



Real Estate Comprehensive Appraisal

of

A Linear Parcel of Land in Rocky View County, Alberta
W-27-27-28-W4



Prepared For:

Rocky View County

Prepared By:

HarrisonBowker Valuation Group

Effective Date:

January 8, 2024



Our file: 28942.23BG

October 28, 2024

Rocky View County

262075 Rocky View Point

Rocky View County, AB T4A 0X2

Attention: Pam Weber

Dear P. Weber,

Re: Real estate appraisal of a former Road Allowance containing 8.00 acres in Rocky View County, Alberta.
Legally described as: W 27-27-28-W4, excepting thereout all mines and minerals.

Pursuant to your instructions, I have appraised the above referenced property with the objective of estimating its current Market Value. Based on my investigations and analyses, I believe that the Market Value of the Fee Simple Interest in the Subject Property as of January 8, 2024, may be fairly stated as: **\$34,000.**

Values and opinions contained in this report are based on market conditions as at the time (Effective Date) of this report. This report does not provide a prediction of future values. In the event of market instability and/or disruption, values and opinions may change rapidly, and such potential future events have not been considered in this report. As this report does not and cannot consider any changes to the property or market conditions after the effective date, clients and intended users are cautioned in relying on the report after the effective date noted herein. Note that this valuation is premised on the Assumptions and Limiting Conditions noted within the report. To ensure the context of the valuation is fully understood, the report is meant to be reviewed in its entirety.

The enclosed narrative appraisal report was prepared in accordance with the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP) of the Appraisal Institute of Canada (AIC). It contains data and analyses which, to the best of our knowledge and ability, are correct. Please review it for accuracy and completeness and advise our office of any errors or omissions found.

Neither possession of this report, or copy thereof, carries with it the right of publication. All copyright is reserved to the author and is considered confidential by the author and the client. It shall not be disclosed, quoted from or referred to, in whole or in part, or published in any manner, without the express written consent of the author. This is subject only to confidential review by the AIC as provided in the CUSPAP.

Thank you for this opportunity to be of service.

Yours respectfully,

HarrisonBowker Valuation Group

enclosure: Appraisal Report

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PART 1 – INTRODUCTION

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Executive Summary

The subject of this appraisal is a former Road Allowance consisting of a 8.00-acre linear parcel of land rurally located in Rocky View County, Alberta, approximately 9 km east of the City of Airdrie. Surrounding land uses are a mix of agricultural lands, hobby farm properties, and country residential holdings. The Subject Property is somewhat remotely located and has direct access via a municipal roadway (Township Road 274).

The appraisal process was completed without undue difficulty, and included only the Direct Comparison Approach to value, which is typical for most land valuation assignments. Scarce sales data was available for the valuation, recognizing that there have been few sales of comparable parcels over the past few years. As such, the valuation was completed using an 'across the fence' appraisal method, whereby the adjoining parcel of land to the west of the former Road Allowance (being SE-28-27-28-W4) is valued for amalgamation purposes and the Subject Property is then assigned a unit value per acre deduction due to inferior utility and marketability. Overall, the valuation is considered adequately supported, with the subject location and direct access via a municipal roadway given appropriate consideration within the valuation.

The reader is encouraged to review the Glossary of Terms appended in Annex A, as required. The salient facts and conclusions of the report are summarized as follows:

Appraiser(s): Brandon Greenside, AACI, P. App

Client: Rocky View County, represented by Pam Weber.

Authorized User: Same as above.

Municipal Address: Not assigned, Rocky View County, Alberta.

Legal Description: Part of W 27-27-28-W4.

Purpose of Appraisal: To estimate the current Market Value of the Fee Simple Interest in the Subject Property (based on an 'across the fence' appraisal of SE-28-27-28-W4).

Use of Appraisal: For establishing a reasonable price. All other uses are denied.

Interests Appraised: Fee Simple.

Effective Date: January 8, 2024.

Property Owner: Rocky View County.

Improvements: None.

Site Area: 8.00 Acres.

Land Use District: Agriculture, General District (A-GEN).

Property Use: Former Road Allowance.

Highest & Best Use: Based on the completed research and analyses, the Highest and Best Use of Subject Property is amalgamation with a larger parcel of farmland for agricultural purposes.

Key Factors: **Pros:** (1) Adequate demand for agricultural land that is appropriately priced. (2) Assumed to have standard rural services nearby. (3) Relatively close to the City of Airdrie. (4) Direct access to the parcel via Township Road 274.

Cons: (1) Linear (narrow) parcel shape limits the potential uses as a stand-alone parcel. (2) Uncertain macro market conditions.

Qualifications: The valuation is not subject to any Extraordinary Assumption(s), Hypothetical Condition(s), and/or Extraordinary Limiting Conditions.

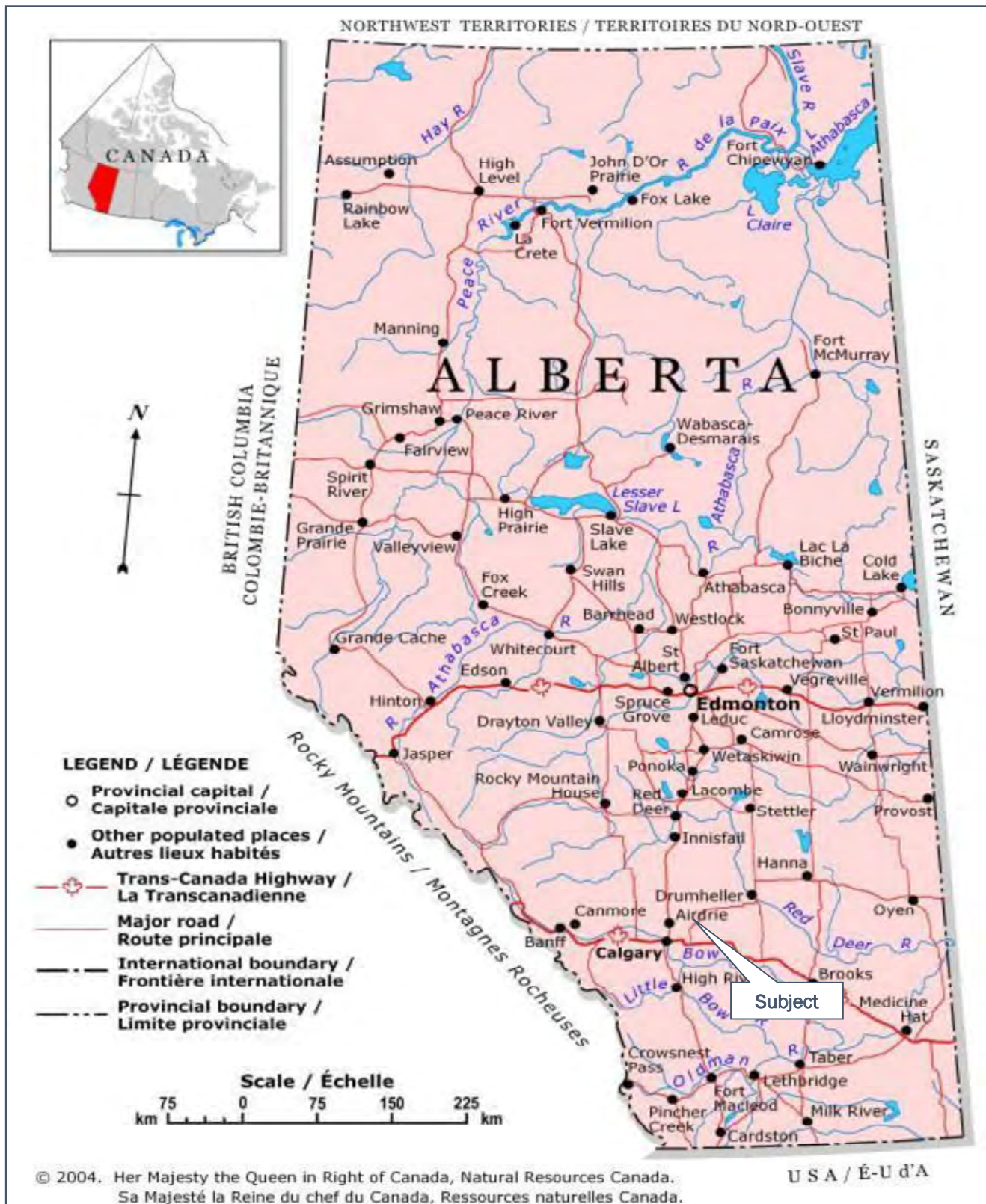
Direct Comparison: Quantitative Analysis
Final unit value: \$4,250/acre
Estimated Land Value Based on 8.00 Acres: **\$34,000**

