

NOTICE OF SPECIAL MEETING

TO THE MEMBERS OF THE BOARD OF TRUSTEES OF THE ARROWHEAD SPRINGS PUBLIC INFRASTRUCTURE DISTRICT:

NOTICE IS HEREBY GIVEN that a special meeting of the Board of Trustees of the Arrowhead Springs Public Infrastructure District (the "District") will be held on December 5, 2024 (including by electronic means) for the purpose of authorizing the adoption and recording of an Amended and Restated Designation Resolution and an Amended and Restated Assessment Ordinance, and related matters, and for the transaction of such other business incidental to the foregoing as may come before said meeting.


Clerk/Secretary

ACKNOWLEDGMENT OF NOTICE AND CONSENT TO SPECIAL MEETING

We, the members of the Board of Trustees of the District, do hereby acknowledge receipt of the foregoing Notice of Special Meeting, and we hereby waive any and all irregularities, if any, in such notice and in the manner of service thereof upon us and consent and agree to the holding of such special meeting at the time and place specified in said notice, and to the transaction of any and all business which may come before said meeting.


Chair


Vice Chair


Clerk/Secretary

December 5, 2024

The Board of Trustees (the "Board") of the Arrowhead Springs Public Infrastructure District (the "District") met in special session (including by electronic means) on December 5, 2024, at 11:00 a.m. with the following members of the Board present:

Matthew Lewis
Brian Bird
Aftyn Morrison

Chair
Vice Chair
Clerk/Secretary

Also present:

Matt Ence
Darci Stephens

General Counsel
Bond Counsel

Absent:

After the meeting had been duly called to order and after other matters not pertinent to this Resolution had been discussed, the Clerk/Secretary presented to the Board a Certificate of Compliance with Open Meeting Law with respect to this December 5, 2024, meeting, a copy of which is attached hereto as Exhibit A.

Thereupon, the following resolution was introduced in written form, discussed in full, and pursuant to a motion made by Matthew Lewis and seconded by Aftyn Morrison adopted by the following vote:

AYE: Matthew Lewis
Brian Bird
Aftyn Morrison

NAY:

The resolution was then signed by the Chair and recorded by the Clerk/Secretary in the official records of the Arrowhead Springs Public Infrastructure District. The resolution is as follows:

RESOLUTION NO. 2024-03

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE ARROWHEAD SPRINGS PUBLIC INFRASTRUCTURE DISTRICT ESTABLISHING THE TERMS AND CONDITIONS OF AN AMENDED AND RESTATED ASSESSMENT ORDINANCE FOR THE ARROWHEAD SPRINGS ASSESSMENT AREA (THE “ASSESSMENT AREA”), AUTHORIZING THE EXECUTION OF AN AMENDED AND RESTATED DESIGNATION RESOLUTION AND AN AMENDED AND RESTATED ASSESSMENT ORDINANCE FOR THE ASSESSMENT AREA; APPROVING THE APPRAISAL FOR THE ASSESSMENT AREA; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND RELATED MATTERS.

WHEREAS, on August 29, 2023 the Board of Trustees (the “Board”) of the Arrowhead Springs Public Infrastructure District (the “District”), adopted a resolution (the “Authorizing Resolution”) approving forms of a designation resolution and an assessment ordinance (as subsequently executed and amended, the “Assessment Ordinance”), and designated an assessment area (the “Assessment Area”) known as the “Arrowhead Springs Assessment Area” for the purpose of financing the costs of publicly owned infrastructure, facilities or systems, along with other necessary miscellaneous improvements, and to complete said improvements in a proper and workmanlike manner (collectively, the “Improvements”), pursuant to the Assessment Area Act, Title 11, Chapter 42, Utah Code Annotated 1953, as amended (the “Act”); and

WHEREAS, subsequent to the adoption of the Authorizing Resolution, the Board adopted a resolution authorizing the execution of a First Amendment to Assessment Ordinance to amend the timing of assessment payments under the Assessment Ordinance from annually to semi-annually; and

WHEREAS, the Board hereby finds and determines that pursuant to the Act, the Improvements constitute a publicly owned infrastructure, system or other facility that (i) the District is authorized to provide or (ii) is necessary or convenient to enable the District to provide a service that the District is authorized to provide; and

WHEREAS, the Board now desires to authorize an Amended and Restated Designation Resolution setting forth the terms, assessments and specific conditions of the Assessment Area in substantially the form presented to the meeting at which this Resolution was adopted and which is attached hereto as Exhibit B (the “Amended and Restated Designation Resolution”); and

WHEREAS, the Board also desires to authorize an Amended and Restated Assessment Ordinance setting forth the terms, assessments and specific conditions of the Assessment Area in substantially the form presented to the meeting at which this Resolution was adopted and which is attached hereto as Exhibit C (the “Amended and Restated Assessment Ordinance”); and

WHEREAS, the Board also desires to authorize and approve the Appraisal of the Assessment Area (the “Appraisal”), in substantially the form presented to the meeting at which this Resolution was adopted and which is attached hereto as Exhibit D; and

WHEREAS, in order to allow the District flexibility in confirming the details of the Assessment Area, the properties to be included in the Assessment Area, the assessments to be levied in the Assessment Area and other terms and conditions needed to finalize the Amended and Restated Designation Resolution and the Amended and Restated Assessment Ordinance, the Board desires to grant to any one of the Chair or Vice Chair (the “Designated Officer”) the authority to approve the Amended and Restated Designation Resolution and the Amended and Restated Assessment Ordinance, and any changes with respect thereto from the forms which were before the Board at the time of adoption of this Resolution, so long as such changes are substantially within the parameters described herein and all of the property owners in the final Assessment Area consent to inclusion in the Assessment Area; and

WHEREAS, the Act authorizes the District to impose assessments in installments over a period of not to exceed 30 years from the effective date of an assessment resolution with the consent of all surface property owners within the assessment area; and

WHEREAS, the Acknowledgment, Waiver and Consent Agreement(s), in substantially the form attached hereto as Exhibit E, are or will be signed by all surface property owners within the assessment area, who consent to the payment of assessment installments over a period of up to 30 years;

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Arrowhead Springs Public Infrastructure District, as follows:

Section 1. The terms defined or described in the recitals hereto shall have the same meanings when used in the body of this Resolution.

Section 2. All actions heretofore taken (not inconsistent with the provisions of this Resolution) by the Board and by the officers of the District directed toward the execution and delivery of the Amended and Restated Assessment Ordinance and Amended and Restated Designation Resolution are hereby ratified, approved, and confirmed.

Section 3. The Amended and Restated Designation Resolution, in substantially the form attached hereto as Exhibit B, is in all respects hereby authorized and approved, and the Chair or Vice Chair and the Clerk/Secretary are hereby authorized and directed to execute and deliver the same on behalf of the District with final terms as may be established by the Designated Officer, and with such alterations, changes or additions as may be necessary or as may be authorized by herein.

Section 4. The Amended and Restated Assessment Ordinance, in substantially the form attached hereto as Exhibit C, is in all respects hereby authorized and approved, and the Chair or Vice Chair and the Clerk/Secretary are hereby authorized and directed to execute and deliver the same on behalf of the District with final terms as may be established by the Designated Officer, and with such alterations, changes or additions as may be necessary or as may be authorized by herein.

Section 5. The Appraisal, in substantially the form attached hereto as Exhibit D, is in all respects hereby authorized, approved and accepted, and the Chair, Vice Chair, and Clerk/Secretary and other appropriate officials of the District are hereby authorized to utilize the Appraisal in connection with the designation of the Assessment Area and the imposition of assessments within the Assessment Area and as otherwise deemed appropriate by such officials.

Section 6. The Chair, Vice Chair, and Clerk/Secretary and other appropriate officials of the District are hereby authorized and directed to execute and record the Amended and Restated Designation Resolution and the Amended and Restated Assessment Ordinance, and the Designated Officer or other appropriate officials of the District, and each of them, are hereby authorized and directed to execute and deliver for and on behalf of the District any or all additional certificates, documents and other papers and to perform all other acts they may deem necessary or appropriate in order to implement and carry out the matters authorized in this Resolution and the documents authorized and approved herein.

Section 7. The Designated Officer or other appropriate officials of the District are authorized to make any alterations, changes, deletions, or additions to the Amended and Restated Designation Resolution and the Amended and Restated Assessment Ordinance, or any other document herein authorized and approved, which may be necessary to conform the same to the final terms of the assessment bonds to be issued by the District to finance the Improvements, to correct errors or omissions therein, to complete the same, to remove ambiguities therefrom, or to conform the same to other provisions of said instruments, to the provisions of this Resolution or any resolution adopted by the Board or the provisions of the laws of the State of Utah or the United States. The execution thereof by the Chair or Vice Chair and the Clerk/Secretary on behalf of the District of the documents approved hereby shall conclusively establish such necessity, appropriateness, and approval with respect to all such additions, modifications, deletions, and changes incorporated therein. Minor and non-substantive changes may be made to the Appraisal after the date hereof, provided such changes shall be approved by the Chair and such approval shall be evidenced by the acceptance by the Chair of the final Appraisal and further provided that the final Appraisal meets the requirements of the Act.

Section 8. No party should rely on the adoption of this Resolution as an indication or approval that the District will issue assessment bonds for the financing of the Improvements. The proposed Improvements are more particularly described in the Certificate of Project Engineer attached to the Amended and Restated Designation Resolution. The Designated Officer is hereby authorized to determine if all or some portion of the described Improvements will be financed within the Assessment Area.

Section 9. It is hereby declared that all parts of this Resolution are severable, and if any section, clause, or provision of this Resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of any such section, clause, or provision shall not affect the remaining sections, clauses, or provisions of this Resolution.

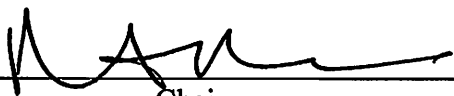
Section 10. All resolutions, orders, and regulations or parts thereof heretofore adopted or passed which are in conflict herewith are, to the extent of such conflict, hereby repealed. This repealer shall not be construed so as to revive any resolution, order, regulation, or part thereof heretofore repealed.

Section 11. This Resolution shall be contingent upon receipt of executed Acknowledgment, Waiver and Consent Agreement(s), in substantially the form attached hereto as Exhibit E, from all property owners within the proposed Assessment Area and this Resolution shall take effect immediately upon receipt of such executed Agreement(s).

Section 12. The Issuer hereby declares its intention and reasonable expectation to use proceeds of tax-exempt bonds to reimburse itself for initial expenditures for costs of the Improvements. The assessment bonds are to be issued, and the reimbursements made, by the later of 18-months after the payment of the costs or after the Improvements are placed in service, but in any event, no later than three years after the date the original expenditure was paid. The maximum principal amount of the assessment bonds which will be issued to finance the reimbursed costs of the Improvements is not expected to exceed \$25,000,000.

PASSED AND APPROVED by the Board of Trustees of the Arrowhead Springs Public Infrastructure District, this December 5, 2024.

ARROWHEAD SPRINGS PUBLIC
INFRASTRUCTURE DISTRICT

By:  _____
Chair

ATTEST:

By:  _____
Clerk/Secretary

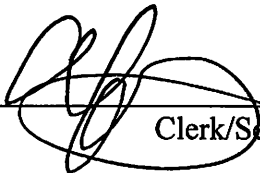
(Here follows other business not pertinent to the above.)

Pursuant to motion duly made and seconded, the meeting of the Board of Trustees of the District, adjourned.

ARROWHEAD SPRINGS PUBLIC
INFRASTRUCTURE DISTRICT

By:  _____
Chair

ATTEST:

By:  _____
Clerk/Secretary

STATE OF UTAH)
 : ss.
COUNTY OF UTAH)

I, Aftyn Morrison, the undersigned Clerk/Secretary of the Arrowhead Springs Public Infrastructure District (the "District"), do hereby certify:

The foregoing pages are a true, correct, and complete copy of the record of proceedings of the Board of Trustees (the "Board") of the District had and taken at a lawful meeting of the Board on December 5, 2024, commencing at the hour of 11:00 a.m., as recorded in the regular official book of the proceedings of the Board kept in my office, and said proceedings were duly had and taken as therein shown, and the meeting therein shown was duly held, and the persons therein were present at said meeting as therein shown.

All members of the Board were duly notified of said meeting, pursuant to law.

IN WITNESS WHEREOF, I have hereunto set my hand this December 5, 2024.

ARROWHEAD SPRINGS PUBLIC
INFRASTRUCTURE DISTRICT

By: [Signature] Clerk/Secretary

EXHIBIT A

CERTIFICATE OF COMPLIANCE WITH OPEN MEETING LAW

I, Aftyn Morrison, the undersigned Clerk/Secretary of the Arrowhead Springs Public Infrastructure District (the "District"), do hereby certify according to the records of the District in my official possession, and upon my own knowledge and belief, that in accordance with the requirements of Section 52-4-202, Utah Code Annotated, 1953, as amended, I gave not less than twenty-four (24) hours public notice of the agenda, date, time and place of the public meeting held by the Board of Trustees of the District (the "Board") as follows:

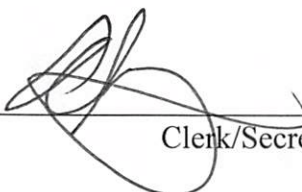
(a) By causing a Notice, in the form attached hereto as Schedule 1, to be posted on the Utah Public Notice Website (<http://pmn.utah.gov>) at least twenty-four (24) hours prior to the convening of the meeting; and

(b) By causing a Notice, in the form attached hereto as Schedule 1, to be posted at the meeting location at least twenty-four (24) hours prior to the convening of the meeting, said Notice having continuously remained so posted and available for public inspection until the completion of the meeting.

The Board of the District does not schedule regular meetings and meets on an "as needed" basis.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature this December 5, 2024.

ARROWHEAD SPRINGS PUBLIC
INFRASTRUCTURE DISTRICT

By:  _____
Clerk/Secretary

SCHEDULE 1

NOTICE OF MEETING AND AGENDA

PUBLIC NOTICE AND AGENDA
Arrowhead Springs Public Infrastructure District
Board of Trustees
Special Meeting

NOTICE IS HEREBY GIVEN THAT THE BOARD OF TRUSTEES OF ARROWHEAD SPRINGS PUBLIC INFRASTRUCTURE DISTRICT WILL HOLD A MEETING ON DECEMBER 5, 2024, AT SNOW JENSEN & REECE, P.C., 912 W. 1600 S., SUITE B-200, ST. GEORGE, UTAH 84770
AT 11:00 A.M.

A. Call to Order

B. Consent Items

1. Approve board meeting minutes from March 29, 2024.

C. Action Items

Consider approval of Resolution 2024-03: A RESOLUTION OF THE BOARD OF TRUSTEES OF THE ARROWHEAD SPRINGS PUBLIC INFRASTRUCTURE DISTRICT ESTABLISHING THE TERMS AND CONDITIONS OF A 2ND AMENDED AND RESTATED ASSESSMENT ORDINANCE FOR THE ARROWHEAD SPRINGS ASSESSMENT AREA (THE 'ASSESSMENT AREA'), AUTHORIZING THE EXECUTION OF AN AMENDED AND RESTATED DESIGNATION RESOLUTION AND A 2ND AMENDED AND RESTATED ASSESSMENT ORDINANCE FOR THE ASSESSMENT AREA; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND RELATED MATTERS.

E. Other Items From Board Members

D. Adjourn

The District complies with the Americans with Disabilities Act by providing accommodations and auxiliary communicative aids and services for all those in need of assistance. Persons requesting these accommodations for public meetings should call Kristi Barker at 435-628-3688 at least one full business day before the meeting. This meeting will be simulcast via Zoom so members of the Board and the public may participate electronically. Motions relating to any of the items listed above, including final action, may be taken. Meetings may be closed for reasons allowed by statute.

This meeting can be accessed through Zoom at:

Join Zoom Meeting

EXHIBIT B

AMENDED AND RESTATED DESIGNATION RESOLUTION

WHEN RECORDED, RETURN TO:

Randall M. Larsen
Gilmore & Bell, P.C.
15 West South Temple, Suite 1400
Salt Lake City, Utah 84101

ARROWHEAD SPRINGS PUBLIC INFRASTRUCTURE DISTRICT
ARROWHEAD SPRINGS ASSESSMENT AREA
AMENDED AND RESTATED DESIGNATION RESOLUTION

DATED AS OF DECEMBER 5, 2024

WHEREAS, the Board of Trustees (the “Board”) of the Arrowhead Springs Public Infrastructure District (the “District”), adopted Resolution No. 2023-05 on August 29, 2023, pursuant to which the Board authorized and approved the form of a Designation Resolution (the “Original Designation Resolution”); and

WHEREAS, the Board adopted Resolution No. 2024-03 on December 5, 2024, pursuant to which the Board authorized and approved the form of this Amended and Restated Designation Resolution, (the “Resolution”), amending and restating the Original Designation Resolution; and

BE IT RESOLVED by the Board of Trustees of the Arrowhead Springs Public Infrastructure District, as follows:

Section 1. The Board hereby determines that it will be in the best interest of the District to designate an area to finance the costs of publicly owned infrastructure, facilities or systems more specifically described in Section 4 herein, along with other necessary miscellaneous improvements, and to complete said improvements in a proper and workmanlike manner (collectively, the “Improvements”). The Board hereby determines that it is in the best interest of the District to levy assessments against properties benefited by the Improvements to finance the costs of said Improvements. The Board hereby finds that pursuant to the Act, the Improvements constitute a publicly owned infrastructure, facility or system that (i) the District is authorized to provide or (ii) is necessary or convenient to enable the District to provide a service that the District is authorized to provide.

Section 2. Pursuant to the Assessment Area Act, Title 11, Chapter 42, Utah Code Annotated 1953, as amended and the Public Infrastructure District Act, Title 17D, Chapter 4 of the Utah Code (together, the “Act”), the owners (the “Owners”) of all properties to be assessed within the designated assessment area have voluntarily waived, among other things, all notice and hearing requirements, the right to contest or protest, and the right to have a board of equalization appointed as set forth in the Act, and have consented to (a) the levy of an assessment against their property for the benefits to be received from the Improvements, (b) the designation of the assessment area as herein described, (c) the financing of the Improvements by the District through the issuance of assessment bonds, including the payment of installments over a period not to exceed 30 years, (d) the acquisition and/or construction of the Improvements, and (e) the method and estimated amount of assessment as set forth herein in accordance with the Acknowledgment, Waiver and Consent Agreements attached hereto as Exhibit A. The properties to be assessed are identified by legal description in Exhibit B attached hereto.

Section 3. The District hereby designates an assessment area which shall be known as the “Arrowhead Springs Assessment Area” (the “Assessment Area”). A map and depiction of the Assessment Area is attached hereto as Exhibit C. The District received an appraisal of the unimproved property (from an appraiser who is a member of the Appraisal Institute) and addressed to the District verifying that the market value of the property, after completion of the Improvements, is at least three times the amount of the assessments proposed to be levied against the unimproved property.

Section 4. The Improvements shall be generally located in and around the map and depiction area attached hereto as Exhibit C. The District plans to finance the costs of publicly owned infrastructure, facilities or systems as part of a 266-acre residential development (the “Arrowhead Springs Development”). The District plans to issue Limited Tax General Obligation Bonds (the “Limited Tax Bonds”) and obtain other forms of financing to finance a portion of the improvements within the Arrowhead Springs Development and levy the assessments to finance the remainder of the Improvements within the Arrowhead Springs Development. The District may elect in the future to issue more Limited Tax Bonds and accordingly reduce the assessments to finance the Improvements. The Improvements are more particularly described as follows:

Phase	Improvements
Arrowhead Springs Phase 1-3	Earthwork, Sanitary Sewer, Storm Drain, Pressure Irrigation, Curb and Gutter, Asphalt, Culinary Water and Miscellaneous Related Improvements
Arrowhead Springs Phase 4-6	Earthwork, Sanitary Sewer, Storm Drain, Pressure Irrigation, Curb and Gutter, Sidewalk, Asphalt, Culinary Water and Miscellaneous Related Improvements

Arrowhead Springs Phase 8, 9, 10, 13, 14, 21, 22	Paving, Concreate and Sidewalk, Sewer, Storm Drain, Culinary Water, Electrical, Pressurized Irrigation and Miscellaneous Related Improvements
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As further engineering, costs, efficiencies, or any other issues present themselves, the District hereby reserves the right to approve reasonable changes to the allocation of expenditures described above and the location and specifications of the Improvements (but not to the Improvements) without obtaining the consent of the property owners within the Assessment Area.

Section 5. Pursuant to the Act, the Board has determined to levy assessments to pay the cost of the Improvements. The assessments are assessed against properties in a manner that reflects an equitable portion of the benefit of the Improvements as required by the Act (and in any event the Owners have consented to such manner without reservation) and shall be payable in annual installments as set forth in the Assessment Ordinance. The District has determined that the reasonable useful life of the Improvements is at least fifty years and that it is in the District and the Owners' best interest for certain property owner installments to be paid for over up to thirty (30) years.

Section 6. The total acquisition and/or construction cost of the Improvements, including estimated overhead costs, administrative costs, costs of funding reserves, and debt issuance costs, is estimated at \$33,896,054, of which \$25,000,000 is anticipated to be paid by assessments to be levied against the properties within the Assessment Area to be benefited by such Improvements, which benefits need not actually increase the fair market value of the properties to be assessed. The District expects to finance a portion of the cost of the Improvements by issuing assessment bonds (the "Bonds"). The District currently estimates selling the Bonds at a true interest cost interest rate of approximately 6.00% per annum, maturing within thirty (30) years of their date of issuance. Inasmuch as bonds have not been issued, the District notes that the interest rate and annual payment are only as estimated and not a cap or maximum amount. It is anticipated that the reserve fund will be initially funded with proceeds of the Bonds. The estimated cost of Improvements to be assessed against the benefited properties within the Assessment Area are to be initially assessed using an equivalent residential unit ("ERU") method of assessment as follows:

<u>Improvements</u>	<u>Assessment</u>	<u>Assessment Method</u>	<u>Total ERUs</u>	<u>Assessment Per ERU</u>
All above-described Improvements	\$25,000,000	per ERU	422.31	\$59,198.05

Section 7. As set forth in the Assessment Ordinance, the assessment methodology may, under certain circumstances, be altered in the future.

Section 8. The Board intends to levy assessments as provided in the Act on all parcels and lots of real property within the Assessment Area to be benefited by the Improvements, and the Owners of which have executed the Acknowledgment, Waiver and Consent Agreement described in Section 2 herein. The purpose of the assessment and levy is to finance the cost of the Improvements, which the District will not assume or pay. The

existing planning and zoning conditions of the District shall govern the development in the Assessment Area.

The Owners have waived the right to prepay the assessment without interest within twenty-five (25) days after the ordinance levying the assessments becomes effective. A property owner may prepay the assessment as provided in the Assessment Ordinance. The assessments shall be levied against properties in a manner that reflects an equitable portion of the benefit of the Improvements as required by the Act, and in any case, the Owners have consented to such methodology as provided in Section 11-42-409(5) of the Act. Other payment provisions and enforcement remedies shall be in accordance with the Act.

A map of the Assessment Area and the location of the Improvements and other related information are on file in the office of the Clerk/Secretary who will make such information available to all interested persons.

Section 9. The District will collect the Assessments by directly billing each property owner rather than inclusion on a property tax notice.

Section 10. A professional engineer has prepared a “Certificate of Project Engineer,” attached hereto as Exhibit D, which, among other things, identifies the Improvements to be constructed and installed and is available upon request from the District. The findings and determinations set forth in this Resolution are based, in part, upon said Certificate of Project Engineer.

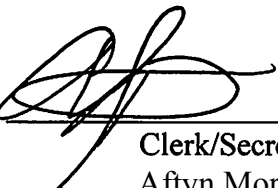
Section 11. The provisions of the Assessment Ordinance shall govern the levy, payment and applicable provisions regarding the assessments notwithstanding anything contained herein to the contrary. As required by Section 11-42-206(3) of the Act, within 15 days of the completion of this Resolution, the Clerk/Secretary shall (i) record an original or certified copy of this designation resolution with Utah County and (ii) where applicable, file with the Utah County Recorder a notice of proposed assessment.

Dated as of December 6, 2024.

ARROWHEAD SPRINGS PUBLIC
INFRASTRUCTURE DISTRICT

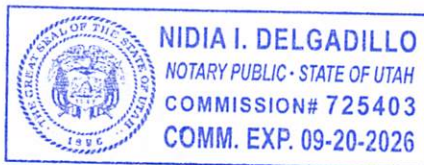
By: 
Chair, Board of Trustees
Matthew Lewis

ATTEST:

By: 
Clerk/Secretary
Aftyn Morrison

STATE OF UTAH)
 : ss.
COUNTY OF UTAH)

The foregoing instrument was acknowledged before me this December 11, 2024, by Matthew Lewis, the Chair of the Board of Trustees of the Arrowhead Springs Public Infrastructure District (the "District"), who represented and acknowledged that s/he signed the same for and on behalf of the District.

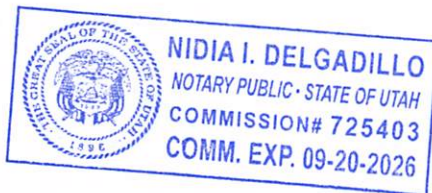




NOTARY PUBLIC

STATE OF UTAH)
 : ss.
COUNTY OF UTAH)

The foregoing instrument was acknowledged before me this December 11, 2024, by Aftyn Morrison, the Clerk/Secretary of the Arrowhead Springs Public Infrastructure District (the "District"), who represented and acknowledged that s/he signed the same for and on behalf of the District.





NOTARY PUBLIC

EXHIBIT A

ACKNOWLEDGMENT, WAIVER AND CONSENT AGREEMENT

**[EXHIBIT A
TO AMENDED AND RESTATED DESIGNATION RESOLUTION
EXCLUDED TO AVOID DUPLICATION]**

EXHIBIT B

LEGAL DESCRIPTION AND TAX ID NUMBERS OF
PROPERTIES TO BE ASSESSED

Assessment Method and Amount

Total Assessment		\$25,000,000	
Total ERUs		422.31	
Assessment Per ERU		\$59,198.05	
ERUs by Unit Type	No. Units	ERUs Per Unit	Total Assessment
Single Family Residential Lot	129	1.00000	\$7,636,549
Townhome	332	0.58163	\$11,431,216
Apartment/Condominium	348	0.28796	\$5,932,235

Parcel Identification Number	Owner Entity
25-061-0042	ARROWHEAD SPRINGS DEVELOPMENT LLC
25-061-0040	ARROWHEAD SPRINGS DEVELOPMENT LLC
25-061-0030	ARROWHEAD SPRINGS DEVELOPMENT LLC
25-058-0028	ARROWHEAD SPRINGS DEVELOPMENT LLC
25-058-0031	ARROWHEAD SPRINGS DEVELOPMENT LLC
25-061-0029	ARROWHEAD SPRINGS DEVELOPMENT LLC
25-061-0031	ARROWHEAD SPRINGS DEVELOPMENT LLC
25-061-0037	ARROWHEAD SPRINGS DEVELOPMENT LLC
25-061-0033	ARROWHEAD SPRINGS DEVELOPMENT LLC
25-061-0032	ARROWHEAD SPRINGS DEVELOPMENT LLC
25-061-0026	ARROWHEAD SPRINGS DEVELOPMENT LLC
25-058-0027	ARROWHEAD SPRINGS DEVELOPMENT LLC
25-061-0034*	ARROWHEAD SPRINGS DEVELOPMENT LLC
25-061-0041*	ARROWHEAD SPRINGS DEVELOPMENT LLC

* Only a portion of these parcels are within the Assessment Area

Legal Description

The Assessment Area is more particularly described as follows:

That certain real property located in Utah County, State of Utah and described as follows:

A PARCEL OF LAND SITUATE IN THE SOUTHEAST QUARTER AND IN THE SOUTHWEST QUARTER OF SECTION 34, TOWNSHIP 8 SOUTH, RANGE 2 EAST, SALT LAKE BASE & MERIDIAN; MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT LOCATED 1558.94 FEET S 01°17'09" E ALONG THE SECTION LINE AND 78.48 FEET WEST FROM THE EAST QUARTER CORNER OF SAID SECTION 34, AND RUNNING THENCE S 00°31'41" E FOR A DISTANCE OF 1070.55 FEET, THENCE S 89°47'27" W FOR A DISTANCE OF 1395.50 FEET, THENCE N 00°46'35" E FOR A DISTANCE OF 167.98 FEET, THENCE N 33°38'49" W FOR A DISTANCE OF 122.55 FEET, THENCE N 26°18'32" W FOR A DISTANCE OF 49.30 FEET TO THE BEGINNING OF A NON-TANGENTIAL CURVE, THENCE ALONG SAID CURVE TURNING TO THE RIGHT THROUGH AN ANGLE OF 30°18'14", HAVING A RADIUS OF 357.00 FEET, AND WHOSE LONG CHORD BEARS N 15°09'03" W FOR A DISTANCE OF 186.63 FEET, THENCE N 00°00'04" E FOR A DISTANCE OF 93.90 FEET TO THE BEGINNING OF A CURVE, THENCE ALONG SAID CURVE TURNING TO THE LEFT THROUGH AN ANGLE OF 89°59'55", HAVING A RADIUS OF 16.00 FEET, AND WHOSE LONG CHORD BEARS N 44°59'53" W FOR A DISTANCE OF 22.63 FEET, THENCE N 89°59'51" W FOR A DISTANCE OF 827.29 FEET TO THE BEGINNING OF A CURVE, THENCE ALONG SAID CURVE TURNING TO THE LEFT THROUGH AN ANGLE OF 14°21'45", HAVING A RADIUS OF 808.00 FEET, AND WHOSE LONG CHORD BEARS S 82°49'17" W FOR A DISTANCE OF 202.01 FEET TO A POINT OF INTERSECTION WITH A NON-TANGENTIAL LINE, THENCE S 75°27'25" W FOR A DISTANCE OF 5.17 FEET, THENCE S 73°26'51" W FOR A DISTANCE OF 111.37 FEET TO THE BEGINNING OF A NON-TANGENTIAL CURVE, THENCE ALONG SAID CURVE TURNING TO THE RIGHT THROUGH AN ANGLE OF 16°31'38", HAVING A RADIUS OF 344.39 FEET, AND WHOSE LONG CHORD BEARS S 81°29'17" W FOR A DISTANCE OF 99.00 FEET TO A POINT OF INTERSECTION WITH A NON-TANGENTIAL LINE, THENCE S 89°40'01" W FOR A DISTANCE OF 71.64 FEET, THENCE N 00°23'54" W FOR A DISTANCE OF 2062.14 FEET, THENCE N 89°41'45" E FOR A DISTANCE OF 841.10 FEET, THENCE N 00°06'15" W FOR A DISTANCE OF 25.68 FEET, THENCE N 89°36'44" E FOR A DISTANCE OF 534.36 FEET, THENCE S 00°00'04" W FOR A DISTANCE OF 1859.55 FEET, THENCE S 89°59'49" E FOR A DISTANCE OF 231.84 FEET TO THE BEGINNING OF A NON-TANGENTIAL CURVE, THENCE ALONG SAID CURVE TURNING TO THE LEFT THROUGH AN ANGLE OF 34°46'14", HAVING A RADIUS OF 47.67 FEET, AND WHOSE LONG CHORD BEARS N 73°01'07" E FOR A DISTANCE OF 28.49 FEET, THENCE N 55°58'37" E FOR A DISTANCE OF 901.08 FEET, THENCE N 55°55'50" E FOR A DISTANCE OF 240.97 FEET, THENCE S 34°13'36" E A DISTANCE OF 348.06 FEET, THENCE S 58°45'39" E FOR A DISTANCE OF 98.92 FEET TO THE POINT OF BEGINNING.

SAID PARCEL CONTAINS 99.18 ACRES (4,320,224 SQ. FT.).

NOTE: BASIS OF BEARING IS S 01°17'09" E ALONG THE SECTION LINE IN BETWEEN THE EAST QUARTER CORNER AND THE SOUTHEAST CORNER OF SAID SECTION 34.

LESS & ACCEPTING ANY OF THAT CERTAIN PORTION OF ARROWHEAD TRAIL RIGHT OF WAY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT LOCATED 1521.61 FEET SOUTH 01°17'09" E ALONG THE SECTION LINE AND 78.21 FEET WEST FROM THE EAST QUARTER CORNER OF SECTION 34, TOWNSHIP 8 SOUTH, RANGE 2 EAST, SALT LAKE BASE & MERIDIAN; AND RUNNING THENCE S 00°38'23" E FOR A DISTANCE OF 34.27 FEET, THENCE S 55°42'33" W FOR A DISTANCE OF 172.12 FEET, THENCE S 55°45'50" W FOR A DISTANCE OF 1439.08 FEET, THENCE S 55°58'27" W FOR A DISTANCE OF 189.25 FEET, THENCE N 23°17'10" W A DISTANCE OF 24.77 FEET, THENCE N 34°08'07" W FOR A DISTANCE OF 65.66 FEET, THENCE N 55°58'27" E FOR A DISTANCE OF 184.60 FEET, THENCE N 55°45'50" E FOR A DISTANCE OF 1438.83 FEET, THENCE N 55°42'33" E FOR A DISTANCE OF 191.01 FEET, THENCE S 34°22'51" E FOR A DISTANCE OF 61.47 FEET TO THE POINT OF BEGINNING.

CONTAINING 3.74 ACRES (163,102 SQ. FT.)

MAP AND DEPICTION OF BOUNDARY OF THE ASSESSMENT AREA AND LOCATION OF IMPROVEMENTS

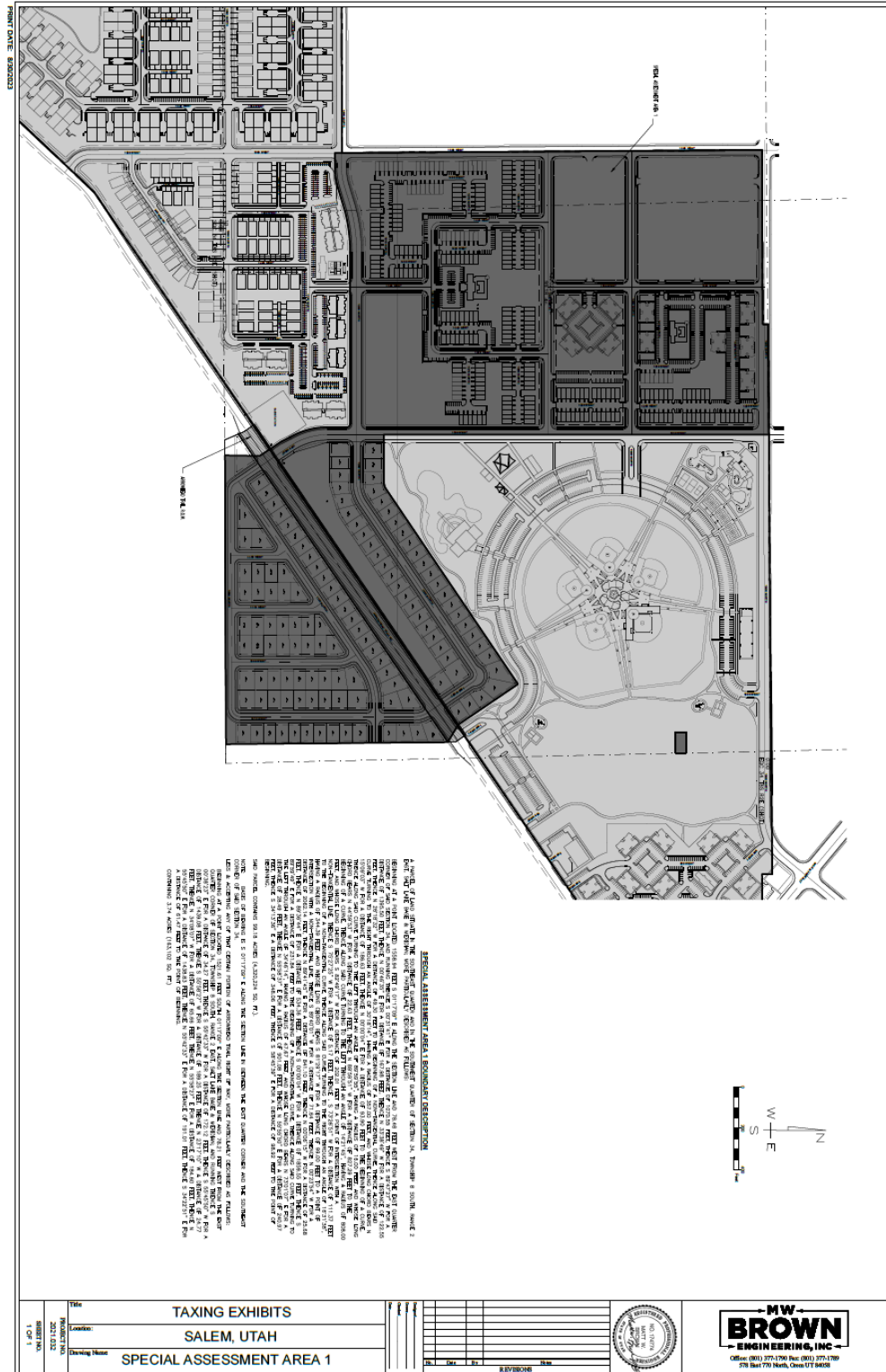


EXHIBIT D

CERTIFICATE OF PROJECT ENGINEER

CERTIFICATE OF PROJECT ENGINEER

The undersigned project engineer for the Arrowhead Springs Special Assessment Area (the "Assessment Area") hereby certifies as follows:

1. I am a professional engineer engaged by the Arrowhead Springs Public Infrastructure District No. 1 to perform the necessary engineering services to determine the costs of the proposed infrastructure improvements benefitting property within the Assessment Area.

2. The estimated costs of the improvements to be acquired, constructed and/or installed benefitting property within the Assessment Area are set forth in the attachment hereto. Said estimated costs are based on a review of construction contracts, quotes and preliminary engineering estimates for the type and location of said proposed improvements as of the date hereof. The proposed improvements have a weighted average useful life of not less than 50 years, assuming regular maintenance is performed.

