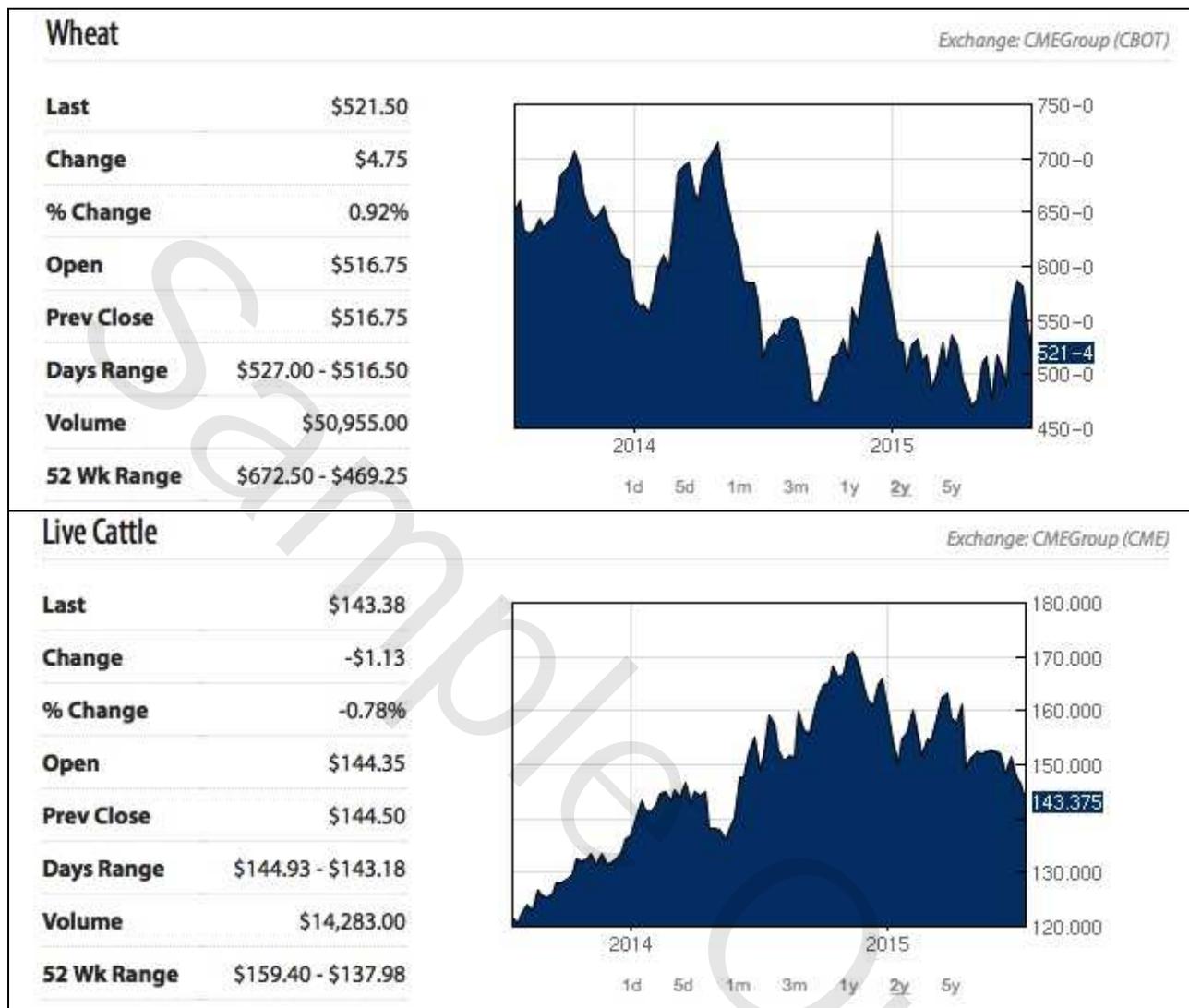
Alberta Economic Analysis

The subject property is located in The Municipal District of Acadia No. 34 near the Hamlet of Acadia Valley in the southeastern part of Alberta, as shown in the previous map. Alberta's economy had shown positive GDP growth since economic growth contracted in 2009 following the global financial crisis during the fall of 2008. Alberta's real GDP rebounded 3.3% during 2010 and advanced 5.2% in 2011, which represents the province's highest economic growth rate since 6.2% reported in 2006. In 2013, Alberta experienced a GDP growth of 3.9% and in 2014 experienced 4.4% growth, which represented the highest provincial growth across the country as shown below. Contributing towards Alberta's recent economic growth was oil prices trended upward from \$80 US to \$100 US per barrel between October 2010 and December 2014 until recently dropping to near \$50 US per barrel during 1Q 2015. However, early in May 2015, oil prices rebounded to the \$60 per barrel mark and remained near that level up to the beginning of July 2015. In view of the recent decline in oil prices and Alberta's slowed economy, the Government of Alberta forecasted in March 2015 a real GDP growth of 0.4% for 2015.

Alberta's farm cash receipts, which measure the amount of farm commodities exported out of Alberta, increased by 21.8% during 4Q 2014 as compared with 4Q 2013 and increased by 7.4% during 1Q 2015 as compared with 1Q 2014. Crop receipts decreased 2.5% to \$1.8 billion, while livestock receipts rose 16.5% to \$1.6 billion. Livestock represented 45.5% of all farm cash receipts in the first quarter. The national average was a rise of 4.5%¹.

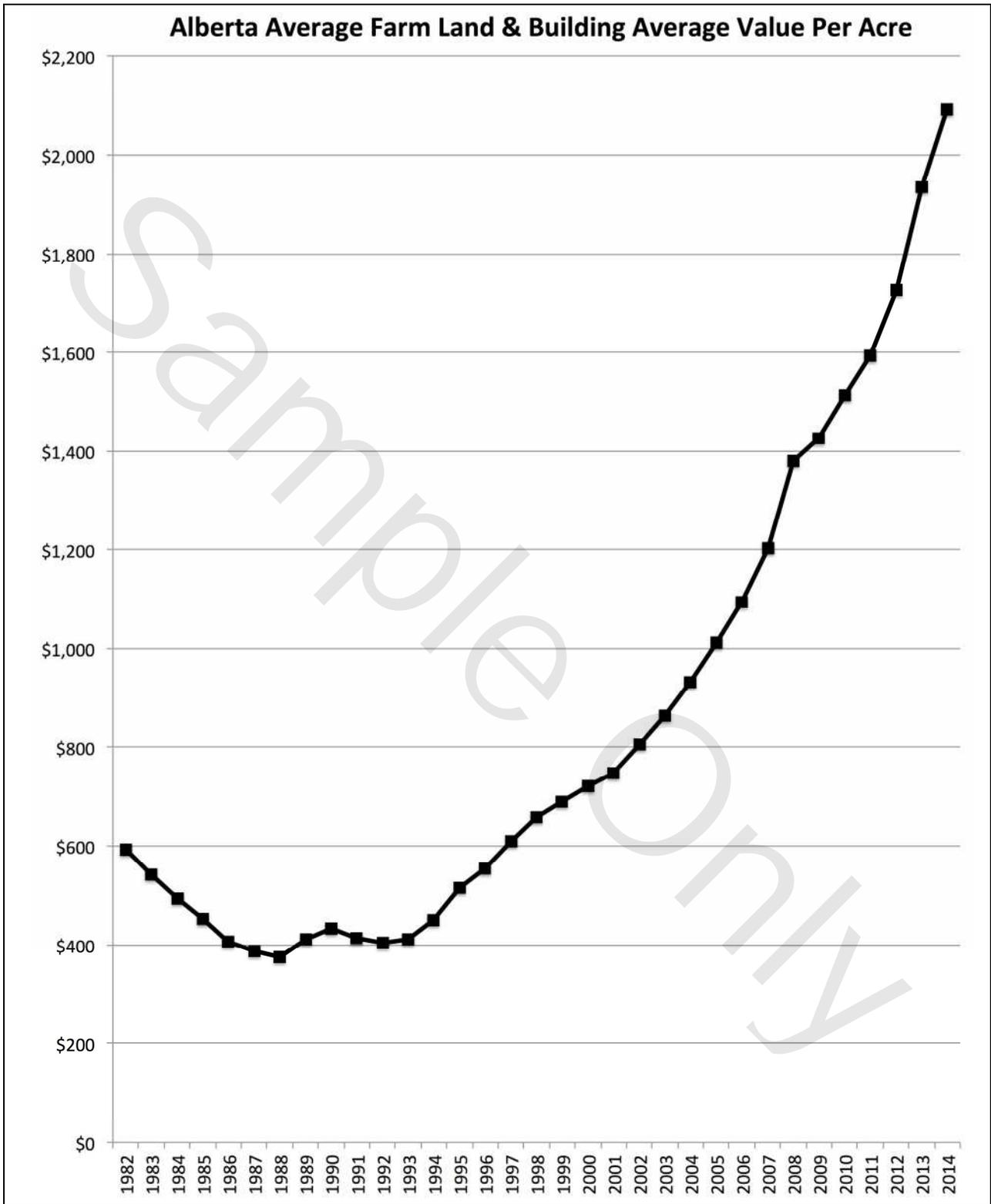
Farm Credit Canada reported that farmland values in Alberta increased an average of 8.8% during 2014, 12.9% during 2013, 13.3% during 2012 and 8.5% during 2011. In recent reports, Farm Credit Canada reported that grain prices have trended downward over the past year but rebounded slightly at the end of 2014 as shown on the following page. However, live cattle prices have generally trended upward over the past 2 years as shown on the following page but moderately declined during 2015.

