

Form 6-4
(Rule 6-4)

COURT FILE NUMBER QBG 1076 of 2021

COURT OF QUEEN'S BENCH FOR SASKATCHEWAN
IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE SASKATOON

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CANADIAN DEVELOPMENT STRATEGIES INC.

AND

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CROSSROADS ONE INC.

AND

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
OAK AND ASH FARM LTD.

AND

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
1143402 ALBERTA LTD.

AND

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
2061778 ALBERTA LTD.

AND

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
1216699 ALBERTA LTD.

AND

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
DEAN RUNZER

AND

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
LORI RUNZER

FOURTH AFFIDAVIT OF LORI RUNZER

I, Lori Runzer, of Fowler Lake, in the Province of Saskatchewan, **MAKE OATH AND SAY THAT:**

1. I am a director of the following corporations:
 - a. Canadian Development Strategies Inc. (“**CDSI**”);
 - b. 1143402 Alberta Ltd. (“**114**”);
 - c. 1216699 Alberta Ltd. (“**121**”);
 - d. Crossroads ONE Inc. (“**Crossroads**”);
 - e. Oak and Ask Farm Ltd. (“**Oak**”); and
 - f. 2061778 Alberta Ltd. (“**206**”);

(collectively the “**FireSong Group**”).

and as such I have personal knowledge of the facts and matters hereinafter deposed to, except where stated to be sworn based upon information and belief, and where so stated, I believe the same to be true.

2. I am authorized to make this Affidavit on behalf of the Applicants.
3. This Affidavit should be read in conjunction with the affidavits that I swore on October 21, 2021 (the “**First Runzer Affidavit**”), December 6, 2021 (the “**Second Runzer Affidavit**”) and December 17, 2021 (the “**Third Runzer Affidavit**”) in these proceedings. Any words and phrases in this Affidavit which begin with capital letters but which are not defined herein have the respective definitions ascribed to them in the First Runzer Affidavit, the Second Runzer Affidavit and the Third Runzer Affidavit (as the case may be).

Nature of Application and Relief Sought

4. This Affidavit is made in support of an Application by the Applicants for the following relief:
 - a. an Order extending the time within which the Applicants are required to file a proposal to their creditors under Division I of Part III of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the “**BIA**”) to 5:00 pm (Saskatchewan time) on March 13, 2022 (the “**Third Extension Date**”);
 - b. an Order approving the sale of the Farmland, as further detailed below; and
 - c. an Order approving the release of mortgage proceeds to Ms. Hoeller as recommended by MNP Ltd., the Proposal Trustee in these proceedings.

5. If this Honourable Court ultimately grants the relief sought in this Application, the Applicants intend to use the time afforded by the Stay of Proceedings, with the assistance of the Proposal Trustee, to develop and put forward a restructuring of the Applicants' business and financial affairs by the implementation one or more proposals to their creditors (collectively, the "**Proposal**").

Background

6. On September 29, 2021, the Applicants each filed Notices of Intention to make a Proposal to their Creditors under Division I of Part III of the BIA (the "**NOIs**") with the Office of the Superintendent of Bankruptcy. MNP Ltd. (the "**Proposal Trustee**") was appointed Proposal Trustee in regard to the NOIs.
7. On October 28, 2021, this Honourable Court granted an order providing for a 45-day extension of the Stay of Proceedings and the period of time within which the Applicants were required to file a Proposal to their creditors under Division I of Part III of the BIA from October 29, 2021 to December 13, 2021.
8. On December 13, 2021, this Honourable Court granted an Order (the "**December 13 Order**"):
 - a. providing for a 45-day extension of the Stay of Proceedings and the period of time within which the Applicants were required to file a Proposal to their creditors under Division I of Part III of the BIA from December 13, 2021 to January 27, 2022; and
 - b. pursuant to section 64.1 of the BIA, providing for an Administration Charge on the assets of the Applicants in an amount totalling \$100,000 (the "**Administration Charge**") as security for the professional fees and disbursements of the Proposal Trustee, MNP Ltd. (the "**Proposal Trustee**"), and legal counsel to the FireSong Group, MLT Aikins LLP ("**Applicants' Counsel**").
9. On December 22, 2021, this Honourable Court granted an Order (the "**December 22 Order**") regarding certain property in the vicinity of Cranbrook, British Columbia legally described as Lot 25, District Lots 10353 and 10354, Kootenay District Plan 14398 (the "**Kootenay Property**") then registered in the name of 1133402 Alberta Ltd. ("**114**") and held by 114 in trust for my son and daughter in law, Benjamin Runzer ("**Benjamin**") and Dallas Marie Runzer pursuant to a trust (the "**Trust**") created by a Declaration of Trust dated May 16, 2008 (the "**Trust Declaration**") whereby 114 (as trustee) agreed to hold title to the Cranbrook Property in trust for Benjamin. Further, and in particular, the December 22 Order:
 - a. directed that title to the Cranbrook Property be registered in the names of Benjamin and Dallas Marie Runzer, subject to (among other things) a proposed mortgage (the "**Pioneer**");

Mortgage") in favour of Pioneer West Acceptance Corporation ("**Pioneer**") in the amount of \$600,000;

- b. authorized and directed Benjamin and Dallas Marie Runzer to enter into and perform their obligations under the Pioneer Mortgage, in order to facilitate proposed financing by Pioneer in the amount of \$563,000 (the "**Pioneer Financing**");
- c. directed that Pioneer advance the proceeds of the Pioneer Financing (the "**Pioneer Financing Proceeds**") to legal counsel for the Proposal Trustee, with such Pioneer Financing Proceeds to be used by the Proposal Trustee (in first instance) to pay outstanding property taxes owing on the Cranbrook Property and the reasonable costs incurred by Benjamin and Dallas Marie Runzer in closing the Pioneer Financing, with the remaining amount of the Pioneer Financing Proceeds (the "**Net Pioneer Financing Proceeds**") thereafter held in trust by legal counsel for the Proposal Trustee;
- d. directed the Proposal Trustee to review and report to this Honourable Court regarding the validity of the Trust Declaration and whether and to what extent 114 has any financial interest in the Cranbrook Property;
- e. directed the Proposal Trustee to review and report to this Honourable Court regarding the validity and enforceability of the existing mortgage (the "**Hoeller Mortgage**") in favour of Yvonne Hoeller ("**Ms. Hoeller**") then registered against title to the Cranbrook Property, whether and to what extent Ms. Hoeller had dealt with 114 and the other entities comprising the Fire Song Group at arm's length and whether and to what extent any facts had come to the attention of the Proposal Trustee which indicate to the Proposal Trustee that the Hoeller Mortgage may constitute a preference or transfer at undervalue in accordance with sections 95 and 96 of the BIA or equivalent provincial legislation.

Activities Since the December 13 Order and the December 22 Order

Covid-19 Setback

10. On or around December 28, 2021, both my husband, Dean Runzer, and I contracted Covid-19 and became seriously ill. We were bedridden and unable to meaningfully advance the FireSong Group's restructuring efforts until our recovery on January 15, 2022. Notwithstanding our health setbacks, the Applicants have made progress in formulating the framework for a restructuring plan, which framework is summarized below.
11. Since the granting of the December 13 Order and the December 22 Order, the Applicants have been diligently engaged in the following activities:

Further Strategy Discussions with Mr. Zwickel Regarding Fractional Ownership

- a. The FireSong Group has finalized a written agreement with Mr. Zwickel regarding the services which he will be providing to FireSong Group to assist with its restructuring (the “**Services Agreement**”). Attached and marked as **Exhibit “A”** to this Affidavit is a partially redacted copy of the Services Agreement.
- b. As set out in the Services Agreement, Mr. Zwickel has identified several key objectives for successful implementation of a fractional ownership at the Resort, whereby purchasers will acquire a shared common partial interest in the units comprising the Resort. These objectives identified by Mr. Zwickel include the following:
 - i. creation of a one-eighth fractional ownership offering and a rental program, with five garden units being offered for sale at \$149,900 per 1/8 fraction, three garden units being offered for sale at \$249,900 per 1/8 fraction, and five waterfront units being offered for sale at \$249,900 per 1/8 fraction;
 - ii. creation of an updated resort vision, which will be used for marketing purposes;
 - iii. identification of target markets for real estate sales;
 - iv. recruitment of a project marketing company with fractional sales experience to facilitate marketing and sales; and
 - v. presenting the fractional interest real estate opportunity to the targeted markets.
- c. Based on discussions with Mr. Zwickel, I verily believe that, with his assistance, the FireSong Group will be in a position to formally market fractional sales within 3 months. In the meantime, and as further detailed below, the FireSong Group intends to sell four fractional units prior to a formal marketing launch in order to generate the capital required to market fractional sales more broadly.
- d. I note that the Services Agreement indicates at paragraph 15 that “MNP” is the project accountant. This is incorrect, as a project accountant has not been designated in respect of the fractional ownership initiative.

Indigenous Youth Program

- e. As described by me in the First Runzer Affidavit and the Second Runzer Affidavit, the kâniyâsihk Culture Camps is a local First Nations program directed by Dr. Kevin Lewis (“**Dr. Lewis**”). The purpose of the kâniyâsihk Culture Camps is to provide land based healing and education to First Nations youth (the “**Camp Purpose**”).

- f. I have personally contributed to the development of the kâniyâsihk Culture Camps programs in light of my 25 year background in social program development. My contributions to the kâniyâsihk Culture Camps programs include providing my expertise regarding social program development. Specifically, I have contributed course content and intellectual property to Dr. Lewis to, among other things, assist youth at risk regarding their physical and mental well being and trauma recovery. I have also provided Dr. Lewis with courses and training materials regarding youth healing which Dr. Lewis has incorporated into the kâniyâsihk Culture Camps' land based learning program content.
- g. On or about January 4, 2022, the Government of Canada released details regarding a historic \$40 billion agreement-in-principle among the Federal Government and First Nations to compensate young First Nations people harmed by the discriminatory underfunding of child welfare services on reserve in Canada (the "**Federal Funding**").
- h. The Camp Purpose is directly aligned with the purpose of the Federal Funding. Further, Dr. Lewis has already obtained governmental funding to implement the Camp Purpose, and has taken steps to position the kâniyâsihk Culture Camps to receive further Federal Funding, including making multiple presentations of a \$3 million per year budget with the Federal of Sovereign Indigenous Nations ("**FSIN**"), who has put forth a resolution to 74 First Nations in the Province of Saskatchewan proposing that the kâniyâsihk Culture Camps / FireSong Group trains all FSIN members who access the Federal Funding for the purpose of running programs similar to those run by the kâniyâsihk Culture Camps.
- i. The FireSong Group is working with the kâniyâsihk Culture Camps to advance the Camp Purpose, with the objective of providing lodging to participants in the kâniyâsihk Culture Camps, the cost of which would be paid through the Federal Funding. Based on information provided by Dr. Lewis, I estimate that the potential annual net revenue for such lodging will be in the range of \$240,000, depending on the nature of the Federal Funding program under which the kâniyâsihk Culture Camps participants qualify.
- j. This collaboration among the FireSong Group and the kâniyâsihk Culture Camps also presents an opportunity for First Nations across the country to participate in fractional ownership at the FireSong Resort.

- k. Further, the FireSong Group is seeking to collaborate with Onion Lake First Nation to build a leadership centre on their land. The leadership centre would be a multi-purpose facility designed to serve as a meeting place for the kâniyâsihk Culture Camps, a business conference centre, and an event facility. I believe that the construction of a leadership centre will generate additional rental revenue for the FireSong Group. This proposed collaboration is not a new concept. In 2020, the FireSong Group entered into a memorandum of understanding for the purpose of further developing the concept (the “**MOU**”). However, owing to the Covid-19 pandemic, the FireSong Group was not in a financial position to pursue this opportunity further. Attached hereto as **Exhibit “B”** is a copy of the MOU.
- l. As a result of the Government of Canada’s announcement of the Federal Funding, Onion Lake First Nation has also reengaged discussions with the FireSong Group regarding a youth service agreement, pursuant to which, among other things, the FireSong Group will provide onsite land based activities and therapy to youth from the Onion Lake First Nation.
- m. Finally, the kâniyâsihk Culture Camps and the FireSong Group have recently received meaningful publicity. In addition to the article published by Saskatchewan Tourism (as referenced in the Second Runzer Affidavit):
 - i. B.E.ZEE Productions, an independent Saskatchewan film production company, will be attending at the Resort at a rescheduled March 2022 date, due to Covid-19 restrictions for the purpose of, among other things, creating a short video showcasing the kâniyâsihk Culture Camps; and
 - ii. Aboriginal Peoples Television Network have booked the Resort on February 15 – 18, 2022 for the purpose of, among other things, creating a video showcasing the kâniyâsihk Culture Camps.

Pursuing Hunting Outfitter Business Opportunities

- n. The Applicants continue to diligently pursue business opportunities with three hunting outfitters, as further described below, who have expressed interest in the following opportunities, given that the FireSong Resort is situated in a remote wilderness location which is internationally recognized for the quality of its whitetail deer population:
 - i. renting the existing cabins at the Resort to hunters on an exclusive basis during the spring and fall hunting seasons;

- ii. financing the construction of at least one new cabin at the Resort which would serve as a dedicated hunting cabin for one of the hunting outfitters during the hunting season (the "**Hunting Cabin**");
 - iii. purchasing fractional interests in the cabins at the Resort, in respect of which the FireSong Group has offered three fractional ownership units for early purchase, which offer is currently being evaluated by the hunter groups; and
 - iv. purchasing some or all of the Lakefront Lots at the Resort for the purpose of developing the lots into cabins which can be marketed as premier hunting cabins.
- o. The targeted hunting market presents an excellent opportunity to market fractional sales to professional hunters (the "**Hunting Market Initiative**"). The Hunting Market Initiative will be developed to appeal to the national and international professional hunting market.
- p. Specifically, the Applicants have been in discussions with the following entities regarding the Hunting Market Initiative:
- i. a hunting outfitter located in the Province of Saskatchewan called Golden Larch Outfitting, who, along with the FireSong Group, is currently liaising with Mr. Gosselin, a renowned Quebec professional hunter to secure four (4) fractional sales within the Canadian professional hunting industry;
 - ii. a hunting advocate located in the State of New York with whom the FireSong Group is scheduled to have a detailed discussion on Saturday, January 22, 2022 regarding financing the construction of the Hunting Cabin, as well as discussing fractional ownership and other investment options which would directly impact the FireSong Group's Proposal; and
 - iii. a hunting outfitter located in the Province of Quebec called Boutique Pronature, who has expressed interest in acquiring a fractional interest in 2023.
- q. The Hunting Market Initiative integrates well with the kâniyâsihk Culture Camps initiative. For example, hunters who do not intend to make use of their animals other than for the antlers will be able to donate their meat and hides to the kâniyâsihk Culture Camps, with the animals incorporated into the camps' land based learning programs. The Hunting Market demographic is wealthy and looking for ways to support the building of capacity within First Nation communities as well as opportunities for sponsorship of families and communities to participate in the experience will be offered and promoted.

Securing Further Rental Income

- r. The Applicants have secured additional rental income through to the end of 2022, including in respect of three (3) confirmed weddings, fifty (50) general holiday bookings, a corporate contract with a national accounting firm for four (4) days every four (4) weeks for two (2) year, twelve (12) training retreats, full bookings for New Year's 2022, and I am in the process of booking reservations for the 2022 Christmas holidays (collectively the **"2022 FireSong Bookings"**)
12. The 2022 FireSong Bookings are estimated to generate a net revenue of approximately \$250,000 over the next six (6) months, which cash flow is expected to stabilize the Applicants' cash flow and to provide the operating funds necessary to operate the FireSong Resort through 2022.