By: MATT W. BROWN P.E.
Matt W. Brown, PE
MW. Brown Engineering, Inc

Date: December 5, 2024



Office: (801) 377-1790 Fax: (801) 377-1789
578 East 770 North, Orem, UT 84097

ATTACHMENT

Engineers Opinion of Probable Cost

Owner: Gecko Grey LLC

Date: December 5, 2024

Item	Unit	Quantity	Price	Total
Arrowhead Springs Phase 1-3				
Misc.	Lump	1	\$ 3,505,117	\$ 3,505,117
Earthwork	Lump	1	\$ 4,108,029	\$ 4,108,029
Sanitary Sewer	Lump	1	\$ 1,172,459	\$ 1,172,459
Storm Drain	Lump	1	\$ 1,194,751	\$ 1,194,751
Pressure Irrigation	Lump	1	\$ 714,391	\$ 714,391
Curb and Gutter	Lump	1	\$ 650,659	\$ 650,659
Asphalt	Lump	1	\$ 1,443,450	\$ 1,443,450
Culinary Water	Lump	1	\$ 1,032,499	\$ 1,032,499
				\$ -
				\$ -
				\$ -
SubTotal				\$ 13,821,355
Arrowhead Springs PH. 4-6				
Misc.	Lump	1	\$ 419,777	\$ 419,777
Earthwork	Lump	1	\$ 1,278,525	\$ 1,278,525
Sanitary Sewer	Lump	1	\$ 688,995	\$ 688,995
Storm Drain	Lump	1	\$ 702,925	\$ 702,925
Pressure Irrigation	Lump	1	\$ 238,660	\$ 238,660
Curb and Gutter	Lump	1	\$ 275,220	\$ 275,220
Sidewalk	Lump	1	\$ 178,750	\$ 178,750
Asphalt	Lump	1	\$ 653,876	\$ 653,876
Culinary Water	Lump	1	\$ 672,845	\$ 672,845
				\$ -
				\$ -
SubTotal				\$ 5,109,573
Arrowhead Springs 8,9,10,13,14,21, 22				
Paving, Concrete and Sidewalk	Lump	1	\$ 5,015,905	\$ 5,015,905
Sewer	Lump	1	\$ 603,447	\$ 603,447
Storm Drain	Lump	1	\$ 1,834,210	\$ 1,834,210
Culinary Water	Lump	1	\$ 2,722,243	\$ 2,722,243
Electrical	Lump	1	\$ 1,600,600	\$ 1,600,600
Pressurized Irrigation	Lump	1	\$ 751,149	\$ 751,149
Misc	Lump	1	\$ 1,077,106	\$ 1,077,106
				\$ -
SubTotal				\$ 13,604,660
				\$ -
Contingency		10.00%		\$ 1,360,466
SubTotal				\$ 14,965,126
Water				

Prepared By: Matt W Brown, PE

Total \$ 33,896,054.00

EXHIBIT C

AMENDED AND RESTATED ASSESSMENT ORDINANCE

ARROWHEAD SPRINGS PUBLIC INFRASTRUCTURE DISTRICT

ARROWHEAD SPRINGS ASSESSMENT AREA

AMENDED AND RESTATED ASSESSMENT ORDINANCE

DATED AS OF DECEMBER 5, 2024

AMENDED AND RESTATED ASSESSMENT ORDINANCE

WHEREAS, the Board of Trustees (the “Board”) of the Arrowhead Springs Public Infrastructure District (the “District”), adopted Resolution No. 2023-05 on August 29, 2023, pursuant to which the Board authorized and approved an Assessment Ordinance (the “Original Assessment Ordinance”) and the form of the related designation resolution (the “Original Designation Resolution”); and

WHEREAS, the Board adopted Resolution No. 2024-03 on December 5, 2024 (the “Authorizing Resolution”), pursuant to which the Board authorized and approved the form of this Amended and Restated Assessment Ordinance (the “Ordinance”), amending and restating the Original Assessment Ordinance (as previously amended), and the form of the related amended and restated designation resolution, amending and restating the Original Designation Resolution (the “Designation Resolution”); and

WHEREAS, the District, pursuant to the Assessment Area Act, Title 11 Chapter 42, Utah Code Annotated 1953, as amended (the “Act”), and pursuant to the Authorizing Resolution and the Designation Resolution, designated the Arrowhead Springs Assessment Area (the “Assessment Area”) after having obtained from the fee simple owner(s) of all the property to be assessed within the Assessment Area (the “Owners”) an executed Acknowledgement, Waiver and Consent Agreement (the “Waiver and Consent”) attached to the Designation Resolution; and

WHEREAS, the District plans to finance the costs of publicly owned infrastructure, facilities or systems as part of an approximately 266-acre residential development (the “Arrowhead Springs Development”). The District may issue Limited Tax General Obligation Bonds (the “Limited Tax Bonds”) to finance a portion of the improvements within the Arrowhead Springs Development and levy the assessments to finance the remainder of the Improvements within the Arrowhead Springs Development. The District may elect in the future to issue more Limited Tax Bonds and accordingly reduce the assessments to finance the Improvements. The Board desires to assess and finance the Improvements (plus related overhead, administration, capitalized interest, reserves, permits, fees, and closing costs) benefitting the Assessment Area as follows:

Phase	Improvements
Arrowhead Springs Phase 1-3	Earthwork, Sanitary Sewer, Storm Drain, Pressure Irrigation, Curb and Gutter, Asphalt, Culinary Water and Miscellaneous Related Improvements
Arrowhead Springs Phase 4-6	Earthwork, Sanitary Sewer, Storm Drain, Pressure Irrigation, Curb and Gutter, Sidewalk, Asphalt, Culinary Water and Miscellaneous Related Improvements

Arrowhead Springs Phase 8, 9, 10, 13, 14, 21, 22	Paving, Concreate and Sidewalk, Sewer, Storm Drain, Culinary Water, Electrical, Pressurized Irrigation and Miscellaneous Related Improvements
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WHEREAS, the Board has (i) determined the total estimated cost of the Improvements, (ii) received an appraisal of the property to be assessed (from an appraiser who is a member of the Appraisal Institute) and addressed to the District verifying that the market value of the property, after completion of the proposed improvements, is at least three times the amount of the assessments proposed to be levied against the property to be assessed, and (iii) desires to assess the properties within the Assessment Area, and has prepared an assessment list of the assessments to be levied to finance the cost of the Improvements (the “Assessments”); and

WHEREAS, the Board hereby finds that pursuant to the Act, the Improvements constitute a publicly owned infrastructure, facility, or system that (i) the District is authorized to provide or (ii) is necessary or convenient to enable the District to provide a service that the District is authorized to provide; and

WHEREAS, the District now desires to confirm the assessment list and to levy said Assessments in accordance with this Ordinance:

NOW THEREFORE, BE IT ORDAINED BY THE BOARD OF TRUSTEES OF THE ARROWHEAD SPRINGS PUBLIC INFRASTRUCTURE DISTRICT:

Section 1. Definitions; Appraisal Requirement. Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to such terms in the Designation Resolution. For purposes of this Ordinance:

(a) “Assessment Bonds” means the assessment bonds anticipated to be issued by the District for the Assessment Area, which may be issued in one or more series (or any bonds which refund the same).

(b) “ATV Ratio” means the Assessment to Value Ratio and shall be the ratio of (A) the remaining unpaid Assessment on a Subdivision Parcel or Remaining Subdivision parcel, as applicable, plus any other unpaid assessment liens or property tax liens on such Subdivision Parcel divided by (B) the Fair Market Value of such Subdivision Parcel.

(c) “End User” means any owner, or tenant of any owner, of any taxable improvement within the District, who is intended to become burdened by the imposition of ad valorem property taxes. By way of illustration, a resident homeowner, renter, commercial property owner, or commercial tenant is an End User. The business entity that constructs homes or commercial structures is not an End User.

(d) “Fair Market Value” shall be determined using either taxable value as maintained on the tax records of Utah County, Utah (the “County”) (plus the costs of the Improvements if not accounted for yet in the taxable value) or by appraised value presented by the owner of the Subdivision Parcel or Remaining Subdivision Parcel, as applicable, and determined by a certified appraiser acceptable to the District, including the costs of the Improvements and any other additions or improvements to the extent currently funded at the time of such appraisal, and meeting any other appraisal requirements of the District related to the Assessment Bonds.

(e) “Foreclosure Agent” means the Person appointed by the District to process and carry out on behalf of the District any foreclosure of the delinquent Assessments pursuant to this Assessment Ordinance and the Indenture. The initial Foreclosure Agent shall be Snow Jensen & Reece, P.C.

(f) “Indenture” means the indenture(s) of trust and pledge under which the Assessment Bonds are issued.

(g) “Original ATV Ratio” means the ATV Ratio on a parcel, Subdivision Parcel, or Remaining Subdivision Parcel, as applicable, at the time of closing of the Assessment Bonds (as reasonably determined by the District).

(h) “Person” means natural persons, firms, partnerships, associations, corporations, trusts, public bodies, and other entities.

(i) Whenever an appraisal is required under this Ordinance, the District and Title Owners may continue to utilize an appraisal previously delivered in connection with the Assessment Area so long as (i) such appraisal describes the intended use of the Subdivision Parcel and such parcel is entitled for such intended use and/or density (as applicable), (ii) the Title Owner certifies in writing that it is not aware of any facts or circumstances that would cause the relevant values contained in such appraisal to be materially less than the market value of the Subdivision Parcel, and (iii) the District in its reasonable judgment has no reason to question such certification.

Section 2. Determination of Estimated Costs of the Improvements and Right of District to Levy Additional Assessments for Completion. Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to such terms in the Designation Resolution. The Board has determined that the estimated acquisition, construction and installation costs of the Improvements within the Assessment Area, including estimated overhead costs, administrative costs, costs of funding reserves, capitalized interest, and debt issuance costs, is estimated at \$33,896,054, of which \$25,000,000 shall be assessed within the Assessment Area. Such amount to be levied is an estimate, as permitted under Section 11-42-401 of the Act. The Owners anticipate using additional funding in order to complete the Improvements. If the Assessments and additional funding are not sufficient in amount to complete the Improvements and pay related costs as described above, the Owners shall be responsible to pay the remaining amount in order to complete the

Improvements. However, the District does not guaranty such payments from the Owners. Therefore, if for any reason the Owners do not pay such remaining amount to complete the Improvements, any and all property owners within the Assessment Area shall be responsible for paying any pro-rata share of additional costs required to complete the Improvements, including, but not limited to, an additional assessment on their property without any ability to contest such assessment.

Section 3. Approval of Assessment List; Findings. The Board confirms and adopts the assessment list for the Assessment Area, a copy of which is attached hereto as Exhibit A and incorporated herein by reference (the “Assessment List”). The Board has determined that the Assessments are levied according to the benefits to be derived by each property within the Assessment Area and, in any case, the Owners have consented to such methodology as provided in Section 11-42-409(5) of the Act.

Section 4. Levy of Assessments. The Board does hereby levy a collective initial Assessment against each and every parcel of property identified in the Assessment List (the “Collective Assessment”). On the date of this Ordinance all of the property being assessed is owned by the same Owner (or an affiliate thereof) and the Assessments are initially levied against all parcels. The Collective Assessment and the currently anticipated amount of Assessments expected to be levied upon each parcel of property and the number of ERUs (defined herein) anticipated to be allocated to each phase in the Assessment Area (upon compliance with the process and coverage described herein) reflects an equitable portion of the benefit each phase will receive from the Improvements and, in any case, the Owners have consented to such methodology as provided in Section 11-42-409(5) of the Act.

Section 5. Amount of Total Assessments. The Assessments do not exceed in the aggregate the sum of: (a) the estimated contract price of the Improvements (plus related capitalized soft costs); (b) the estimated acquisition price of the Improvements; (c) the reasonable cost of (i) utility services, maintenance, and operation to the extent permitted by the Act and (ii) labor, materials, or equipment supplied by the District, if any; (d) the price or estimated price of purchasing property; (e) overhead costs not to exceed fifteen percent (15%) of the sum of (a), (b), and (c); (f) an amount for contingencies of not more than ten percent (10%) of the sum of (a) and (c); (g) estimated interest on interim warrants and bond anticipation notes issued to finance the Improvements, if any; (h) an amount sufficient to fund a reserve fund; and (i) the capitalized interest on each assessment bond.

Section 6. Method and Rate. Each of the benefited properties and all of them collectively will be assessed within the Assessment Area initially pursuant to an equivalent residential unit (“ERU”) type method as follows:

<u>Improvements</u>	<u>Assessment</u>	<u>Assessment Method</u>	<u>Total ERUs</u>	<u>Assessment Per ERU</u>
All above-described Improvements	\$25,000,000	per ERU	422.31	\$59,198.05

For each phase within the Assessment Area, the currently anticipated number of ERUs and ERUs per unit type is set forth on Exhibit A hereto. Notwithstanding the levy of the assessments, in order to provide additional security for the payment of assessments, the District shall require that all assessments of all properties owned by the same Owner within the Assessment Area (or an affiliate of the same Owner) be aggregated as a single unified assessment against all properties owned by the same Owner within the Assessment Area (or an affiliate of the same Owner).

As used in this Ordinance, the term “affiliate” means with respect to any Owner, any Person that controls, is controlled by or is under common control with such Owner, and the term “control” or “controlled” means the ownership of more than twenty percent (20%) of the outstanding voting ownership interests of the Owner in question or the power to direct the management of the Owner in question (subject to any required approvals for major decisions by anyone holding equity interests in the owner in question).

Section 7. Payment of Assessments.

(a) The Board hereby determines that the Improvements have a weighted average useful life of not less than fifty (50) years, and has elected to have the Assessments prepaid for all residential dwellings at the time building permits are requested. Pursuant to Section 11-42-409(5) of the Act, the Owners have consented to aggregate annual Assessment payments which are not in substantially equal amounts and instead aggregate annual Assessment payments shall be in accordance with the debt service payments as shall be established in the Indenture; subject, however, to adjustment as described herein. Interest on the unpaid balance of the Assessments shall accrue at the same rate or rates as shall be borne by the Assessment Bonds, plus an annual administration cost incurred by the District plus any third party direct out of pocket costs of the District related to the administration and collection of the Assessments. The District may outsource all or a portion of the administration services, including legal costs or consulting costs as an additional out of pocket cost, including, but not limited to, all costs related to foreclosure (and other remedies) and amendments to this Ordinance.

(b) The District will collect the Assessments by directly billing each property owner rather than inclusion on a property tax notice. The payment for each Assessment shall be due March 1 and September 1 of each year (approximately 30 days after sending the Assessment bills for such period, which shall be sent on or prior to February 1 and August 1 of each year, respectively, estimated to commence March 1, 2027, due to capitalized interest). However, failure to send any such bill by the scheduled date shall not impact the requirement of property owners to timely pay their Assessments on the due date thereof.

(c) All unpaid installments of an Assessment levied against any parcel of property may be paid prior to the dates on which they become due, but any such prepayment must include an additional amount equal to the interest which would accrue on the Assessment to the next succeeding date on which interest is payable on the Assessment Bonds, plus such additional amount as, in the opinion of the

District Chair or designee as approved by the District (the “Chair”) (with assistance from the administrator of the Assessments, if any), is necessary to assure the availability of money to pay interest on the Assessment Bonds as interest becomes due and payable, plus any premiums required to redeem the Assessment Bonds on their first available call date pursuant to the Indenture (defined herein), plus any reasonable administrative costs.

(d) The property assessed has yet to be fully subdivided as anticipated for development. The property identified on the Assessment List (whether before or after formal subdivision individually, a “Subdivision Parcel” and collectively, the “Subdivision Parcels”) may hereafter be subdivided and re-subdivided, with the consent of the District (which consent shall not be unreasonably withheld). The owner of a Subdivision Parcel may make changes to that Subdivision Parcel including, without limitation, reducing or increasing the size of that Subdivision Parcel, modifying the boundary description of that Subdivision Parcel, and otherwise make changes necessary or appropriate to plat that Subdivision Parcel; provided that (i) the total Assessment of that Subdivision Parcel after the applicable change is unaffected and (ii) the ATV Ratio is less than or equal to the greater of (A) the Original ATV Ratio or (B) 33.3%. Provided, however, any adjustment of a parcel outside of the boundaries of the Assessment Area would require an amendment to this Ordinance to that effect, in accordance with the Act. Once a Subdivision Parcel is subdivided, the lien of the Assessment Area will be re-allocated to or released from, as appropriate, any property located outside the subdivided portion of that Subdivision Parcel by either the District adopting an amendment to this Ordinance or by the Chair or other authorized officer of the District authorized to make such changes and record the applicable notices (within the provisions of this Ordinance) and provided the ATV Ratio of such subdivided portion (after release of the property), is less than or equal to the greater of (A) the Original ATV Ratio or (B) 33.3%.

(e) An interest in a Subdivision Parcel may be sold, transferred or exchanged to any Person (the “Title Owner”) so long as the interest is recognized by the County and charged a distinct property tax bill by the County. A Title Owner may further subdivide or create a new Title Owner on the Subdivision Parcel and such new Subdivision Parcels are reallocated Assessments in compliance with this Ordinance. When a Title Owner of any Subdivision Parcel in the Assessment Area subdivides, re-subdivides or creates a new Title Owner, it shall allocate the responsibility to pay Assessments tied to that Subdivision Parcel among Title Owners in accordance with (i) or (ii) below. Such reallocation of Assessments must be approved by all Title Owners subject to the reallocation by execution of a form reasonably satisfactory to the Chair or other authorized officer of the District and similar in form to the Waiver and Consent, and with the consent of the Chair, which consent shall not be unreasonably withheld, conditioned or delayed, but such consent shall be limited solely to the allocation of ERUs or other assessment method to Subdivided Parcels and withheld only where the information, assumptions and/or formula described in this section create less security for the repayment of the Assessments for the District or holders of Assessment Bonds than

the security contemplated in this Section 7(e). The final plat for any Subdivision Parcel recorded after the effective date of this Ordinance must include a plat note that provides the exact allocation of the Assessments among Title Owners and the Assessment List attached as Exhibit A to this Ordinance must be accordingly amended, and the Chair or other authorized officer of the District is hereby authorized to make such amendments, but may also seek the approval of the Board at his/her discretion. For any reallocation of Assessments tied to a Subdivision Parcel among Title Owners, the Title Owners may either:

(i) Reallocate in full the Assessments ascribed to that Subdivision Parcel(s) using the methodology as contemplated in this Section 7(e); or

(ii) As long as the aggregate Assessments tied to a Subdivision Parcel in the Assessment Area are allocated in full among Title Owners of that Subdivision Parcel, a Title Owner of that Subdivision Parcel may reallocate the Assessments to the interest(s) of Title Owners in such Subdivision Parcel based on either:

(A) a square foot method or a then current Fair Market Value method, or

(B) if the Chair reasonably determines that such reallocated assessment method selected by the Title Owners will not reasonably allocate benefit among the Title Owners in such Subdivision Parcel, any other assessment method reasonably allocating benefit as determined in the reasonable discretion of the Chair or other authorized officer of the District,

so long as, following a reallocation as described in this paragraph, the then current ATV Ratio of each remaining interest in such Subdivision Parcel and all other affected parcels must be less than or equal to the greater of (A) the Original ATV Ratio or (B) 33.3%.

(f) A release of the Assessment lien for any Subdivision Parcel will be delivered by the District for recordation with the County Recorder as soon as practicable after the Assessment balance for such subdivided parcel is paid in full. If prepayment of an Assessment prior to the Assessment payment date arises out of a need of the property owner to clear the Assessment lien from a portion (a "Release Parcel") but not all of a Subdivision Parcel, the Assessment lien on the Release Parcel shall be released by the District, as follows:

(i) The Title Owner(s) shall submit the legal description of the Release Parcel which shall include the total number of ERUs allocated to the Release Parcel pursuant to the procedure set forth in this Ordinance. If an assessment allocation method other than ERUs has been applied to a

parcel, the release procedures in this subsection (f) shall apply using the new assessment method in lieu of ERUs.

(ii) The Title Owner(s) shall prepay an Assessment applicable to the Release Parcel calculated by the Chair (with assistance from the administrator of the Assessments, if any), which Assessment shall be the product of the following: (A) the amount of the prepayment calculated pursuant to Section 7(c) herein for the entire Subdivision Parcel less any previously paid regularly scheduled Assessment payments, (B) multiplied by the percentage calculated by dividing the number of ERUs of the Release Parcel by the total number of ERUs of the entire Subdivision Parcel.

(iii) The partial release of lien upon payment of the prepayment amount determined under subsection (ii) above shall not be permitted, except as otherwise provided in this paragraph, if the ATV Ratio of the Subdivision Parcel, after release of the Release Parcel (the "Remaining Subdivision Parcel"), is greater than the greater of (A) the Original ATV Ratio or (B) 33.3%. If the Chair (with assistance from the administrator of the Assessments, if any) determines that the proposed partial release does not comply with the requirements of this paragraph, such partial release may still be permitted if the Title Owner(s) prepays a larger portion of the Assessment in order to clear the Assessment lien from the Release Parcel, all as determined by said Chair (with assistance from the administrator of the Assessments, if any).

(iv) Prepayments of Assessments shall be applied as provided in the Indenture. As prepayments are paid and applied against the payment of the Assessment applicable to the Release Parcel, the Release Parcel shall be released from the lien of the Assessment in accordance with this subsection (f), and the remaining unpaid Assessments levied against the Remaining Subdivision Parcel shall remain unaffected.

Section 8. Default in Payment.

(a) To the extent permitted by law, the District hereby irrevocably appoints the Foreclosure Agent, including any successor thereto, to process and carry out, on behalf of the District, any foreclosure of Assessments pursuant to this Assessment Ordinance and the Indenture, and assigns all rights of collection of the delinquent Assessments to the Foreclosure Agent, as collection agent for the District. To the extent permitted by law, the District covenants and agrees to take such actions as are necessary to authorize and empower the Foreclosure Agent to carry out the duties provided herein. If a default occurs in the payment of any Assessment on a Subdivision Parcel when due, and such default is not cured within the period provided for in Section 8(b) herein, the Foreclosure Agent, on behalf of the District, may declare the unpaid amount of such Assessment on such Subdivision Parcel to be immediately due and payable and subject to collection as provided herein. Interest shall accrue and be paid on all amounts declared to be

delinquent and immediately due and payable at a rate of 10% per annum (the "Delinquent Rate"). In addition to interest charges at the Delinquent Rate, costs of collection, as approved by the Chair on behalf of the Board, including, without limitation, attorneys' fees, trustee's fees, and court costs, incurred by the District or required by law shall be charged and paid on all amounts declared to be delinquent and immediately due and payable. Until such costs of collection are recovered by the District, the District may charge such costs as an additional overhead cost against all Assessments, with a credit later upon any recovery of such costs. The District hereby waives its right to accelerate payment of the total unpaid balance of an Assessment and declare the whole of the unpaid principal and interest then due to be immediately due and payable after a default as provided in Section 11-42-505(1)(b) of the Act.

(b) Upon any default, the Chair shall give notice in writing of the default to the Title Owner(s) of the Subdivision Parcel in default as shown by the last available completed real property assessment rolls of the County. Notice shall be effective upon deposit of the notice in the U.S. Mail, postage prepaid, and addressed to the Title Owner(s) as shown on the last completed real property assessment rolls of the County. The notice shall provide for a period of thirty (30) days in which the Title Owner(s) shall pay the installments then due and owing, after which the Foreclosure Agent, on behalf of the District, may immediately sell the Subdivision Parcel pursuant to Section 11-42-502.1(2)(a)(ii)(B) and related pertinent provisions of the Act, in the manner provided for judicial foreclosures. If at the sale no Person shall bid and pay the District the amount due on the Assessment plus interest and costs, the Subdivision Parcel shall be deemed sold to the District for these amounts. The District shall be permitted to bid at the sale. So long as the District affirmatively elects to retain ownership of the Subdivision Parcel, it shall pay all delinquent Assessment installments and all Assessment installments that become due, including the interest on them and shall be entitled to use amounts on deposit in the Reserve Fund (as defined herein) for such purpose. The District notes it has no current intention of owning the Subdivision Parcel and will surrender the Subdivision Parcel "as is" and without guaranty or warranty to owner(s) of the Assessment Bonds in full satisfaction of all obligations to such owner(s) of the Assessment Bonds irrespective of the owner(s) of the Assessment Bonds accepting the same.

(c) The remedies provided herein for the collection of Assessments and the enforcement of liens shall be deemed and construed to be cumulative and the use of any one method or means or remedy of collection or enforcement available at law or in equity shall not deprive the District of the use of any other method or means. The amounts of accrued interest and all costs of collection, trustee's fees, attorneys' fees, and other reasonable and related costs, shall be added to the amount of the Assessment against such Subdivision Parcel up to, and including, the date of foreclosure sale.

Section 9. Remedy of Default. If prior to the final date payment may be legally made under a final sale or foreclosure of property to collect delinquent Assessments, the

Title Owner(s) pays the full amount of all unpaid installments of principal and interest which are past due and delinquent with interest on such installments at the rate or rates set forth in Section 8 herein to the payment date, plus all attorneys' fees, and other costs of collection, the Assessment of said Title Owner(s) shall be restored and the default removed, and thereafter the Title Owner(s) shall have the right to make the payments in installments as if the default had not occurred. Any payment made to cure a default shall be applied first, to the payment of attorneys' fees and other costs incurred as a result of such default; second, to interest charged on past due installments, as set forth above; third, to the interest portion of all past due Assessments; and last, to the payment of outstanding principal.

Section 10. Lien of Assessment. An Assessment or any part or installment of it, any interest accruing thereon and the penalties, trustee's fees, attorneys' fees, and other costs of collection therewith shall constitute a lien against the Subdivision Parcel upon which the Assessment is levied on the effective date of this Ordinance. Said lien shall be superior to the lien of any trust deed, mortgage, mechanic's, or materialman's lien, or other encumbrance and shall be equal to and on a parity with the lien for general property taxes. The lien shall apply without interruption, change in priority, or alteration in any manner to any reduced payment obligations and shall continue until the Assessment, reduced payment obligations, and any interest, penalties, and costs on it are paid, notwithstanding any sale of the property for or on account of a delinquent general property tax, special tax, or other Assessment or the issuance of a tax deed, an assignment of interest by the County or a sheriff's certificate of sale or deed.

Section 11. Reserve Fund.

(a) The District does hereby establish a reserve fund (the "Reserve Fund") in lieu of funding a guaranty fund, as additional security for the Assessment Bonds.

(b) The Reserve Fund may be initially funded from proceeds of the Assessment Bonds in an amount not to exceed the least of (i) ten percent (10%) of the proceeds of the Assessment Bonds determined on the basis of its initial purchase price to the public, (ii) the maximum aggregate annual debt service requirement during any bond fund year for the Assessment Bonds, and (iii) 125% of the average aggregate annual debt service requirement for the Assessment Bonds (the "Reserve Requirement"). The cost of initially funding the Reserve Fund is included in the Assessments of the property in the Assessment Area. The Reserve Requirement may be adjusted as payments are made on the Assessment Bonds (including from prepayment of Assessments by property owners) as provided in the Indenture. The moneys on deposit in the Reserve Fund, if any, may be applied to the Assessment payment obligations, including the final Assessment payment obligation, and used to make payments on the Assessment Bonds as provided in the Indenture. If the amounts on deposit in the Reserve Fund exceed the final Assessment obligation, any excess amounts shall be paid by the District to the owners whose properties were subject to the final Assessment payment obligation on a pro rata basis, as an excess Assessment payment.

(c) In the event insufficient Assessments are collected by the District to make the debt service payments on the Assessment Bonds, the District shall draw on the Reserve Fund to make up such deficiency, but shall have no obligation to replenish the Reserve Fund with any funds other than those collected from Assessments as described herein.

(d) Amounts recovered by exercise of any of the remedies provided herein or otherwise from delinquent Assessments (and not needed to pay amounts coming due on the Assessment Bonds) shall be used to replenish amounts drawn from the Reserve Fund.

(e) In the event the Assessment Bonds are refunded, the Reserve Requirement may be adjusted by the District and amounts in the Reserve Fund may be applied to assist in such refunding. Any refunding of the Assessment Bonds is hereby permitted so long as the structure thereof shall not increase the total cost of the Assessments in any one year.

Section 12. Investment Earnings. Except as otherwise provided in the Indenture, all investment earnings on the Reserve Fund shall be maintained in said Fund and applied in the same manner as the other moneys on deposit therein as provided in the Indenture.

Section 13. Contestability. No Assessment shall be declared invalid or set aside, in whole or in part, in consequence of any error or irregularity which does not go to the equity or justice of the Assessment or proceeding. The Owners and any succeeding property owners (whether by sale, foreclosure, or any other property transfer of title) have waived any rights to contest this Ordinance. Any party who has not waived his or her objections to the same as provided by statute may commence a civil action in the district court with jurisdiction in the District against the District to enjoin the levy or collection of the Assessment or to set aside and declare unlawful this Ordinance. The District notes that any action to contest the Original Assessment Ordinance must be taken in accordance with the timeline and requirements applicable thereto. Notwithstanding anything to the contrary herein, any contest actions taken as described in this section shall be applicable to only this Ordinance.

Such action must be commenced and summons must be served on the District not later than sixty (60) days after the effective date of this Ordinance. This action shall be the exclusive remedy of any aggrieved party. No court shall entertain any complaint which the party was authorized to make by statute but did not timely make or any complaint that does not go to the equity or justice of the Assessment or proceeding.

After the expiration of the sixty (60) day period provided in this Section:

(a) The Assessment Bonds and any refunding bonds to be issued with respect to the Assessment Area and the Assessments levied in the Assessment Area shall become incontestable as to all Persons who have not commenced the action and served a summons as provided for in this Section; and

(b) No suit to enjoin the issuance or payment of the Assessment Bonds or refunding assessment bonds, the levy, collection, or enforcement of the Assessments, or in any other manner attacking or questioning the legality of the Assessment Bonds or refunding assessment bonds or Assessments may be commenced, and no court shall have authority to inquire into these matters.

Section 14. Notice to Property Owners. The Owners are hereby deemed to have received notice of assessment and have waived any notice and hearing requirements under the Act.

Section 15. All Necessary Action Approved. The officials of the District are hereby authorized and directed to take all action necessary and appropriate to effectuate the provisions of this Ordinance, including the filing of a notice of assessment interest with the County Recorder.

Section 16. Repeal of Conflicting Provisions; Amendment. All ordinances or parts thereof in conflict with this Ordinance are hereby repealed. The Chair (or any assigned designee of the Chair) may make any alterations, changes or additions to this Ordinance which may be necessary to conform the same to the final terms of the Assessment Bonds, to correct errors or omissions herein, to complete the same, to remove ambiguities herefrom, or to conform the same to other provisions of this Ordinance or any resolution adopted by the Board or the provisions of the laws of the State of Utah or the United States, including technical changes to the description of the boundary of the Assessment Area, so long as those changes do not change the boundaries from those depicted on the maps attached to the Designation Resolution and do not materially adversely affect the rights of the Owners hereunder without the consent of such Owners affected.

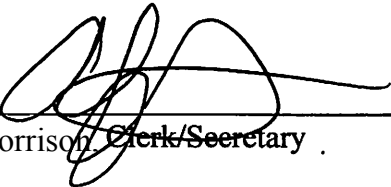
Section 17. Posting of Ordinance. This Ordinance shall be signed by the Chair and Clerk/Secretary and shall be recorded in the ordinance book kept for that purpose upon final confirmation of the property description and terms of the Assessment Area. The officials of the District are hereby authorized to make technical corrections to the legal description of the Assessment Area. Upon finalization of the legal description, copies of this Ordinance shall be posted in a public location within or near the District's boundaries that is reasonably likely to be seen by individuals who pass through or near the affected area for at least 21 days and a copy of this Ordinance shall also be posted on the Utah Public Notice Website (<http://pmn.utah.gov>) for at least 21 days. This Ordinance shall take effect immediately upon its passage and approval and posting as required by law.

Dated as of December 5, 2024.

ARROWHEAD SPRINGS PUBLIC
INFRASTRUCTURE DISTRICT

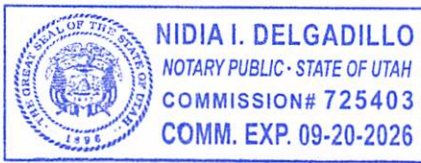
By: 
Matthew Lewis, Chair

ATTEST:

By: 
Aftyn Morrison, Clerk/Secretary

STATE OF UTAH)
 : ss.
COUNTY OF UTAH)

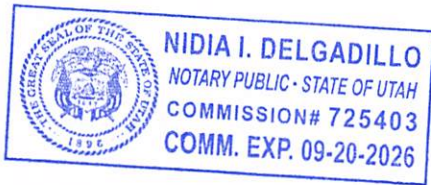
The foregoing instrument was acknowledged before me this December 4, 2024, by Matthew Lewis, the Chair of the Board of Trustees of the Arrowhead Springs Public Infrastructure District (the "District"), who represented and acknowledged that s/he signed the same for and on behalf of the District.




NOTARY PUBLIC

STATE OF UTAH)
 : ss.
COUNTY OF UTAH)

The foregoing instrument was acknowledged before me this December 4, 2024, by Aftyn Morrison, the Clerk/Secretary of the Arrowhead Springs Public Infrastructure District (the "District"), who represented and acknowledged that s/he signed the same for and on behalf of the District.




NOTARY PUBLIC

EXHIBIT A

ASSESSMENT LIST

Assessment Method and Amount*

Total Assessment		\$25,000,000	
Total ERUs		422.31	
Assessment Per ERU		\$59,198.05	
ERUs by Unit Type	No. Units	ERUs Per Unit	Total Assessment
Single Family Residential Lot	129	1.00000	\$7,636,549
Townhome	332	0.58163	\$11,431,216
Apartment/Condominium	348	0.28796	\$5,932,235

Parcels to be Assessed

25:061:0042; 25:061:0040; 25:061:0030; 25:058:0028; 25:058:0031; 25:061:0029;
25:061:0031; 25:061:0037; 25:061:0033; 25:061:0032; 25:061:0026; 25:058:0027;
25:061:0034**; 25:061:0041**

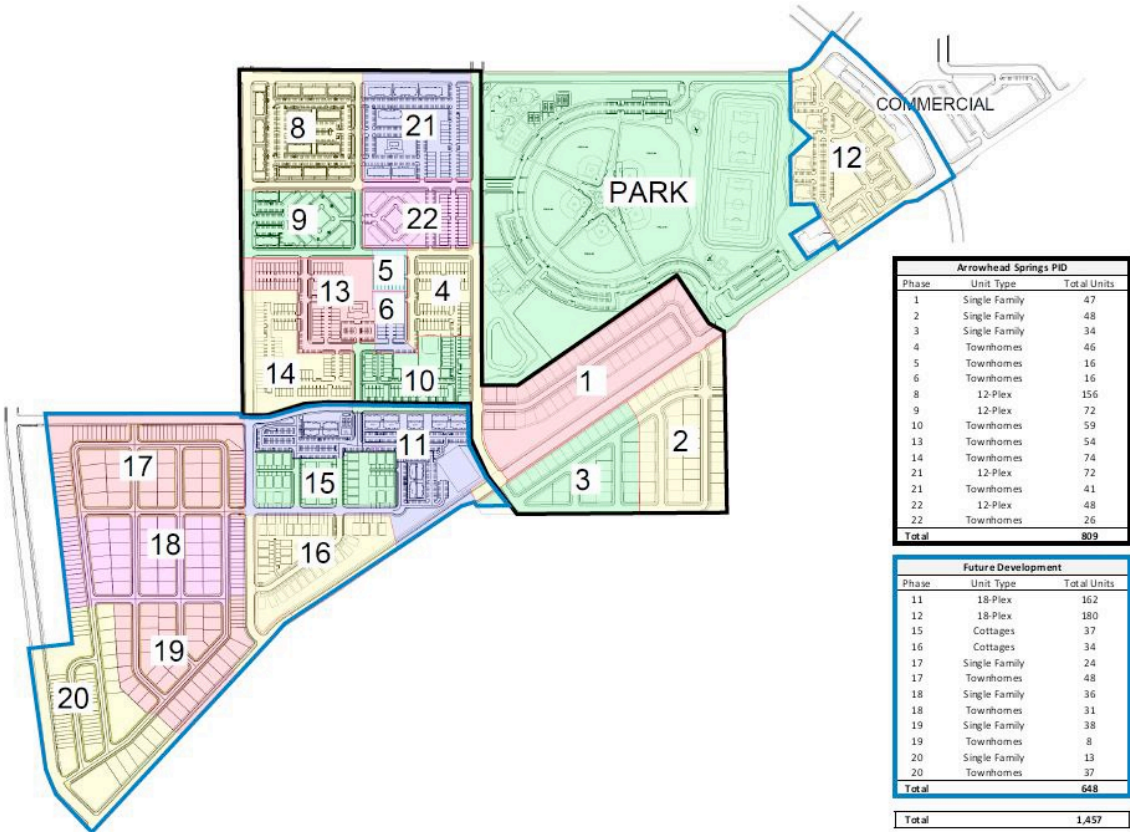
Current Anticipated Unit Mix and Assessment by Phase*

Phase	Single Family Residential	Townhome	Condo/ Apartments	Total Units	Total ERUs	Total Assessment
1	47			47	47.00	\$2,782,308.54
2	48			48	48.00	2,841,506.59
3	34			34	34.00	2,012,733.83
4		46		46	26.75	1,583,843.23
5		16		16	9.31	550,901.99
6		16		16	9.31	550,901.99
8			156	156	44.92	2,659,277.63
9			72	72	20.73	1,227,358.91
10		59		59	34.32	2,031,451.09
13		54		54	31.41	1,859,294.22
14		74		74	43.04	2,547,921.71
21		41	72	113	44.58	2,639,045.26
22		26	48	74	28.94	1,713,455.01
TOTAL	129	332	348	809	422.31	\$25,000,000.00

* Figures have been rounded. Amounts may not sum due to rounding.

** Only a portion of these parcels are within the Assessment Area.

Anticipated Unit Mix and Assessment by Phase



Legal Description

The Assessment Area is more particularly described as follows:

That certain real property located in Utah County, State of Utah and described as follows:

A PARCEL OF LAND SITUATE IN THE SOUTHEAST QUARTER AND IN THE SOUTHWEST QUARTER OF SECTION 34, TOWNSHIP 8 SOUTH, RANGE 2 EAST, SALT LAKE BASE & MERIDIAN; MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT LOCATED 1558.94 FEET S 01°17'09" E ALONG THE SECTION LINE AND 78.48 FEET WEST FROM THE EAST QUARTER CORNER OF SAID SECTION 34, AND RUNNING THENCE S 00°31'41" E FOR A DISTANCE OF 1070.55 FEET, THENCE S 89°47'27" W FOR A DISTANCE OF 1395.50 FEET, THENCE N 00°46'35" E FOR A DISTANCE OF 167.98 FEET, THENCE N 33°38'49" W FOR A DISTANCE OF 122.55 FEET, THENCE N 26°18'32" W FOR A DISTANCE OF 49.30 FEET TO THE BEGINNING OF A NON-TANGENTIAL CURVE, THENCE ALONG SAID CURVE TURNING TO THE RIGHT THROUGH AN ANGLE OF 30°18'14", HAVING A RADIUS OF 357.00 FEET, AND WHOSE LONG CHORD BEARS N 15°09'03" W FOR A DISTANCE OF 186.63 FEET, THENCE N 00°00'04" E FOR A DISTANCE OF 93.90 FEET TO THE BEGINNING OF A CURVE, THENCE ALONG SAID CURVE TURNING TO THE LEFT THROUGH AN ANGLE OF 89°59'55", HAVING A RADIUS OF 16.00 FEET, AND WHOSE LONG CHORD BEARS N 44°59'53" W FOR A DISTANCE OF 22.63 FEET, THENCE N 89°59'51" W FOR A DISTANCE OF 827.29 FEET TO THE BEGINNING OF A CURVE, THENCE ALONG SAID CURVE TURNING TO THE LEFT THROUGH AN ANGLE OF 14°21'45", HAVING A RADIUS OF 808.00 FEET, AND WHOSE LONG CHORD BEARS S 82°49'17" W FOR A DISTANCE OF 202.01 FEET TO A POINT OF INTERSECTION WITH A NON-TANGENTIAL LINE, THENCE S 75°27'25" W FOR A DISTANCE OF 5.17 FEET, THENCE S 73°26'51" W FOR A DISTANCE OF 111.37 FEET TO THE BEGINNING OF A NON-TANGENTIAL CURVE, THENCE ALONG SAID CURVE TURNING TO THE RIGHT THROUGH AN ANGLE OF 16°31'38", HAVING A RADIUS OF 344.39 FEET, AND WHOSE LONG CHORD BEARS S 81°29'17" W FOR A DISTANCE OF 99.00 FEET TO A POINT OF INTERSECTION WITH A NON-TANGENTIAL LINE, THENCE S 89°40'01" W FOR A DISTANCE OF 71.64 FEET, THENCE N 00°23'54" W FOR A DISTANCE OF 2062.14 FEET, THENCE N 89°41'45" E FOR A DISTANCE OF 841.10 FEET, THENCE N 00°06'15" W FOR A DISTANCE OF 25.68 FEET, THENCE N 89°36'44" E FOR A DISTANCE OF 534.36 FEET, THENCE S 00°00'04" W FOR A DISTANCE OF 1859.55 FEET, THENCE S 89°59'49" E FOR A DISTANCE OF 231.84 FEET TO THE BEGINNING OF A NON-TANGENTIAL CURVE, THENCE ALONG SAID CURVE TURNING TO THE LEFT THROUGH AN ANGLE OF 34°46'14", HAVING A RADIUS OF 47.67 FEET, AND WHOSE LONG CHORD BEARS N 73°01'07" E FOR A DISTANCE OF 28.49 FEET, THENCE N 55°58'37" E FOR A DISTANCE OF 901.08 FEET, THENCE N 55°55'50" E FOR A DISTANCE OF 240.97 FEET, THENCE S 34°13'36" E A DISTANCE OF 348.06 FEET, THENCE S 58°45'39" E FOR A DISTANCE OF 98.92 FEET TO THE POINT OF BEGINNING.

SAID PARCEL CONTAINS 99.18 ACRES (4,320,224 SQ. FT.).

NOTE: BASIS OF BEARING IS S 01°17'09" E ALONG THE SECTION LINE IN BETWEEN THE EAST QUARTER CORNER AND THE SOUTHEAST CORNER OF SAID SECTION 34.

LESS & ACCEPTING ANY OF THAT CERTAIN PORTION OF ARROWHEAD TRAIL RIGHT OF WAY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT LOCATED 1521.61 FEET SOUTH 01°17'09" E ALONG THE SECTION LINE AND 78.21 FEET WEST FROM THE EAST QUARTER CORNER OF SECTION 34, TOWNSHIP 8 SOUTH, RANGE 2 EAST, SALT LAKE BASE & MERIDIAN; AND RUNNING THENCE S 00°38'23" E FOR A DISTANCE OF 34.27 FEET, THENCE S 55°42'33" W FOR A DISTANCE OF 172.12 FEET, THENCE S 55°45'50" W FOR A DISTANCE OF 1439.08 FEET, THENCE S 55°58'27" W FOR A DISTANCE OF 189.25 FEET, THENCE N 23°17'10" W A DISTANCE OF 24.77 FEET, THENCE N 34°08'07" W FOR A DISTANCE OF 65.66 FEET, THENCE N 55°58'27" E FOR A DISTANCE OF 184.60 FEET, THENCE N 55°45'50" E FOR A DISTANCE OF 1438.83 FEET, THENCE N 55°42'33" E FOR A DISTANCE OF 191.01 FEET, THENCE S 34°22'51" E FOR A DISTANCE OF 61.47 FEET TO THE POINT OF BEGINNING.

CONTAINING 3.74 ACRES (163,102 SQ. FT.)

EXHIBIT D

APPRAISAL



The insight you need. The independence you trust.