¹ Alberta Economic Dashboard. <http://economicdashboard.albertacanada.com/FarmCashReceipt>



Source: Farm Credit Canada Market Prices & Information

Drought conditions have been reported within several areas of Alberta during the spring and early summer and have resulted in numerous forest fires in Alberta. However, it has been too early to observe what affect, if any, Alberta's drought conditions will have on the supply and demand for Alberta's agricultural products and subsequently the crop and live cattle prices, which in turn would affect the demand for agricultural land. Nevertheless, the overall high and increasing magnitude of Alberta's farm cash receipts has been putting strong upward pressure on Alberta's farmland values throughout Alberta over the past five years as shown in the following chart.

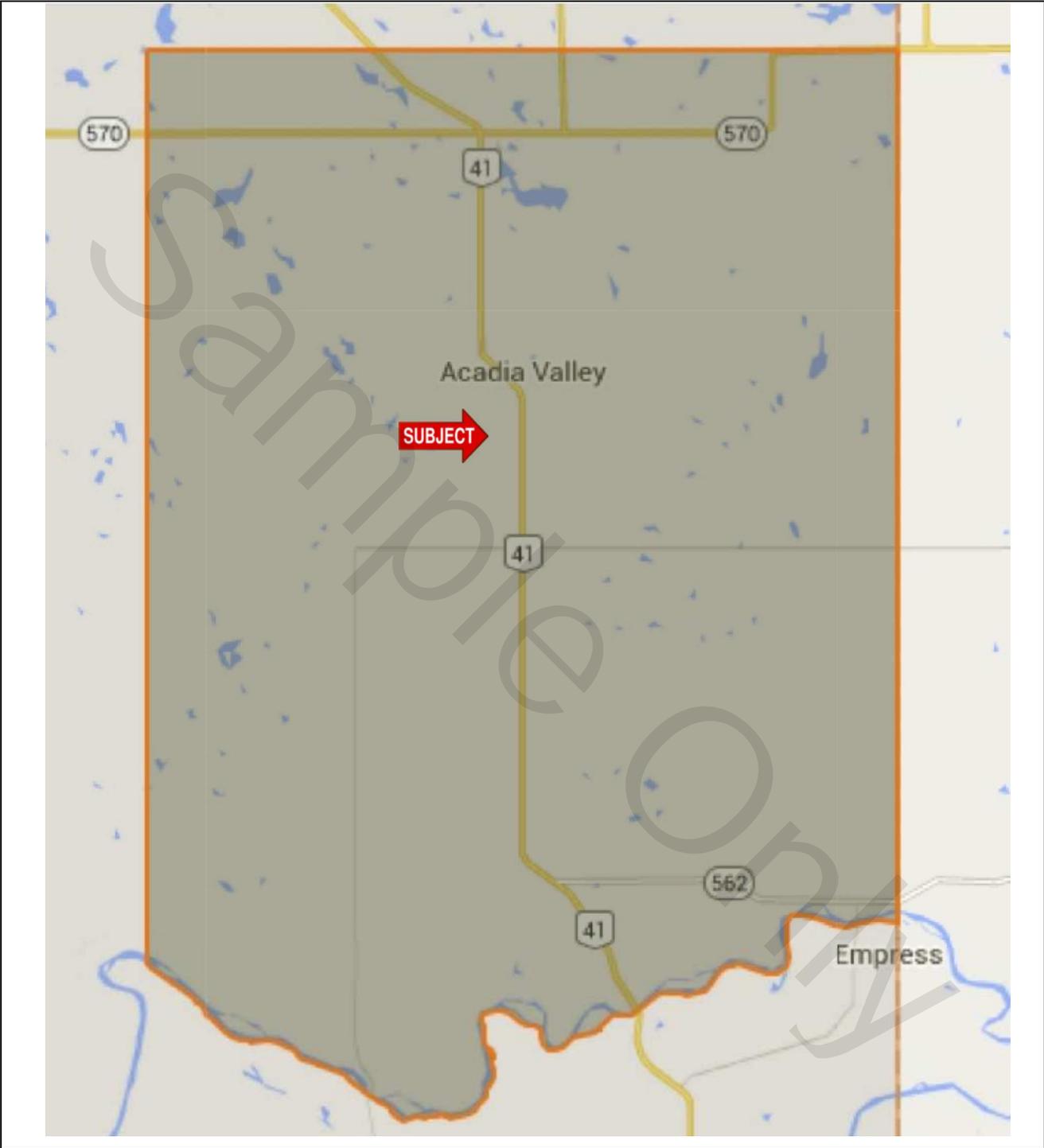


Source: Statistics Canada. Table 002-0003 - Value per acre of farmland and buildings in Alberta, CANSIM (database). Accessed: 2015-07

Alberta once again is leading other provinces in terms of population growth. On October 1, 2014, Alberta's population reached 4,145,992, which is up 106,810 or 2.6% from October 1, 2013. The national growth rate was 1.1% over the same period. Alberta accounted for 28% of Canada's population increase over the past year. During April 2014, Alberta also ranked first in comparison to other provinces in terms of manufacturing sales and employment and ranked second in retail trade, unemployment rates and overall MLS sales values¹.

In summary, Alberta's economy had been experiencing overall positive economic and population growth between 2011 and 2014 and Alberta's agricultural exports have been trending upward during this same period, which have been putting upward pressure on agricultural farmland values throughout Alberta. However, in response to the decline in grain prices at the beginning of 2015 no decline in agricultural cropland values was evident up to July 2015 despite the drop in crop prices near the end of 2014 and Alberta's drought conditions in the spring of 2015.