High Level Summary of Proposal to Creditors

13. The FireSong Group is working to develop a Proposal to its creditors and expects to do so.
14. Based upon my conversations with the FireSong Group's investors and creditors, most appear to support the FireSong Group's restructuring efforts. A small but vocal minority group of the FireSong Group's creditors and investors have sought repayment of their loans and investments through enforcement efforts, which enforcement efforts contributed significantly to the financial pressures faced by the Firesong Group which lead to these restructuring proceedings.
15. Accordingly, the Proposal to the FireSong Group's creditors will provide for the following outcomes related to creditors and investors:
- a. Unsecured creditor claims will be compromised. The amount and terms of such compromise is still being determined, but the FireSong Group is working with West Grove Capital of Calgary, Alberta to establish same. Unsecured creditors who do not wish to have their unsecured debt claims compromised will be given the option of converting their debt claim into an equity claim which will survive these restructuring proceedings.
 - b. Investors in the Fire Song Group will be given the option of converting their equity to debt claims (which debt claims will be compromised). Investors who avail themselves of this option will cease to be investors in the FireSong Group and will become creditors.
 - c. Living Waters Limited Partnership will be restructured as needed in response to Mr. Zwickel's recommendations regarding an optimum investment structure for sales of fractional ownership units.
16. FireSong Group is working with West Grove Capital to secure a capital injection which will be used, among other things, to pay out those creditors who elect to have their claims compromised.

17. If the assets of the FireSong Group were liquidated today on a forced sale basis, the funds generated would likely only total approximately \$1,745,000. This amount would only be sufficient to repay the FireSong Group's secured creditors. It is unlikely that the unsecured creditors and investors would receive any distribution in such a liquidation scenario.
18. With the assistance of the Proposal Trustee and West Grove Capital, the Fire Song Group will be working to develop and present to its creditors and investors a liquidation analysis (the "**Liquidation Analysis**") which will identify the anticipated amounts of recovery available to investors and creditors of the Fire Song Group:
 - a. under the Proposal (if it is accepted by the creditors); and
 - b. under the bankruptcy and liquidation of the assets of the Fire Song Group (which is the necessary outcome if the Proposal is not accepted by the creditors).
19. The Liquidation Analysis will be a valuable tool to allow creditors of the Fire Song Group to make an informed decision regarding whether or not to accept the Proposal. The Fire Song Group is working toward a target date of March 1, 2022 for completion of the Liquidation Analysis.

Continued Efforts Toward Sale of the Farmland

20. A new and updated version of the Farmland Purchase Agreement has been executed to reflect a new financing arrangement secured by West Grove Capital in favour of the purchasers. The purchasers will acquire the real property owned by Oak.
21. 206 will refinance the indebtedness owing to ATB by way of an arm's length private lender which transaction was also facilitated by West Grove Capital (the "**206 Financing**"), which provides the prospective purchasers with the opportunity to secure conventional financing in respect of the purchase of the lands owned by 206. Attached and marked as **Exhibit "C"** to this Affidavit is a copy of the revised executed Farmland Purchase Agreement, as well as the signed letter of intent and proposed loan agreement in respect of the 206 Financing. The proposed loan agreement will be executed upon court approval, in substantially the same form as the unsigned version appended to my affidavit.
22. In respect of the sale and refinancing of the Farmland, I confirm the following:
 - a. the Nutts are arm's length from Oak, 206, Dean and myself; and
 - b. the purchase price paid by the Nutts for the Oak property, being \$1,500,000, is fair market value. Attached and marked as **Exhibit "D"** to this Affidavit is a copy of an appraisal dated August 23, 2019 which indicates that the fair market value of the Oak property is \$1,450,000.

23. The sale of the Farmland will result in less equity than originally anticipated. However, such sale is still in the best interest of the creditors of 206 and Oak, as the Farmland is subject to the Redemption Order in favour of ATB as described in the Second Runzer Affidavit. A forced sale of the Farmland pursuant to the Redemption Order is very unlikely to yield a better recovery than the recovery anticipated pursuant to the revised Farmland Purchase Agreement.

Details Regarding the Cranbrook Property

24. The transaction regarding the Cranbrook Property directed pursuant to the December 22 Order is scheduled to close this week. Upon the closing of this transaction, I intend to provide this Honourable Court with a supplemental affidavit confirming same, for the purpose of facilitating the Proposal Trustee's reporting to this Honourable Court on whether it is appropriate for Ms. Hoeller's mortgage to be paid from the Net Pioneer Financing Proceeds.

25. For the purpose of the Proposal Trustee's review of the Hoeller Mortgage contemplated in the December 22 Order, I confirm that Ms. Hoeller is not an investor of the FireSong Group. I have never met with or spoken to Ms. Hoeller. The Hoeller Mortgage was sourced, facilitated and placed through a mortgage broker in British Columbia. To the best of my knowledge, the only connection that Ms. Hoeller has to the FireSong Group is that she is the mortgagee of the Cranbrook Property.

26. Benjamin and I continue to work towards providing the Proposal Trustee with the information required by the December 22 Order, so that the Proposal Trustee can assess and report to the Court whether and to what extent 114 has any financial interest in the Cranbrook Property.

Conclusion

27. Based on the foregoing, I verily believe that:
- a. no creditor will likely experience any material prejudice as a result of the 45-day extension of the Stays of Proceedings;
 - b. the granting of the 45-day extension of the Stays of Proceedings is likely to result in an outcome whereby the Applicants will be able to make one or more proposals to their creditors; and
 - c. allowing the FireSong Group to implement a restructuring plan will result in a better financial outcome for the stakeholders of the Applicants than the alternative (which is bankruptcy and liquidation).

28. The Applicants continue to take their responsibilities to their creditors and investors seriously and are working in good faith and with due diligence to develop a timely proposal to their creditors

which will maximize and enhance the value of the Applicants' assets for the benefit of all stakeholders.

29. I make this Affidavit in support of the following relief:
- a. an Order extending the Stays of Proceedings, and the period of time within which the Fire Song Group is required to file proposals to its creditors under Division I of Part III of the BIA, to 5:00 pm (Saskatchewan time) on March 13, 2022;
 - b. an Order approving the Farmland Purchase Agreement and the 206 Financing; and
 - c. an Order directing the Proposal Trustee to pay out the balance owing on the Hoeller Mortgage from the Net Financing Proceeds.
30. I was not physically present before the commissioner noted below, but I was linked with the commissioner utilizing video technology.

SWORN BEFORE ME by electronic means at
Saskatoon, Saskatchewan this 20th day of January,
2022.


A COMMISSIONER FOR OATHS in and for the
Province of Saskatchewan.
Being a Solicitor


Lori Runzer

CONTACT INFORMATION AND ADDRESS FOR SERVICE

Name of firm:	MLT Aikins LLP
Name of lawyer in charge of file:	Jeffrey M. Lee, Q.C., Dana M. Nowak, and Shay Brehm
Address of legal firms:	Suite 1201 - 409 3rd Avenue S, Saskatoon SK S7K 5R5
Telephone number:	(306) 975-7136
Fax number:	(306) 975-7145
E-mail address:	jmlee@mltaikins.com dnowak@mltaikins.com sbrehm@mltaikins.com
File No:	153171-1

CONTACT INFORMATION AND ADDRESS FOR SERVICE

Name of firm:	MLT Aikins LLP
Name of lawyer in charge of file:	Jeffrey M. Lee, Q.C., Dana M. Nowak, and Shay Brehm
Address of legal firms:	Suite 1201 - 409 3rd Avenue S, Saskatoon SK S7K 5R5
Telephone number:	(306) 975-7136
Fax number:	(306) 975-7145
E-mail address:	jmlee@mltaikins.com dnowak@mltaikins.com sbrehm@mltaikins.com
File No:	153171-1



December 6, 2021

Dean and Lori Runzer
1143402 AB Ltd. o/a FireSong
Via Email

SUBJECT: FireSong Cottages

This is Exhibit "A" referenced to in the Fourth Affidavit of Lori Runzer.
Sworn before me at Saskatoon, Saskatchewan on January 20, 2022

A handwritten signature in blue ink that reads "Shay Brehm".

Shay Brehm,
A Commissioner for Saskatchewan, being a Solicitor.

Dean and Lori,

Thank you for requesting a proposal from InnVentures to re-engage with you and provide development advisory services to your FireSong project. We look forward to the possibility of working with you again.

BACKGROUND AND CURRENT SITUATION

You have provided us with the following information:

1. You intend to sell deeded fractional ownership in one-eighth intervals
2. You intend to market based on experiences, which is an extremely viable approach. I have completed experiential projects; specifically, Skwachays Lodge in Vancouver, BC and Spirit Ridge Vineyard Resort in Osoyoos, BC.
3. The current capital stack is comprised of:
 - a. Bank Debt: \$115,000
 - b. Private Loan Equity: \$7,800,000
 - c. LP Equity: \$5,580,000
4. Your investors are dissatisfied with the progress to-date and while unlikely, bankruptcy is a possibility.
5. Infrastructure, roads, and servicing is complete, and approvals are in place for a 20-lot sub-division with 3 docks
6. You have constructed and placed into trust for fractional sale five of the fifteen Phase 1 cottages.
7. Of the five waterfront lots that you sold:
 - a. Two have homes on them
 - b. You are in the process of buying back three and plan to buy back the remaining two
8. You are additionally planning the phased development of:
 - a. Waterfront: five 3,800 square foot, 6-bedroom/4-bathroom homes with finished, walk-out basements.
 - b. Garden-view: two 3,300 square foot, 6-bedroom/3-bathroom homes with finished, walk-out basements; two 1,800 square foot, 3-bedroom/3-bathroom homes with finished, walk-out basements, and a greenhouse with food services and liquor permit
9. You project construction costs are estimated to be \$232 per square foot, included

all furnishings

10. Your intent is to achieve a selling price of \$149,900 - \$249,900 per fraction, generating project sales revenue as follows:

5 garden cottages at \$149,900 per fraction	\$5,996,000
3 garden cottages at \$249,900 per fraction	5,997,600
10 waterfront cottages at \$249,900 per fraction	<u>19,992,000</u>
Total	\$31,985,600

11. The following facilities are constructed and operational:

- a. Landscaped rainwater harvesting pool with waterfalls
- b. Community storage compound
- c. Dock with floatplane access
- d. Gathering Place (food and beverages services): 1,000 square feet
- e. Marketplace (convenience shop and sales centre): 400 square feet
- f. Onsite accommodation: 600 square feet

12. Your plan is to create a one-eighth fractional offering with a rental program.

13. You have entered into an exchange affiliation agreement with Registry Collection

14. The project lawyer is Dana M. Nowak, Partner, MLT Aikens, Edmonton

15. The project accountant is Eric Sirrs, SVP, MNP, Edmonton

Based on our understanding of your current needs, we are pleased to provide you with the following scope of advisory services and fee structure:

INNVENTURES SERVICES

General

- ✓ Advance the project to the point of being ready to commence marketing of the fractional interests
- ✓ Work in your best interest to maximize project value.
- ✓ Be an active team member, available to assist with your project-related needs.
- ✓ Attend team meetings in person or by telephone as reasonably required.
- ✓ Be reasonably available for telephone consultations throughout our involvement.

Update Project Visioning

We recommend that the resort vision be updated. We will arrange for a qualified third-party to conduct and facilitate a "Discovery and Visioning Workshop". While the results are always better when the workshop is held in-person, it could be via Zoom. The workshop will:

- ✓ Be attended by the project's key stakeholders
- ✓ Establish focus and foster ongoing interaction and communication among stakeholders
- ✓ Update the common vision and thematic framework for the project
- ✓ Identify target markets (geographic, demographic) for real estate sales

-
- ✓ Define the owner use plan/ fractional offering
 - ✓ Define the resort features and benefits – its unique selling proposition (USP)
 - ✓ Define property amenities
 - ✓ Produce the “Resort Experience Vision” document, the primary visioning document to guide the team in creating and ultimately delivering the desired resort experience to real estate purchasers and resort guests

Project Planning

- ✓ Provide advice regarding the project's planning, architectural, interior design, FF&E, etc.
- ✓ Ensure a functional offering which is aligned with the Resort Experience Vision
- ✓ Provide input and specific recommendations as to planning and programming of saleable areas, residual assets, amenity areas, etc.

Legal and Finance Documentation

- ✓ Assist in securing construction financing, including preparation of a lender presentation
- ✓ Review and advise on existing documents:
 - Condominium disclosure
 - Development management agreement
 - Rental management agreement
 - HOA by-laws and agreements
 - Reservation and purchase agreements
 - Registry Collection affiliation agreement
- ✓ Advise as to the fractional offering structure and documentation
- ✓ Advise as to the establishment of rental program
- ✓ Assist in establishing owner usage calendars and ensure that the usage policies conform to the representations contained in the disclosure documentation

Note that our involvement in this process is contingent upon you retaining competent legal counsel experienced in the required disciplines and applicable jurisdictions.

Financial Modeling

It is essential to outline to the investors and lenders a deliverable project and financial returns. Your development and investment pro-forma modeling must be detailed and accurate. We will review, analyze, and comment on your:

- ✓ Development and construction costs
- ✓ Sales revenues and expenses
- ✓ Ongoing analysis of return on investment

Marketing and Sales

Experience has taught us that fractional developments are highly specialized and success hinges on hiring a marketing and sales team with experience that is deep and direct. We will:

- ✓ Recruit a project marketing company that possesses the requisite fractional experience
- ✓ Comment on the capability of your real estate sales team, currently comprised of Lori Runzer and Carlos Huevo, with support from Connie Compton (a retired Remax realtor)

Note that even though we expect that InnVentures will be engaged to manage and oversee the marketing and sales strategies and process through a third-party company, it is not included in this proposal. However, we thought it helpful to include the following information regarding the cost of marketing and selling a project like FireSong. Sales commissions would be approx. 6%, paid as sales are made and marketing expenses would be 6 - 8%. The marketing spend is divided into two categories, as follows:

1. Pre-Launch and Launch:
 - a. Creative, printing, website, CRM, design/build sales centre(s), video production, travel, strategic alliances, events, etc.
 - b. Budget: \$140,000 / month x 4 months = \$560,000
2. Marketing Tempo:
 - a. Lead generation, advertising, signage, social media, software licenses, events, etc.
 - b. Budget: \$60,000 / month for the duration of the sales program

It should also be noted that any marketing firm would require control over the highly specialized process of effectively and successfully selling a fractional project.

ADVISORY SERVICES FEE

There is a great deal of heavy lifting to be done prior to re-launching FireSong. From experience, I believe we understand the scope of services and can reasonably estimate our time requirements as follows:

SERVICES	TIME
General	4 hours per week for 4 months = 64 hours
Visioning	Planning, review of final vision document, etc.= 20 hours plus: If by Zoom or in-person in Vancouver: 1 day = 10 hours If in Edmonton: 2 days = 20 hours



	If on-site in Fowler Lake: 3 days =	<u>30 hours</u> 30 – 50 hours
Project Planning	4 hours per week for 4 months =	64 hours
Legal and Documentation		40 hours
Financial Modeling		32 hours
<u>Marketing & Sales</u>		40 hours
Total		270 – 290 hours

Based on our billing rate of \$250 per hour, the scope of services as defined would total \$67,500 - \$72,500. I propose the following:

Total Fee: Fixed at \$70,000

Additionally, a project of this scope will require support from our administrative staff. We would bill that at the hourly rate of \$50.

The client acknowledges its understanding that the fee is based on InnVentures time estimates. Should the project demands fall substantially above or below the time estimates, both InnVentures and the client agree to act reasonably in reviewing the fee.