Arrowhead Springs PID

8500 S Arrowhead Trail
Salem, Utah 84653

BBG File #0124022393

Prepared For

Mr. Brian Bird
Arrowhead Springs Public Infrastructure District
980 E 800 N #102,
Orem, UT 84097

Report Date

December 6, 2024

Prepared By

BBG, Inc., Salt Lake City Office
6965 South Union Park Center, Suite 460
Cottonwood Heights, UT 84047
801-321-0050

Client Manager: John Blaser, MAI
jblaser@bbgres.com

BBG Website

bbgres.com



December 6, 2024

Mr. Brian Bird
Arrowhead Springs Public Infrastructure District
980 E 800 N #102
Orem, UT 84097

Re: Appraisal of Real Property
Arrowhead Springs PID
8500 S Arrowhead Trail
Salem, Utah 84653
BBG File No. 0124022393

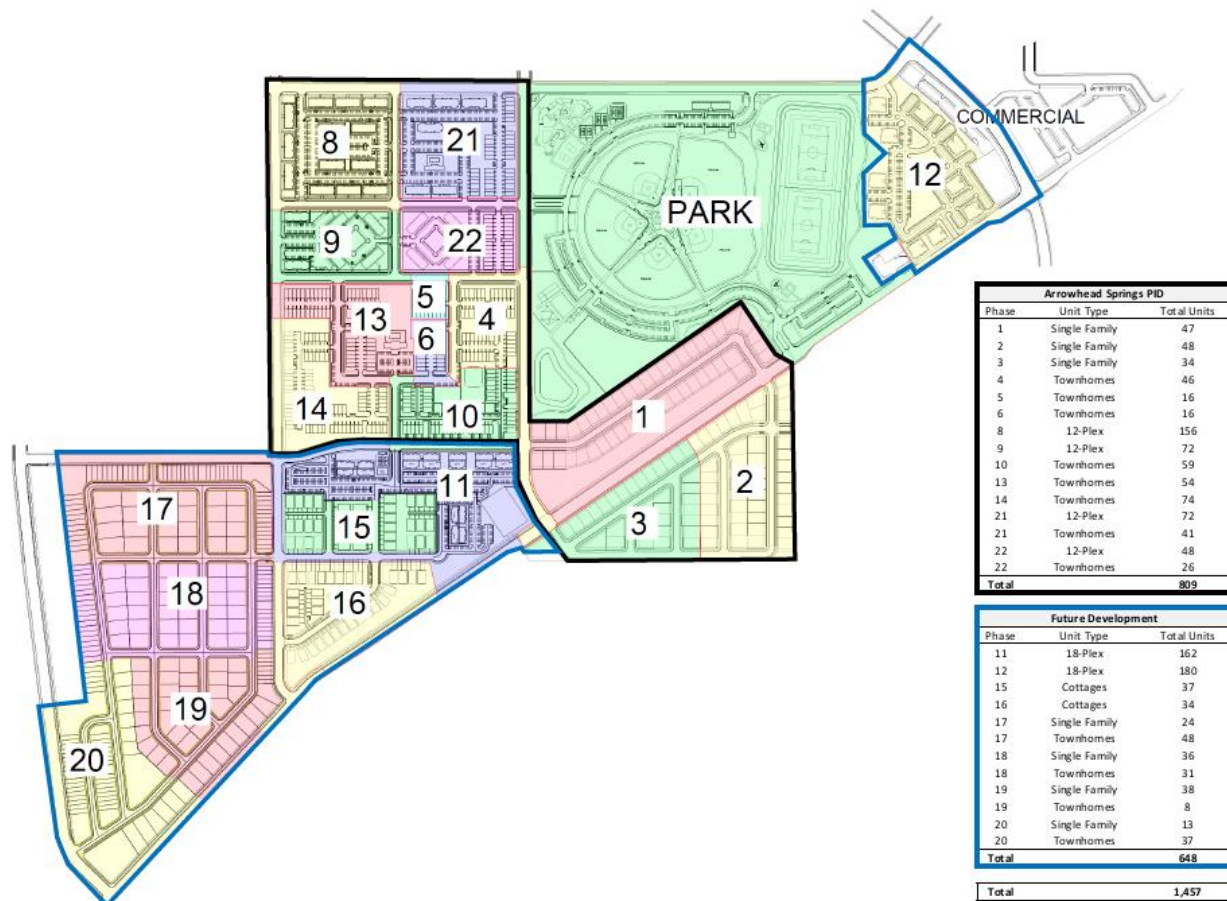
Dear Arrowhead Springs Public Infrastructure District:

In accordance with your authorization, we have conducted the investigation necessary to form an opinion of the Market Value of the Fee Simple and Leased Fee estates in the subject property, as referenced above.

The subject property is part of a proposed planned unit development that will consist of apartment units, townhomes for sale, single-family homes for sale, and cottages for sale. The portion of the planned PID that is the subject includes the land only for an apartment development with (29) 3-story buildings, to be completed in 2027 containing 348 dwelling units (489,288 square feet NRA) that will be condo mapped, 332 townhome sites, and 129 detached home sites that will be sold to individuals for the purpose of constructing homes for 1st-time buyers and small families. The following illustrates the unit mix and the associated Phase for each portion of the subject:

UNIT MIX				
Phase	SFR	Townhome Buildings	12 unit - 3 story bldg	# Units
1	47			47
2	48			48
3	34			34
4		46		16
5		16		16
6		16		46
8			156	59
9			72	156
10		59		72
13		54		54
14		74		74
21		41	72	113
22		26	48	74
Total	129	332	348	809

The following map illustrates the individual phases and their respective development types:



The subject consists of three distinct asset types that include different “most likely buyers”. As such we have divided our report and analysis into three separate analyses with three individual conclusions.

This report was prepared for Arrowhead Springs Public Infrastructure District (Client), and their successors and/or assigns, and is intended only for its specified use. The intended use of this report is to assist the Client in the following:

1. Bond Underwriting; and
2. Financial Reporting – To assist the Client in establishing and obtaining public bond financing through a Public Infrastructure District (PID) Special Assessment Bond. The appraisal is intended to be included in a public bond offering document.

The appraisal report that follows sets forth the identification of the property, the assumptions, and limiting conditions, pertinent facts about the area and the subject property, comparable market data, the results of the investigation, and the reasoning leading to the conclusions set forth.

This report has been written in accordance with the Code of Ethics and the Standards of Professional Practice of the Appraisal Institute. In addition, this report is intended to be in compliance with the minimum standards of the Uniform Standards of Professional Appraisal Practice (USPAP) and any additional standards of our Client Arrowhead Springs Public Infrastructure District (Client). Our Client, their successors, and/or assigns may read and rely upon the findings and conclusions of this report.

Note: Our opinion of market value is subject to the following Extraordinary Assumptions and/or Hypothetical Conditions:

EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)

The values presented within this appraisal report are subject to the extraordinary assumptions and hypothetical conditions listed below. Pursuant to the requirement within Uniform Standards of Professional Appraisal Practice Standards, it is stated here that the use of any extraordinary assumptions and/or hypothetical conditions might have affected the assignment results.

Extraordinary Assumption(s)

We are appraising the subject under the extraordinary assumption that information provided by the Client and from public resources is accurate. We have not been provided a survey of the subject property. If the actual size of the land or building is significantly different than that utilized within this report, the value conclusions could be impacted.

We are appraising the subject under the extraordinary assumption that the overview of building specifications provided by the developer is accurate. Our Prospective Market Value conclusions are subject to completion of the improvements in accordance with what has been described by documentation provided by the developer. It is assumed that completion of construction will occur in a timely manner and that the quality of workmanship will be consistent with what has been envisioned for the project.

We are providing a Prospective Market Value Upon Completion for the subject property under the extraordinary assumption that the proposed improvements receive all necessary planning and permitting approvals. The Prospective Market Value Upon Completion further assumes that all proposed improvements have been completed in a workmanlike manner in accordance with all provided construction plans and documents by the prospective future date.

Prospective Market Value opinions are intended to reflect the current expectations and perceptions of market participants along with available factual data. They should be judged on market support for the forecasts when made, not whether specific items in the forecasts are realized. In forming a prospective value opinion for the property, we analyzed market trends with regard to rents, expenses, construction costs, absorption, etc. Furthermore, economic indicators such as market demographics and future competition were also analyzed. The prospective value opinion is predicated on the projections incorporated within our analyses; however, all of the projections are subject to external influences (e.g. supply/demand, economy, competition, etc.) and may or may not occur as projected within the appraisal.

The subject is currently a portion of a larger parcel and is planned to be subdivided in the near future. The opinions of value are subject to the extraordinary assumption that the subject can be subdivided from the larger parcel in the immediate future at nominal cost and time.

Hypothetical Condition(s)

This appraisal employs no hypothetical conditions.

Based on our inspection of the property and the investigation and the analysis undertaken, we have developed the following value opinion(s).

VALUE INDICATIONS			
As Is as of November 9, 2024		Value Conclusions	
Land Value Plus Site Costs to Date	\$31,900,000		
As Complete as of November 9, 2027			
Apartment Land Value + Site Improvements	\$17,800,000	\$51,149	Per Dwelling Unit
Land Value	\$11,480,000	\$32,989	Per Dwelling Unit
Site Improvements	\$6,320,000		
Townhome Lots - Gross Retail Sales Value	\$34,300,000	\$103,313	Per Lot
SFR Lots - Gross Retail Sales Value	\$22,920,000	\$177,674	Per Lot

We note that the “as is” market value includes the total land value and all site improvements that have been completed as of the date of inspection. Additionally, the individual lot values can be found within the gross retail lot value discussion for both the townhomes and single-family lots later in the report. We note that these gross retail values are not an achievable “bulk” value due to sell out costs and absorption discounting.

Based on recent market transactions, as well as discussions with market participants, a sale of the subject property at the above-stated opinion of market value would have required an exposure time of approximately 12 months or less. Furthermore, a marketing time of approximately 12 months or less is currently warranted for the subject’s apartment property.

This letter must remain attached to the report, which should be transmitted in its entirety, in order for the value opinion set forth to be considered valid.

Our firm appreciates the opportunity to have performed this appraisal assignment on your behalf. If we may be of further service, please contact us.

Sincerely,
BBG, Inc.

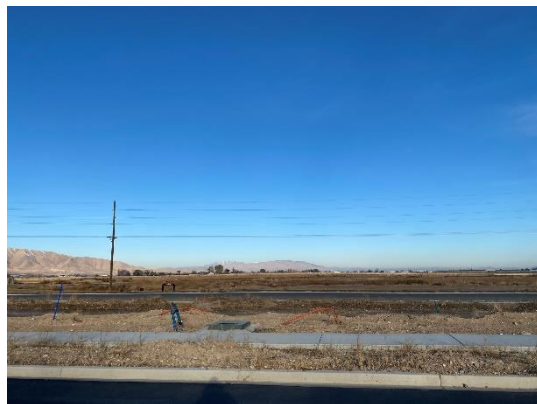


Kyle Roper, MAI
UT Certified General Appraiser
License #: 5469209-CG00
801-321-0050
kroper@bbgres.com

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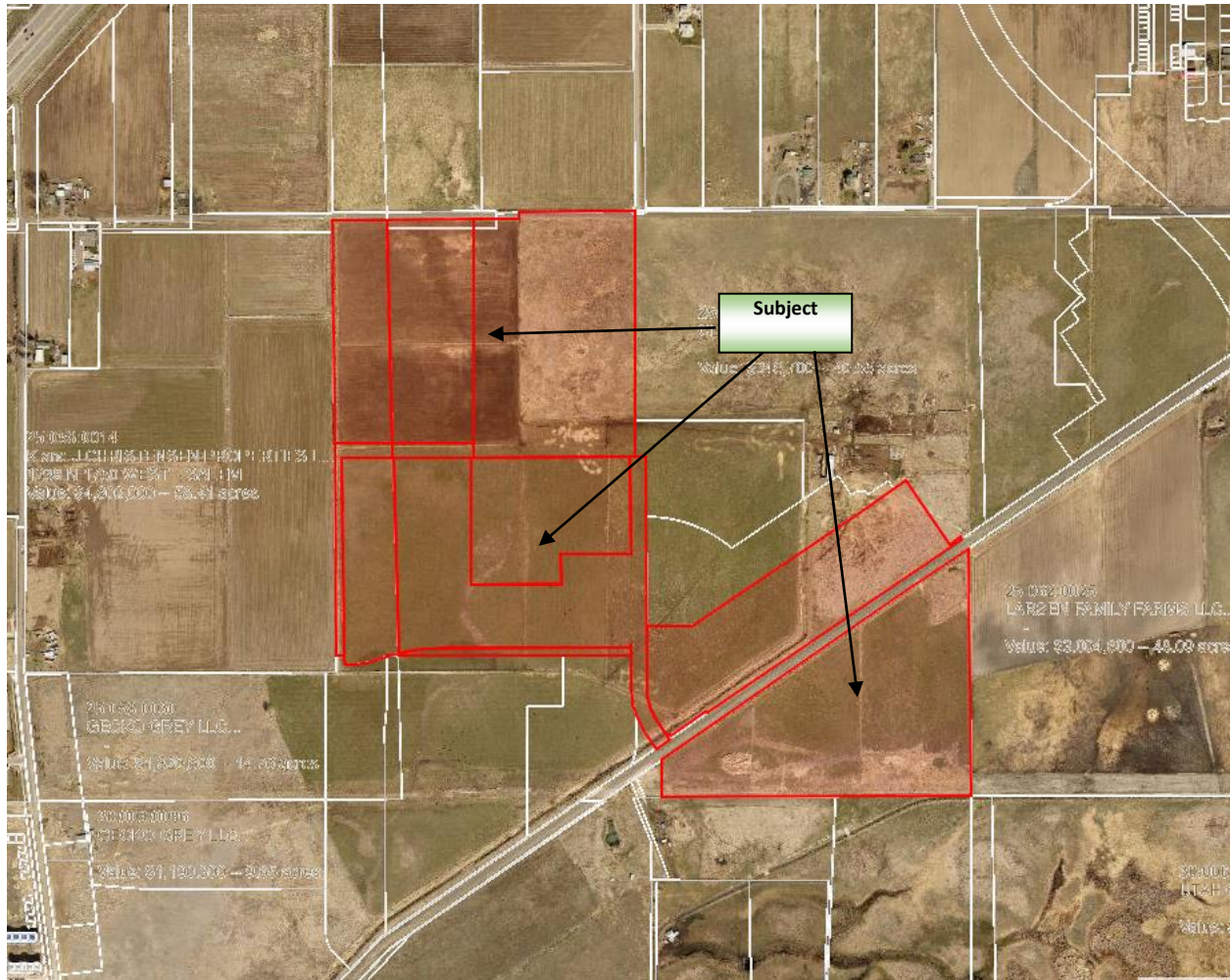
SUBJECT PROPERTY







AERIAL PHOTOGRAPH



SUMMARY OF SALIENT FACTS

PROPERTY DATA	
Property Name	Arrowhead Springs PID
Address	8500 S Arrowhead Trail Salem, Utah 84653
Location	The subject is located midway between Spanish Fork and Payson Utah along Arrowhead Trail in Salem Utah, Utah County.
Property Description	Apartment Land, Townhome Lots, SFH Lots
Parcel Number	250610033, 250610032, 250610026, 250610031, 250580027, 250610042, 250610040, 250610030, 250580031, 250610029, 250580028, 250610037, 250610034, 250610041
Census Tract No.	0104.06
Legal Description	See Addenda
Site Area	
Primary Site	4,186,552 square feet (96.11 acres)
Apartment Site	1,128,204 square feet (25.90 acres)
Zoning	R-15; Single-family & Master Planned Development
Flood Status	Zone X (Unshaded) is a Non-Special Flood Hazard Area (NSFHA) of minimal flood hazard, usually depicted on Flood Insurance Rate Maps (FIRM) as above the 500-year flood level. This is an area in a low to moderate risk flood zone that is not in any immediate danger from flooding caused by overflowing rivers or hard rains. In communities that participate in the National Flood Insurance Program (NFIP), flood insurance is available to all property owners and renters in this zone.
Year Built	2027
Type of Construction	Wood Frame
Number of Apartment Buildings	29
Gross Building Area (Apartments)	589,512 square feet
Net Rentable Area (Apartments)	489,288 square feet
Total Number of Apartment Units	348
Number of Townhomes	332
Number of SFR	129
Overall Condition	Good/Excellent
Overall Quality	Good/Excellent
Overall Design/Functionality	Good

PROPERTY HISTORY

According to the county records, the subject has several owners and transfers to each of these entities was made in 2022; however, the most recent transfers were made in December of 2024. We have made inquiry as to the details of each transfer; however, as of the date of this report no responses have been provided. The following chart illustrates the information we obtained from county records and from the subject's representative:

OWNERSHIP AND TAX ANALYSIS - As Land									
Parcel Number	Owner Name	Acres	Transfer		Grantor	2024 Assessment	2022 Taxes	2023 Taxes	2024 Taxes
250580027	Arrowhead Springs Development, LLC	5.80	2024	84804:2024	BCP Salem, LLC	\$737,100	\$7,087	\$7,097	\$7,322
250580028	Arrowhead Springs Development, LLC	1.06	2024	84928:2024	Gecko Grey 2, LLC	\$134,700	\$1,295	\$1,297	\$1,338
250580031	Arrowhead Springs Development, LLC	4.99	2024	84804:2024	BCP Salem, LLC	\$633,200	\$6,089	\$6,097	\$6,290
250610026	Arrowhead Springs Development, LLC	8.67	2024	84804:2024	BCP Salem, LLC	\$1,100,800	\$10,505	\$10,519	\$10,854
250610029	Arrowhead Springs Development, LLC	14.49	2024	84804:2024	BCP Salem, LLC	\$1,840,900	\$17,569	\$17,592	\$18,151
250610030	Arrowhead Springs Development, LLC	0.81	2024	84929:2024	Grey Gecko 3 LLC	\$102,600	\$979	\$980	\$1,012
250610031	Arrowhead Springs Development, LLC	8.44	2024	84804:2024	BCP Salem, LLC	\$1,071,800	\$10,229	\$10,243	\$10,568
250610032	Arrowhead Springs Development, LLC	18.21	2024	84926:2024	Arrow 67120 LLC	\$1,024,700	\$9,780	\$9,793	\$10,104
250610033	Arrowhead Springs Development, LLC	0.55	2024	84928:2024	Grey Gecko 3 LLC	\$70,600	\$673	\$674	\$696
250610040	Arrowhead Springs Development, LLC	12.65	2024	84930:2024	Projek1 LLC	\$1,607,000	\$15,337	\$15,357	\$15,845
250610042	Arrowhead Springs Development, LLC	20.44	2024	84930:2024	Projek1 LLC	\$2,596,500	\$24,780	\$24,813	\$25,601
250610037	Arrowhead Springs Development, LLC	0.04	2024	84927:2024	Grey Gecko LLC	\$5,000			\$49.30
250610034	Arrowhead Springs Development, LLC	7.81	2024	84926:2024	Arrow 67120 LLC	\$992,100			\$9,782
250610041	Arrowhead Springs Development, LLC	40.55	2024	84927:2024	Grey Gecko LLC	\$347,600			\$3,518
Total		96.11				\$12,264,600	\$104,325	\$104,463	\$121,131

Noted: The last two parcels above include some property that is not part of the appraised value.

Three Year History

To the best of our knowledge, there have been no other transfers in the ownership of the subject or listings for the three-year period preceding the effective date of this appraisal.

Sale Status

To the best of our knowledge, the property is not currently under contract, listed, or optioned for purchase or being marketed for sale.

CLIENT & INTENDED USER/USER

CLIENT

The Client is Arrowhead Springs Public Infrastructure District (Client).

INTENDED USER

The Client, Brian Bird, and Arrowhead Springs Public Infrastructure District are the intended users of this report.

INTENDED USE

The intended use of this report is to assist the Client in the following:

1. Bond Underwriting; and
2. Financial Reporting – To assist the Client in establishing and obtaining public bond financing through a Public Infrastructure District (PID) Special Assessment Bond. The appraisal is intended to be included in a public bond offering document.

PURPOSE

The purpose of this appraisal is to develop opinions of the following:

- As Is Market Value – November 9, 2024
- As Complete Market Value – November 9, 2027 (Apartment Land + Site Improvements)
- Gross Retail Sales Market Value – November 9, 2027 (Townhome & SFR Lots Only)

MARKETING TIME & EXPOSURE PERIOD

EXPOSURE TIME

Exposure time is a condition of a Market Value opinion, and is defined as follows:

An opinion, based on supporting market data, of the length of time that 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.¹

Reasonable exposure time is one of a series of conditions in most market value definitions. Exposure time is always presumed to precede the effective date of the appraisal.

Given the market value conclusions of the subject property, a reasonable Exposure Time of 12 months or less was concluded. This opinion was formed from analyzing the marketing times of comparable sales and interviews with brokers.

MARKETING TIME

Marketing time is not found in the definitions section of USPAP; however Advisory Opinion 7 describes reasonable marketing time as:

¹ Uniform Standards of Professional Appraisal Practice (USPAP), *The Appraisal Foundation* 2020-2021 Edition – Definitions page 4

The reasonable marketing time is an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value or at a benchmark price during the period immediately after the effective date of the appraisal.²

Marketing time is a forecast that is made looking forward to the effective date. Marketing time differs from exposure time, which is always presumed to precede the effective date of appraisal. Given the lengthy market times but high list price of many properties in the immediate area, a reasonable Marketing Time of 12 months or less was concluded.

Most Probable Purchaser - The most probable purchaser of the subject property "As Is" is a developer because of its vacant characteristics and potential single-family and multi-family use.

DEFINITIONS

Fee Simple Interest

Absolute ownership is unencumbered by any other interest or estate, subject only to the limitations imposed by the government powers of taxation, eminent domain, police power, and escheat.

Leased Fee Interest

A freehold (ownership interest) where the possessory interest has been granted to another party by the creation of a contractual landlord-tenant relationship

Prospective Market Value

A value opinion as of a specified future date.²

Market Value

The most probable price that a property should bring in a competitive and open market 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 is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 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.^{3[1]}

² Uniform Standards of Professional Appraisal Practice (USPAP), *The Appraisal Foundation* 2020-2021 Edition – Advisory Opinion 7, page 74

² *The Dictionary of Real Estate Appraisal*, 6th E, Chicago: Appraisal Institute 2015

[1] *Interagency Appraisal and Evaluation Guidelines*; December 10, 2010, *Federal Register*, Volume 75 Number 237, Page 77472

SCOPE OF WORK

APPRAISAL INFORMATION

Client	Arrowhead Springs Public Infrastructure District 980 E 800 N #102 Orem, UT 84097
Intended User(s)	Arrowhead Springs Public Infrastructure District and Brian Bird
Intended Use	The intended use of this report is to assist the client in the following: 1. Bond Underwriting; and 2. Financial Reporting – To assist the client in establishing and obtaining public no financing through a Public Infrastructure District (PID) Special Assessment Bond. The appraisal is intended to be included in a public bond offering document. purposes.
Premise Summary	As Is Market Value - November 9, 2024
Premise Summary	Prospective As Complete Market Value - November 9, 2027
Date of Inspection	November 9, 2024
Report Date	December 6, 2024
Marketing Time	12 Months or less
Exposure Time	12 Months or less
Owner of Record	Several See Chart
Property Contact(s)	Mr. Brian Bird
Highest and Best Use	
If Vacant	Multifamily, Mixed Use PUD development
As Improved	Multifamily, Mixed Use PUD development

PROPERTY IDENTIFICATION

Property Name	Arrowhead Springs PID
Address	8500 S Arrowhead Trail Salem, Utah 84653
Location	The subject is located midway between Spanish Fork and Payson Utah along Arrowhead Trail in Salem Utah, Utah County.
Property Description	Apartments, Townhomes, and SFR
Parcel Number	250610033, 250610032, 250610026, 250610031, 250580027, 250610042, 250610040, 250610030, 250580031, 250610029, 250580028, 250610037, 250610034, 250610041
Census Tract No.	0104.06
Legal Description	See Addenda

SCOPE OF THE INVESTIGATION																							
General and Market Data Analyzed	- Regional economic data and trends - Market analysis data specific to the subject property type - Published survey data - Neighborhood demographic data - Comparable cost, sale, rental, expense, and capitalization rate data - Floodplain status - Zoning information - Assessor's information - Interviewed professionals knowledgeable about the subject's property type and market																						
Inspection Details	The subject property was inspected on June 25, 2023, by Kyle Roper, MAI, and again on November 9, 2024, by Land McDougal (Trainee License Number 13332690-TR00). Landon has met the Division of Real Estate requirements needed for independent property inspections.																						
Property Specific Data Requested and Received	<table> <tr> <th colspan="2">PROPERTY DATA RECEIVED</th></tr> <tr> <td>Floor plans</td><td></td></tr> <tr> <td>Building plan</td><td></td></tr> <tr> <td>Site plan</td><td></td></tr> <tr> <td>YTD construction costs</td><td></td></tr> </table>	PROPERTY DATA RECEIVED		Floor plans		Building plan		Site plan		YTD construction costs													
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VALUATION METHODOLOGY

Most Probable Purchaser	To apply the most relevant valuation methods and data, the appraiser must first determine the most probable purchaser of the subject property. The most probable purchaser of the subject property "As Is" is a developer because of its vacant characteristics and potential single-family and multi-family use.
Valuation Methods Utilized	This appraisal employs all three typical approaches to value: the Cost Approach, the Sales Comparison Approach, and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that all approaches would be considered meaningful and applicable in developing a credible value conclusion. The Client also requires an insurable value of the improvements.

EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)

The values presented within this appraisal report are subject to the extraordinary assumptions and hypothetical conditions listed below. Pursuant to the requirement within Uniform Standards of Professional Appraisal Practice Standards, it is stated here that the use of any extraordinary assumptions and/or hypothetical conditions might have affected the assignment results.

Extraordinary Assumption(s)	We are appraising the subject under the extraordinary assumption that information provided by the Client and from public resources is accurate. We have not been provided a survey of the subject property. If the actual size of the land or building is significantly different than that utilized within this report, the value conclusions could be impacted. We are appraising the subject under the extraordinary assumption that the overview of building specifications provided by the developer is accurate. Our Prospective Market Value conclusions are subject to completion of the improvements in accordance with what has been described by documentation provided by the developer. It is assumed that completion of construction will occur in a timely manner and that the quality of workmanship will be consistent with what has been envisioned for the project. We are providing a Prospective Market Value Upon Completion for the subject property under the extraordinary assumption that the proposed improvements receive all necessary planning and permitting approvals. The Prospective Market Value Upon Completion further assumes that all proposed improvements have been completed in a workmanlike manner in accordance with all provided construction plans and documents by the prospective future date. Prospective Market Value opinions are intended to reflect the current expectations and perceptions of market participants along with available factual data. They should be judged on market support for the forecasts when made, not whether specific items in the forecasts are realized. In forming a prospective value opinion for the property, we analyzed market trends with regard to rents, expenses, construction costs, absorption, etc. Furthermore, economic indicators such as market demographics and future competition were also analyzed. The prospective value opinion is predicated on the projections incorporated within our analyses; however, all of the projections are subject to external influences (e.g. supply/demand, economy, competition, etc.) and may or may not occur as projected within the appraisal. The subject is currently a portion of a larger parcel and is planned to be subdivided in the near future. The opinions of value are subject to the extraordinary assumption that the subject can be subdivided from the larger parcel in the immediate future at nominal cost and time.
Hypothetical Condition(s)	This appraisal employs no hypothetical conditions.

DEFINITIONS

Pertinent definitions, including the definition of market value, are included in the glossary, located in the Addenda to this report. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States:

Market Value

The most probable price which a property should bring in a competitive and open market 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 a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 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. ^[1]

LEVEL OF REPORTING DETAIL

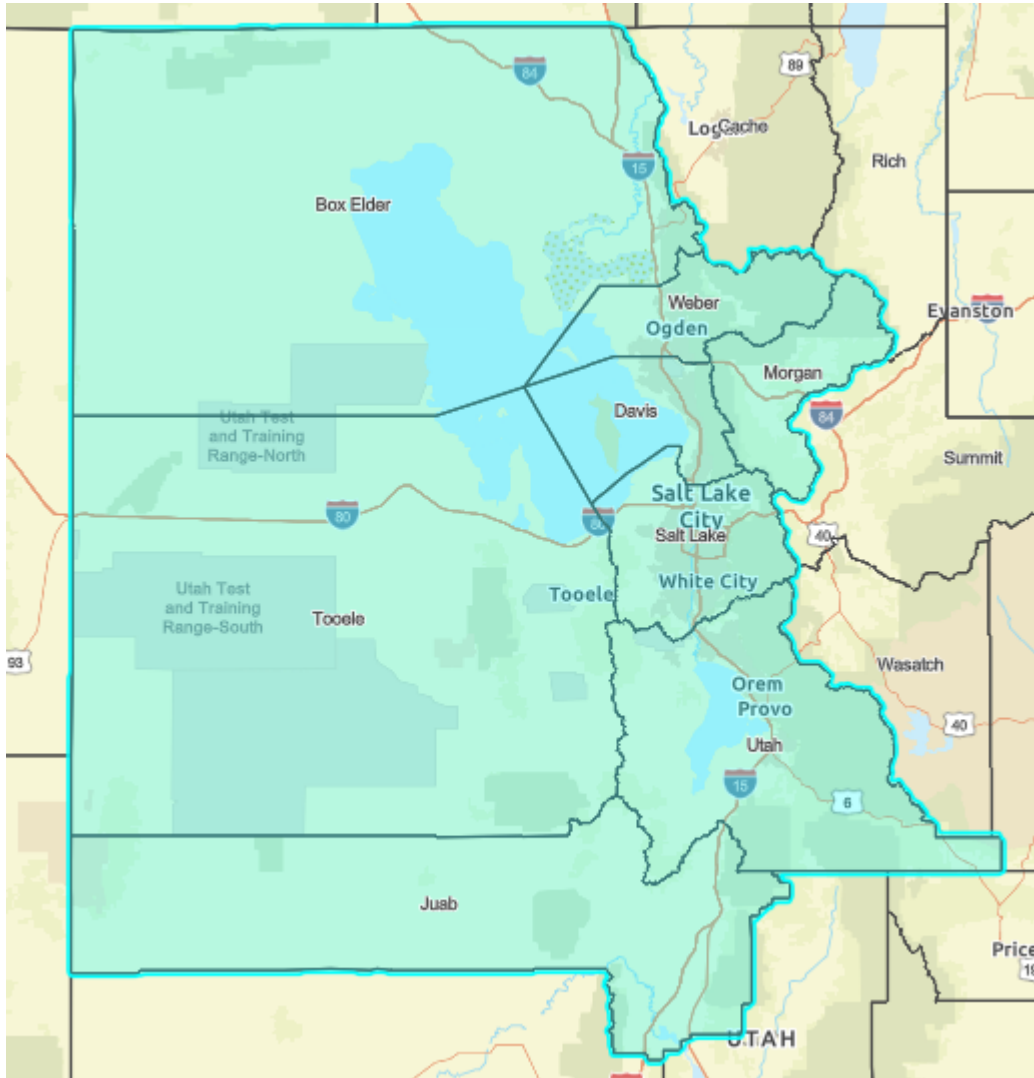
Standards Rule 2-2 (Real Property Appraisal, Reporting) contained in USPAP requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report.

This report is prepared as an **Appraisal Report**. An Appraisal Report must at a minimum summarize the appraiser's analysis and the rationale for the conclusions. This format is considered most similar to what was formerly known as a Self-Contained Appraisal Report in prior versions of USPAP.

^[1] (Interagency Appraisal and Evaluation Guidelines; December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472)

REGIONAL ANALYSIS

WASATCH FRONT



The subject is located along the Wasatch Front. This is a combination of the three major MSAs in the state of Utah: Salt Lake, Ogden-Clearfield, and Provo-Orem. The counties encompassed in these are Salt Lake and Tooele for the Salt Lake MSA, Utah and Juab Counties for Provo-Orem MSA, and Weber, Davis, Morgan, and Box Elder Counties for Ogden-Clearfield MSA. The Combined Statistical Area is the twenty-second largest in the United States by population. These three MSAs largely make up the overall Utah population and economy with 79.63% of the total state's population being in the three MSAs.

The Wasatch Front has consistently boasted a strong economy and was ranked by Forbes as the #6 (Provo), #16 (Ogden-Clearfield), and #21 (Salt Lake City) best place for business and careers in 2022, crediting the continually growing GDP, job growth, educated workforce and rapidly growing and large younger population. According to US Census Data, Utah was the fastest growing state by percentage from 2020 at 18.4% increase in population or 507,371 new residents with the three MSAs drawing most new residents. According to WalletHub's latest report, which ranks the best and worst places to start a career in 2022, Salt Lake City was first. According to the Stanford Graduate School of Business, the State of Utah also has the highest ratio of venture capital startups that achieve "unicorn"

status, a valuation of over \$1 billion, with 1 in 61 achieving this while the national average in 1 in 101. The state of Utah is also ranked second by Forbes from 2011-2021 in GDP growth with a 10-year growth rate of 44.5%.

The Salt Lake City International Airport (SLC) is the major regional airport for the Wasatch Front and was the 20th busiest U.S. airport with close to 23 million passengers in 2021. The airport is currently undergoing expansion to be completed in 2024 would see greater traffic to the region via air travel and serves as one of the major hubs nationally for Delta Airlines. Overall, the area is well-connected from a logistics and tourism standpoint with two major interstates in I-80 and I-15 intersecting in Salt Lake City, with I-15 also passing through Ogden-Clearfield and Provo-Orem. The strong economy, along with Utah having the third highest quality of life according to the World Population Review, the tenth best overall education according to US News, and the youngest average population signal that Utah is poised to continue its trend of rapid growth.

POPULATION

The Salt Lake MSA has an estimated 2023 population of 1,284,372, which represents an average annual 0.2% increase since the 2020 census of 1,257,936. The Salt Lake MSA’s annual growth rate is slightly lower than the State of Utah rate of 0.5%. The Ogden-Clearfield MSA has an estimated 2023 population of 727,619, which represents an average annual 0.5% increase since the 2020 census of 694,863. The Ogden-Clearfield MSA’s annual growth rate is in line with the State of Utah rate of 0.5%. The Provo-Orem MSA has an estimated 2023 population of 738,797, which represents an average annual 1.1% increase since the 2020 census of 671,185. The Provo-Orem MSA’s annual growth rate exceeds the State of Utah rate of 0.5%.

Looking forward, the Salt Lake MSA’s population is projected to increase at a 0.6% annual rate, the Ogden-Clearfield MSA’s population is projected to increase at a 0.9% the annual rate, and the Provo-Orem MSA’s population is projected to increase at a 1.6% annual rate from 2023-2028. These growth rates are in line with the state of Utah’s projected growth rate of 1.0%.

	POPULATION TRENDS				
	Population			Compound Ann. % Chng	
	2020 Census	2024 Estimate	2029 Projection	2020-2024	2024-2029
Salt Lake MSA	1,257,936	1,284,372	1,324,106	0.2%	0.6%
Ogden-Clearfield MSA	694,863	727,619	762,608	0.5%	0.9%
Provo-Orem MSA	671,185	738,797	799,246	1.1%	1.6%
Utah	3,271,616	3,454,370	3,637,367	0.5%	1.0%

Source: Environics Analytics

EMPLOYMENT

Total employment in the Salt Lake MSA is currently estimated at 711,319 jobs, for the Ogden-Clearfield MSA it is currently estimated at 347,290, and for the Provo-Orem MSA it is estimated at 348,628 jobs as of 2022. Between 2011 and 2022 (year-end), employment rose by a combined 380,897 jobs, equivalent to a 37.11% increase over the entire period. The Wasatch Front’s rate of employment growth over the last decade exceeded that of Utah, which experienced an increase in employment of 36.52%, or 461,249 jobs, over this period. The three MSAs combined job growth being larger than the entire state can be explained as these three making up the major population and employment in the state and other areas of the state shrinking while the Wasatch Front experienced rapid growth.

A comparison of unemployment rates is another way of gauging an area’s economic health. Over the past decade, the three MSAs unemployment rate has been consistently close to that of Utah, with an average unemployment rate of 3.6% with three combined in comparison to a 3.7% rate for Utah. This is a positive sign of the unemployment rate healing from the impact of the COVID-19 pandemic which affected unemployment rates drastically in 2020.

EMPLOYMENT TRENDS								
Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)			
	Salt Lake MSA	Ogden-Clearfield MSA	Provo-Orem MSA	Utah	Salt Lake MSA	Ogden-Clearfield MSA	Provo-Orem MSA	Utah
2011	536,943	265,294	224,103	1,263,082	7.0%	7.2%	6.6%	7.1%
2012	557,386	272,009	235,417	1,304,925	4.7%	4.9%	4.4%	4.8%
2013	574,333	279,727	245,173	1,345,552	4.1%	4.4%	3.9%	4.2%
2014	583,560	286,904	254,924	1,379,448	3.6%	3.7%	3.3%	3.6%
2015	600,318	295,776	267,810	1,420,643	3.4%	3.6%	3.2%	3.5%
2016	619,043	306,051	280,515	1,469,250	3.1%	3.3%	3.0%	3.3%
2017	634,983	313,600	295,015	1,517,655	3.0%	3.2%	2.8%	3.1%
2018	647,637	320,511	304,099	1,553,834	2.8%	2.9%	2.7%	2.9%
2019	665,802	328,973	314,702	1,599,028	2.5%	2.6%	2.3%	2.5%
2020	660,041	330,911	322,444	1,608,498	5.2%	4.5%	3.9%	4.8%
2021	688,825	339,998	338,841	1,675,599	2.8%	2.6%	2.4%	2.7%
2022	711,319	347,290	348,628	1,724,331	2.3%	2.3%	2.1%	2.3%
Overall Change 2011-2022	174,376	81,996	124,525	461,249				
Avg Unemp. Rate 2011-2022					3.7%	3.8%	3.4%	3.7%
Unemployment Rate - December 2023					2.5%	2.4%	2.4%	2.5%

Source: Bureau of Labor Statistics and Economy.com. Employment figures are from the Current Employment Survey (CES). Unemployment rates are from the Local Area Unemployment Statistics (LAUS).

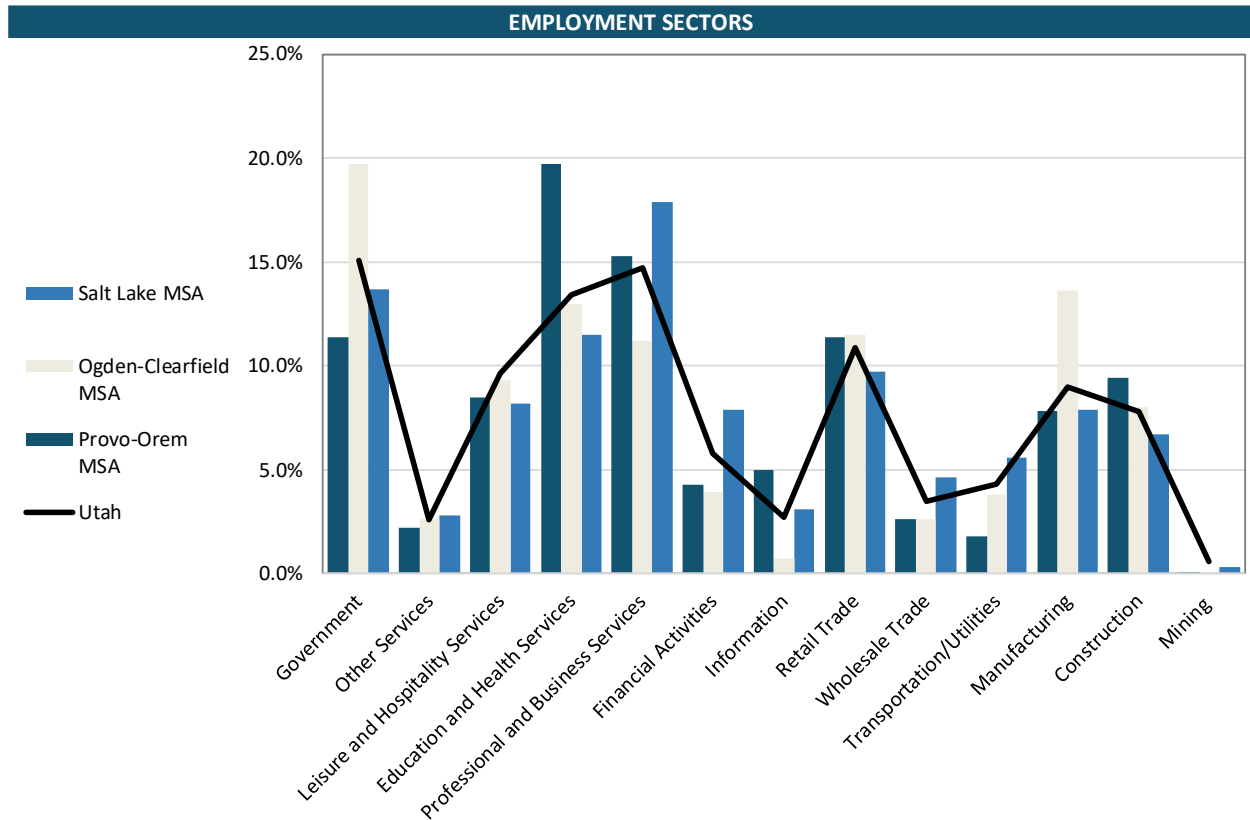
Major employers in each of the MSAs that make up the Wasatch Front are shown in the following tables.