Income Approach: Not used

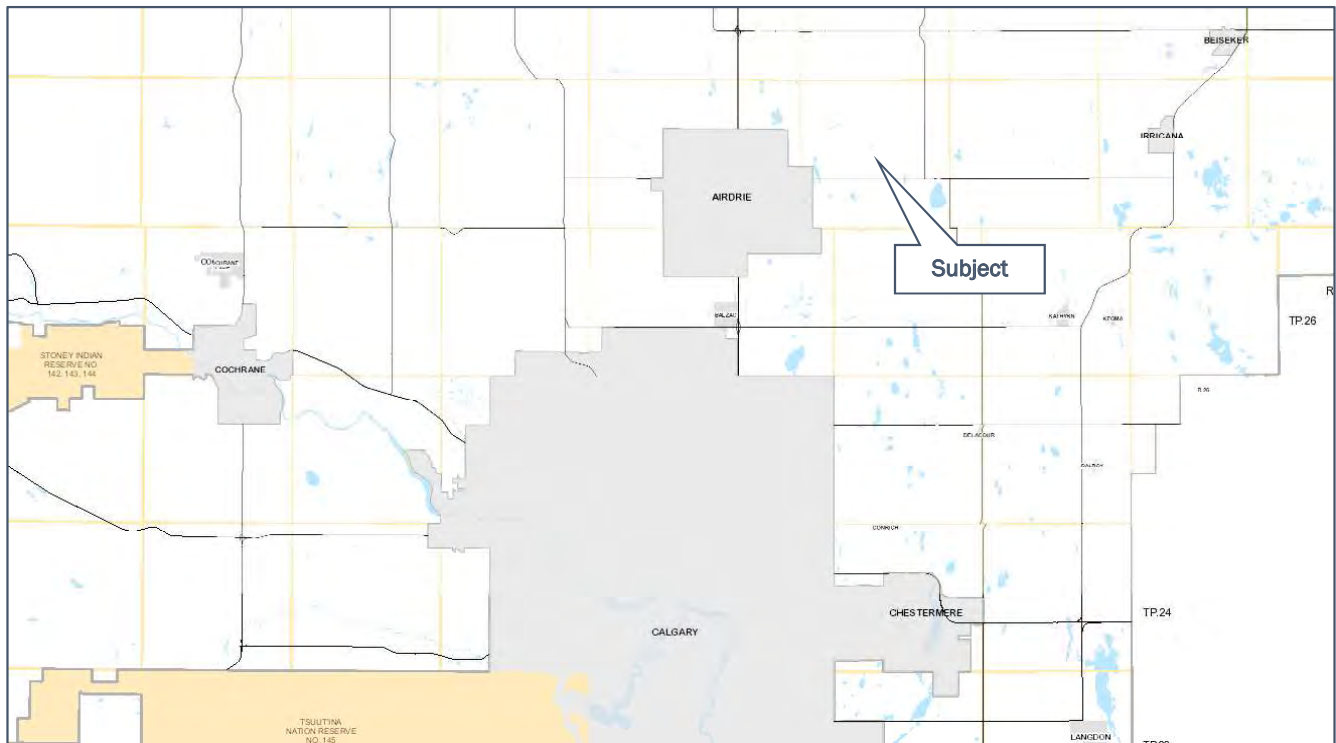
Cost Approach: Not used

Final Value: \$34,000

Maps

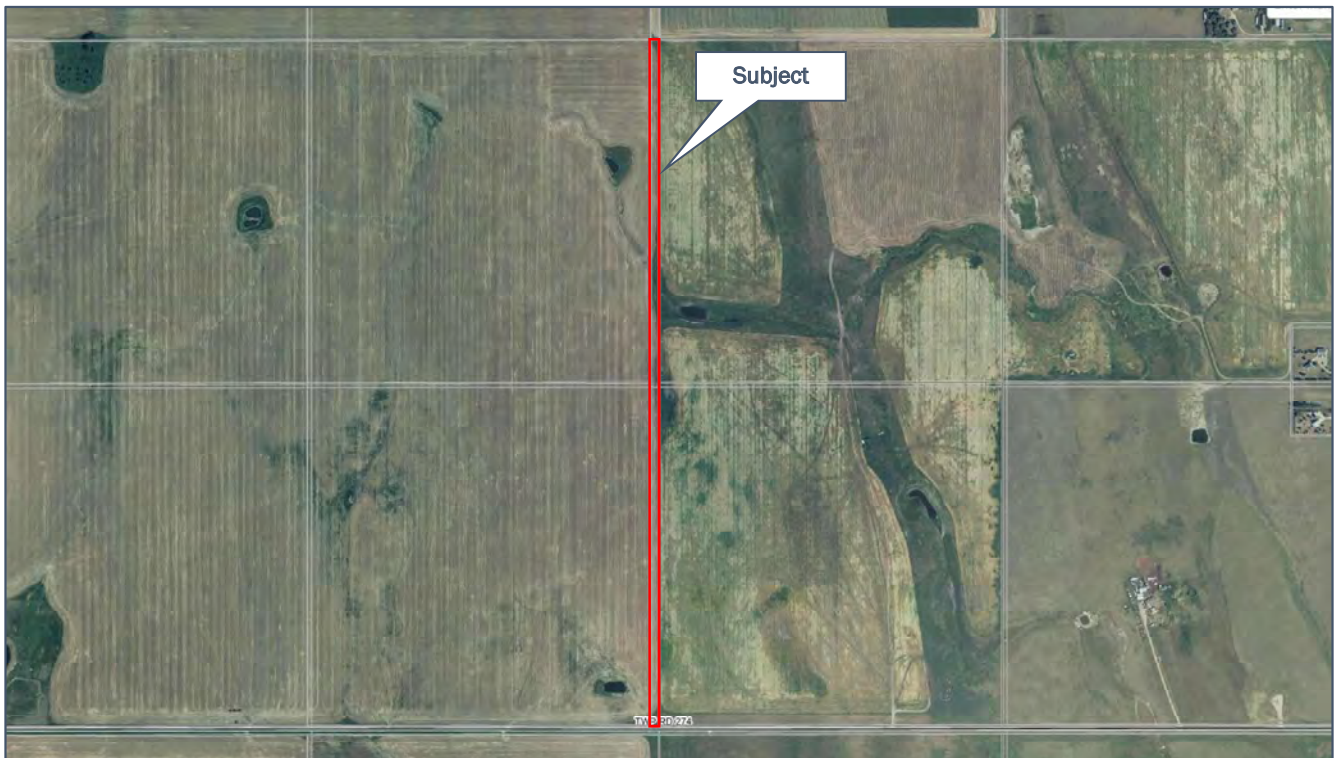
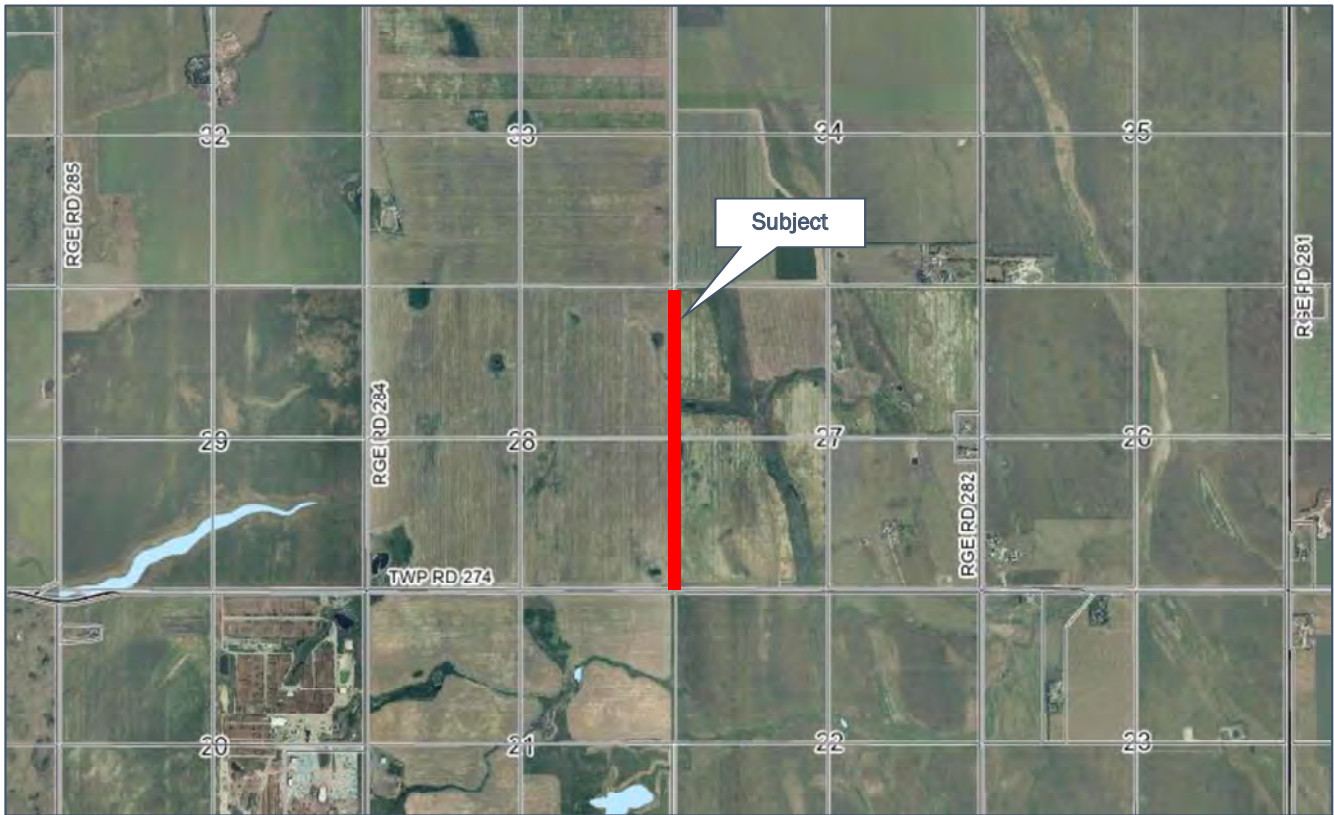


Provincial Map: The Subject Property is rurally located in Rocky View County, east of the City of Airdrie and north of the City of Calgary.



Maps (Rocky View County Interactive Map): Top illustrates the Subject Property in relation to the largest nearby urban municipalities. Bottom illustrates the parcels within the immediate area. The Subject Property 8.0-acre former Road Allowance.

Photographs



Maps (Rocky View County Interactive Map): Top illustrates the parcels in the immediate area. Bottom illustrates the Subject Property 8.0-acre former Road Allowance.



North view of the former Road Allowance from Township Road 274.



Northwest view of the parcel known as SE-28-27-28-W4 from Township Road 274.



Township Road 274 facing east.



Township Road 274 facing west.



North view of the parcel known as SE-28-27-28-W4 from Township Road 274.



Northeast view of the neighbouring parcel (to the east of the Former Road Allowance) from Township Road 274.

Purpose and Use of the Appraisal

- Appraiser(s):** Jordan Gillespie, AACI.
- Client:** Rocky View County, represented by Pam Weber.
- Purpose of Appraisal:** To estimate the current Market Value of the Fee Simple Interest in the Subject Property (based on an 'across the fence' appraisal of SE-28-27-28-W4).
- Use of Appraisal:** For establishing a reasonable price. All other uses are denied.
- Authorized User:** Client above.
- Other Authorized User:** None noted.
- Property Rights:** Fee Simple, subject to encumbrances, if any, that may influence value.
- The real property appraised includes the land any permanent improvements thereon. Specifically excluded are inventory items, storage trailers, trade fixtures, mobile equipment, any personal property or chattels, or business interests.
- Currency:** Market Value estimated stated in Canadian dollars cash.
- Other:** No person other than the identified clients and intended users may rely upon this report for any purpose, including lending, without first obtaining written authorization from the appraiser. Without written permission, the appraiser shall not be held liable for any loss or damage that may occur to any person other than the client(s) by reason of their reliance on this report. The appraiser expressly disclaims legal liability for any un-authorized use of the report.

Pertinent Dates of the Appraisal

The pertinent dates of the appraisal are as follows:

- Effective Date:** January 8, 2024
- Date of Inspection:** January 8, 2024
- Report Date:** October 28, 2024

Scope of the Appraisal

The scope of the appraisal encompasses the research and analyses required to prepare the report in accordance with the CUSPAP of the AIC. This entailed the following steps:

- Inspection:** The Subject Property was physically inspected by Brandon Greenside, AACI, P. App. of HarrisonBowker Valuation Group on the date(s) noted above. The purpose of the physical inspection was to view the functional and physical state of the property. The Appraiser did not inspect the Subject Property but is familiar with the area.

- Type of Report:** This narrative appraisal report was researched and developed in compliance with CUSPAP. The appraiser is qualified and competent to perform this type of appraisal assignment and has appraised a number of similar properties.
- Legal Descriptions:** Information to verify and confirm ownership of the property, any restrictions to title, applicable land use regulations, and tax information was obtained from public records and other reliable sources.
- Market Analysis:** Regional and local market information was obtained from various reliable third-party sources including: the offices of the municipality, Multiple Listing Service (MLS) via applicable boards, Government of Alberta Land Titles, The Network, local property owners, developers, real estate brokers, and HarrisonBowker files. Due diligence regarding select sales and/or listings was conducted by the appraiser, which may have included site inspections, interviews with real estate brokers, parties to the transfer, and other knowledgeable individuals; as well as the analysis of registered documents, MLS records, and/or other pertinent data.
- Technical Enquiries:** Technical site investigations of the property were not completed, such as: an environmental review or audit, or investigations into the composition and bearing qualities of the soils on the site. In the absence of information to the contrary, and subject to the environmental related assumptions stated in the report, it is assumed there are no related issues that might influence value.
- Property Description:** Information relating to the history and the physical attributes of the Subject Property was obtained through the site inspection, interviews, and available data. Additional data was obtained from the landowner (if applicable). The information received has not been audited and is assumed to be accurate.
- Direct Comparison:** The Direct Comparison Approach was developed on the basis of market transactions and/or listings of similar properties found in comparable market areas. Sales data that was considered instructive was verified where practicable including a registry search and discussions with parties to the transaction.
- Income Approach:** The Income Approach was not deemed applicable because of the nature of the Subject Property (vacant land).
- Cost Approach:** The Cost Approach was not deemed applicable because of the nature of the property (vacant land).
- Transaction Details:** Title, transfer documents, and/or listing details were obtained if available for all primary sales data used within the valuation contained in this report. Whenever possible, parties to each transaction were contacted for confirmation, which may include vendors, purchasers, and/or real estate brokers involved with each sale, as applicable. The anecdotal nature of this data is acknowledged. If deemed appropriate, street inspections of the Value Indicators were conducted.
- Authorization:** This report was prepared at the request of the client. The client authorized the inspection of the property and the use of the photographs contained herein.