InnVentures and any third-party marketing company would need to be assured that our fees are secured during the insolvency process.

TERMS AND CONDITIONS

- Consulting fees will be payable as per the above-noted schedule.
-
-
- If additional services are required beyond those described in this proposal, a



-
- separate fee proposal will be submitted for prior approval.
 - Invoices will be due and payable upon receipt with interest charged on the outstanding balance at 1% per month (12.68% per annum).
 - All fees and other billables are subject to applicable taxes.

If you are in agreement with this proposal, please sign the acceptance below and return a copy to me. Thank you for the opportunity to work with you again.

Sincerely,
INNVENTURES HOSPITALITY CORP.

Jon Zwickel
President

I hereby acknowledge my understanding, authorize, and accept the above stated Scope of Services, Fees and Terms.

Company Name: Fire Song

Company Address: Box 72210 Serrano Pa 17 013 THONIA

Representative Name: LORI RUNZER

Signature: [Handwritten Signature]

Date: 11/02/2022

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (the 'Document') made as of this 30th day of July, 2020.

BETWEEN:

**Onion Lake Cree Nation (OLCN)
in the Province of Saskatchewan**

AND

**1143402 Alberta Ltd o/a FIRESONG
in the Province of Saskatchewan**

' the Service provider '

This is Exhibit "B" referenced to in the Fourth Affidavit of Lori Runzer
Sworn before me at Saskatoon, Saskatchewan on January 20, 2022

Shay Brehm
A Commissioner for Saskatchewan, being a Solicitor

BACKGROUND:

- A. The service provider has developed and brought forward a culturally integrated therapeutic program called HOME OF THE BRAVE to the leadership of OLCN to equip youth for LIFE.**
- B. OLCN has expressed a need for a youth program and family support services.**
- C. OLCN has owned the adjacent property to FIRESONG for 16 years and is open to further discussions regarding potential development and partnership.**

This document will establish the basic terms to be used in a future service agreement between the two parties noted above. The terms identified in this document are not comprehensive and it is expected that additional terms may be added, and the existing terms may be altered or deleted. The basic terms of this discussion are as follows;

NON BINDING

- 1. This document does not create a binding agreement between the two parties and therefore is not enforceable. Only any future service agreements duly executed will be enforceable. The terms and conditions of any future service agreement will supersede any terms and conditions contained in this Document. OLCN and FIRESONG are not prevented from entering into negotiations with third parties with regard to the subject matter of this Document.**

DISCUSSION

2.

Home of the Brave is a culturally grounded therapeutic level program designed to address the emotional, physical, cultural, and relational needs of the youth who access the program. It is a 12 month comprehensive program that builds a therapeutic program alongside tradition and land based activity. A working dialogue has been initiated with the leadership to ensure OLCN has full influence and priority in bringing the cultural component to the program. OLCN has indicated an exclusive interest in the program.

**Anticipated start date is Sept 15, 2020.
A deposit will be required prior to the start date.**

The program can be targeted to specific age demographics and has application to OLCN Leadership, OLCN Family Services, OLCN Healing and Wellness, OLCN Employment and Training.

Reconciliation begins with understanding who you are and where you come from, it then extends to family, community, and beyond.

Purchase price

3.

Home of the Brave is an all inclusive program at a rate of \$500 per diem per youth due and payable prior to the delivery of services.

A deposit of \$5000 per position will be required to hold that position for 30 days.

Representation

4.

The contractor represents and warrants that the contractor and all required personnel have the necessary qualifications, experience, and abilities to provide the described services to OLCN.

Additional terms

5.

For safety and service provision is essential a cell tower and wifi be accessible. Both parties acknowledge the need, OLCN has identified the capacity to move this requirement forward.

Anticipated start date is Sept 1, 2020.

Both parties are familiar with the 3rd party tower builder CCL in Cold Lake and agree to move forward using CCL in some capacity.

6.

The existing OLCN building has been upgraded to a useable status however there exists no kitchen or bathroom access. Both will be needed to be added. This work can be included within the mentorship program.

Anticipated start date is August 15, 2020.

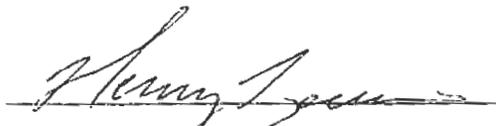
7.

The existing garbage and dump site is agreed to be managed and removed.

Anticipated start date is August 15, 2020.

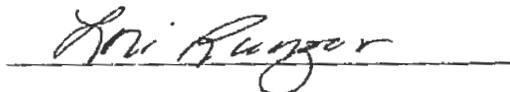
This Document accurately reflects the understanding and discussions between the two parties signed on this 30th day of July, 2020.

Per:



Onion Lake Cree Nation

Per:



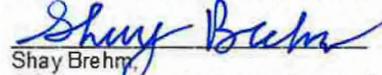
1143402 Alberta Ltd o/a FireSong

Horley Investments Ltd

January 12, 2022

Mr and Mrs. Runzer
2061778 Alberta Ltd.

This is Exhibit "C" referenced to in the Fourth Affidavit of Lori Runzer.
Sworn before me at Saskatoon, Saskatchewan on January 20, 2022



Shay Brehm
A Commissioner for Saskatchewan, being a Solicitor

Re: Financing Services - Letter of Intent

Dear Mr and Mrs. Runzer,

We are interested in providing short term financing to you and/or your company, 2061778 Alberta Ltd. ("Debtor") for your refinancing of the Strathcona County Farm & Equestrian Centre.

As a next step, we provide in this Letter of Intent ("LOI"), a description of the investment terms by which Horley Investments Ltd ("Creditor") would structure a transaction. This LOI is based on the financial information currently provided as well as our working knowledge and history.

Please refer to the following:

Summary of Investment Structure

Horley Investments Ltd would propose to lend \$1,600,000.00 plus prepaid interest for a one-year term. CAD with an estimated close date of February 15, 2022 to allow you to refinance 54417 Range Road 222, Strathcona County, AB. Horley Investments Ltd would require as security the land and property outlined which will be outlined in the pending appraisal, pegged at an estimated value of \$2,500,000.00.

1. Loan Term:

- a. The loan term will be for 12-months at a fixed interest rate of 12.75%. There will be an option to renew for an additional term if and as required.

2. Interest:

- a. The loan interest will be paid in advance.

3. Security

- a. 1st charge will be place on all land and buildings.

Subject Property	Security
54417 Range Road 222, Strathcona County, AB	1st Charge

4.

- a. A one-time transaction fee of 3% will be held back upon disbursement into trust.

Horley Investments Ltd

- b. Monthly maintenance fees of \$1,500 will be invoiced directly to the Debtor for immediate payment.

4. Funding:

- a. Horley Investments Ltd would facilitate this loan / transaction through Private Funds.

6. Estimated Closing Date:

- a. February 15, 2022

7. Conditions Precedent

- a. Confirmation that borrower's credit score is in good standing;
- b. Confirmation of CRA accounts not in arrears;
- c. Review of personal net worth statement;
- d. Review and approval of FINAL business plan;
- e. Review and approval of satisfactory arrangements for the balance of the purchase price; and
- f. Review and approval of any other terms and conditions related to the land purchases,

8. Reporting:

- a. Basic internal monthly management reporting including Profit and Loss statement and Balance sheet

9. Representations and Warranties

- a. None anticipated and tbd upon legal review.

10. Exclusivity

- a. Creditor is working in good faith toward completion of the transaction in a timely manner. Should the debtor or their advisors enter into a period of diligence with another party they will inform the Creditor. The Creditor will have the ability to terminate this process immediately if desired.

11. Confidentiality

- a. This proposal is confidential and may not be disclosed by the Creditor, Debtor, their agents, affiliates, or related entities or parties other than to authorized representatives of the Creditor, or Debtor.

12. Expenses

- a. Debtor will cover the legal expenses for both parties.

13. Binding Effect; Termination

- a. Notwithstanding anything else herein to the contrary, in consideration of the costs that the parties will incur in pursuing this transaction, the sections above entitled "Exclusivity," "Confidentiality" and "Expenses" shall be binding on the Creditor and Debtor. However, if the transaction is not consummated within Sixty (60) days after the signing of this LOI, (i) this LOI shall become null and void as of such date, except for the sections above

Horley Investments Ltd

entitled "Confidentiality" and "Expenses," and (ii) the obligations of the group under the section above entitled "Confidentiality" shall expire eighteen (18) months after the date of this LOI. Nothing contained herein shall constitute a legally binding obligation on the part of the Horley Investments Ltd to make any investment in the **Debtor**, and, except as expressly provided in this section, no party shall be legally bound to the other unless and until definitive agreements have been duly authorized, executed and delivered by the parties.

We hope this LOI is of interest to you. We are excited about the prospect of partnering with your team. We look forward to your response. Please feel free to call us if you have any questions. Todd Stephens will be your primary contact at 403-991-8633.

Best regards,



Todd Stephens (for Wayne Horley)

Accepted and Agreed to by:

Lori Runzer

2061778 Alberta Ltd

By: _____

Date: 2022/02/07/2022

- 6.6 Section headings are for convenience only and shall not be used to interpret or construe this Agreement.
- 6.7 This Agreement is made in and shall be interpreted in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.
- 6.8 No waiver by the Lender of any of its rights hereunder or of any default by the Borrower shall constitute a waiver of any other right or default whether similar or otherwise.
- 6.9 At Lender's request, the Borrower shall execute such documents and perform such acts as are reasonably necessary to give full effect to this Agreement.
- 6.10 Time shall be of the essence in this Agreement.
- 6.11 If any provision of this Agreement is held by a court of competent jurisdiction to be void, invalid or unenforceable, such provision shall be deemed to be severed from this Agreement and the remainder of this Agreement shall continue to be of full force and effect.
- 6.12 This Agreement may be signed in counterparts and each of such counterparts shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, email in "portable document format" (PDF) form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first set forth above.

Lender:

HORLEY INVESTMENTS LTD.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

Borrower:

2061778 ALBERTA LTD.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

Initials: / / / /

SCHEDULE "A"

PERMITTED ENCUMBRANCES

Registration Number	Date	Grantee	Particular
6215JI	August 1, 1953	Atco Gas and Pipelines Ltd.	Utility Right of Way
7182JI	August 28, 1953	Rally Canada Resources Ltd.	Caveat: Easement
4886SU	February 29, 1972	Director of Edmonton Regional Planning Commission	Caveat: Deferred Reserve
5733UT	September 9, 1974	Alberta Government Telephones	Utility Right of Way
842 044 028	February 2, 1984	Atco Gas and Pipelines Ltd.	Utility Right of Way
092 268 170	August 5, 2009	Battle River Rural Electrification Association Ltd.	Utility Right of Way
202 122 249	June 10, 2020	Edward & Patricia Galloway	Purchaser's Interest

REAL ESTATE PURCHASE CONTRACT

This Contract Is Between:

Seller: Oak and Ash Farm Ltd.

Buyer: Dallas Nutt and Marie Nutt

1 The Property

1.1 The Property is the Land described as follows:

Municipal Address: 54343 Range Road 222, Fort Saskatchewan, Alberta T8L 3Z8

Legal Description: Plan 0324002, Lot 1, Block 1

Chattel Property included in contract: N/A.

1.2 Title to the Property on Completion Day will be free and clear of all financial encumbrances, financial registrations and financial obligations, except those implied by law, and those beyond the control of the Vendor.

2 The Transaction

2.1 The Buyer and Seller agree to act reasonably, diligently and in good faith.

2.2 The complete Purchase Price will be \$1,500,000. The sale of the Property is an exempt supply within the meaning of the *Excise Tax Act*.

2.4 There will be no interest payable to either party on Deposits paid.

The Buyer will pay the Purchase Price by certified cheque, lawyer's trust cheque, bank draft or other agreed value as follows:

Non-Refundable Deposit: \$60,000 (already paid by Buyer to Seller)

Balance at Closing: \$1,440,000

(Total) Purchase Price: \$1,500,000

2.5 Unless otherwise agreed to in writing, this Contract will be completed, and the Purchase Price will be fully paid and vacant possession will be available at 12:00 noon on February 15, 2022 (Possession/Closing Day).

2.6 Conditions Precedent

2.6.1 The Buyer Conditions: Subject to the Buyer arranging financing in such amount and at such rate and on such terms as is satisfactory to the Buyer.

Approval of financing of this sale.

Condition Removal Date: January 28, 2022

2.6.2 The Seller Conditions:

Approval by the Court of Queen's Bench of Saskatchewan of this sale, which approval is being sought on January 27, 2022.

The Buyer Conditions are for the sole benefit of the Buyer and the Seller conditions are for sole benefit of the Seller. The Buyer and Seller must waive their conditions by giving written notice to the other party on or before 8:00 p.m. on the Condition Removal Date. Failure to do so, or failure to extend the Condition Removal Date in writing, will result in termination of this Contract.

2.7 Items ordinarily adjusted for including real estate taxes, amortized local improvement levies, utilities, rents, and security deposits. All adjustable items are the Seller's responsibility on the Completion Day.

2.8 Unless otherwise agreed to in writing, if the Completion Day is not a Business Day, then conveyancing matters and payment of the Purchase Price will be completed at 12:00 noon on the preceding Business Day. Possession will be available on, and adjustments will be made as of, the Completion Day. Business Day means a day when both the Land Titles Office and Chartered Banks are open for business.

2.9 The Seller and the Seller's lawyer will deliver normal closing documents to the Buyer's lawyer on reasonable conditions consistent with the terms of this Contract. The Buyer must have a reasonable period of time before the Completion Day to confirm registration of documents at the Land Titles Office and to obtain the advance of proceeds for any new financing and other funds.

2.10 If the Seller agrees in writing to accept late payment of the Purchase Price the Buyer will pay Interest to the Seller calculated daily from and including the Completion Day but excluding the day the Seller is paid in full. Payment received after 12:00 noon on any day will be deemed to have been received on the next Business Day. Interest means the prime lending rate of the Province of Alberta Treasury Branches at the Completion day plus three (3) percent.

2.11 If the Seller fails to deliver the closing documents according to the terms of this Contract, payment of the Purchase Price and payment of Interest will be postponed until the Buyer's lawyer has received the closing documents and has had reasonable time to deal with them.

2.12 The Seller's lawyer may use the Purchase Price to pay out all mortgages, registrations and other financial obligations that are the Seller's obligation to discharge. Within a reasonable period of time after the Completion Day, the Seller's lawyer will provide to the Buyer's lawyer with evidence of all discharges including where required, a certified copy of the certificate of title.

2.14 The Seller will pay the costs to prepare the closing documents, to prepare, register and discharge any Seller's caveat based on this Contract and to provide the documents required to discharge his obligations.

2.15 The Buyer will pay the costs to prepare, register and discharge any Buyer's caveat based on this Contract and to register the Transfer of Land and any other documents required by the Buyer's Lender.

2.16. If the Property is rented and the Buyer is not assuming the tenancy, then the Seller is responsible for all costs related to ending the tenancy and to giving vacant possession to the Buyer.

2.17 When the Buyer obtains possession, the Property will be in substantially the same condition as it was when the Buyer last inspected the Property.

2.18 Notwithstanding any other provisions of this Contract the parties authorize their lawyers to follow, if appropriate, the Western Torrens Conveyancing Protocol In the closing of this transaction.

2.19 On or before closing the seller shall provide a Real Property Report prepared in accordance with the most current version of the Alberta Land Surveyors Practice Manual reflecting the current state of the improvements located on the property along with evidence of municipal compliance or non-conformance confirming that all of the improvements are located wholly within the boundaries of the property, and that all necessary permits and approvals for all improvements have been obtained from the municipality.