MAJOR EMPLOYERS - SALT LAKE MSA		
	Name	Number of Employees
1	University of Utah	20,000 +
2	Intermountain Healthcare Inc.	15,000 - 19,999
3	Walmart Inc.	7,000 - 9,999
4	Zions Bancorp.	7,000 - 9,999
5	Delta Airlines	4,000 - 4,999
6	Amazon Fulfillment Services Inc.	3,000 -3,999
7	Discover Products Inc.	3,000 - 3,999
8	Salt Lake City Community College	3,000 - 3,999
9	L-3 Communications Corp.	3,000 - 3,999
10	ARUP Laboratories	3,000 - 3,999
11	Department of Veterans Affairs	3,000 - 3,999
12	United Parcel Service	3,000 - 3,999
13	Smith's Food & Drug	3,000 - 3,999
14	Wells Fargo Bank	3,000 - 3,999
15	Utah Transit Authority	2,000 - 2,999
16	McDonald's Restaurant	2,000 - 2,999
17	Kennecott Corp.	2,000 - 2,999
18	Jet Blue Airways Corp.	2,000 - 2,999
19	Goldman Sachs and Co.	2,000 - 2,999
20	C.R. England Inc.	2,000 - 2,999
Source: Moody's Economy Report		

MAJOR EMPLOYERS - OGDEN-CLEARFIELD MSA		
	Name	Number of Employees
1	Hill Air Force Base	10,000 - 14,999
2	Department of Treasury	5,000 - 6,999
3	McKay-Dee Hospital Center	3,000 - 3,999
4	Weber State University	3,000 - 3,999
5	Autoliv ASP Inc.	3,000 - 3,999
6	Walmart Inc.	3,000 - 3,999
7	Kroger Group Cooperative	2,000 - 2,999
8	America First Credit Union	1,000 - 1,999
9	Fresenius USA Manufacturing Inc.	1,000 - 1,999
10	Home Depot	1,000 - 1,999
11	Lifetime Products	1,000 - 1,999
12	Lagoon Corp. Inc.	1,000 - 1,999
13	Utility Trailer Manufacturing Co.	1,000 - 1,999
14	Atk Space Systems Inc.	1,000 - 1,999
15	Intermountain Health Care	1,000 - 1,999
16	ATK Launch Systems	500 - 999
17	Nutrapure Inc.	500 - 999
18	Parker Hannifin Corp.	500 - 999
19	Williams International	500 - 999
20	EMC Corp.	500 - 999
Source: Moody's Economy Report		

MAJOR EMPLOYERS - PROVO-OREM MSA		
	Name	Number of Employees
1	Brigham Young University	15,000-19,999
2	Utah Valley University	7,000-9,999
3	Utah Valley Regional Medical Center	3,000-3,999
4	Vivint	3,000-3,999
5	Walmart Inc.	2,000-2,999
6	Doterra International	2,000-2,999
7	Young Living Essential Oils	1,000-1,999
8	Central Utah Medical Clinic	1,000-1,999
9	Nestle	1,000-1,999
10	Adobe Systems	1,000-1,999
11	IM Flash Technologies	1,000-1,999
12	RBD Acquisition Sub Inc.	1,000-1,999
13	Chrysalis Utah Inc.	1,000-1,999
14	Micron Technology Inc.	1,000-1,999
15	Qualtrics	1,000-1,999
16	Nu Skin International Inc.	500-999
17	Smith's Food & Drug	500-999
18	Costco Wholesale Corp.	500-999
19	Ancestry.com Inc.	500-999
20	Xactware Solutions	500-999
Source: Moody's Economy Report		

As discussed, the Wasatch Front has a diverse employment base. The area's largest industry falls within government. Similarly, the state of Utah's largest employment sector is government. The following represents employment sectors for the three MSAs in comparison to the state of Utah.



Source: Moody's Economy Report

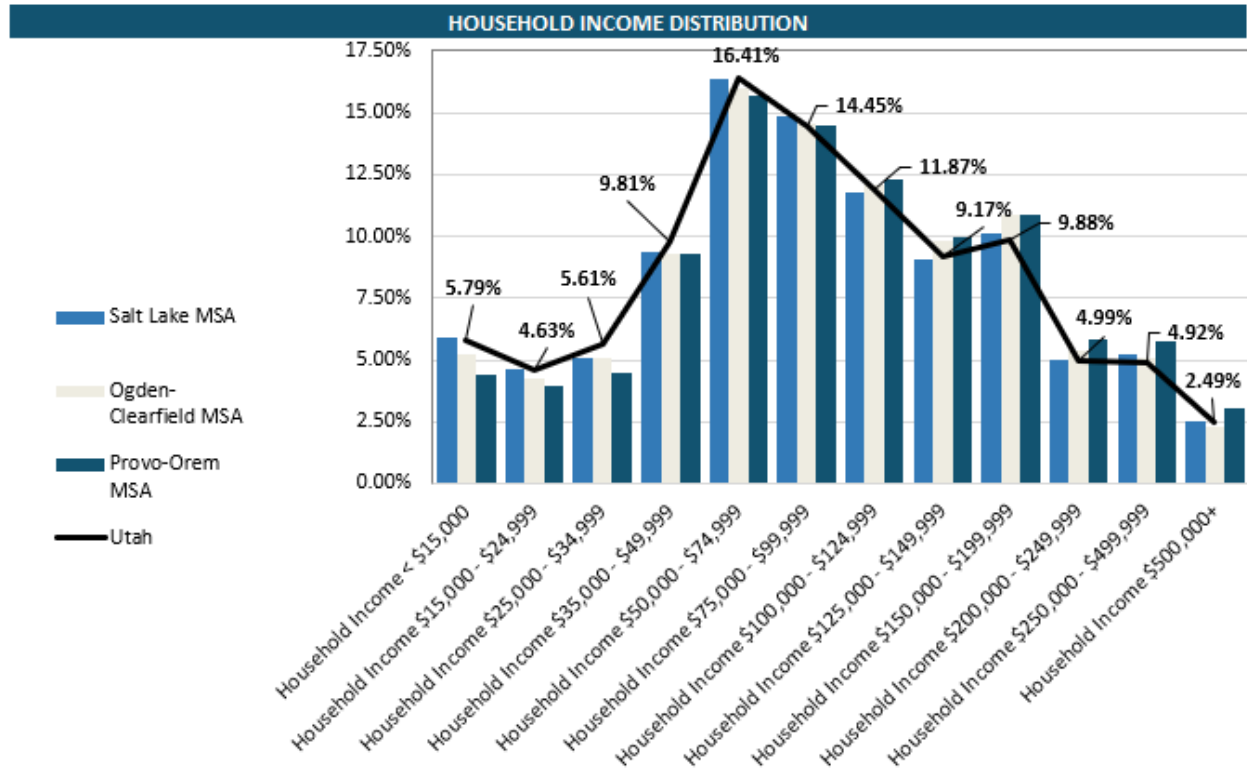
HOUSEHOLD INCOME

The three MSAs are more affluent than Utah, as a whole. Median household income for the Salt Lake MSA is \$88,998, for the Ogden-Clearfield MSA it is \$91,996, and for the Provo-Orem MSA it is \$95,810 which is 4.92% greater than the corresponding figure for Utah.

MEDIAN HOUSEHOLD INCOME		
	Average	Median
Salt Lake MSA	\$117,032	\$88,998
Ogden-Clearfield MSA	\$118,136	\$91,996
Provo-Orem MSA	\$125,276	\$95,810
Utah	\$115,561	\$87,942
Comparisons of MSAs to Utah	+ 8.4%	4.92%

Source: Environics Analytics

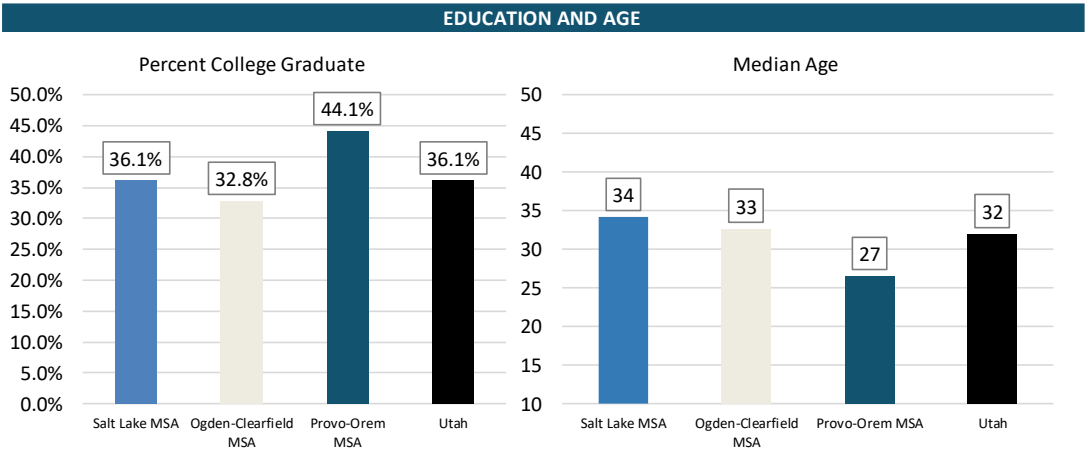
The following chart shows the distribution of households across twelve income levels. The three MSAs that make up the Wasatch Front generally follow the same trend as the state of Utah. The three MSAs have an average of 60.33% households are at the \$75,000 or greater levels in household income as compared to the 57.77% of Utah households. A lesser concentration of households is apparent in the lower income levels, as an average of 14.32% for the three MSAs' households are below the \$35,000 level in household income versus 16.02% of Utah households.



Source: Environics Analytics

EDUCATION & AGE

Residents of the Salt Lake MSA and Provo-Orem MSA have an equal or higher level of educational attainment than those of Utah. An estimated 36.1% of the Salt Lake MSA and 44.1% of the Provo-Orem MSA residents attained a bachelor’s degree or higher, versus 32.8% of Ogden-Clearfield MSA residents and 36.1% of Utah residents. The median age of the Salt Lake MSA of 34 and the Ogden-Clearfield MSA of 33 exceed that of the Utah median of 32. The Provo-Orem MSA has a significantly lower median age of 27 in comparison to the other MSAs and the overall state.



Source: Environics Analytics

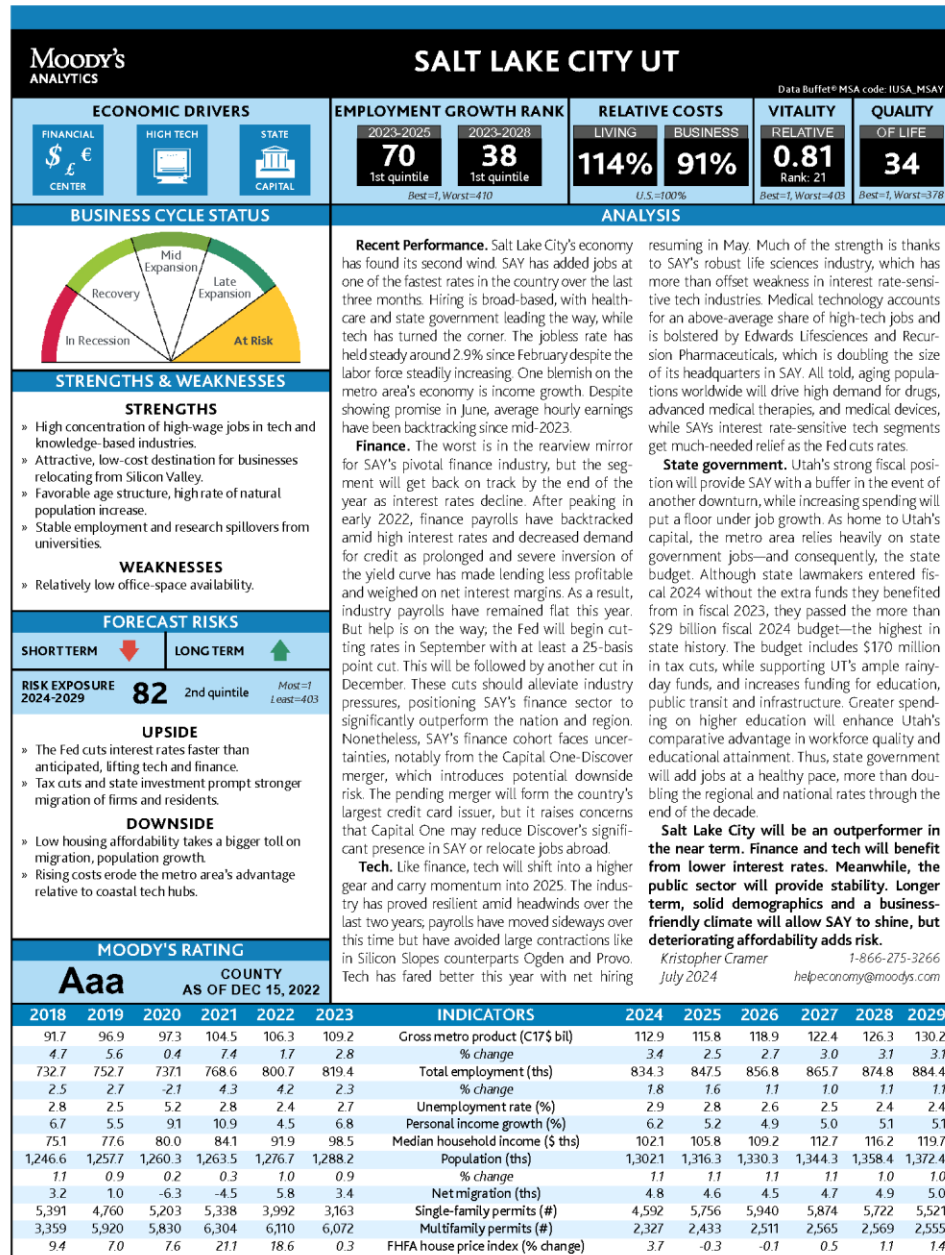
CONCLUSION

The Wasatch Front economy boasts a diverse economic base along with a young population that is anticipated to keep the area growing rapidly into the foreseeable future. The Wasatch Front benefits from a growing population base and has also maintained consistently lower unemployment rates than most of the United States over the past decade. Propelled by tech, the metro will grow fast for longer with employment and income growth topping that in most other large metropolitan areas. We anticipate that these economic indicators within the Wasatch Front will continue to strengthen the overall demand for real estate in the region.

MOODY'S ECONOMY.COM METROPOLITAN SUMMARY

The following pages are taken from the most recent Moody's Economy.com report available. It will give the most current view of the economic conditions in the Salt Lake City, UT area (July 2024).

Salt Lake City's economy has found its second wind. SAY has added jobs at one of the fastest rates in the country over the last three months. Hiring is broad-based, with healthcare and state government leading the way, while tech has turned the corner. The jobless rate has held steady around 2.9% since February despite the labor force steadily increasing. One blemish on the metro area's economy is income growth. Despite showing promise in June, average hourly earnings have been backtracking since mid-2023.

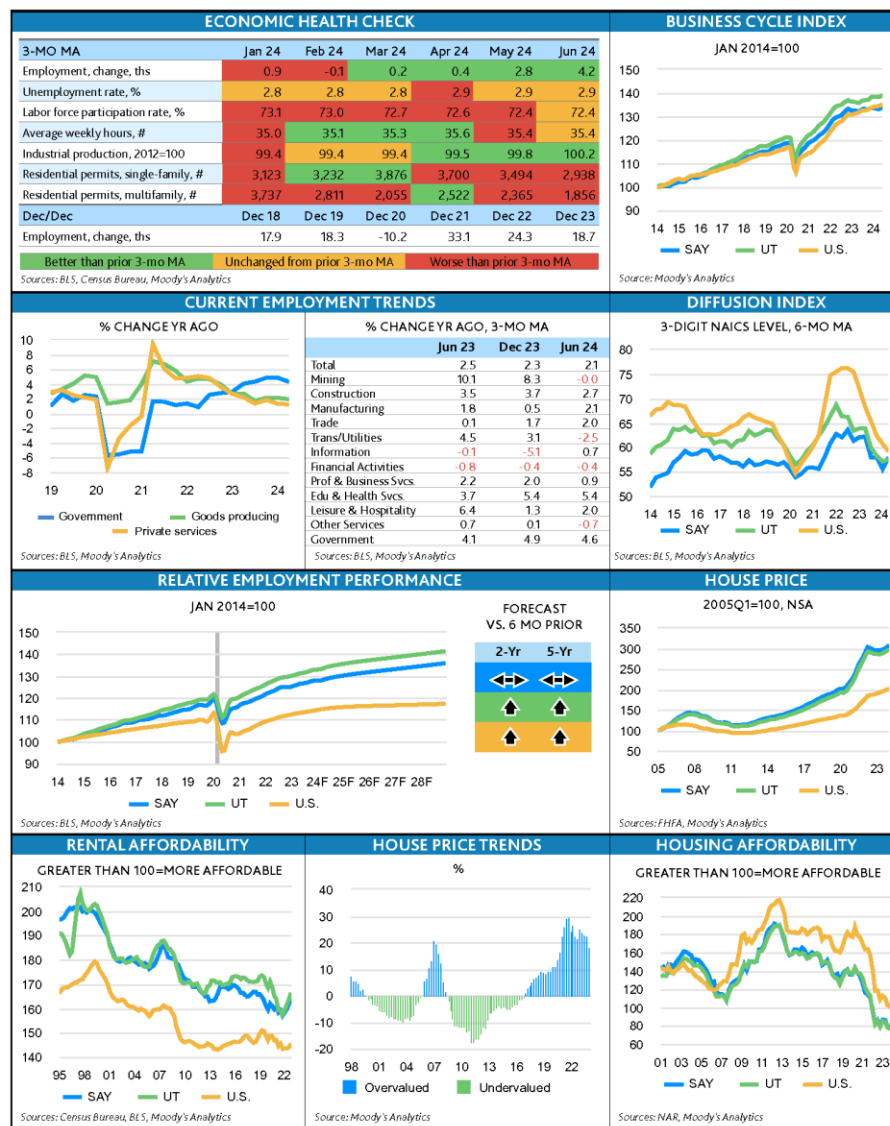


MOODY'S ANALYTICS / Precis® U.S. Metro / July 2024

FINANCE

The worst is in the rearview mirror for Salt Lake City's pivotal finance industry, but the segment will get back on track by the end of the year as interest rates decline. After peaking in early 2022, finance payrolls have backtracked amid high interest rates and decreased demand for credit as prolonged and severe inversion of the yield curve has made lending less profitable and weighed on net interest margins. As a result, industry payrolls have remained flat this year. But help is on the way; the Fed will begin cutting rates in September with at least a 25-basis point cut. This will be followed by another cut in December. These cuts should alleviate industry pressures, positioning Salt Lake City's finance sector to significantly outperform the nation and region. Nonetheless, Salt Lake City's finance cohort faces uncertainties, notably from the Capital One-Discover merger, which introduces potential downside risk. The pending merger will form the country's largest credit card issuer, but it raises concerns that Capital One may reduce Discover's significant presence in Salt Lake City or relocate jobs abroad.

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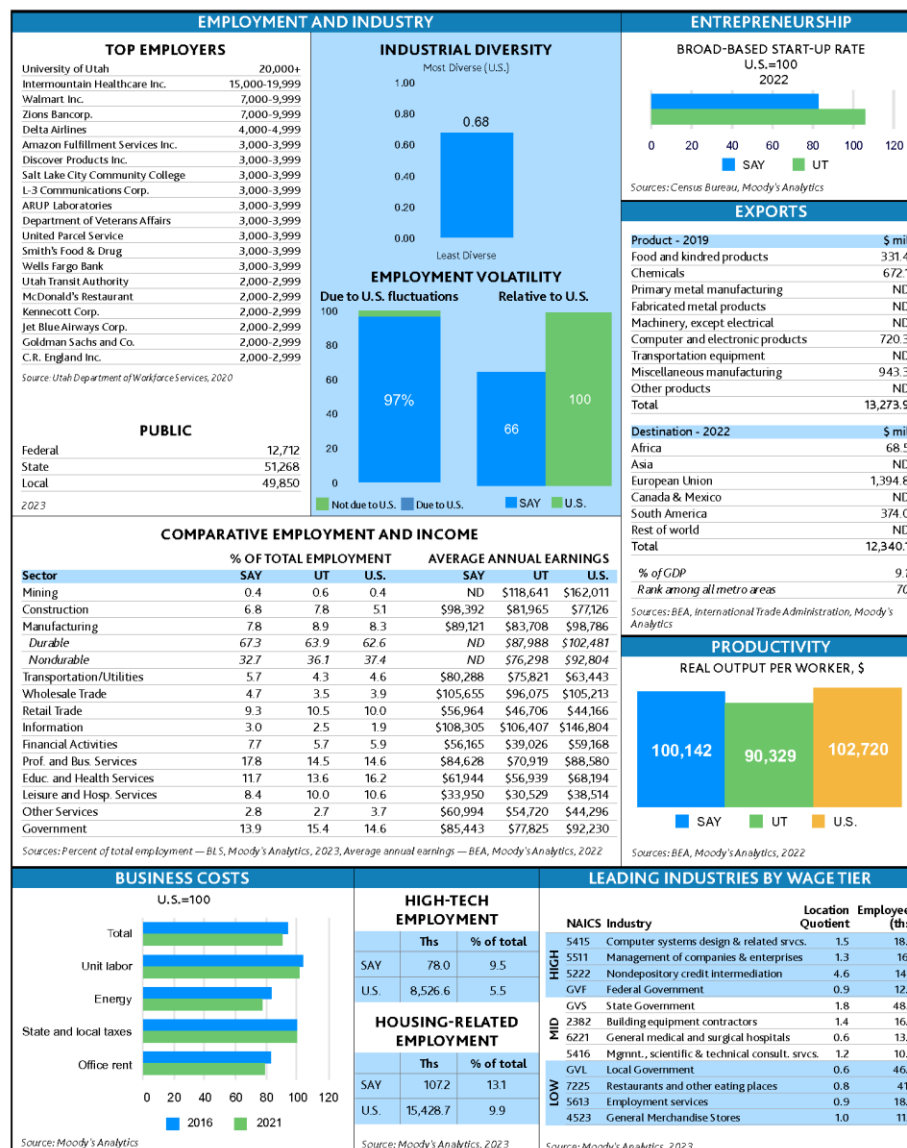


MOODY'S ANALYTICS / Précis® U.S. Metro / July 2024

TECH

Like finance, tech will shift into a higher gear and carry momentum into 2025. The industry has proved resilient amid headwinds over the last two years; payrolls have moved sideways over this time but have avoided large contractions like in Silicon Slopes counterparts Ogden and Provo. Tech has fared better this year with net hiring resuming in May. Much of the strength is thanks to Salt Lake City's robust life sciences industry, which has more than offset weakness in interest rate-sensitive tech industries. Medical technology accounts for an above-average share of high-tech jobs and is bolstered by Edwards Lifesciences and Recursion Pharmaceuticals, which is doubling the size of its headquarters in Salt Lake City. All told, aging populations worldwide will drive high demand for drugs, advanced medical therapies, and medical devices, while Salt Lake City's interest rate-sensitive tech segments get much-needed relief as the Fed cuts rates.

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BUSINESS COSTS

U.S.=100

Total: 100 (SAY), 100 (UT), 100 (U.S.)

Unit labor: 100 (SAY), 100 (UT), 100 (U.S.)

Energy: 100 (SAY), 100 (UT), 100 (U.S.)

State and local taxes: 100 (SAY), 100 (UT), 100 (U.S.)

Office rent: 100 (SAY), 100 (UT), 100 (U.S.)

Source: Moody's Analytics

HIGH-TECH EMPLOYMENT

	This	% of total
SAY	78.0	9.5
U.S.	8,526.6	5.5

HOUSING-RELATED EMPLOYMENT

	This	% of total
SAY	107.2	13.1
U.S.	15,428.7	9.9

Source: Moody's Analytics, 2023

LEADING INDUSTRIES BY WAGE TIER

NAICS Industry	Location Quotient	Employees (th's)
HIGH		
5415 Computer systems design & related svcs.	1.5	18.8
5511 Management of companies & enterprises	1.3	16.1
5222 Nondepository credit intermediation	4.6	14.7
GVF Federal Government	0.9	12.6
MID		
GV5 State Government	1.8	48.3
2382 Building equipment contractors	1.4	16.6
6221 General medical and surgical hospitals	0.6	13.8
5416 Mgmt., scientific & technical consult. svcs.	1.2	10.8
LOW		
GVL Local Government	0.6	46.6
7225 Restaurants and other eating places	0.8	41.1
5613 Employment services	0.9	18.6
4523 General Merchandise Stores	1.0	11.2

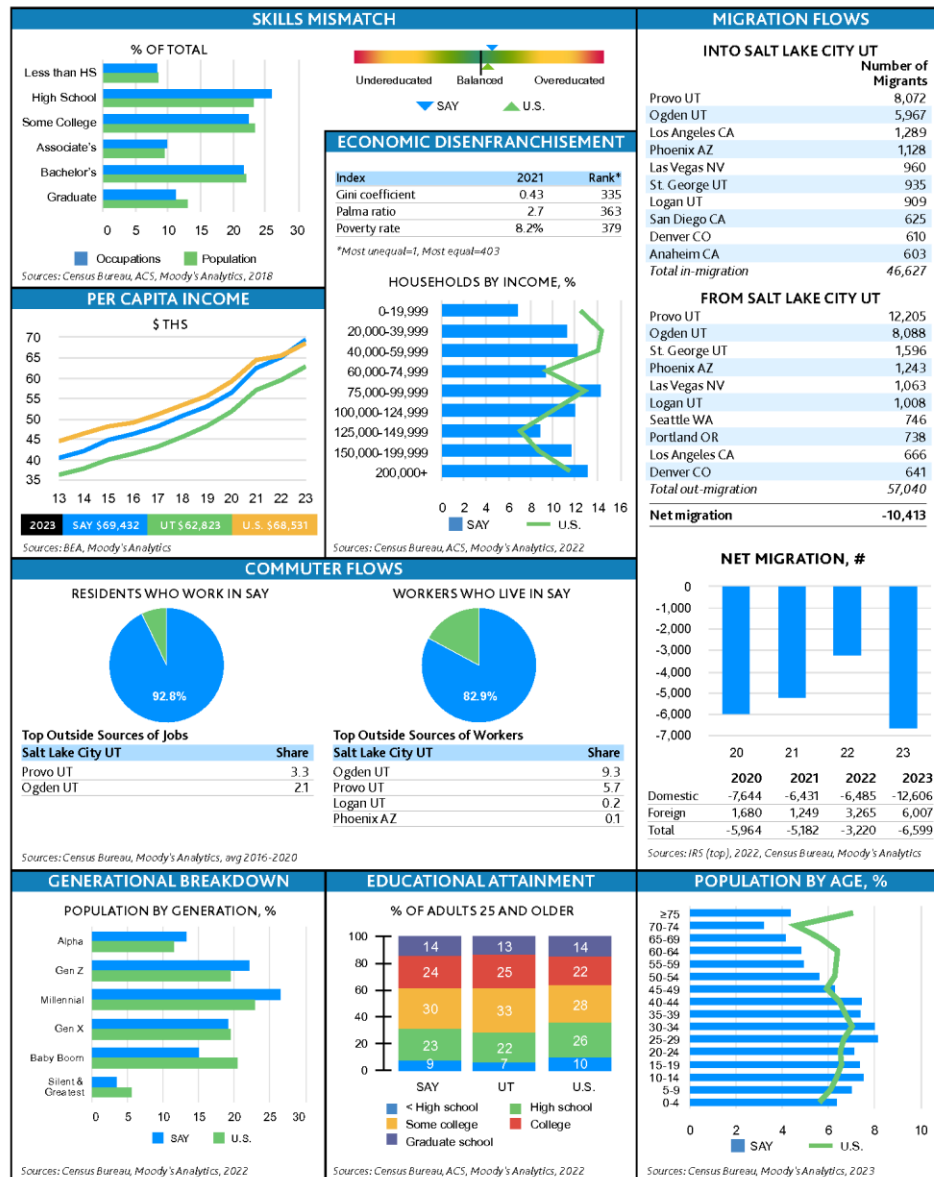
Source: Moody's Analytics, 2023

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STATE GOVERNMENT

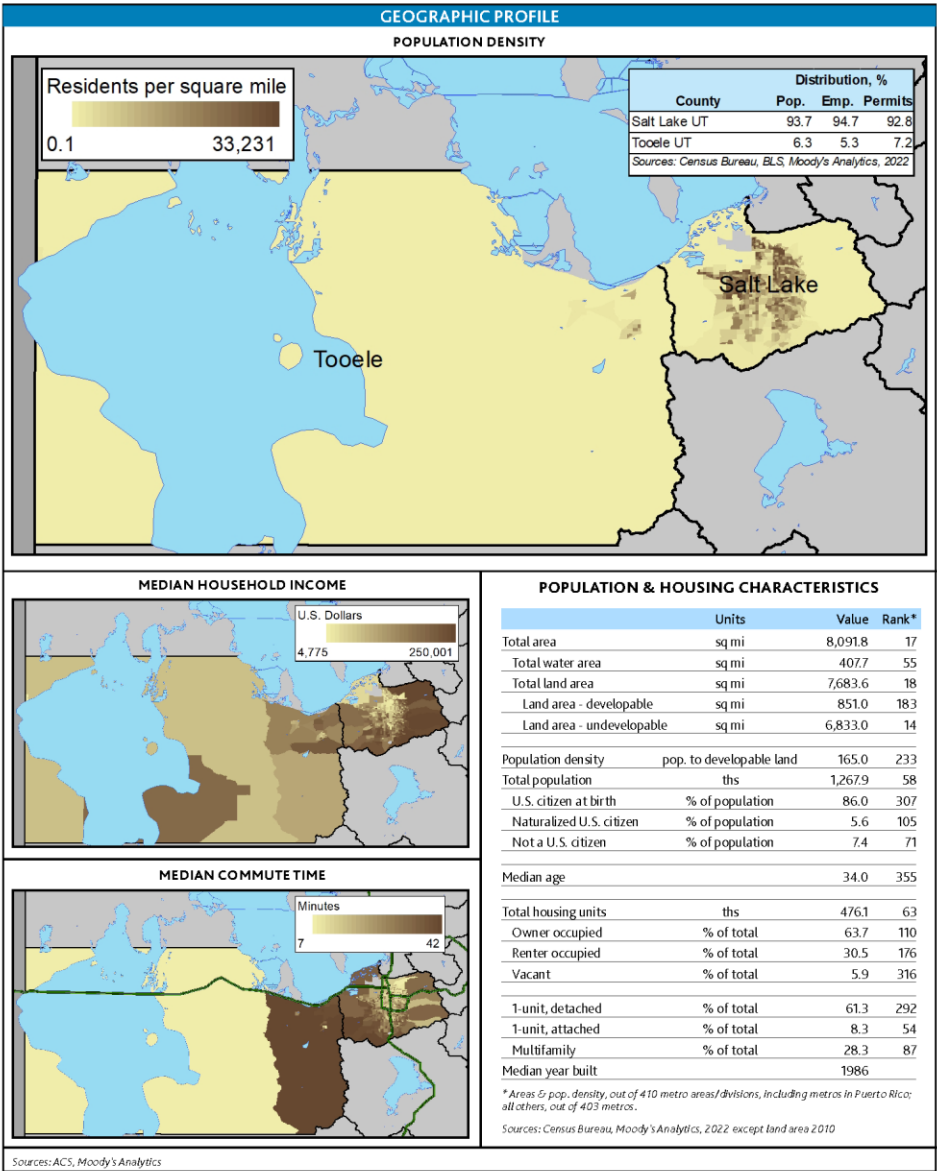
Utah's strong fiscal position will provide Salt Lake City with a buffer in the event of another downturn, while increasing spending will put a floor under job growth. As home to Utah's capital, the metro area relies heavily on state government jobs—and consequently, the state budget. Although state lawmakers entered fiscal 2024 without the extra funds they benefited from in fiscal 2023, they passed the more than \$29 billion fiscal 2024 budget—the highest in state history. The budget includes \$170 million in tax cuts, while supporting UT's ample rainy-day funds, and increases funding for education, public transit and infrastructure. Greater spending on higher education will enhance Utah's comparative advantage in workforce quality and educational attainment. Thus, state government will add jobs at a healthy pace, more than doubling the regional and national rates through the end of the decade.

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CONCLUSION

Salt Lake City will be an outperformer in the near term. Finance and tech will benefit from lower interest rates. Meanwhile, the public sector will provide stability. Longer term, solid demographics and a business-friendly climate will allow Salt Lake City to shine, but deteriorating affordability adds risk.

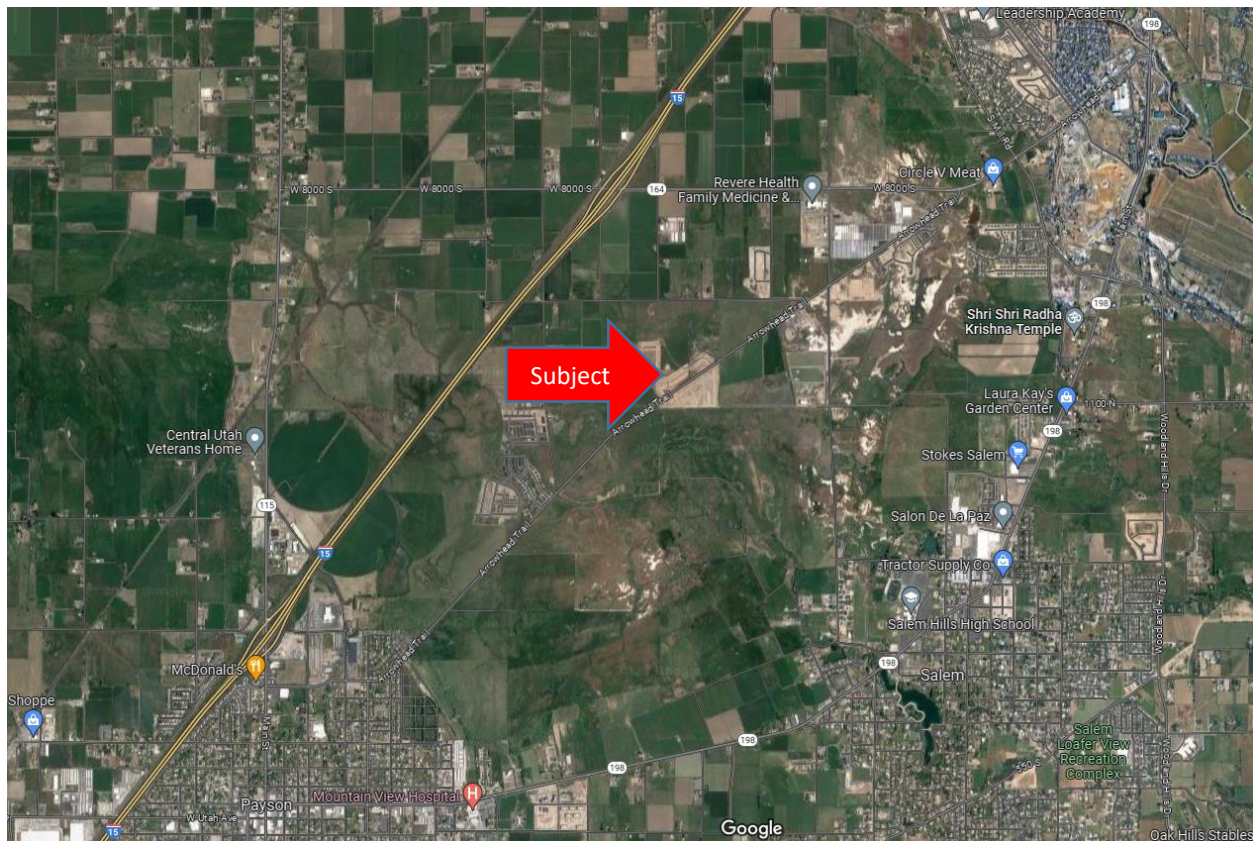
NEIGHBORHOOD ANALYSIS

Introduction

A market area is “the defined geographic area in which the subject property competes for the attentions of market participants; the term broadly defines an area containing diverse land uses.” Neighborhood areas are defined by a combination of factors including physical features the demographic and socioeconomic characteristics of the residents or tenants, the condition of the improvements, and land use trends. Neighborhood analysis focuses on the identification of a neighborhood’s boundaries and the social, economic, governmental and environmental influences that affect the value of real property within those boundaries. In conducting neighborhood analysis, the competitive supply and demand for the subject property is more directly addressed.

The purpose of a neighborhood analysis is to provide a bridge between the study of general influences on all property values and the analysis of a subject. Neighborhood boundaries are identified by determining the area in which the four forces that affect value (social, economic, governmental and environmental) operate in the same way they affect the subject property. Interaction of the various components influencing these four forces often results in the dissimilarities regarding the length of time between the stages of a neighborhood’s life cycle.

NEIGHBORHOOD MAP



ACCESS/VISIBILITY

Access to the subject neighborhood is considered average. The following tables provide distances to Interstate/Freeways and other supporting services:

DISTANCE TO SUPPORTIVE USES/ACCESS		
Type	Distance	Direction
Interstate/Freeways		
Interstate 15, Payson, UT	3.1 miles	SW
Highway 6, Santaquin, UT	8.4 miles	SW
Transportation Centers		
Provo Municipal Airport, Provo, UT	9.9 miles	N
Salt Lake City International Airport, Salt Lake City, UT	51.7 miles	N
Shopping Facilities		
Walmart Supercenter, Payson, UT	4.3 miles	SW
Spanish Fork Marketplace, Spanish Fork, UT	4.3 miles	NE
Missionary Mall Outlet, Springville, UT	6.2 miles	NE
Education Centers		
Payson High School, Payson, UT	3.5 miles	SW
Brigham Young University, Provo, UT	12.7 miles	N
Utah Valley University, Orem, UT	14.4 miles	N
Employment Centers		
Nebo School District, American Fork, UT	11.3 miles	SE
Walmart Supercenter, Payson, UT	4.3 miles	SW
Payson Utah, Payson, UT	2.6 miles	SW
Other		
Icelandic Monument, Spanish Fork, UT	3.8 miles	NE
Escalante Cross, Utah County, UT	5.5 miles	E
Tintic Standard Reduction Mill, Genola, UT	11.4 miles	SW

Growth patterns have occurred primarily along major commercial thoroughfares such as Interstate 15, as well as along various primary arterial carriers including Arrowhead Trail.

LAND USE PATTERNS

The subject neighborhood is suburban in nature and is estimated to be approximately 70% developed. The land uses within the defined neighborhood are a mix of moderate-end residential with commercial development along highways, secondary arterials, and specific corridors. Neighborhood retail/commercial development is along the major roadways in the residential areas. The vacant, undeveloped land in the area is a mixture of zoning districts that appear to follow the pattern of the existing development. That is, commercial and retail uses along the primary roadways and intersections, and single family residential in the interior. Continuation of the recent new development of single family, multi-family, retail, and office is expected to continue into the future, resulting in changing land uses from vacant to developed.

LIFE STAGE AND TRENDS

The subject neighborhood is in the late stage of its life cycle. Improved property values are relatively stable to rising. Prices for vacant land for speculative development have also been increasing. Most of the residential development, including multi-family, range in age from new construction to 30 years. Approximately 20% of the neighborhood is vacant land being held for development, most likely in the next several years.

DEMOGRAPHIC DATA

The data below summarize the market area demographics for the 1, 3, and 5-mile radii from the address of the subject, as provided by Claritas, Inc (Spotlight).

COMPARATIVE DEMOGRAPHIC ANALYSIS FOR PRIMARY TRADE AREA			
	8500 S Arrowhead Trail - 1 mi.	8500 S Arrowhead Trail - 3 mi.	8500 S Arrowhead Trail - 5 mi.
Description	Totals	Totals	Totals
Population			
2029 Projection	257	28,341	88,285
2024 Estimate	234	26,339	82,167
2020 Census	209	24,150	75,481
2010 Census	159	19,985	59,978
2024 Est. Median Age	30.25	29.25	28.76
2024 Est. Average Age	33.49	33.13	32.55
Households			
2029 Projection	58	8,124	24,585
2024 Estimate	52	7,486	22,771
2020 Census	46	6,780	20,793
2010 Census	31	5,519	16,236
2024 Est. Average Household Size	3.55	3.50	3.59
2024 Est. Households by Household Income (%)			
Household Income < \$15,000	3.8	3.5	3.4
Household Income \$15,000 - \$24,999	5.8	3.1	2.7
Household Income \$25,000 - \$34,999	1.9	2.7	3.1
Household Income \$35,000 - \$49,999	5.8	7.6	7.6
Household Income \$50,000 - \$74,999	11.5	16.3	17.6
Household Income \$75,000 - \$99,999	15.4	17.6	16.3
Household Income \$100,000 - \$124,999	13.5	14.7	14.4
Household Income \$125,000 - \$149,999	11.5	11.4	12.1
Household Income \$150,000 - \$199,999	13.5	10.6	11.5
Household Income \$200,000 - \$249,999	7.7	5.7	5.1
Household Income \$250,000 - \$499,999	7.7	5.0	4.5
Household Income \$500,000+	1.9	1.9	1.8
2024 Est. Average Household Income	\$132,424	\$121,910	\$120,330
2024 Est. Median Household Income	\$110,282	\$98,868	\$98,997
2024 Est. Tenure of Occupied Housing Units (%)			
Owner Occupied	88.5	81.2	80.3
Renter Occupied	11.5	18.8	19.7
2024 Est. Median All Owner-Occupied Housing Value	\$574,769	\$515,691	\$489,593

Source: 2024 Claritas, Inc.

