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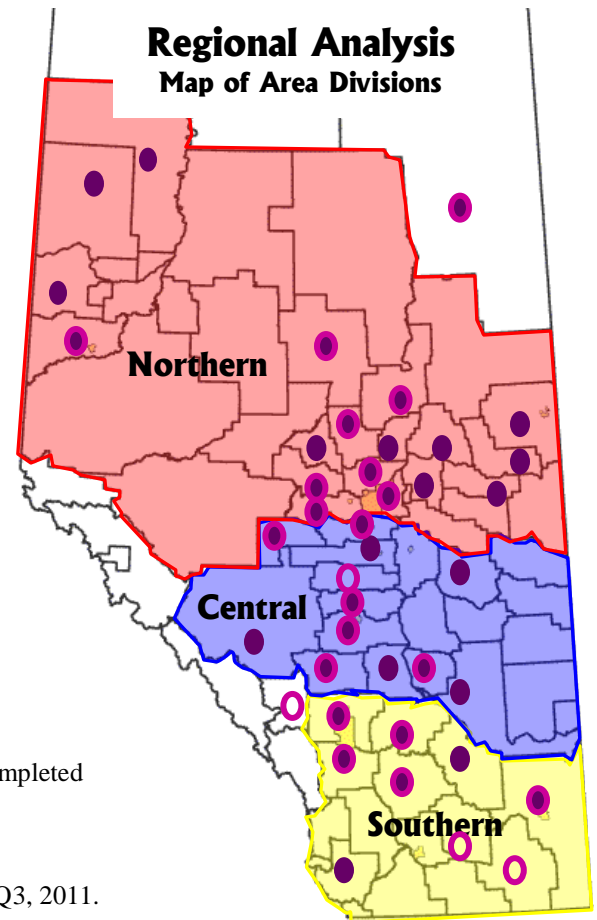
We have now prepared the sale information to complete our general market analysis for the Third Quarter of 2011 (July - September). The following map illustrates the locations where data has been obtained. The Q3, 2011 sales are summarized individually in the tables on the following page. Our Regional Analysis and Cultivation Comparison are also included on the following pages. We have also started to incorporate a narrative article related to valuation issues in this newsletter.



In Q3, 2011 the average value for land in Northern Alberta was higher for the third consecutive quarter, and had the highest average since Q2, 2009. Central Alberta was relatively consistent to previous average land values (Graph 2). In Southern Alberta, the average again showed significant variance that is expected to be attributed to several sales with a strong urban influence (Graph 3). Graph 4 shows the average for each area together.

In Q3, 2011 the provincial average land value and the average value for cultivated land have shown increases (Graph 5). The difference between cultivated and uncultivated land was quite large and caused the moving averages to continue an upward trend (Graph 6). The averages for Central Alberta also showed a large difference between cultivated and uncultivated land (Graph 8).

This quarter had a comparatively low proportion of sales from Central Alberta (Graph 7). Although the sale : list ratio was relatively similar to previous quarters (Graph 9), it is noted that there were several sales with a sale price higher than the list price.

Regional Analysis Map of Area Divisions



-  Indicates municipalities in which an appraisal was completed during Q3 2011.
-  Indicates municipalities in which we have obtained information on at least one sale that occurred during Q3, 2011.