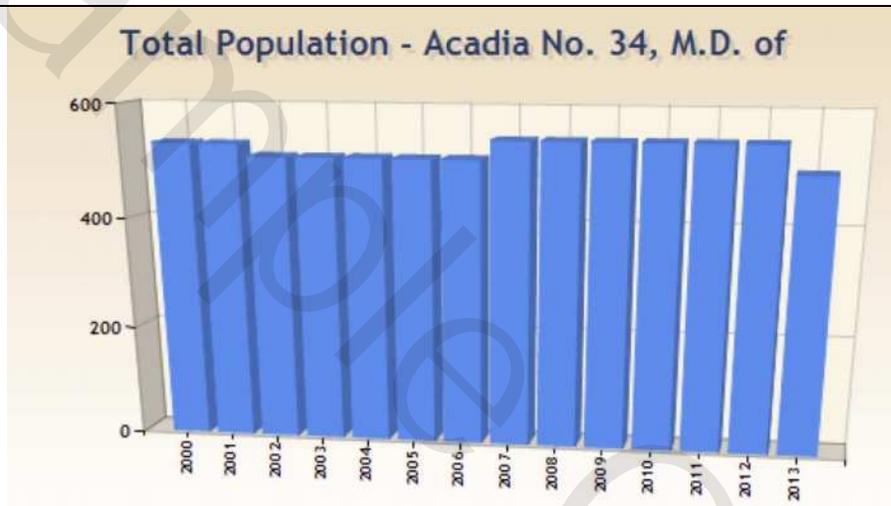
MUNICIPAL DISTRICT OF ACADIA NO. 34 ECONOMIC ANALYSIS



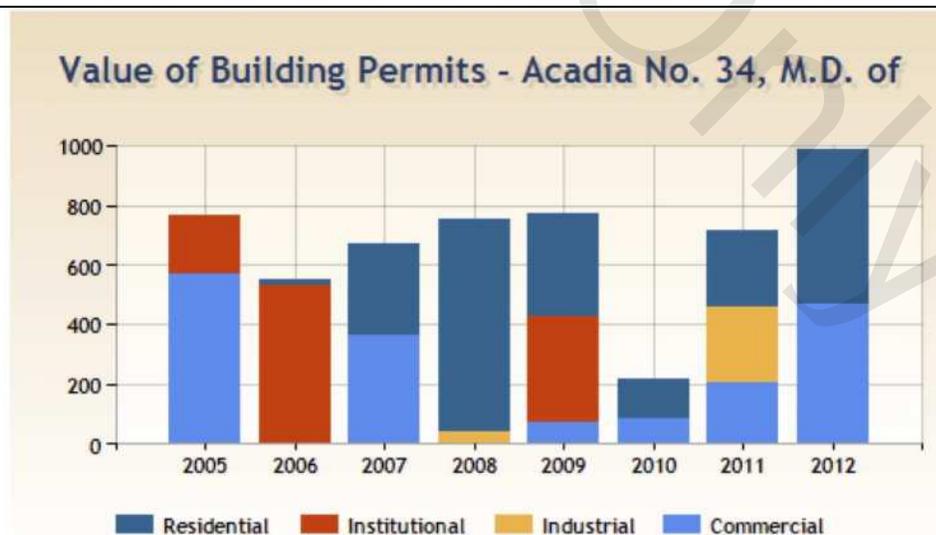
MD of Acadia No. 34 Location Map

The subject property is located within the north central part of the Municipal District of Acadia No. 34 as shown in the previous map. The Municipal District of Acadia No. 34 borders the Saskatchewan border and the southernmost border is 90 kilometers north of the City of Medicine Hat. The district is also 250 kilometers east of the City of Calgary, which makes the area somewhat distant from major Alberta urban centers.

Within the municipal district, there are 276,000 acres of arable agricultural land, 177,000 acres are under dryland cultivation and 1,200 acres are under irrigation. 3,000 acres are native grasslands and about 4,800 acres are improved pasture/hayland. The population of the municipality was reported to be 495 persons as of 2011 of which approximately 150 people live in the Hamlet of Acadia Valley. The population of the district has been relatively stable since 2000 at near the 500 mark as shown in the graph below.



[Source: Government of Alberta - Municipal Affairs]



[Source: Statistics Canada, Building Permits Data]

Construction activity within the district has been predominantly residential in nature as shown in the previous graph, which is the most recent data available from Statistics Canada for analysis. Total permit values reached a peak during 2009 and then dropped in 2010 and then trended upward during 2011 and 2012 due to both increased residential and commercial construction activity. However, overall construction activity within the district has generally ranged from \$800,000 to \$1,000,000, which is relatively small to most counties and municipal districts within Alberta, as construction permits for 5 or 6 urban residences would total approximately \$1,000,000.

The Alberta Agriculture and Rural Development division reported that the value of farmland within the Municipal District of Acadia No. 34 revealed that farmland values trended upward between 2011 and 2013. The division reported an overall average farmland unit value of \$1,790 per acre during 2013, which is up 102% in relation to the overall average farmland unit value of \$888 per acre reported during 2011.

In summary, Alberta's overall positive agricultural economy since 2010 was putting upward pressure on farmland values within the Municipal District of Acadia No. 34 up to the end of 2014 similar to that experienced province-wide. However, no upward pressure was evident during 2015 in view of the recent decline in grain prices and moderately lower levels of growth of Alberta's agricultural export levels during 2015, as reported within the previous Alberta Economic Analysis section. Also, no downward pressure was evident as well on farmland values during 2015 due to Alberta's early summer drought conditions.

MARKET AREA ANALYSIS



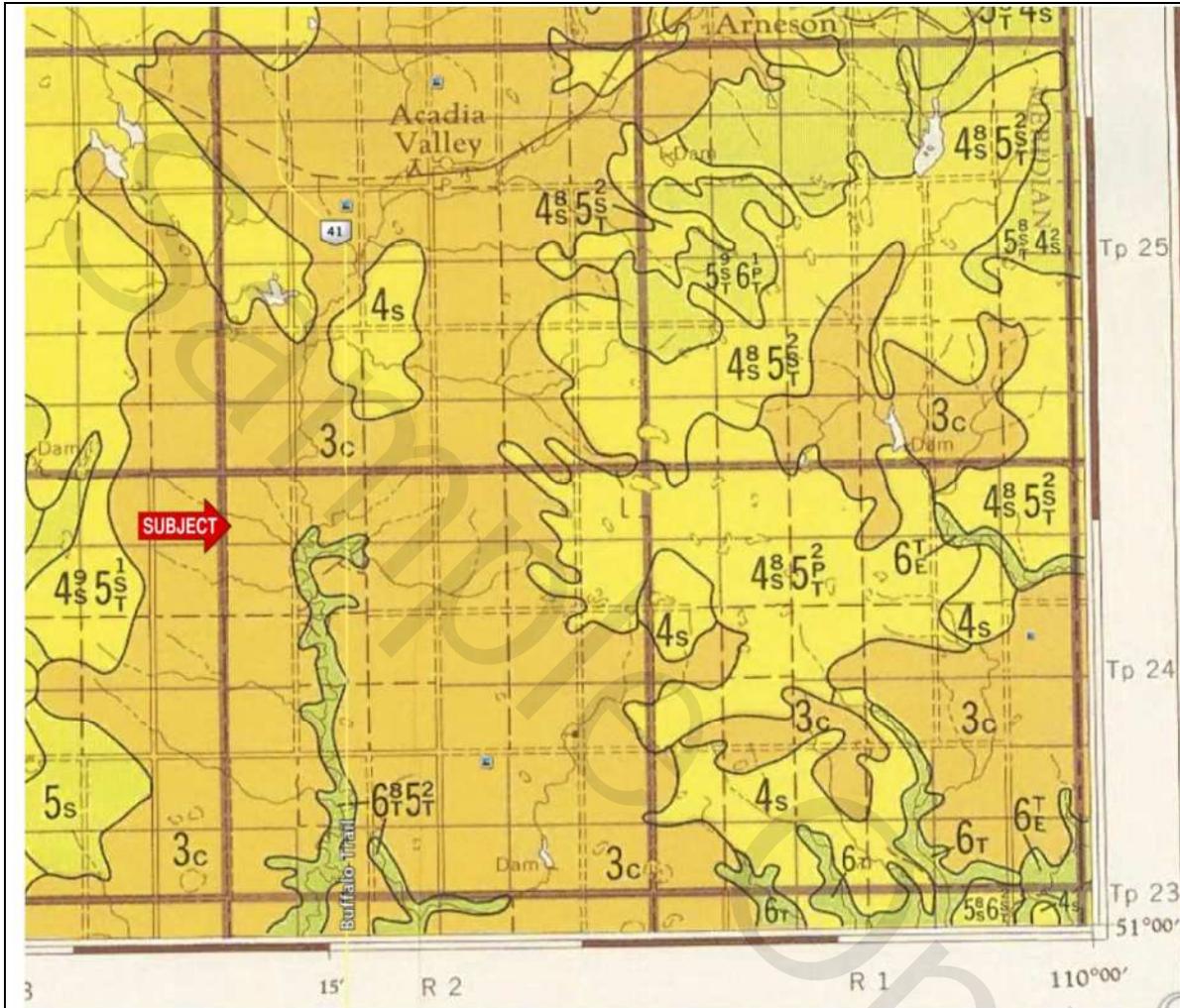
Local Market Area Map

The subject property under analysis consists of a subdivided quarter section of cropland located 8 kilometers southwest of Acadia Valley, as shown in the previous map. The farmland surrounding Acadia Valley in which the subject property is located is predominantly designated for A –Agricultural usage and thus is generally used for agricultural and rural residential purposes to a lesser extent. The urban residence is located at the south end of Acadia Valley that is predominantly used for residential purposes.

The local market area, as defined earlier in this report, for the subject property is as shown in the larger area highlighted in red in the previous map that contains properties generally located 5 to 15 kilometers from Acadia Valley. This region would have a relatively similar proximity to Acadia Valley and other larger municipal towns within the immediate area.