3 Insurance

3.1 The risk of loss or damage to the Property will lie with the Seller until the Purchase Price is paid in accordance with the terms of this Contract. If loss or damage to the Property occurs before the Seller is paid the Purchase Price, then the insurance proceeds will be held in trust for the Buyer and Seller according to their interest in the Property.

4 Warranties & Representations

4.1 The Seller warrants to the Buyer that: the Seller has the legal right to sell the Property; the Attached Goods and the Unattached Goods (if any) are and will as of the Closing Date be in normal working order; no GST is payable by the Buyer for this transaction unless otherwise disclosed in writing; the Seller is not a non-resident of Canada for purposes of the Income Tax Act (Canada); there are no latent defects known to the Sellers which have not been disclosed in writing to the Buyers; .

4.2 The Seller warrants to the Buyer that: the current use of the Property complies with the existing municipal land use by-law; the buildings and other improvements on the Property are not placed partly or wholly upon any easement or utility right-of-way and are entirely on the Property and do not encroach on neighbouring lands; and the location of the buildings and other structures and improvements on the Property complies with all relevant municipal by-laws and regulations or the buildings and other improvements on the Property are "non-conforming" buildings for the purposes of the requisite governing body and the *Municipal Government Act*.

4.3 The Seller and the Buyer each acknowledge that, except as otherwise described in this Contract, there are no other warranties, representations or collateral agreements made by or with the other party about the Property, any neighbouring lands and this transaction, including any warranty, representation or collateral agreement relating to the size/measurements of the Property or buildings or the existence or non-existence of any environmental condition or problem.

5 Remedies or Disputes

5.1 If the Seller or the Buyer fails or refuses to complete this Contract according to its terms, then the other party may pursue all remedies available to it in law.

5.2 If the Seller must restore title to the Property, enforce a lien against the Property or regain possession of the Property due to the Buyer's default, then the Buyer will be obligated to pay the Seller's reasonable costs including legal fees on a solicitor and his own client basis.

6 Additional Terms

6.1 "Unless otherwise agreed to in writing" means a written agreement by letter or otherwise between the Seller or his representative and the Buyer or his representative.

6.2 All time periods, deadlines and dates in this Contract are to be strictly followed and enforced. Time is of the essence.

6.3 This Contract is binding on the heirs, executors, administrators and assigns of the individual parties and the successors and assigns of the corporate parties. All changes of number and gender will be implied where required.

6.4 Portions of this contract may be enforced even if this Contract has ended.

7 Notices & Parties

7.1 For the purposes of giving and receiving notices referenced in this Contract, all notices must be in writing and must be delivered or sent by facsimile or hand delivered to the numbers or addresses described hereafter. A notice sent by or received by a Representative is proper notice for the purpose of this Contract.

- 7.2 Seller's Name and Address: Oak and Ash Farm Ltd.
Suite 2200, 10235 – 101 St., Edmonton, Alberta T5J 3G1
- 7.3 Buyer's Name and Address: Dallas Nutt and Marie Nutt
54343 Range Road 222, Fort Saskatchewan, Alberta T8L 3Z8
- 7.4 Seller's Lawyer: MLT Aikins LLP (Dana Nowak)
Suite 2200, 10235 – 101 St., Edmonton, Alberta T5J 3G1
780 969 3500 (ph) 780 969 3549 (fax)
- 7.5 Buyer's Lawyer: Momentum Law Group (Robert Smith)
Sherwood Park, Alberta

8 Advice and Disclosure

8.1 This Contract is intended to create legal binding relations and obligations. Each party should read this document carefully and consult a lawyer should they so choose.

8.2 This Contract if signed only by the Buyer is to be considered an offer. Once signed by the Seller, if there are no changes, this is a binding Contract. If the Seller makes changes, this document is to be considered a Counter-Offer which does not become a Contract until the Buyers initial their acceptance of the Counter-Offer by initialling each change in the Contract.

8.3 This Contract may be signed in counterpart and by fax or other electronic method.

Signed on January 20, 2022.

Verified by pdfFiller
Renee Nutt
Per: Renee Nutt
Dallas Nutt
Per: Dallas Nutt

Verified by pdfFiller
Robert Holden
Witness
Robert Holden
Witness

The Seller accepts this Offer and agrees to sell the Property for the Purchase Price according to the terms of this Contract.

Signed on January 20, 2022

OAK AND ASH FARM LTD.

Verified by pdfFiller
Lori Runzer
Per: Lori Runzer
Dean Runzer
Per: Dean Runzer

Verified by pdfFiller
Robert Holden
Witness
Robert Holden
Witness

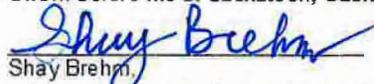
BOURGEOIS BROOKE CHIN ASSOCIATES



Valuation & Advisory Services | A VerraGroup Valuation Affiliate

Full Narrative Appraisal Report

This is Exhibit "D" referenced to in the Fourth Affidavit of Lori Runzer.
Sworn before me at Saskatoon, Saskatchewan on January 20, 2022



Shay Brehm,
A Commissioner for Saskatchewan, being a Solicitor.

Oak & Ash Farm
54343 - Range Road 222
Strathcona County, Alberta

Effective Date:
August 23, 2019

Prepared For:
Ms. Brettany Sorowkowsky

41st

ANNIVERSARY
1978 - 2019

BOURGEOIS BROOKE
CHIN ASSOCIATES



Local Expertise – National Perspective

#816, 10117 - Jasper Avenue NW, Edmonton, AB T5J 1W8

T: 780.470.8056

E: info@bourgeois.bc.ca

www.bbcre.ca

September 8, 2019

Our File: 51015-MP

Ms. Brettany Sorowkowsky
54343 Range Road 222
Box 72210
Sherwood Park, AB T8H 0M6

Re: Appraisal of a rural acreage and agricultural land Property
54343 - Range Road 222,
Strathcona County, Alberta
Lot 1, Block 1, Plan 0324002

Attention: Ms. Brettany Sorowkowsky

Your attention is invited to the following full narrative appraisal report which contains the information and analysis required to prepare an opinion of Market Value of the above referenced property. Effective August 23, 2019, the Market Value of the subject property is estimated as follows:

Market Value:

One Million Four Hundred Fifty Thousand (\$1,450,000) Dollars

Respectfully submitted,

Mark W. Poechman, AACI, P.App

Date Signed: September 8, 2019

Licensed by RECA to complete Appraisals in Alberta

File: 51015-MP

Appraisal of 54343 - Range Road 222, Strathcona County

www.BBCRE.ca

Photographs of the Subject Property

Aerial Photograph





Front View



Rear View



View of Secondary Residence/Shop & Coal Hopper Garage



Street View / Laneway

Table of Contents

INTRODUCTION

Title Page	
Letter of Transmittal	
Photographs of the Subject Property	3
Table of Contents	6
Executive Summary	7

BASIS OF THE APPRAISAL

Terms of Reference	8
Definition of Value	8
Scope of Appraisal	9
Assumptions and Limiting Conditions	11

PROPERTY LOCATION & CHARACTERISTICS

Property Information	14
<i>Location</i>	14
Description of Improvements	17
Interior Photographs of Subject Buildings	21
Existing Use	23
Assessment and Taxes	23
Ownership and Sales History	23
Land Use Controls	24

ANALYSIS & CONCLUSIONS

Economic Analysis	29
Regional & Neighbourhood Analysis	31
Highest and Best Use	33
Valuation Methodologies and Any Exclusions	35
Cost Approach	36
<i>Summary</i>	38
<i>Replacement Cost of Improvements</i>	40
Direct Comparison Approach	44
<i>Comparable Sales Data Chart</i>	45

CONCLUSIONS

Discussion on the Income Approach	49
Reconciliation	50
Final Value Estimate and Exposure Time Analysis	51
Certificate of Appraiser	52

ADDENDA

<i>Schedule 'A' – Registered Land Title Certificate</i>	53
<i>Schedule 'B' – Land Use Criteria & Zoning Information</i>	54

Executive Summary

REPORT INFORMATION			
Interest Appraised:	Undivided fee simple interest	Intended Use:	Internal matters and obtaining mortgage financing from a Canadian Chartered Bank or other financial institution.
Report Date:	September 8, 2019	Intended User:	Ms. Brettany Sorowkowsky
54343 - Range Road 222, Strathcona County, Alberta			
Lot 1, Block 1, Plan 0324002			
Market Value As at August 23, 2019:			\$1,450,000
Liquidity:	Based on the information and analysis gathered and analysed in the completion of this report, the exposure time the subject property would have required, prior to the effective date of analysis, is estimated at six to twelve months.		
Cost Approach:	Land Value As Vacant: \$354,620 to \$405,280 (\$7,000.00 per sq. ft. to \$250,000.00 per sq. ft.) Depreciated Cost of Improvements: \$1,071,858	Total Estimate of Value:	\$1,425,000 to \$1,475,000
Direct Comparison Approach:		Total Estimate of Value Range:	\$1,380,000 to \$1,561,000
Notable Characteristics:	The home is set up with a main, residential living component, and two additional residential suites. The suites are currently utilized as for short-term rentals. In addition, the agricultural crop land is leased on a crop sharing basis.		
Extra-Ordinary Assumptions & Limiting Conditions:	There are no Extraordinary Assumptions applicable to this analysis. There are no Extraordinary Limiting Conditions applicable to this analysis. There are no Hypothetical Conditions applicable to this analysis.		
PROPERTY SUMMARY			
Land Size:	50.66 acres	Main Building Above Grade Living Area:	4,356 sq. ft.
Zoning:	AG - Agriculture General	Main Building Below Grade Living Area:	3,388 sq. ft.
Effective Age:	12 years	Secondary Residence/Shop:	3,242 sq. ft.
Remaining Economic Life:	53 years	Gross Building Area:	10,986 sq. ft.
2019 Assessment:	\$1,327,850.00	2019 Total Tax Levy:	\$9,447.00
Additional Elements:	The 50.66 acre subject site is improved with a 4,356 sq. ft. residential dwelling, 3,242 sq. ft. shop/office, and storage garage. These improvements are situated on the south of the site, with the north of the property used for crop production.		
Existing Use:	Rural residence and agricultural crop production		
Highest & Best Use:	The current use is a reasonable representation of the Highest and Best Use of the subject property as of the effective date of this report.		

Terms of Reference

Client:	Ms. Brettany Sorowkowsky
Intended User:	Ms. Brettany Sorowkowsky
Intended Use:	To assist the client with Internal matters and obtaining mortgage financing from a Canadian Chartered Bank or other financial institution.
Purpose of the Assignment:	To estimate Market Value
Property Rights Appraised:	Undivided fee simple interest
Effective Date of Valuation:	August 23, 2019
Current, Prospective, or Retrospective:	Current value estimate
Date of the Report:	September 8, 2019
Inspection Date:	August 23, 2019

Definition of Value

This appraisal report has been commissioned to estimate the market value of the subject property. For the purpose of this report, **Market Value** is defined as:

“The most probable price which a property should bring in a competitive and open market as of the specified date under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of the 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 acting in what they consider their best interests;
- 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;
- the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

Definition as per Canadian Uniform Standards of Professional Appraisal Practice

Scope of Appraisal

The scope of the appraisal encompasses the process that was undertaken in the completion of this assignment. Regarding the subject property, this involved the following steps:

Assignment Engagement

Bourgeois Brooke Chin Associates has been requested by Ms. Brettany Sorowkowsky to complete an estimate of Market Value of the undivided fee simple interest of the property described herein. The intended use of this report is to assist the client with Internal matters and obtaining mortgage financing from a Canadian Chartered Bank or other financial institution..

This current appraisal report is intended to comply with the Canadian Uniform Standards of Professional Practice (CUSPAP) of the Appraisal Institute of Canada. Compliance with this standard ensures compliance with International Valuation Standards (IVS). The appraiser is competent in this type of valuation analysis and has valued this type of property (rural acreage and agricultural land) previously. The appraiser also has experience in this geographic location as it relates to this specific property type, and/or has sought assistance from experts who are able to ensure the report is appropriately complete to reflect applicable market practices.

Property Inspection and Identification

The subject property was fully and thoroughly inspected by Mark Poechman on August 23, 2019. In addition to a physical inspection of the property, pertinent legal implications including land use restrictions, and existing political and economic market factors that may influence the value of the property, which have been detailed further within this report, have been researched. All photographs were obtained at the time of inspection. Land area has been confirmed with the registered survey plan. The identification of the property also involved a review of mapping prepared by the local municipality. Publications produced by the governing authority (Strathcona County) provided information on applicable land use controls. The Alberta Government's Spatial Information System provided information on the state of title.

Data Research & Verification of Third Party Information

The analysis set out in this report relied on written and verbal information obtained from a variety of sources that are considered reliable. This information was further confirmed when required through an analysis of the Title, Transfer Document, or any other instrument that could potentially impact value. Unless otherwise stated herein, client-supplied information was not verified and is believed to be correct.

The exterior of comparable sales, leases, and listings was viewed either in person or digitally, as well as their surrounding condition.

The mandate for the appraisal did not require a report prepared to the standard appropriate for court purposes or for arbitration, and as such, all information herein has not been fully documented or confirmed by reference to primary sources. The time and cost to confirm third party information can exceed a reasonable appraisal budget. As such, the market area has been searched and it is confirmed that all transactions referred to in this report have been gathered from sources believed to be reliable including the Alberta Land Titles Office, local Real Estate Board Multiple Listings Service, BRADS database, as well as, through discussions with Purchasers, Vendors, Realtors, or other parties to the transactions.

Audits and Technical Investigations

No technical investigation, such as: detailed inspections or engineering review of the structure, roof or mechanical systems, environmental review of the property, site or building survey, investigations into the bearing qualities of the soils, or audits of financial and legal arrangements reported by the client or other parties concerning the leases, were performed in the course of completing this report.

Analysis Applied

The appraiser researched the physical, legal, social, political and economic factors that could impact property value as at August 23, 2019, the effective date of appraisal.

The Cost and Direct Comparison Approaches have been applied to estimate the market value of the subject property.

In completing the Cost Approach, a search of the market was conducted to uncover the most comparable sales and listings for similar lands. The most comparable sales and listings were then further analysed to estimate the value of the subject land As Vacant. Information provided by conversations with local contractors and home builders, information from internal files, and information provided through costing guides provided by quantitative surveyor firms was then relied on to estimate the depreciated replacement cost of improvements. The depreciated replacement cost of improvements was then added to the value of the land As Vacant to estimate market value by the Cost Approach.

A survey of the market was completed to uncover the most comparable sales and listings for the subject property. The most comparable sales and listings were then analysed calculate market value for the subject by the Direct Comparison Approach between \$0.00 per sq. ft. and \$0.00 per sq. ft.

No limitations hindered the completion of this report.

It is confirmed that Mark W. Poechman, AACI, P.App personally completed this appraisal without the assistance from any other and is confident in the results of this analysis.

