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NARRATIVE APPRAISAL OF AGRICULTURAL PROPERTY

Legally Described as

NW 34-46-5-W4TH

NE 34-46-5-W4TH

SE 34-46-5-W4TH

LOCATED IN THE M.D. OF WAINWRIGHT NO. 61

PREPARED FOR

KYLE ROBERTS

AS OF DECEMBER 15, 2023



File #A23-070
January 8, 2023

Kyle Roberts
Range Road 1
Wainwright, AB T9W 1W1

Re: Appraisal Report on:

NW 34-46-5-W4th
NE 34-46-5-W4th
SE 34-46-5-W4th

Thank you for allowing us the opportunity to provide an appraisal on the above property. This appraisal has been completed in adherence with the Standards set out by the Appraisal Institute of Canada. The reader is advised to be familiar with the report in its entirety before relying on the value conclusions stated in the report. There may be certain hypothetical conditions that materially affect the value outcome. If so, these conditions will be clearly defined within the body of the report.

It has been a pleasure to complete this report on your behalf. If you have any questions or require clarification on any point, please contact the undersigned at your convenience.

Respectfully submitted,

Wainwright Assessment Group Ltd.

Edward W. Ernst, CRA, P. App

APPRAISAL INTRODUCTION

The real estate appraisal describes a property and identifies its value in its simplest form. The primary goal in writing an appraisal is to communicate the writer's thoughts as succinctly as possible while addressing all the minimum standards required by the profession. The report should ideally lead the reader to reach the same conclusion as the writer.

We have formatted our reports in such a manner as to allow an experienced and informed reader the quickest path to our conclusions. For less experienced readers, explanatory discussions under the heading "Frequently Asked Questions" will assist the reader in reaching a full understanding of the appraisal process.

An astute reader familiar with the standard appraisal format will note that we have not featured an in-depth Regional Overview section in this appraisal. With the advancement of the Internet and the abundance of current data available, we have found it quite unnecessary to summarize details that are readily accessed in superior mediums.

In designing our report, we have carefully considered the reporting requirements of the Appraisal Institute of Canada and addressed all minimum standards. These standards are known as CUSPAP or the Canadian Uniform Standards of Professional Appraisal Practice in the appraisal profession. The most recent edition came into effect on January 1, 2022. This appraisal meets these standards and, in many areas, exceeds them.

We have included a "Notice to Reader" section in this report as an additional aid to the reader. In this section, we will disclose and explain some of the more nuanced aspects of the report.

APPRAISAL OVERVIEW

The subject of this appraisal is three parcels of agricultural land located northeast of Wainwright in the M.D. of Wainwright. This property involves three-quarters of land, including some improvements on site, such as a house, garage, and several outbuildings related to the operation of the property as a farm. The land is a mixture of cropland and pastureland.

In concluding the market value for the subject parcels, the primary focus of the investigation will be on the value of the subject parcels based on their value in exchange. In other words, what price would be paid for the parcels on the open market, considering their condition, description, and ongoing utility.

FUNDAMENTAL PRINCIPLES

This section of the appraisal outlines some of the foundational principles upon which this consultation is based. The reader is advised to be familiar with these principles. The following comments are explicitly prepared for this appraisal and should be read in detail.

Definition of “Market Value”

The definition of market value for the purposes of this report is as follows:

“The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and the seller each acting prudently, knowledgeably, and for self-interest, assuming that neither is under duress.”

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:

- Buyer and seller are typically motivated.
- Both parties are well informed or well advised, acting in what they consider their best interest.
- A reasonable time is allowed for exposure in the open market.
- Payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto, and
- The price paid represents the normal consideration for the property sold unaffected by special or creative financing or sale concessions granted by anyone associated with the sale.”

This definition has been extracted from the Canadian Uniform Standards of Professional Appraisal Practise – 2022 Edition.

Scope of the Appraisal Investigation

Inspection: The parcels were inspected on December 15, 2023. Our identification of the parcels also involved a review of the mapping prepared by the local municipality. The appended photographs were taken on December 15, 2023, and some were obtained from Internet sources.

Type of Analysis: The valuation approaches applied to the subject parcels were investigated as to their relevance to this assignment, including a review of market data necessary to apply these approaches properly. In this regard, the Direct Comparison Approach and Cost Approach are utilized for valuation.

Data Research: We received our instructions from Kyle Roberts. Mr. Roberts also arranged our inspection of the properties. Publications produced by the M.D. of Wainwright provided information on applicable land use controls. Sources of market evidence included, as appropriate, the local county or municipal office, soil survey maps from the Province of Alberta, the local real estate board, Wikipedia, the King’s Printer, and the Land Titles Office.

Audits and Technical Investigations: We did not complete technical investigations such as:

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

Verification of Third-Party Information: The analysis set out in this report relied on written and verbal information obtained from various sources we considered reliable. Unless otherwise stated herein, we did not verify client-supplied information, which we believed to be correct. The mandate for the appraisal did not require a report prepared to the standard appropriate for court purposes or arbitration, so we did not fully document or confirm all information herein by reference to primary sources.

Personnel: This appraisal has been completed in its entirety by Edward W. Ernst CRA, P. App, and reviewed by Randell B. Wyton, certified as an AACI by the Appraisal Institute of Canada.

Client & Intended User

This appraisal is being conducted at the request of Kyle Roberts to assist with selling the property. Use of this report for any other purposes or any other party would require our written authorization. We will not be liable for any parties' unauthorized reliance on the conclusions or comments made in this report. Authorization will not be unreasonably withheld. Authorization and liability will not be extended to an unrelated third party except for lending institutions lending on behalf of our client.

Purpose of the Appraisal

This analysis was conducted to estimate the subject property's market value based on a **Fee Simple Estate**. For the reader's information, the hierarchy of property rights in Canada is as follows:

Fee Simple Estate - Fee simple estate in Canada includes a "**bundle of rights**," which embraces the right to use the property, lease it, sell it, enter it, or give it away. These rights and powers are limited only by government policies related to taxation, eminent domain, police power, and escheat or expropriation.

Leased Fee Estate - This is a slight modification to fee simple where the rights of the tenant's place may supersede the landlord's rights. The practical side of this estate comes into play when a tenant has a lease rate for a long term that is below the market, thereby limiting the landlord's access to higher rents.

Leasehold Estate - This right is the interest of a tenant in a property. In the example above, the tenant has value and/or rights that stem from holding the right to occupy a property at a lease rate below market value.

Exposure and Marketing Time

To obtain the full appraised value, we would anticipate that the property would have to be exposed to potential buyers for a period of approximately six months.

Competency

This appraisal complies with the Standards of the Appraisal Institute of Canada. We are competent in this type of appraisal and have previously appraised this type of property.

Historical Sale Details

According to a title search, a subdivision plan was registered on the parcel, NW 34-46-5-W3th, on December 5, 2022.

Exclusions

No environmental impact study has been ordered or made by Wainwright Assessment Group Ltd. in conjunction with this appraisal. Full compliance with applicable environmental regulations and laws is assumed unless otherwise stated, defined, and considered in the report. It is also assumed that all required licenses, consents or other legislative or administrative authority from any government or private entity organization either have been or can be obtained or renewed for any use which the report covers. No legal survey, engineering reports, soil analysis, geological studies, or chemical hazard inspections were ordered or made in conjunction with this report. Accordingly, no responsibility is assumed concerning these matters or other technical or engineering techniques which would be required to discover any inherent or hidden condition in the subject property. No consideration has been given to the impact of any environmental concerns that may be associated with the subject property, as the appraiser is not qualified to detect hazardous substances or quantify the cost to cure. Quantification of the cost to remedy environmentally related problems would have to be identified by experts in that area. A Phase I environmental audit is recommended and will be required by lenders.

NOTICE TO THE READER

Appraisal reports are complex documents that endeavour to describe and value a property. In doing so, often, there are elements to the analysis that are not easily understood, or there are provisions in the appraisal that affect the value outcome that may be important for the reader to have a clear understanding. Below, we have highlighted some of the aspects of this report that the reader should be aware of going in.

Subjective Observations versus Objective Observations

Not everything is a “matter of fact” in the appraisal process. In this appraisal, we will work with factual data as much as possible. However, estimates will arise for some matters requiring our experienced judgment. In projecting subjective estimates in the appraisal process, we will endeavour to support those subjective estimates with market data. That being said, observations that are purely subjective in nature may still be made. Examples would be our observation of the nature of the neighbourhood, the impact of surrounding properties, the colour scheme of the building, or the architectural style. The reader should know that we are providing our **“informed opinion”** of the property and its value.

Inspection

Previously, in this appraisal, under the heading of “Inspection,” we noted the steps we took in looking at the property. Having detailed our steps, the reader must understand an inspection’s role in a real estate appraisal. An appraisal is primarily an economic analysis of the operation or development potential of the subject. Our training and expertise are in understanding the supply and demand principles that act upon the subject and the marketplace in which it is located. Discussion and description of the property’s physical makeup are to give the reader a basic understanding of the property as we see it. An understanding of construction techniques, deterioration of buildings, soil conditions, and a myriad of other factors affecting the performance of a property is not within our expertise, and we are not equipped to develop definitive and reliable conclusions. Some specific limitations we can identify in regard to the subject property include the makeup and functionality of the HVAC systems, the condition of the roof cover, and any structural defects that might be unseen behind wall finishes or foundations. We will proceed with a valuation on the basis that the building is in good operational condition with long-term components of the building in good condition. In the event that impactful negative conditions are discovered, value may be affected. We will defer to the opinion of professional experts in the field of construction inspection in regard to these matters.

Despite the above disclosure of our expertise in the field of physical building functionality, we did not observe any conditions that would appear to require repairs of concern at this time.

M.D. OF WAINWRIGHT No. 61

We will begin describing the subject property by looking at the municipality itself. The phrase “Location, location, location” is equally true for agricultural properties. Location is a key variable in the valuation of agricultural lands, stressing the importance of access to highways and roads, proximity to local service centres, and availability of labour.

The subject property is located in M.D. of Wainwright. As illustrated on the adjacent map, this rural municipality is situated in the eastern part of the province.

The majority of the land area within the county is made up of agricultural properties, with agriculture being the main economic driver. The main commercial centre is **Wainwright**, located in the county's central portion. This community provides the full range of commercial services in M.D. of Wainwright. The parcels have good access to Wainwright. Other smaller centres dot the county and offer some commercial services to the surrounding farms.



A good rural road network forms the traditional grid pattern that connects the community. Major highways feature **Highway 14**, a two-lane highway providing access between **Edmonton** and **Wainwright**, with local communities such as Irma and Fabian between the two.