SITE DESCRIPTION & ANALYSIS

Agricultural Soil Quality Map



| Class | Description |
|-------|--|
| 1 | Soils in this class have no significant limitations in use for crops. |
| 2 | Soils in this class have moderate limitations that restrict the range of crops or require moderate conservation practices. |
| 3 | Soils in this class have moderately severe limitations that restrict the range of crops or require special conservation practices. |
| 4 | Soils in this class have severe limitations that restrict the range of crops or require special conservation practices. |
| 5 | Soils in this class have very severe limitations that restrict their capability in producing perennial forage crops, and improvement practices are feasible. |
| 6 | Soils in this class are capable only of producing perennial forage crops, and improvement practices are not feasible. |
| 7 | Soils in this class have no capacity for arable culture or permanent pasture. |
| 0 | Organic Soils (not placed in capability classes). |

1.3 Agricultural Subclasses:

| Subclass | Description |
|----------|---|
| C | Adverse climate |
| D | Undesirable soils structure and/or low permeability |
| E | Erosion |
| F | Low fertility |
| I | Inundation by streams or lakes |
| M | Moisture limitations |
| N | Salinity |
| P | Stoniness |
| R | Consolidated bedrock |
| S | Combination of subclasses |
| T | Topography |
| W | Excess water |
| X | Soils having limitation resulting from the cumulative effect of two or more adverse characteristics |

Subject Agricultural Land



Address: MD of Acadia No. 34, AB

Legal Description: PT. SW31-24-02-W4M

Coordinates: 51.0849361,-110.2781056

Land Use: A-Agricultural

Site Area: 141.49 Acres



Effective Date: Jul 11, 2015

Title Number: 101358479002

LINC Number: 0027292077

Owner: Guedo Farms Inc.

Comments

Vacant cropland that is 96% cultivated. A creekbed runs through the north half of the land that occupies 6 acres of the land, or 4% that is non-cultivable wasteland that divides the land into two cultivated areas. A few patchy areas are present due to pockets of poorer soil quality.

Purchased in December 2010 together with NW30-24-2-W4 and NW31-24-2-W4 for a total of \$403,803.75 cash for \$461.49 acres, or \$875 per acre.

CLI agriculture soil capability is 100% Class 3c. Topography is undulating to gently rolling.

Four encumbrances are registered against the land title that involve one utility right of way, one mortgage related encumbrance and two certificate of Lis Pendens related encumbrances as per the Matrimonial Property Act.

Subject Property Summary Sheet

The reader is referred to the previous soil quality map and the summary sheet that pertains to the subject property. Below are the key features and characteristics of the subject property:

| | |
|----------------------------------|--|
| Legal Addresses: | PT. SW31-24-02-W4 |
| <u>Land Areas:</u> | |
| PT. SW31-24-02-W4M | 141.49 Acres |
| Access: | Range Road 30 & Township Road 250 |
| Land Shape: | Irregular |
| Corner Lot: | No |
| Paved Access: | No |
| <u>Availability of Utilities</u> | |
| Public Electricity Available: | Yes |
| Water Supply Available: | The area in which the subject property is located has access to Co-op water service depending on the capacity of the feeder lines in the area. |
| Natural Gas Available: | Yes |
| Telephone Available: | Yes |
| Underground Utilities: | Partial |
| Adequacy of Utilities: | Average |
| Topography: | Undulating to Gently Rolling |
| Surrounding Uses: | Agricultural Cropland Usage |
| Irrigation Water: | No |
| Easements/Encumbrances Issues: | No |
| Environmental Issues: | No |

Summary:

The subject farmland is exclusively used for agricultural cropland purposes. The amount of land that is cultivated is 96%. The agricultural soil quality of is Class 3c soil, which is soil with moderately severe limitations that restrict the range of crops or require special conservation practices. The subclass c indicates that the land is affected by adverse climate. The subject farmland has access to rural standard services as well as Co-op water service.

TAXES AND ASSESSMENT INFORMATION

The 2015 assessed value for the subject property was \$27,950.

Assessed farmland values within Alberta are not intended to reflect market value and are only used for assessment tax rate calculation purposes. Therefore, the assessed farmland value provides no meaningful insight as to the market value of the subject land.

OWNERSHIP/SALES HISTORY

The subject property was not involved in any other sales related activity within 3 years of the effective date of this appraisal.

TITLE ENCUMBRANCES

Reference is made to Exhibit B of the addenda of this report that contains a current copy of the subject Certificate of Title. A review of the titles revealed that encumbrances are registered against the subject land title. An encumbrance can have a positive, negative or no affect on the value of the subject property depending on the nature of the encumbrance.

Encumbrances that have a positive affect would typically include those that generate revenue, such as surface leases, or those that enhance the use of the property, such as access easements registered on the subject property that are located on adjoining properties that are beneficial to subject property in terms of increased accessibility and yard size.

Encumbrances that have a negative affect would typically include those that generate costs or diminish the use of the property, such as easements or right of ways located within the interior parts of a smaller sized property that are detrimental to the property in terms of limiting the size and/or location of buildings that could be constructed.

Lastly, encumbrances that have a no affect would include those that have no affect on the use of the subject property, such as farmland with underground facilities that can be cultivated over top, or any encumbrances that are temporary in nature that can readily removable without any significant cost, such as mortgage financing caveats.

Title Encumbrances Comments

Four encumbrances are registered against the subject land title that involve utility right of ways, a mortgage related encumbrance and certificate of Lis Pendens related encumbrances associated with the Matrimonial Property Act. The utility right of ways are underground natural gas lines that do not interfere with the cultivation of the land and thus are deemed not to have any affect on the value of the land. The remaining encumbrances are temporary in nature and thus are also deemed not to have any impact on the value of the land.

MUNICIPAL PLANNING & LAND USE OVERVIEW

MD of Acadia No. 34 Land Use Map



The reader is referred to the previous map obtained from the municipality's planning department that illustrates the current land use designation assigned to the subject property.

There are typically up to three municipal planning documents that affect the future and current uses of the subject property, or the Municipal Development Plan, the Area Structure Plan and the Land Use Bylaw. The Municipal Development Plan and the Area Structure Plan, if applicable, are reviewed primarily from the perspective of future land usage regulations that would apply to the subject property and the surrounding area that would affect the future use of the subject property. Conversely, the Land Use Bylaw was reviewed primarily from a current use perspective of the subject property.

| | |
|-------------------------------|---|
| Current Land Use Designation: | A – Agricultural |
| Purpose: | The general purpose of this district is to permit activities associated with primary production of agricultural goods and services and to strengthen the agricultural character of the M.D. |
| Current Use: | The subject land was historically and currently used for agricultural crop growing purposes. |
| Legally Conforming: | Yes. The agricultural cropland usage of the subject farmland conforms with the general agricultural purpose of the A-Agricultural land use designation. |
| <u>Zoning Change</u> | |
| Requested: | No |
| Likely: | No |
| Potential Future Uses: | The future use of the subject land coincides with the current agricultural use of the land given the remote rural location of the land. |

Permitted/Discretionary Uses:

The permitted uses of the A-Agricultural land use designation include agricultural usage along with a wide variety of residential, public and agricultural uses. Discretionary uses include further agricultural uses along with a wide variety of other agricultural, residential, public, commercial, industrial and institutional uses. Refer to Exhibit C of the addenda for a full list of permitted and discretionary uses and all regulations associated with this land use designation.

Refer to Exhibit C of the addenda for a full list of permitted and discretionary uses and all regulations associated with this land use designation.

BUILDING IMPROVEMENTS DESCRIPTION

No site improvements are present on the subject cropland.

Sample Only

ANALYSIS OF DATA AND OPINIONS OF THE APPRAISER

HIGHEST AND BEST USE ANALYSIS

Highest and Best Use

Four criteria are examined in order to determine the highest and best use of the subject property. The criteria and their applicability to the subject, both “as vacant” and “as improved” are as follows:

Physically Possible: the size, shape and topography affect the uses to which land may be developed. The utility of a parcel is dependent on its frontage and depth. Sites with irregular shapes may be more expensive to develop, and topography or subsoil conditions may make utilization too costly or restrictive. Highest and best use as improved also depends on physical characteristics such as condition and utility.

Legally Permissible: a legally permissible use is determined primarily by current zoning regulations. However, other considerations such as long-term leases, deed restrictions, and environmental regulations may preclude some possible highest and best uses.

Financially Feasible: the use of the property is analyzed to make a determination as to the likelihood that the property is capable of producing a return which is greater than the combined income needed to satisfy operation expenses, debt service, and capital amortization. Any use that is expected to produce a positive return is classified as financially feasible.

Maximally Productive: the use that provides the highest rate of return among financially feasible uses is the highest and best use. The use of the land must yield a profitable net return, and the quantity of land devoted to any specific use must be limited to that quantity which will yield a maximum return to each owner.

Current Uses

The subject farmland is currently used for agricultural crop growing purposes.

Highest and Best as Vacant

Physically Possible

Agricultural, residential, public, commercial, industrial and institutional uses.