SALE SUMMARY

Third Quarter (July-September) 2011

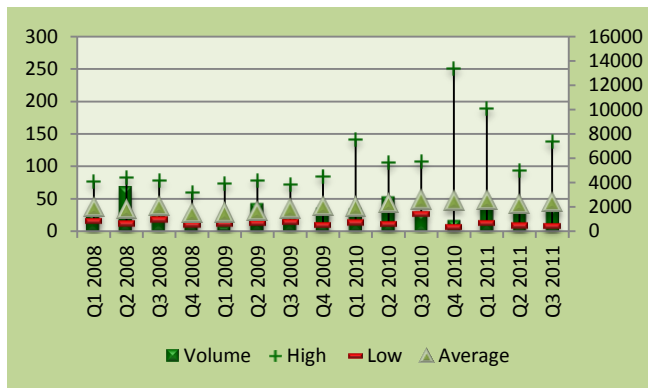
Bareland Sales

Central Alberta – Q3				
Municipality	Sale Price	Acres	\$/acre	Primary Land Use
Brazeau	\$190,000	160.00	\$1,188	Bush
Brazeau	\$325,000	160.00	\$2,031	Hay, Pasture
Clearwater	\$175,000	160.00	\$1,094	Bush
Clearwater	\$249,000	133.50	\$1,865	Hay, Cultivated, Pasture
Clearwater	\$299,000	153.00	\$1,954	Hay
Clearwater	\$320,000	152.94	\$2,092	Bush, Hay
Clearwater	\$375,000	160.00	\$2,344	Cultivated
Clearwater	\$249,000	141.49	\$1,760	Pasture
Clearwater	\$275,000	157.05	\$1,751	Hay, Pasture
Flagstaff	\$250,000	118.00	\$2,119	Pasture
Kneehill	\$315,000	144.00	\$2,188	Cultivated, Hay
Lacombe	\$280,000	160.00	\$1,750	Cultivated
Lacombe	\$280,000	144.36	\$1,940	Cultivated
Lacombe	\$320,000	153.00	\$2,092	Cultivated
Lacombe	\$600,000	150.00	\$4,000	Cultivated
Lacombe	\$760,000	158.00	\$4,810	Cultivated
Leduc	\$550,000	75.00	\$7,333	Cultivated
Leduc	\$200,000	79.94	\$2,502	Cultivated
Leduc	\$380,000	102.00	\$3,725	Cultivated
Mountain View	\$355,000	155.00	\$2,290	Pasture, Hay
Mountain View	\$567,000	151.00	\$3,755	Cultivated
Mountain View	\$300,000	75.36	\$3,981	Cultivated
Red Deer	\$315,000	160.00	\$1,969	Hay, Pasture
Red Deer	\$370,000	160.00	\$2,313	Cultivated
Red Deer	\$596,000	149.00	\$4,000	Cultivated
Special Areas 2	\$175,000	634.30	\$276	Hay, Pasture
Special Areas 2	\$317,595	455.92	\$697	Cultivated
Special Areas 2	\$275,000	625.00	\$440	Pasture
Special Areas 2	\$135,000	320.00	\$422	Pasture
Starland	\$352,000	320.00	\$1,100	Cultivated, Pasture
Wetaskiwin	\$121,500	80.00	\$1,519	Bush, Pasture
Wetaskiwin	\$403,500	138.00	\$2,924	Cultivated
Wetaskiwin	\$439,300	159.00	\$2,763	Cultivated
Wetaskiwin	\$300,000	104.00	\$2,885	Bush
Wetaskiwin	\$421,200	156.00	\$2,700	Cultivated
Wetaskiwin	\$216,000	80.00	\$2,700	Cultivated
Wetaskiwin	\$192,000	152.53	\$1,259	Bush