Assumptions and Limiting Conditions

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

Ordinary Assumptions & Limiting Conditions:

1. This report is prepared at the request of the client and for the specific use referred to herein. It is not reasonable for any other party to rely on this appraisal without first obtaining written authorization from the client, the authors, subject to the qualification below. Liability is expressly denied to any person other than the client and those who obtain written consent and, accordingly, no responsibility is accepted for any damage suffered by any such person as a result of decisions made or actions based on this report. Diligence by all intended users is assumed.
2. Because market conditions, including economic, social and political factors change rapidly and, on occasion, without warning, the market value estimate expressed as of the date of this appraisal cannot be relied upon as of any other date except with further advice from the appraiser and confirmed in writing.
3. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. No registry office search has been performed and the appraiser assumes that the title is good and marketable and free and clear of all encumbrances including leases, unless otherwise noted in this report. The property is appraised on the basis of it being under responsible ownership.
4. The subject property is presumed to comply with government regulations including zoning, building codes and health regulations and, if it doesn't comply, its non-compliance may affect market value.
5. No survey of the property has been made. Any sketch in the appraisal report shows approximate dimensions and is included only to assist the reader of the report in visualizing the property.
6. This report is completed on the basis that testimony or appearance in court concerning this appraisal is not required unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to, adequate time to review the appraisal report and data related thereto and the provision of appropriate compensation.
7. Unless otherwise stated in this report, the appraiser has no knowledge of any hidden or unapparent conditions of the property (including, but not limited to, its soils, physical structure, mechanical or other operating systems, its foundation, etc.) or adverse environmental conditions (on it or a neighbouring property, including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable. It has been assumed that there are no such conditions unless they were observed at the time of inspection or became apparent during the normal research involved in completing the appraisal. This report should not be construed as an environmental audit or detailed property condition report, as such reporting is beyond the scope of this report and/or the qualifications of the appraiser. The author makes no guarantees or warranties, express or implied, regarding the condition of the property, and will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. The bearing capacity of the soil is assumed to be adequate.
8. The appraiser is not qualified to comment on environmental issues that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government or otherwise, and free of any environmental condition, past, present or future, that might affect the market value of the property appraised. If the party relying on this report requires information about

environmental issues then that party is cautioned to retain an expert qualified in such issues. We expressly deny any legal liability relating to the effect of environmental issues on the market value of the subject property.

9. The analyses set out in this report relied on written and verbal information obtained from a variety of sources we considered reliable. Unless otherwise stated herein, we did not verify client-supplied information, which we believed to be correct.
10. The term “inspection” refers to observation and reporting of the general material finishing and conditions seen for the purposes of a standard appraisal inspection. The inspection scope of work includes the identification of marketable characteristics/amenities offered for comparison and valuation purposes only, in accordance with the CUSPAP.
11. The 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 appraiser 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 appraiser has not evaluated the quality of construction, workmanship or materials. It should be clearly understood that this physical inspection does not imply compliance with any building code requirements as this is beyond the professional expertise of the appraiser.
12. The contents of this report are confidential and will not be disclosed by the author to any party except as provided for by the provisions of the CUSPAP and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body. The appraiser acknowledges that the information collected herein is personal and confidential and shall not use or disclose the contents of this report except as provided for in the provisions of the CUSPAP and in accordance with the appraiser's privacy policy. The client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information contained herein and shall comply in all material respects with the contents of the appraiser's privacy policy and in accordance with the PIPEDA.
13. The appraiser has agreed to enter into the assignment as requested by the client named in the report for the use specified by the client, which is stated in the report. The client has agreed that the performance of this appraisal and the report format are appropriate for the intended use.
14. Written consent from the authors must be obtained before any part of the appraisal report can be used for any use by anyone except the client and other intended users identified in the report. Where the client is the mortgagee and the loan is insured, liability is extended to the mortgage insurer. Liability to any other party or for any other use is expressly denied regardless of who pays the appraisal fee.
15. This report form is the property of the Appraisal Institute of Canada (AIC) and for use only by AIC members in good standing. Use by any other person is a violation of AIC copyright. This appraisal report, its content and all attachments/addendums and their content are the property of the author. The client, intended users and any appraisal facilitator are prohibited, 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.
16. If transmitted electronically, this report will have been digitally signed and secured with personal passwords to lock the appraisal file. Due to the possibility of digital modification, only originally signed reports and those reports sent directly by the appraiser, can be relied upon without fault.
17. This appraisal assumes that the subject property is purchased under normal financing conditions.
18. This report must not be used partially, but only in the context in which it is presented.
19. Any construction cost estimates that may be contained in this report are prepared for appraisal purposes and may not be relied upon for insurance purposes unless otherwise stated.
20. The maximum liability on this report is limited to \$1,500,000.
21. The opinions expressed in this report are those of the author and not necessarily those of Bourgeois Chin Associates Ltd.;

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

Extraordinary Assumptions / Special Assumptions

An Extraordinary Assumption is directly related to a specific situation which, if false, could materially alter the opinion of value or conclusions.

There are no Extraordinary Assumptions applicable to this analysis.

Extraordinary Limiting Conditions / Departures

An Extraordinary Limiting Condition is a necessary modification or exclusion of a Standard Rule which may reduce the reliability of the report.

There are no Extraordinary Limiting Conditions applicable to this analysis.

Hypothetical Conditions

A Hypothetical Condition is one that does not exist but is supposed to exist for the purpose of the analysis. Each Hypothetical Condition requires an Extraordinary Assumption to be stated in the report.

There are no Hypothetical Conditions applicable to this analysis.

Property Information

Location

The subject property is municipally addressed as 54343 - Range Road 222, within Strathcona County. The property is legally described as follows:

Lot 1, Block 1, Plan 0324002
Excepting Thereout All Mines and Minerals

Total Site Size:	50.66 acres
Site Shape:	Rectangular, with an irregular east boundary
Site Dimensions/Frontage:	1,079 ft. along the northern boundary 2,656 ft. along the western boundary
Topography:	Flat and level with appropriate grading to allow for storm water management. A berm has been built to separate the agricultural lands from the home site.
Services:	The property is provided with typical rural services, including a cistern, septic tank and field, natural gas, power, telephone, cable, and internet.
Zoning:	AG - Agriculture: General Please see the Land Use Classification section of this report for additional details on this zoning and the subject's conformity with existing bylaws.



The soil capability of the subject for agriculture is described mainly as Class 2 soils. 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 the 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.

Five instruments are registered on title for the subject property.

Three of the registrations are related to utility right of ways, which provide utility services to the subject and neighbouring properties. The subject's current building improvements are a good representation of its Highest and Best Use, and these registrations are not viewed as being detrimental to the use or expectations a purchaser would have of the subject property. Thus, these registrations do not influence the estimate of value herein.

The remaining registrations are financial in nature. This report assumes the subject property to transfer free and clear of any financial encumbrances and as such, these registrations do not influence the estimate of Market Value herein.

A full copy of the current registered Title for the subject property is included herein as Schedule A of the Addenda.

Description of Improvements

The following description of improvements is based on a physical inspection of the subject completed on August 23, 2019.

General Information

The 50.66-acre subject site is improved with a 4,356 sq. ft. residential dwelling, 3,242 sq. ft. shop/office, and storage garage. These improvements are situated on the south of the site, with the north of the property used for crop production.

Residential Dwelling

Foundation:	Poured concrete full basement foundation	
Basic Structure:	2-Storey wood frame, single family dwelling	
Roof Structure:	Pitched wood truss roof with asphalt shingles	
Configuration:	The home is more or less rectangular in shape, but with a number of jogs, and line modulations around its perimeter.	
Building Area:	Main Floor:	3,388 sq. ft.
	2 nd Floor:	968 sq. ft.
	Total Above Grade:	4,356 sq. ft.
	Basement:	3,388 sq. ft.
Year Built:	2007	
Effective Age:	12 Years	
Remaining Economic Life:	53 Years	
Exterior Finishing:	Trowelled stucco with stone tile accents	
Doors & Fenestrations:	The house features a decorative wood entrance door at the front, double aluminium/glass door at the rear, and additional aluminium entrance doors at the sides. The windows are pvc cased.	
Interior Improvements:	The interior of the house is well appointed and would be desirable to a number of residential occupants.	

The main floor features a kitchen/dining room, three bathrooms (2 pc., 4 pc., and en-suite), a living room, two bedrooms, pantry, and two mud rooms. Interior finishes are high quality with tile, stone, and hardwood flooring, painted drywall walls, knockdown ceilings with pot lighting, built in sound and decorative crown mouldings. The kitchen and bathrooms feature high end maple cabinetry with granite countertops. Built-in ovens and stove-top are also present. A fireplace is present within the sunken living room. A decoratively spindled staircase provides an attractive feature, providing access from the front door to the finished basement. Some minor elements throughout the main floor have not yet been finished, however, these are not considered material to the value of the property.

The second floor features a large bonus room over the garage, 3-pc. washroom, and deck. The bonus room has been improved into a studio suite and features hardwood flooring, painted drywall walls and stippled ceilings. The kitchen is finished with maple cabinets and laminate countertops and features a 3-pce. washroom. This area has its own exterior access through the garage.

The basement is approximately 80% finished, and features a large family room, office, two bedrooms, rough-ins for a washroom, storage room, and mechanical room. The basement finishing is average in quality throughout and the areas previously partially finished at the time of our last inspection have now been completed.

Plumbing & Mechanical:

The property has two options for heating. Within the house is a boiler / fan-coil heating system. External to the house is a coal fired boiler system, which can also provide hot water to the fan-coils.

The house is provided with 200 amp service at the main breaker.

Site Improvements:

The subject site features attractive landscaping and higher-end site improvements surrounding the home. The yard area is grassed, and a covered deck is present at the rear of the home. Stamped concrete walkways and a concrete apron are also present at the front, side and rear of the home. The drive up to the home is gravelled, and features trees on either side. A wrought-iron gate is located at the front of the drive.

This home was built with a 1,496 sq. ft., 4 bay, heated, attached garage.

Overall, this house is large, well-appointed with high-quality finishing throughout, and would be attractive to a number of residential dwelling occupants. The unfinished elements throughout are relatively minor in consideration of the total house but do serve to lower the overall quality of this home.

Secondary Residence / Shop

Foundation:	Poured concrete slab on grade foundation	
Basic Structure:	Wood frame	
Roof Structure:	Pitched wood truss roof with asphalt shingles	
Configuration:	Rectangular shop (41 ft. x 61 ft.) Rectangular attached office (26 ft. x 29 ft.)	
Building Area:	Secondary Residence/Office:	741 sq. ft.
	Shop:	2,501 sq. ft.
	Total Area:	3,242 sq. ft.

Year Built:	2007
Effective Age:	12 Years
Remaining Economic Life:	53 Years

Exterior Finishing: Trowelled stucco

Doors & Fenestrations: Aluminium entrance doors and PVC windows around the office, two, 14 ft. overhead doors at the front, and one overhead door at the rear.

Interior Improvements: The shop is finished with exposed concrete flooring, painted finished walls, and knockdown vaulted ceiling. Mezzanine storage space has been improved on the west side.

The office is finished with finished concrete floors, painted drywall walls, and knockdown ceilings. The space has been demised into a kitchen/lunch room, office, and 4 pc. bathroom. Finishing is of average quality with oak cabinets and laminate countertops.

Plumbing & Mechanical: The property has two options for heating. Within the shop are suspended forced air furnaces. External to the shop is a coal fired boiler system.

Site Improvements:

The site features concrete walkways around the office component, and a gravelled parking area. Approximately 4 acres to the north of the office/shop have been cleared, levelled, and are now utilized for raising chickens.

A wood frame storage garage is also present, which houses the coal boiler. This building features stucco exterior, and no interior finishing.

Interior Photographs of Subject Buildings



Kitchen



Dining Room



Living Room



Laundry Room



Master En-Suite



Master Bedroom

Photographs of Subject Property (continued)



Second Bedroom



Central 4-Pce. Bath



Basement



Basement



Exterior Covered Porch



Secondary Res. / Shop

Existing Use

The subject property is current used as a rural residence and agricultural crop production.

Assessment and Taxes

The following tax information has been provided by the Client.

2019 Total Assessment:	\$1,327,850.00
2019 Municipal Tax Levy:	\$6,002.00
2019 Provincial Education Taxes:	\$3,445.00
2019 Local Improvement Charge:	\$0.00
2019 Total Property Tax Levy:	\$9,447.00

There are no local improvement charges that impact the subject property at this time.

Ownership and Sales History

Ownership

According to the registered title, the subject property had last transferred to the current owner, Oak and Ash Farm Ltd., on March 29, 2018, for a consideration amount of \$1,200,000.

Current Agreements for Sale, Options, or Listings

There is not, and have not been any agreements for sale, options, or listings for the subject property within one year prior to the effective date of this report.

Prior Sales of the Subject Property

The subject property has not transferred within the three years prior to the effective date of this appraisal except as noted above.

Prior Appraisals of the Subject Property

I have previously appraised this property, under file No. AG-50757-MP, effective December 7, 2017.

Land Use Controls

Municipal Government Act (MGA)

Part 17, Planning and Development, of the Municipal Government Act, Revised Statutes of Alberta 2000, sets out the statutory requirements for land use planning in Alberta.

Municipal Development Plan (MDP)

The MGA sets out a requirement that a municipality with a population of 3,500 or greater must adopt a MDP. The plan is continually amended as required. There are no specific policies within the MDP that directly affect the subject property.

Land Use Bylaw

In Alberta, the implementation mechanism for all levels of planning is the Land Use Bylaw. It cannot be in conflict with senior planning documents and amendments to the Land Use Bylaw result in simultaneous amendments being required to senior planning documents such as Area Structure Plans/Area Redevelopment Plans and the Municipal Development Plan.

Land Use Classification

Zoning:

AG - Agriculture General

Purpose of this Zone:

To foster agriculture and conserve agricultural land outside of the Urban Service Area by providing for a compatible range of agricultural uses with regulations that maintain large parcel sizes.

Applicable Permitted & Discretionary Uses:

Permitted Uses:

- Agriculture, General
- Dwelling, Single,
- Dwelling, Secondary
- Home Business, Minor

Discretionary Uses:

- Home Business, Major

Max Building Height:

10 m

Conformity:

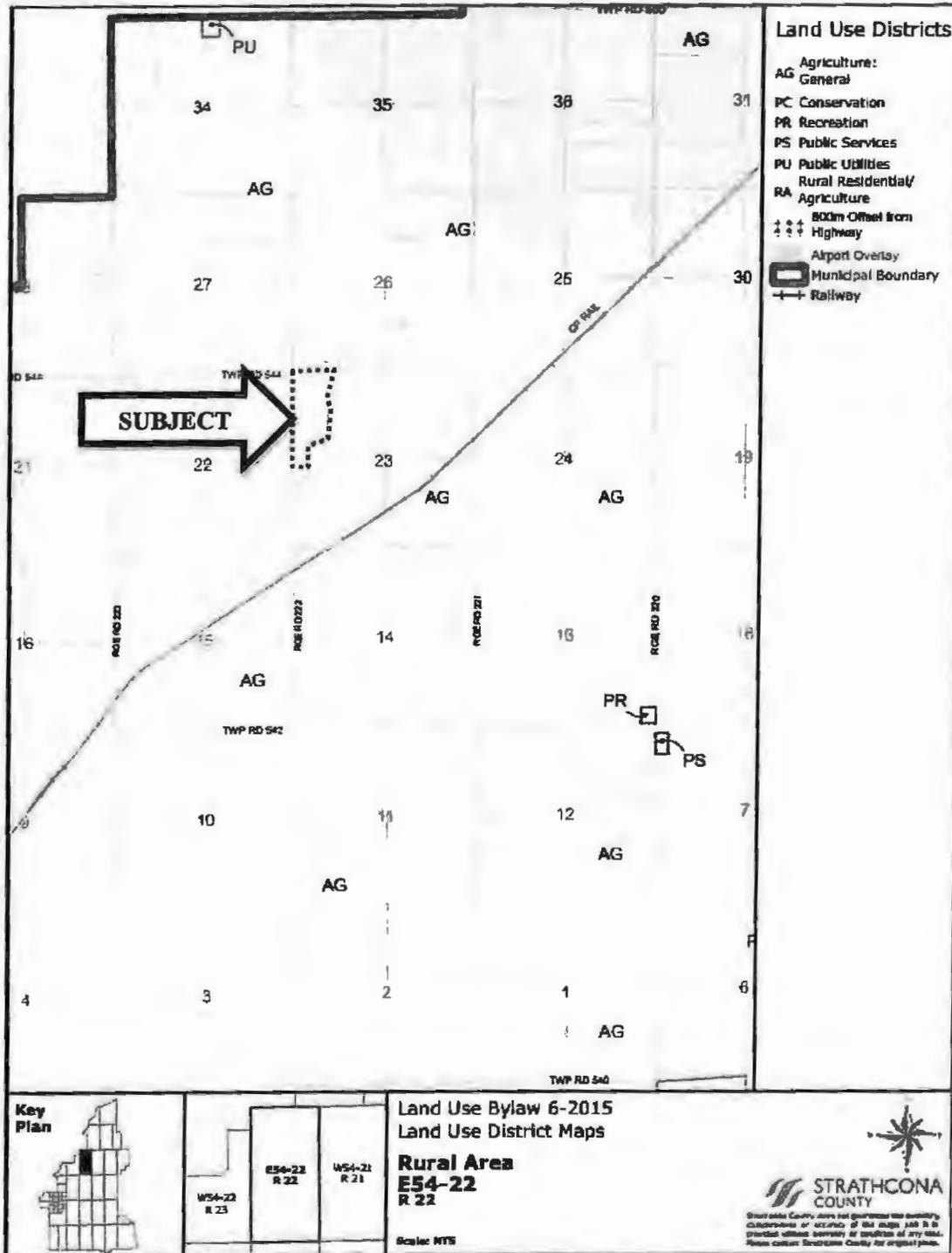
The subject property appears to conform to the governing land use classification and controls.