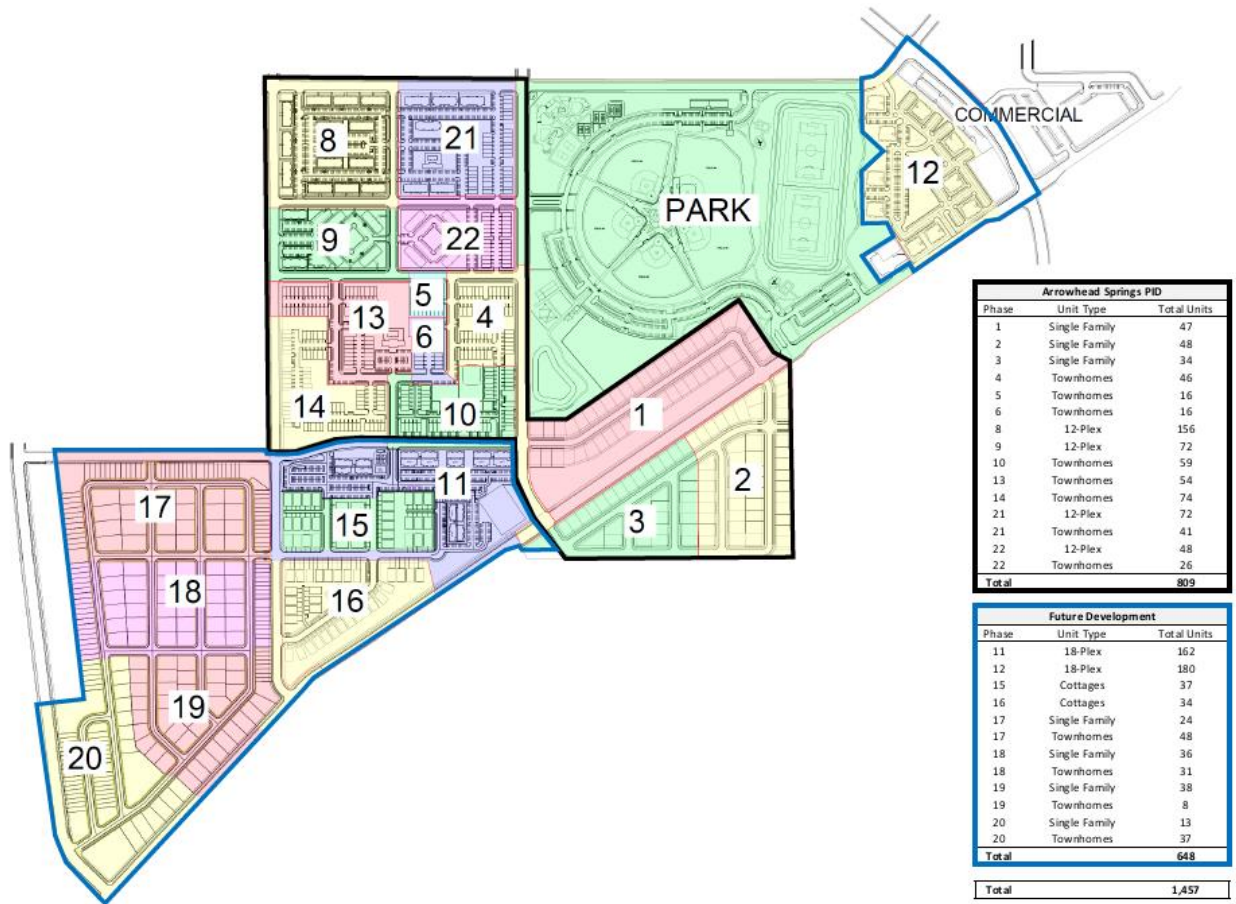
Growth has been steady at all radii over the past decade and is projected to continue over the next five years. Within a three-mile radius of the subject, 81.2% of the housing is owner occupied. The average household income within a three-mile radius is \$121,910.

SITE DESCRIPTION

INTRODUCTION

The description of the site is based on our physical inspection of the property, information available from the Client, and public sources. The site area utilized herein is taken from information provided by the developer.

SITE PLAN



GENERAL SITE DESCRIPTION OVERVIEW

Location	The subject is located midway between Spanish Fork and Payson Utah along Arrowhead Trail in Salem Utah, Utah County.		
Parcel Number	250610033, 250610032, 250610026, 250610031, 250580027, 250610042, 250610040, 250610030, 250580031, 250610029, 250580028,		
Legal Description	See Addenda		
Site Area			
Primary Site	4,186,552 square feet	(96.11 acres)	
Apartment Land Site	1,128,204 square feet	(25.90 acres)	
Configuration	Flag		
Topography	Generally level		
Drainage	Appears adequate		
Site Utility	Good		
Utilities/Municipal Services	All available to site.		
Floodplain	<u>Zone</u>	<u>Map</u>	<u>Date</u>
	Zone X (Unshaded)	49049C0755F	June 19, 2020
	Zone X (Unshaded) is a Non-Special Flood Hazard Area (NSFHA) of minimal flood hazard, usually depicted on Flood Insurance Rate Maps (FIRM) as above the 500-year flood level. This is an area in a low to moderate risk flood zone that is not in any immediate danger from flooding caused by overflowing rivers or hard rains. In communities that participate in the National Flood Insurance Program (NFIP), flood insurance is available to all property owners and renters in this zone.		
Census Tract No.	0104.06		
Latitude, Longitude	40.071327, -111.698337		
Soil/Subsoil Conditions	We did not receive nor review a soil report. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property.		
Environmental Concerns	No unusual conditions observed. No studies were provided. Site is assumed to be free of any environmental concerns.		
Off-Site Improvements	Completed		
Land Use Restrictions	None detrimental known		
Hazards Nuisances	None Detrimental Known		
Frontage	The subject has approximately 1,750 feet of frontage along Arrowhead Trail.		
Access	Good		
Visibility	Good		
Surrounding Land Uses	Farm Land and single-family home subdivisions		
Opportunity Zone	No		
Transportation Facilities	In Proximity		

ZONING	
General	
Property Jurisdiction	Salem Utah
Zoning Classification	R-15
Description	Single-family & Master Planned
Zoning Intent/Purpose	The objectives of the R-15 Single Family Residential Zone is to create a residential environment that is low density and characterized by larger, well manicured lots for single family residences. No use is permitted in this zone except as is specifically provided in this chapter.
Compliance Conclusion	The subject appears to be a legal conforming use in this zoning district.
Reconstruction Clause	Reconstruction of the improvements is permitted, as approved, if unintentionally destroyed.

ZONING REQUIREMENTS			
Category	Required	Actual	Conforming?
Current Use:	Residential	Multi-family residential	Legal Conforming
Maximum Density (Units per Acre):	2.90 units per acre	3.62 units per acre	Legal Conforming
Minimum Lot Size:	15,000 SF	4,186,552 square feet	Legal Conforming
Minimum Lot Width:	100 Feet	150 feet	Legal Conforming
Maximum Bldg. Height:	30 Feet	35 feet	Legal Conforming
Minimum Floor Space per unit:	1,200 SF	1,800 FT	Legal Conforming
Minimum Front Yard:	25 Feet	20 feet (estimated)	Legal Conforming
Minimum Rear Yard:	15 Feet	20 feet (estimated)	Legal Conforming
Minimum Side Yard :	10 Feet	10 feet (estimate)	Legal Conforming
Minimum Parking:	2 garage spaces per unit	1.42 spaces per dwelling unit	Legal Conforming

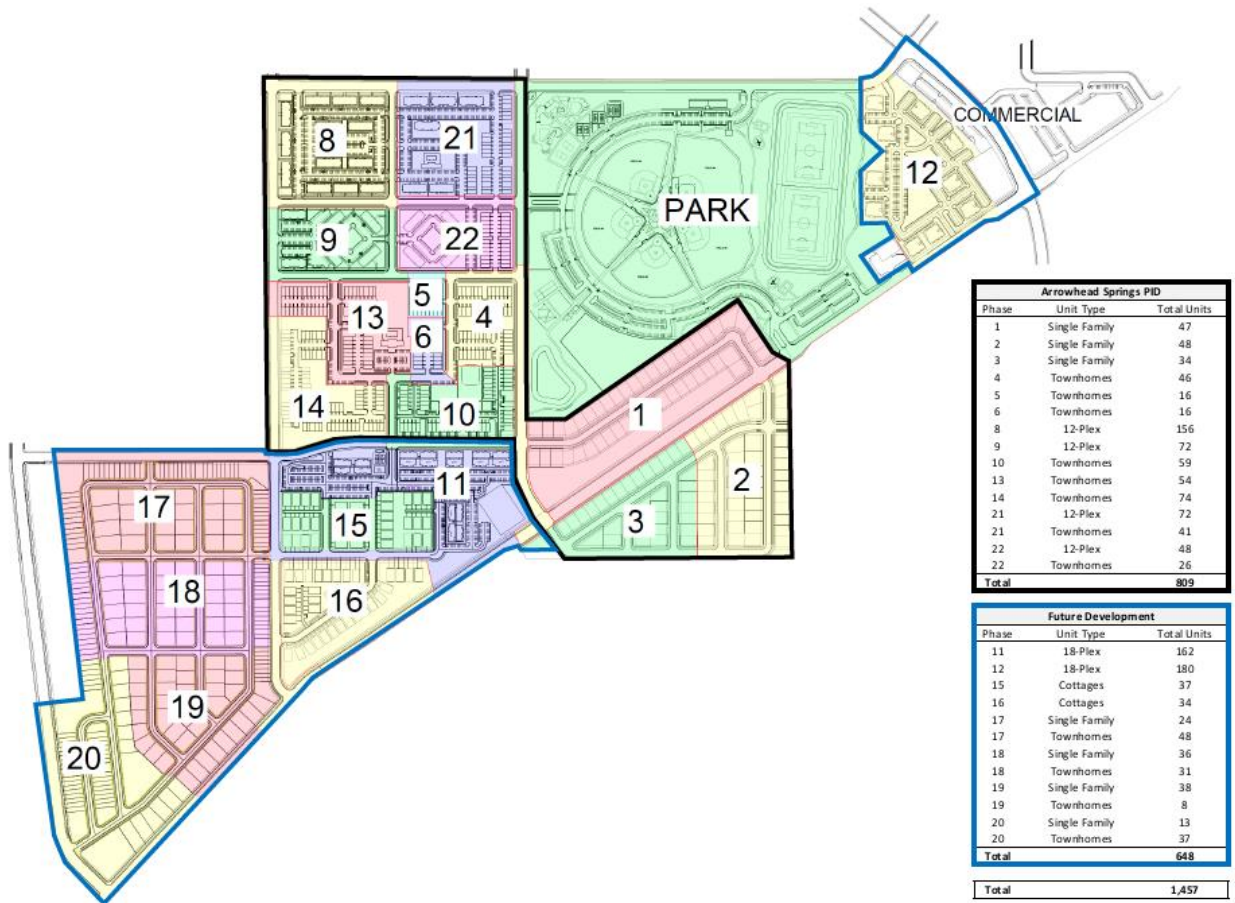
ZONING			
General			
Property Jurisdiction	Salem Utah		
Zoning Classification	M-P-D		
Description	Master Planned Development		
Zoning Intent/Purpose	The objective of the Master Planned Zone is to allow for the development of large tracts of property with densities higher than the base density allowed in the standard residential zones, but not exceeding the highest densities allowed in the Comprehensive General Plan. In projects which include more than one density area, as shown in the Comprehensive General Plan, blended densities may be used throughout the project, as long as the combined density does not exceed the density allowed in the total project area. In return, amenities above and beyond standard development are required. Property will not be zoned for Master Planned Developments until an application is filed, providing all the information required in this chapter. If the Council approves the application, it may change the zone at that time. Simultaneous with the zone change, a development agreement must be presented to the Council, which will set forth the conditions, requirements, amenities, and obligations of the project. The property will be zoned “Master Planned Zone” and the densities will be established in the development agreement. Approval of a Master Planned Development is discretionary with the Council. Applications for a master Planned Development will be approved by the council based on a number of factors. Factors to be considered are the amenities offered, the densities sought, the qualification of the management team, the timing of construction, the phasing of amenities, and the overall quality of the project.		
Compliance Conclusion	The subject appears to be a legal conforming use in this zoning district.		
Reconstruction Clause	Reconstruction of the improvements is permitted, as approved, if unintentionally destroyed.		
ZONING REQUIREMENTS			
Category	Required	Actual	Conforming?
Current Use:	Single-Family, Multi-Family, Public Parks & Buildings, Uses Allowed In Mixed Use When Designated.	Multi-family & Single-family residential	Legal Conforming
Minimum Size:	120 Acres	4,186,552 square feet	Legal Conforming
Minimum Lot Size:	6,000 SF for single-family and 5,000 SF for twin homes or as permitted	150 feet	Legal Conforming
Maximum Bldg. Height:	30 Feet	35 feet	Legal Conforming
Minimum Floor Space per unit:	1,000 SF for Single-family homes and 900 SF for attached homes	60%	Legal Conforming
Minimum Front Yard:	20 Feet	20 feet (estimated)	Legal Conforming
Minimum Rear Yard:	15 Feet	20 feet (estimated)	Legal Conforming
Minimum Side Yard :	10 Feet	10 feet (estimate)	Legal Conforming
Minimum Open Space	15%, Not to include parking and driveways. 10% Must include parks or as permitted	0	Legal Conforming
Minimum Parking:	2 per unit (Garage)	2 per unit	Legal Conforming
	For Apartments - 1.5 spaces per two	1.42 spaces per dwelling unit	Legal Conforming

The subject appears to be a legal conforming use in this zoning district. A zoning change for the subject is not anticipated.

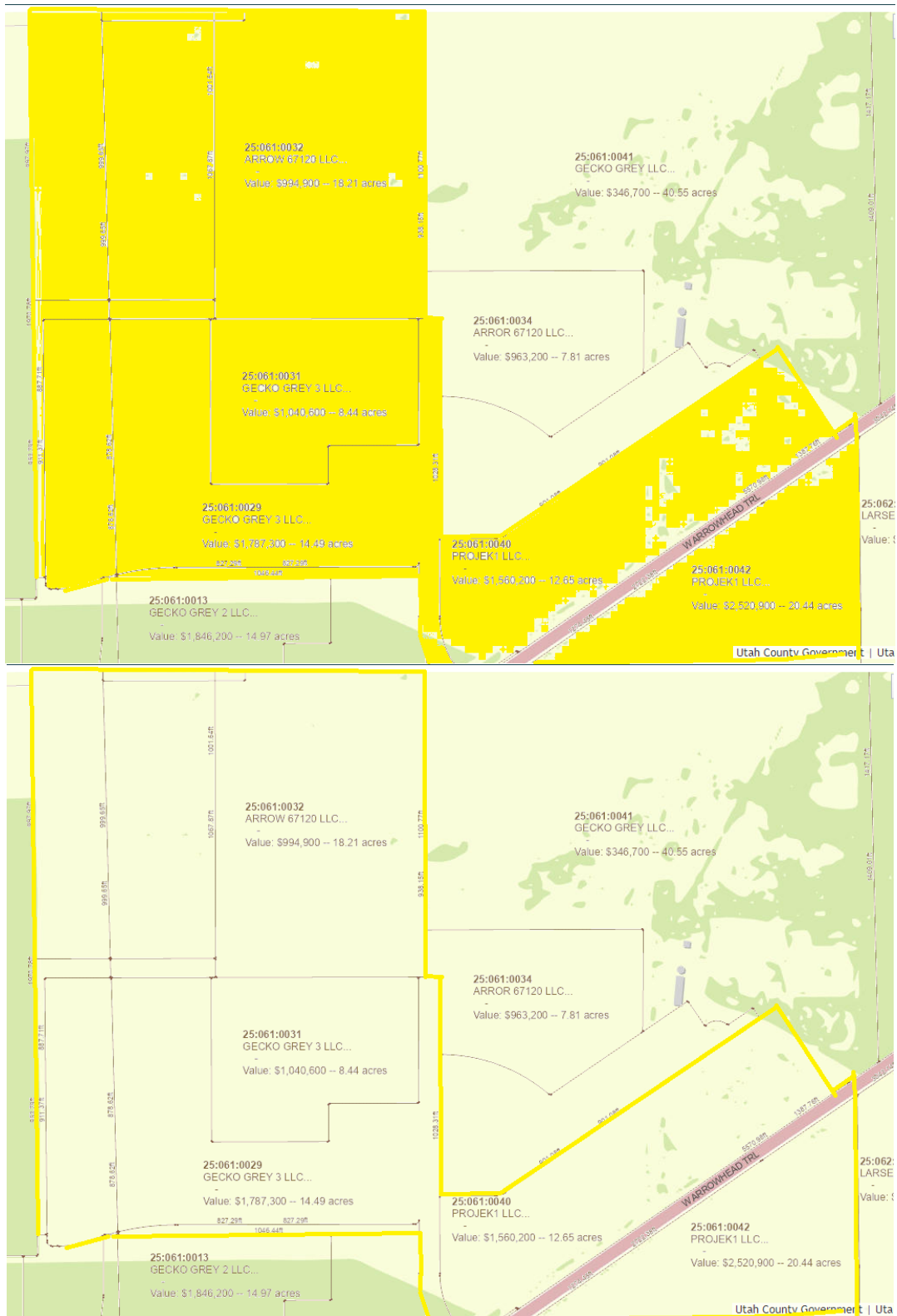
CONCLUSION

The subject property is functional for its current use. The site is amenable for multi-family development and is provided with ample access and utilities. The current use of the property is consistent with the surrounding development. No adverse conditions are known to exist with regard to floodplain or environmental issues.

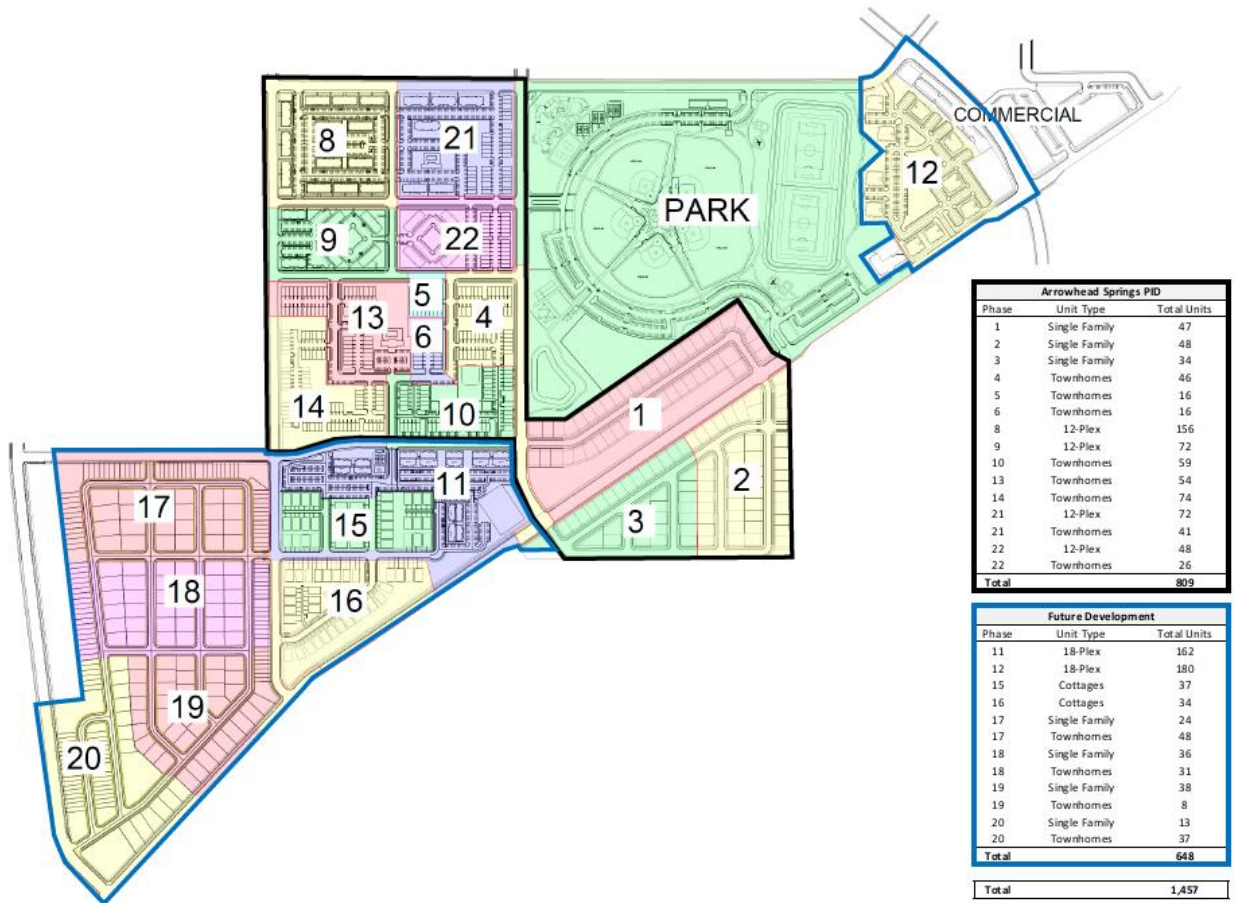
SITE PLAN



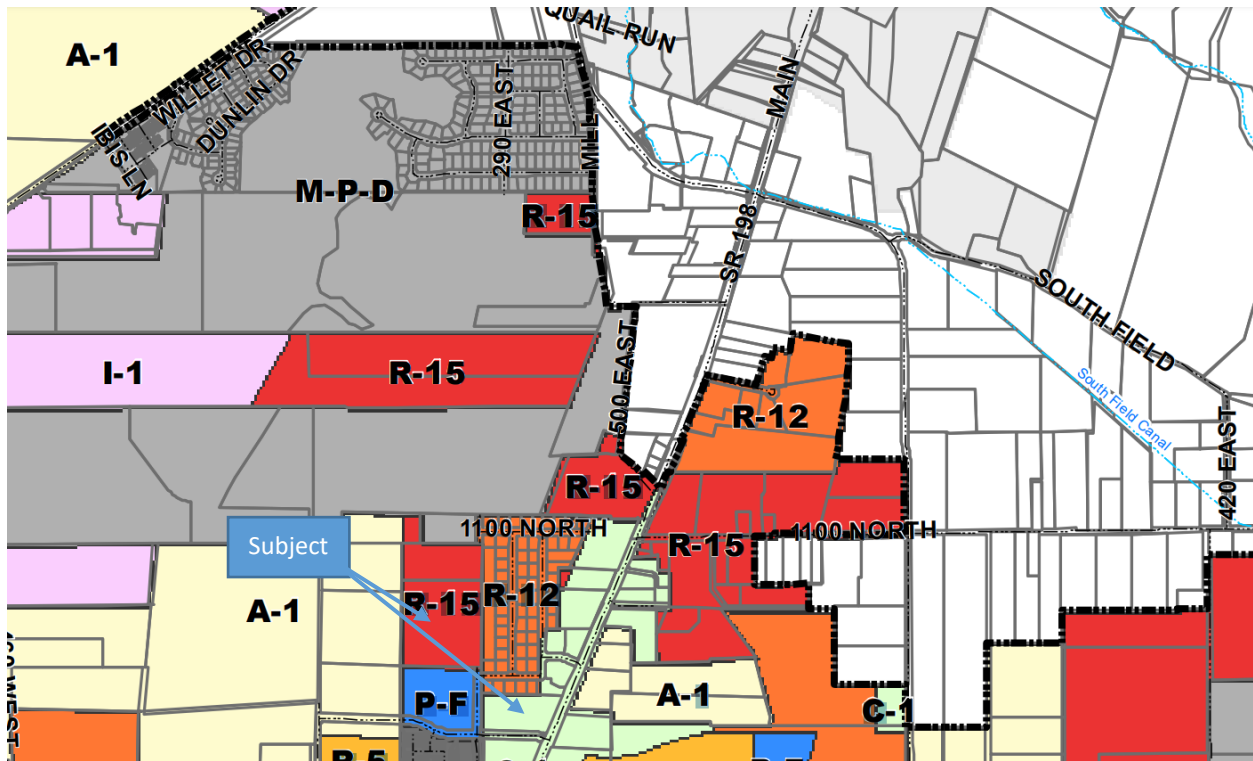
PLAT MAP



AREA OVERVIEW



ZONING MAP



	R-15 = 1647.03 Acres
	R-30 = 177.00 Acres
	M-P-D = 1393.09 Acres

FLOOD MAP

7/11/23, 1:38 PM

RealQuest.com © - Report

Flood Map Report

For Property Located At



8955 S ARROWHEAD TRL, SALEM, UT 84653-5663

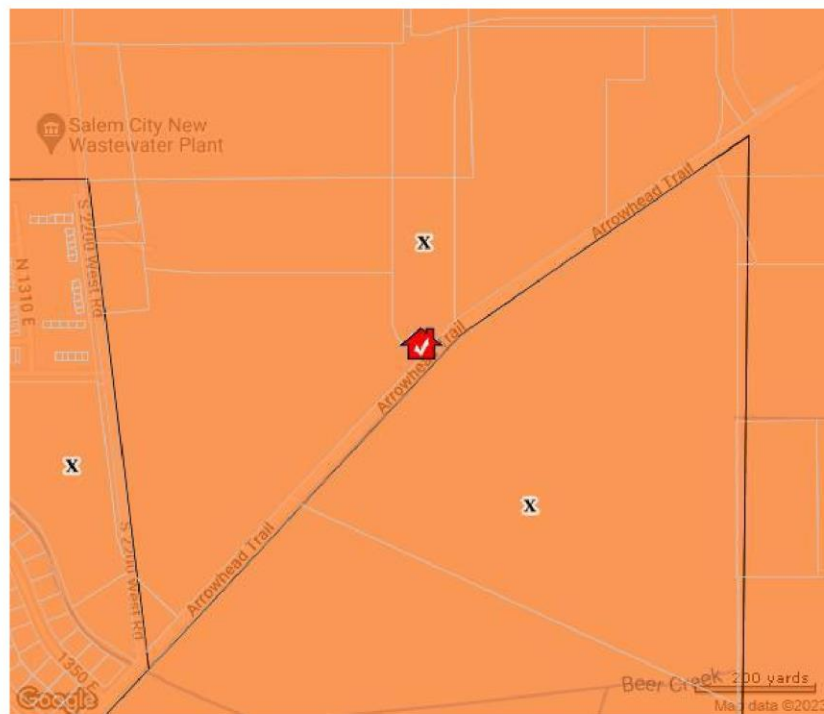
Report Date: 07/11/2023

County: UTAH, UT

Flood Zone Code	Flood Zone Panel	Panel Date
X	490160 - 49049C0755F	06/19/2020
Special Flood Hazard Area (SFHA)	Within 250 ft. of multiple flood zones?	Community Name
Out	No	SALEM

Flood Zone Description:

Zone X-An area that is determined to be outside the 100- and 500-year floodplains.



Flood Zones			
Coastal 100-year Floodway	100-year Floodway	Undetermined	500-year Floodplain incl. levee protected area
Coastal 100-year Floodplain	100-year Floodplain	Unknown or Area Not Included	Out of Special Flood Hazard Area

<https://pro.realquest.com/jsp/report.jsp?action=confirm&type=getreport&recordno=0&reportoptions=0&1689104295275&1689104295276>

1/2

REAL PROPERTY TAXES AND ASSESSMENT

PROPERTY ASSESSMENT

Assessment and real estate tax information were provided by the Utah County Appraiser's office. The subject property is identified by parcel number 250610033, 250610032, 250610026, 250610031, 250580027, 250610042, 250610040, 250610030, 250580031, 250610029, 250580028, .

Following is a summary of the historical property assessment.

TAX ANALYSIS - As Land									
Parcel Number	Owner Name	Acres	Transfer Date	Document	Grantor	2024 Assessment	2022 Taxes	2023 Taxes	2024 Taxes
250580027	Arrowhead Springs Development, LLC	5.80	2024	84804:2024	BCP Salem, LLC	\$737,100	\$7,087	\$7,097	\$7,322
250580028	Arrowhead Springs Development, LLC	1.06	2024	84928:2024	Gecko Grey 2, LLC	\$134,700	\$1,295	\$1,297	\$1,338
250580031	Arrowhead Springs Development, LLC	4.99	2024	84804:2024	BCP Salem, LLC	\$633,200	\$6,089	\$6,097	\$6,290
250610026	Arrowhead Springs Development, LLC	8.67	2024	84804:2024	BCP Salem, LLC	\$1,100,800	\$10,505	\$10,519	\$10,854
250610029	Arrowhead Springs Development, LLC	14.49	2024	84804:2024	BCP Salem, LLC	\$1,840,900	\$17,569	\$17,592	\$18,151
250610030	Arrowhead Springs Development, LLC	0.81	2024	84929:2024	Grey Gecko 3 LLC	\$102,600	\$979	\$980	\$1,012
250610031	Arrowhead Springs Development, LLC	8.44	2024	84804:2024	BCP Salem, LLC	\$1,071,800	\$10,229	\$10,243	\$10,568
250610032	Arrowhead Springs Development, LLC	18.21	2024	84926:2024	Arrow 67120 LLC	\$1,024,700	\$9,780	\$9,793	\$10,104
250610033	Arrowhead Springs Development, LLC	0.55	2024	84928:2024	Grey Gecko 3 LLC	\$70,600	\$673	\$674	\$696
250610040	Arrowhead Springs Development, LLC	12.65	2024	84930:2024	Projek1 LLC	\$1,607,000	\$15,337	\$15,357	\$15,845
250610042	Arrowhead Springs Development, LLC	20.44	2024	84930:2024	Projek1 LLC	\$2,596,500	\$24,780	\$24,813	\$25,601
250610037	Arrowhead Springs Development, LLC	0.04	2024	84927:2024	Grey Gecko LLC	\$5,000			\$49.30
250610034	Arrowhead Springs Development, LLC	7.81	2024	84926:2024	Arrow 67120 LLC	\$992,100			\$9,782
250610041	Arrowhead Springs Development, LLC	40.55	2024	84927:2024	Grey Gecko LLC	\$347,600			\$3,518
Total		144.5				\$12,264,600	\$104,325	\$104,463	\$121,131

Noted: The last two parcels above include some property that is not part of the appraised value.

In Utah, purchase prices are not disclosed to the Assessor's office. The taxable value is calculated at 100% of the final concluded market value of the assessor for commercial properties and 55% for residential properties. All multi-family properties receive a 45% residential exemption to arrive at the indicated 55%. Taxes are calculated by multiplying the tax rate by the taxable value. A sale of the subject does not necessarily trigger a reassessment. A property is reappraised annually by the Assessor's office and a review of property characteristics is required once every five years (inspection by the Assessor's office). It is not uncommon for the assessed value of a property to be well below the actual market value of a property. There are no typical 'rules of thumb' percentage of market value ranges to estimate assessed values and anticipated property taxes. Rather, tax comparables are utilized to estimate the proposed taxes for the subject.

APARTMENT MARKET ANALYSIS

PROVO MULTI-FAMILY MARKET

CoStar is the source for the following data. The data reflects conditions of 2024 Q3, the most recent data available. The initial discussion provides information on the overall Provo Multi-Family market, followed by the subject's submarket. The subject is located within the Central/South Utah County submarket, which will be discussed later in this report.

CoStar's forecast scenarios include its Houseview Base Case, introduced in 2023, and several algorithmic forecast scenarios. These have been produced using CoStar's internal econometric property sector models based on inputs from Oxford Economics' macroeconomic models in its North American Cities and Regions service published in June 2024.

The Houseview Base Case forecast scenario is based on the Algorithmic Base Case below, where manual interventions are made to the property sector forecasts to account for structural and cyclical impacts in the commercial real estate markets that are not adequately reflected in macroeconomic forecasts. For example, tighter financial conditions have resulted in higher cap rates and steeper valuation losses, while low office utilization rates caused by the adoption of hybrid work arrangements have weakened fundamentals beyond what headline job gains or losses encapsulate. These interventions result in forecasts that are better aligned with the professional views of CoStar's property sector specialists.

The Houseview offers two accompanying scenarios: the Houseview Moderate Upside and the Houseview Severe Downside, where the former provides a more optimistic view of the economy with job gains and economic growth moderately improved over the Houseview Base Case, and the latter seeing a more muted economic environment. The Algorithmic Base Case forecast is based on the Oxford Economics baseline forecast, which reflects moderate economic growth throughout 2024, driven by a solid labor market and the strong state of household balance sheets. GDP is expected to grow by 2.4% in 2024 and by 1.8% in 2025. Job gains have been slowing and are expected to continue to slow for the next few years. Firms are projected to add 2.4 million positions in 2024, compared to 3 million in 2023, and 1.2 million in 2025. The unemployment rate is expected to end the year at 4.1% and drift higher to 4.2% by mid-2025, staying there through the forecast period.

Headline and core inflation are expected to continue easing through the next four quarters but remain above the Federal Reserve's 2% target rate throughout 2024. The Federal Reserve is expected to lower its target rate in the second half of 2024. Capital markets remain calm. Spreads between BBB corporate bonds and the 10-year Treasury stay between 1.0% and 1.25% through the end of the forecast period.

CoStar also offers a forecast based on the 2024Q2 Algorithmic Moderate Upside scenario, which sees economic activity surprising to the upside over the coming year. Domestic demand 2 accelerates in this scenario, and GDP grows by 2.9% in 2024 and 3.3% in 2025, boosted by a virtuous cycle of higher asset prices, resilient confidence and vigorous lending growth. The Moderate Upside has the economy adding about 4 million jobs in 2024 before slowing to 1.6 million in 2025. The unemployment rate will fall to 3.1% by the end of this year and tick lower to 3.0% in 2025. The Algorithmic Moderate Downside scenario envisions conditions where higher inflation, higher interest rates, and weakening demand cause a contraction in economic output in the second and third quarters of 2024. The economy will grow by 1.7% in 2024 compared to 2.4% in the Algorithmic Base Case scenario. Financial market turmoil unfolds, as well as weaker consumer confidence and reduced business investment.

Job losses begin in the second quarter of 2024 and continue through the end of 2025, with employment falling by about 1.9 million jobs during that time. The unemployment rate will rise to 5.2% by the end of 2024, 6.6% by the end of 2025, and 7.1% by 2026. The shock to aggregate demand and the labor market leads to slower inflation, weaker asset prices, and higher bond yields, leading to deteriorating financial conditions.

The Algorithmic Interest Rate Shock forecast consists of the same economic forecast as the Moderate Downside scenario but delivers a shock to the BBB corporate bond yield as a proxy for a sudden increase in risk originating in financial markets or from significant and unexpected geopolitical events. In this scenario, higher risk spreads drive cap rates higher, which causes sharper near-term property value losses before eventually recovering.

The Algorithmic Severe Downside scenario envisions a severe global recession that might occur in the event of a major geopolitical crisis impacting supply chains, commodity prices and domestic consumer and business sentiment. This combination results in a severe and prolonged contraction in output and employment, which spills over to reduced capital accumulation and total factor productivity.

In this scenario, the economy begins to contract sharply in the third quarter of 2024 and is in recession through early 2026, with GDP falling about 7.5% peak through trough. Job losses start immediately and continue through 2025, with more than 7.4 million positions lost during that time. The unemployment rate rises to 10% by the end of 2025. The severe economic distress weighs heavily on prices, and asset prices plummet.

Costar rates multi-family properties using a star rating, in which 1 and 2-star properties generally equate to the more traditional Class C rating; 3-star properties generally equate to Class B; and 4 and 5-star properties generally equate to Class A.

Class A – They are characterized by high quality construction and finishes, high occupancy levels, sophisticated amenities, and top rental rates. A+ properties would suggest "trophy" properties with the characteristics noted above.

Class B – These apartment properties are regarded as modern (although not necessarily new) buildings, or old (i.e., Class C) structures recently renovated to modern standards. Good locations, reasonably high occupancy levels, and competitive rental rates characterize these buildings.

Class C – The lowest quality apartments available in the market are found in Class C buildings. These buildings are generally old, but in fair condition. Rental rates are the lowest within the market and amenities are minimal.

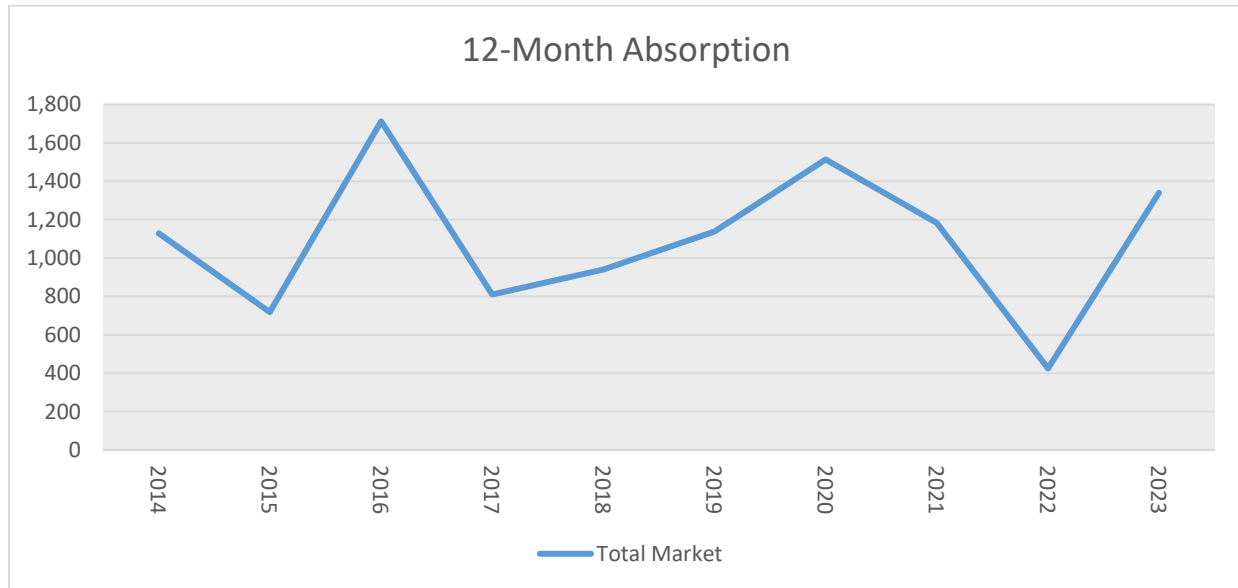
KEY INDICATORS AT A GLANCE

	PRIOR QUARTER	CURRENT QUARTER	COMPARISON
Vacancy (%)	14.67%	13.84%	decreased 83 Basis Points
Absorption (Units)	326	752	increased 426 Units
Quoted Rental Rates (\$/Unit/Month)	\$1,577	\$1,566	decreased \$11 Per Unit
Inventory (Units)	21,010	21,679	increased 669 Units
Net Deliveries (Units)	308	669	increased 361 Units
Under Construction (Units)	2,628	1,959	decreased 669 Units

PROVO MULTI-FAMILY MARKET STATISTICS

PERIOD	EXISTING INVENTORY (UNITS)	VACANCY %	NET ABSORPTION (UNITS)	NET COMPLETIONS (UNITS)	UNDER CONST. (UNITS)	QUOTED RATES (\$/UNIT/MONTH)
2024 Q3	21,679	13.84%	752	669	1,959	\$1,566
2024 Q2	21,010	14.67%	326	308	2,628	\$1,577
2024 Q1	20,702	14.98%	407	740	1,504	\$1,580
2023 Q4	19,962	13.87%	191	336	2,244	\$1,576
2023	19,962	13.87%	1,340	1,915	2,244	\$1,576
2022	18,047	12.15%	425	2,053	3,716	\$1,578
2021	15,994	3.49%	1,184	474	3,291	\$1,511
2020	15,520	8.16%	1,514	1,739	1,198	\$1,375
2019	13,781	7.56%	1,138	1,190	1,830	\$1,339
2018	12,591	7.86%	940	1,000	2,045	\$1,309
2017	11,591	8.03%	810	1,107	1,627	\$1,286
2016	10,484	6.04%	1,712	1,328	1,931	\$1,258
2015	9,156	11.11%	719	816	2,195	\$1,227

The Provo Multi-Family market ended the third quarter with a vacancy rate of 13.84%. The vacancy rate decreased over the previous quarter, with net absorption totaling 752 units in the third quarter. Rental rates decreased compared to the previous quarter, ending third quarter at \$1,566. A total of 669 units was delivered to the market, with 1,959 units still under construction at the end of the quarter.

ABSORPTION

Net absorption for the overall Provo Multi-Family market was 752 units in the third quarter 2024. That compares to 326 units in the second quarter 2024, 407 units in the first quarter 2024, and 191 units in the fourth quarter 2023. Net absorption in the market over the prior 12 months totaled 1,676 units.