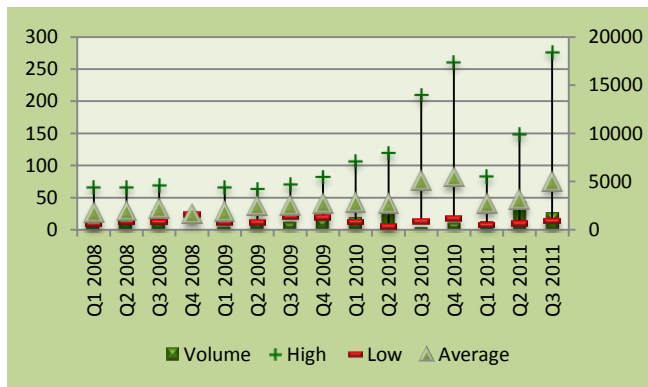
Northern Alberta – Q3				
Municipality	Sale Price	Acres	\$/acre	Primary Land Use
Athabasca	\$149,900	146.67	\$1,022	Pasture
Barrhead	\$150,000	137.00	\$1,095	Cultivated, Pasture
Bonnyville	\$167,500	141.60	\$1,183	Bush, Pasture
Bonnyville	\$200,000	161.00	\$1,242	Bush
Bonnyville	\$200,000	137.36	\$1,456	Bush
Clear Hills	\$75,000	160.00	\$469	Bush, Cultivated
Grande Prairie	\$115,000	158.00	\$728	Bush
Grande Prairie	\$134,000	160.00	\$838	Hay, Pasture, Bush
Grande Prairie	\$300,000	95.00	\$3,158	Cultivated, Pasture
Grande Prairie	\$900,000	124.63	\$7,221	Urban Influence
Grande Prairie	\$135,000	158.00	\$854	Pasture
Grande Prairie	\$140,000	110.27	\$1,270	Cultivated
Lac Ste Anne	\$84,000	85.37	\$984	Hay, Pasture
Lac Ste Anne	\$143,000	157.00	\$911	Pasture, Bush
Lac Ste Anne	\$133,000	70.00	\$1,900	Pasture, Bush
Lac Ste Anne	\$140,000	155.00	\$903	Pasture
Lac Ste Anne	\$370,000	71.50	\$5,175	Bush
Lamont	\$170,000	159.88	\$1,063	Cultivated
Lamont	\$160,000	155.00	\$1,032	Cultivated
Lamont	\$80,000	80.00	\$1,000	Cultivated
Lamont	\$146,000	80.00	\$1,825	Hay, Bush
Lesser Slave River	\$350,000	464.00	\$754	Cultivated, Pasture, Bush
Northern Lights	\$110,000	92.91	\$1,184	Cultivated, Bush
Northern Lights	\$55,000	120.00	\$458	Hay
Northern Lights	\$85,000	116.00	\$733	Hay
Northern Lights	\$85,000	160.00	\$531	Cultivated, Bush
Parkland	\$245,000	160.00	\$1,531	Hay
Parkland	\$475,000	119.63	\$3,971	Pasture
Parkland	\$850,000	160.00	\$5,313	Cultivated
Parkland	\$225,000	160.00	\$1,406	Pasture, Cultivated
Parkland	\$719,900	320.00	\$2,250	Hay
Saddle Hills	\$84,000	160.00	\$525	Cultivated
Smoky Lake	\$110,000	161.00	\$683	Bush
St. Paul	\$98,500	80.00	\$1,231	Pasture, Bush
St. Paul	\$146,500	105.25	\$1,392	Bush
Strathcona	\$560,000	80.00	\$7,000	Hay
Sturgeon	\$420,000	107.30	\$3,914	Hay
Sturgeon	\$338,000	73.16	\$4,620	Pasture, Bush
Thorhild	\$133,000	154.00	\$864	Pasture
Thorhild	\$148,000	161.00	\$919	Bush
Two Hills	\$162,500	300.00	\$542	Pasture
Two Hills	\$83,000	106.30	\$781	Pasture
Westlock	\$725,000	410.60	\$1,766	Hay, Pasture
Yellowhead	\$185,100	140.65	\$1,316	Pasture, Bush
Yellowhead	\$369,900	296.88	\$1,246	Hay, Pasture

Southern Alberta – Q3				
Municipality	Sale Price	Acres	\$/acre	Primary Land Use
Cypress	\$480,000	146	\$3,288	Irrigated
Cypress	\$1,300,000	442	\$2,941	Irrigated
Foothills	\$400,000	160	\$2,500	Cultivated
Foothills	\$870,000	71.13	\$12,231	Recreation Appeal
Foothills	\$1,900,000	350.7	\$5,418	River Frontage
Foothills	\$790,000	150	\$5,267	Pasture, Hay
Foothills	\$456,990	152	\$3,007	Cultivated
Foothills	\$1,450,000	160	\$9,063	Recreation Appeal
Lethbridge	\$210,000	158.52	\$1,325	Cultivated
Newell	\$275,000	150.74	\$1,824	Reservoir Frontage
Pincher Creek	\$390,000	160	\$2,438	Pasture, Bush
Pincher Creek	\$510,000	160	\$3,188	Pasture, Bush
Pincher Creek	\$522,000	159.88	\$3,265	Pasture
Rocky View	\$815,000	158.97	\$5,127	Pasture, Bush
Rocky View	\$1,040,000	70.11	\$14,834	Urban Influence
Rocky View	\$2,900,000	157.6	\$18,401	Urban Influence
Rocky View	\$387,000	160	\$2,419	Cultivated
Rocky View	\$650,000	160	\$4,063	Cultivated
Rocky View	\$810,000	160	\$5,063	Bush
Rocky View	\$2,200,000	119.85	\$18,356	Urban Influence
Vulcan	\$295,000	155	\$1,903	Hay
Vulcan	\$247,000	160	\$1,544	Cultivated, Hay
Vulcan	\$167,000	160	\$1,044	Pasture
Vulcan	\$1,049,000	480	\$2,185	Cultivated
Warner	\$140,000	158	\$886	Cultivated
Willow Creek	\$360,000	311.55	\$1,156	Cultivated
Willow Creek	\$325,000	160	\$2,031	Cultivated