In summary, the subject property is located in a rural municipality offering good access to roads, services, and labour. The surrounding community is mainly agricultural and provides a complimentary environment for the subject property to fulfil its function as a farm.



LAND DESCRIPTION

The land description within the context of an agricultural appraisal offers up some more benign legal aspects of the property and touches on some points that may enhance or detract from the overall value. Much like the Neighbourhood Description, this section of the appraisal deals with location, but more importantly, the Land Description addresses the physical aspects of the subject property, detailing soil types and land usage (cropland versus pasture).

In this instance, the subject property involves a single parcel of land. As such, this Land Description will describe each of the properties individually.

NW 34-46-5-W4th

This portion of the subject property consists of a quarter section of land with a total site area of 123.12 acres. Situated on Range Road 53, this parcel is located approximately eighteen miles northeast of Wainwright. The property is legally described as follows:

MERIDIAN 4 RANGE 5 TOWNSHIP 46

SECTION 34

QUARTER NORTH WEST

AS SHOWN ON A PLAN OF SURVEY OF THE SAID TOWNSHIP

DATED ON THE 17TH DAY OF FEBRUARY A.D. 1906

CONTAINING 55.8 HECTARES (138 ACRES) MORE OR LESS

EXCEPTING THEREOUT:

		HECTARES (ACRES) MORE OR LESS	
A) PLAN 6018MC	ROAD	0.352	0.87
B) PLAN 2222436	SUBDIVISION	5.67	14.01

EXCEPTING THEREOUT ALL MINES AND MINERALS

As a legal, due diligence analysis is not part of the scope of this appraisal, we will not attempt to dissect the various encumbrances on the current title. Instead, we will work on the assumption that the current structures can legally reside on the site within the confines and restraints of the encumbrances. We have included a copy of the title in this appraisal located in the Addenda.

The parcel has approximately 90 acres of cropland and 30.12 acres of pastureland, with the remaining three acres for the homesite. Based on our observations, the parcel appears to be hummocky to undulating, and there are low-lying, treed areas. The soil survey map indicates that the soil is loam to clay loam and sandy loam to fine sandy loam.

According to Alberta's Land Inventory records, the soil is Class 2, 3 and 5 with a subclass of H, M, T and W. The characteristics of these soil types are detailed as follows:

Class 2 rating: Soils in this class have moderate limitations that restrict the range of crops or require moderate conservation practices.

Class 3 rating: Soils in this class have moderately severe limitations that restrict the range of crops or require special conservation practices.

Class 5 rating: Soils in this class have very severe limitations that restrict their capability to produce perennial forage crops, but improvement practices are feasible.

Subclass H: Adverse climate as a result of cold temperatures.

Subclass M: Deficient soil moisture.

Subclass T: Adverse relief because of steepness or pattern of slopes.

Subclass W: Excessive soil moisture.

In summary, the subject site is a rather conventional agricultural parcel of land, well located and equipped to fulfil its function.

Map of NW 34-46-5-W4th

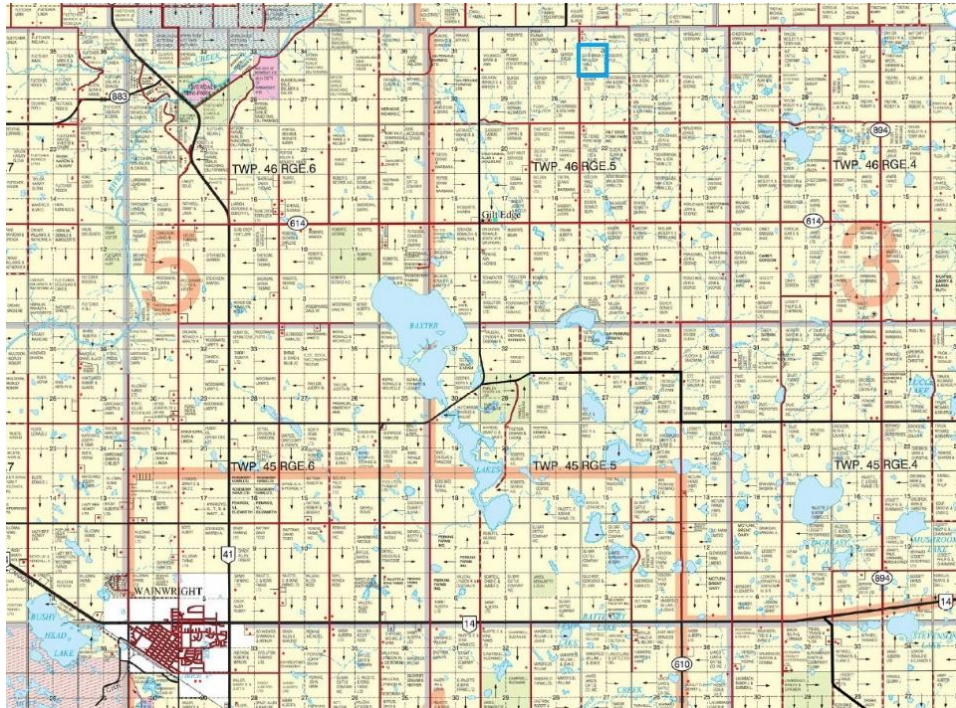
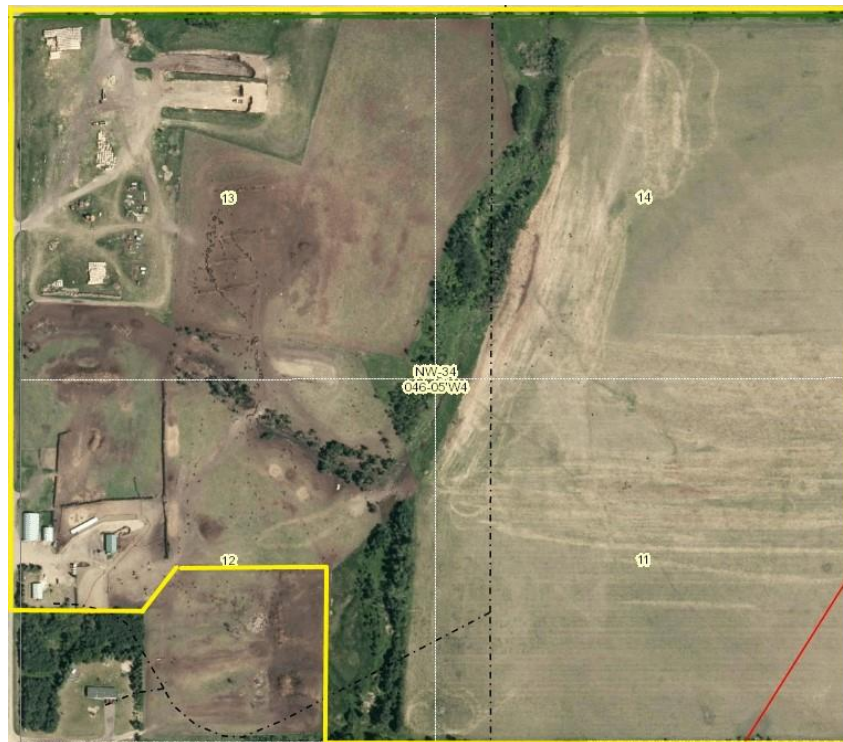


Photo of NW 34-46-5-W4th



Satellite Image of NW 34-46-5-W4th



NE 34-46-5-W4th

This portion of the subject property consists of a quarter section of land with a total site area of 138 acres. Situated on Township Road 470, this parcel is located approximately eighteen miles northeast of Wainwright. The property is legally described as follows:

**MERIDIAN 4 RANGE 5 TOWNSHIP 46
SECTION 34
QUARTER NORTH EAST
AS SHOWN ON A PLAN OF SURVEY OF THE SAID TOWNSHIP
DATED ON THE 17TH DAY OF FEBRUARY A.D. 1906
CONTAINING 55.8 HECTARES (138 ACRES) MORE OR LESS
EXCEPTING THEREOUT ALL MINES AND MINERALS**

As a legal, due diligence analysis is not part of the scope of this appraisal, we will not attempt to dissect the various encumbrances on the current title. Instead, we will work on the assumption that the current structures can legally reside on the site within the confines and restraints of the encumbrances. We have included a copy of the title in this appraisal located in the Addenda.

The parcel has approximately 92 acres of cropland and 46 acres of pastureland. Based on our observations, the parcel appears to be hummocky to undulating with treed/bush and low-lying areas. The soil survey map indicates that the soil is loamy to clay loam and sandy loam to fine sandy loam. A suspended well lease on this parcel has no contributory value.

According to Alberta's Land Inventory records, the soil is Class 2, 3 and 5 with a subclass of M, T and W. The characteristics of these soil types are detailed as follows:

Class 2 rating: Soils in this class have moderate limitations that restrict the range of crops or require moderate conservation practices.

Class 3 rating: Soils in this class have moderately severe limitations that restrict the range of crops or require special conservation practices.

Class 5 rating: Soils in this class have very severe limitations that restrict their capability to produce perennial forage crops, but improvement practices are feasible.

Subclass H: Adverse climate as a result of cold temperatures.

Subclass M: Deficient soil moisture.

Subclass T: Adverse relief because of steepness or pattern of slopes.

Subclass W: Excessive soil moisture.

In summary, the subject site is a rather conventional agricultural parcel of land, well located and equipped to fulfil its function.