Legally Permissible

Agricultural, residential and limited public, commercial, industrial and institutional uses

Financially Feasible

Agricultural cropland usage

Maximally Productive/Assemblage

Agricultural cropland usage. Assemblage with other agricultural cropland would be required from an agricultural viability perspective.

HIGHEST AND BEST USE AS VACANT: Agricultural Cropland Usage

Highest and Best as Improved

Physically Possible

Same as Vacant

Legally Permissible

Same as Vacant

Financially Feasible

Same as Vacant

Maximally Productive/Assemblage

Agricultural cropland usage given the absence of any fencing present. Assemblage with other agricultural cropland would be required from an agricultural viability perspective.

HIGHEST AND BEST USE AS IMPROVED: Agricultural Cropland Usage (same as vacant)

APPRAISAL METHODOLOGY

There are three main approaches to value that can be applied for properties of this type, or the Cost Approach, Income Approach and Direct Comparison Approach.

COST APPROACH

The Cost Approach is a method in which the value of a property is developed by adding the value of the site as vacant to the depreciated value of the building and site improvements. The Cost Approach is most applicable to newer properties and becomes partially subjective for older properties due to the approach involving estimating the depreciated value of a property. However, the Cost Approach becomes most applicable to non-income producing older properties that are highly unique.

DIRECT COMPARISON APPROACH

The Direct Comparison Approach consists of the comparison of similar properties that have recently sold or currently offered for sale. This comparison process involves making adjustments between the subject property and the comparable properties on an item-by-item basis and is highly reliant on the availability of suitable recent comparable sales. As such, this approach is most applicable to vacant land and owner occupied properties that are relatively common in design.

INCOME APPROACH

The Income Approach converts an anticipated annual net income into an indication of value. This approach is predicated upon the relationship between income and value. As such, the Income Approach is most applicable when financial information is available for the appraised property or could be estimated relatively accurately through the use of market data.

Given the subject property consists of vacant agricultural cropland, only the Direct Comparison Approach will be applied, which is explained in detail at the beginning of the application of this approach. The applicability and reliability of each approach considered are briefly reviewed again during the reconciliation and determination of the subject property final market value estimate.

LAND VALUE OPINION

There are several methods appraisers can employ when developing an opinion of land value. The six basic procedures are the (1) Direct Comparison Approach, (2) Allocation Method, (3) Extraction, (4) Subdivision Development Method, (5) Land Residual Technique, and (6) Ground Rent Capitalization Method. All six methods are derived from the three basic approaches to value. Direct Comparison and income capitalization (i.e. Ground Rent Capitalization) can be directly applied to a land valuation with the latter applicable when land is leased. Allocation and Extraction procedures reflect the influence of the Direct Comparison and Cost approaches; the Land Residual Technique is based on the income capitalization and the Cost Approach. Subdivision Development draws on elements of all three approaches. The Direct Comparison Approach was used in this report, as it most closely reflects the behaviors of the buyers and sellers of this type of farmland.

Direct Comparison Approach

The Direct Comparison Approach is a process of comparing actual comparable property sales. This approach to value is based upon the Principle of Substitution, which holds that "the value of a property tends to be set by the price that would be paid to acquire a substitute property of similar utility and desirability within a reasonable amount of time. This principle implies that the reliability of the Direct Comparison Approach is diminished if substitute properties are not available in the market." (The Appraisal of Real Estate, 13th Edition).

This approach is based upon the collection of similar sales and offering data for comparison. Market-derived adjustments for relevant factors can sometimes be extracted from these and other sales. The sales data is compared to the subject land as if vacant on the basis of those elements of comparison that include real property rights conveyed, financing/sale terms, conditions of sale, and date of sale. Location and other physical characteristics are then considered. Physical characteristics typically used in comparison are size, shape, topography, street frontage, services, zoning, title encumbrances and alike. Because adjustments for these relevant factors are market derived, the desires and actions of typical buyers and sellers are reflected in the comparison process.

The Direct Comparison Approach will be used to value the subject property given it consists of vacant farmland.

Listed on the following pages are those sales, which were considered to be the most comparable to the subject property.

Agricultural Land Sale - #1

000978



Address: MD of Acadia No. 34, AB

Legal Description: SW30,SE30-24-02-W4M, SW01-25-3-W4,
NW05, SW05-25-01-W4

Coordinates: 51.095409,-110.214603

Land Use: A-Agricultural

Sale Price: \$1,176,000

Site Area: 800.00 Acres

Site Unit Value: \$1,470.00 / Acre

Transfer Date: March 21, 2014

Title Number: 141071543

LINC Number: 0023279763
(Multi-Property
Sale) 0023279771
0023221302
0023221294
0023166903

Vendor: Brent Knapik

Purchaser: S and S Farms Ltd.
Directors: Steven & Scott Heeg



Comments

Five vacant quarter sections of cropland divided into three areas. The two southwesternmost quartersections of land have a creek bed running through the north half of the land. Approximately 18 acres, or 2.25% of the land is noncultivated wasteland due to low/wetland areas resulting in 97.75% being cultivated cropland.

CLI agriculture soil capability is 60% Class 3c; 32% Class 4s; 8% Class 5st. The land shape is square. Topography is undulating to gently rolling.

Two suspended gas wells are present on SW01 that were drilled in the 2003/2004 timeframe.

Agricultural Land Sale - #2

000979



Address: MD of Acadia No. 34, AB

Legal Description: NE11-24-02-W4M

Coordinates: 51.0339306,-110.1735667

Land Use: A-Agricultural

Sale Price: \$240,000

Site Area: 160.00 Acres

Site Unit Value: \$1,500.00 / Acre

Transfer Date: April 23, 2014

Title Number: 141095499

LINC Number: 0023226491

Vendor: Kenneth Shubert

Purchaser: Heeg Farms Ltd.
Directors: T. Heeg et al

Comments

Vacant cropland that is 97%. A creekbed runs through the east half of the land that results in 5 acres, or 3% of the land being noncultivated wasteland.

CLI agriculture soil capability is 100% Class 3c. The land shape is rectangular. Topography is undulating to gently rolling.

Agricultural Land Sale - #3

000980



Address: MD of Acadia No. 34, AB

Legal Description: SE01-25-02-W4, NW06-25-01-W4M

Coordinates: 51.103050,-110.143886

Land Use: A-Agricultural

Sale Price: \$440,000

Site Area: 320.00 Acres

Site Unit Value: \$1,375.00 / Acre

Transfer Date: April 30, 2014

Title Number: 141100657

LINC Number: 0023219264
(Multi-Property
Sale) 0023274624

Vendor: Willard & Viola Schmidt

Purchaser: 5998198 Manitoba Ltd.
Directors: Kenley & Kevin Kehler

Comments

Two vacant quarter sections of cropland that are kitty corner to each other.

Approximately 280 acres, or 87.5% of the land is cultivated cropland. The remaining 40 acres is either used as pastureland or consists of isolated wasteland due to low/wetland areas.

CLI agriculture soil capability is 12% Class 3c; 70.5% Class 3s; 17.5% Class 5st. The land shape is square. Topography is undulating to gently rolling.

Agricultural Land Sale - #4

000981



Address: MD of Acadia No. 34, AB

Legal Description: SW19-24-01-W4M

Coordinates: 51.0557778,-110.138525

Land Use: A-Agricultural

Sale Price: \$248,000

Site Area: 160.00 Acres

Site Unit Value: \$1,550.00 / Acre

Transfer Date: May 20, 2014

Title Number: 141122546

LINC Number: 0023275564



Vendor: Kenneth & Jennifer Shubert

Purchaser: Knapik Farms Ltd.
Directors: L Knapik et al

Comments

Vacant cropland located southeast of Acadia Valley. 100% of the land is cultivated cropland.

CLI agriculture soil capability is 81% Class 3c; 19% Class 4s. The land shape is square. Topography is undulating to gently rolling.

Agricultural Land Sale - #5

000982



Address: MD of Acadia No. 34, AB

Legal Description: NE29, NW29, NE32, NW32, NE33-25-02-W4M

Coordinates: 51.171944,-110.250172

Land Use: A-Agricultural

Sale Price: \$1,219,040

Site Area: 797.37 Acres

Site Unit Value: \$1,529.00 / Acre

Transfer Date: January 13, 2015

Title Number: 151009246

LINC Number: 0023199558; 0023199565
(Multi-Property Sale) 0023271695; 0025495962
0023194351

Vendor: Mcfadyen Farms Ltd.