Any Active Efforts at Rezoning:

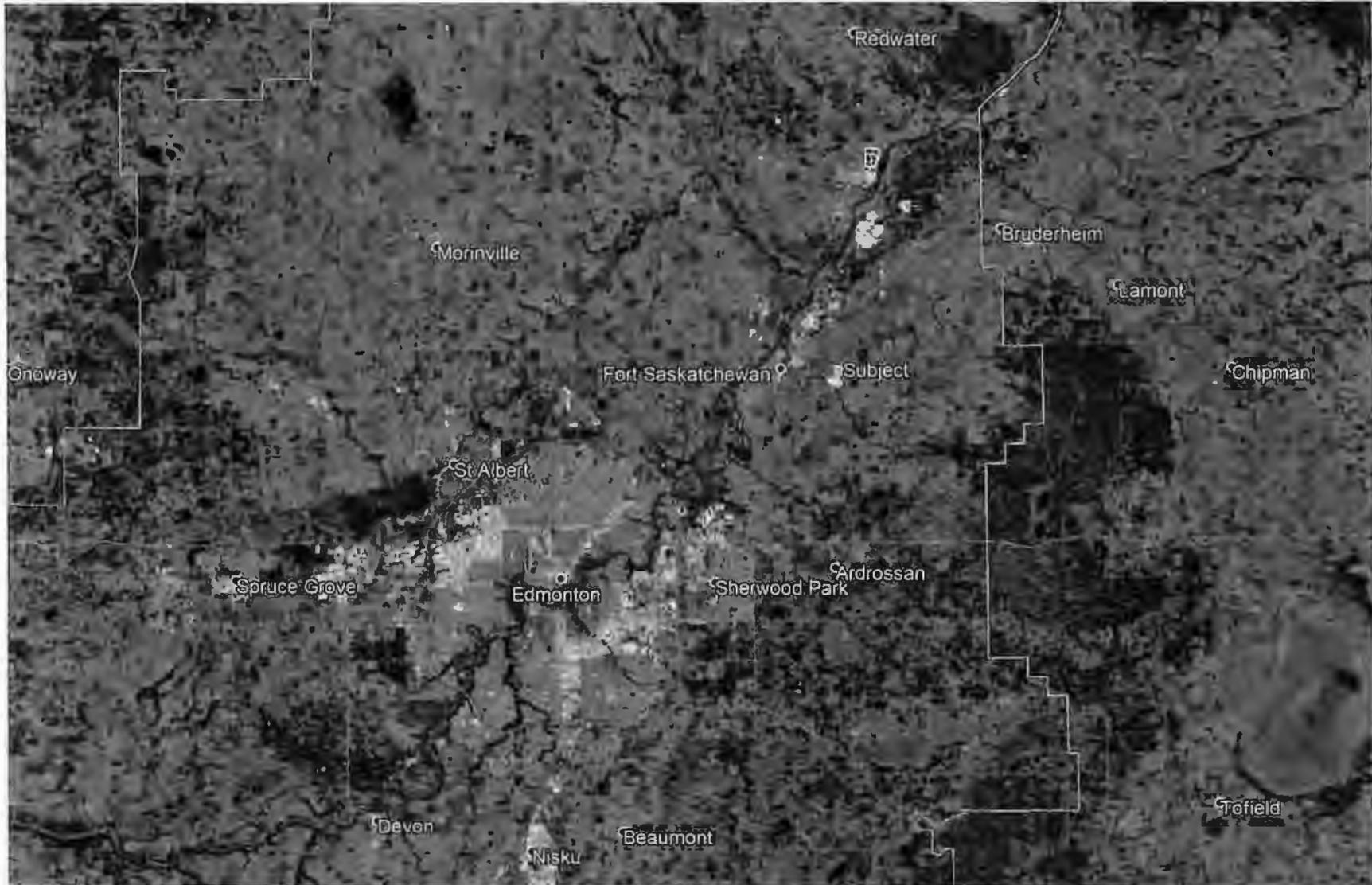
At this time, the author of this report is not aware of any efforts to rezone the subject property.

For a full copy of the AG - Agriculture General bylaw, please refer to Schedule B within the Addenda.

Zoning Map



Regional Locational Map

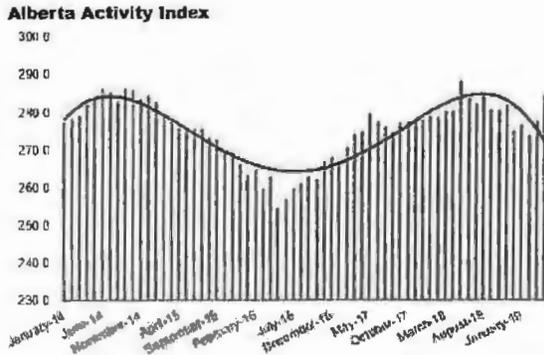


Locational Map of Subject Within Northern Strathcona County



Economic Analysis

Macro Overview



Alberta Finance, it is a weighted average of nine monthly indicators (employment, average weekly earnings, retail trade, wholesale trade, manufacturing, new truck sales, housing starts, rigs drilling and oil production).

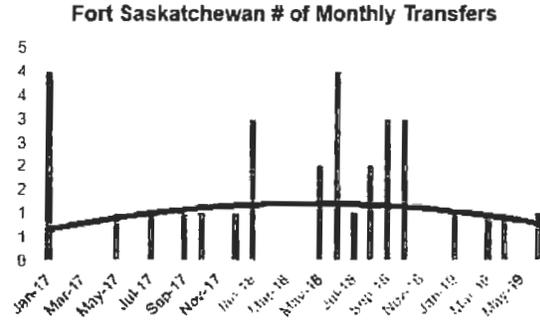
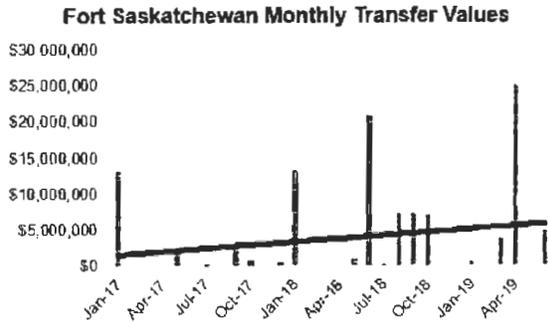
The provincial economy has been climbing out of recession for the last two years, as demonstrated by the Alberta Activity Index to the right. However, 2017 witnessed both a peak and a withdraw of economic growth early in the year. Since mid-2017, economic growth has been moderate but consistent, and similar positive but moderate and stable growth trends are anticipated to continue into the foreseeable future. *The Alberta Activity Index (AAI) closely tracks economic activity. Developed by Alberta Treasury Board and*



Canada's Prime Lending Rate has risen steadily within the last year after a multi-year period of relative stability, in response to the Bank of Canada's (BoC) increases to the overnight lending rate. Through these rate increases, the BoC is seeking to temper inflationary worries and keep growth at a moderate and manageable pace across the County. The economic affect of these increases has been a slow down in the rate of economic

growth in the first half of 2018, as investments requiring borrowing become more expensive, including real estate.

Municipal Overview – Fort Saskatchewan



Fort Saskatchewan is the nearest major community to the subject, and demand for real estate within that community is readily correlated with the demand which would be present for the subject. Overall, the value of monthly transfers has been stagnant, with moderate positive growth in recent months, although the level is still low and far below levels witnessed in 2013 / 2014, prior to the crash in the price of oil. Further, similar to the overall economy, the number of monthly transactions picked up into 2018, but has since seen a pullback in recent months.

Regional & Neighbourhood Analysis

The subject property is located within a rural area in the north portion of Strathcona County along Range Road 222, south of Township Road 544. This location is 3 km west of Fort Saskatchewan, and 15 km northeast of Sherwood Park. The subject is within close proximity to both of these municipalities.

The location of the subject lands within a short distance to both Sherwood Park and Fort Saskatchewan is a significant factor for various reasons. Both communities form part of a major economic centre with a large employment base. Further, these municipalities provide all services and amenities required by the large population residing in the subject area, and in surrounding communities throughout the region.

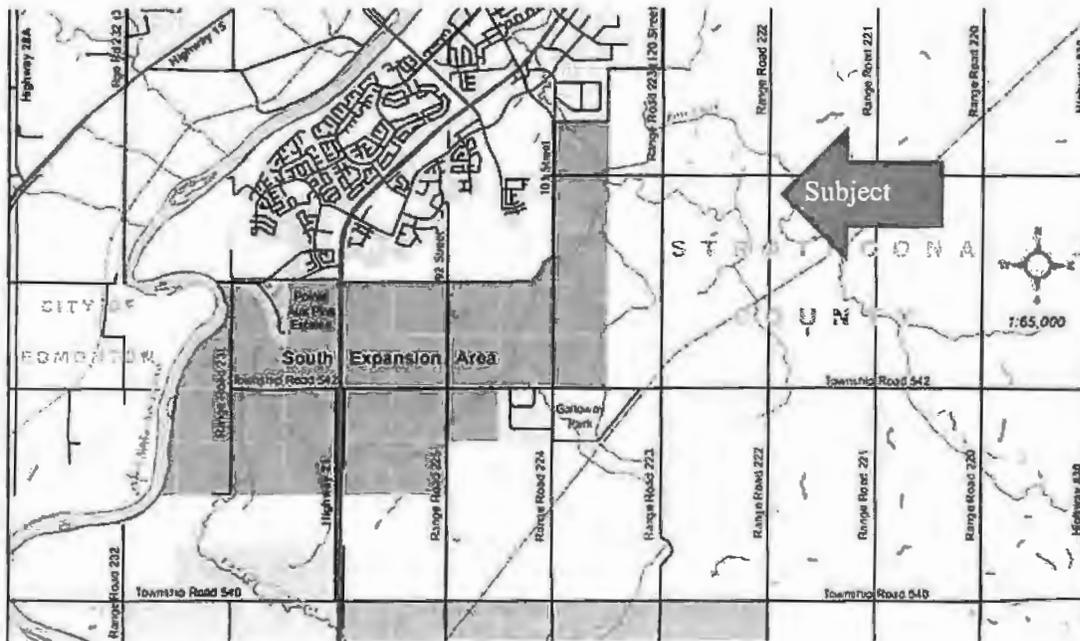
Fort Saskatchewan has had an average annual growth rate over the last 10 years of 5.1% and now has a population of 25,533 as of the 2016 census. It is evident that this community will continue to grow as the nearby Industrial Heartland, Oil and Gas Industry, and Agricultural industry move forward. Furthermore, the city has the 5th highest Average Household Income of \$118,000 and is the 4th fastest growing municipality in Alberta; all of which suggest continued demand for properties within the subject area.

The general subject area is rural in nature and primarily comprised of country residential subdivisions, rural acreages or agricultural parcels with homesteads. The agricultural properties are mostly used for cropland and animal grazing. Overall, it is evident that this is a desirable location for rural living although many of the properties are more agricultural in nature.

The roads in the area are both paved and gravelled with the majority immediately surrounding the subject being gravelled, with paved highways. Ditches are in place to contain storm water. Typical rural services (natural gas and power) are provided throughout this general area. No municipal water or sewer services are available.

In general, the real estate market in rural areas surrounding Edmonton, such as Strathcona County, appears to be witnessing modest growth after periods of significant fluctuation in past years.

A review of both the Strathcona County and Fort Saskatchewan Development Plan indicate the subject is not part of any current Area Structure Plan. The subject is located just east of the City of Fort Saskatchewan and within the “Fort Saskatchewan Growth Study” report. However, it is not located within the proposed expansion area.



Additionally, Fort Saskatchewan has recently annexed land from within Strathcona County that was formerly within the expansion area as indicated in grey within the following map.



In summary, the subject lands are located within rural Strathcona County in an area that is comprised of many agricultural oriented properties and is also conducive to country residential living due to its close proximity to the urban communities of Sherwood Park and Fort Saskatchewan.

Highest and Best Use

Highest and Best Use is an integral factor in the appraisal of real property.

Land resources are at their highest and best use when they are used in such a manner as to provide the optimum return to their operators or to society. Depending upon the type of criteria used, this return may be measured in strictly monetary terms, in intangible or social values, or in some combination of these values. Several factors influence the Highest and Best Use of any particular site. These include zoning, topography, location, site size, availability of services and conformity to neighbouring properties and uses.

The highest and best use of a property is an economic concept that measures the legal permissibility, physical possibility, financial feasibility, and maximum profitability of a site. The highest and best use of a site yields the highest and present value after provisions for labour, capital, and coordination have been accounted for.

Highest and Best Use As if Vacant

The Highest and Best Use of the subject property As if Vacant is to be developed in accordance with the AG - Agriculture General zoning bylaw as demand warrants.

Highest and Best Use As Improved

Legal Permissibility

The current development and use conform to the governing land use controls, including the AG - Agriculture General zoning bylaw. Therefore, the current improvements are use are legally permissible.

Physical Possibility

The current development and use appear in good condition, and suitable for continued residential occupancy use into the foreseeable future. Therefore, the current improvements are use are physically possible into the foreseeable future.

Financial Feasibility

The current improvement and use, although owner occupied, are able to be leased within the market and provide a financial return to an investor purchaser if desired. Thus, the current improvement and use are financially feasible into the foreseeable future.

Maximum Profitability

The profitability of the subject property when considering the current improvements and use is higher than that which could reasonably be anticipated if the property was redeveloped or transitioned towards an alternative use. Therefore, the current improvements and use are considered a reasonable representation of the Maximally productive use of the subject property as of the effective date.

Overall, the current development and use are a reasonable representation of the Highest and Best Use of the subject property As Improved. The valuation herein has been completed on the basis of the Highest and Best Use of the subject property.

Effect on Value of an Assemblage

The subject is fully developed, and so are surrounding properties. As such, no benefits from assemblage are present. Assemblage is not the highest and best use of the property and has not been considered herein.

Effect on Value of Subdivision of the Subject Property

The subject property is well utilized in its current configuration and as such, subdivision of the subject property is not consistent with the Highest and Best Use and has not been considered further herein.