Map of NE 34-46-5-W₄th

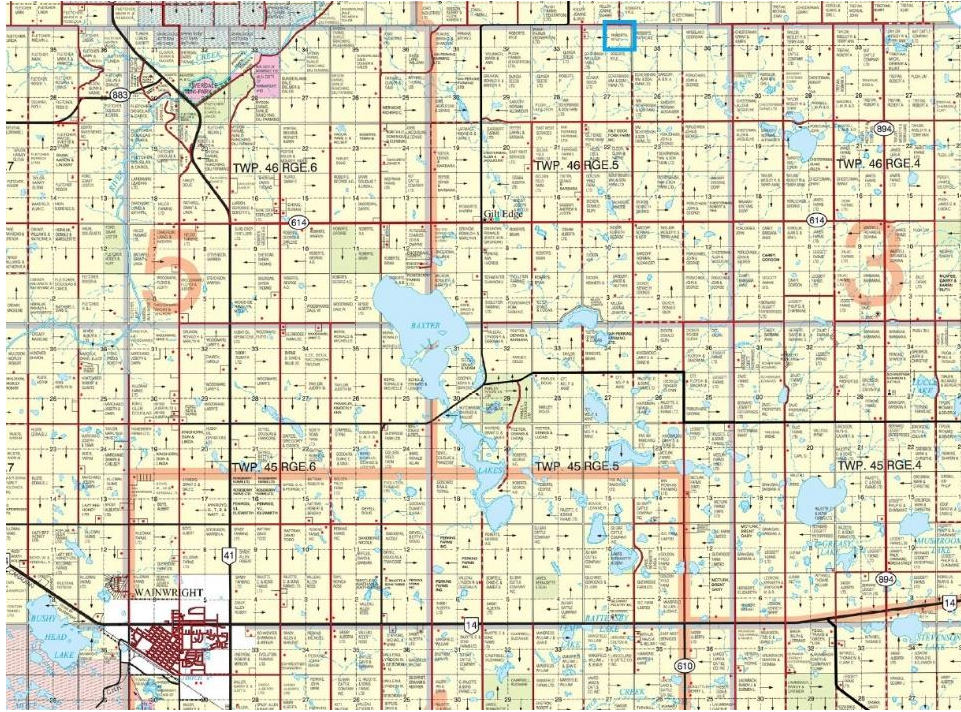


Photo of NE 34-46-5-W4th



Satellite Image of NE 34-46-5-W4th



SE 34-46-5-W4th

This portion of the subject property consists of a quarter section of land with a total site area of 159 acres. Situated on Township Road 470 access to this parcel, and this parcel is located approximately eighteen miles northeast of Wainwright. The property is legally described as follows:

**MERIDIAN 4 RANGE 5 TOWNSHIP 46
SECTION 34
QUARTER SOUTH EAST
EXCEPTING THEREOUT ALL MINES AND MINERALS
AND THE RIGHT TO WORK THE SAME
AREA: 64.3 HECTARES (159 ACRES) MORE OR LESS**

As a legal, due diligence analysis is not part of the scope of this appraisal, we will not attempt to dissect the various encumbrances on the current title. Instead, we will work on the assumption that the current structures can legally reside on the site within the confines and restraints of the encumbrances. We have included a copy of the title in this appraisal located in the Addenda.

The parcel has approximately 90 acres of cropland and 69 acres of pastureland. Based on our observations the land appears to be undulating to gently rolling with a minimal stone cover. The soil survey map indicates that the soil is loam to clay loam and sandy loam to fine sandy loam.

According to Alberta's Land Inventory records, the soil is Class 2, 3, and 5, with a subclass of H, M, T and W. The characteristics of these soil types are detailed as follows:

Class 2 rating: Soils in this class have moderate limitations that restrict the range of crops or require moderate conservation practices.

Class 3 rating: Soils in this class have moderately severe limitations that restrict the range of crops or require special conservation practices.

Class 5 rating: Soils in this class have very severe limitations that restrict their capability to produce perennial forage crops, but improvement practices are feasible.

Subclass H: Adverse climate as a result of cold temperatures.

Subclass M: Deficient soil moisture.

Subclass T: Adverse relief because of steepness or pattern of slopes.

Subclass W: Excessive soil moisture.

In summary, the subject site is a rather conventional agricultural parcel of land, well located and equipped to fulfil its function.

Map of SE 34-46-5-W4th

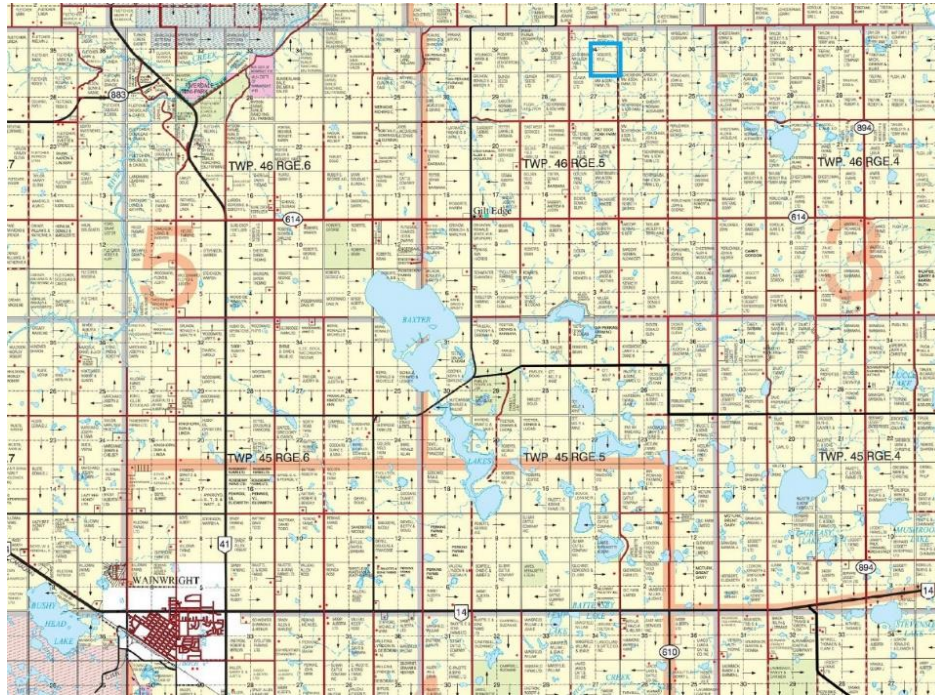


Photo of SE 34-46-5-W4th



Satellite Image of SE 34-46-5-W4th



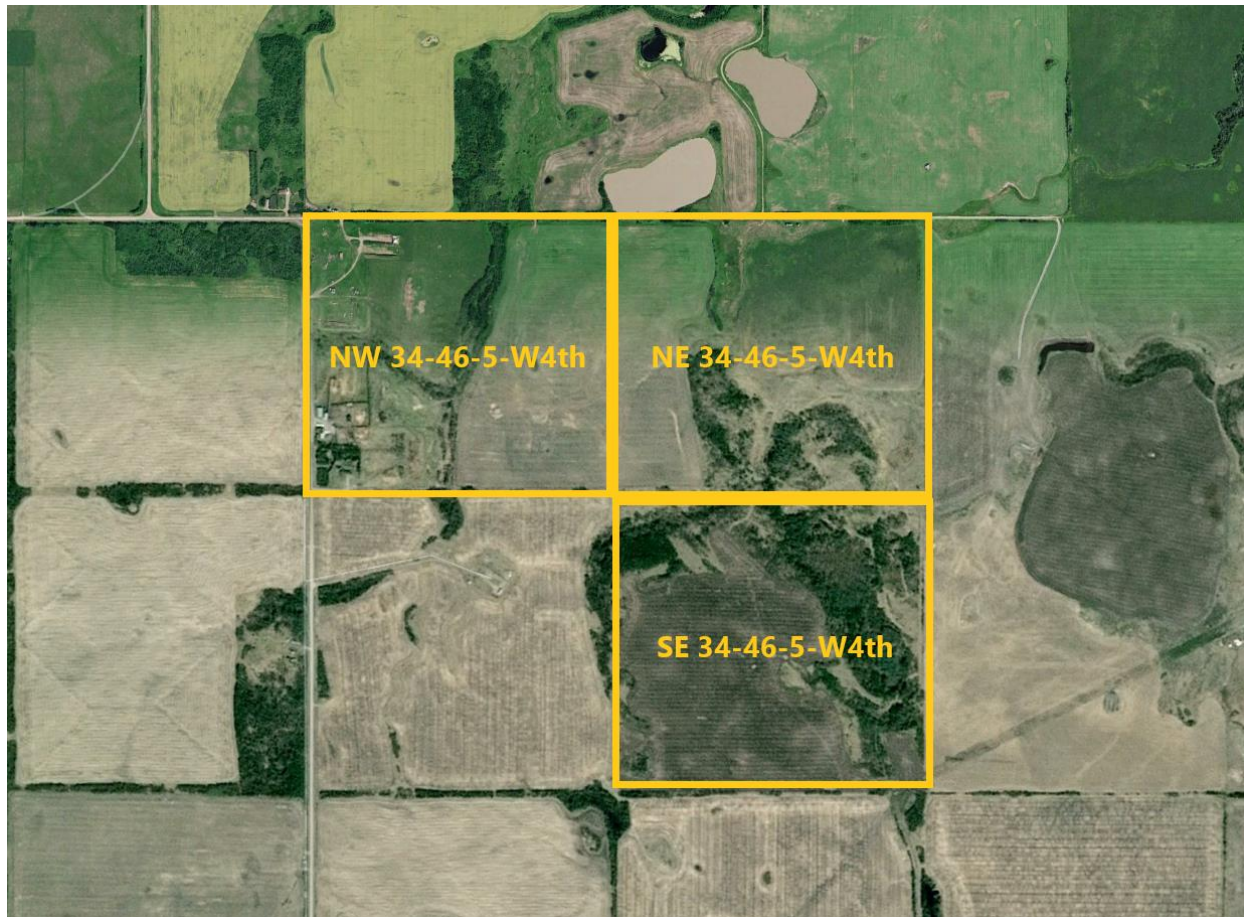
Summary

The subject site features three-quarter sections of land with the following land area:

<u>Parcel</u>	<u>Size</u>	<u>Crop Land</u>	<u>Pasture</u>	<u>Waste</u>	<u>Homesite</u>
<u>NW 34-46-5-W4th</u>	123.12	90	30.12	0	3
<u>NE 34-46-5-W4th</u>	138	92	46	0	0
<u>SE 34-46-5-W4th</u>	159	90	69	0	0

The map on the following page details the sites in relation to each and the surrounding properties.

Site Overview



BUILDING DESCRIPTION

NW 34-46-5-W4th
465051 Range Road 53

Residence:

The house is an older, bungalow-style home that was built in 1967 with a 2x4 frame construction with a poured concrete foundation. Roofing is asphalt shingles that appear to be in average condition. The exterior has stucco siding, and the windows are triple PVC.

The main floor is 1,144 square feet and is finished with average-quality materials and workmanship. Development of the main floor includes a kitchen, dining room, living room, primary bedroom, one additional bedroom, a four-piece bathroom, and a laundry room. The flooring is vinyl plank, and the walls are gypsum board. Recent renovations include the kitchen with newer laminate cabinets and countertops. Other upgrades include newer flooring, paint, trim, windows, electrical fixtures, and switches, and the four-piece bathroom. The layout of the main floor is functional.

The basement has newer development with a kitchenette, and the basement is being used as a suite. There is a newer, high efficient forced-air furnace and hot water tank. Basement development includes a kitchenette, family room, bedroom, storage, and a three-piece bathroom. The layout is functional, and the overall ceiling height is standard.