Purchaser: 878733 Alberta Ltd.
Directors: J. Kuhn



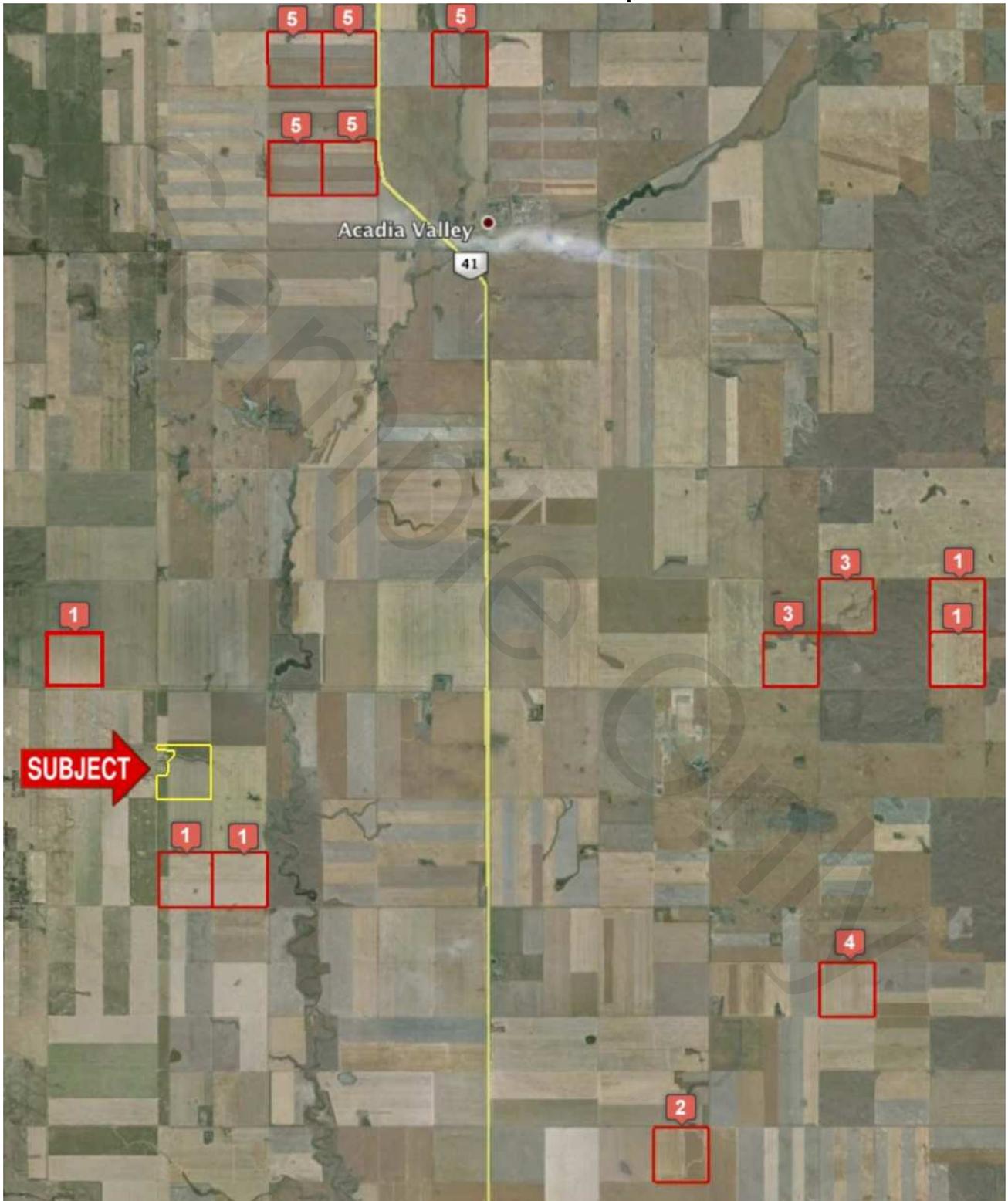
Comments

Five quarter sections of vacant cropland located northwest of Acadia Valley divided into three areas. 96.5% of the land is cultivated due to approximately 28 acres, or 3.5% consisting of low/wetland areas. A creekbed runs through the easternmost quarter section of land that reduces the amount of cultivated land in this quarter section.

CLI agriculture soil capability is 96% Class 3c; 3% Class 4s; 1% Class 5st. The land shape is square. Topography is undulating to gently rolling.

Land Sales Analysis

Land Sales Location Map



For purposes of this analysis, the value per acre was chosen as the unit of comparison, which reflects what buyers and sellers use in the market place for this type of land. The following discusses the adjustments required to the comparable sales to account for differences in key features and characteristics in comparison to the subject property.

Discussion of Adjustments

Property Rights - The transaction price of a sale is always based on the real property interest conveyed. In this instance, an adjustment for this attribute was not considered necessary for any of the sales.

Financing/Sale Terms - The price paid in acquiring a property may be influenced by atypical financing and/or sale terms involved, if any. Above or below market financing or special sale terms could have a negative or positive affect on the price paid. Therefore, some method of converting these financing and/or sale terms to cash must occur so that the adjustment process may be applied to the affected sales. In reviewing the comparables, an adjustment was not required for atypical financing or sale terms to any of the sales.

Conditions of Sale - Adjustments made for conditions of sale usually reflect atypical motivations of the buyer and seller at the time of conveyance. A sale may be transacted at a below market price if the seller needs cash in a hurry. A financial, business, or family relationship between the parties may also affect the price of property. Interlocking corporate entities may record a sale at a non-market price to serve their business interest. When non-market conditions of sale are detected in a transaction, the sale must be thoroughly researched before an adjustment is made. Within the confirmation process, detailed attention was made to ensure the conditions of each sale. Based upon the research performed, it is believed that all of the comparable sales involved regular arms-length transactions without the presence of duress or adverse market influence. Thus, no adjustments were warranted to any of the sales.

Market Conditions/Time - Market conditions may change between the time of sale of a comparable property and the date of the appraisal of the subject property. Changed market conditions often result from various causes, such as inflation or changes in demand and/or supply. Time itself is not the cause for the adjustment.

Historical sales revealed that farmland prices have been increasing over the past two years within the Municipal District of Acadia No. 34 similar to elsewhere in Alberta. Alberta land value trend reports obtained from Farm Credit Canada (FCC) discussed earlier in this report indicate that farmland values have been increasing over the past two years. Farm Credit Canada reported that farmland values in Alberta increased an average of 8.8% during 2014 and 12.9% during 2013. Farmland value increases during 2013 were predominantly due to high grain prices which dropped in mid- 2014. Therefore, little to no appreciation of cropland values would have been expected after July 2014 given the drop in grain prices. The unit sale price for Sale 5 demonstrates that cropland values were sustained for half a year after grain prices began to drop. If the decline in grain prices

in mid-2014 were to have any significant negative affect on cropland values, the negative affect would have been reflected in a significantly lower unit sale price for Sale 5 that is 96.5% cultivated and had sold in 2015 in relation to Sales 1, 2 and 4 with a similar to greater percentages of cultivated land that sold earlier during the first half of 2014, which was not the case. Therefore, it is reasonable to believe that cropland values continued to hold value after the end July 2014 and throughout the first half of 2015 given grain prices moderately rebounded during the end of 2014 and were relatively stable during 2015, as shown in the wheat price chart presented within the Alberta Economic Analysis section presented earlier in this report. With respect to Alberta's drought conditions that were evident during the spring of 2015, no market evidence existed as of July 2015 that drought conditions were having any negative affect on cropland values, as any affect on any changes in the supply of grain on grain prices would not realistically be known until after harvesting in the fall. In view of the proceeding, an overall annual percentage adjustment of 6% will be applied only to those sales that have transacted prior to August 1, 2014 and no timing adjustments are applied to any of the sales that transacted after August 1, 2014.

The remaining adjustments required to account for differences in locational, physical and zoning characteristics are identified in the following chart, which contains brief comments surrounding the adjustments that were deemed necessary.

Location - Location considerations include such factors as proximity to urban areas plus accessibility or adjacency to major highways. When reviewing the sales, it was determined that the locations of all the comparables are similar to the subject property and therefore no location adjustments were required for any of the sales.

Size/Shape - This subject land parcel is 141.49 acres in size and is irregular shaped. As outlined in the previous valuation, it was determined that no significant premium or discount is observed when comparing single quarter section unit sale prices to multi-quarter section farmland sales. Therefore, no significant size adjustments were required to any of the sales. However, this subject property has a semi-inferior irregular shape. Therefore, a minor downward shape adjustment was made to all five sales to account for this inferiority.

Topography - This subject land parcel has an undulating to gentling rolling topography and a creek bed runs through the property. All of the sales were deemed to be moderately superior in topographic characteristics. Therefore, moderate downward adjustments were deemed necessary to all of the sales.