Effect on Value of anticipated Public or Private Improvements

There are no public or private improvements that influence the estimate of market value for the subject property at this time.

Effect on Value of Personal Property

This report estimates the market value of the real estate only. There are no items of personal property that influence the value of the subject property, which are relevant to this assignment.

Consideration of Rezoning the Subject Property

The subject property is well utilized within its current zoning and overall, conforms to the surrounding neighbourhood. As such, rezoning of the subject property at this time is not considered to be consistent with its Highest and Best Use.

Valuation Methodologies and Any Exclusions

In appraising real property, there are usually three basic methods that may be applied in order to arrive at an estimate of market value. These methods are:

- *The Cost Approach*
- *The Income Approach*
- *The Direct Comparison Approach.*

The Cost Approach involves estimating the reproduction cost of the improvements on the site, including all costs that may be incurred to build such a property at today's rates. These costs are then depreciated according to the physical, functional and locational obsolescence, which has accrued throughout the life of the structure. The estimate of land value as if vacant is then added to yield an estimate of value by the Reproduction Cost Approach.

The Income Approach involves estimating the gross income that the property is thought to be capable of producing. The gross income is then adjusted to reflect those losses due to vacancy and bad debts. From the resulting figure, the annual expenses that are fair and reasonable are deducted to yield an income before depreciation. At this point, one of several techniques is used to arrive at a capitalization rate that is applicable to the subject.

Finally, *The Direct Comparison Approach* involves the gathering, analysing and comparing of similar properties that have recently sold, or which have been offered for sale on the open market. This often involves adjusting the comparable data in order to make them truly comparable to the subject and is considered an excellent indicator of value when good sales data is available.

Market Value has been estimated herein through the completion of the Cost and Direct Comparison Approaches.

The Highest and Best Use of the property is its current residential single-family home and associated agricultural cultivation uses. These properties are not typically traded based on their income generation within the current market, and as such, the Income Approach has not been applied.

Cost Approach

The theory supporting the Cost Approach to Value is the principle of substitution. This principle suggests that an informed purchaser would not likely be willing to pay more for a property than it would cost him to “substitute” it with a new building, in a similar location. This assumes that land is available and that the construction period would not be unduly lengthy.

The steps involved in this approach are as follows:

- *Estimate the land value “as vacant”.*
- *Estimate the reproduction cost of the improvements.*
- *Estimate the loss in value (depreciation) from all sources.*
- *Add the depreciated improvement value to the land value to provide a total property value.*

Discussion on Land Value

The first step of the process is to estimate the land value As Vacant.

Within our previous report, the Market Value of the subject land was estimated at between \$7,000 and \$8,000 per acre, through the following analysis:

The subject land is comprised of a total of 50.66 acres. For the purpose of estimating the value of the land component as though vacant, gathered sales of similar parcels from within the vicinity of the subject have been gathered and analysed. These sales are summarized within the following Land Sales Comparables Chart. These properties have been analyzed on a price per acre basis, and offer a good indication of the unit value range that is applicable for the subject.

The gathered comparables provide a unit price range of \$3,455 to \$9,688 per acre.

The high end of the unit price range is provided by Index #5 at \$9,688 per acre. This comparable comprises two quarter sections of land totaling 320 acres that sold in September 2015 for \$3,100,000. The property is situated close to the City of Fort Saskatchewan and within the “proposed expansion area”. Thus, this property has superior future development potential, which is reflected in the high unit price achieved. Considering this, a lower unit value should be applied to the subject.

Comparable Land Sales Data Chart

	<i>Index #1</i>	<i>Index #2</i>	<i>Index #3</i>	<i>Index#4</i>	<i>Index #5</i>	<i>Index#6</i>
Address:	53460 Rng Rd 220	N. of Twp Rd 542 and Rng Rd 213	N. of Twp Rd 534 and Rng Rd 213	Twp Rd 534 and Rng Rd 220	54159 Rng Rd 225	N. of Twp Rd 544 and Rng Rd 222
Legal Description:	NE ¼ of Sec 25-53-22-W4	SE ¼ of Sec 22-54-21-W4	NW ¼ of Sec 27-53-21-W4	NW ¼ of Sec 19-53-21-W4	NW and SW ¼ of Sec 8-54-22-W4	NW ¼ of Sec. 26-54-22-W4
Title No.:	172 189 395	172 130 307	160 150 764	162 085 171	152 290 937	142 279 031
Land Size:	153.07 acres	160.00 acres	157.02 acres	159.00 acres	320.00 acres	159.78 acres
Sale Date:	July 2017	May 2017	June 2016	March 2016	September 2015	August 2014
Sale Price:	\$1,000,000	\$1,336,800	\$542,500	\$1,200,000	\$6,200,000	\$1,100,000
CLI Soil Capability:	Class 2	Class 1 & 2	Class 2, 3 & 6	Class 4	Class 2	\$6,884
Zoning:	AG	AG	AG	AG	AG	AG
Price/Acre:	\$6,547	\$8,355	\$3,455	\$7,547	\$9,688	\$6,884
Comments:	Improved with an older, 1954-built residence. Property situated south of subject and away from urban center.	Vacant farmland. Situated east of subject and away from urban center. Superior soil class.	Vacant farmland situated southeast of subject and away from urban centre. Inferior soil class. Property was previously listed for \$775,000 and is mainly used for crop production.	Improved with an older, 1950-built house. Property has been subsequently subdivided into various parcels.	Two adjacent parcels of land with the north parcel improved with a 1965-built bungalow. Lands within the City of Fort Saskatchewan Proposed Expansion Area.	Vacant farmland situated adjacent north of the subject.

The low end of the unit price range is indicated by Index #3 at \$3,455 per acre. This comparable is a 157.02-acre parcel of land that sold in June 2016 for \$542,500. It is situated farther away from the City of Fort Saskatchewan or any urban centre and has lower/inferior soil capacity. Considering these factors, a higher unit value is suggested for the subject.

Indices #1, #2 and #4 provide a unit price range of \$6,547 to \$8,355 per acre. These properties are situated farther away from the City of Fort Saskatchewan or any other urban centre and as such, are inferior to the subject from a locational perspective. However, Index #2 has superior soil capacity, while Indices #1 and #4 are each developed with older single-family residences. Moreover, immediately after its sale, Index #4 was subdivided into various, smaller parcels upon which some houses appear to be under construction. Thus, the property was purchased for its immediate development potential. Taking these various factors into account, it is deemed that the subject should garner a unit value similar to that achieved by these properties.

Lastly, Index #6 is a 159.78-acre parcel of land that sold in August 2014 for \$1,100,000 or \$6,884 per acre. This property is situated to the adjacent north of the subject and as such, is the best comparable for the subject. Thus, the unit price achieved is an excellent indicator of the unit value that is applicable for the subject. However, this is a larger parcel, and the size difference must be accounted for.

Summary

The gathered comparables provide a unit price range of \$3,455 to \$9,688 per acre. The low end of the unit price range is provided by a property that occupies an inferior location, while the high end of the range is provided by a property that is situated within the City of Fort Saskatchewan "proposed expansion area". Index #6 is the best comparable for the subject and as such, should carry the greatest weight in the correlation of market value for the subject near \$6,884 per acre, while the remaining indices suggest a correlation similar to \$6,547 to \$8,355 per acre.

Overall, based on the physical and locational characteristics of the gathered comparables and subject, and taking into account current market conditions, I am confident in estimating a value range for the subject land "as though vacant" between \$7,000 and \$8,000 per acre.

Market Conditions since this time have remained relatively stable for agricultural lands within the area. As further consideration, market sales in proximity which have occurred since the time of our previous report have also been searched for. Two sales were uncovered, which are presented as additional information on the following page.

Located at the Southeast corner of Range Road 223 and Township Road 550 (W4-22-54-34-NW1/4), are 80.00-acres that sold on August 16, 2019 for \$8,000 per acre. This property is vacant and utilized for agricultural crop production. The property is situated within a superior location to the subject, within the newly annexed land of Fort Saskatchewan, and overall, provides good support for a similar value being appropriate for establishing the top end of the range for the subject property.

Located along Range Road 220 is 160.00-acres which sold for \$1,280,000 or \$8,000 per acre, on April 30, 2019. This is a similar property, with similar zoning, occupying a similar location, and supports a similar unit rate being appropriate for the subject property.



Overall, the unit value of \$7,000 to \$8,000 per acre as estimated within the previous report is still supported, and considered the most appropriate estimate of Market Value, and has been applied herein for the purposes of the Cost Approach.

The total calculation of value for the subject land is as follows:

50.66 acres	x	\$7,000.00 per acre	=	\$354,620
50.66 acres	x	\$8,000.00 per acre	=	\$405,280

Overall, the subject land value As Vacant is estimate at \$354,620 to \$405,280.

Replacement Cost of Improvements

Building Developments

Main Home

Recent conversations with representatives of major home builders across Edmonton and the greater capital region have indicated that the cost for development of the main home would typically be between \$200 and \$225 per sq. ft. of above grade building area. For the purposes of the Cost Approach, an estimate within the middle of the range at \$212.50 per sq. ft. is considered appropriate and has been applied herein.

Basement Interior Finishing

The basement development would not typically be considered within this estimate and must be considered separately. Information from our internal files indicates a typical cost of approximately \$35 per sq. ft. for similar interior finishing. This will be applied to the finished area within the basement.

Attached Garage

The subject features a 1,496 sq. ft. attached garage. Previous conversations with general contractors familiar with both new home and garage construction suggest the replacement cost for a similar garage would be between \$40 and \$50 per sq. ft. Considering the large size of the subject, and the benefits that can be accrued through economies of scale, an estimate at the bottom end of the range is considered to be appropriate and has been applied herein.

Secondary Dwelling/Shop

Within our previous report, the value of the office/shop development was estimated as follows:

To estimate the value of the office/shop, the Marshall Valuation Service (MVS) Commercial Estimator 7 software has been applied, in addition to information provided by our internal files that represents actual costs for similar office/shop properties.

The MVS estimates the replacement cost of the office/shop at \$156,634, or \$48.31 per sq. ft., excluding the interior office finishing. This is slightly above the cost estimated for the garage due to the higher height of the building. Considering the interior office improvements present within the subject, an additional \$35 per sq. ft. of office area, or \$25,935 in total, should be applied to account for interior finishing, similar to the basement improvement cost within the single-family home above. Overall, the replacement cost new of the office/shop is estimated at \$182,569.

A review of Stat's Canada's Building Construction Price Indexes, indicates that within Edmonton the price for residential construction similar to this building development have increased 3.2% since the time of our previous report. As such, the cost estimate from our previous estimate has been escalated by 3.2% and applied herein.

Depreciation

Depreciation is loss in value due to any cause. It is the difference between the market value of a structural improvement or a piece of equipment and its reproduction or replacement cost as of the date of valuation. Depreciation is divided into three General categories, as discussed below.

1. **Physical depreciation**, both curable and incurable, is loss in value due to physical deterioration.
2. **Functional or technical obsolescence** is a loss in value due to lack of utility or desirability of part or all of the property, inherent to the improvement or equipment.
3. **External, locational, or economic obsolescence** is loss in value due to causes outside the property and independent of it.

Physical Depreciation

Curable Physical Depreciation

- o At the time of inspection, no physical curable depreciation was noted within any of the subject buildings.

Incurable Physical Depreciation

To account for physical incurable depreciation, the Age Life Method of calculating depreciation has been applied. The subject has an effective age of 12 years, and a total economic life of 65 years, which calculates the applicable physical incurable depreciation as follows:

$$12 \text{ years Effective Age} \quad / \quad 65 \text{ years Total Economic Life} \quad = \quad 18.46\%$$

Functional Obsolescence

No elements of functional obsolescence were noted at the time of inspection.

External or Locational Obsolescence

No elements of External or Locational Obsolescence are noted to affect the value of the subject property as of the effective date.

Site Improvements & Servicing

The subject features a gravelled drive to the house and office/shop, grass landscaping, and concrete walkways surrounding the home. Although some of these elements depreciate over time, this does not typically occur in a measured fashion, while some improvements such as plants, grass, and trees appreciate in value over certain time periods. As such, a total lump sum estimate of \$75,000 has been applied for site improvements herein.

Summary of Cost Approach

Replacement Cost New of Building Developments

Main Residential Building Development	<i>As per Marshall Valuation Service</i>	\$925,650	
Main Building Basement Finishing	<i>As per Marshall Valuation Service</i>	\$108,500	
Office/Shop Building Development	<i>As per Marshall Valuation Service</i>	\$188,411	
Total Replacement Cost New of Building Improvements:			\$1,222,561

Less: Depreciation

Physical Curable Depreciation:			\$0
Physical Incurable Depreciation:	12 years /	65 years	18%
Functional Obsolescence:			\$0
External Obsolescence:			\$0
Total Depreciation:			\$225,704

Add: Site Improvements & Equipment

Site Improvements & Servicing	<i>Lump Sum Adjustment</i>	\$75,000	
Total Depreciated Value of Site Improvements:			\$75,000

Total Depreciated Value of the Building and Site Improvements \$1,071,858

Add: Land Value As Vacant \$354,620 to \$405,280

Total Depreciated Replacement Cost Estimate \$1,426,478 to \$1,477,138

Overall the Cost Approach estimates the value of the subject property at \$1,425,000 to \$1,475,000, rounded.

Direct Comparison Approach

The Direct Comparison Approach is an effective method of estimating market value of most Real Estate when sufficient comparable sales are available.

The subject residence occupies approximately 13-acres, with the remaining 37.66-acres being utilized as agricultural crop land.

To estimate the market value of the subject property, I have searched the market for comparable sales and listings of similar properties. The most comparable sales and listings have been further analysed herein on a per sq. ft. of rentable building area basis. A summary of the most comparable sales and listings is provided within the chart at the end of this section.

Given the evidence analysed herein and taking into account current market conditions and the characteristics of the subject property, I am compelled to estimate the value of the subject between \$0.00 per sq. ft. and \$0.00 per sq. ft. The calculation of value by the Direct Comparison Approach is as follows:

$$\begin{array}{r} \$0 \text{ Per Sq. Ft. of Rentable Building} \\ \text{Area} \end{array} \times 4,356 \text{ sq. ft.} = \$0$$

$$\begin{array}{r} \$0 \text{ Per Sq. Ft. of Rentable Building} \\ \text{Area} \end{array} \times 4,356 \text{ sq. ft.} = \$0$$

Overall, the Direct Comparison Approach estimates the market value of the subject property to be between \$1,380,000 and \$1,561,000, rounded.