There are two newer electrical panels with both 100- and 200-AMP main breakers.

Extras include a poured concrete patio on the northeast side of the house, a dishwasher, a built-in microwave, and central air conditioning.

There is a metal arch rib Quonset, 4,200 square feet in size. The garage is wired, has a dirt floor, and is in overall average condition.

There is another metal arch rib Quonset that is 1,280 square feet and is lined, insulated, and heated. It is wired with an opener.

A wood barn has a gravel floor is 1,400 square feet in size. The barn is wired with lights.

There is a cattle shelter, metal corrals and fencing, two silage pits totalling 2,500 square feet, and 14,200 bushels of grain storage. The grain storage is from older oil bins that the owner has indicated have been properly prepared for storing grain.

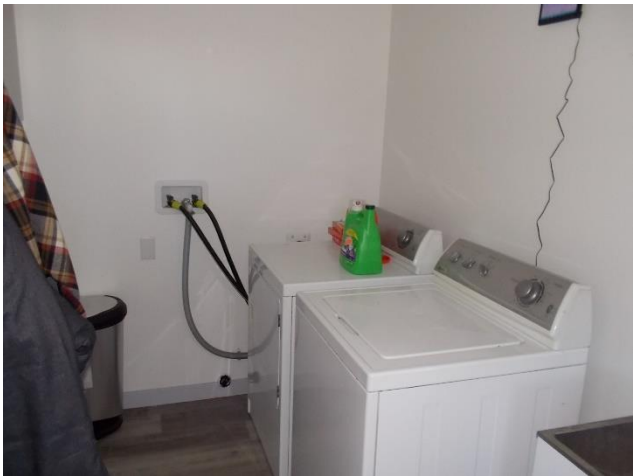
The landscaping is complete and of average quality for the subject.

Services include electrical, natural gas, a well, and a septic tank with a straight discharge.

Subject Photographs



Additional Photographs



Additional Photographs



Additional Photographs



Additional Photographs



REMAINING ECONOMIC LIFE

The topic of remaining economic life is one of some disagreement amongst experts and a concept largely misunderstood by many participants in the real estate community. The accepted standard for measuring remaining economic life is to estimate the number of years the building will continue to fulfil its function economically. Attempts to measure the life expectancy of complex buildings in this way can be misunderstood and ignore some of the more dynamic aspects of building life, such as maintenance, change of use, renovation, demographic shifts, etc. In addition to these factors, predicting future events that may affect a building and its use is deep in conjecture. We will examine a broader view of this concept in relation to the subject property.

Buildings such as the subject building consist of a vast array of components that will expire through natural wear and tear against the backdrop of a structure that will likely last many decades. The subject building's concrete foundation and wood frame could last up to 100 years if properly maintained. As this speaks well to the durability of the actual frame of the building, it doesn't adequately address the other more short-term components of the building. The various elements that make up the subject building and keep it performing in an "economically viable manner" expire at different intervals, making it very difficult to suggest that there is a single "value" to assign to the remaining life span of the property.

In essence, the remaining economic life of a building is largely in the hands of the owner or manager to maintain the building properly and to ensure all the components of the building receive sufficient attention. Our remaining economic life estimate assumes that ownership will act responsibly to ensure that the building is well run, repaired as required, and operated in such a manner to ensure a long and viable life consistent with the longer-live components of the structure.

Considering the subject property's ongoing economic usefulness, we consider the subject area to continue to support agricultural uses in all its forms for many years to come. Predicting market changes in a community for decades to come is highly subjective. This aspect of the remaining economic life estimate should be used cautiously and subject to the reader's thoughts on the matter.

If asked to place a "single" year value on the remaining economic life of this project, we would estimate that with strong management of the maintenance of the short-lived components of the project, the property should still be functioning for at least the next 50 years.

ZONING DESCRIPTION

The zoning for the subject property is Agricultural District – A. The zoning designation is from the M.D. of Wainwright’s zoning bylaw.

Agricultural District – A

The General Purpose of this District is to allow activities associated with primary production and to preserve valuable land as much as possible for future agricultural use. It is also intended that this District recognize the need to regulate development in the vicinity of Primary Highways.

Permitted uses include farming, buildings, and accessories to farming. Numerous discretionary uses are noted in this report’s Addendum on the zoning bylaw excerpt. The list is quite exhaustive, and the options provided for the subject site would play an important role if the site’s redevelopment were to be considered.

Presently, the subject site is being operated as a farm, and this use is in conformance with the zoning in place.

ASSESSMENTS

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

LEASES

Land leasing arrangements are a significant facet of rural land ownership in Alberta's eastern central region. These leases are primarily linked to the petroleum and pipeline industries and encompass the privileges granted to companies for utilizing farmland to facilitate activities related to oil extraction and the transportation of products. Consequently, these leases play a crucial role in assessing the overall value of both the property under consideration and in the assessment of comparable sales, along with the value enhancements they contribute to these market value benchmarks. This section of the appraisal focuses on these leases and the approach taken to evaluate the revenue generated from them.



Standard leases have a 20 to 25-year term that allows the Lessee to work the site as long as it is financially productive, and it can usually be automatically renewed if needed. Leases typically dictate that the land is to be returned to its original state with financial compensation to be paid until the reclamation has been completed. The overall process to reclaim the land varies per site and the Lessee, so there is no specific time period when reclamation will be complete.

During the period the lease is productive, financial compensation is paid to the owner for the loss of utility from the area that the lease occupies. These funds are to be paid yearly for the duration of the lease until reclamation has been completed, and it can result in significant income over the length of the lease. This income source affects the property's value by providing a contributory value higher than the actual lease revenue.

The contributory value for a lease is based on historical transactions of other properties with similar leases in the area. While there are differences in the revenue paid and the lease length, we need to make some assumptions and estimates to properly reflect the value contribution these leases make to a property. The "rule of thumb" used to recognize the lease value of a property would suggest that the lease value is equivalent to five times the annual rental payment. For example, if the lease revenue is \$15,000 annually, then the value of this lease to the property is calculated as follows:

$$5 \times \$15,000 = \$75,000$$

There are no leases on any of the parcels that generate revenue; therefore, there is no contributory value.

Furthermore, later in this appraisal, when we look at comparable sales to assist in indicating the value of the subject property, we will complete a similar calculation to remove the value impact of any leases from the land sales. In doing so, we will create a level playing field and compare "apples to apples."

HIGHEST & BEST USE

In the Canadian Uniform Standards of Professional Appraisal Practice, 2022 Edition, Highest and Best Use is defined as follows:

“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.”

The Standards also dictate that the Highest and Best Use consider the property from both the vacant land standpoint and as improved with its current buildings.

The first point to be addressed within the context of the subject properties is that of legal permissibility. The current use as agricultural property aligns with the zoning regulations. As such, we can state that the property’s use is permitted and lawful and that future replacement of a similar structure would be allowed.

Regarding physical possibility, the subject has been used as agricultural property for many years and is well suited to this purpose. The parcel has suitable access and exposure for its usage.

As the subject parcel is best suited to agricultural use in terms of zoning and physical features, financial feasibility and maximizing profitability will continue to be met by agricultural uses until the redevelopment of the parcel to alternate uses is considered viable. Currently, there do not appear to be any market-driven factors suggesting the properties could be employed in an alternate use for more significant financial performance.

Based on the preceding analyses, the current use of the subject parcel as agricultural property represents the Highest and Best Use.

VALUATION

In appraisal practice, there are three approaches to value generally contemplated. These involve the Cost, the Direct Comparison, and the Income Techniques. **In conducting an appraisal, the appraiser must decide which approach to value would most closely approximate the actions of the buyers and sellers for this type of property. The approach decided will likely form the basis for the valuation.**

The subject property involves three-quarters of agricultural land, with a house on the parcel and several outbuildings. As with most agricultural properties, the land is a major portion of the value. As such, our valuation will first address the value of the land by using the Direct Comparison Approach to value. In addition, to recognize the value of the structures on the site, we will complete a Cost Approach for these buildings. We will then combine the values indicated for the land with those estimated for the building to arrive at a full value for the property.

For a complete description of the three approaches to value, please see the “Frequently Asked Questions” section of this appraisal following the Addenda.

Land Valuation

Our initial valuation step is to look at the land value of the subject property. In our description of the subject sites, we have identified the following broad classifications of land types:

<u>Parcel</u>	<u>Size</u>	<u>Crop Land</u>	<u>Pasture</u>	<u>Waste</u>	<u>Homesite</u>
<u>NW 34-46-5-W4th</u>	123.12	90	30.12	0	3
<u>NE 34-46-5-W4th</u>	138	92	46	0	0
<u>SE 34-46-5-W4th</u>	159	90	69	0	0

There is a significant difference in value between cropland and pastureland. As such, we will look at comparable sales that identify the pastureland's value and a different cropland set.

As our starting point, we will present comparable sales for the pastureland. These are detailed on the following page. For each comparable, we will present a brief summary of the details of the sale, a description of the nature of the property, and a comparative summary of how this property compares to the subject property and the resulting indication of value from each comparable.

The pastureland sales are as follows:

Pastureland Sale #1	SW 34-45-10-W4th
Sale Price	\$300,000
Sale Date	March 2022
Total Acres	132.07
Value of Any Leases on this Property	\$0
Net Sale Price After Leases	\$300,000
Net Sale Price per Acre	\$2,272

The soil for this parcel is classified as loam to clay loam. The topography is hummocky, and the land has heavy stone cover. This sale has less tree cover than the subject parcels. The parcel is located approximately six miles west of Irma.

In relation to the subject site, this parcel of land is as follows:

Market – inferior

Location – similar

Soil conditions – similar

Tree cover – superior

As this sale took place in March 2022, a market condition adjustment is required.

Overall, we would adjust this indicator of value as follows:

Net sale price per acre	\$2,272
Addition for increased market conditions	+\$227
Deduction for less tree cover	<u>-\$682</u>
Indicated value per acre	\$1,817

Pastureland Sale #2	SE 16-46-6-W4th
Sale Price	\$310,000
Sale Date	May 2022
Total Acres	137.55
Value of Any Leases on this Property	\$0
Net Sale Price After Leases	\$310,000
Net Sale Price per Acre	\$2,254

The soil for this parcel is classified as sand to loamy sand. The topography is undulating to hummocky, with minimal tree cover and irregularities. The parcel is located approximately nine miles north of Wainwright.