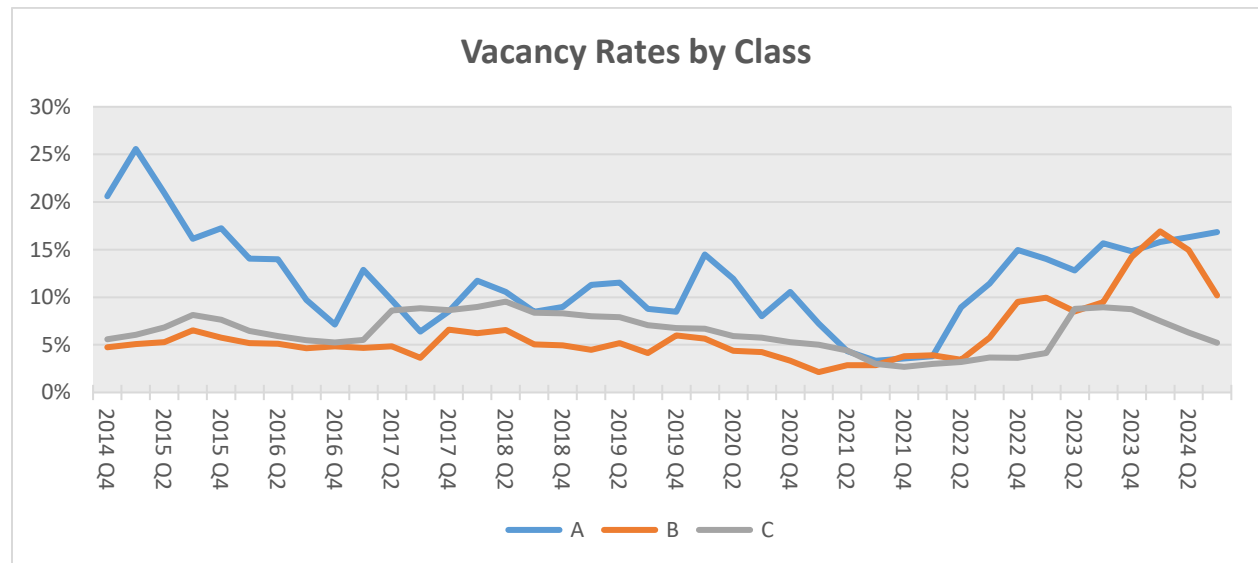
The Class A (4 & 5 Star) Multi-Family market recorded net absorption of 483 units in the third quarter 2024, compared to 126 units in the second quarter 2024, 231 units in the first quarter 2024, and 103 units in the fourth quarter 2023.

The Class B (3 Star) Multi-Family market recorded net absorption of 239 units in the third quarter 2024, compared to 167 units in the second quarter 2024, 125 units in the first quarter 2024, and 83 units in the fourth quarter 2023.

The Class C (1 & 2 Star) Multi-Family market recorded net absorption of 30 units in the third quarter 2024, compared to 33 units in the second quarter 2024, 51 units in the first quarter 2024, and 5 units in the fourth quarter 2023.

Net absorption for the Central/South Utah County submarket was 113 units in the third quarter 2024. That compares to 141 units in the second quarter 2024, 92 units in the first quarter 2024, and 94 units in the fourth quarter 2023.

VACANCY



Vacancy for the overall Provo Multi-Family market decreased to 13.84% in the third quarter 2024. That compares to 14.67% in the second quarter 2024, 14.98% in the first quarter 2024, and 13.87% in the fourth quarter 2023.

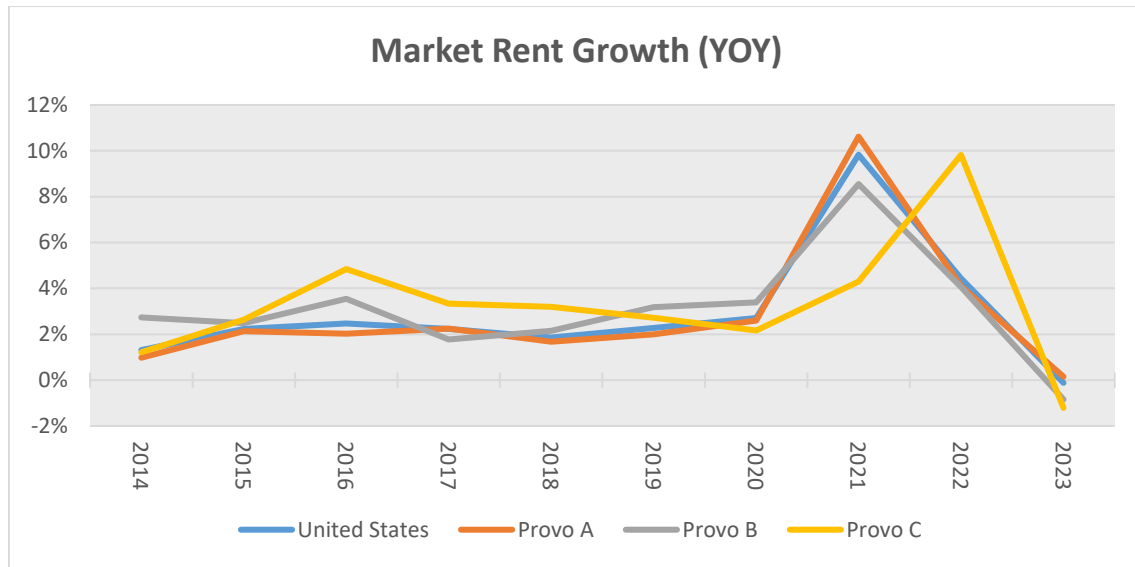
Class A (4 & 5 Star) projects reported a vacancy rate of 16.85% at the end of the third quarter 2024, 16.30% at the end of the second quarter 2024, 15.81% at the end of the first quarter 2024, and 14.84% at the end of the fourth quarter 2023.

Class B (3 Star) projects reported a vacancy rate of 10.20% at the end of the third quarter 2024, 14.95% at the end of the second quarter 2024, 16.92% at the end of the first quarter 2024, and 14.23% at the end of the fourth quarter 2023.

Class C (1 & 2 Star) projects reported a vacancy rate of 5.21% at the end of the third quarter 2024, 6.30% at the end of the second quarter 2024, 7.50% at the end of the first quarter 2024, and 8.76% at the end of the fourth quarter 2023.

The overall vacancy rate in the Provo Central/South Utah County submarket at the end of the third quarter 2024 was 12.70%. The vacancy rate was 18.58% at the end of the second quarter 2024, 22.29% at the end of the first quarter 2024 and 27.31% at the end of the fourth quarter 2023.

RENTAL RATES



The average asking rental rate for available Multi-Family space, all classes, was \$1,566 per unit per month at the end of the third quarter 2024 in the Provo market area. This represented a 0.7% decrease in quoted rental rates from the end of the second quarter 2024, when rents were reported at \$1,577 per unit.

The average quoted rate within the Class A (4 & 5 Star) sector was \$1,635 at the end of the third quarter 2024, while Class B (3 Star) rates stood at \$1,493, and Class C (1 & 2 Star) rates at \$1,158. At the end of the second quarter 2024, Class A (4 & 5 Star) rates were \$1,652 per unit, Class-B (3 Star) rates were \$1,496, and Class C (1 & 2 Star) rates were \$1,136.

The average quoted asking rental rate in Provo's Central/South Utah County district was \$1,536 per unit per month at the end of the third quarter 2024. In the second quarter 2024, quoted rates were \$1,557.

INVENTORY & CONSTRUCTION

During the third quarter 2024, a total of 669 units was completed in the Provo market area. This compares to a total of 308 units completed in the second quarter 2024, a total of 740 units completed in the first quarter 2024, and 336 units completed in the fourth quarter 2023.

There were 1,959 units of Multi-Family space under construction at the end of the third quarter 2024.

SUBTYPE	EXISTING INVENTORY (UNITS)	NET DELIVERIES (12 MONTHS)	UNDER CONSTRUCTION (UNITS)
Class A (4 & 5 Star)	13,914	1,316	719
Class B (3 Star)	5,026	719	1,240
Class C (1 & 2 Star)	2,739	18	0
Total	21,679	2,053	1,959

MARKET OUTLOOK

The Provo Multi-Family market ended the third quarter 2024 with an overall vacancy rate of 13.84%. The vacancy rate decreased over the previous quarter, with net absorption totaling 752 units in the third quarter 2024. Rental rates decreased \$10.90 per unit per month over the previous quarter and ended at \$1,566 per unit per month. A total of 669 units was delivered in the quarter, with 1,959 units still under construction at the end of the quarter.

CENTRAL/SOUTH UTAH COUNTY MULTI-FAMILY MARKET

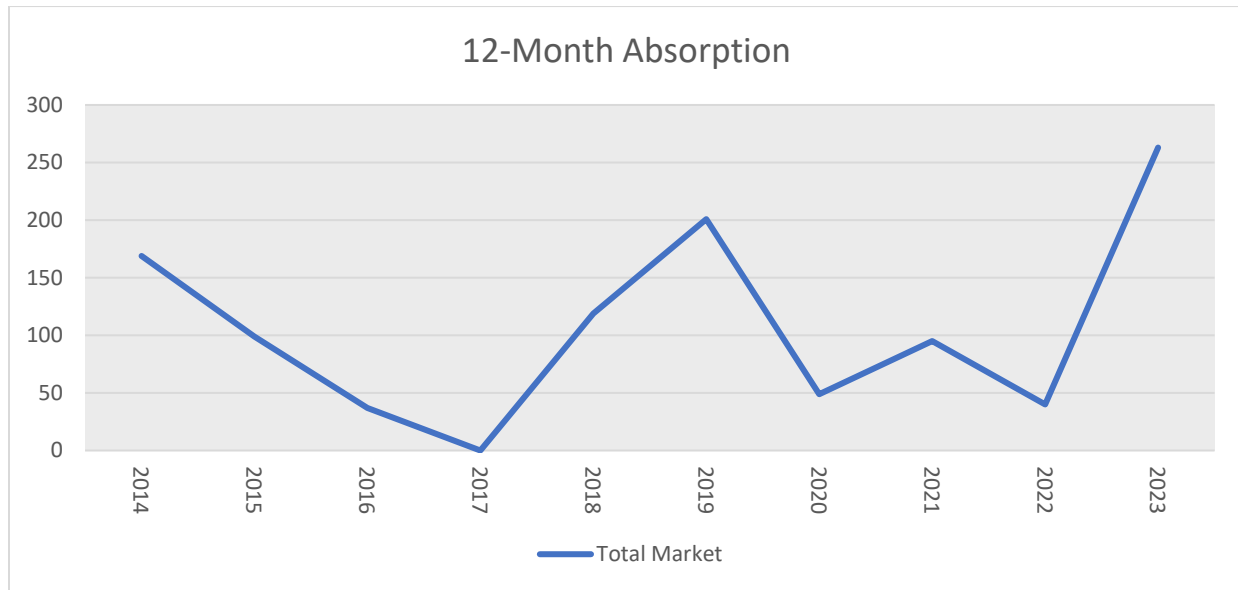
KEY INDICATORS AT A GLANCE

	PRIOR QUARTER	CURRENT QUARTER	COMPARISON
Vacancy (%)	18.58%	12.70%	decreased 588 Basis Points
Absorption (Units)	141	113	decreased 28 Units
Quoted Rental Rates (\$/Unit/Month)	\$1,557	\$1,536	decreased \$21 Per Unit
Inventory (Units)	1,925	1,925	no change Units
Net Deliveries (Units)	90	0	decreased 90 Units
Under Construction (Units)	1,240	1,240	no change Units

CENTRAL/SOUTH UTAH COUNTY MULTI-FAMILY MARKET STATISTICS

PERIOD	EXISTING INVENTORY (UNITS)	VACANCY %	NET ABSORPTION (UNITS)	NET COMPLETIONS (UNITS)	UNDER CONST. (UNITS)	QUOTED RATES (\$/UNIT/MONTH)
2024 Q3	1,925	12.70%	113	0	1,240	\$1,536
2024 Q2	1,925	18.58%	141	90	1,240	\$1,557
2024 Q1	1,835	22.29%	92	0	90	\$1,504
2023 Q4	1,835	27.31%	94	336	90	\$1,506
2023	1,835	27.31%	263	471	90	\$1,506
2022	1,364	21.47%	40	311	553	\$1,576
2021	1,053	2.03%	95	97	311	\$1,560
2020	956	2.10%	49	36	0	\$1,467
2019	920	3.51%	201	107	36	\$1,420
2018	813	15.49%	119	222	101	\$1,379
2017	591	3.78%	0	0	227	\$1,347
2016	591	3.93%	37	0	0	\$1,330
2015	591	10.16%	99	49	0	\$1,298

The Central/South Utah County Multi-Family market ended the third quarter with a vacancy rate of 12.70%. The vacancy rate decreased over the previous quarter, with net absorption totaling 113 units in the third quarter. Rental rates decreased compared to the previous quarter, ending third quarter at \$1,536. A total of 0 units was delivered to the market, with 1,240 units still under construction at the end of the quarter.

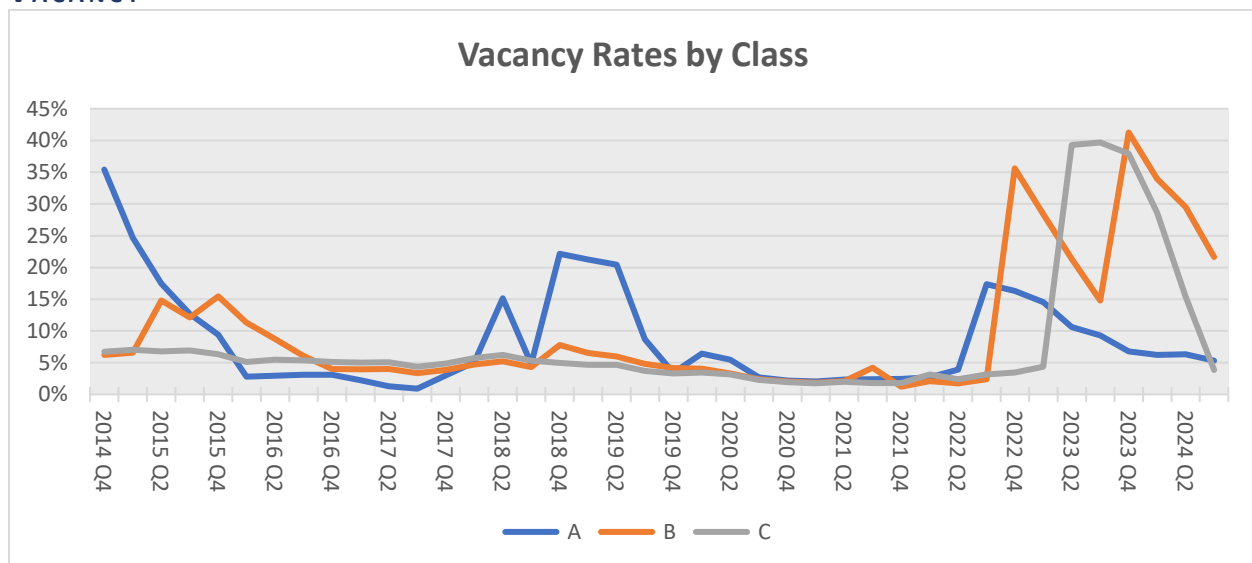
ABSORPTION

Net absorption for the overall Central/South Utah County Multi-Family market was 113 units in third quarter 2024. That compares to 141 units in second quarter 2024, 92 units in first quarter 2024, and 94 units in fourth quarter 2023. Net absorption in the market over the prior 12 months totaled 440 units.

The Class A (4 & 5 Star) Multi-Family market recorded net absorption of 7 units in the third quarter 2024, compared to 7 units in the second quarter 2024, 4 units in the first quarter 2024, and 18 units in the fourth quarter 2023.

The Class B (3 Star) Multi-Family market recorded net absorption of 71 units in the third quarter 2024, compared to 94 units in the second quarter 2024, 60 units in the first quarter 2024, and 70 units in the fourth quarter 2023.

The Class C (1 & 2 Star) Multi-Family market recorded net absorption of 35 units in the third quarter 2024, compared to 40 units in the second quarter 2024, 28 units in the first quarter 2024, and 5 units in the fourth quarter 2023.

VACANCY

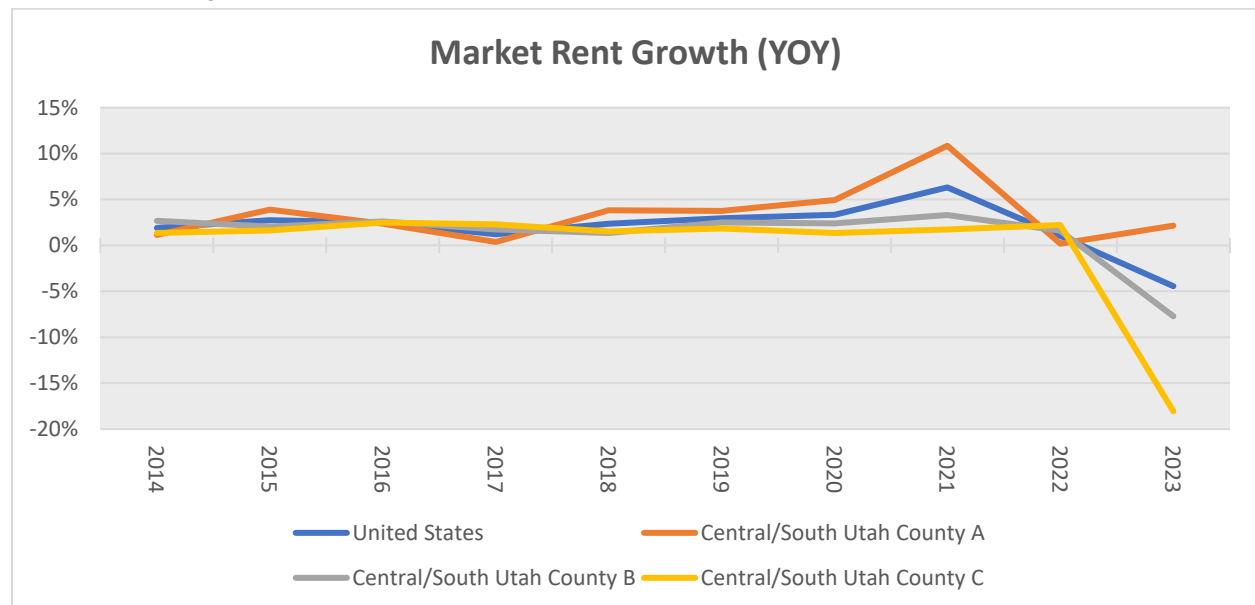
Vacancy for the overall Central/South Utah County Multi-Family market decreased to 12.70% in the third quarter 2024. That compares to 18.58% in the second quarter 2024, 22.29% in the first quarter 2024, and 27.31% in the fourth quarter 2023.

Class A (4 & 5 Star) projects reported a vacancy rate of 5.31% at the end of the third quarter 2024, 6.31% at the end of the second quarter 2024, 6.24% at the end of the first quarter 2024, and 6.79% at the end of the fourth quarter 2023.

Class B (3 Star) projects reported a vacancy rate of 21.64% at the end of the third quarter 2024, 29.51% at the end of the second quarter 2024, 33.95% at the end of the first quarter 2024, and 41.26% at the end of the fourth quarter 2023.

Class C (1 & 2 Star) projects reported a vacancy rate of 3.84% at the end of the third quarter 2024, 15.40% at the end of the second quarter 2024, 28.61% at the end of the first quarter 2024, and 37.92% at the end of the fourth quarter 2023.

RENTAL RATES



The average asking rental rate for available Multi-Family space, all classes, was \$1,536 per unit per month at the end of the third quarter 2024 in the Central/South Utah County market area. This represented a 1.3% decrease in quoted rental rates from the end of the second quarter 2024, when rents were reported at \$1,557 per unit.

The average quoted rate within the Class A (4 & 5 Star) sector was \$1,605 at the end of the third quarter 2024, while Class B (3 Star) rates stood at \$1,467, and Class C (1 & 2 Star) rates at \$1,570. At the end of the second quarter 2024, Class A (4 & 5 Star) rates were \$1,657 per unit, Class-B (3 Star) rates were \$1,485, and Class C (1 & 2 Star) rates were \$1,450.

INVENTORY & CONSTRUCTION

During the third quarter 2024, a total of 0 units was completed in the Central/South Utah County market area. This compares to a total of 90 units completed in the second quarter 2024, a total of 0 units completed in the first quarter 2024, and 336 units completed in the fourth quarter 2023.

There were 1,240 units of Multi-Family space under construction at the end of the third quarter 2024.

SUBTYPE	EXISTING INVENTORY (UNITS)	NET DELIVERIES (12 MONTHS)	UNDER CONSTRUCTION (UNITS)
Class A (4 & 5 Star)	721	8	0
Class B (3 Star)	898	418	1,240
Class C (1 & 2 Star)	306	0	0
Total	1,925	426	1,240

CENTRAL/SOUTH UTAH COUNTY MARKET OUTLOOK

The Central/South Utah County Multi-Family market ended the third quarter 2024 with an overall vacancy rate of 12.70%. The vacancy rate decreased over the previous quarter, with net absorption totaling 113 units in the third quarter 2024. Rental rates decreased \$20.83 per unit per month over the previous quarter and ended at \$1,536 per unit per month. A total of 0 units was delivered in the quarter, with 1,240 units still under construction at the end of the quarter.

BROADER ECONOMIC OVERVIEW

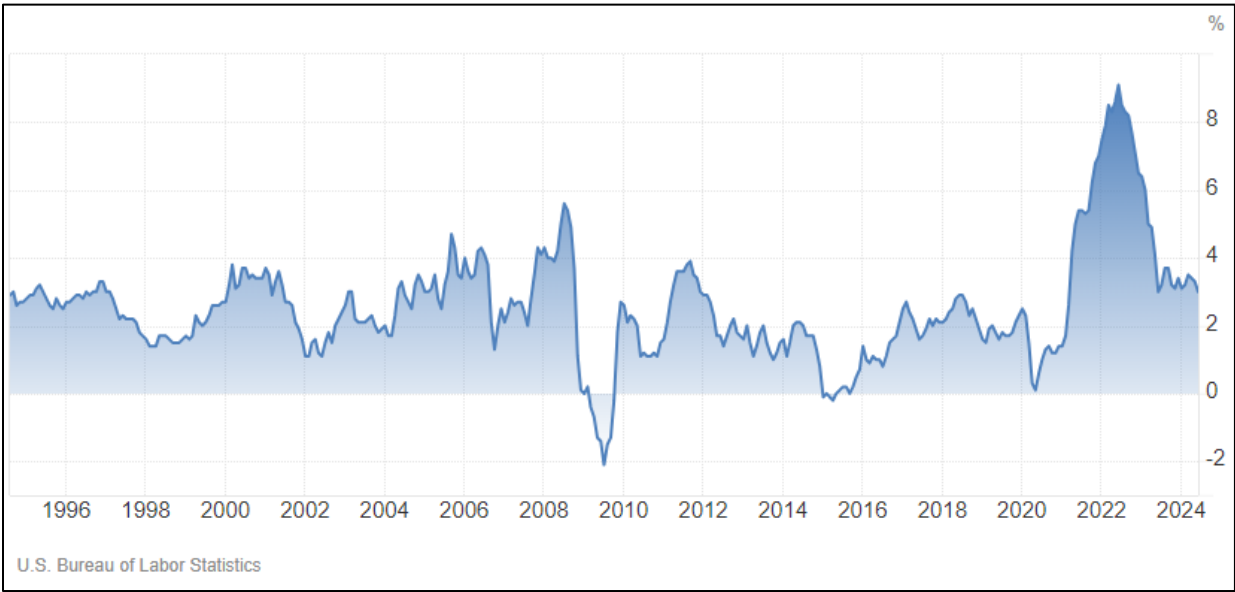
Given rises in the inflation rate since Spring/Summer 2022, the consumer index has increased noticeably as they worry about future inflationary pressures. Investors have expressed worries over upward pressure on interest rates although interest rates remain well below historical levels. Strong economic growth was experienced in 2020, 2021, and continued into 2022 but has throttled out in mid-2022 and into 2024 and is projected to experience a turnaround heading into 2025.

INFLATION RATE

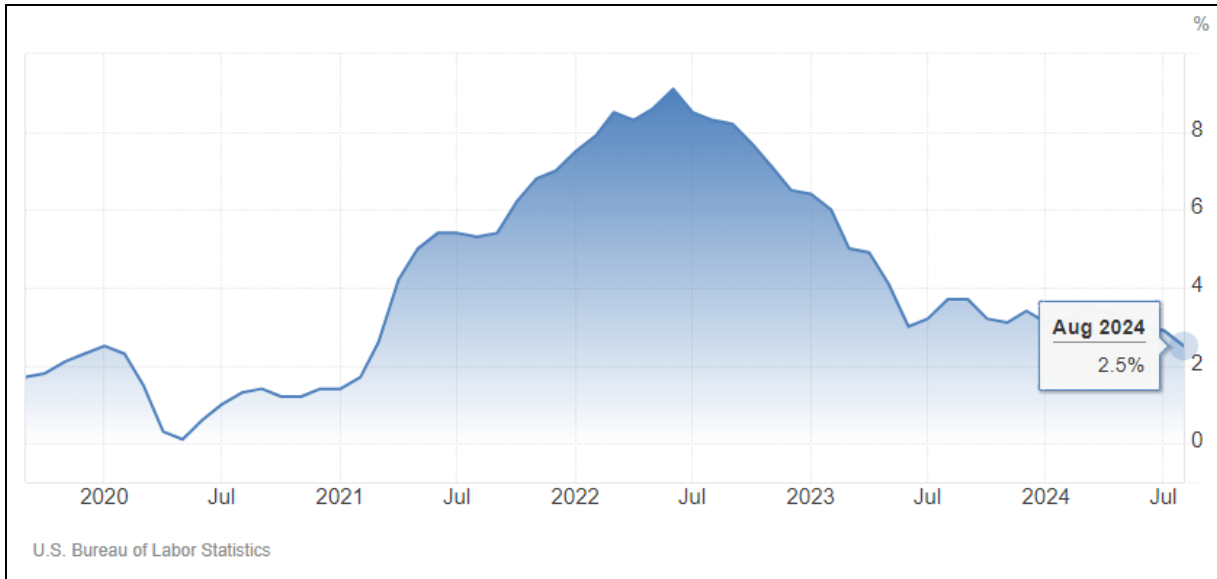
Economists and many pundits suggested, and saw, a slowdown in GDP commencing in the 2Q-2022, with expectation of this continuing and a national recession looming if the forecasts come to pass. Real estate activity had remained extremely robust through this date but eventually declined in 2023. Recent concerns have surfaced over the negative impact of the foregoing events in many real estate sectors. The medium and long-term outlook by investors has resulted in a more cautious approach to investing due to the foregoing impacts on the broader economy of inflation.

The cumulative 500 bps increase has impacted commercial real estate, but the true impact of the recent rate hike is yet to be seen in transaction activity as currently the market has been generally inactive. Typically, with an increase in rates, demand slows, job losses ensue, and wage growth slows. However, none of those have happened yet. In fact, the U.S. jobs market is doing relatively well and added more jobs than expected in 2023 and key indicators — the labor force participation rate, quit rate and job openings — have remained steady. Layoffs have touched certain job sectors, including tech and media, but they're not yet widespread. The housing market has cooled off and other segments such as office are as well.

The following graph illustrates the U.S. inflation rate over the past 30 years.



The following graph illustrates the U.S. inflation rate for the past 5 years through July 2024 (most recent available as of date of valuation), which has eased in 2023 from a historic high in summer 2022. Despite this decrease, pricing in all aspects of real estate has not yet fully stabilized. As of August 2024, the inflation rate is reported at 2.5%.



FEDERAL RESERVE FUNDS RATE HIKES FROM 2022-2023

In late 2021, the Federal Reserve initially suggested modest increases in interest rates for 2022 and possibly beyond. However, as inflation forecasts moved from transitory to permanent and became more robust in 2022, the FED applied a greater number of rate increases during 2022 and continued in 2023. The FED announced planned rate increases commencing in 2023 and during the year to curtail inflationary trending. The number of rate increases, and the magnitude of each, remained unknown through 3Q 2023, as well as the impact on commercial real estate. The FED's last rate hike was in July 2023 up to 5.50%.

FEDERAL RESERVE FUNDS RATE HIKES IN 2024

The current benchmark interest rate in the United States is at 5.00% as of October 2024. The Fed funds rate is likely at its peak for this tightening cycle, and it will likely be appropriate to begin dialing back policy restraint at some point this year, although only when there is greater confidence that inflation is moving sustainably toward 2%, prepared remarks from Fed Chair Powell for his semiannual Monetary Policy Report to the Congress showed. Powell reinforced that the economic outlook is uncertain, ongoing progress toward the 2% inflation objective is not assured and there are risks of reducing policy restraint either too soon or too late. As a result, the Fed will continue to assess the incoming data, the evolving outlook, and the balance of risks to make any adjustments to the fed funds rate. On the economic front, Powell noted that labor market tightness has eased and inflation has diminished substantially, although it remains above the target. *(source: Federal Reserve)*

The 10-year treasury rate is currently 4.04% as of October 2024, which is up slightly from the past three months but lower than a year ago and expected to hover in the mid-to-high 3% to low 4% range throughout 2024. Over the past year, the treasury rate has ranged widely from 3.64% to 4.99%.

The FED rate was 0.25% in early 2022. The rate remained the same (5.50%) from July 2023 into September 2024 which was the highest rate in 22 years. On September 18, 2024, the current rate was lowered 50 basis points to 5.00% (most recent available as of the date of valuation) and the FED indicates more probably cuts into 2025. In the current environment, investment activity has slowed while investors wait for increased stability.

The following graph illustrates the FED rate history over the past 5 years.



CONCLUSION

High interest rates and a recession made 2023 a challenging year for commercial real estate. Though inflation eased in 2023, it is still running at 3% as of July 2024. The Federal Reserve eased rate hikes in the second half of 2023, and they have not increased since July 2023 but may reportedly decrease rates in late 2024 since a marked reduction in inflation nearer to its 2% target has not yet been achieved. Weakening fundamentals and higher cost of capital will generally lower asset values which has been the case for most property types in 2024. Inflation has been lower in 2024 than for 2022-2023 and is projected to continue decreasing into 2025, and ideally setting the stage for falling interest rates and the beginning of a new cycle that will last through the rest of the decade potentially.

This has led to a direct impact on mortgage interest rates, which has increased the cost of borrowing. The rise in mortgage interest rates combined with the increased cost of construction seemed to slow the demand for all types of development. The rates at which the FED is raising interest rates is having a substantial impact on the ability of the economy to absorb these increases. Interest rates have impacted overall cap rates, though the correlation is not perfect. Notwithstanding, construction costs and inflationary pressures have stabilized somewhat, with parts of the CPI components in the U.S. showing signs of declining. Recent data suggests construction material costs have declined to pre-COVID levels. However, most economists are cautiously optimistic, and rightfully so, as gasoline prices have started to increase after a period of declines. Thus, the foregoing suggests there is no definitive trend that inflationary pressures are declining.

Despite economic headwinds, the pace of change will not ease. The reader should note, some of the data and comparables applied in this report are data points that may have occurred prior to the events noted above, resulting in some risks associated with the application of lagging indicators. The opinions of those values are as of a specific point in time, the effective date of value, and changing conditions could impact those values in the future.

LAND DEVELOPMENT ANALYSIS

This portion of the report analyzes historical and recent trends of land development. The source for this information is the most recent report by IBISWorld (September 2024). IBISWorld specializes in industry research with coverage on thousands of global industries. Their comprehensive data and in-depth analysis help businesses of all types gain quick and actionable insights on industries around the world.

INDUSTRY DEFINITION

This industry services raw land (except cemeteries) and subdivides properties into lots for subsequent sale to builders. Land subdivision precedes building activity. Servicing of land may include excavation work for the installation of roads and utility lines, and operators may subcontract excavation and other activities to specialist contractors. Operators that perform only the legal subdivision of land are not included in this industry.

MAIN ACTIVITIES

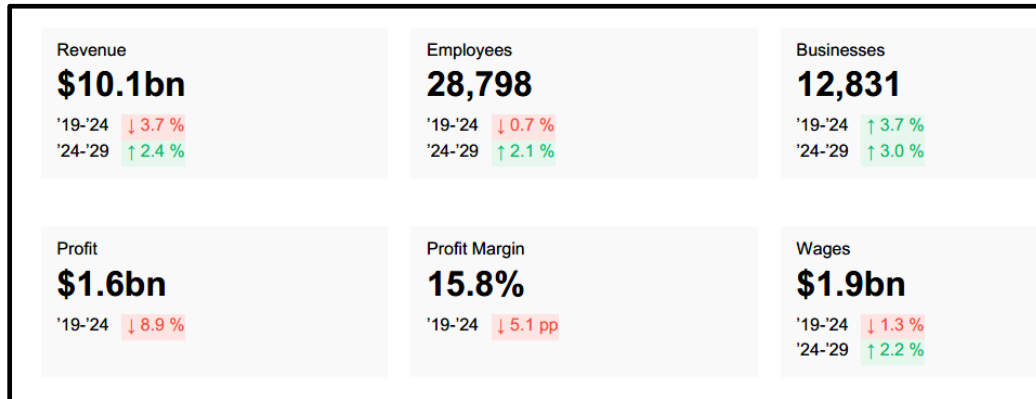
The primary activities of this industry are:

- Subdividing property (except cemeteries) into lots for sale
- Developing property for sale (planning, amenities and power)
- Land acquisition, assembling and subdivision
- Land subdivision and utility installation (e.g. electric, water and sewer)

THE MAJOR PRODUCTS AND SERVICES IN THIS INDUSTRY ARE:

- Developing operator-owned land for residential use
- Developing operator-owned land for nonresidential use
- Developing and subdividing customer-owned land

INDUSTRY AT A GLANCE



Key Takeaways

Performance

- Land developers are facing significant declines in activity. High interest rates slowed construction. Also, home builders and commercial construction companies are increasingly engaging in the broader real estate development process, bypassing land developers.
- Land developers are poised for growth as continued interest rate cuts stimulate new construction activity. Both residential and nonresidential markets will expand, signaling a positive shift in the market that could enhance development opportunities.

External Environment

- Land developers must comply with strict state and federal building codes. Failure to adhere to these regulations can jeopardize the project's structural integrity and the developer's reputation.
- Land developers typically receive no direct government assistance. Instead, private associations serve as the main sources of support and resources for their projects.

SWOT

S Strengths Low Imports High Profit vs. Sector Average High Revenue per Employee	W Weaknesses Low & Steady Level of Assistance High Competition Decline Life Cycle Stage High Customer Class Concentration High Product/Service Concentration High Capital Requirements	O Opportunities High Revenue Growth (2018-2023) High Revenue Growth (2023-2028) High Performance Drivers Office rental vacancy	T Threats Very Low Revenue Growth (2005-2023) Low Outlier Growth Value of private nonresidential construction
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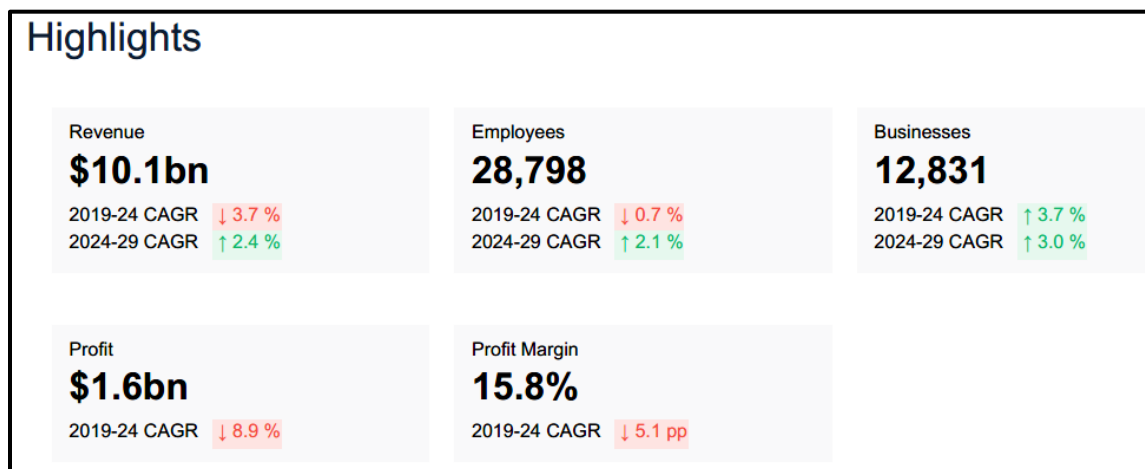
EXECUTIVE SUMMARY

Rising interest rates will have a negative effect on overall industry growth. Land developers have faced a challenging landscape in recent years, marked by shifting dynamics in residential and nonresidential construction markets. The COVID-19 pandemic initially spurred strong growth in new residential projects, but as interest rates climbed, the market cooled off. Also, significant competition from home builders and commercial construction companies who began to handle land development internally hindered growth for land developers. Industry revenue has been decreasing at a CAGR of 3.7% over the past five years to total an estimated \$10.1 billion in 2024, including an estimated increase of 1.7% in 2024 as low housing stock spurs residential construction, infrastructure construction climbs, construction at manufacturing facilities expands and interest rates drop.

Rising costs have complicated operations for land developers. With interest rates increasing and essential materials like oil and steel experiencing volatility, many have had to raise prices to stay afloat, leading to decreased demand from downstream customers. This has particularly hit smaller companies hard as larger developers benefit from bulk contracts and can afford to operate with lower profit. However, a bright spot emerged in infrastructure spending, as the federal government allocated significant funds to repair and upgrade critical infrastructure, creating new opportunities for land developers.

Land developers will enjoy a resurgence spurred by interest rate cuts that could rejuvenate the residential construction market. Upcoming major sporting events in the US will also unleash a wave of public-private partnerships, fueling demand for new stadiums and transportation facilities. With a growing economy and increasing infrastructure needs, the next five years could hold considerable promise for land developers ready to adapt and compete. Industry revenue is forecast to increase at a CAGR of 2.4% to total an estimated \$11.4 billion through the end of 2029.

INDUSTRY PERFORMANCE



Key Takeaways

- **Land developers are facing significant declines in activity.** High interest rates slowed construction. Also, home builders and commercial construction companies are increasingly engaging in the broader real estate development process, bypassing land developers.
- **Land developers are poised for growth as continued interest rate cuts stimulate new construction activity.** Both residential and nonresidential markets will expand, signaling a positive shift in the market that could enhance development opportunities.

Performance Snapshot

Revenue: ↓ 2019-24 Revenue CAGR -3.7%

Revenue

Total value (\$) and annual change from 2011 – 2029. Includes 5-year outlook.



Profit: ↓ 2019-24 Profit CAGR -8.9%

Total Profit

\$1.6bn

'19-'24 ↓ 8.9 %

Profit Margin

15.8%

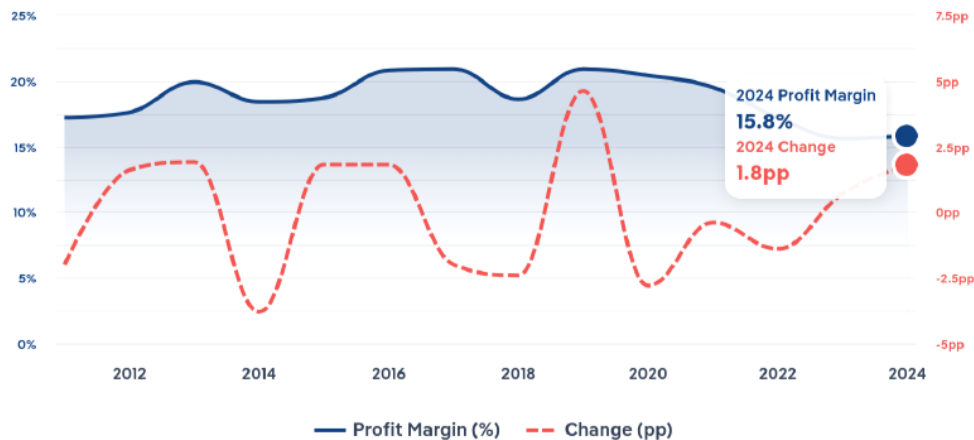
'19-'24 ↓ 5.1 pp

Profit per Business

\$124.3k

Profit Margin

Total profit margin (%) and annual change from 2011 – 2024



Current Performance

What's driving current industry performance?

An unfavorable operating environment has subdued land developers' performance

- While the outbreak of the pandemic led to strong growth in new residential construction activity, nonresidential construction markets contracted considerably amid economic uncertainty and declining corporate profit.
- Interest rate hikes cooled off the residential construction market. New single-family home construction took a greater hit, with multi-family construction being more resilient and offsetting some declines. While residential construction activity has picked up in 2024 amid low housing stock, much of the recovery of the nonresidential construction market has been to existing structures, not greatly requiring land development.
- One bright spot for land developers late has been the resurgence of industrial construction for manufacturing facilities spurred by government incentives for green manufacturing and the CHIPS and Science Act.
- The announcement of rate cuts in September of 2024 and two additional rate cuts in 2024 will boost both nonresidential and residential construction sentiment late.

Rising costs hinder land developers' expansion

- Rising interest rates, though, have made funding new projects expensive. Housing trends have reversed, slamming the industry with waves of volatility.
- Also, the price of key inputs, namely oil and steel, has piled onto rising interest rates. Oil prices have fluctuated after the pandemic and the Russian invasion of Ukraine. Land developers have paid significantly more to transport workers and operate heavy machinery.
- As fuel costs rise, land developers have grappled with declining profit. Many contractors have raised prices to cover costs to combat this, but this has dissuaded downstream customers and contributed to sluggish growth.
- Smaller developers have had difficulty maintaining businesses as contracts have dried up. Large companies have a distinct advantage – these developers can forego profit and downsize without shutting down. These contractors also often benefit from bulk supply contracts for building materials like steel or lumber.