Identification of the Property and Related Data

Address, Legal Description, and Ownership Details



Source: SPIN 2 (Land Titles). The Subject Property is tinted green.

Municipal Address: Not assigned, Rocky View County, Alberta.

Legal Description: Part of W 27-27-28-W4, excepting thereout all mines and minerals.

No certificate of title or subdivision plan were pulled given the purpose of the valuation.

Title Number: There is no title for the Subject Property available for analysis.

Registered Owner: Rocky View County (assumed).

Ownership Type: Fee Simple Estate (assumed).

Date Registered: Not applicable.

Registrations: The title to the Subject Property was not reviewed for value-related registrations.

Nothing in this report is intended as a legal opinion as to the state of the subject title. This report was prepared on the premise that registrations on title would not be materially affect the marketability or value of the Subject Property.

Municipal Assessment and Taxes

The assessment of farmland in Alberta is calculated on the basis of provincially regulated productivity scales that bear no relationship to market values.

Assessed Value: Not available.

Tax Levy: Not obtained.

There are no observed trends or anticipated changes in the assessment policies that would indicate a significant change in the future taxes applicable to the Subject Property.

Ownership History

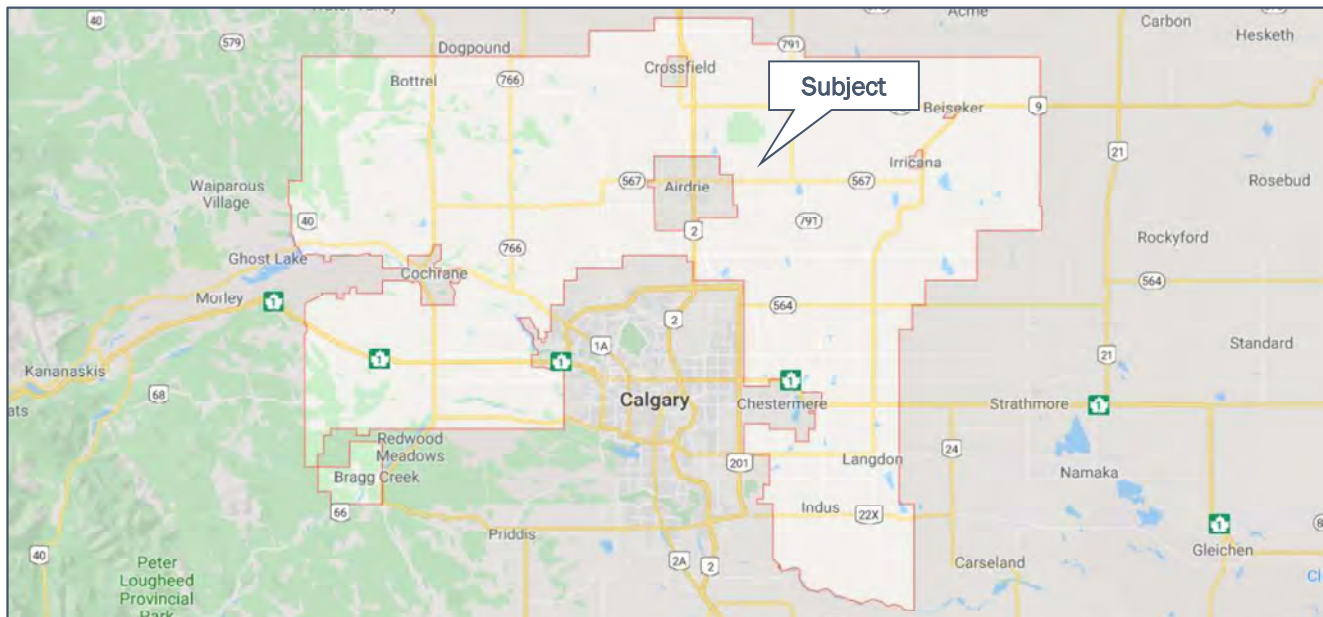
CUSPAP requires the appraiser to analyze all agreements of sale, options, or listings of the Subject Property as of the Effective Date of the appraisal, and all sales or listings of the Subject Property that may have occurred within three years prior to the date of the appraisal.

Listing History: There is no MLS listing history known to have taken place concerning the Subject Property during the past three years (per MLS).

Sales History: There is no transfer history known to have taken place concerning the Subject Property during the past three years (per land titles).

Regional and Neighbourhood Description

County Map



Source: Google Maps.

General

Municipality: Rocky View County.

General Description: Rocky View County contains approximately 3,826 square kilometres, encapsulating the north, east, and west sides of the City of Calgary.

The County is home to a number of municipalities including the cities of Airdrie and Chestermere, the towns of Cochrane, Crossfield, and Irricana, the village of Beiseker, as well as fourteen Hamlets.

A number of major highways run through the County including, but not limited to: Highway 1, 1A, 2, 2A, 9, and 22, as well as CPR and CNR main line railways.

Population: 41,028, as per 2021 Canadian census.

Economic Base: In general, the land use patterns in rural areas of the County are dominated by agriculture. Favourable climatic conditions and productive soils in the local region have encouraged cash crop production, as well as mixed farming operations. There are also areas of inferior lands which are treed and used for recreational purposes.

In addition, there are clusters of industrial developments, primarily focused north of Calgary in the Balzac area, as well as southeast of Calgary and southwest of Chestermere, in the subject area.

Locale

Subject Location: The Subject Property is located in a rural area within Rocky View County, approximately 12 km northeast of the City of Airdrie. Surrounding land uses are a mix of agricultural lands, hobby farm properties, and country residential holdings.

Adjacent Uses: Adjacent lands are currently agricultural and country residential in nature, but the general area is considered to have adequate demand given relative proximity to urban municipalities.

Description of the Land**Introduction**

The Subject Property is described and analyzed based on the following factors.

Size/Configuration: Size can affect value. Typically, agricultural parcels are full quarter-sections, or have irregular shapes due to subdivisions, severances, or natural features.

Easements / Encroachments: Easements or encroachments were investigated that could influence value or utility.

Topography: Ideal topography for agricultural use is typically flat to level, adequately drained, and with few lower lying areas and/or water draws. Rolling lands, slopes, and lower areas are sometimes suitable for pasture lands.

Access / Exposure: Access affects values. Lands can be gravel surfaced, paved, or land locked. Land-locked lands can be accessed by way of easement or across adjacent parcels.

Exposure to highways can enhance values. Traffic volumes are typically expressed as Vehicles per Day ('VPD').

Services / Street Improvements: Services include the existence and/or location of shallow utilities, such as power and natural gas; as well as deep services, which include municipal water supply and sometimes sanitary sewer (typically near urban areas). Unless otherwise stated, storm water drainage is overland and by ditch.

Unless otherwise stated, rural roadways are typically county-maintained, cleared in the winter, and not lit at night.

Agricultural Potential: Productive soils and favourable climatic conditions in the subject area are conducive to the production of a relatively wide range of field crops.

The productive capacity and agricultural potential of the subject land were evaluated using:

1. Soil capability data derived from Environment Canada's Canadian Land Inventory (CLI), Soil Capability for Agriculture map for the region.
2. Site-specific farmland assessment information prepared by the municipal assessors for the County (copies of the farmland sheets retained on file); and
3. Our own observations and investigations, including discussions with our client, local farmers and other knowledgeable individuals.

1. CLI Soil Ratings: CLI Soil Ratings: Environment Canada's CLI data for the region categorizes mineral soils into seven capability classes on the basis of published Alberta Soil Survey information.

CLI Class 1, 2, 3, and 4 soils are considered capable of sustained use for field crops, those in classes 5 and 6 are generally best suited to the production of perennial forage crops, and class 7 soils are considered to have no capability for cultivation or permanent pasture. While not placed in a specific capability class, soils classified as organic are generally considered inferior for agricultural purposes due to the presence of "meadow" or "peaty" soils, which are frequently associated with lower, poorly drained land. Meadow soils are typically cooler and more susceptible to frost than other soils, thus restricting the length of growing periods and the range of crops that can be grown.

A detailed description of each of the CLI soil classifications and sub-classifications is attached in the Addenda.

2. Farmland Assessment Data: County assessment records provide a second source of information for comparing and evaluating the productive potential of the land on a more site-specific basis. The assessed value of farmland provides a useful first indicator of comparative worth and agricultural potential. However, the actual condition and productivity of farmlands may vary from what is assessed due to differing management practices, and changes to the land made since the last physical inspection by an assessor.

Assessment data typically includes the following:

- Number of arable acres, per 'field'. Arable acres are typically utilized for cultivation.
- Types of soils present on arable lands.

- The Final Rating (FR) for each field. An FR can be converted to a CLI soils category.
- Any limitations to the land, such as poor sub-soils, existence of stones, adverse topography, severances, etc.

3. Other analysis: Other analysis includes:

- Utilization of electronic mapping tools (overlaid on aerial photos) that can be used to sketch arable acres, show severances, lower lying areas, and other attributes. Aerial photo resources include comparing year-over-year satellite imagery.
- Discussions with the landowners and/or farmers, who typically track productive potential.
- On site observations by the appraiser.

Conclusion: The three sources of information are used for the basis of valuation. The conclusion typically reconciles:

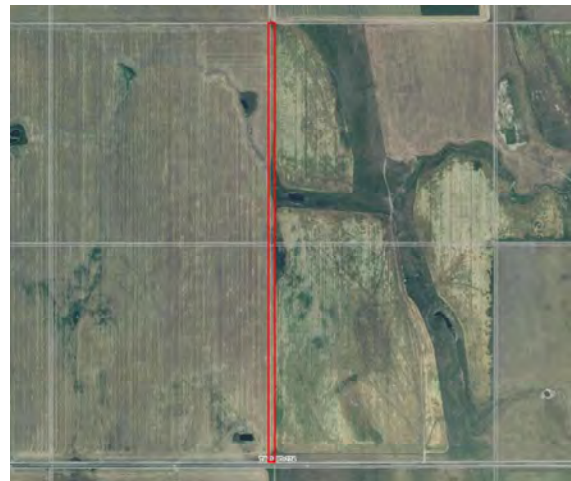
- The proportion of arable acres, pasture acres, and waste acres. Waste acres may have potential for recreation, homesteading, subdivision, or clearing; or they may have limited utility to the market.
- Types of soils.
- CLI class.