Zoning - This subject land parcel is zoned A-Agricultural. The zoning of the sales analyzed are deemed to be relatively similar to the subject property, thus negating the need for any adjustments to any of the sales.

Soil Quality – The better the soil quality is for farmland, the more productive the farmland is and thus the greater the value. This subject land parcel consists of 100% Class 3c soil. When reviewing

the comparables, some land sales were considered to have inferior soil quality and were adjusted upward by as much as +3.00%.

Percent Cultivated – The greater the amount that the farmland is cultivated, the more productive the farmland is and thus the greater the value. This subject land parcel is 96% cultivated. When reviewing the comparables, some land sales were considered to have an inferior percentage of cultivated land and thus were adjusted upward by as much as +9.00%. Conversely, some land sales were considered to have a superior percentage of cultivated land and thus were adjusted downward by as much as -3.00%.

Improvements - This subject land parcel consists of vacant cropland. All of the sales also consisted of vacant cropland. Therefore, no adjustments were deemed necessary to any of the sales under this heading.

Encumbrances – An encumbrance can have a positive, negative or no affect on a property depending on the nature of the encumbrance. For example, underground utility or pipeline right of ways typically have no affect on agricultural land given the land above the facilities can still be cultivated. However, a revenue generating surface lease can have a positive affect on agricultural land depending on the circumstances.

This subject property has no encumbrances that affect the property value. Therefore, no final adjustment is required to account for any value affecting encumbrances registered against the subject property. None of the sales required adjustments to reverse the affect the encumbrances would have had on the sale prices. Therefore, no adjustments were required under this heading.

The following chart illustrates the net adjustments required to each of the comparable sales and contains further brief comments surrounding the adjustments that were deemed necessary.

SUMMARY OF LAND SALES WITH ADJUSTMENTS

| Comp No. | Subject | 1 | 2 | 3 | 4 | 5 |
|----------------------|------------------------------|---|------------------------------|-------------------------------|------------------------------|--|
| Property Type | Agricultural Land | Agricultural Land Sale | Agricultural Land Sale | Agricultural Land Sale | Agricultural Land Sale | Agricultural Land Sale |
| Address | PT. SW31-24-02-W4 | SW30,SE30-24-02-W4M, SW01-25-3-W4,NW05, SW05-25-01-W4 | NE11-24-02-W4M | SE01-25-02-W4, NW06-25-01-W4M | SW19-24-01-W4M | NE29, NW29, NE32, NW32, NE33-25-02-W4M |
| Municipality | MD of Acadia No. 34 | MD of Acadia No. 34 | MD of Acadia No. 34 | MD of Acadia No. 34 | MD of Acadia No. 34 | MD of Acadia No. 34 |
| Date of Sale | --- | 03/21/14 | 04/23/14 | 04/30/14 | 05/20/14 | 01/13/15 |
| Sale Price | --- | \$1,176,000 | \$240,000 | \$440,000 | \$248,000 | \$1,219,040 |
| Land Area (Acres) | 141.490 | 800.000 | 160.000 | 320.000 | 160.000 | 797.370 |
| Land Area (SF) | 6,163,304 | 34,848,000 | 6,969,600 | 13,939,200 | 6,969,600 | 34,733,437 |
| Price/Acre | --- | \$1,470.00 | \$1,500.00 | \$1,375.00 | \$1,550.00 | \$1,529.00 |
| Property Rights | --- | 0 | 0 | 0 | 0 | 0 |
| Financing/Sale Terms | --- | 0 | 0 | 0 | 0 | 0 |
| Conditions of Sale | --- | 0 | 0 | 0 | 0 | 0 |
| Topography | Undulating to gently rolling | Undulating to gently rolling | Undulating to gently rolling | Undulating to gently rolling | Undulating to gently rolling | Undulating to gently rolling |
| Zoning | A | A | A | A | A | A |

QUANTITATIVE ADJUSTMENTS

| | | | | | |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Property Rights | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Financing/Sale Terms | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Conditions of Sale | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Months Elapsed to Jul. 1, 2014 | 4.43 | 3.33 | 3.10 | 2.43 | 0.00 |
| Market Conditions/Time | +2.25% | +1.75% | +1.50% | +1.25% | 0.00% |
| Adj Price/Acre | \$1,503.00 | \$1,526.00 | \$1,396.00 | \$1,569.00 | \$1,529.00 |

| | | | | | |
|------------------------------|----------------------------|----------------------------|--------------------------|----------------------------|----------------------------|
| Location | Comparable | Comparable | Comparable | Comparable | Comparable |
| Size/Shape | Semi-Superior Shape | Semi-Superior Shape | Semi-Superior Shape | Semi-Superior Shape | Semi-Superior Shape |
| Topography | Semi-Superior Topography | Semi-Superior Topography | Semi-Superior Topography | Semi-Superior Topography | Semi-Superior Topography |
| Zoning | Comparable | Comparable | Comparable | Comparable | Comparable |
| Soil Quality | Semi-Inferior Soil Quality | Comparable | Inferior Soil Quality | Semi-Inferior Soil Quality | Semi-Inferior Soil Quality |
| % Cultivated | Semi-Superior % Cultivated | Semi-Superior % Cultivated | Inferior % Cultivated | Superior % Cultivated | Comparable |
| Improvements | Comparable | Comparable | Comparable | Comparable | Comparable |
| Encumbrances | Comparable | Comparable | Comparable | Comparable | Comparable |
| Net Percent Adjustment | -3.00% | -3.50% | +10.00% | -4.00% | -1.00% |
| Total Adj. Price/Acre | \$1,458.00 | \$1,473.00 | \$1,536.00 | \$1,506.00 | \$1,514.00 |

Conclusion

After making adjustments, the average, minimum and maximum adjusted unit values for the comparables are as shown in the chart below.

In considering that this subject land parcel is 96% cultivated, that the highest unadjusted unit value of cropland observed in the subject area is \$1,550 per acre for 100% cultivated cropland, the overall adjusted unit value and current agricultural market conditions, particularly the drop in grain prices since mid-2014 that has reduced upward pressure on cropland values, the concluded land unit market value estimate for the this subject land parcel is estimated to be as represented in the following table:

LAND SALES ANALYSIS:

| ADJUSTED PRICE/ACRE ANALYSIS | | OVERALL ADJUSTMENTS | |
|------------------------------|-------------------|---------------------|-----------------|
| Sale No. | Unadj. Price/Acre | Overall Adjustment | Adj. Price/Acre |
| Subject | ---- | ---- | ---- |
| Sale 1 | \$1,470.00 | -0.8% | \$1,458.00 |
| Sale 2 | \$1,500.00 | -1.8% | \$1,473.00 |
| Sale 3 | \$1,375.00 | 11.7% | \$1,536.00 |
| Sale 4 | \$1,550.00 | -2.8% | \$1,506.00 |
| Sale 5 | \$1,529.00 | -1.0% | \$1,514.00 |

| STATISTICAL ANALYSIS | | |
|----------------------|---------|---------|
| Minimum | Average | Maximum |
| | | |

| MARKET VALUE ESTIMATE | | |
|-----------------------|--------------|---------------------------|
| Estimated Price/Acre | Acres | Estimated Value (Rounded) |
| SW31 | Confidential | 141.49 |
| | | Confidential |

RECONCILIATION AND FINAL VALUE ESTIMATE

In this section of the report, the estimated value derived from all of the approaches applied are typically summarized and reconciled into a final concluded market value estimate, taking into consideration the subject property characteristics, the data gathered and the approaches applied. However, in this case, only one approach was applied, or the Direct Comparison Approach. Therefore, your attention is directed to the following, which summarizes the value estimate derived from this approach followed by a brief review of all the approaches considered.

| VALUE ESTIMATE SUMMARY | | |
|------------------------|----------------|-------------------------------------|
| Subject Property | Effective Date | Estimated Value* As Is (Rounded) |
| PT. SW31-24-2-W4 | July 11, 2015 | Confidential |

* - See Extraordinary Assumptions & Hypothetical/Limiting Conditions

The **Cost Approach** is most applicable to properties with new improvements or highly unique improved properties. Given the subject property consists of vacant cropland, this approach was deemed inappropriate and thus was not applied.

The **Direct Comparison Approach** is most applicable to vacant land and owner occupied properties and is based on the comparison between the subject property and similar properties that sold within a reasonable period prior to the date of appraisal, and which are capable of providing insight into the valuation of the subject property. Given the availability of comparable sales, this approach was deemed most appropriate and thus was applied in full detail.

The **Income Approach** is most applicable to investment properties that are used for income generating purposes. Given the unavailability of financial information for the subject property, this approach was deemed not appropriate and thus was not applied.

