Saskatchewan

Farm Land Security Board
302 - 3085 Albert Street
REGINA, SK S4S 0B1

Order of the Farm Land Security Board RE: Avenue Living Agricultural Land Trust II Farm Ownership Exemption Application

On January 13, 2025, Avenue Living Agricultural Land Trust II ("Trust II') applied to the Farm Land Security Board (the "Board") for an Exemption pursuant to Section 91(2) of *The Saskatchewan Farm Security Act* (the "*Act*"). Trust II applied for an Exemption to authorize it to hold shares in a corporation where the corporation maintains an ownership interest in Saskatchewan farm land.

Trust II cannot acquire a land holding in Saskatchewan farm land as sub-section 89(2)(c) of the *Act* says a trust that benefits more than 10 individuals cannot acquire a land holding. Trust II will not register an interest on title for any Saskatchewan farm land; rather, Trust II advises it will hold shares in Tract Farmland Partners LP ("Tract"), and Tract will be the registered owner of Saskatchewan farm land.

Sub-section 76 (e) of the *Act* broadly defines "land holding" to include an interest in kinds and types of shares legally or beneficially owned in a corporation where the corporation itself has an interest in Saskatchewan farm land. As Trust II is a trust that intends to own shares in Tract, Trust II needs an Exemption from the Board to authorize its financial interest in Tract.

The Trust II does not exist at present. The application materials indicate that the Trust II will be created to assume the land holdings currently maintained by Avenue Living Agricultural Land Trust, Avenue Living Agricultural Land Holding Trust, and Avenue Living Agricultural Land Limited Partnership (herein collectively referred to as "ALAL 1"). The application materials also indicate that the ALAL 1 trust will expire on December 31, 2025.

History of AgriSelect and Avenue Living

On December 13, 2017, The Board granted an Exemption to a corporate collective which included AgriSelect Land Capital LP, AgriSelect Land Capital Income Fund, and AgriSelect Land Capital Holdings Trust authorizing the collective to acquire an aggregate land holding in excess of 10 acres. For ease of reference this collective of corporations will herein be referred to as "AgriSelect".

The exemption issued on December 13, 2017 (herein "the 2017 Exemption") was subject to the following conditions:

1. That no securities of AgriSelect shall be listed on an exchange; and

2. That each of the unitholders of Agri-Select shall be either:
   (a) a "resident person", as defined in the Act; or
   (b) a "Canadian-owned entity", as defined in the Act; or
   (c) a trust where each of the beneficiaries of such trust is either a "resident person" or a "Canadian-owned entity", as each such term is defined in the Act or another trust, where each of the beneficiaries of such trust is either a "resident person" or a "Canadian-owned entity". The aggregate number of beneficiaries of such trust shall not exceed 1,000 beneficiaries.

In addition to the conditions listed above, the 2017 Exemption included a condition that the maximum subscription capital raised shall not exceed $50,000,000.00. In other words, the 2017 Exemption did not limit the number of farm land acres for which AgriSelect could have an interest in; rather, the 2017 Exemption set a monetary limit on the funds that could be used to invest in Saskatchewan farm land.

On June 8, 2018, AgriSelect advised the Board it had changed the name of its corporate collective to ALAL 1.

2025 Trust II Exemption Application

On January 13, 2025, Trust II requested an Exemption to replace the 2017 Exemption. The Applicant asked for an Exemption with the same conditions as the 2017 Exemption, except with an increase to the subscription capital limit from $50,000,000.00 to $100,000,000.00.

The corporate structure for ALAL 1 is complex, though it is designed so that individuals who invest in ALAL 1 can qualify for certain tax benefits. With its current structure, individuals can claim ALAL 1 is akin to a registered retirement savings plan or tax-free savings account.

However, as previously outlined, Trust II cannot maintain a land holding, which includes maintaining shares in a corporation that is the registered owner of Saskatchewan farm land (which, in this case, is Tract).

The application materials indicate ALAL 1 is actively selling land in the province, with 52% of its land holdings being sold by January 2025.

The Board tabled the application on January 22, 2025, and requested a comprehensive list of the land holdings maintained by ALAL 1 and Tract, which was provided on February 12, 2025. The list indicates ALAL 1 and Tract collectively own 53,698 acres of Saskatchewan farm land.

Determination

The Board has thoroughly reviewed the application materials as well as the additional information provided by the applicant. The business structure has been, and continues to be, complex. There is a concerted effort to financially benefit investors in the corporate scheme, and to maintain significant interests in farm land. The applicant indicates it is committed to ensuring the future viability of farming by offering liquidity to older generations while allowing future generations to lease land.

The Board must assess the broader implications of granting such an Exemption in light of the objectives of *The Saskatchewan Farm Security Act* ("the *Act*"). The intent of the *Act* is to preserve Saskatchewan farm land for the benefit of Canadian farmers. A core principle being, land ownership should remain in the hands of those actively engaged in farming operations, rather than solely for the purpose of investment. Allowing large-scale investments in farm land, particularly by non-residents or non-Canadian entities, raises concerns about the competitive disadvantage it creates for active farmers in Saskatchewan. This is especially true when certain investment structures can access tax-sheltered funds and resources that are not available to individual farmers.

Given these considerations, the Board concludes that granting the requested Exemption would undermine the spirit and intent of the *Act*, particularly in terms of maintaining fair competition for Saskatchewan farmers. Investment in farm land purely for financial gain, without an active farming purpose, goes against the underlying principles of the *Act*. The situation closely mirrors a pension investment model, which places primary producers at a distinct disadvantage.

Therefore, for the reasons outlined above, the Board denies the Applicant's request for an exemption authorizing Trust II to maintain an interest in Saskatchewan farm land. To be clear, the Board refuses to issue an Exemption authorizing Trust II to maintain shares in ALAL 1 and/or Tract while ALAL 1/Tract is the registered owner of Saskatchewan farm land. By extension, this denial also means that ALAL 1/Tract is not entitled to maintain any interest in Saskatchewan farm land as long as Trust II holds shares in either ALAL 1 or Tract. The Board's decision reflects its commitment to ensuring that Saskatchewan farm land remains under the control of active Canadian farmers, and that the interests of primary producers are protected in accordance with the *Act*.

The Board's determination on this application has no impact on the 2017 Exemption, which remains in effect.

Witness

Kim McLean, General Manager,
Farm Land Security Board

FARM LAND SECURITY BOARD
Seal

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