Surface Lease Revenue: 'SLR' relates to payments made to landowners for the surface lease or farmland for the purpose of oil and/or gas extraction, or other uses typically related to energy or utilities. SLR typically contributes to value if the income stream is deemed to be durable.

Subject Property



CLI Map.



Aerial Photo.

Size: 8.00 acres.

Configuration: Former road allowance.

Easements: None of note.

Topography: Appears to be a generally level parcel of land. There is one small dugout in the southeast corner of the parcel.

Access/Exposure: Gravelled Township Road 274 provides access to the south side of the parcel.

Services: Full rural services are believed to service the general subject area.

SLR: None noted.

Agricultural Potential: **1. CLI Soil Ratings.** The CLI map shows the following (north to south):

Polygon 1 (±5.00 acres)

- CLI #1, SubClass A (agriculture).
- Soils in this class have no significant limitations in use for crops.

Polygon 2 (±1.40 acres)

- CLI #2, SubClass D (undesirable soils structure and/or low permeability).
- Soils in this class have moderately severe limitations that restrict the range of crops or require special conservation practices.

Polygon 3 (±1.60 acres)

- CLI #3, SubClass D (undesirable soils structure and/or low permeability).
- Soils in this class have moderately severe limitations that restrict the range of crops or require special conservation practices.

The composition of the soil polygon is representative of the entire polygon and may not be reflective of the composition of the parcel within the polygon.

2. Farmland Assessment Data.

There is not specific farmland assessment for the Subject Property

3. Other analysis: Mapping tools (overlaid on aerial photos) show approximately 0.20 acres is lower lying, while the remainder is open/workable land.

Conclusion: The sources above are relatively similar; summarized as follows:

- Approximately 7.80 acres of open/workable (farmable) land.
- Approximately 0.20 acres is low and poorly drained.
- CLI #1 and CLI #3 soils.
- Soils likely in the Bk-t and pasture category (based on review of adjoining lands).
- Minimal limitations.

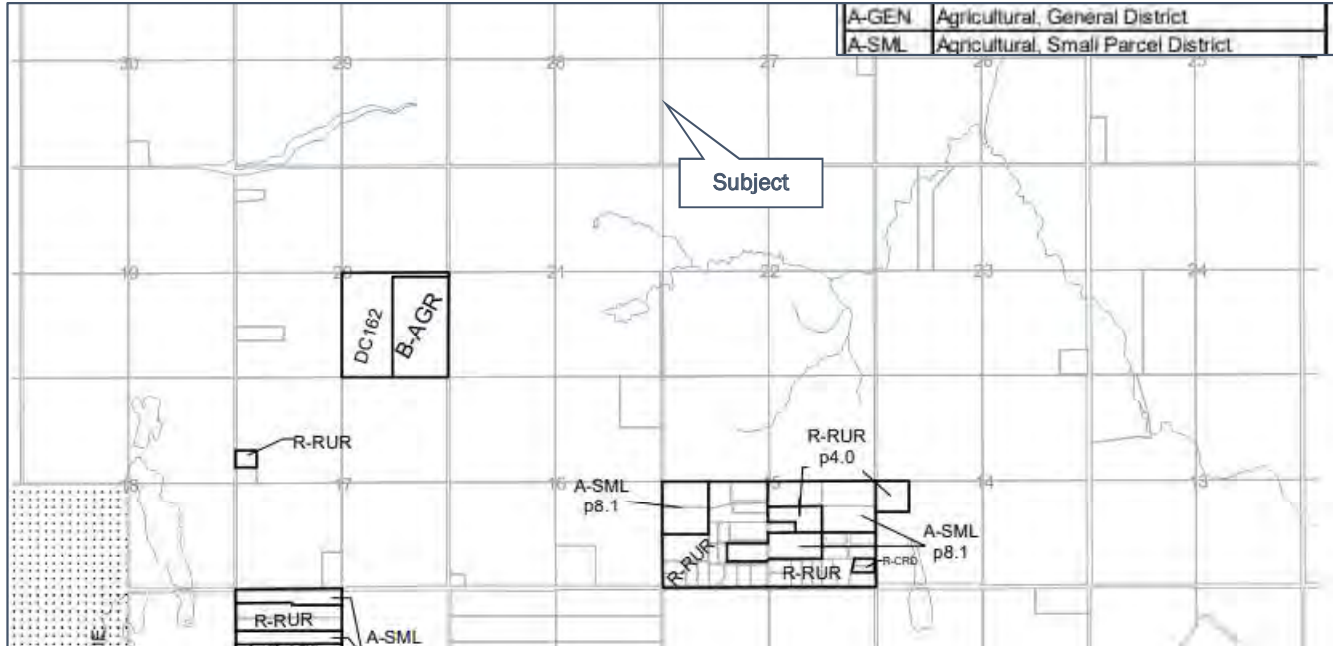
Description of the Improvements

The Subject Property is undeveloped with any buildings or site improvements.

Land Use Controls

The property is regulated and controlled by the following planning documents:

Land Use Bylaw



Rocky View County Land Use Map: Depicting the subject area.

Authority: Rocky View County.

Bylaw No.: C-8000-2020.

Zoning: Agriculture, General District (A-GEN).

A copy of the A-GEN Bylaw is in Annex D.

Purpose of Zoning: “To provide for agricultural activities as the primary use on a Quarter Section of land or larger or on large remnant parcels from a previous subdivision, or to provide for residential and associated minor agricultural pursuits on a small first parcel out.”

Current Use: Agricultural use.

Compliance: Yes.

Subdivision Potential: The county allows a full quarter section of land zoned A-GEN to be subdivided once. The Subject Property is believed to have no subdivision potential given the size/shape of the land parcel.

Conclusion

The current use of the Subject Property is agricultural in nature and believed to be a legal, conforming use.

Market Analyses

Alberta

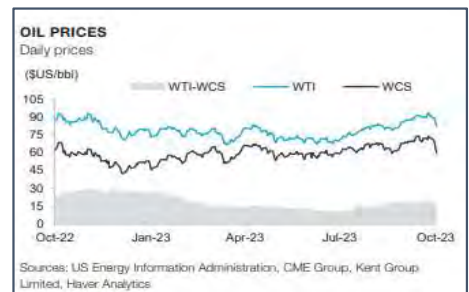
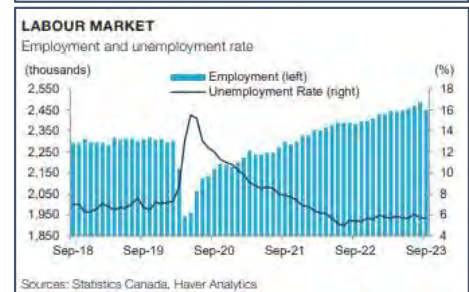
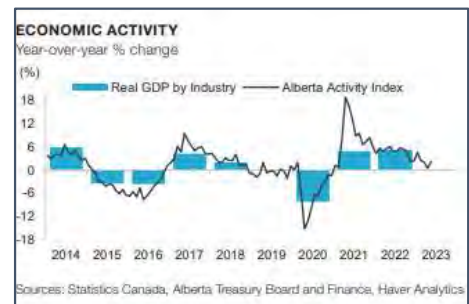
Overview: The last decade in Alberta has been eventful. The economy peaked in 2014, followed by a two-year recession and subsequent slow recovery in 2018. In 2019 the provincial economy slowed in what most hoped would be a minor correction prior to a steadier increase in economic growth. Unfortunately, this was not to be the case as Alberta was simultaneously hit with a collapse in oil prices and a global pandemic in 2020. As a result, instead of a growing provincial economy, Alberta experienced a significant decline in GDP and historically high budget deficits.

With the recovery of oil prices and the lifting of health restrictions, the provincial economy recovered with a GDP expenditure of 4.9% in 2021 and 5.1% in 2022, and this resurgence appears to have continued into 2023. In particular, the energy sector continues to benefit from high commodity prices, as global producers have not been able to keep up with renewed demand from re-opening economies. In addition, agricultural exports have remained strong due to global food insecurity caused by increasingly adverse climate events and the on-going war in Ukraine.

Energy: Alberta's economy continues to exhibit its reliance on oil and gas. The reach of energy markets in the province is wide and deep and the trends are cyclical, resulting in boom-bust economics that are not always easy to predict.

The adjoining chart to the right¹ compares West Texas Intermediate (WTI) and Western Canadian Select (WCS) crude oil prices.

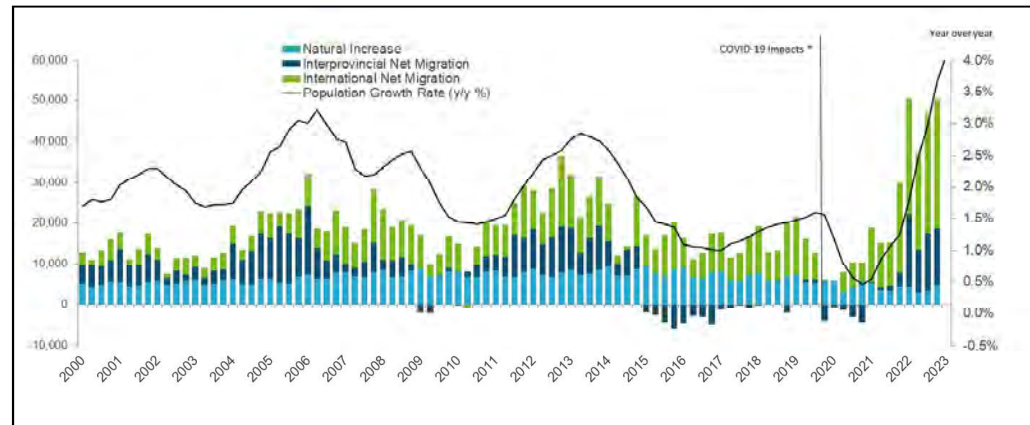
Oil prices increased in the first half of 2022, modestly declined in the second half of 2022, and have remained relatively throughout 2023. The WTI was trading at approximately \$82 US per barrel in mid-October 2023, which is down from the high of \$112 US per barrel achieved in March 2022, and approximately \$91 US per barrel at the beginning of October 2023.



¹ All Charts sourced from the province's 'Alberta Economy Indicators at a Glance,' which is a weekly publication.

The WTI-WCS price differential was \$20.95 US per barrel in mid-October 2023. The number of rigs drilling in Alberta averaged 139 in May 2023, down 11% from the same time last year. The resurgence in oil prices has played a major role in the recovery and has helped to spur activity in all the sectors of the economy.

Population: Alberta posted the second largest quarterly population growth in history in Q2 2023:



Typically, population growth leads to economic growth, as demand for products and services increases. This bodes well for real estate.

Economic Growth: The charts previous highlight some economic statistics for the province as of July 1, 2023. Alberta's real GDP increased by 5.1% in 2022, up from 4.9% in 2021. Alberta's unemployment rate was 5.7% in September, unchanged from August 2023 but up 0.3 percentage points from a year ago. Alberta retail sales increased 0.4% m/m to \$8.4 billion in July 2023. Compared to a year ago, sales were up 1.4%. Alberta housing starts increased 2.9% m/m in August 2023 to 39,555 units (SAAR), up 18% from a year ago. The number of home sales in the resale market was up 2.8% m/m to 7,121 units in August 2023, and up 22% from the same time last year. HarrisonBowker appraisers had noted a positive sentiment 'on-the-ground' in 2023. However, with historic high inflation rates, increasing interest rates, and a potential recession looming, many business owners are becoming more cautious.