In relation to the subject site, this parcel of land is as follows:

Market – inferior

Location – superior

Soil conditions – similar

Tree cover – superior

This sale took place in May 2022. As the market conditions are slightly superior now, we would suggest a minor upward adjustment to the indicated price per acre to account for the improvement in the market since May 2022. We would further suggest additional downward adjustments to reflect the locational and tree cover differences. This sale is considered to be comparable to the subject parcel.

This sale is considered to be comparable to the subject parcel.

Net sale price per acre	\$2,254
Addition for increased market conditions	+\$225
Deduction for location	-\$225
Deduction for less tree cover	<u>-\$676</u>
Indicated value per acre	\$1,578

Pastureland Sale #3	NW 6-49-13-W4th
Sale Price	\$237,500
Sale Date	October 13, 2023
Total Acres	160
Value of Any Leases on this Property	\$0
Net Sale Price After Leases	\$237,500
Net Sale Price per Acre	\$1,484

The soil for this parcel is classified as loam to clay loam. The topography is undulating and has a small lake. Of the 160 acres that make up this parcel of land, approximately 122 are usable pastureland, and the remaining 38 do not contribute to the site overall. To better indicate the value of the pastureland only, we will net out the non-contributory land and use only the 122 acres of cropland to arrive at a net value for the pasture only. This calculation is as follows:

$$\text{\$237,500 divided by 122 pastureland acres} = \text{\$1,946 per pastureland acre}$$

The parcel is located approximately eleven miles northeast of Viking. This sale has less tree cover than the subject parcels.

In relation to the subject site, this parcel of land is as follows:

Market – similar

Location – similar

Soil conditions – similar

Tree cover –superior

This sale occurred in October 2023, so no market condition adjustment is required.

Overall, we would adjust this indicator of value as follows:

Net sale price per acre	\$1,946
Deduction for less tree cover	<u>-\$389</u>
Indicated value per acre	\$1,557

Pastureland Sale #4	NE 28-44-1-W4th
Sale Price	\$240,000
Sale Date	March 2022
Total Acres	157
Value of Any Leases on this Property	\$17,500
Net Sale Price After Leases	\$222,500
Net Sale Price per Acre	\$1,417

The soil for this parcel is classified as loamy sand to sandy loam. The topography is longitudinal dune to undulating. This sale has extensive tree cover. The parcel is located approximately eleven miles north of Chauvin.

In relation to the subject site, this parcel of land is as follows:

Market – inferior

Location – similar

Soil conditions – similar

Tree cover –similar

As the market conditions are slightly superior now, we would suggest a minor upward adjustment to the indicated price per acre to account for the improvement in the market since March 2022.

Net sale price per acre	\$1,417
Addition for increased market conditions	<u>+\$142</u>
Indicated value per acre	\$1,559

After comparing the subject property to each of the comparable sales, the following value indications were offered by the comparisons on a price-per-acre basis:

Pastureland Sale #1	\$1,817
Pastureland Sale #2	\$1,578
Pastureland Sale #3	\$1,557
Pastureland Sale #4	\$1,559

These sales suggest a value range from \$1,557 to \$1,817 per acre. While the pastureland sales provided in this report are considered to represent the subject, they all have subtle differences requiring minor adjustments. Pastureland Sale 3 sold recently, while Sales 1, 2, and 4 are slightly dated. Sales 2 and 4 are the closest to the subject, and so more emphasis is placed on them for valuation purposes. After evaluating all pertinent data, the estimated value of the pastureland per acre is \$1,600.

As previously stated, parcel NW 34-46-5-W4th has a homesite. While the homesite is not used as pasture, it still has value. Land values can vary due to zoning and use. For agricultural purposes, the homesites will be valued based on the value of the pastureland.

Based on the above, the value of the pastureland portion of the subject parcel is as follows:

Parcel	Pasture acres	Value/acre	Value
NW 34-46-5-W4th	33.12	\$1,600	\$52,992
NE 34-46-5-W4th	46	\$1,600	\$73,600
SE 34-46-5-W4th	69	\$1,600	\$110,400

The cropland comparable sales are detailed on the following pages:

Cropland Sale #1	NE 25-44-4-W4th
Sale Price	\$585,000
Sale Date	January 2023
Total Acres	158.97
Value of Any Leases on this Property	\$0
Net Sale Price After Leases	\$585,000
Net Sale Price per Acre	\$3,680

Of the 158.97 acres that make up this parcel of land, approximately 120 acres are usable cropland, with 38.97 acres of sloughs and potholes that do not contribute to the site overall. To better indicate the value of the cropland only, we will net out the non-contributory land and use only the 120 acres of cropland to arrive at a net value for the cropland only. This calculation is as follows:

$$\text{\$585,000 divided by 120 cropland acres} = \text{\$4,875 per cropland acre}$$

The soil is loam, and the topography is gently rolling. This parcel has a moderate stone cover and irregularity. This property is located five kilometres north of Edgerton. In relation to the subject site, this parcel of land is as follows:

Market – similar

Location – similar

Soil conditions – similar

Stone cover – similar

Topography- similar

Irregularities - inferior

As this is a reasonably recent sale, there is no adjustment to the sale price for market conditions. We recommend a positive increase to reflect that this sale has more irregularities than the subject.

Overall, the indicated value per acre is as follows:

Net sale price per cropland acre	\$4,875
Addition for irregularities	<u>+\$488</u>
Indicated value per acre	\$5,363

Cropland Sale #2	NW 15-46-7-W4th
Sale Price	\$640,000
Sale Date	June 2023
Total Acres	160
Value of Any Leases on this Property	\$0
Net Sale Price After Leases	\$640,000
Net Sale Price per Acre	\$4,000

Of the 160 acres that make up this parcel of land, there are approximately 150 acres of usable cropland and ten acres of potholes. These ten acres do not offer any contributory value to the site overall. To better indicate the value of the cropland only, we will net out the non-contributory land and use only the 150 acres of cropland to arrive at a net value for the cropland only. This calculation is as follows:

$$\text{\$640,000 divided by 150 cropland acres} = \text{\$4,267 per cropland acre}$$

The soil is loam, and the topography is gently rolling. This parcel has a moderate stone cover and more irregularity than the subject. This property is located sixteen miles northwest of Wainwright. In relation to the subject site, this parcel of land is as follows:

Location – similar

Soil conditions – similar

Stone cover – similar

Topography- similar

Irregularities - inferior

As this is a reasonably recent sale, there is no adjustment to the sale price for market conditions. As this sale has more irregularities, we suggest increasing the indicated price per acre.

Overall, we would adjust this indicator of value as follows:

Net sale price per cropland acre	\$4,267
Addition for more irregularities	<u>+\$640</u>
Indicated value per acre	\$4,907

Cropland Sale #3	SE & NE 18-45-4-W4th
Sale Price	\$975,000
Sale Date	April 2023
Total Acres	306.7
Value of Any Leases on this Property	\$0
Net Sale Price After Leases	\$975,000
Net Sale Price per Acre	\$3,179

Of the 306.7 acres that comprise these parcels of land, there are approximately 211 acres of usable cropland and 95.7 acres of low-lying areas. These 95.7 acres do not offer any contributory value to the site overall. To better indicate the value of the cropland only, we will net out the non-contributory land and use only the 211 acres of cropland to arrive at a net value for the cropland only. This calculation is as follows:

$$\text{\$975,000 divided by 211 cropland acres} = \text{\$4,621 per cropland acre}$$

The soil is loam to clay loam, and the topography is hummocky. This property is located approximately seventeen miles northwest of Chauvin, is similar in location, and has more irregularities than the subject. In relation to the subject site, this parcel of land is as follows:

Market – similar

Location – similar

Soil conditions – similar

Stone cover – similar

Topography- similar

Irregularities - inferior

As this is a reasonably recent sale, there is no adjustment to the sale price for market conditions.

Overall, the indicated value per acre is as follows:

Net sale price per cropland acre	\$4,621
Addition for more irregularities	<u>+\$231</u>
Indicated value per acre	\$4,852

Cropland Sale #4	NW 24-44-5-W4th
Sale Price	\$461,000
Sale Date	March 2022
Total Acres	148.36
Value of Any Leases on this Property	\$0
Net Sale Price After Leases	\$461,000
Net Sale Price per Acre	\$3,107

Of the 148.36 acres that comprise this parcel of land, there are approximately 110 acres of usable cropland, and the remaining 38.36 acres are low-lying slough areas that do not offer any contributory value to the site overall. To better indicate the value of the cropland only, we will net out the non-contributory land and use only the 110 acres of cropland to arrive at a net value for the cropland only. This calculation is as follows:

$$\text{\$461,000 divided by 110 cropland acres} = \text{\$4,191 per cropland acre}$$

The soil is fine sandy loam, and the topography is undulating. This parcel has more irregularities than the subject. This property is located approximately three miles south of Edgerton. In relation to the subject site, this parcel of land is as follows:

Market – inferior

Location – similar

Soil conditions – similar

Topography- similar

Irregularities - inferior

This sale took place in May 2022. As the market conditions are slightly superior now, we would suggest a slight upward adjustment to the indicated price per acre to account for the improvement in the market since January 2022. As this sale has more irregularities, we suggest increasing the indicated price per acre.

Net sale price per acre	\$4,191
Addition for increased market conditions	+\$335
Addition for irregularities	<u>+\$419</u>
Indicated value per acre	\$4,945

After comparing the subject property to each of the comparable sales, the following value indications were offered by the comparisons on a price-per-acre basis:

Cropland Sale #1	\$5,363
Cropland Sale #2	\$4,907
Cropland Sale #3	\$4,852
Cropland Sale #4	\$4,945

These sales suggest a value range from \$4,852 to \$5,363 per acre. While the cropland sales provided in this report are considered to represent the subject, they all have subtle differences requiring minor adjustments. All of the sales have sold recently, so no market condition adjustment was required. The sales soil quality and location are comparable to the subject parcels, so no adjustments are required. Adjustments were made to reflect the differences as the comparable sales have more irregularities than the subject. Most emphasis is placed on Sales 2, 3, and 4, with some influence from Sale 1. After evaluating all pertinent data, the estimated value of the cropland per acre is \$5,000.