Graph 2: Central Alberta



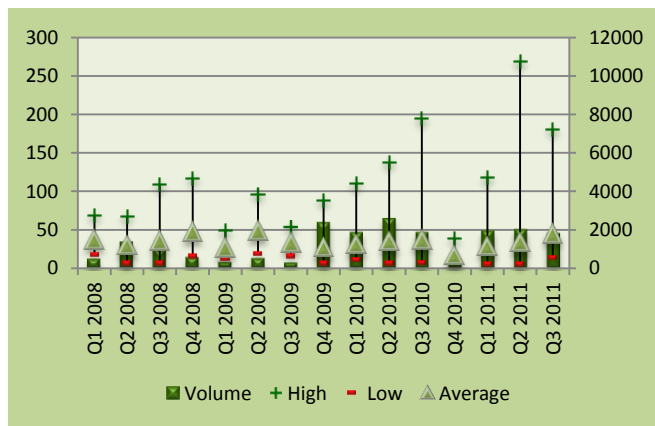
Graph 3: Southern Alberta



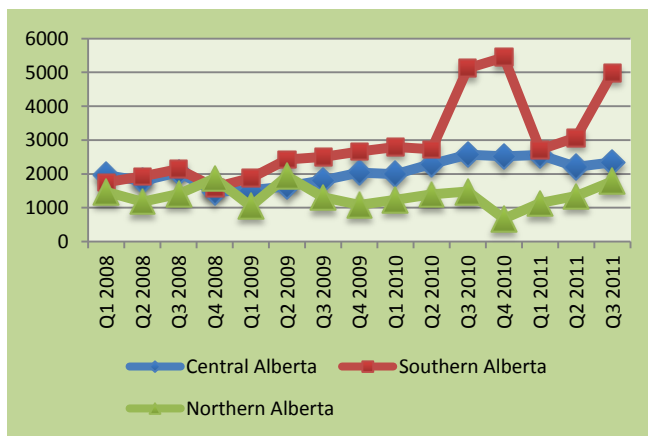
REGIONAL ANALYSIS

In the following graph we have excluded sales that we believe are expected to have significant urban influence.

Graph 1: Northern Alberta



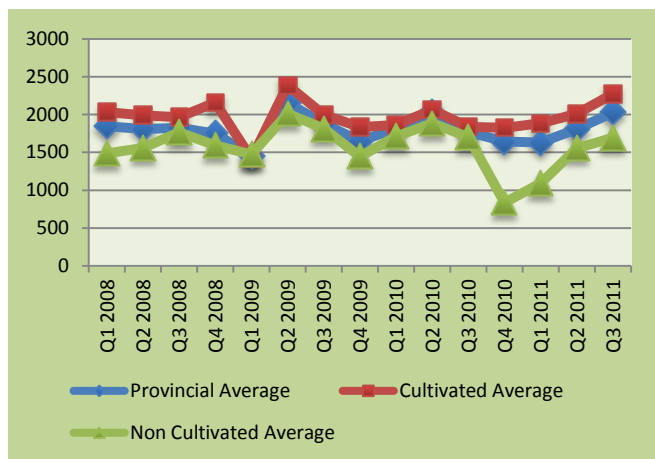
Graph 4: Average Value of Each Region



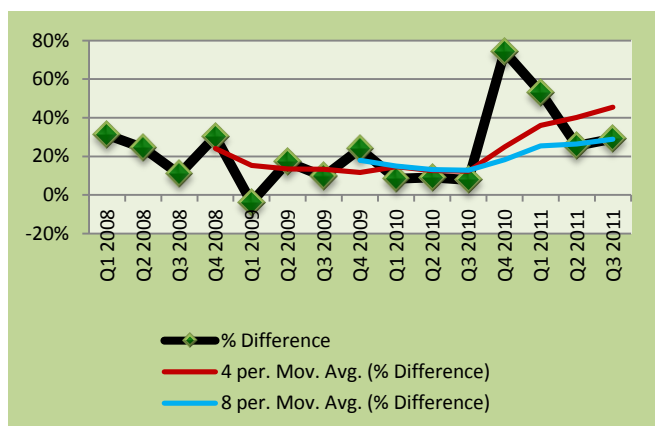
Within each of the above regions, there are areas with different agricultural productivity. There is also variation with respect to regional population, urban development, or demand for country residential properties. Therefore, there is frequently a wide difference between the range of high and low values per acre.