Real Estate: A surge of activity in the real estate market occurred in early 2021 as the pandemic began to wane. The surge was short lived and real estate activity began to stabilize again in mid-2021. The stabilized trend lasted throughout until the early part of 2022, but with consecutive increases in the Bank of Canada interest rates, the residential market once again began to cool in late 2022 and into early 2023. Most small cities and towns had also seen increases in demand from early 2021 to mid 2022 before seeing a cooling since; however overall market trends vary from location to location. Commercial and industrial real estate markets appear to be holding steady, although the first signs of escalation in capitalization rates and internal rates of return are starting to emerge – not surprising given the strong rise in interest rates in the past 16 months.



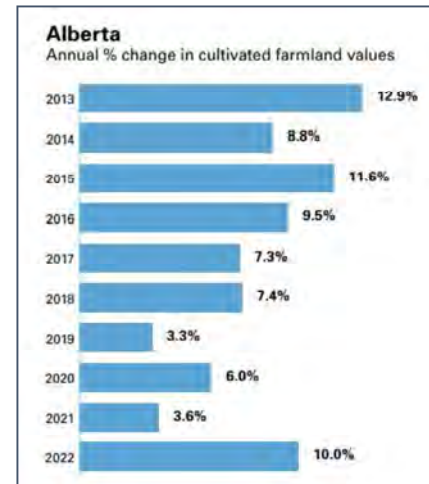
Broad recovery from pandemic conditions remains in 2023. Population growth should serve to strengthen local real estate markets that benefit from in-migration; likely to be tempered by high interest rates and general market uncertainty.

Alberta Agricultural Land

Value Trends²: Agricultural land values increased at a much quicker pace in 2022 at 10.0%, compared to 3.6% in 2021 and 6.0% in 2020. The largest regional increase was in the Peace region.

FCC's historical trend lines for Alberta's farmlands are summarized in the adjoining Table. The varying increases in values observed by FCC confirm patterns observed by HarrisonBowker appraisers in paired sale and re-sale analysis.

Alberta agriculture saw a mix of growing and harvest conditions in 2022 due areas affected by a wet spring; however, this was offset by areas unaffected by the wet spring and producing above average yields, and overall higher commodity prices.



Southern Alberta had an average increase in values in 2022 of 4.4% (down from a 6.2% increase in 2021). Conversely, irrigated lands reached record levels, experiencing a dramatic increase of 29.9% in values.

Peace and Northern regions saw average value increases of 13.6% and 11.5%, respectively. This is up from 3.6% and 3.5%, respectively, in 2021. A majority of the increase in the Peace region came from higher-than-average increases (35%) in the southern areas, while the northern areas remained static.

Central Alberta saw an average increase of 11.5% in 2022 (up from an average of 3.5% in 2021).

HB Observations: In terms of 'pure' agricultural land values, HarrisonBowker appraisers have observed strong, sporadic upwards pressure for cultivated acreage across central and north Alberta for the past five years. Those areas that had stable values played 'catch-up' to more active agricultural markets. This trend can lead to the appearance of alarming jumps in land values in more remote locations, as these micro-markets become aware of and adjust to larger macro-market trends in the industry.

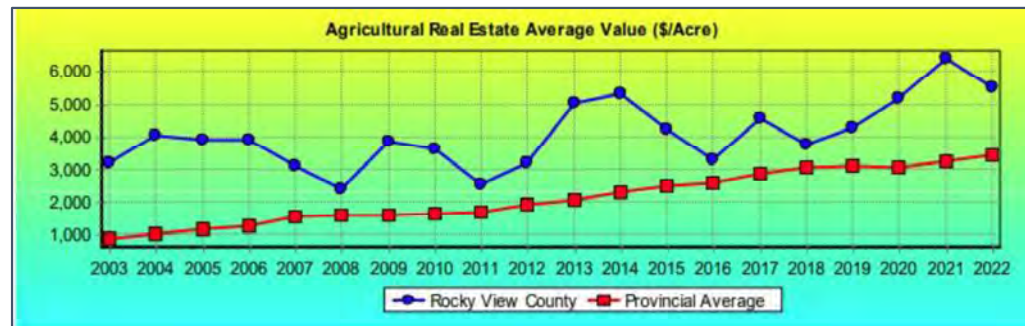
There appears to be a growing transfer of farmland to the next generation of farmers, who are inherently more aggressive as they attempt to consolidate acreage to exploit economies of scale that can make farming operations more profitable at current commodity prices. These local farmers are competing with expanding Hutterite/Mennonite colonies, dairies with quotas, and most recently, institutional investors (i.e.: pension and pooled funds). This second category of market participants do not require the same type of consistent returns due to their atypical investment parameters that are either very long term in nature (inter-

² FCC - <https://www.fcc-fac.ca/en/ag-knowledge/ag-economics/farmland-values-report.html>.

generational), offset by quotas, and/or blended with other investments to smooth out annual variations. The broader market has become more 'equity-rich', which allows for higher ratio, low interest financing on each additional unit of farmland. Overall, there appears to be good structural support for the new 'normal' for cultivated land values, which have generally doubled to tripled in value in the past five to ten years.

Rocky View County

Overall Value Trends: The chart below shows local land value trends in the county versus provincial averages.



Source: Alberta Agriculture and Forestry.

Values in the County have historically trended above the provincial marks. This is due to the amount of better quality agricultural and the proximity to Calgary and other urban centers. Values have been more erratic in the past ten years with several larger swings in value. Demand for better farmland in the regions in closer proximity of Calgary remains relatively strong and therefore, agricultural land values are likely to continue generally trending upwards; however, this is not a certainty. The reader is cautioned that the chart above illustrates general market trends only and it can be skewed by outlier sales in a particular year.

Crop Land: Good cropland in the subject area currently sells in the **\$4,500 to \$6,500 per acre** plus range.

Consolidation continues in the local farmland market, with large cash crop producers buying up the better farmlands, with neighboring farmers. Strong demand for canola and grain, coupled with the trend towards larger operators, suggest that values will continue to be strong in the future. Overall, there appears to be broad support for current farmland values in the region.

Hay/Pasture Lands: Better hay and pasture lands sell locally in the **\$2,500 to \$4,000 per acre** range.

In the past five to ten years, high input costs and uncertain cattle prices have systemically squeezed margins and quelled growth within the ranks of the small producers.

Recreational / Country-Residential: Bush-quarters with access in the subject area currently sell in the **\$2,000 to \$4,000 per acre** plus range with higher values associated with tracts that have high trees stands, water features, good access, and proximity to urban centers.

Depressed economic conditions in southern Alberta have led to tempered demand for larger tracts of land for recreational and country-residential uses. In these scenarios, a 'hobby farm' can be purchased for primarily country residential purposes, with the excess land typically

rented to a local farmer if productive, with land having less potential left as rough grazing land or native bush/pasture for recreational pursuits.

The subdivision of non-productive quarter-sections into smaller parcels is also a growing trend, with the resulting tracts of land being more affordable and more easily marketed.

‘Recreational’ land values are relatively stable and strongly affected by location and natural features such as water, view, tall trees, etc.

Conclusions

The economy in Alberta has been soft since 2014, underscoring a strong reliance on the energy industry in the province. Edmonton was somewhat insulated, with Calgary and rural areas harder hit. The most recent downtrend is sharp and severe, commencing in March 2020 with the COVID-19 pandemic and related collapse in oil prices. Global and local markets are now destabilized. The effect of the current economic landscape on the real estate sectors in Alberta is currently unknown, although intuitively, downward pressure on sale volumes and values will be evident in all property classes.

Highest and Best Use

Overview

Methodology: It is generally in the best interest of a landowner to maximize value by employing land to its Highest and Best Use. The most profitable and probable use of land is typically market determined on the basis of location, land use classification, and development potential. The development potential of an undeveloped or an underutilized parcel of land is a function of current economic conditions, market expectations, and the demand for a particular type of development in the area. These factors are generally imputed in the Market Value of the land.

When a site has been improved with a permanent structure, the concept of Highest and Best Use takes a different perspective, as the land and improvements become a singular entity with the existing use usually the Highest and Best Use, since economic pressures generally dictate use.

An analysis of the Highest and Best Use definition suggests that for a parcel of land or a developed property to achieve its highest Market Value it should be:

1. Legally permissible
2. Physically possible
3. Financially feasible
4. Maximally productive

Highest and Best Use

Legally Permissible: The current actual/former use of the subject land as a Road Allowance is/was believed to be legal and conforming, and in compliance with applicable land use regulations.

The Subject Property is assumed to be holding land. Alternatively, if it was amalgamated with nearby quarter sections of land it could be utilized for agricultural purposes. These uses are believed to be legal and conforming, and in compliance with applicable land use regulations. It is unlikely that the County would approve the construction of dwelling on the Subject Property due to the long and narrow parcel shape, which limits a potential building envelope.

Physically Possible: The size and shape of the parcel limit its potential use. If it was amalgamated with other adjacent land(s), the potential uses of the land(s) would be expanded to include agricultural use.

The soil conditions are similar to surrounding larger parcels of land which are currently farmed. This provides support to the premise that if the Subject Property was amalgamated with nearby farmland, it could be utilized for agricultural use.

Financially Feasible: Market analysis indicates limited demand for stand-alone linear parcels the size and shape of Subject Property. The general market would look to amalgamate the parcel with adjacent farmland in order to facilitate the use of the Subject Parcel for agricultural purposes.

Demand continues for agricultural land in the local market. Therefore, the utilization of the Subject Property in conjunction with a larger parcel of agricultural land is deemed to be financially feasible.

Maximally Productive: As noted above, there is minimal demand for the Subject Property as a stand-alone property. As a parcel to be amalgamated with adjacent farmland, demand is adequate, albeit limited for this category of property due to the limited number of potential purchasers (adjacent agricultural landowners). The Subject Property would be expected to be valued on a similar basis as larger parcels of farmland by the local market. Given the Subject Property's location and limited utility, it would not be expected to obtain value similar to typical smaller parcels. As such, the Subject Property should be marketable if listed at a competitive price.

For the purposes of the valuation, it is assumed that it is reasonable to amalgamate the Subject Property with neighbouring parcel SE-28-27-28-W4 and SW-28-27-28-W4 via an 'across the fence' appraisal method in order to maximize use of the Subject Property.

Conclusion: Based on available information, the Highest and Best Use of the Subject Property would be achieved through its amalgamation with the adjacent farmland and utilized for agricultural purposes. As a result, the Subject Property has been compared to larger agricultural parcels and valued as such within the Direct Comparison Approach of the report.

The Valuation Process

There are three generally accepted approaches to estimating value, the Direct Comparison Approach, the Income Approach, and the Cost Approach are defined below as per the 'The Appraisal of Real Estate, Third Canadian Edition 2010':

Direct Comparison Approach: A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison, and making adjustments to the sale prices of the comparables based on the elements of comparison.

Income Approach: A set of procedures through which an appraiser derives a value indication for an income producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate.

Cost Approach: A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to reconstruct a reproduction of, or replacement for, the existing structure; deducting accrued depreciation from the reproduction or replacement cost; and adding the estimated land value plus an entrepreneurial profit. Adjustments may then be made to the indicated fee simple value of the Subject Property to reflect the value of the property interest being appraised.