Based on the above, the value of the cropland portion of the subject parcel is as follows:

<u>Parcel</u>	<u>Crop acres</u>	<u>Value/acre</u>	<u>Value</u>
NW 34-46-5-W4th	90	\$5,000	\$450,000
NE 34-46-5-W4th	92	\$5,000	\$460,000
SE 34-46-5-W4th	90	\$5,000	\$450,000

Having concluded the value for the pasture and cropland portions of the subject parcels, the combined value for the subject parcels is as follows:

<u>Parcel</u>	<u>Pastureland Value</u>	<u>Cropland Value</u>	<u>Total</u>	<u>Rounded to</u>
NW 34-46-5-W4th	\$52,992	\$450,000	\$502,992	\$0
NE 34-46-5-W4th	\$73,600	\$460,000	\$533,600	\$535,000
SE 34-46-5-W4th	\$110,400	\$450,000	\$560,400	\$560,000

Readers note:

As the value of parcel NW 34-46-5-W4th has a homesite and is being brought forward to the Cost Approach, this parcel has NOT been rounded.

Homesite Valuation

In addition to the various types of land, we must consider the value of the improvements on the parcels, specifically, the homesites and the other improvements such as outbuildings. The valuation techniques for this improved parcel differ slightly from those for the vacant land.

Cost Approach

As previously concluded, the land value for this parcel is estimated at \$502,992. This will be added to the value for the improvements to complete the valuation for this parcel.

A 1,144-square-foot bungalow-style house was constructed in 1967 with significant upgrades, and it has the following cost to build:

$$1,144 \text{ sq ft} @ \$205 \text{ sq ft} = \$234,520$$

Depreciation is estimated at 45%. This is calculated as follows:

$$\$234,520 \times 22\% = \$51,594$$

In addition, the contributory value of the patio, basement development, extras, landscaping, and services is estimated at **\$88,000**.

Based on the above estimates, the net depreciated value of the mobile is summarized as follows:

House	\$234,520
Depreciation	-\$51,594
Total	\$182,926
Extras	+88,000
Net Depreciated Value	\$270,926

Metal Arch Rib Quonset

The Quonset is 4,200 square feet. The cost to construct this building is estimated as follows:

$$4,200 \text{ sq ft} @ \$34 \text{ sq ft} = \$142,800$$

Depreciation for the Quonset is 50%. This is calculated as follows:

$$\$142,800 \times 50\% = \$71,400$$

Based on the above estimates, the net depreciated value of the Quonset is summarized as follows:

Quonset	\$142,800
Depreciation	-\$71,400
Net Depreciated Value	\$71,400

Metal Quonset

The Quonset is 1,280 square feet, currently used as a shop. The cost to construct this building is estimated as follows:

$$1,280 \text{ sq ft} @ \$45 \text{ sq ft} = \$57,600$$

Depreciation for the Quonset is 30%. This is calculated as follows:

$$\text{\$57,600} \times 30\% = \text{\$17,280}$$

Based on the above estimates, the net depreciated value of the Quonset is summarized as follows:

Quonset	\$57,600
Depreciation	-17,280
Net Depreciated Value	\$40,320

Barn

The barn is 1,400 square feet. The cost to construct this building is estimated as follows:

$$1,400 \text{ sq ft} @ \$38 \text{ sq ft} = \text{\$53,200}$$

Depreciation for the barn is 25%. This is calculated as follows:

$$\text{\$53,200} \times 25\% = \text{\$13,300}$$

Based on the above estimates, the net depreciated value of the barn is summarized as follows:

Barn	\$53,200
Depreciation	-13,300
Net Depreciated Value	\$39,900

Grain bins, cattle shelter, corrals, fencing

The combined contributory value of the grain bins, cattle shelter, corrals, and fencing is \$23,000.

Summary of Cost Approach

Land	\$502,992
House	\$270,926
Metal Quonset	\$71,400
Metal Quonset	\$40,320
Barn	\$39,900
Grain bins, cattle shelter, corrals, fencing	<u>\$23,000</u>
Total	\$948,538
Rounded	\$950,000

The total estimated value of NW 34-46-5-W4th with land and improvements is \$950,000.

CONCLUDED VALUE



The Direct Comparison Approach and Cost Approach were used within the context of this report; the value of the subject parcel is summarized as follows:

<u>Parcel</u>	<u>Value</u>
NW 34-46-5-W4th	Nine Hundred and Fifty Thousand Dollars \$950,000
NE 34-46-5-W4th	Five Hundred and Thirty-Five Thousand Dollars \$535,000
SE 34-46-5-W4th	Five Hundred and Sixty Thousand Dollars \$560,000

CERTIFICATION OF APPRAISER

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are my impartial and unbiased professional analyses, opinions, and conclusions.
3. I have no past, present or prospective interest in the property that is the subject of this report and no personal and/or professional interest or conflict with respect to the parties involved with this assignment.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in and compensation is not contingent upon developing or reporting predetermined results, the amount of value estimate, a conclusion favouring the client, or the occurrence of a subsequent event.
6. My analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the CUSPAP.
7. I have the knowledge and experience to complete this assignment competently.
8. Except as herein disclosed, no one has provided significant professional assistance to the person(s) signing this report.
9. As of the date of this report, the undersigned has fulfilled the requirements of the AIC's Continuing Professional Development Program.
10. The undersigned is a member in good standing of the Appraisal Institute of Canada.

<p>Property Identification:</p> <p>Legal: NW 34-46-5-W4th \$950,000 NE 34-46-5-W4th \$535,000 SE 34-46-5-W4th \$560,000</p> <p>Based upon the data, analyses and conclusions contained herein, the market value of the interest in the property described as of December 15, 2023, is estimated as indicated above (in Canadian dollars). As set out elsewhere in this report, this report is subject to certain assumptions and limiting conditions, the verification of which is outside the scope of this report.</p>	<p>Edward W. Ernst CRA, P. App #302360</p>  <p>I personally inspected the subject property on December 15, 2023</p>
	<p>Randell B. Wyton, AACI, P. App #211580</p>  <p>I did NOT personally inspect the subject property.</p>
	<p>Effective Date: December 15, 2023 Date of Report/Date Signed: January 8, 2024</p>

ASSUMPTIONS & LIMITING CONDITIONS

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

This report is prepared only for the client and authorized users specifically identified in this report and only for the specific use identified herein. No other person may rely on this report or any part of this report without first obtaining consent from the client and written authorization from the authors. Liability is expressly denied to any other person; accordingly, no responsibility is accepted for any damage suffered by any other person due to decisions made or actions taken based on this report. Liability is expressly denied for any unauthorized user or for anyone who uses this report for any use not specifically identified in this report. Payment of the appraisal fee has no effect on liability. Reliance on this report without authorization or for unauthorized use is unreasonable.

Because market conditions, including economic, social and political factors, may change rapidly and, on occasion, without warning, this report cannot be relied upon as of any date other than the effective date specified in this report unless specifically authorized by the author(s).

The author will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The property is appraised on the basis of it being under responsible ownership. No registry office search has been performed, and the author assumes that the title is good, marketable, free, and clear of all encumbrances. Matters of a legal nature, including confirming who holds legal title to the appraised property or any portion of the appraised property, are outside the appraiser's scope of work and expertise. Any information regarding the identity of a property's owner or identifying the property owned by the listed client and/or applicant provided by the appraiser is for informational purposes only, and any reliance on such information is unreasonable. Any information provided by the appraiser does not constitute any title confirmation. Any information provided does not negate the need to retain a real estate lawyer, surveyor or other appropriate experts to verify ownership and/or title matters.

Verification of compliance with governmental regulations, bylaws or statutes is outside the appraiser's scope of work and expertise. Any information the appraiser provides is for informational purposes only, and any reliance is unreasonable. Any information the appraiser provides does not negate the need to retain an appropriately qualified professional to determine government regulation compliance.

No survey of the property has been made. Any sketch in this report shows approximate dimensions and is included only to assist the reader of this report in visualizing the property. It is unreasonable to rely on this report as an alternative to a survey, and an accredited surveyor ought to be retained for such matters.

This report is completed on the basis that testimony or appearance in court concerning this report is not required unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to, adequate time to review the report and related data and the provision of appropriate compensation.

Unless otherwise stated in this report, the author has no knowledge of any hidden or unapparent conditions (including, but not limited to, its soils, physical structure, mechanical or other operating systems, foundation, etc.) of/on the subject property or of/on a neighbouring property that could affect the value of the subject property. It has been assumed that there are no such conditions. Any such conditions that were visibly apparent at the time of inspection or that became apparent during the normal research involved in completing the report have been noted in the report. This report should not be construed as an environmental audit or detailed property condition report, as such reporting is beyond the scope of this report and/or the qualifications of the author. The author makes no guarantees or warranties, express or implied, regarding the condition of the property and will not be responsible for any such conditions that do exist or

for any engineering or testing that might be required to discover whether such conditions exist. The bearing capacity of the soil is assumed to be adequate.

The author is not qualified to comment on detrimental environmental, chemical or biological conditions 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, which may include but are not limited to moulds and mildews or the conditions that may give rise to either. Any such conditions that were visibly apparent at the time of inspection or that became apparent during the normal research involved in completing the report have been noted in the report. This report assumes that the property complies with all regulatory requirements concerning environmental, chemical and biological matters, and it is assumed that the property is free of any detrimental environmental, chemical, legal and biological conditions that may affect the property appraised. If a party relying on this report requires information about or an assessment of detrimental environmental, chemical or biological conditions that may impact the value conclusion herein, that party is advised to retain an expert qualified in such matters. The author expressly denies any legal liability related to the effect of detrimental environmental, chemical or biological matters on the property's market value.

The analyses set out in this report relied on written and verbal information obtained from various sources the author considered reliable. Unless otherwise stated herein, the author did not verify client-supplied information, which the author believed to be correct.

The term "inspection" refers to observation only as defined by CUSPAP and reporting of the general material finishing and conditions observed for the purposes of a standard appraisal inspection. The inspection scope of work includes the identification of marketable characteristics/amenities offered for comparison and valuation purposes only.

The opinions of value and other conclusions contained herein assume satisfactory completion of any work remaining to be completed in a good and workmanlike manner. Further inspection may be required to confirm completion of such work. The author has not confirmed that all mandatory building inspections have been completed to date, nor has the availability/issuance of an occupancy permit been confirmed. The author has not evaluated the quality of construction, workmanship or materials. It should be clearly understood that this visual inspection does not imply compliance with any building code requirements, as this is beyond the author's professional expertise.

The contents of this report are confidential and will not be disclosed by the author to any party except as provided for by the provisions of the CUSPAP and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body. The author acknowledges that the information collected herein is personal and confidential and shall not use or disclose the contents of this report except as provided for in the provisions of the CUSPAP and in accordance with the author's privacy policy. The client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information contained herein and shall comply in all material respects with the contents of the author's privacy policy and in accordance with the PIPEDA.