Land developers endure swelling competition

- Home builders and commercial construction companies have become increasingly involved in the entire real estate development process, including purchasing land, preparing sites and selling fully constructed homes, apartments, offices and retail locations.
- Many contractors have opted to handle land development internally, cutting costs by reducing the number of subcontractors working on a single project. Smaller developers, especially those without established reputations, have struggled to remain essential in construction.
- This trend is especially prevalent with homebuilders, especially those with access to credit. Since residential projects often have fewer moving parts than nonresidential and commercial construction, homebuilders can readily cut out land developers.

Companies have turned to subcontractors

- It's become more difficult for contractors to hire skilled labor – most developers have faced rising wage costs amid labor shortages impacting the construction sector. Instead, contractors have opted to subcontract labor, increasing purchase costs. Companies only pay subcontractors when they complete a project, reducing a developer's annual payroll.
- Subcontractors often operate on a local or regional level, allowing companies to compete for contracts across the United States and hire a temporary, local workforce once a contract is secured.
- Many smaller companies are also forming development consortiums, allowing one group to bid for contracts above a single company's scope. This trend grants smaller contractors the opportunity to compete with larger enterprises directly.

Infrastructure spending supported land developers

- In its 2021 Report Card for US Infrastructure, the American Society of Civil Engineers gave the nation's roads and aviation infrastructure a D and D+ grade, indicating an inadequate national transportation network.
- State and local governments have faced mounting pressure to allocate more funding to road, highway and airport runway construction and repair. Land developers have benefitted from funding, creating numerous projects for developers specializing in land subdivisions and utility installation.
- The federal government has already allocated significant funding to infrastructure projects through the Infrastructure Investment and Jobs Act (IIJA) and RAISE grants. The IIJA dedicates \$110.0 billion in funding for roads, bridges and other projects, as well as \$17.0 billion for ports and waterways.

What influences industry volatility?**Volatility in line with related industries**

- Land developers often endure medium volatility, similar to trends seen in the building and construction industry. Downstream demand for new construction projects, which can shift based on economic conditions, primarily drives revenue fluctuations.
- Escalating international tensions have recently disrupted the supply chains for essential materials such as concrete, gasoline and lumber, leading to increased costs. These heightened input prices challenge land developers in maintaining budget projections and can stall ongoing projects.

Changing interest rates induced volatility

- Low interest rates in 2020 and 2021 led to massive growth for land developers as there were considerable expansions in new single-family and multi-family construction requiring land development.
- Interest rate hikes in 2022 and 2023 greatly reduced new single-family residential construction, slowing growth for land developers. Still, multi-family construction has been more resilient, easing declines.
- Interest rate cuts in 2024 and on the horizon will provide land developers with a boost in revenue growth and volatility as new nonresidential and residential construction activity ramps up.

Low & slow

Industry volatility vs. revenue growth (2018-24 CAGR)



★ Key Success Factor

How do successful businesses overcome volatility?**Manage external outsourcing contracts**

By effectively managing outsourcing contracts, land developers can maintain flexibility and mitigate risks during volatile market conditions, allowing them to adapt quickly to changing demands and reduce operational costs without sacrificing quality.

Adapt quickly to changing regulations

Rapidly adapting to changing regulations enables land developers to stay compliant and seize new opportunities in the market. This agility fosters resilience, ensuring they can navigate challenges while implementing strategies aligned with evolving legal frameworks.

What's driving the industry outlook?

Land developers adapt to heightened competition

- Competition among key land developers will intensify over the next five years. Although credit markets will improve and lending rates will retreat to historical levels, land development companies will remain subject to tighter lending standards, given their past performance amid the pandemic-induced recession.
- Many land developers will shy away from projects requiring extensive financing, including acquiring and developing large tracts of land for speculative development. Developers will instead deal with greater competition for smaller projects, requiring companies to purchase relatively narrow parcels of land in stable growth corridors. This more focused approach will benefit land developers, especially as nonresidential projects pick up.

Developers will vie for larger projects

- Developers must contend with their peers to win larger contracts and remain profitable. Larger development contracts, particularly residential projects including clubhouses, gyms and lakes, will enable land developers to negotiate input costs because they can source materials in larger quantities.
- These large-scale development projects will enable companies to negotiate with subcontractors, particularly in the first half of the next five years. Many workers may also be willing to take pay cuts to work on projects that will provide income for a longer time period. Developers who can provide job stability will attract a better workforce. Still, persistent labor shortages in the construction sector may reverse this trend.

Growth is on the horizon for land developers

- Continued interest rate cuts will spur new residential activity construction in single and multi-family homes. Multi-family construction will continue to climb as home prices remain high, incentivizing a renter's market for younger consumers.
- Projects through the Infrastructure Investment and Jobs Act (IIJA) will continue to support land developers through projects on roads, bridges, ports and waterways. Continued growth in the construction of manufacturing facilities will also benefit land developers.
- Developers may also benefit from the country's push toward green energy. Companies will hire land developers to develop new power plants and utility infrastructure. This trend will create new opportunities for companies to begin operating.

Major sporting events will spur demand for land developers

- Major sporting events are coming to the United States; the US will host several Grand Prix events, the 2028 Los Angeles Summer Olympics and is one of three hosts of the 2026 FIFA World Cup. These large projects will positively impact the profit of land developers.
- Public-private partnerships will fund many of these projects. This type of partnership often involves an upfront investment from the private sector followed by government spending.
- Land developers will spearhead new stadiums and other projects with a wide range of construction and construction management services, including demolition, blasting, digging, drilling, excavation, earth moving and land clearing.

Life
Cycle

Decline

Why is the industry declining?

Contribution to GDP

Land developers have struggled to match US GDP growth as the economic impact of the COVID-19 pandemic and interest rate hikes shifted focus from expansion to rebuilding for both households and businesses.

Market Saturation

Land development services are essential for new building projects, leading to moderate market saturation. Land developers face significant regulation at state, federal and municipal levels, limiting the scope for growth.

Innovation

Land developers have seen minimal innovation in recent decades. Though 3-D printing and advanced robotics could revolutionize the field, these technologies remain underexplored and not yet viable for widespread application.

Consolidation

Consolidation is low among land developers, with many small local developers operating within regional markets. Larger developers have pursued some consolidation efforts to strengthen their presence in specific areas, but small operations still dominate.

Technology & Systems

Incremental advancements in construction materials and products have enhanced productivity in land development. Emerging easier-to-handle materials provide greater flexibility in design, cost management and construction speed, influencing long-term practices.

4. Products and Markets

<https://my.ibisworld.com/us/en/industry/23721/products-and-markets>

Largest Market

\$4.9bn

Developing operator-owned land for nonresidential use

Product Innovation

Low

Key Takeaways

- **Government investment benefitted the nonresidential market.** Strong growth in highway funding and incentives for domestic manufacturers spurred growth in the nonresidential market.
- **Site preparation for new homes remains the most prevalent segment.** While it experienced significant demand during the pandemic, the rise of housing developers now developing land in-house poses a challenge to growth in this area.

Products & Services Segmentation

Industry revenue in 2024 broken down by key product and service lines.



- Developing operator-owned land for nonresidential use (\$4.9bn) 48.2%
- Developing and subdividing customer-owned land (\$3.7bn) 36.3%
- Developing operator-owned land for residential use (\$1.6bn) 15.5%

How are the industry's products and services performing?

Developing operator-owned land for nonresidential use has been volatile

- Commercial construction, real estate investment trusts (REITs), builders and other real estate developers purchase finished or interim-stage lots. Developers provide property grading, drainage and erosion control and common area improvements to commercial builders.
- Lagging office building construction has hindered growth in this segment. Still there have been some bright spots in warehouse and hotel construction activity. Warehouse construction activity has slowed but was a crucial source of business as overall commercial activity lagged.

Developing operator-owned land for residential use has decreased

- Many land development projects include site preparation activities for constructing single- and multi-family homes. Land developers provide a wide range of services related to construction and construction management.
- As interest rates dropped, demand within the residential construction market boomed amid the COVID-19 pandemic. Following interest rate hikes, growth in this segment has slowed considerably. Still, multi-family home construction has been more resilient than single-family construction. Interest rate cuts may boost single-family construction late.

Developing and subdividing customer-owned land has increased

- Land developers generate a comparatively small yet significant share of industry revenue from subdivision, site preparation and development of customer-owned land. Developers provide the normal range of construction-related services in return for real estate commissions or property management fees.
- Land developers also participate in other construction activities for federal, state and local governments. These projects include environmental services, including sanitary sewer design, stormwater management design and grading design. The Infrastructure Investment and Jobs Act has promoted growth in this segment.

What are innovations in industry products and services?

Technology changes but offerings remain the same

- Land developers remain largely unchanged regarding product and service offerings, primarily because of stringent regulations. Innovations stem from adopting advanced technologies that enhance operational efficiency, such as improved fuel efficacy and precision instruments.
- Updated safety regulations drive changes, ensuring compliance and minimizing risk on development sites. Because of this, while the core offerings stay constant, integrating new technology continues to shape industry practices and operational standards.

Material improvements has increased operational efficiency

- Recent advancements in construction materials have streamlined the process of site preparation and utility installation. These innovations result in reduced setup times and less labor-intensive practices. New materials enhance flexibility in design, enabling developers to adapt to various project requirements without incurring significant costs.
- The trend towards easier-to-handle products accelerates construction speed and minimizes waste, contributing to more sustainable practices in the industry. Overall, these incremental improvements in tools and techniques continue to drive productivity ahead in land development.

☆ Key Success Factor

What products or services do successful businesses offer?

Secure good design skills and apply specifications to products

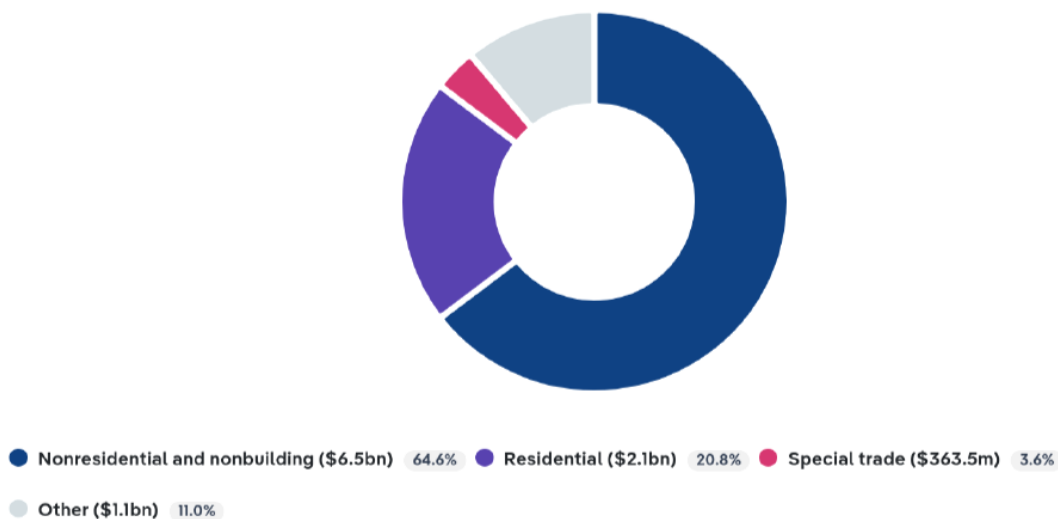
Having skilled designers allows land developers to create appealing layouts and functionalities that meet market needs. This attention to quality and aesthetics enhances property value and attracts potential buyers.

Invest in new technology to enhance operational efficiency and quality

By adopting cutting-edge technology, land developers can streamline processes and improve their projects' quality, leading to faster delivery times and better overall offerings, giving them a competitive edge in the market.

Major Market Segmentation

Industry revenue in 2024 broken down by key markets



What's influencing demand from the industry's markets?

Demand from the residential market has been volatile

- The residential market, which includes the development of single- and multi-family homes and condos and residential communities, is the second-largest market for land developers. Home builders and other construction companies commonly purchase blue-top lots, which are properties at the interim stage of development.
- Residential construction boomed in the early stages of the COVID-19 pandemic as those who could afford it fled dense urban areas. Still, growth in this market slowed considerably, particularly from new single-family housing construction following interest rate hikes. The Federal Reserve cutting rates in September 2024 and two more times in 2024 will benefit this market.

Nonresidential and nonbuilding construction activity has been mixed

- This segment is the largest market for land developers and includes development projects for commercial buildings, manufacturing facilities and institutional structures.
- This segment also includes industry revenue from nonbuilding-related land development, including highways, streets, sidewalks, sewers, parking lots, outdoor recreational areas, sporting fields and amusement buildings, which may be privately funded or funded by the government.
- Climbing federal funding for highways has benefitted this market. While the commercial construction market struggled amid the pandemic and high rates, warehouse and hotel construction expansions contributed to a recovery.
- Growth in manufacturing facility construction has benefitted this market, driven by government incentives for domestic manufacturing. The CHIPS and Science Act promoting domestic semiconductor manufacturing boosted industrial construction.

Special trade and other services include commissions, property management and several other smaller industry offerings

- These include specialty carpentry and framing contracts, construction machinery rental, general architectural services and retail trade.
- Demand for the special trade service segment has remained relatively steady over the past five years and is expected to continue performing similarly over the next five years.

International Trade

Total Imports

\$0

'19-'24 ↓ 100.0 %

'24-'29 ↓ 100.0 %

Total Exports

\$0

'19-'24 ↓ 100.0 %

'24-'29 ↓ 100.0 %

Trade Balance

Balanced

: \$0

Some industries don't directly import or export goods. See reports at the manufacturing level for international trade data on relevant products.

Where are industry businesses located?

Land developers thrive in the Southeast because of unique conditions

- The Southeast region boasts the highest concentration of land developers in the US, largely because of its subtropical and tropical climate. This climate creates diverse soil types and geographical conditions that attract development opportunities.
- Florida stands out as the state with the most land development outlets in the Southeast, owing to its favorable conditions for real estate growth. Approximately 31.0% of Florida is wetlands, necessitating specialized site preparation and expertise from developers for successful building projects.

Construction activity drives land developers to the West

- The West region of the United States ranks as the second-largest area for land development. Because of historical westward expansion, much of this region remains less developed and unoccupied than other areas in the country. This gives land developers ample opportunities to meet the growing demand for development services.
- California stands out as a key location for land development, boasting the nation's second-highest concentration of industry sites. Factors contributing to this include California's diverse climate, extensive urban centers and significant land area, making it an attractive destination for businesses and development initiatives.

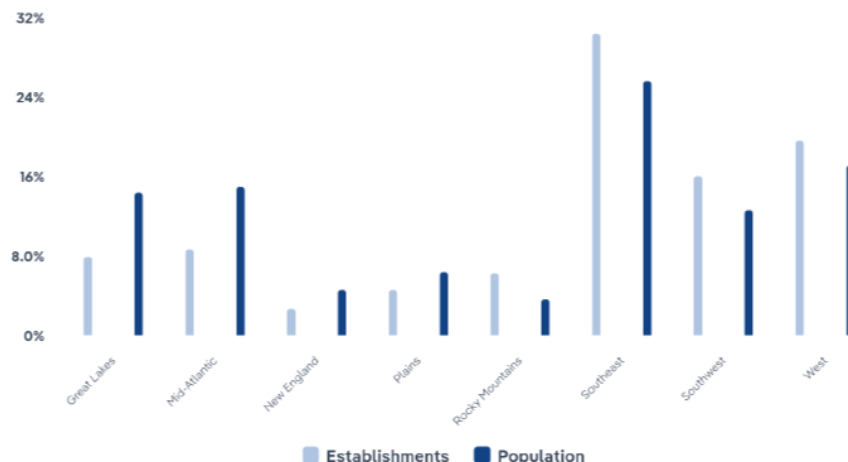
Southwest brings up the rear

- The Southwest region ranks as the third-largest area for land development in the US, driven by its expansive, open and largely arid conditions. These geographic features create ideal settings for both industrial and commercial projects.
- Texas stands out as the foremost state for land development activities. Its proximity to the Mexican border has prompted significant land development efforts because of ongoing border infrastructure projects. Also, the prevalence of the oil industry in Texas necessitates development efforts to prepare land for extraction activities, further reinforcing its position in land development.

Land Development in the US

Southeast has the largest spread of businesses compared to its population

Share of Establishments (%) vs. share of population (%):



☆ Key Success Factor

How do businesses use location to their advantage?

Operate in a location that is close to key markets

Being near key markets allows land developers to respond quickly to demand, reduce transportation costs and attract buyers more effectively. Proximity can enhance visibility and accessibility, driving sales and investment.

Ensure easy access to further appropriate land for development

Access to additional land is crucial for future expansions or projects as it allows developers to scale operations, adapt to market trends and prevent land scarcity limitations from hindering growth or profitability.

6. Competitive Forces

<https://my.ibisworld.com/us/en/industry/23721/competitive-forces>

Key Takeaways

- **Land developers are primarily small, regional developers.** There are no dominant land developers with significant market share, indicating a fragmented market landscape.
- **Land developers compete regionally for contracts on housing and commercial projects.** This competition mainly arises from funding provided by companies and private investors, driving developers to showcase their capabilities to secure lucrative deals.

Concentration

Low

What impacts the industry's market share concentration?

Land developers operate in regional markets

- There is a low level of market share concentration among land developers, as they mainly consists of contractors that operate in specific regional markets. With a majority of land developers operating as nonemploying organizations in local, niche markets, fragmentation is high.
- The largest developers currently generate less than 5.0% of the total market, but many developers operate nationally and within other industries, including residential construction, nonresidential building and property development.

Market share concentration will remain low

- Diversification enables land developers to lower income fluctuations and decrease downturn risks. Also, companies are increasingly offering services across several states or metropolitan areas in an attempt to lower downturn risks associated with operating in local markets.
- Market share concentration will remain stable. Continued competition from home builders and commercial construction companies becoming increasingly involved in the entire real estate development process.

 Key Success Factor
How do successful businesses handle concentration?**Leverage the company's financial position**

A strong financial backbone allows land developers to seize opportunities quickly, invest in quality projects and negotiate favorable terms with suppliers and contractors, enhancing their competitive edge in a concentrated market.

Develop strong working relationships with subcontractors

Building solid partnerships with subcontractors ensures that land developers can rely on skilled labor, improve project efficiency and maintain quality standards, which is crucial for standing out in a concentrated market.

Barriers to Entry

Moderate

Steady

What challenges do potential industry entrants face?**Legal**

- Land developers must navigate a complex web of government regulations and building codes. Strict adherence to these codes is essential to ensure structural integrity and avoid the risk of project demolition.

Start-up Costs

- Initial capital requirements can be substantial for land developers. Alongside securing necessary certifications, acquiring or renting heavy machinery, construction vehicles and specialized tools poses significant financial barriers for new entrants.

Differentiation

- Land developers typically specialize regionally and their focus areas can be categorized into urban, suburban, or rural projects. Each specialization requires a tailored approach to meet the unique demands of the respective markets.

Capital Expenses

- High capital expenses for land acquisition, construction and infrastructure development create significant financial barriers for new developers. These costs necessitate substantial initial investments, often requiring loans or investor funding, deterring smaller or less established entities.

☆ Key Success Factor

How can potential entrants overcome barriers to entry?

Comply with government regulations

Navigating regulations is crucial for land developers. By understanding and adhering to local zoning laws and environmental standards, they can avoid costly delays and penalties, positioning themselves as trustworthy companies in the real estate landscape.

Develop strong working relationships with lenders

Building trustworthy connections with financial institutions is vital. Access to reliable funding sources enables land developers to finance projects effectively, reduce risk and manage cashflow, ensuring they can meet the demands of their ambitious development plans.

Substitutes

Low

Steady

What are substitutes for industry services?

Home builders and real estate investment companies

- Competition from home builders and real estate investment companies has intensified as these companies engage more in the development process. Established companies like D.R. Horton, Toll Brothers and Lennar often secure unimproved land or vacant lots that are poised for residential growth.
- These builders have stronger financial resources and easier credit access than the smaller developers. Although home builders frequently outbid land developers for prime land, most construction projects still rely heavily on the expertise of land developers.

☆ Key Success Factor

How do successful businesses compete with substitutes?

Develop strong technical product knowledge

Understanding the nuances of land development empowers developers to create appealing and innovative projects that meet market demands. This expertise allows them to differentiate their offerings and attract clients from substitute options.

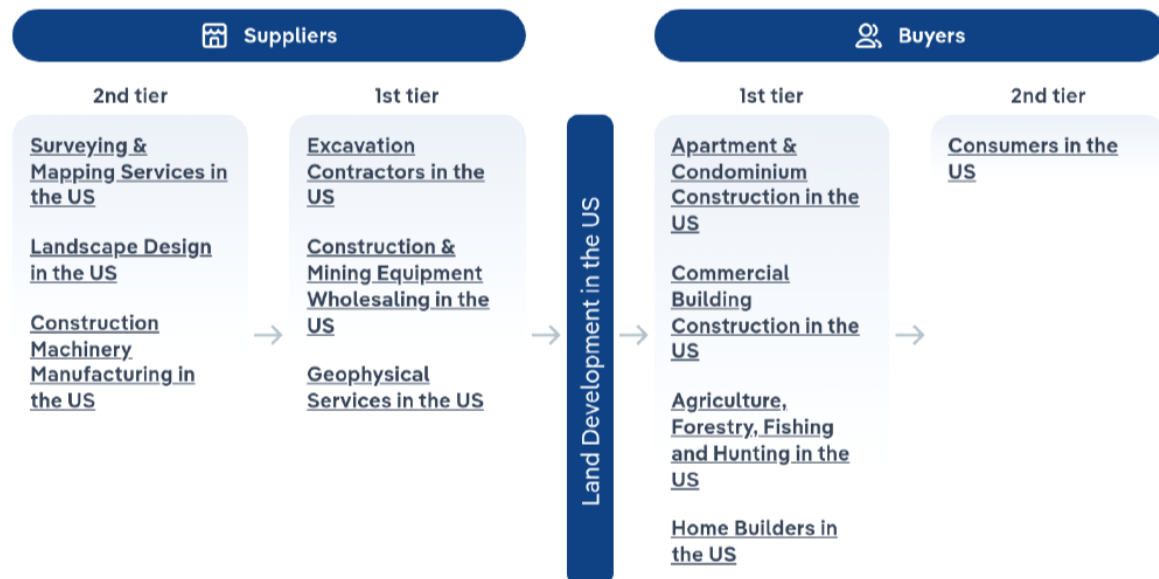
Market differentiated products

Land developers can effectively combat substitutes by producing unique and high-quality properties that stand out in the marketplace. Tailoring offerings to specific demographics fosters customer loyalty and keeps buyers engaged with their developments rather than alternatives.

Buyer & Supplier Power

Supply Chain

Direct and indirect supplier and buyer industries related to this industry



What power do buyers and suppliers have over the industry?

Buyers: Ability to compare prices, quality and other factors

Moderate

Steady

- The ability to compare prices, quality and other factors gives buyers significant leverage over land developers, as informed decisions can lead to preferences for competitive offers, ultimately pressuring developers to enhance value and service.
- Knowledge about products, services and suppliers empowers buyers to negotiate effectively, fostering an environment where developers must continuously innovate and maintain high standards to attract and retain discerning customers in a competitive market.

Suppliers: Strong distribution system

Moderate

Steady

- Suppliers with robust distribution networks can significantly impact land developers by ensuring timely materials delivery. Disruptions or delays from suppliers can stall construction, leading to increased costs and project timelines.
- A strong distribution network enables suppliers to control market access, making it difficult for land developers to switch suppliers. This reliance enhances suppliers' bargaining power, allowing them to negotiate better terms.

☆ Key Success Factor

How do successful businesses manage buyer & supplier power?

Develop links with suppliers

Building solid relationships helps land developers secure favorable terms and reliable access to materials. These relationships reduce supplier power and enable developers to maintain a competitive edge in project timelines and costs.

Establish long-term working relationships with raw material suppliers

Creating long-term partnerships with key suppliers ensures consistent quality and supply of materials. This stability diminishes supplier power and allows land developers to negotiate better prices, ultimately improving project profitability.

8. External Environment

<https://my.ibisworld.com/us/en/industry/23721/external-environment>

Key Takeaways

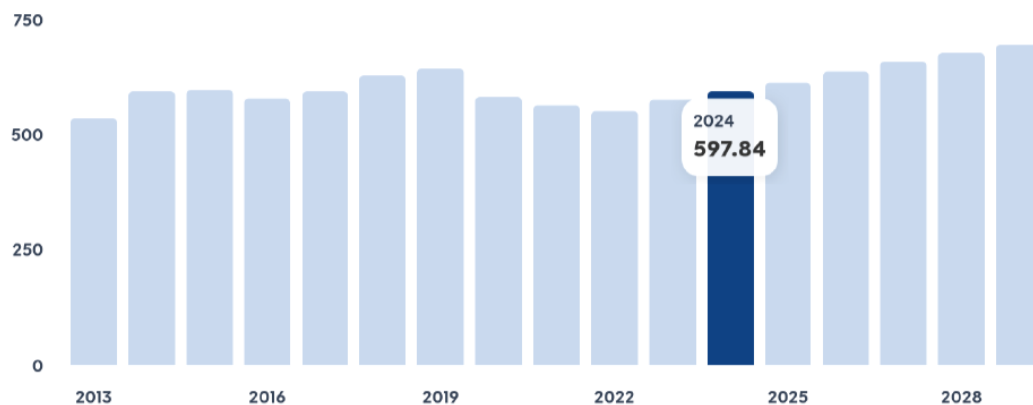
- **Land developers must comply with strict state and federal building codes.** Failure to adhere to these regulations can jeopardize the project's structural integrity and the developer's reputation.
- **Land developers typically receive no direct government assistance.** Instead, private associations serve as the main sources of support and resources for their projects.

External Drivers

What demographic and macroeconomic factors impact the industry?

Value of private nonresidential construction

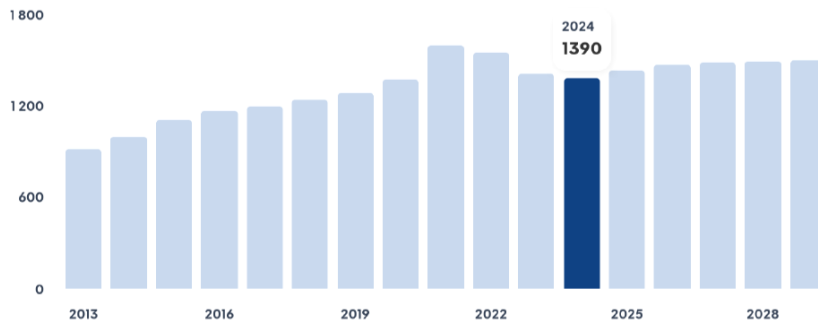
\$ billion



The value of private nonresidential construction directly influences land developers' activities. As private investment in nonresidential buildings rises, land subdivision and development services enjoy increased growth opportunities. On the contrary, falling private investment in nonresidential buildings leads to declines for land developers. Growth in the value of nonresidential construction represents a potential opportunity for the industry.

Housing starts

Thousands



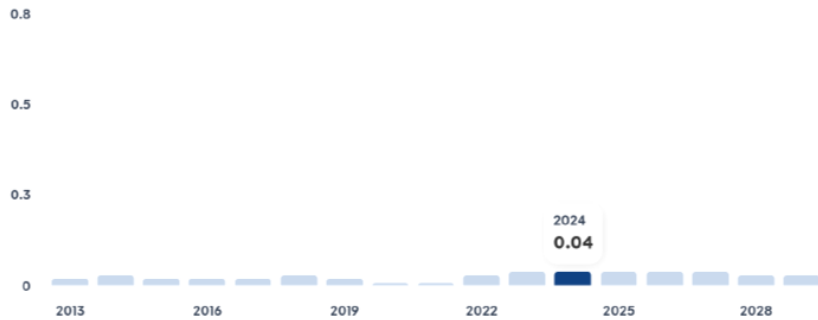
IBISWorld

Source: IBISWorld

As housing starts climb, the need for land development services rises accordingly. This trend is crucial for land developers, who must prepare sites and develop infrastructure to support new constructions. Conversely, a drop in housing starts poses a significant challenge, potentially leading to reduced business activity and revenue for land developers, thereby affecting their overall operational stability.

Yield on 10-year Treasury note

%

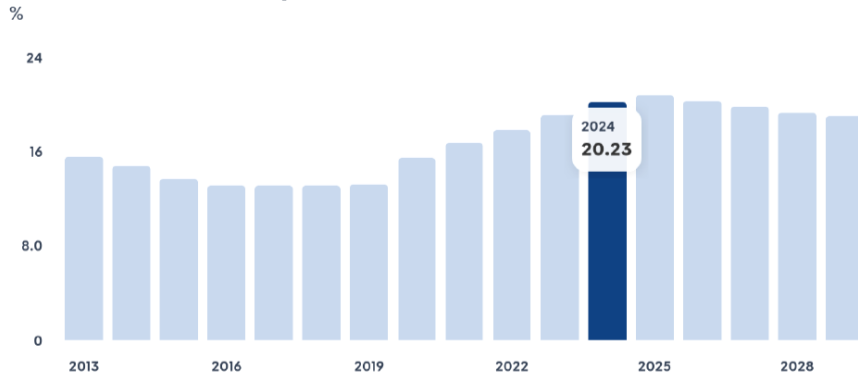


IBISWorld

Source: IBISWorld

The yield on the 10-year Treasury note serves as a crucial indicator for interest rates, which can significantly influence land development activities. When yields climb, borrowing costs increase, making land purchases and development projects more expensive. This rise in financing expenses often discourages developers from pursuing new projects, thereby slowing construction activity and threatening the performance of land developers.

Office rental vacancy



IBISWorld

Source: IBISWorld

The office rental vacancy rate serves as a crucial indicator for land developers. A high vacancy rate suggests an oversupply of commercial space, which may discourage new developments because of potential financial risks. Conversely, a low vacancy rate typically signals strong demand, encouraging developers to invest in new projects to meet the needs of businesses seeking office space.

Regulation & Policy

High

Steady

What regulations impact the industry?

General construction codes

In the US, construction and building activities are governed by comprehensive regulations to ensure safety, accessibility and environmental protection. These include general building codes, zoning laws and fire safety regulations. For instance, the International Building Code (IBC) seeks to standardize these regulations nationwide, which can help developers navigate approval processes more efficiently and minimize legal disputes.

Codes and redundancies

Land developers must navigate a complex regulation framework that dictates compliance with building codes and standards. Before construction begins, architects and consulting engineers assess their designs against these regulations and submit them to local authorities for permitting. Government code officials conduct inspections throughout construction to ensure adherence, ultimately issuing a final compliance permit.

Assistance

Low

Steady

What assistance is available to this industry?

Infrastructure Investment and Jobs Act (IIJA)

The Infrastructure Investment and Jobs Act signed into law in November 2021, allocates \$550.0 billion for domestic infrastructure projects through the end of 2026. This act benefits land developers by funding road improvements, bridges, ports and waterways, as much of this activity requires land developers to do proper construction.

Industry associations

The Land Development Coalition (LDC), backed by the American Council of Engineering Companies (ACEC), is crucial in supporting land developers. This association offers various services, including information dissemination, consultation and litigation assistance. By advocating for developers' interests at state and federal levels, the LDC helps streamline regulatory processes, making it easier for developers to navigate the legal landscape and ultimately promoting efficient land development initiatives.

9. Financial Benchmarks

<https://my.ibisworld.com/us/en/industry/23721/financial-benchmarks>

Profit Margin

15.8 %

↑ Higher than sector

Average Wage

\$67,557

↑ Higher than sector

Largest Cost

Purchases

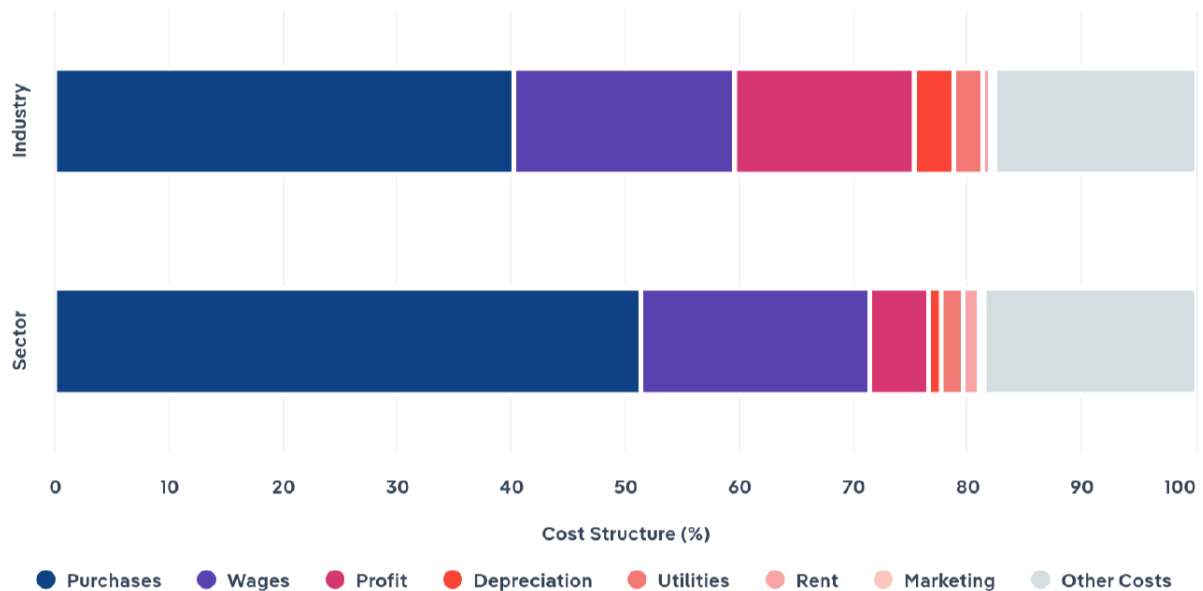
40.3% of Revenue

Key Takeaways

- **Land developers have endured profit declines.** Sluggish growth ramping up price-based competition and mounting material and wage costs have hindered profit expansion.
- **Wage costs have climbed.** Much like most of the construction sector, land developers have endured higher wage costs amid considerable labor shortages.

Cost Structure Benchmarks

Average operating costs by industry and sector as a share (%) of revenue 2024



What trends impact industry costs?

Skilled labor is highly important, resulting in high wage costs

- Wages as a share of revenue have increased over the past five years. Labor shortages have contributed to wage costs increasing as a share of revenue as land developers have hiked wages to attract and retain skilled workers.
- Companies have also hired subcontractors, reducing the need for labor on developers' payrolls, particularly as work has slowed land developers have opted for hiring workers on a project-to-project basis.

Companies battle rising interest rates

- Profit as a share of revenue has decreased over the past five years. Many companies that once operated entirely within the industry began to expand into other construction activities, such as home building, as these activities offer the potential for higher revenue.
- Higher interest rates slowing land development have contributed to profit declines as slower growth increased price-based competition and limited land developers' ability to pass high purchase costs onto customers. Also, wage costs have climbed as labor shortages plague the construction sector.

Land developers have endured climbing purchase costs

- Land developers must purchase materials used during excavations, development and landscaping, including ready-mixed concrete, stone, structural steel, concrete panels, structural timber, metal cladding and other materials used during excavations and landscaping.
- Purchases as a share of revenue have increased over the past five years. Supply chain woes pushing up the cost of building materials and sluggish growth have limited land developers' ability to pass higher costs onto customers as they vie for work, leading to purchase costs climbing.

Reliance on capital constrains growth

Share of economy vs. Investment



Financial Ratios

Industry Multiples

Ratio	2018	2019	2020	2021	2022	3-Year	5-Year	10-Year
EBIT/Revenue	6.6	9.1	8.2	3.0	3.9	5.0	6.2	6.1
EBITDA/Revenue	9.5	11.8	10.7	5.3	6.6	7.5	8.8	8.5
Leverage Ratio	30.1	23.3	25.0	51.4	41.5	39.3	34.2	37.2

Industry Tax Structure

Ratio	2018	2019	2020	2021	2022	3-Year	5-Year	10-Year
Taxes Paid/Revenue	2.0	2.0	2.3	1.5	1.7	1.8	1.9	2.0

CONCLUSION

Land developers will enjoy a resurgence spurred by interest rate cuts that could rejuvenate the residential construction market. Upcoming major sporting events in the US will also unleash a wave of public-private partnerships, fueling demand for new stadiums and transportation facilities. With a growing economy and increasing infrastructure needs, the next five years could hold considerable promise for land developers ready to adapt and compete. Industry revenue is forecast to increase at a CAGR of 2.4% to total an estimated \$11.4 billion through the end of 2029.

HIGHEST AND BEST USE

INTRODUCTION

The highest and best use is the reasonable, probable, and legal use of vacant land or an improved property that is physically possible, legally permissible, appropriately supported, financially feasible and that results in the highest value. These criteria are often considered sequentially. The tests of legal permissibility and physical possibility must be applied before the remaining tests of financial feasibility and maximal productivity. A financially feasible use is precluded if it is legally prohibited or physically impossible. If a reasonable possibility exists that one of the prior, unacceptable conditions can be changed, is it appropriate to proceed with the analysis with such an assumption.

HIGHEST AND BEST USE CRITERIA

The site's highest and best use is analyzed both as vacant and as improved, and if improvements are proposed then an as proposed analysis is required. In all cases, the property's highest and best use must meet four criteria: (1) legally permissible; (2) physically possible; (3) financially feasible; and (4) maximally productive.

HIGHEST AND BEST USE AS VACANT

LEGALLY PERMISSIBLE

Legal restrictions include deed restrictions, CC&R's, lease encumbrances, zoning requirements, building codes, historic district controls and environmental regulations, and were previously analyzed to determine legally permitted uses. Legally, the subject is zoned R-15 and M-P-D, which allow for single-family and multi-family development. No other legal restrictions have been identified that would limit development of the property beyond the development standards stipulated by municipal code.

PHYSICALLY POSSIBLE

Size, shape, topography, soil condition, availability of utilities, transportation access, surrounding uses, and locational characteristics were previously analyzed to determine which legal land uses are physically possible and which are best to conform to the physical and locational aspects of the site and its setting with respect to the neighborhood and community. Overall, the physical site attributes result in adequate utility, and the property could be developed with a variety of legally-conforming uses. Given the surrounding uses and location, the site is best suited for a Master Planned Development property use.

FINANCIALLY FEASIBLE

Financial feasibility is determined by the relationship of supply and demand for the legally probable land uses versus the cost to create them. The market analysis section reveals that multi-family and single-family uses in the subject's market are generally stabilized and that demand is still trending upward for both product types. Recent and planned multi-family and single-family developments in the market area serve as direct evidence that new development is financially feasible. Comparisons of rental rates, operating expenses and construction costs indicate the property is capable of providing an adequate return on investment to warrant new multi-family and single-family development in the current market. This assertion is supported by the fact that the property has the potential to generate rental income as shown in the income approach. Therefore, a master planned development is considered financially feasible.

MAXIMALLY PRODUCTIVE

The final test of highest and best use of the site as vacant is that the use be maximally productive, yielding the highest return to the land. In order to determine the maximally productive use, a comparison of rental rates, occupancy,

operating expenses, and rates of return for the financially feasible uses have been made. Based on this analysis, multifamily and single-family use renders the highest residual land value; therefore, master planned development on the subject's site is the maximally productive use of the subject as vacant.

CONCLUSION

The most probable purchaser of the subject property "As Is" is a developer because of its vacant characteristic and demand for multi-family and single-family use. The ideal improvement is a new master planned development that conforms to zoning and market standards.

HIGHEST AND BEST USE As Proposed

LEGALLY PERMISSIBLE

The subject appears to be a legal conforming use in this zoning district.

PHYSICALLY POSSIBLE

The subject will be improved with 348-unit multi-family units, 332 townhome units, and 129 single-family homes. The project will be situated on an approximate 96-acre site and will conform to its surrounding uses. Continued use of the improvements as proposed, multi-family and single-family master development, is physically possible.

FINANCIALLY FEASIBLE

Financial feasibility as an income-producing investment is based on the amount of rental income it can generate net of the required operating expenses. If the resulting net operating income motivates continued operation, then the land is being put to a productive and financially feasible use. The subject, as proposed, is capable of producing positive net cash flow to an investor. The proposed improvements provide contributory value to the site, and there is no alternate use that would result in a greater value. Therefore, utilization of the proposed improvements is financially feasible.

MAXIMUM PRODUCTIVITY

The maximally productive use should conform to neighborhood trends and be consistent with existing nearby land uses. The single use that produces the greatest return on investment and usually the highest price and value is typically the highest and best use. As shown in the applicable valuation sections, properties like the subject have been acquired and continue to be used for multi-family or single-family use. None of the comparable properties were acquired for conversion to an alternative use. This provides evidence suggesting that the current proposed use is maximally productive.