Approach(es) Used: Which of these approaches to value are most applicable to the valuation of a specific property is largely dependent upon the nature of the property being appraised and the quality and quantity of data available.

With respect to the valuation of the Subject Property, the relevant valuation approach is the Direct Comparison Approach. The Cost Approach and Income Approach were excluded because of the nature of the property (vacant land).

Direct Comparison Approach

Using the Direct Comparison Approach, the value of a property is estimated by reference to sales or active listings of comparable properties in the marketplace. While historical in nature, this method generally provides a reliable indicator of value in an active real estate market.

The valuation that follows is of the quarter section to the west, SE-28-27-28-W4 (described as the 'Benchmark' in the analysis that follows), utilizing the 'across the fence' (ATF) appraisal method to estimate a reasonable unit value (sale price/acre) to be applied to the Subject Property.

The ATF method is a valuation approach often used in appraising land, particularly for rights of way across corridors such as the Subject Property. The ATF method assumes that the Market Value per acre of the land utilized as a right-of-way is at most equal to the value of adjacent or adjoining land. Once a benchmark unit value of the SE-28-27-28-W4 has been estimated, a discount will be applied to reflect the inferior utility and marketability of the Subject Property.

After researching local and other similar markets, sales and listings of properties that exhibited characteristics similar to the Subject Property were identified and analyzed. The following parameters were used in the selection process:

Location: Sales were investigated throughout Rocky View County and comparable areas.

Time: An extended window of time was required due to low sales volumes. Sales were investigated as far back as early-2020 forward. The time frame is considered reasonable in order to reflect the attributes of the Subject Property and the lack of recent comparable sales.

Land Use: Value Indicators were chosen that were deemed to have similar zoning designations and Highest and Best Use by the appraiser.

PART 4 - ANALYSIS AND CONCLUSIONSPage | **30****Bare Land Value Indicators**

	Benchmark	Value Indicator 1	Value Indicator 2	Value Indicator 3	Value Indicator 4	Value Indicator 5
Internal Property No.	n/a	MLS A1149552	MLS A2026459	MLS A2006782	MLS A1048134	MLS C4233359
Municipality	Rocky View County	Rocky View County	Rocky View County	Rocky View County	Rocky View County	Rocky View County
Legal Description	SE-28-27-28-W4	NE-12-26-27-W4	SW-5-28-26-W4	SW-27-27-26-W4	SW-21-28-27-W4	SE-16-27-28-W4
Sale Price	n/a	\$800,000	\$1,079,700	\$825,000	\$1,002,500	\$1,100,000
Sale Date (mm/dd/yy)	n/a	06-07-22	03-22-23	11-05-22	12-14-20	06-28-23
Sale Terms	n/a	Assumed Cash/Mortgage	Assumed Cash/Mortgage	Assumed Cash/Mortgage	Assumed Cash/Mortgage	Assumed Cash/Mortgage
Vendor	n/a	MLS Sale - Not Disclosed	MLS Sale - Not Disclosed	MLS Sale - Not Disclosed	MLS Sale - Not Disclosed	MLS Sale - Not Disclosed
Purchaser	n/a	MLS Sale - Not Disclosed	MLS Sale - Not Disclosed	MLS Sale - Not Disclosed	MLS Sale - Not Disclosed	MLS Sale - Not Disclosed
Land Area (Acres)	160.00	160.00	205.40	133.42	160.00	137.04
Zoning Class	A-GEN	A-GEN	A-GEN	A-GEN	A-GEN	A-GEN
CLI Map Rating	CLI 1/3	CLI 2/6	CLI 1/3/5	CLI 2/3/5	CLI 1	CLI 3
Services	Typical Rural	Typical Rural	Typical Rural	Typical Rural	Typical Rural	Typical Rural
Improvements	None	None	None	None	None	None
Comments	Full quarter section of land located east of Airdrie with access via a municipal roadway. Approximately 158 acres is farmable while the remainder is pasture land. Small dugout in the southeast corner of the parcel.	Full quarter section of land close to Keoma and Kathryn. Flat land parcel with 110 acres of farmable land with the remainder being pasture. SLR of \$1,600 per year.	Full quarter section plus an additional 45.40 acres of the NW 1/4 section near Irricana/Beiseker. Land abuts the Rosebud River. Flat land with 180 acres of farmable land with the remainder being river bed and pasture land. Three SLR generating \$9,300 per year.	Near full quarter section of Highway land near Irricana. Flat land with 117 acres of farmable land. Property borders the Crossfield Creek on the northeast side. Three SLR generating \$11,000 per year. Mostly Class 2 soils.	Full quarter section just east of Crossfield near Kersey. Flat land and almost the entire section is farmable land. Old homestead site on the west side of the parcel surrounded by shelter belt with trees.	Near full quarter section of highway land just east of Airdrie. Hwy 567 frontage with access from Range Road 283 on the east side. Flat land with the entire parcel being farmable.
Unit Selling Price	n/a	\$5,000	\$5,257	\$6,183	\$6,266	\$8,027

Adjustments for Differences

Financing/Motivation	As described	0%	0%	0%	0%	0%
Changing Market	As described	5%	0%	5%	10%	0%
Adjusted Price/Acre		\$5,250	\$5,257	\$6,493	\$6,892	\$8,027
Location	As described	0%	0%	0%	0%	-10%
Access/Exposure	As described	0%	0%	-10%	-5%	-15%
Land Area	As described	0%	0%	0%	0%	0%
Open Acres	As described	10%	10%	5%	0%	0%
Productive Potential	As described	5%	10%	5%	-5%	5%
Utility/Other	As described	0%	-5%	-5%	-5%	-5%
Adjusted Price/Acre	n/a	\$6,025	\$6,050	\$6,175	\$5,850	\$6,025

Quantitative Analysis and the Adjustment Process: Adjustments to the unit selling prices of the Value Indicators were applied to reflect the qualitative differences between the subject and each comparable sale.

Adjustments are typically derived from the reconciliation of market derivation, cost analysis, and the appraiser's own experience in a market sector. Adjustments were applied as follows:

Financing/Motivation: The terms of the sale for the Value Indicators are believed to be at arm's length, with no adjustments deemed warranted. Motivational factors were typical for farming areas where demand for land is good.

Changing Market: Farmland continues to appreciate in most areas of Alberta. Farm Credit Canada (FCC) reports that farmland appreciation in Alberta increased at an average of 10.0% in 2022, 3.6% in 2021, 6.0% in 2020, 3.3% in 2019, 7.4% in 2018, and 7.3% in 2017. FCC has indicated a slowing of appreciation through 2021 and into 2022.

In this area, market values for land in the subject category increased from mid-2019 to 2021, then dipped in 2022. As such, appropriate time adjustments for changing market conditions ("time adjustments") have been applied as required.

Location: Two influences affect location adjustments: (1) General market location relating to proximity to urban centres; and (2) Close to Highway(s) location (gravel access). Generally, land values diminish somewhat as distance to towns, villages, and arterial roadways increases.

Value Indicator 5 is located in a superior location. As such, an appropriate downward location adjustment has been applied. The remaining Indicators were all located in comparable locations relative to the Subject Property and required no adjustments.

Access/Exposure: The Subject Property has direct access via a rural gravelled municipal roadway. Value Indicators 3 to 5 were considered to have superior access and/or exposure via paved municipal highways or roadways. As a result, downward adjustments were required for these Indicators.

Land Area: Land size differences: generally, smaller parcels sell for a higher unit value. As noted in the Highest and Best Use Section, the Subject Property has been compared to larger parcels of farmland on the assumption that it is amalgamated with a larger parcel of adjacent farmland. No adjustments were deemed necessary within the analysis.

Open Acreage: Adjustments were applied to reflect the open acreage on each of the Value Indicators as compared to Subject Property. This adjustment reflects the relationship of the unit value of the various components of a quarter-section and its blended unit value over the entire quarter-section. Market participants in the area assign a substantially lesser value to pasture, bush, and waste acreage than they do to open arable acreage. Adjustments were applied accordingly.

Production Potential: Differences in soil productivities and potential can account for significant variances in value. Appropriate adjustments have been applied accordingly.

Utility/Other: Adjustments may be applied as applicable for differences in the utility of the land, surface leases on comparable sales, and/or for minor improvements that may exist. Downward adjustments were applied to Value Indicators 2 to 5 to reflect superior utility for surface lease revenues and/or other attributes deemed superior.

Analysis and Reconciliation: After adjustments, Value Indicators 1 to 5 provide a unit value range of \$5,850/acre to \$6,175/acre with an average of \$6,025/acre. This is considered a relatively tight range considering the minimal sales data available for similar land parcels within the local marketplace. All Value Indicators were considered relevant to the analysis, as they are all located within the general subject area and best represent the overall attributes of the parcel to which the Subject Property is assumed to be amalgamated.

Of the five comparable sales presented and analysed, no one Value Indicator provides strong unilateral support for value, with all five providing some measure of value and corroborating the final value range. A unit value about the mid-point of the tightened range is considered reasonable for the Subject Property.

As such, a final vacant land unit value of **\$6,000/acre** for the adjoining SE-28-27-28-W4 is deemed to be well supported. As applied to the Subject Property (8.00 acres), based on the ATF valuation method, the unit value, translating into the following value estimate:

Site Size:	8.00 acres
Estimated Unit Value:	\$6,000/acre
Value of the Subject Benchmark via Direct Comparison Approach:	\$48,000

Discount to Market Value for Linear Parcel Shape

Though difficult to track due to simultaneous sale-consolidations, there are several examples of sales of irregularly shaped parcels of land that have transferred from private owners or municipalities to adjacent landowners throughout Alberta that show a negotiated discount to the market value of the baseline property. Given the limited number of known recent sales of linear parcels, the sales search was not included within the analysis and retained on file.

Analysis indicates a wide range of **discounts from approximately 15% to 30%**, which reflects the unique nature of each transaction. It is noted that it is the stated practice of some municipalities and the Alberta Government to not discount 'remnant' parcels if sold to adjacent landowners, whereas other municipalities do 'adjust' values. The private market also tends to exhibit adjustments, although sales are relatively limited.

In estimating an appropriate discount for such a property, initial consideration is given to the function of the land and its location for the specific requirements of the adjacent owner. Presumably some level of negotiation occurs between the two parties to the transaction, the result of which imputes the discount. At minimum, the discount would have to reflect the purchaser's cost to legally acquire and consolidate parcels (legal/survey fees, time value, etc.).

In the context of motivation, the following factors are evident for the Subject Property:

- The Subject Property is a linear and narrow piece of land, therefore diminishing development potential and overall utility in isolation.
- The Subject Property is homogeneous with the adjoining lands with minimal physical limitation.
- There are a limited number of potential purchasers of this site (adjacent landowners), resulting in an impaired market, and likely, limiting the ability of the County to sell this parcel if otherwise desired.

The Subject Property is expected to have utility to an adjacent property owner; however, there would be a limited market for this property besides to adjoining land owners and the shape is irregular. The discount associated with the Subject Property should balance this level of utility with the limited market. In the circumstances, **a discount of 30%** is considered reasonable and has been applied as applicable within the Direct Comparison Approach analysis, resulting in a final value as follows:

Value of the Subject Benchmark via Direct Comparison Approach:	\$48,000
Market Discount Rate of 30.00% for Linear Parcel Shape (rounded):	\$14,000
Subject Property Value by Direct Comparison Approach:	\$34,000
Final Unit Value:	\$4,250/acre



Reconciliation and Final Valuation

The estimated value of the Subject Property was estimated as follows:

Direct Comparison: Final unit value: \$4,250/acre
Estimated Land Value Based on 8.00 Acres: **\$34,000**

Income Approach: Not used

Cost Approach: Not used

Final Value: \$34,000

The estimated value of the Subject Property was estimated solely by the Direct Comparison Approach because the Cost Approach and Income Approach are not typically used to value vacant rural land with no quotas.