In utilizing the value derived from the Direct Comparison Approach given the subject property characteristics and availability of a sufficient number of recent comparable sales, the following final value estimate was concluded for the subject property:

| VALUE ESTIMATE SUMMARY | | |
|------------------------|----------------|-------------------------------------|
| Subject Property | Effective Date | Estimated Value* As Is (Rounded) |
| PT. SW31-24-2-W4 | July 11, 2015 | Confidential |

* - See Extraordinary Assumptions & Hypothetical/Limiting Conditions

The Exposure Time (as defined in this report) is estimated to be 3 to 6 months given agricultural market conditions within the MD of Acadia No. 34 area.

CERTIFICATION OF APPRAISER

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

1. I have no present or contemplated interest in the property appraised nor any personal interest with respect to the parties involved. My employment or compensation for this appraisal was not contingent upon a predetermined or appraised value of the property, the attainment of a specific result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
2. Dale Yachimec has personally inspected the subject property.
3. All statements and information in this report are true and correct; and the appraiser has not knowingly withheld any information.
4. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
5. The analyses, opinions and conclusions were developed, and this report have been prepared in conformity with the Canadian Uniform Standards and are subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
6. As of the date of this report, Dale Yachimec has fulfilled the requirements of the Appraisal Institute of Canada Continuing Professional Development Program for Members.
7. The undersigned is a member in good standing of the Appraisal Institute of Canada and is a licensed member with the Real Estate Council of Alberta.
8. No one provided significant professional assistance to the person signing this report. Dale Yachimec has prepared all conclusions and opinions concerning the real estate properties that are set forth in the appraisal.
9. Based on my experience, it is my opinion that I meet the qualifications to provide the estimate of the subject property market value concluded in this report.
10. Based on the inspection of the subject property conducted by Dale Yachimec on July 11, 2015, the preceding data, analyses and conclusions enables me to formulate the following market value estimate for the subject property described herein effective July 11, 2015:

| VALUE ESTIMATE SUMMARY | | |
|------------------------|----------------|-------------------------------------|
| Subject Property | Effective Date | Estimated Value* As Is (Rounded) |
| PT. SW31-24-2-W4 | July 11, 2015 | Confidential |

* - See Extraordinary Assumptions & Hypothetical/Limiting Conditions

The Exposure Time (as defined in this report) is estimated to be 3 to 6 months given market conditions within the MD of Acadia No. 34 area.

Dale Yachimec

Dale Yachimec, AACI, P.App., MBA
Dale Commercial
Inspected Property: Yes No
Dated: July 14, 2015

ADDENDA

Sample Only

EXHIBIT A - SUBJECT PHOTOGRAPHS

Sample Only



VIEW #1 OF PT. SW31-24-02-W4



VIEW #2 OF PT. SW31-24-02-W4
SHOWING DRAINAGE CHANNEL



VIEW #3 OF PT. SW31-24-02-W4



VIEW #4 OF PT. SW31-24-02-W4

EXHIBIT B – CERTIFICATE OF TITLE

Sample Only



LAND TITLE CERTIFICATE

S
LINC SHORT LEGAL TITLE NUMBER
0027 292 077 4;2;24;31;SW 101 358 479 +2

LEGAL DESCRIPTION

MERIDIAN 4 RANGE 2 TOWNSHIP 24
SECTION 31
QUARTER SOUTH WEST
CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS
EXCEPTING THEREOUT:
PLAN NUMBER HECTARES (ACRES) MORE OR LESS
SUBDIVISION 9712476 7.49 18.51
EXCEPTING THEREOUT ALL MINES AND MINERALS

ESTATE: FEE SIMPLE

MUNICIPALITY: MUNICIPAL DISTRICT OF ACADIA NO. 34

REFERENCE NUMBER: 981 317 367 +2

| REGISTERED OWNER(S) | | | | |
|---------------------|------------|------------------|-------|----------------|
| REGISTRATION | DATE (DMY) | DOCUMENT TYPE | VALUE | CONSIDERATION |
| 101 358 479 | 09/12/2010 | TRANSFER OF LAND | | SEE INSTRUMENT |

Sample Only

M.D. OF ACADIA NO. 34 LAND USE BYLAW No. 2012-727

2. AGRICULTURAL DISTRICT (A)

THE GENERAL PURPOSE OF THIS DISTRICT IS TO PERMIT ACTIVITIES ASSOCIATED WITH PRIMARY PRODUCTION OF AGRICULTURAL GOODS AND SERVICES AND TO STRENGTHEN THE AGRICULTURAL CHARACTER OF THE M.D.

(1) PERMITTED USES

Accessory buildings and uses
Compressor and metering stations
Dwelling – Manufactured Home
Dwelling – Modular
Dwelling – Moved on
Dwelling – Ready-to-move (RTM)
Dwelling – Single Detached
Dwelling – Park Model
Dwelling-Secondary - for agricultural use on a parcel of 32.376 hectares (80 acres) or more
Farmstead Separation
Greenhouse/market garden/plant nursery
Home occupation
Kennel
Move-in building
Public and quasi public buildings and uses
Public Utility Building
Renewable Energy System
Recycling Facility
Sign - Private
Veterinary clinic
Wind Energy Conversion System – Microgeneration

(2) DISCRETIONARY USES

Agri-Tourism Operation
Agricultural processing plant
Care Facility – Residential
Country Residential Applications
Bed and Breakfast
Beekeeping
Commercial Tourist Facility
Communication Tower
Confined Feeding Operation
Country Residential (to a maximum of 1 per quarter)
Dwelling, Collective Communal
Dwelling-Secondary - for personal care or agricultural on a parcel less than 32.376 hectares (80 acres)
Farm subsidiary occupations
Intensive livestock operations
Landfill
Livestock sale yards
Natural Resource Extraction Industry
Secondary Suite
Storage Structure
Top soil stripping
Waste disposal sites
Wind Energy Conversion System – Commercial
Other similar uses as approved by the Municipal Planning Commission

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(3) **MINIMUM LOT AREA**

Agricultural Use - existing title, or an unsubdivided quarter section

Other Uses - existing title area or as permitted by the MPC

(4) **MINIMUM YARD REQUIREMENTS**

| Front | Side | Flankage | Rear |
|-----------------------------|-----------------------|-----------------------------|-----------------------|
| See Section 10 Part V | 3 metres (10 feet) | See Section 10 Part V | 3 metres (10 feet) |

(5) **SITE RESTRICTIONS**

In addition to the requirements of the General Land Use Regulations, the following regulations shall apply:

- (a) Compressor stations shall not be permitted within 750 metres (2,500 feet) of residential developments.
- (b) An accessory building shall be located at a minimum distance of 1.5 metres (5 feet) from a principal building.

EXHIBIT D – CANADA LAND INVENTORY SOIL CLASS DEFINITIONS

Sample Only

AGRICULTURE

1.1 Agricultural Soil Classification:

The Agriculture layer shows the varying potential of a specific area for agricultural production. It indicates the classes and subclasses according to the Soil Capability Classification of Agriculture, which is based on characteristics of the soil as determined by soil surveys. The mineral soils are grouped into 7 classes and 13 subclasses according to the potential of each soil for the production of field crops. Organic soils are not a part of the classification and are shown as a single separate unit (0).

1.2 Agricultural Soil Classes:

| Class | Description |
|--------------|--|
| 1 | Soils in this class have no significant limitations in use for crops. |
| 2 | Soils in this class have moderate limitations that restrict the range of crops or require moderate conservation practices. |
| 3 | Soils in this class have moderately severe limitations that restrict the range of crops or require special conservation practices. |
| 4 | Soils in this class have severe limitations that restrict the range of crops or require special conservation practices. |
| 5 | Soils in this class have very severe limitations that restrict their capability in producing perennial forage crops, and improvement practices are feasible. |
| 6 | Soils in this class are capable only of producing perennial forage crops, and improvement practices are not feasible. |
| 7 | Soils in this class have no capacity for arable culture or permanent pasture. |
| 0 | Organic Soils (not placed in capability classes). |

1.3 Agricultural Subclasses:

| Subclass | Description |
|----------|---|
| C | Adverse climate |
| D | Undesirable soils structure and/or low permeability |
| E | Erosion |
| F | Low fertility |
| I | Inundation by streams or lakes |
| M | Moisture limitations |
| N | Salinity |
| P | Stoniness |
| R | Consolidated bedrock |
| S | Combination of subclasses |
| T | Topography |
| W | Excess water |
| X | Soils having limitation resulting from the cumulative effect of two or more adverse characteristics |