CULTIVATED VS UNCULTIVATED COMPARISON

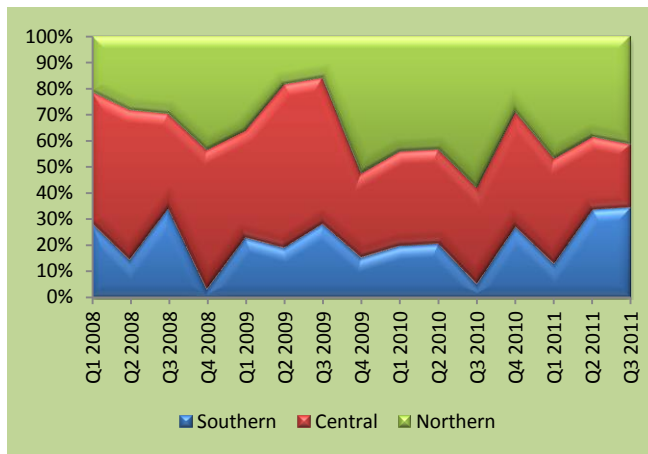
Graph 5: Provincial Cultivated vs Uncultivated



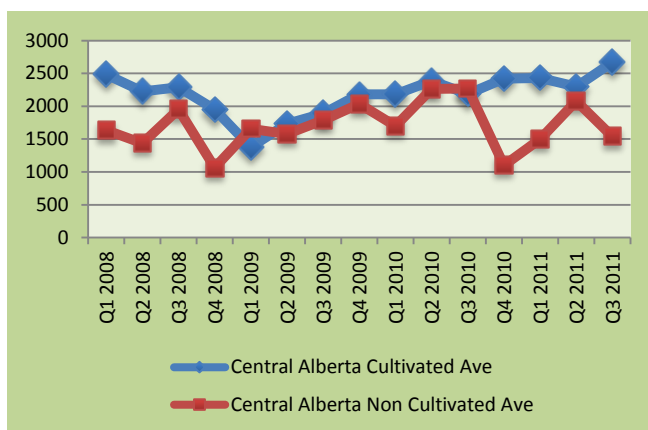
Graph 6: Percent Difference Cultivated vs Uncultivated Land



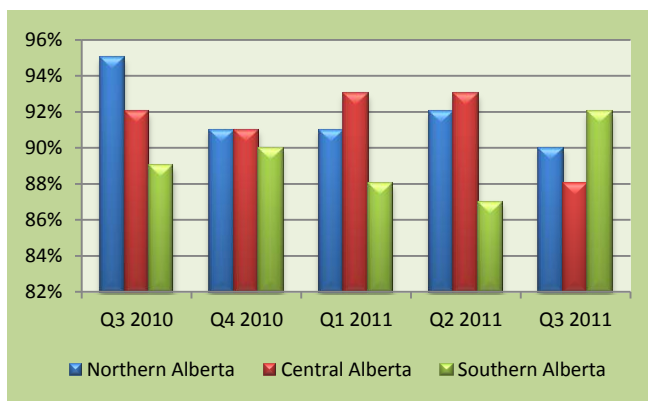
Graph 7: Proportion of Sales by Region



Graph 8: Central Alberta - Cultivated vs Uncultivated



Graph 9: Sale Price : List Price

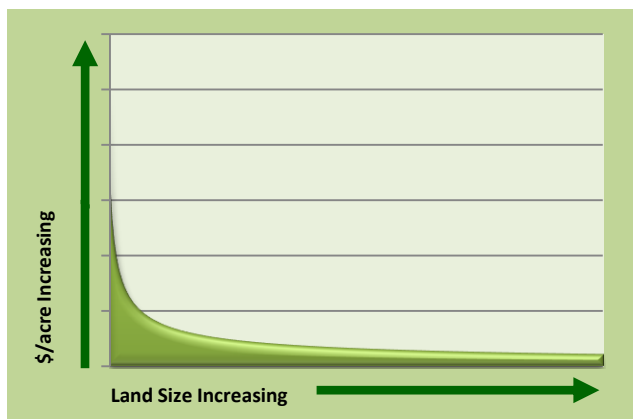


Given the limited arm's-length sales data and variable information available in the rural real estate market, it is often difficult to determine trends and quantify time adjustments in the market for agricultural properties. Therefore, the information contained in this newsletter should not be relied upon solely for purchasing or financing decisions. It is prepared with the intent of providing a general indication of the activity in the rural real estate market. If an estimate of value is required for specific properties, it is recommended that an appraisal be obtained. Benchmark studies can also be completed if approximate land values are required for a specific area.