The strength of the Direct Comparison Approach lies in the fact that it reflects actual market behaviour of typical purchasers under current market conditions. Its weaknesses include the fact that each Value Indicator can vary widely in terms of development potential, location, uses, etc. Additionally, the motivation behind each market transaction is not always apparent, which can lead to wider value ranges. In the circumstances, the available market data provides good support for the valuation of the Subject Property.

Exposure Time: The appraised value is based on a reasonable Exposure Time of up to 365 days, typical for a property of this type in the local market. The Exposure Time was estimated through analysis of market data and assumes that the property was listed for sale at a reasonable asking price.

Assemblage: Not applicable.

Sales/Listing History: There is no known sales or listing history to have taken place concerning the Subject Property during the past three years (per MLS and land titles).

Based on the research and analyses completed herein, the current Market Value (as of January 8, 2024) of the identified interest in the Subject Property may be fairly stated as:

THIRTY-FOUR THOUSAND (\$34,000) DOLLARS

The valuation is subject to a Hypothetical Condition and Extraordinary Assumption – See Page 41.

Certificate of the Appraiser

Re: Real estate appraisal of a former Road Allowance containing 8.00 acres in Rocky View County, Alberta.
Legally described as: Part of W 27-27-28-W4, excepting thereout all mines and minerals.

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

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

Based on the research and analyses completed herein, the current Market Value (as of January 8, 2024) of the identified interest in the Subject Property may be fairly stated as:

THIRTY-FOUR THOUSAND (\$34,000) DOLLARS

The valuation is subject to a Hypothetical Condition and Extraordinary Assumption – See Page 41.



Brandon Greenside, AACI, P. App
Appraiser, AIC Membership No. 907540
Report Date: October 28, 2024
Inspection Date: January 8, 2024
Source of Digital Signature: Foxit

NOTE: For this appraisal to be valid, an original or a password protected digital signature is required.

Annex A – Definitions

Glossary of Terms

The terms following have been sourced from the current version of CUSPAP, The Appraisal of Real Estate, Third Canadian Edition 2010, the HarrisonBowker library, and/or other sources deemed reliable.

Condominium Estate: A multi-unit structure or property in which persons hold fee simple title to individual units and undivided interest in common areas.

Currency: The final value estimate stated in this report is expressed in terms of Canadian dollars cash.

Effective Date: The date at which the analyses, opinions and conclusions in an assignment apply. The Effective Date may be different from the inspection date and/or the report date.

Exposure Time: The estimated length of time the property interest being appraised would have been offered on the market before the hypothetical consummation of a sale at the estimated value on the Effective Date of the appraisal. Exposure time is backward-looking.

Extraordinary Assumption: An assumption, directly related to a specific Assignment, which, if were not assumed to be true, could materially alter the opinions or conclusions.

Extraordinary Assumptions presume uncertain information about or anticipated changes in: the physical, legal or economic characteristics of the subject property; or about: conditions external to the subject property such as market conditions or trends, or the integrity of data used in an analysis to be fact.

Extraordinary Limiting Condition: A necessary modification to, or exclusion of, a Standard Rule which may diminish the reliability of the report.

Fee Simple Estate: An estate of absolute ownership unencumbered by any other interest or estate, subject only to the limitations by the four powers of government: taxation, expropriation, police power, and escheat.

Forced Sale Value: A Forced Sale Value occurs in a situation where:

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

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

May also be referred to as: “liquidation value”, “distress sale” or “power of sale”.

Gross Building Area: Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls; includes both the superstructure floor area and the substructure or basement area.

Gross Leasable Area: Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the centre of joint partitioning to the outside wall surfaces.

Highest and Best Use: 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.

Hypothetical Condition: Hypothetical Conditions are a specific type of an Extraordinary Assumption that presumes, as fact, simulated but untrue information about physical, legal or economic characteristics of the Subject Property or external conditions, and are imposed for purposes of reasonable analysis.

Leasehold Interest: The right held by the lessee to use and occupy real estate for a stated term under the conditions specified in the lease.

Leased Fee Estate: The ownership interest held by the lessor, which includes the right to the contract rent specified in the lease plus the reversionary right when the lease expires.

When (if) the lease(s) on the property expires, the property rights revert to a Fee Simple Estate.

Market Value: 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 under reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, and knowledgeably, and for self-interest, assuming that neither is under duress.

Net Effective Rent: The rental rate net of financial concessions such as period of no rent during the lease term and above- or below-market TIs [tenant improvement allowances, inducements, rent abatements, etc.].

Operating Expenses: The periodic expenditures necessary to maintain the real property and continue production of the effective gross income, assuming prudent and competent management.

Subject Property: Refers to the property (real estate) that has been appraised within this report. The term is intended to be generic and read in appropriate context.

Value Indicator(s): Consummated or pending sales, or active or expired listings, that have been selected and analyzed by the appraiser(s) for comparison to the Subject Property. The Value Indicators are utilized to provide an estimate of Market Value for the Subject Property via the Direct Comparison Approach. Also known as comparables or comparable sales.

Annex B – Assumptions

Assumptions, Limiting Conditions, Disclosures, Limitations of Liability

The report is subject to the following Assumptions, Limiting Conditions, Disclosures, and Limitations of Liability; and any others which may be stated elsewhere in the report. The list to follow contains 'Mandatory Clauses' as defined by the AIC. The certification that appears in this appraisal report is subject to compliance with the Personal Information and Electronics Documents Act (PIPEDA), Canadian Uniform Standards of Professional Appraisal Practice ("CUSPAP") and the following conditions:

1. HarrisonBowker Valuation Group is a trade name of HarrisonBowker Real Estate Appraisers Ltd. The opinions expressed in this report are those of the author and not necessarily those of HarrisonBowker Real Estate Appraisers Ltd.
2. 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 and, accordingly, no responsibility is accepted for any damage suffered by any other person as a result of 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 an unauthorized use is unreasonable.
3. 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).
4. 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. Unless otherwise noted within the report, no registry office search has been performed and the author assumes that the title is good and marketable and 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 scope of work and expertise of the appraiser. 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 matters of ownership and/or title.
5. Verification of compliance with governmental regulations, bylaws or statutes is outside the scope of work and expertise of the appraiser. Any information provided by the appraiser is for informational purposes only and any reliance is unreasonable. Any information provided by the appraiser does not negate the need to retain an appropriately qualified professional to determine government regulation compliance.
6. 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.
7. If the Subject Property is a condominium Fee Simple Estate, it is assumed that there are no major costs currently required within the subject common area that cannot be covered by the existing contingency fund; that there are no legal actions outstanding or are contemplated against the subject complex; and, that there is a board of directors managing the affairs of the subject condominium association in a diligent manner. It is further assumed that monthly condominium fees and the balance contained in the capital reserve fund will be adequate to cover all costs

of maintaining the common property and any capital items that will be required. It is assumed that Reserve Fund Studies are completed as per Alberta's Condominium Act. The review of the Reserve Fund Study is beyond the Scope of this report. The appraiser will not be held liable if the balance in the reserve fund is inadequate to pay for required repairs and maintenance.

8. 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.
9. 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.
10. 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. It is an assumption of this report 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 Market Value of 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 Market Value of the property.
11. The analyses set out in this report relied on written and verbal information obtained from a variety of sources the author considered reliable. Unless otherwise stated herein, the author did not verify client-supplied information, which the author believed to be correct.
12. 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.
13. 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 professional expertise of the author.

14. 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.
15. 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.
16. This report, its content and all attachments/addendums and their content are the property of the author. 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.
17. 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.
18. Where the intended use of this report is for financing or 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.
19. If utilized, the Cost Approach has only been developed by the appraiser(s) as an analysis to support their opinion of the property's Market Value. Use of this data, in whole or part, for other purposes is not intended by the appraiser(s). Nothing set forth in the appraisal should be relied upon for the purpose of determining the amount or type of insurance coverage to be placed on the Subject Property. The appraiser(s) assumes no liability for and does not guarantee that any insurable value estimate inferred from this report will result in the Subject Property being fully insured for any loss that may be sustained. Further, the Cost Approach may not be a reliable indication of replacement or reproduction cost for any date other than the Effective Date of this appraisal due to changing costs of labor and materials and due to changing building codes and governmental regulations and requirements.
20. The professional liability insurance of the appraiser(s) is limited to \$2,000,000; therefore, the appraiser(s) is exempt from any responsibility or loss for errors or omissions over and above this amount.

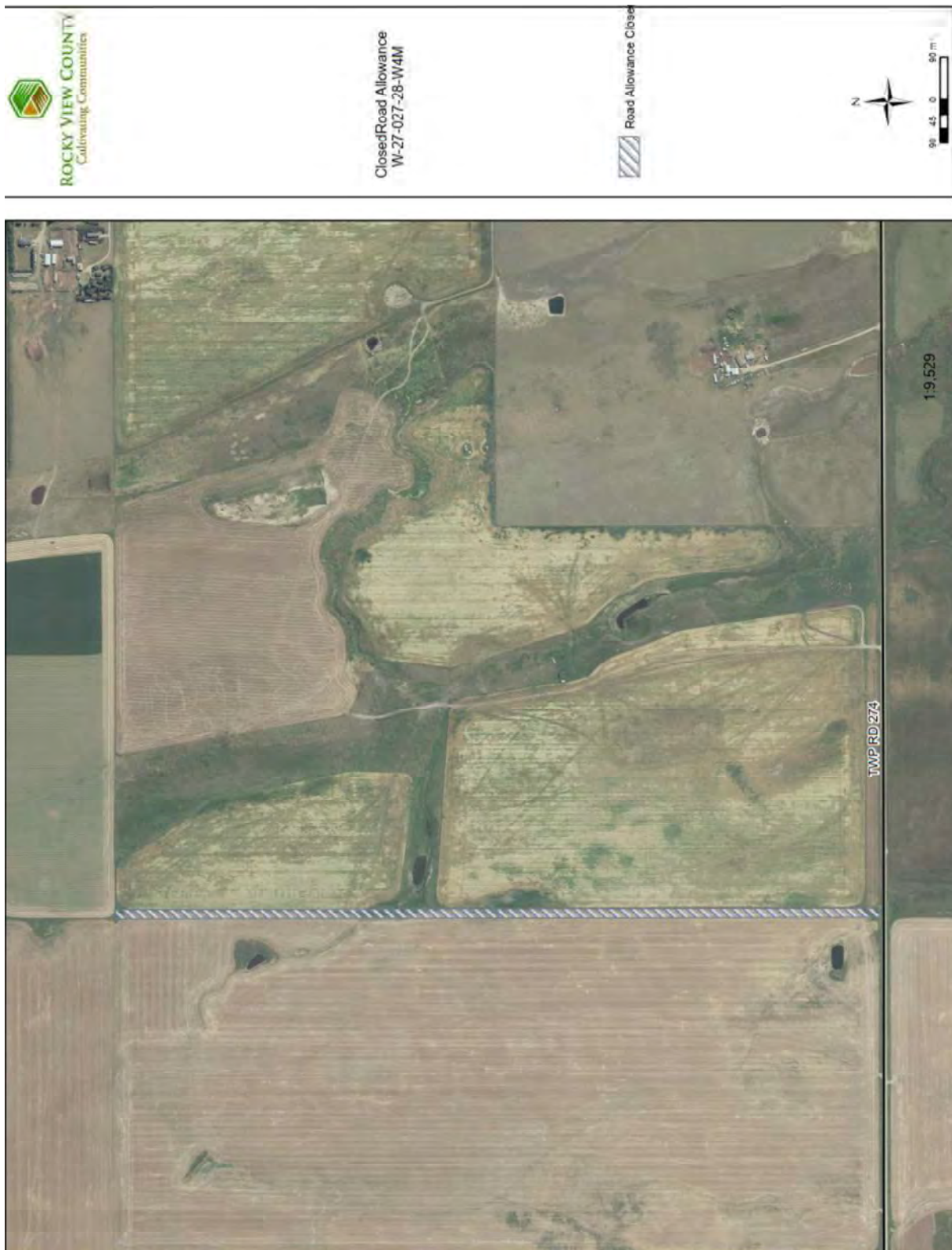
Extraordinary Assumptions, Hypothetical Conditions, Extraordinary Limiting Conditions