The author has agreed to enter into the assignment as requested by the client named in this report for the use specified by the client, which is stated in this report. The client has agreed that the performance of this report and the format are appropriate for the intended use.

This report, its content and all attachments/addendums and their content are the author's property. The client, authorized users and any appraisal facilitator are prohibited, strictly forbidden, and no permission is expressly or implicitly granted or deemed to be granted, to modify, alter, merge, publish (in whole or in part) screen scrape, database scrape, exploit, reproduce, decompile, reassemble or participate in any other activity intended to separate, collect, store, reorganize, scan, copy, manipulate electronically, digitally, manually or by any other means whatsoever this appraisal report, Addendum, all attachments and the data contained within for any commercial, or other, use.

If transmitted electronically, this report will have been digitally signed and secured with personal passwords to lock the appraisal file. Due to the possibility of digital modification, only originally signed reports and those reports sent directly by the author can be reasonably relied upon.

Where the intended use of this report is for financing mortgage lending or mortgage insurance, it is a condition of reliance on this report that the authorized user has or will conduct lending, underwriting and insurance underwriting and rigorous due diligence in accordance with the standards of a reasonable and prudent lender or insurer, including but not limited to ensuring the borrower's demonstrated willingness and capacity to service his/her debt obligations on a timely basis, and to conduct loan underwriting or insuring due diligence similar to the standards set out by the Office of the Superintendent of Financial Institutions (OSFI), even when not otherwise required by law. Liability is expressly denied to those that do not meet this condition. Any reliance on this report without satisfaction of this condition is unreasonable.

The services provided by Wainwright Assessment Group Ltd. have been performed in accordance with the professional appraisal standards known as Canadian Uniform Standards of Professional Appraisal Practise. Our compensation was not contingent in any way upon our conclusions of value. All files, work papers, or documents developed by us during the course of the engagement are our property. We will retain this data for at least seven years.

Sketches, drawings, diagrams, photographs and other support exhibits presented in the report are included for the sole purpose of illustration. Legal descriptions, survey or land dimensional data, and opinions provided by others, although furnished by reliable sources and assumed to be correct, have not necessarily been verified, and no responsibility is assumed for their accuracy or for other legal matters.

We have not verified title to or liabilities against the property appraised. This report is based on the premise that the title to the property is good and marketable and that the property is under responsible ownership and competent management.

The property is assumed to conform to all applicable zoning and use regulations and restrictions unless a non-conformity has been identified, described and considered in the appraisal report. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

FREQUENTLY ASKED QUESTIONS

This portion of the appraisal is presented to answer any questions that may arise from unfamiliarity with the appraisal process. This pre-formatted material does not refer directly to the subject property but is uniform to nearly all appraisals. Any deviations from this material will be identified specifically in the discussion of the property.

What is the Definition of Value?

The definition of market value for the purposes of this report is as follows:

“The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and the seller each acting prudently, knowledgeably, and for self-interest, assuming that neither is under duress.”

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:

- **Buyer and seller are typically motivated;**
- **Both parties are well informed or well advised, and both are acting in what they consider their own best interest;**
- **A reasonable time is allowed for exposure in the open market;**
- **Payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto, and**
- **The price paid represents the normal consideration for the property sold unaffected by special or creative financing or sale concessions granted by anyone associated with the sale.”**

This definition has been extracted from the Canadian Uniform Standards of Professional Appraisal Practise – 2022 Edition.

What is an Exposure Time Estimate?

Exposure time is defined 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 retrospective estimate based upon an analysis of past events assuming a competitive and open market.”

Ascertaining exposure time is a rather important concept as related to value, as the exposure time must be consistent with the type of real estate being appraised. For example, a shopping centre or cement plant will require much more time than a small apartment building. Exposure time is always considered to be a period preceding the appraisal's effective date.

What Procedures are Used in an Appraisal Investigation?

In completing this appraisal and developing the estimate of value, the appraiser has carried out the following steps:

- **Performed a detailed inspection of the subject property and neighbourhood. If a prospective building is to be constructed on the site, then a review of the plans has been carried out.**
- **Gathered sufficient background information on the subject property, such as past or current transactions that may have an impact on value.**
- **Assembled market-based data on sales of similar properties for comparative use in developing an opinion of value for the subject**
- **Analyzed the above compilation of information in objectivity to conclude the most appropriate method of appraisal to utilize and to develop an opinion as to the final value for the subject property.**
- **Completed a detailed report in compliance with all the applicable standards outlined in the “Canadian Uniform Standards of Professional Appraisal Practice – 2020 Edition”.**

In carrying out the above investigation, we have relied on data from various third parties such as Land Titles Registry, local real estate boards, local realtors, municipal assessment departments, and private data collection agencies.

What is a Sales History?

In compliance with the applicable standards of professional practice, we have completed a historical investigation as to the past sales history for the subject property dating back three years from the date of the appraisal. We will report it in detail if pertinent information is revealed within our investigation that predates this three-year requirement. Our investigation involved the following process:

- **We will obtain a copy of the current title document to verify any past transactions. A copy of the title will appear in the Addenda of this report.**
- **A search of past Multiple Listing Service activity as the local real estate board reported. This search advises us of any current listings, previous sales, or expired listings.**
- **A computer search of local municipal records (where applicable) for information on possible private transactions.**
- **Verbal confirmation with the present property owner, prospective owner, or agent as to the past sales history of the subject property.**

What is the Highest and Best Use?

The Highest and Best Use of real property can generally be defined as:

“That reasonable and probable use that will support the highest present value, as defined, as of the effective date of the appraisal. The opinion of such use may be based upon the highest and most probable use to which the property is adapted and needed, or the use likely to be in demand within the reasonably near future.”

When estimating the Highest and Best Use, a number of factors must be considered relating to a property's location, physical characteristics, and legal standing. In most cases, the Highest and Best Use is a rather self-evident deduction. If the property were improved with a significant structure, then in all likelihood, the property's value would be higher as developed than if the site were vacant. In this case, the Highest and Best Use would be "as improved."

The concept takes on greater relevance when vacant sites or if the improvements don't significantly contribute to value. In these cases, the appraiser must consider all possible uses for the property to determine the best use of the land. This conclusion will lay the groundwork for the direction in which the valuation will proceed.

Profitability is not always the key to the Highest and Best Use, although this is the case in most normal circumstances. A situation in which the Highest and Best Use would not be financially defined would be in the case where a park or public facility would be considered a property's optimum use.

Other factors that enter into an estimation of a property's Highest and Best Use include market conditions, development feasibility, and changing environment around the subject property, among others.

In short, there are an infinite number of factors that can influence a property's Highest and Best Use. Every precaution has been taken to ensure that we have addressed the issues necessary to conclude a proper, Highest and Best Use for the subject property in this instance.

What are the Three Approaches to Value?

In appraisal practice, three methods or "Approaches" are used to estimate value for most conventional forms of real estate. These are identified as the Cost, the Direct Comparison, and the Income Techniques.

In conducting an appraisal, the appraiser must decide which approaches to value would most closely approximate the actions of the buyers and sellers for this type of property. If any of the three approaches are to be excluded, the appraiser will provide reasoning for the exclusion within the report.

Suppose the appraiser has excluded a valuation technique that is typically used for that type of real estate. In that case, a detailed explanation should be presented, and assurances provided that the exclusion of this technique will not result in a misleading conclusion.

What are the Steps for the Cost Approach?

The Cost Approach is based on the premise that the property's value is computed by adding the depreciated value of the improvements to the land value as if vacant. This approach is considered to be most applicable in terms of special-use projects or new developments. In view of the fact that income-producing properties are not typically purchased based on costs, this approach is not usually considered for existing-income properties.

Within this approach, land is valued on a comparative basis using sales of similar types of land as a guideline. In order to provide an estimate of the replacement cost of the subject improvements, the Marshall & Swift/Boeckh Valuation system would be utilized. This relates to a generalized computer program that provides cost data on a regional basis. Inclusions within the program include architectural fees, permit fees, and interest on construction financing.

What are the Steps for the Income Approach?

The second approach generally contemplated relates to the Income Approach. This technique is considered to be of greatest merit in terms of income-producing properties and is typically completed through the application of the Capitalization Rate or the Discounted Cash Flow techniques.

The basic premise behind owning income-producing properties is for the property to earn income and thus provide the owner with a return on the capital investment. The amount of income the property can earn is the best indication of the capital investment (value) required to acquire the income stream. As such, the Income Approach is considered to be the primary valuation technique for income-producing real estate.

The steps involved in applying the Capitalization Rate technique within the Income Approach are as follows:

- Estimate the gross income the property is capable of earning
- Deduct an allowance for potential vacancies
- Deduct all the costs incurred while earning the income
- Arrive at a net income
- Convert the net income estimate into a valuation indication by a process known as capitalization. The details of the capitalization process will be outlined in a forthcoming section of the Income Approach.

The other commonly used Income Approach technique is the Discounted Cash Flow Technique. This method involves discounting future net receivables over a defined investment horizon to net present worth. Of note is that the future income streams include net income figures for each year of the investment horizon, as well as the reversionary value of the improvements at the end of the time frame being contemplated. Due to the fact that future receivables are being analyzed, a number of assumptions are required to complete the calculations. These would include inflators, which must be applied to the market rents applicable to any given space, inflators for the potential sales to calculate overage income and increases in taxes, common area costs and non-recoverable income.

What is a Capitalization Rate?

In order to convert the net operating income stream into an estimate of capital value, an appropriate capitalization rate must be derived from the marketplace and applied to the net income stream. Capitalization may be defined as converting into a present worth a series of anticipated future annual instalments of income. Capitalization rates express a relationship between the net yearly income and the present worth (value).

Capitalization is a reflection of the risk of investment. The purchasers of real estate investment properties expect to receive a return on investment at an appropriate rate. The price they paid for their investment indicates the risk they perceived in obtaining their return. The assumption made is that the greater the risk, the higher the return the investor will require. Conversely, the greater the potential for revenue increases, the lower the capitalization rate.

There are several methods of selecting rates for capitalization; however, the comparative method is most often used. The comparative method is the most widely used because of its reliability once sufficient sales of similar properties are available for analysis. It examines the ratios between sale prices and net operating incomes.

What Steps are Used in the Direct Comparison Approach?

The Direct Comparison Approach provides an estimate of value by using a comparative study of sales prices of other similar pieces of property. These “comparable sales” are equated to the subject property with consideration given to the superior and inferior attributes of each of the properties.

For example, in the valuation of an apartment building, if a comparable property was recently purchased for \$50,000 per suite, and it was determined that this property was superior to the subject, then it would be reasonable to assume that the subject property would have a value somewhat below the indicated rate of the comparable. This rather oversimplification is the essence of the Direct Comparison Approach.