AGRICULTURAL LAND: SIZE MATTERS, BUT IS BIGGER GETTING EVEN BETTER

In most real estate markets there is typically a strong inverse correlation between parcel size and the value per acre. Generally, as parcel size increases, the value per acre decreases. Traditionally, this correlation between parcel size and market value has been extended to include multiple parcels that are sold together as a unit. The higher purchase price attributed to selling a large group of multiple parcels together has typically made it more difficult to find buyers willing, or able, to finance the acquisition.

The typical relationship between parcel size and the value per acre can be illustrated by the graph below. However, the slope and shape of the curve showing the relationship of land values relative to parcel size can vary depending on individual markets. Economic factors, including supply and demand, within a specific market area can change over time. Therefore, the shape and slope of the curve within a market area can also change over time, depending on the market strength and market activity.



Emerging Value Trends

Despite the typical relationship of land value relative to parcel size, modern agriculture is changing the rural real estate market. Financial constraints have narrowed profit margins, so that there is an advantage for farmers to achieve an economy of scale and implement more efficient farming practices. As a result, there has also been a progression toward larger equipment capable of farming larger areas. These financial and economic conditions, as well as agronomic practices, have increased the desire for modern farmers to continually pursue an expansion of their land base and acquire larger blocks of land. Also, acquiring large blocks of land may reduce the land acquisition costs on a per acre basis. Therefore, in many areas, acquisitions of multiple parcels in a group are growing in demand.

Through our appraisal work we are aware of a number of sales in which a premium has been paid by a purchaser for the opportunity to acquire a block of multiple parcels. In one circumstance we are aware that a purchaser was willing to pay more than 1.5 times the expected market value for the area, so that it would be possible to establish an economically viable land base that would enable him to begin farming in the area.

However, the demand for purchasing a block of multiple parcels extends beyond farmers looking to expand their operations. There is also growing demand from non-farm investors interested in acquiring blocks of multiple parcels that are easier to rent to progressive farmers with larger farm equipment.

Therefore, the demand for larger blocks of land, from both farm and non-farm investors, has caused some agricultural real estate markets to show an increase in land values when multiple parcels are sold as a unit.

Valuation Considerations

While it may be possible to identify the potential that a higher price may be paid for the opportunity to purchase a block of land, it can be challenging to estimate the premium that a specific unit of land may achieve if offered for sale on the open market. Although market sales are generally used to estimate adjustments between a subject property and the comparable sales, there are specific conditions that may limit the ability to use comparable sales to estimate a size premium.

First, when land is owned in large blocks there are typically fewer sales within a given market area. Therefore, to

estimate a premium it may be necessary for an appraiser to consider sales from outside the local market. However, different market areas have specific characteristics that may limit the comparability of sales outside the subject area. This can include locational attributes (e.g. proximity to urban centres) or physical features (e.g. land quality) that may attract or detract potential investment in acquiring a block of land. Market demographics, (e.g. aging local farm population) may create a less competitive local market. Therefore, some market areas may be less desirable for someone intending to invest in a block of multiple parcels and there may still be a discount in the eventual sale of the land.

Parcel configuration, including the proximity of individual parcels to each other, can also affect the willingness of a buyer to pay a higher price for a specific block of land. Therefore, not only can there be differences between markets, but also differences between blocks of land and individual parcels within that block.

There is also a further question as to what size of a block of land is sufficiently large to attract enough market interest that a premium may be paid. It should also be considered that, even in a desirable market area, a block of land may be so large that it could still be discounted. However, we are aware of one agreement for sale in which a collection of land in excess of 20,000 acres sold near the top end, or slightly above, the expected market value for the area. Therefore, a point of diminishing land values due to total acreage may be quite large, but could be extremely variable, depending on the market area.

Based on the above considerations and the changing rural real estate market, the following graphs show several possible alternative relationships between total land size and value per acre.