The Extraordinary Assumption(s), Hypothetical Condition(s), and/or Extraordinary Limiting Conditions invoked for this assignment, as defined in the preceding Glossary, are presented in full below:

This valuation is not subject to any Extraordinary Assumptions, Hypothetical Conditions, or Extraordinary Limiting Conditions.

Annex C – Legal Documents

Former Road Allowance Sketch Provided by the County



Annex D – Excerpts from Appropriate Planning Documents

Zoning Bylaw

A-GEN Agricultural, General District

303 PURPOSE: To provide for agricultural activities as the primary use on a Quarter Section of land or larger or on large remnant parcels from a previous subdivision, or to provide for residential and associated minor agricultural pursuits on a small first parcel out.

304 PERMITTED USES:

Accessory Building ≤ 930 m² (10010.40 ft²)
 Accessory Dwelling Unit
 Agriculture (General)
 Beekeeping
 Dwelling, Single Detached

DISCRETIONARY USES:

Accessory Building > 930 m² (10010.40 ft²)
 Agriculture (Intensive)
 Agriculture (Processing)
 Animal Health (Inclusive)
 Bed and Breakfast
 Cannabis Cultivation
 Care Facility (Child)
 Care Facility (Clinic)
 Care Facility (Group)
 Communications Facility (Type A)
 Communications Facility (Type B)
 Communications Facility (Type C)
 Dwelling, Manufactured
 Dwelling, Tiny
 Dwelling Unit, accessory to principal use
 Equestrian Centre
 Farm Gate Sales
 Farmers Market
 Film Production
 Home-Based Business (Type II)
 Kennel
 Recreation (Culture & Tourism)
 Riding Arena
 Special Function Business
 Vacation Rental

Those uses which are not otherwise defined in the Bylaw, which in the opinion of the Development Authority are similar to the above and conform to the purpose of this District may be Discretionary Uses.

305 MINIMUM PARCEL SIZE:

- An un-subdivided Quarter Section
- The portion created and the portion remaining after registration of a First Parcel Out subdivision
- The portion of a parcel remaining after approval of a redesignation and subdivision provided the remainder is a minimum of 20.23 ha (50.00 ac)

306 MAXIMUM DENSITY:

- On parcels less than 32.4 ha (80.0 ac), a maximum of two Dwelling Units – one Dwelling, Single Detached and one other Dwelling Unit where the other Dwelling Unit is not a Dwelling, Single Detached
- On parcels greater than or equal to 32.4 ha (80.0 ac), a maximum of four Dwelling Units – two Dwelling, Single Detached and two other Dwelling Units where the other Dwelling Unit is not a Dwelling, Single Detached

307 MAXIMUM BUILDING HEIGHT:

- Dwelling Units: 12.0 m (39.37 ft.)
- All others: None

308 MINIMUM SETBACKS:**Front Yard**

45.0 m (147.64 ft.) from County roads
 60.0 m (196.85 ft.) from Highways
 15.0 m (49.21 ft.) from service roads

Side Yard

45.0 m (147.64 ft.) from County roads
 60.0 m (196.85 ft.) from Highways
 15.0 m (49.21 ft.) from service roads
 6.0 m (19.69 ft.) from other parcels

Rear Yard

30.0 m (98.43 ft.) from any road
 15.0 m (49.21 ft.) from other parcels

309 EXCEPTIONS:

- a) Parcels designated by the letter "o" on the **Land Use Map** shall provide for one (1) additional First Parcel Out subdivision after September 29, 1998,
- b) On parcels less than 4.0 ha (9.88 ac), the uses within the R-RUR District shall apply, and
- c) A Dwelling, Manufactured or Dwelling, Tiny may be an Accessory Dwelling Unit where development conforms with **Sections 122 to 124.**

Annex E – CLI Soil Classification System

Canadian Land Inventory Soil Classification System

Environment Canada, in cooperation with various government agencies, publishes a 1: 250,000 scale map series for Alberta that depicts soil capabilities by classification. While the limitations of scale are evident, the maps provide a good first indicator of local soil conditions and the prevailing soil characteristics across a region. The following description of the classification system was quoted verbatim from the legend of Environment Canada's *Canadian Land Inventory Soil Capability for Agriculture* series of maps.

Description Legend

In this classification the mineral soils are grouped into seven classes on the basis of soil survey information. Soils in classes 1, 2, 3 and 4 are considered capable of sustained use for cultivated field crops, those in classes 5 and 6 only for perennial forage crops and those in class 7 for neither.

Some of the important factors on which the classification is based are:

- The soils will be well managed and cropped, under a largely mechanized system.
- Land requiring improvements, including clearing that can be made economically by the farmer himself is classed according to its limitations or hazards in use after the improvements have been made. Land requiring improvements beyond the means of the farmer himself is classed according to its present condition.
- The following are not considered: distances to market, kind of roads, location, size of farms, type of ownership, cultural patterns, skill or resources of individual operators, and hazard of crop damage by storms.

The classification does not include capability of soils for trees, tree fruits, small fruits, ornamental plants, recreation, or wildlife.

The classifications are based on intensity, rather than kind, of their limitations for agriculture. Each class includes many kinds of soil, and many of the soils in any class require unlike management and treatment.

CLASS 1	SOILS IN THIS CLASS HAVE NO SIGNIFICANT LIMITATIONS IN USE FOR CROPS.
The soils are deep, are well to imperfectly drained, hold moisture well, and in the virgin state were well supplied with plant nutrients. They can be managed and cropped without difficulty. Under good management they are moderately high to high in productivity for a wide range of field crops.	
CLASS 2	SOILS IN THIS CLASS HAVE MODERATE LIMITATIONS THAT RESTRICT THE RANGE OF CROPS OR REQUIRE MODERATE CONSERVATION PRACTICES.
The soils are deep and hold moisture well. The limitations are moderate, and soils can be managed and cropped with little difficulty. Under good management they are moderately high to high in productivity for a fairly wide range of crops.	
CLASS 3	SOILS IN THIS CLASS HAVE MODERATELY SEVERE LIMITATIONS THAT RESTRICT THE RANGE OF CROPS OR REQUIRE SPECIAL CONSERVATION PRACTICES.
The limitations are more severe than for Class 2 soils. They affect one or more of the following practices: timing and ease of tillage; planting and harvesting; choice of crops; and methods of conservation. Under good management they are fair to moderately high in productivity for a fair range of crops.	
CLASS 4	SOILS IN THIS CLASS HAVE SEVERE LIMITATIONS THAT RESTRICT THE RANGE OF CROPS OR REQUIRE SPECIAL CONSERVATION PRACTICES, OR BOTH.

The limitations seriously affect one or more of the following practices: timing and ease of tillage; planting and harvesting; choice of crops; and methods of conservation. The soils are low to fair in productivity for a fair range of crops, but many have high productivity for a specially adapted crop.	
CLASS 5	SOILS IN THIS CLASS HAVE VERY SEVERE LIMITATIONS THAT RESTRICT THEIR CAPABILITY TO PRODUCING PERENNIAL FORAGE CROPS, AND IMPROVEMENT PRACTICES ARE FEASIBLE.
The limitations are so severe that the soils are not capable of use for sustained production of annual field crops. The soils are capable of producing native or tame species of perennial forage plants and may be improved by use of farm machinery. The improvement practices may include clearing of bush, cultivation, seeding, fertilizing, or water control.	
CLASS 6	SOILS IN THIS CLASS ARE CAPABLE ONLY OF PRODUCING PERENNIAL FORAGE CROPS AND IMPROVEMENT PRACTICES ARE NOT FEASIBLE.
The soils provide some sustained grazing for farm animals, but the limitations are so severe that improvement by use of farm machinery is impractical. The terrain may be unsuitable for use of farm machinery, or the soils may not respond to improvement, or the grazing season may be very short.	
CLASS 7	SOILS IN THIS CLASS HAVE NO CAPABILITY FOR ARABLE CULTURE OR PERMANENT PASTURE.
The soils provide some sustained grazing for farm animals, but the limitations are so severe that improvement by use of farm machinery is impractical. The terrain may be unsuitable for use of farm machinery, or the soils may not respond to improvement, or the grazing season may be very short.	
O	ORGANIC SOILS (Not placed in capability classes).

Subclasses

Excepting Class 1, the classes are divided into subclasses on the basis of kinds of limitation. The subclasses are as follows:

SUBCLASS C	Adverse climate - The main limitation is low temperature or low or poor distribution of rainfall during the cropping season, or a combination of these.
SUBCLASS D	Undesirable soil structure and/or low permeability - The soils are difficult to till, absorb water slowly or the depth of the rooting zone is restricted.
SUBCLASS E	Erosion damage - Past damage from erosion limits agricultural use of the land.
SUBCLASS F	Fertility - Low natural fertility due to lack of available nutrients, high acidity or alkalinity, low exchange capacity, high levels of calcium carbonate or presence of toxic compounds.
SUBCLASS I	Inundation - Flooding by streams or lakes limits agricultural use.
SUBCLASS M	Moisture - A low moisture holding capacity, caused by adverse inherent soil characteristics, limits crop growth. (Not to be confused with climatic drought).
SUBCLASS N	Salinity - The soils are adversely affected by soluble salts.
SUBCLASS P	Stoniness - Stones interfere with tillage, planting, and harvesting.
SUBCLASS R	Shallowness to solid bedrock - Solid bedrock is less than three feet from the surface.

SUBCLASS S	Soils limitations - A combination of two or more subclasses D, F, M and N.
SUBCLASS T	Adverse topography - Either steepness or the pattern of slopes limits agricultural use.
SUBCLASS W	Excess water - Excess water other than from flooding limits use for agriculture. The excess water may be due to poor drainage, a high water table, and seepage of runoff from surrounding areas.
SUBCLASS X	Minor cumulative limitations - Soils having a moderate limitation due to the cumulative effect of two or more adverse characteristics that individually would not affect the class rating. (This subclass is always used alone and only one class below the best possible in a climatic sub region).