Comparable Sales Data Chart

Subject	Comparable #1	Comparable #2	Comparable #3		
	336, 52320 Range Road 231, Strathcona County	185 Riverstone Drive, Sturgeon County	336, 52105 Range Road 225, Strathcona County		
Data Source:	MLS # E4127939	MLS # E4144845	MLS # E4159763		
Date of Sale:	April 30, 2019	June 28, 2019	July 3, 2019		
Sale Price:	\$1,250,000	\$1,575,000	\$1,600,000		
Days on Market:	191 Days	111 Days	31 Days		
Market Conditions:	Stable	0%	\$0 0%	\$0	
Real Property Rights Conv.:	Fee Simple	Fee Simple	\$0 Fee Simple	\$0	
Location:	Strathcona County	Superior	Superior	Similar	\$0
Site Dimensions/Size:	50.66 acres	41.40 acres	\$377,000 41.79 acres	\$374,000 1.99 acres	\$365,000
Building Type:	Detached	Detached	\$0 Detached	\$0 Detached	\$0
Design:	1.5-Storey	2-Storey	\$0 1-Storey	\$0 2-Storey	\$0
Effective Age:	12 years	1 years	-\$167,000 9 years	-\$49,000 5 years	-\$161,000
Condition:	Average	Similar	\$0 Similar	\$0 Similar	\$0
Livable Floor Area (AG):	4,356 sq. ft.	4,382 sq. ft.	-\$3,000 4,293 sq. ft.	\$12,000 6,058 sq. ft.	-\$343,000
Bedroom (AG):	2	5	\$0 5	\$0 5	\$0
Bathrooms (AG):	2 F. Bath / 2 P. Bath	3 F. Bath / 1 P. Bath	-\$5,000 2 F. Bath / 1 P. Bath	\$5,000 3 F. Bath / 2 P. Bath	-\$15,000
Basement (Full/Partial/Crawl):	Full Basement	Full Basement	\$0 Full Basement	\$0 Full Basement	\$0
Basement Finishing in Sq. Ft.:	Fully Finished	Fully Finished	\$0 Fully Finished	\$0 Fully Finished	\$0
Parking Facilities:	4GATT.	4GATT.	\$0 4GATT.	\$0 6GATT.	-\$20,000
Exterior Finishing:	Average	Similar	\$0 Similar	\$0 Similar	\$0
Quality of Finishing:	Above Average	Above Average	\$0 Custom High End	-\$461,000 High End	-\$201,000
Outbuildings:	Res / Shop	None	\$153,000 None	\$155,000 None	\$155,000
		\$0	\$0	\$0	\$0
		\$0	\$0	\$0	\$0
Adjustment - Net \$		\$255,000	-\$14,000	-\$220,000	
Adjusted Values:		\$1,505,000	\$1,561,000	\$1,380,000	
Adjustment - Net %		20.40%	-0.89%	-13.75%	
Adjustment - Gross %		64.72%	70.22%	78.75%	
Analysis Comments:					
Comparable #1:	This property is situated within a superior subdivision that features full municipal services in proximity of Sherwood Park. The land size is smaller, and the home is newer and similar/moderately larger in size. Further, this home has superior bathroom facilities and no outbuildings.				
Comparable #2:	This property is situated within a superior subdivision that features full municipal services in proximity of the City of Edmonton. The land size is smaller, and the home is newer and similar/moderately smaller in size. Further, this home has inferior bathroom facilities and no outbuildings. In addition, this property was built to a higher level of custom finishing regularly seen to cost around \$350/sq. ft. new, which must be accounted for.				
Comparable #3:	This property occupies a smaller site, is newer, and larger. The home has superior bathrooms and a 6 car attached garage. The interior finishing is superior, with a grand dual staircase, and no outbuildings are present.				
Estimated Value by the Direct Comparison Approach (Rounded):		\$1,380,000	to	\$1,561,000	

Comparable Single-Family Residential Sales Map



Comparable Sales Photos



Index #1



Index #2



Index #3

Discussion on the Income Approach

The subject property can effectively be utilized for three separate purposes, including: a residential acreage property comprising 3.66 acres, more or less, an industrial office / shop with storage yard property that comprises 7 acres, more or less, and a 50-acre plot of agricultural crop land. However, this is not the Highest and Best Use of the property, and as such, estimating the value of the property based on the income that could potentially be produced by the property being effectively divided into these three uses will not provide an accurate reflection of market value.

Further, the subject property represents an owner user facility within an area that is occupied primarily by owner occupants. Owner occupants of this type of property typically utilize the outbuildings and excess lands associated with the residential dwellings, forming a whole that is greater than the sum of its parts. As such, both the demand and supply to lease properties such as the subject within the subject's location is irregular and cannot readily be forecasted.

To assist the client, I have reviewed available properties for lease within similar characteristics to the residential home and surrounding acreage lands. Overall, the gathered rental listings provide a comparable range between \$3,700 and \$4,400 per month, plus utilities. Given the characteristics of the subject, it is likely that a market rent at the top end of this range could be achieved if the property was prudently marketed for rent in its entirety with secondary residence, but not including the agricultural lands.

In considering the 40 acres, more or less, of crop land, I have reviewed current listings for Farmland for lease, and reviewed the Government of Alberta's Cropland Lease and Rental Survey. The listings uncovered suggest that crop lands will rent for between \$45 and \$100 per acre, per month, with grazing lands achieving rents at the low end of the range, and small parcels of Class 2 cropland setting the top end of the range. This is supported by the Rental Survey, which reports rental rates for similar crop lands between \$45 and \$75 per acre, per month, with Thin-Black soils achieving rents at the bottom end of the range, and Black soils achieving rents at the top end of the range. Within these leases, the Landlord is typically responsible for land taxes; while the Tenant pays for new fencing, fencing repairs, weed control, fertilizer, seeding, and re-seeding.

Overall, the Purchaser profile for properties with building improvements as large and high quality as the subject are such, that a purchaser would likely desire to utilize the office/shop and lands themselves, rather than lease them out to a 3rd party, consistent with the Highest and Best Use of the property as appraised herein.

Reconciliation

Market Value

The Cost and Direct Comparison Approaches have been applied to estimate the market value of the subject property. The results of these approaches are summarized as follows:

Cost Approach:	\$1,425,000 to \$1,475,000
Direct Comparison Approach:	\$1,380,000 to \$1,561,000

Overall, the two approaches provide a range between \$1,380,000 and \$1,561,000. The Cost Approach supports a final reconciliation towards the upper end of the overall range. Further, two of the three comparables analysed within the Direct Comparison Approach support the upper end of the range as well. Thus, a final reconciliation within the upper end of the range, within the middle of the range supported by the Cost Approach, is estimated for the subject property.

Effective, August 23, 2019, the Market Value of the subject property is estimated at \$1,450,000.

Final Value Estimate and Exposure Time Analysis

Exposure time is 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. This is a retrospective estimate based on an analysis of past events assuming a competitive and open market, and is a function of price, market conditions, and property characteristics.

Based on the information and analysis gathered and analysed in the completion of this report, the exposure time the subject property would have required, prior to the effective date of analysis, is estimated at six to twelve months.

Certificate 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 of 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 favoring 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, and where applicable this report is co-signed in compliance with CUSPAP;
8. Except as herein disclosed, no one has provided significant professional assistance to the person 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.

Based upon a personal interior and exterior inspection of the subject property completed on August 23, 2019 by Mark Poechman, and the data, analysis and conclusions contained herein, the Market Value of the undivided fee simple interest in the property described herein, as at August 23, 2019, is estimated at:

Municipal Address: 54343 - Range Road 222, Strathcona County, Alberta.

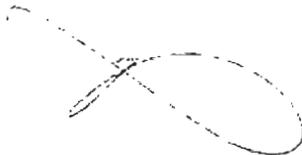
Legal Description: Lot 1, Block 1, Plan 0324002, Excepting Thereout All Mines and Minerals.

Market Value

One Million Four Hundred Fifty Thousand (\$1,450,000) 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.

Respectfully submitted,



Mark W. Poechman, AACI, P.App

Date Signed: September 8, 2019

Licensed by RECA to complete Appraisals in Alberta

Schedule 'A' – Registered Land Title Certificate

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2
182 074 508

REGISTRATION
NUMBER DATE (D/M/Y) PARTICULARS

ASSOCIATION LIMITED.

182 074 509 29/03/2018 MORTGAGE
MORTGAGEE - ATB FINANCIAL.
3699-63 AVE NE
CALGARY
ALBERTA T3J0G7
ORIGINAL PRINCIPAL AMOUNT: \$900,000

182 074 510 29/03/2018 CAVEAT
RE : ASSIGNMENT OF RENTS AND LEASES
CAVEATOR - ATB FINANCIAL.
C/O BISHOP & MCKENZIE LLP
2300, 10180 - 101 STREET
EDMONTON
ALBERTA T5J1V3
AGENT - PATTI M MACDONALD

TOTAL INSTRUMENTS: 005

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN
ACCURATE REPRODUCTION OF THE CERTIFICATE OF
TITLE REPRESENTED HEREIN THIS 8 DAY OF
SEPTEMBER, 2019 AT 10:24 P.M.

ORDER NUMBER: 37961005

CUSTOMER FILE NUMBER: 51019-MP



END OF CERTIFICATE

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED
FOR THE SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER,
SUBJECT TO WHAT IS SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM
INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION,
APPRAISAL OR OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS
PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING
OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).

Schedule 'B' – Land Use Criteria & Zoning Information

9.5 AG - Agriculture: General

9.5.1. Purpose

To foster agriculture and conserve agricultural land outside of the Urban Service Area by providing for a compatible range of agricultural uses with regulations that maintain large parcel sizes.

9.5.2. Permitted Uses and Discretionary Uses

Permitted Uses	Discretionary Uses
<ul style="list-style-type: none"> • Agricultural product stand • Agriculture, general • Agriculture, minor intensive livestock • Dwelling, secondary* (except within Heartland ASP) • Dwelling, single (except within Heartland ASP) • Equestrian centre* • Garden suite* (except within Heartland ASP) • Group home, minor • Home business, intermediate* • Home business, minor* • Manufactured home (except within Heartland ASP) • Manufactured home, singlewide (except within Heartland ASP) • Religious assembly, minor* (except within Heartland ASP) • Secondary suite* (except within Heartland ASP) • Veterinary service, minor • WECS, small* 	<ul style="list-style-type: none"> • Aggregate extraction* • Agricultural housing, accessory (except within Heartland ASP) • Agricultural support service • Agriculture, intensive horticulture (<i>Bylaw 55-2017 – Sept 12, 2017</i>) • Agriculture, product processing • Airport, private • Animal boarding facility* • Animal breeding facility* • Bed and breakfast, up to six (6) sleeping units* (except within Heartland ASP) • Cannabis production facility (<i>Bylaw 68-2017 – Jan 26, 2018</i>) • Cemetery • Dwelling, agricultural* (except within Heartland ASP replacement only) • Dwelling, collective communal (except within Heartland ASP replacement only) • Dwelling, family care* (except within Heartland ASP replacement only) • Dwelling, secondary* (except within Heartland ASP replacement only) • Dwelling, single (except within Heartland ASP replacement only) • Equestrian centre* (where in accordance with Section 9.5.8.a) • Government service • Greenhouse • Group home, major (except within Heartland ASP replacement only) • Home business, major* • Library and exhibit • Manufactured home (except within Heartland ASP replacement only) • Manufactured home, singlewide (except within Heartland ASP replacement only) • Model aircraft facility* • Private camp (except within Heartland ASP replacement only) • Recreation, outdoor • Religious assembly, major* (except within Heartland ASP) • School bus parking* • Utility service, minor • Veterinary service, major • WECS, large (single)*

Additional Discretionary Uses for MDP Agriculture-Large Holdings Policy Area:

- Recreational vehicle storage, major*
- Recreational vehicle storage, minor*
- WECS, large (multiple)*

Additional Discretionary Uses for MDP Agriculture-Small Holdings Policy Area:

- Recreational vehicle storage, major*
- Recreational vehicle storage, minor*

Additional Discretionary Uses for the MDP Beaver Hills Moraine Policy Area:

- Campground*
- Recreation, community
- Recreational vehicle storage, minor*

Additional Discretionary Use for the MDP Agri-Industrial Transition Policy Area:

- Recreational vehicle storage, minor*

Refer to Part 6, Specific Use Regulations, for additional regulations pertaining to uses containing an asterisk (*).

9.5.3. Site Specific Uses

- a) Outdoor Motorized Vehicle Recreation Facility is a discretionary use on Pt. of NE 2-53-21-W4 and SE 2-53-21-W4 and shall have a maximum of three (3) two (2) day events per year excluding rainouts. *(Bylaw 39-2015 - July 7, 2015)*
- b) For Lot 1, Block 1, Plan 0921829 (S ½ of 36-51-21-W4) education, private; recreation, indoor and office are discretionary uses.
 - i. For an education, private use the maximum floor area is 420m².
 - ii. For a recreation, indoor use the maximum floor area is 1350m².
 - iii. For an office use the maximum floor area is 1350m². *(Bylaw 45-2015 - Sept 15, 2015)*

9.5.4. Fundamental Use Criteria

- a) Within the Heartland ASP, a new dwelling (single, secondary or agricultural), manufactured home or manufactured home (singlewide) shall not be considered, except where in accordance with Section 9.5.7.
- b) The minimum size of parcel for a WECS, large (multiple) shall be 32.0 ha.
- c) It is a fundamental use criterion of any of the above permitted or discretionary uses that the maximum density in the AG Zoning District shall be two (2) parcels per quarter section, except that existing subdivided parcels shall be considered as conforming for the purposes of this Bylaw.

9.5.5. Subdivision Regulations

- a) The minimum lot area shall be 32.0 ha;
- b) Despite Section 9.5.5 a), for an unsubdivided quarter section, one(1) first lot out subdivision may be considered. The first lot out may consist of one of the following:
 - i. a split into two equal lots within the Agricultural Large or Small Holdings Policy Area, the Beaver Hills Moraine Policy Area or the Agri-Industrial Transition Policy Area of the MDP; or
 - ii. within the Agricultural Large or Small Holdings Policy Area of the MDP, a lot with a minimum area of 0.8 ha and a maximum area of 2.0 ha for an existing or proposed dwelling. The maximum area may be increased if the existing accessory building, environmental features or shelterbelt configuration requires a larger size; or

- iii. within the Beaver Hills Moraine Policy Area of the MDP, a lot with a minimum area of 0.8 ha and a maximum area of 2.0 ha for an existing dwelling. The maximum area may be increased if the existing accessory building, environmental features or shelterbelt configuration requires a larger size; or
- iv. a split along a natural or man-made severance.

9.5.6. Development Regulations – Principal Buildings and Accessory Buildings

- a) The maximum height shall be 10.0 m except for an agricultural structure such as a silo or grain bin, or where restricted by the Airport Vicinity Protection Overlay.
- b) The minimum setback from a lot line abutting a rural road shall be 30.0 m.
- c) The minimum setback from the front lot line shall be 20.0 m.
- d) The minimum setback from a side lot line shall be 20.0 m.
- e) The minimum setback from the rear lot line shall be 20.0 m.
- f) Despite 9.5.6. d) and e) above, for a first lot out of a quarter section, the minimum setback from a side and rear lot line shall be 10.0 m.

9.5.7. Development Regulations – Existing Residential Development within the Heartland Area Structure Plan

- a) An existing dwelling (single, secondary, and agricultural), manufactured home or manufactured home (singlewide) may be allowed to be rebuilt if destroyed, except in areas prone to extensive erosion, subsidence or flooding particularly within the 1:100 year floodplain. The replacement shall be a discretionary use.
- b) A new single dwelling, manufactured home or manufactured home, singlewide in replacement of an existing dwelling or home may be considered, except in areas prone to extensive erosion, subsidence or flooding particularly within the 1:100 year floodplain. The replacement shall be a discretionary use.
- c) An existing dwelling (single, secondary, and agricultural), manufactured home or manufactured home (singlewide), family care dwelling or accessory building(s) shall be permitted to remain and be maintained as a conforming use to allow for maintenance. Any modifications or additions shall be a discretionary use.

9.5.8. Other Regulations

- a) An equestrian centre shall be a discretionary use where:
 - i. the proposed use is located on a lot adjacent to an existing country residential subdivision; or
 - ii. the equestrian centre is located within the Country Residential Policy Area of the Municipal Development Plan; or
 - iii. a building to be used for the equestrian centre exceeds 1858 m² (20,000 ft²) in gross floor area.
- b) In addition to the regulations listed above, permitted and discretionary uses are subject to the applicable regulations, provisions and requirements contained within the other Parts of this Bylaw.