In carrying out a comparative study, the selection of comparable sales requires a significant amount of research. The comparative process is also quite subjective and relies on the appraiser’s experience to isolate the relative differences between the properties and quantify the adjustments.

ADDENDA

ZONING DESCRIPTION

12. AGRICULTURAL (A)



12.1 PURPOSE

- 12.1.1 To allow activities associated with primary production, and to preserve valuable agricultural land as much as possible for future agricultural use. It is also intended that this District recognize the need to regulate development in the vicinity of primary highways.

12.2 BOUNDARIES

- 12.2.1 This land use district comprises all the land in the Municipal District of Wainwright within the area so designated on the Land Use District Map.

12.3 PERMITTED USES

- | | |
|--|---|
| 12.3.1 Agriculture, extensive | 12.3.4 Dwelling, single detached |
| 12.3.2 Agriculture, small scale operation | 12.3.5 Dwelling, manufactured homes |
| 12.3.3 Alternate Energy System, commercial | 12.3.6 Buildings and uses accessory to permitted uses |

12.4 DISCRETIONARY USES

- | | |
|--|--|
| 12.4.1 Abattoirs | 12.4.17 Home occupations, |
| 12.4.2 Agri-tourism | 12.4.18 Institutional uses |
| 12.4.3 Agriculture, intensive | 12.4.19 Light industrial uses |
| 12.4.4 Agriculture, value added | 12.4.20 Natural resource extraction and processing |
| 12.4.5 Airports and aerodromes | 12.4.21 Office use |
| 12.4.6 Alternate Energy System, individual | 12.4.22 Places of worship |
| 12.4.7 Apiaries | 12.4.23 Public or quasi-public buildings and uses |
| 12.4.8 Bed and breakfast establishments | 12.4.24 Public utilities |
| 12.4.9 Cemeteries | 12.4.25 Recreational uses (includes drive-in theatres) |
| 12.4.10 Day homes | 12.4.26 Rural commercial uses |
| 12.4.11 Family care facilities | 12.4.27 Rural industrial uses |
| 12.4.12 General commercial uses | 12.4.28 Security suite |
| 12.4.13 Greenhouse/lant nursery | 12.4.29 Service station |
| 12.4.14 Guest houses | 12.4.30 Small animal breeding and boarding services |
| 12.4.15 Group care facilities | 12.4.31 Vehicle and equipment repair shop, heavy |
| 12.4.16 Highway commercial uses | 12.4.32 Vehicle and equipment repair shop, light |
| | 12.4.33 Veterinary clinics, small animal and large animal |
| | 12.4.34 Warehouse sales establishment |
| | 12.4.35 Workcamps |
| | 12.4.36 Wrecking and scrap metal yards |
| | 12.4.37 Other uses which, in the opinion of the Development Authority, are similar to the above mentioned permitted and discretionary uses |
| | 12.4.38 Buildings and uses accessory to discretionary uses |

CERTIFICATE OF TITLE



LAND TITLE CERTIFICATE

S	LINC	SHORT LEGAL	TITLE NUMBER
	0039 334 578	4;5;46;34;NW	222 282 335 +1
	0023 741 507	4;5;46;34;NE	

LEGAL DESCRIPTION

FIRST
MERIDIAN 4 RANGE 5 TOWNSHIP 46
SECTION 34
QUARTER NORTH WEST
AS SHOWN ON A PLAN OF SURVEY OF THE SAID TOWNSHIP
DATED ON THE 17TH DAY OF FEBRUARY A.D. 1906
CONTAINING 55.8 HECTARES (138 ACRES) MORE OR LESS
EXCEPTING THEREOUT:

		HECTARES	(ACRES)	MORE OR LESS
A) PLAN 6018MC	ROAD	0.352	0.87	
B) PLAN 2222436	SUBDIVISION	5.67	14.01	

EXCEPTING THEREOUT ALL MINES AND MINERALS

SECOND
MERIDIAN 4 RANGE 5 TOWNSHIP 46
SECTION 34
QUARTER NORTH EAST
AS SHOWN ON A PLAN OF SURVEY OF THE SAID TOWNSHIP
DATED ON THE 17TH DAY OF FEBRUARY A.D. 1906
CONTAINING 55.8 HECTARES (138 ACRES) MORE OR LESS
EXCEPTING THEREOUT ALL MINES AND MINERALS

ESTATE: FEE SIMPLE

MUNICIPALITY: MUNICIPAL DISTRICT OF WAINWRIGHT NO. 61

REFERENCE NUMBER: 222 282 322 +1

REGISTERED OWNER(S)				
REGISTRATION	DATE (DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
222 282 335	05/12/2022	SUBDIVISION PLAN		

OWNERS

KYLE ROBERTS
OF BOX 3414

(CONTINUED)

WAINWRIGHT
ALBERTA T9W 1T4

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION

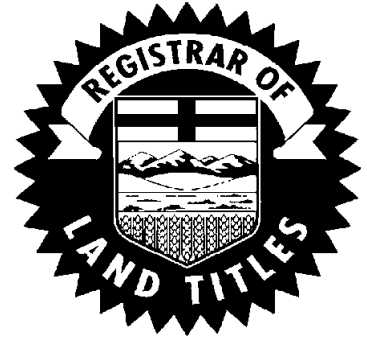
NUMBER	DATE (D/M/Y)	PARTICULARS
3770OH	11/06/1965	UTILITY RIGHT OF WAY GRANTEE - HUSKY OIL OPERATIONS LTD. 707-8 AVE SW P.O. BOX 6525 CALGARY ALBERTA T2P3G7 AFFECTED LAND: 4;5;46;34;NE (DATA UPDATED BY: TRANSFER OF UTILITY RIGHT OF WAY 162133349)
752 127 150	17/09/1975	UTILITY RIGHT OF WAY GRANTEE - PHOENIX GAS CO-OP LTD. 807-2 AVE WAINWRIGHT ALBERTA T9W1C4 (DATA UPDATED BY: CHANGE OF NAME 062536785)
762 133 748	28/07/1976	CAVEAT CAVEATOR - CENOVUS ENERGY INC. PO BOX 766, 225-6 AVENUE SW CALGARY ALBERTA T2P0M5 (DATA UPDATED BY: CHANGE OF NAME 222119408)
172 171 908	06/07/2017	MORTGAGE MORTGAGEE - ROYAL BANK OF CANADA. 36 YORK MILLS ROAD SUITE 400, 4TH FLR TORONTO ONTARIO M2P0A4 ORIGINAL PRINCIPAL AMOUNT: \$2,944,000

TOTAL INSTRUMENTS: 004

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN
ACCURATE REPRODUCTION OF THE CERTIFICATE OF
TITLE REPRESENTED HEREIN THIS 7 DAY OF
DECEMBER, 2023 AT 09:54 A.M.

ORDER NUMBER: 49086774

CUSTOMER FILE NUMBER:



END OF CERTIFICATE

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FOR THE SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER,
SUBJECT TO WHAT IS SET OUT IN THE PARAGRAPH BELOW.

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PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING
OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).



LAND TITLE CERTIFICATE

S

LINC

SHORT LEGAL

TITLE NUMBER

0023 747 257

4;5;46;34;SE

062 059 998

LEGAL DESCRIPTION

MERIDIAN 4 RANGE 5 TOWNSHIP 46

SECTION 34

QUARTER SOUTH EAST

EXCEPTING THEREOUT ALL MINES AND MINERALS

AND THE RIGHT TO WORK THE SAME

AREA: 64.3 HECTARES (159 ACRES) MORE OR LESS

ESTATE: FEE SIMPLE

MUNICIPALITY: MUNICIPAL DISTRICT OF WAINWRIGHT NO. 61

REFERENCE NUMBER: 841274

REGISTERED OWNER(S)					
REGISTRATION	DATE(DMY)	DOCUMENT	TYPE	VALUE	CONSIDERATION
062 059 998	06/02/2006	TRANSFER OF LAND		\$76,500	\$76,500

OWNERS

KYLE A ROBERTS

OF BOX 3414

WAINWRIGHT

ALBERTA T9W 1T4

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
4408NI	21/08/1963	UTILITY RIGHT OF WAY GRANTEE - CENOVUS ENERGY INC. PO BOX 766, 225-6 AVENUE SW CALGARY ALBERTA T2P0M5 "DISCHARGED 5799NM, 17 01 1964 EXCEPT PART IN PLAN 6606MC CONTAINING.36 ACRES" (DATA UPDATED BY: TRANSFER OF UTILITY RIGHT

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2

062 059 998

REGISTRATION

NUMBER DATE (D/M/Y) PARTICULARS

OF WAY 162133352)

(DATA UPDATED BY: CHANGE OF NAME 222118705)

67580D 03/08/1965 UTILITY RIGHT OF WAY
GRANTEE - HUSKY OIL OPERATIONS LTD.
707-8 AVE SW
P.O. BOX 6525
CALGARY
ALBERTA T2P3G7

(DATA UPDATED BY: TRANSFER OF UTILITY RIGHT
OF WAY 162133164)

842 180 713 14/08/1984 CAVEAT
RE : PIPELINE RIGHT OF WAY
CAVEATOR - CENOVUS ENERGY INC.
PO BOX 766, 225-6 AVENUE SW
CALGARY
ALBERTA T2P0M5
AGENT - VICTOR N SMITH

(DATA UPDATED BY: CHANGE OF NAME 222119641)

072 122 750 03/03/2007 CAVEAT
RE : PIPELINE RIGHT OF WAY
CAVEATOR - CENOVUS ENERGY INC.
PO BOX 766, 225-6 AVENUE SW
CALGARY
ALBERTA T2P0M5
AGENT - DWAYNE L LUNDQUIST

(DATA UPDATED BY: CHANGE OF NAME 222117400)

162 111 449 26/04/2016 MORTGAGE
MORTGAGEE - DOUG ROBERTS
MORTGAGEE - KAREN ROBERTS
BOTH OF:
BOX 3405
WAINWRIGHT
ALBERTA T9W1T4
ORIGINAL PRINCIPAL AMOUNT: \$275,000

TOTAL INSTRUMENTS: 005

(CONTINUED)

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN
ACCURATE REPRODUCTION OF THE CERTIFICATE OF
TITLE REPRESENTED HEREIN THIS 7 DAY OF
DECEMBER, 2023 AT 09:55 A.M.

ORDER NUMBER: 49086790

CUSTOMER FILE NUMBER:



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PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING
OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).