CONCLUSION

Based on our analysis, there does not appear to be any alternative use that is more productive than the current use. For these reasons, the proposed master planned community use is concluded to be maximally productive, and thus the highest and best use of the property as improved. The most probable purchaser of the subject property "As Complete and Stabilized" is an investor because much of it will be leased to third-party tenants.

VALUATION PROCESS

OVERVIEW

The three traditional approaches to valuing improved properties are:

- Sales Comparison Approach - a comparison of the property appraised with reasonable similar, recently conveyed properties for which the price, terms and conditions of sale are known;
- Income Capitalization Approach - the processing of a projected net income into a value opinion via one or more capitalization techniques; and
- Cost Approach - an estimate of the replacement cost of all structural improvements as if new, less loss in value attributable to depreciation from all causes plus the value of the land as if vacant.

The Sales Comparison Approach is founded upon the principle of substitution that holds that the cost to acquire an equally desirable substitute property without undue delay ordinarily sets the upper limit of value. At any given time, prices paid for comparable properties are construed by many to reflect the value of the property appraised. The validity of a value indication derived by this approach is heavily dependent upon the availability of data on recent sales of properties similar in location, size, and utility to the appraised property.

The Income Capitalization Approach is based on the principle of anticipation that recognizes the present value of the future income benefits to be derived from ownership in a particular property. The Income Capitalization Approach is most applicable to properties that are bought and sold for investment purposes and is considered very reliable when adequate income and expense data are available. Since income producing real estate is most often purchased by investors, this approach is valid and is generally considered the most applicable when the property being appraised was designed for or is easily capable of producing a rental income.

The Cost Approach is based on the premise that the value of a property can be indicated by the current cost to construct a reproduction or replacement for the improvements minus the amount of depreciation evident in the structures from all causes plus the value of the land and entrepreneurial profit. This approach to value is particularly useful for appraising new or nearly new improvements.

This appraisal employs the Cost Approach and the Sales Comparison Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that Income Approach is not meaningful in determining the land value plus site improvements or the retail sales price for townhome or SFR lots.

The valuation process is concluded by analyzing each approach to value used in the appraisal. When more than one approach is used, each approach is judged based on its applicability, reliability, and the quantity and quality of its data. A final value opinion is chosen that either corresponds to one of the approaches to value or is a correlation of all the approaches used in the appraisal.

SUMMARY – APARTMENT LAND

With respect to the apartment land value, we first determine the value of the raw land underneath the prospective apartments by using the Sales Comparison Approach. The next step is to determine the amount of land outside the footprint of the apartment buildings, remaining for site improvement and apply a reasonable market value per square foot for site improvements. According to Marshall Swift, site improvements range from \$3.00 to \$10.00 PSF. We applied a market typical multiplier of \$6.00 PSF.

SUMMARY – SFR LOTS

With respect to the single-family home lots, the lot size most definitely contributes to the value of the home. Homes with larger lot sizes reflect a higher price. As such a direct comparison, using the Sales Comparison approach is used in determining a reasonable finished lot value for the SFR units.

SUMMARY – TOWNHOME LOTS

We have been engaged to provide a retail sales value of the subject's finished lots. The market recognizes that finished lot values depend primarily on what can legally be built on the lot, which in some cases is contrary to other appraisal methodologies and thinking. Size, among similar finished lot assets, is no longer a driving characteristic and is therefore, not adjusted for. Therefore, the method we have chosen, to determine the value of the subject's finished townhome lots, begins with valuing the potential townhome improvements that can legally be constructed on the site, meaning we start with the Sales Comparison Approach of similar townhomes. Once this value has been determined, we analyze the cost to construct the vertical improvements and from the townhome market values, previously determined, subtract this value (cost) resulting in a retail market value for the land (lot) as it is improved with all site improvements (laterals) installed.

APARTMENT LAND VALUATION

METHODOLOGY

The Sales Comparison Approach is employed to develop an opinion of land value. In the Sales Comparison Approach, we developed an opinion of value by comparing similar, recently sold sites in the surrounding or competing area to the subject property. In order to determine the value of the subject property, these comparable sales and/or listings are then evaluated and adjusted based on their differences when compared to the subject property. Inherent in this approach is the principle of substitution, which states that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

The Sales Comparison Approach to value requires the following sequential steps:

Unit of Comparison	The most widely used and market-oriented unit of comparison for properties with characteristics similar to those of the subject is sale price per square foot. As such we have used a price per square foot indication of value for the overall site analysis. However, we used a price per unit for the apartment land analysis.
Search for Sales	Research must be done to locate comparable sales, listings and contracts of sites that are similar to the subject. Similarities may include size, utility, zoning, physical characteristics, location and the date of the sale.
Confirmation	All sales must be confirmed to verify that the data used is accurate, and that all of the sales, listings or contracts represent arm's-length transactions.
Comparison	Each of the sales that are chosen for this valuation is considered generally similar to the subject. Therefore, each difference between the comparables and the subject must be identified, and then adjusted for the various differences. All adjustments are made to the comparables as they relate to the subject property.
Reconciliation	Once all of the comparables have been adjusted, a single-value must be concluded based on the indications produced from the analysis of the comparables.

In the valuation of the subject site's Fee Simple Interest, the Sales Comparison Approach has been used to establish prices being paid for comparably zoned land. The most widely used and market-oriented unit of comparison for properties with characteristics similar to those of the subject is the sale price per unit.

Few large land sales have occurred in the subject's local area; therefore, land sales outside of the local area were utilized in this analysis.

SUMMARY OF LAND SALES-APARTMENT LAND										
No.	Property / Location	Date of Sale / Status	Site Size (Net Acres)	Zoning	Units	Density (Units/Ac)	Topography	Utilities	Sale Price	Price per Unit
1	Vacant MF Land 3601 North Annabell Street Eagle Mountain, UT	--- Contract	7.98	MFR;	82	10.3	Level	All available to site.	\$2,300,000	\$28,049
2	Redwood Road Land 3688 South Redwood Road West Valley City, UT	Jul-22 Contract	26.00	C-2; Commercial	386	14.8	Level	All available to site.	\$23,000,000	\$59,585
3	Multi-Family - Saratoga Springs 273 East Thrive Drive Saratoga Springs, UT	May-23 Closed	7.30	MU; Mixed Use	102	14.0	Generally level	Typical utilities and municipal services available to site.	\$5,644,692	\$55,340
4	Multi-Family Land 13255 South Rock Wren Lane Riverton, UT	Oct-22 Closed	6.04	PCC;	250	41.4	Level	All available to site.	\$8,000,000	\$32,000
Subj.	8500 S Arrowhead Trail Salem, Utah	---	25.90	R-15	348	13.4	Generally level	All available to site.	---	---

COMMENTS

Sale Comp 1 - These two parcels are currently under contract. They are platted for 82 MF units resulting in a sales price of \$28,049 per unit. It is part of the Harmony Master Planned Development. The parcels are surrounded by utilities and existing SFR units. There ADB (Alternative Design Block) conceptual pods have been presented for approval to Eagle Mountain City (82 Units). There is no water available in this transaction and the buyer will have to go to the City of Eagle Mountain to get water.

Sale Comp 2 - This property is a proposed Multi-family development. This land has about 26 acres and was sold for \$23,000,000 which equates to \$59,585 per unit.

Sale Comp 3 - This property was purchased by a developer for the residential development.

Sale Comp 4 - Site was purchased with the intent to develop 250 units. Sales price equated to approximately \$32,000/unit.

COMPARABLE LAND SALES ADJUSTMENT GRID

LAND SALE ADJUSTMENT GRID – APARTMENT LAND					
	Subject	Sale 1	Sale 2	Sale 3	Sale 4
Property / Location	8500 S Arrowhead Trail Salem, Utah	Vacant MF Land 3601 North Annabell Street Eagle Mountain, UT	Redwood Road Land 3688 South Redwood Road West Valley City, UT	Multi-Family - Saratoga Springs 273 East Thrive Drive Saratoga Springs, UT	Multi-Family Land 13255 South Rock Wren Lane Riverton, UT
Date of Sale / Status	---	---	Jul-22	May-23	Oct-22
Site Size (Acres)	25.90	Contract 7.98	Contract 26.00	Closed 7.30	Closed 6.04
Site Size (SF)	4,186,552	347,609	1,132,560	317,988	263,102
Units	348	82	386	102	250
Sale Price	---	\$2,300,000	\$23,000,000	\$5,644,692	\$8,000,000
Zoning	R-15	MFR	C-2	MU	PCC
Unadjusted Price per Unit		\$28,049	\$59,585	\$55,340	\$32,000
Transactional Adjustments					
Property Rights Conveyed		Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment		0%	0%	0%	0%
Financing Terms					
Adjustment		0%	0%	0%	0%
Conditions of Sale					
Adjustment		0%	0%	0%	0%
Expenditures Immed After Sale					
Adjustment		0%	0%	0%	0%
Market Conditions	Nov-24	<i>Contract</i>	<i>Jul-22</i>	<i>May-23</i>	<i>Oct-22</i>
Adjustment		0%	0%	0%	2%
Total Transactional Adjustments		0%	0%	0%	2%
Adjusted Price per Unit		\$28,049	\$59,585	\$55,340	\$32,640
Property Adjustments					
		<i>Similar</i>	<i>Superior</i>	<i>Similar</i>	<i>Superior</i>
Location		0%	-10%	0%	-10%
	25.90	<i>7.98</i>	<i>26.00</i>	<i>7.30</i>	<i>6.04</i>
Net Site Size (Ac)		-10%	0%	-10%	-10%
	R-15	<i>MFR</i>	<i>C-2</i>	<i>MU</i>	<i>PCC</i>
Zoning / Intended Use		0%	-10%	0%	0%
	13.4	<i>10.3</i>	<i>14.8</i>	<i>14.0</i>	<i>41.4</i>
Density (Units/Ac)		-5%	0%	0%	10%
	Irregular	<i>Rectangular</i>	<i>Rectangular</i>	<i>Rectangular</i>	<i>Flag</i>
Shape / Configuration		-5%	-5%	-5%	0%
		<i>No Water</i>	<i>All available to site.</i>	<i>Typical utilities and municipal services available to site.</i>	<i>All available to site.</i>
Utilities / Infrastructure		10%	0%	-20%	0%
	Generally level	<i>Level</i>	<i>Level</i>	<i>Generally level</i>	<i>Level</i>
Topography		0%	0%	0%	0%
Total Property Adjustments		-10%	-25%	-35%	-10%
Indication for Subject per Unit		\$25,244	\$44,689	\$35,971	\$29,376

ADJUSTMENT PROCESS

The sales that we have utilized represent the best available information that could be compared to the subject property. The major elements of comparison for an analysis of this type include the property rights conveyed, the financial terms incorporated into a particular transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its physical traits and the economic characteristics of the property.

DISCUSSION OF ADJUSTMENTS

TRANSACTIONAL ADJUSTMENTS

PROPERTY RIGHTS CONVEYED

This adjustment accounts for any impact that the property rights transferred to the buyer may have on sale price. For Leased Fee properties, the length of leases in place and the relationship of market to contract rent could impact value. Some properties may have stronger appeal to an owner-user or an investor, resulting in a premium or discount associated with Fee Simple property rights. If a buyer acquires the leasehold interest in a comparable, then an adjustment may be necessary that accounts for the impact to the of ground rent and/or risk associated with the expiration of the ground lease to the sale price.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

FINANCIAL TERMS

This category accounts for differences in financing terms associated with the transaction. Financing arrangements that may require an adjustment include mortgage assumptions (at favorable interest rates), seller buydowns, installment sales, wrap-around loans, or any other atypical financing arrangements that do not represent cash-equivalent terms.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

TERMS/CONDITIONS OF SALE

Adjustments for conditions of sale typically reflect various motivations of the buyer and/or seller. This may include such factors as seller distress (short sale, REO, auction) or buyer motivation (assemblage, etc.). In some situations, the conditions of sale may significantly affect transaction prices. Properties that are listed for sale may require adjustments herein to account for any disparity between asking prices and the achievable sale price anticipated.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

EXPENDITURES IMMEDIATELY AFTER SALE

In order to arrive at the effective sale price, the actual sale price of each comparable is adjusted to account for any expenditures planned by the buyer immediately after sale, such as capital expenditures, cost to cure deferred maintenance, or lease-up costs.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

MARKET CONDITIONS

This adjustment category accounts for differences in economic conditions between the effective date of appraisal and the transaction date of the comparable, such as may be caused by changing supply and demand factors, rental rates, vacancy rates and/or capitalization rates.

Comparable No. 4 was judged inferior to the subject and received an upward adjustment of 2%.

SUMMARY OF TRANSACTIONAL ADJUSTMENTS

Comparable No. 4 was judged inferior to the subject and received an upward adjustment of 2%.

PROPERTY ADJUSTMENTS

LOCATION

The appeal of a property's location to users of and/or investors in a particular property type can influence value significantly. This factor broadly considers the impact of demographics, geographical attributes, access to transportation networks and local land use trends on pricing. Comparisons of location can often be derived, or even quantified, by examining rent, vacancy, capitalization rate, and land value trends in the subject and directly competitive areas.

Comparable No. 2 was regarded superior to the subject and received a downward adjustment of 10%. Comparable No. 4 was regarded superior to the subject and received a downward adjustment of 10%.

SITE SIZE (Ac)

Size and pricing typically have an inverse relationship, whereby larger sites tend to achieve lower pricing on a per-acre basis. This is attributable to economies of scale, as well as the narrower pool of prospective buyers for a larger property.

Comparable No. 1 was regarded superior to the subject and received a downward adjustment of 10%. Comparable No. 3 was regarded superior to the subject and received a downward adjustment of 10%. Comparable No. 4 was regarded superior to the subject and received a downward adjustment of 10%.

ZONING / INTENDED USE

The value of vacant land is largely contingent upon its potential use. This factor considers the uses permitted by the applicable development standards, per the subject's zoning designation.

Comparable No. 2 was regarded superior to the subject and received a downward adjustment of 10%.

DENSITY

The maximum density to which a property can be developed typically impacts total value positively; however, depending upon property type, location, and type of construction higher permitted densities can have an inverse relationship to pricing on a per-unit or per-square-foot basis. Typically, a higher density correlates to a higher value a site will command on a per-square-foot basis; however, the inverse is typically true on a per-unit basis, all factors equal.

Comparable No. 1 was regarded superior to the subject and received a downward adjustment of 5%. Comparable No. 4 was judged inferior to the subject and received an upward adjustment of 10%.

SHAPE / CONFIGURATION

The configuration, shape, dimensions and depth of a site determine its developability and overall utility. These factors can impact development costs, usable area of the site, and thereby, achievable pricing. The subject site is comprised of a single parcel.

Comparable No. 1 was regarded superior to the subject and received a downward adjustment of 5%. Comparable No. 2 was regarded superior to the subject and received a downward adjustment of 5%. Comparable No. 3 was regarded superior to the subject and received a downward adjustment of 5%.

UTILITIES / INFRASTRUCTURE

Infrastructure adjustments may reflect differences in utility availability/capacity, developmental plans or other outside influences.

Comparable No. 1 was judged inferior to the subject and received an upward adjustment of 10%. Comparable No. 3 was regarded superior to the subject and received a downward adjustment of 20%.

TOPOGRAPHY

Topography characteristics can influence pricing, as sites with more radical elevation changes typically increase site preparation/development costs when compared to a level site.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

SUMMARY OF PROPERTY ADJUSTMENTS

Comparable No. 1 was regarded superior to the subject and received a downward adjustment of 10%. Comparable No. 2 was regarded superior to the subject and received a downward adjustment of 25%. Comparable No. 3 was regarded superior to the subject and received a downward adjustment of 35%. Comparable No. 4 was regarded superior to the subject and received a downward adjustment of 10%.

CONCLUSION OF APARTMENT LAND VALUE

After adjustments, the comparable land sales reflect a range from \$25,244 to \$44,689 per unit, with an average of \$33,820 and a median of \$32,674 per unit. The sales required nominal to moderate but warranted adjustments. Based on the information presented, we conclude that the indicated value of the apartment land as vacant by the Sales Comparison Approach is \$33,000 per unit, calculated in the following table.

SALES SUMMARY	UNADJUSTED	ADJUSTED
Minimum	\$28,049	\$25,244
Maximum	\$59,585	\$44,689
Average	\$43,744	\$33,820
Median	\$43,670	\$32,674
Standard Deviation	\$13,872	\$7,350
LAND VALUE CONCLUSION		
Indicated Value per Unit		\$33,000
Units		348
Indicated Value		\$11,484,000
Rounded to nearest \$5,000		\$11,485,000
Site Costs to Date		\$6,325,000
Indicated Value		\$17,809,000
Rounded		\$17,800,000
Per Unit		\$51,149

SITE IMPROVEMENT COSTS

Site improvements include the paving, sidewalks, gutters, landscaping, signage, yard lighting, and other miscellaneous items as well as water and sewer mains and electrical and gas laterals. The following chart illustrates the Marshall Swift Cost estimates for some of these items:

APARTMENTS, HOTELS AND CLUBS

Apartments, hotels, clubs and other similar multi-unit residential buildings differ in various ways from typical single-family residence construction, and thus are handled in a separate section. If, however, an occupancy of this group contains typical single-family construction, it should be priced from Section 42. For instance, a duplex or four-family flat with comparatively light foundations and frame, residential heating and no elevators would be priced from Section 42.

Selection of the proper section must be based on the judgment of the appraiser. Selection of Section 41 or 42 for debatable buildings, will not greatly affect the final answer, if the proper segregation and quality are chosen within each section. In general, most buildings over three stories in height, in the debatable category, will be priced from this section.

Garages for apartments and hotels, usually found in large metropolitan apartment buildings or hotels, should be priced from this section. Garages that are typical of those found in residences or garden apartments should be priced from Section 42, while all Class A or B construction is priced from this section.

Mixed occupancies, such as city clubs, hotels, country clubs, etc., the entire area, i.e., halls, gymnasiums, residents' rooms, kitchens, etc., should be priced within that one occupancy. A definite portion of an office building occupied as apartments, or a hotel over a store, should be priced from this section. The store portion of the building should be priced from Section 43. For descriptions of buildings included in this section, see Page 1, Section 11.

The costs given below are average costs of various components including contractors' profit and overhead but not architects' fees. They cover the basic construction of the building, including most items usually found in the general contract, but do not include furnishing and fixtures peculiar to a definite tenant, such as bars, kitchen equipment, counters or seating, which are not considered built-in and permanently attached under the general contract. Prices of such items may be found in Section 65.

Swimming pools, jacuzzis, sports courts, built-in appliances, elevators and sprinklers are not included in any of the interior costs in this section.

SEGREGATED COSTS

(For explanation of the rating numbers which head the columns, see Section 40, Page 1.)

EXCAVATION AND SITE PREPARATION	1	2	3	4	FRAME (Continued)	1	2	3	4
Excavation (per cu. ft.)	0.46	0.64	0.86	1.13	Wood, A-frame construction	6.30	7.56	9.01	10.80
Fill (per cu. ft. of compacted earth)	0.48	0.62	0.77	0.98	laminated bents and arches	7.10	8.48	10.10	12.10
Site preparation (per sq. ft. of site)	0.37	0.48	0.65	0.85	light arch-rib construction	4.59	5.53	6.66	8.02

INDIRECT COSTS

Indirect costs not included in Base Building Costs include such items as developer overhead, property taxes, permanent loan fees, legal costs, developer fees, contingencies, and lease-up and marketing costs. Research into these costs leads to the conclusion that an average property requires an allowance for other indirect costs of between 10% and 20% percent of Base Building Costs plus Site Improvement Costs. We have estimated indirect costs of 15% in our analysis.

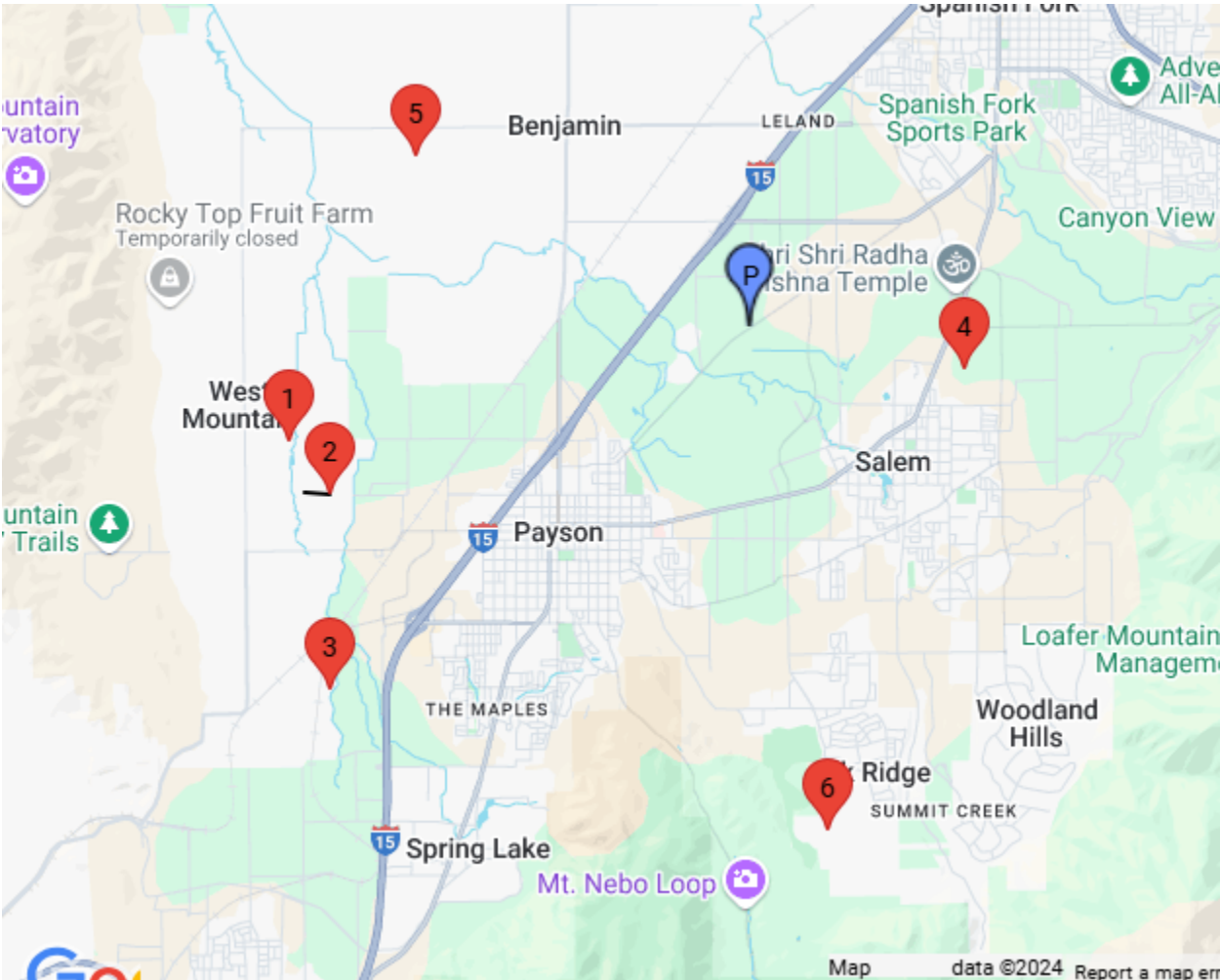
ENTREPRENEURIAL PROFIT

Entrepreneurial profit, also referred to as developer's profit, represents the profit required to motivate a developer to construct and lease-up a property. Anticipated developer's profit varies widely between individual projects depending on location and market conditions, but generally lies within the range of 10% to 20% of direct and indirect building and site costs. In this analysis, we estimated entrepreneurial profit at 10% of replacement cost.

APARTMENT SITE DEVELOPMENT COSTS						
Description	Total Site Area	Gross Building Area	Building Footprint	Net Site Area	\$/SF	Site Improvement Cost
Site Improvement Costs	1,128,204 SF	589,512 SF	294,756 SF	833,448 SF	\$6.00	\$5,000,688
Indirect/Soft Costs					15%	\$5,750,791
Profit					10%	\$6,325,870
					Rounded	\$6,325,000

The market generally accepts site costs ranging from \$4.00 to \$7.00 PSF applied to the total land net of all building footprints. We have utilized a site cost of \$6.00 PSF for the subject.

TOTAL LAND VALUE



SUMMARY OF LAND SALES-UNDERLYING LAND								
No.	Property / Location	Date of Sale / Status	Property Rights	Site Size (Net Acres)	Zoning	Topography	Sale Price	Price per SF (Net)
1	Vacant Land 5600 West 9600 South Payson, UT	--- Contract	Fee Simple	116.69	RA-5; Residential	Level	\$6,053,000	\$1.19
2	18.98-Acres of Agricultural Land 5186 West 9970 South Payson, UT	Nov-23 Closed	Fee Simple	18.98	RA-5; Residential Agricultural	Level	\$910,000	\$1.10
3	Rural Housing Development Corp. Property 1298 South 1950 West Payson, UT	Feb-22 Closed	Fee Simple	16.44	A-5; Agriculture	Mostly level with some gentle undulation through the middle	\$2,040,000	\$2.85
4	BCP, LLC Property ~600 North SR-198 Salem, UT	Aug-21 Closed	Fee Simple	98.18	A-1 & C-1; Agricultural & Commercial General	Mostly level with a moderate slope upward on the west portion to another large level area.	\$8,100,000	\$1.89
5	Vacant Land 4301 West 7300 South Benjamin, UT	--- Listing	Fee Simple	60.73	RA-5; Residential	Level	\$5,162,050	\$1.95
6	Vacant Land 53 High Sierra Drive South Elk Ridge, UT	--- Listing	Fee Simple	121.24	CE-3; Single Family	Level	\$10,000,000	\$1.89
Subj.	8500 S Arrowhead Trail Salem, Utah			96.11	R-15 & M-P-D, Single-family & Master Planned Development	Generally level	---	---

COMMENTS

Sale Comp 1 - This is 116.69 acres is under contract for \$5,995,000 and is located within the growth path of Payson, Utah. It is zoned RA-5 (Res-Agricultural 5-Acre Min) in Utah County. Parcels #29:001:0068 & #29:001:0086. It includes 231.70 shares of Strawberry Valley Project water through Highline Canal. Dilapidated house, quonset, sheds, barn, two trailers, & corrals. However, it sold for land only. The bid to demolish and remove all improvements was \$58,000, which has been added to the price. The original list price was \$6.9 M. The contract price represents a 14.5% reduction.

Sale Comp 2 - The sale comprised an irregular-shaped parcel along 9970 South just out Payson City limits in unincorporated Utah County. No water rights were included in the sale.

Sale Comp 3 - Cash sale. The sale included 17 water shares (1 per acre) in the Strawberry Highline Canal Company. Buyer purchased with the intent of holding for single family residential development.

Sale Comp 4 - Cash sale. Sale included 69 shares of Canal Water and 28 shares of Strawberry Irrigation. The agent noted that the value of the water was not separately defined in the transaction. After sale, the buyer obtained a Development Agreement with the city on a total of 113.57 acres. The development will be known as Salem Fields, and is planned for 339 single-family and townhome units, and 14.5 acres of commercial. The overall density is 2.98 units per acre. Reportedly, the developer has put development on hold for now.

Sale Comp 5 - These two parcels do not have direct access from 7300 South and would require an access easement. According to the broker there is a dirt road access point west of the farm house. It was originally listed in Sept of 2022 and recently reduced the price from \$6,376,650 to the current asking price. DOM is 802. Zoned Agricultural and Residential 5 acre lots. Property is currently being used as hayground. 20 shares of Strawberry, and 95 shares of River water included.

LAND SALE ADJUSTMENT GRID-UNDERLYING TOTAL LAND							
	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6
Property / Location	8500 S Arrowhead Trail Salem, Utah	Vacant Land 5600 West 9600 South Payson, UT	18.98-Acres of Agricultural Land 5186 West 9970 South Payson, UT	Rural Housing Development Corp. Property 1298 South 1950 West Payson, UT	BCP, LLC Property ~600 North SR-198 Salem, UT	Vacant Land 4301 West 7300 South Benjamin, UT	Vacant Land 53 High Sierra Drive South Elk Ridge, UT
Date of Sale / Status		---	Nov-23	Feb-22	Aug-21	---	---
Site Size (Acres)	96.11	116.69	18.98	16.44	98.18	60.73	121.24
Sale Price	---	\$6,053,000	\$910,000	\$2,040,000	\$8,100,000	\$5,162,050	\$10,000,000
Zoning	R-15 & M-P-D	RA-5	RA-5	A-5	A-1 & C-1	RA-5	CE-3
Unadjusted Price per SF		\$1.19	\$1.10	\$2.85	\$1.89	\$1.95	\$1.89
Transactional Adjustments							
Property Rights Conveyed		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment		0%	0%	0%	0%	0%	0%
Financing Terms		Similar	Similar	Similar	Similar	Similar	Similar
Adjustment		0%	0%	0%	0%	0%	0%
Conditions of Sale		Similar	Similar	Similar	Similar	Similar	Similar
Adjustment		0%	0%	0%	0%	-5%	-5%
Expenditures Immed After Sale		Similar	Similar	Similar	Similar	Similar	Similar
Adjustment		0%	0%	0%	0%	0%	0%
Market Conditions	Nov-24	Contract	Nov-23	Feb-22	Aug-21	Listing	Listing
Adjustment		0%	0%	4%	6%	0%	0%
Total Transactional Adjustments		0%	0%	4%	6%	-5%	-5%
Adjusted Price per SF		\$1.19	\$1.10	\$2.96	\$2.01	\$1.85	\$1.80
Property Adjustments							
Location/Exposure		Inferior	Inferior	Similar	Inferior	Inferior	Similar
		10%	10%	0%	10%	10%	0%
Net Site Size (Ac)	96.11	116.69	18.98	16.44	98.18	60.73	121.24
		0%	-20%	-20%	0%	0%	0%
Zoning / Intended Use	R-15 & M-P-D	RA-5	RA-5	A-5	A-1 & C-1	RA-5	CE-3
		20%	20%	20%	5%	20%	20%
Shape / Configuration	Irregular	Flag Shaped	Irregular	Irregular	Irregular	Rectangular	Irregular
		0%	0%	0%	0%	-5%	0%
Utilities / Infrastructure	All available to site.	All available to site.	Power and gas are immediately available at the street. Culinary water and sewer are approximately 1.5 miles to the east within Payson City Limits. Septic is typical for the area.	Power and gas available. Water and sewer about 1,000 feet north near intersection of 1130 S 1950 W	All available to site.	Typical utilities and municipal services available to site.	Typical utilities and municipal services available to site.
		0%	20%	0%	0%	0%	0%
Topography	Generally level	Level	Level	Mostly level with some gentle undulation through the middle	Mostly level with a moderate slope upward on the west portion to another large level area.	Level	Undulating
		0%	0%	0%	10%	0%	10%
Total Property Adjustments		30%	30%	0%	25%	25%	30%
Indication for Subject per SF		\$1.55	\$1.43	\$2.96	\$2.51	\$2.32	\$2.34

DISCUSSION OF ADJUSTMENTS

TRANSACTIONAL ADJUSTMENTS

PROPERTY RIGHTS CONVEYED

This adjustment accounts for any impact that the property rights transferred to the buyer may have on sale price. For Leased Fee Interest properties, the length of leases in place and the relationship of market to contract rent could impact value. Some properties may have stronger appeal to an owner-user or an investor, resulting in a premium or discount associated with Fee Simple Interest property rights. If a buyer acquires the leasehold interest in a comparable, then an adjustment may be necessary that accounts for the impact to the of ground rent and/or risk associated with the expiration of the ground lease to the sale price.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

FINANCIAL TERMS

This category accounts for differences in financing terms associated with the transaction. Financing arrangements that may require an adjustment include mortgage assumptions (at favorable interest rates), seller buydowns, installment sales, wrap-around loans, or any other atypical financing arrangements that do not represent cash-equivalent terms.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

TERMS/CONDITIONS OF SALE

Adjustments for conditions of sale typically reflect various motivations of the buyer and/or seller. This may include such factors as seller distress (short sale, REO, auction) or buyer motivation (assemblage, etc.). In some situations, the conditions of sale may significantly affect transaction prices. Properties that are listed for sale may require adjustments herein to account for any disparity between asking prices and the achievable sale price anticipated.

Comparable No. 5 was regarded superior to the subject and received a downward adjustment of 5%. Comparable No. 6 was regarded superior to the subject and received a downward adjustment of 5%.

EXPENDITURES IMMEDIATELY AFTER SALE

In order to arrive at the effective sale price, the actual sale price of each comparable is adjusted to account for any expenditures planned by the buyer immediately after sale, such as capital expenditures, cost to cure deferred maintenance, or lease-up costs.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

MARKET CONDITIONS

This adjustment category accounts for differences in economic conditions between the effective date of appraisal and the transaction date of the comparable, such as may be caused by changing supply and demand factors, rental rates, vacancy rates and/or capitalization rates.

Comparable No. 3 was judged inferior to the subject and received an upward adjustment of 4%. Comparable No. 4 was judged inferior to the subject and received an upward adjustment of 6%.

SUMMARY OF TRANSACTIONAL ADJUSTMENTS

Comparable No. 3 was judged inferior to the subject and received an upward adjustment of 4%. Comparable No. 4 was judged inferior to the subject and received an upward adjustment of 6%. Comparable No. 5 was regarded superior to the subject and received a downward adjustment of 5%. Comparable No. 6 was regarded superior to the subject and received a downward adjustment of 5%.

PROPERTY ADJUSTMENTS

LOCATION

The appeal of a property's location to users of and/or investors in a particular property type can influence value significantly. This factor broadly considers the impact of demographics, geographical attributes, access to transportation networks and local land use trends on pricing. Comparisons of location can often be derived, or even quantified, by examining rent, vacancy, capitalization rate, and land value trends in the subject and directly competitive areas.

Comparable No. 1 was judged inferior to the subject and received an upward adjustment of 10%. Comparable No. 2 was judged inferior to the subject and received an upward adjustment of 10%. Comparable No. 4 was judged inferior to the subject and received an upward adjustment of 10%. Comparable No. 5 was judged inferior to the subject and received an upward adjustment of 10%.

SITE SIZE (Ac)

Size and pricing typically have an inverse relationship, whereby larger sites tend to achieve lower pricing on a per-acre basis. This is attributable to economies of scale, as well as the narrower pool of prospective buyers for a larger property.

Comparable No. 2 was regarded superior to the subject and received a downward adjustment of 20%. Comparable No. 3 was regarded superior to the subject and received a downward adjustment of 20%.

ZONING / INTENDED USE

The value of vacant land is largely contingent upon its potential use. This factor considers the uses permitted by the applicable development standards, per the subject's zoning designation.

Comparable No. 1 was judged inferior to the subject and received an upward adjustment of 20%. Comparable No. 2 was judged inferior to the subject and received an upward adjustment of 20%. Comparable No. 3 was judged inferior to the subject and received an upward adjustment of 20%. Comparable No. 4 was judged inferior to the subject and received an upward adjustment of 5%. Comparable No. 5 was judged inferior to the subject and received an upward adjustment of 20%. Comparable No. 6 was judged inferior to the subject and received an upward adjustment of 20%.

SHAPE / CONFIGURATION

The configuration, shape, dimensions and depth of a site determine its developability and overall utility. These factors can impact development costs, usable area of the site, and thereby, achievable pricing. The subject site is comprised of a single parcel.

Comparable No. 5 was regarded superior to the subject and received a downward adjustment of 5%.

UTILITIES / INFRASTRUCTURE

Infrastructure adjustments may reflect differences in utility availability/capacity, developmental plans or other outside influences.

Comparable No. 2 was judged inferior to the subject and received an upward adjustment of 20%.

TOPOGRAPHY

Topography characteristics can influence pricing, as sites with more radical elevation changes typically increase site preparation/development costs when compared to a level site.

Comparable No. 4 was judged inferior to the subject and received an upward adjustment of 10%. Comparable No. 6 was judged inferior to the subject and received an upward adjustment of 10%.

SUMMARY OF PROPERTY ADJUSTMENTS

Comparable No. 1 was judged inferior to the subject and received an upward adjustment of 30%. Comparable No. 2 was judged inferior to the subject and received an upward adjustment of 30%. Comparable No. 4 was judged inferior to the subject and received an upward adjustment of 25%. Comparable No. 5 was judged inferior to the subject and received an upward adjustment of 25%. Comparable No. 6 was judged inferior to the subject and received an upward adjustment of 30%.

CONCLUSION OF LAND VALUE

After adjustments, the comparable land sales reflect a range from \$1.43 to \$2.96 PSF, with an average of \$2.18 and median of \$2.33 per square foot. The sales required nominal to moderate adjustments. Based on the information presented, we conclude that the indicated value of the vacant land by the Sales Comparison Approach is \$2.30 PSF, calculated in the following table.

SALES SUMMARY	UNADJUSTED	ADJUSTED
Minimum	\$1.10	\$1.43
Maximum	\$2.85	\$2.96
Average	\$1.81	\$2.18
Median	\$1.89	\$2.33
Standard Deviation	\$0.58	\$0.54
LAND VALUE CONCLUSION		
Indicated Value per SF		\$2.30
Land Area (SF)		4,186,552
Indicated Value		\$9,629,070
Rounded to nearest \$100,000		\$9,600,000
Per Square Foot (Net)		\$2.29
AS IS VALUE		
Land Value		\$9,600,000
Site Costs to Date		\$22,304,172
Indicated Value		\$31,904,172
Rounded to nearest \$100,000		\$31,900,000

It was reported by the subject’s representative that approximately \$22,300,000 of site work had been done as of the date of inspection. Therefore, we added this amount to our conclusions for land value in determining a reasonable “as is” value for the subject.

TOWNHOME LOTS – GROSS RETAIL SALES

We have been instructed to provide the gross retail sales for the townhome lots as well as the individual retail lot values. It has been reported by the subject’s representative that all of the townhome lots are similar in size or 0.025 acres or 1,081 SF. Therefore, each lot will be the same value with the exception of premium lots.

The greatest difference between the lots sold within Utah County, other than location, is size; there are no sales of townhome lots of similar size. The market recognizes that finished lot values depend primarily on what can legally be built on the lot, which in some cases is contrary to other appraisal methodologies and thinking. Size, among similar assets, is no longer a driving characteristic and is therefore, not adjusted for. As densities and building heights increase, the size of each lot decreases; however, their value remains the same because a similar sized home can still be constructed on smaller lots.

Because the townhome lots are substantially smaller than the market average, we will use a residual value method and ratio method to determine the retail market value of each townhome lot. The residual value and ratio methodologies use to determine the value of the subject’s finished lots, begin with valuing the potential townhome improvements that can legally be constructed on the site, meaning we start with the Sales Comparison Approach of similar townhomes. Once this value has been determined, we analyze the cost to construct the vertical improvements and from the townhome market values, previously determined, subtract this value (cost) resulting in a retail market value for the land (lot) as it is improved with all site improvements (laterals) installed.

SALES COMPARISON APPROACH

METHODOLOGY

In the Sales Comparison Approach, we developed an opinion of value by comparing similar, recently sold properties in the surrounding or competing area to the subject property. In order to determine the value of the subject property, these comparable sales and/or listings are then evaluated and adjusted based on their differences when compared to the subject property. Inherent in this approach is the principle of substitution, which states that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

The Sales Comparison Approach to value requires the following sequential steps:

Unit of Comparison	A unit of comparison (i.e. price per square foot, price per dwelling unit) must be selected for comparable analysis of the sales and the subject. The selected unit of comparison must be consistent with market behavior.
Search for Sales	Research must be done to locate comparable sales, listings and contracts of properties that are similar to the subject. Similarities may include property type, size, physical condition, location and the date of the sale.
Confirmation	All sales must be confirmed to verify that the data used is accurate, and that all of the sales, listings or contracts represent arm’s-length transactions.
Comparison	Each of the improved sales that are chosen for this valuation is considered generally similar to the subject. Therefore, each difference between the comparables and the subject must be identified, and then adjusted for the various differences. All adjustments are made to the comparables as they relate to the subject property.

Reconciliation

Once all of the comparables have been adjusted, a single-value must be concluded based on the indications produced from the analysis of the comparables.

The most widely used and market-oriented unit of comparison for properties such as the subject is the sales price per unit. All comparable sales were analyzed on this basis.

Due to the nature of the subject property and the level of detail available for the comparable data, we have elected to analyze the comparables through application of a traditional adjustment grid utilizing percentage adjustments.

COMPARABLE IMPROVED SALES

A summary chart of the competitive Townhome subdivisions used is presented on the next page and a general overview of each of the competitive subdivisions is also presented. To estimate the base price for each proposed floor plan, an adjustment to the most similar sized home in the competitive developments has been completed. If a subdivision does not have a similar sized home, it is not used to value the floor plan.

COMPARABLE IMPROVED SALES SUMMARY

ACTIVE NEW TOWNHOME PROJECTS															
No.	Project Name/Builder	City	Project Size	Date Opened	Typical Lot Size	Year Built	Avg Home Size	HOA	Design	Asking Home Price	\$/SF	Recent Avg Sold Price/Unit	Recent Avg Sold Price PSF	Last Sale Date	Last Sale Price PSF
1	Haven Oaks	Salem			0.02	2024	1,887 SF	\$104	3BR/2.5BA	\$418,689	\$222	\$399,900	\$212	Contract	\$212
2	Heelis Farms	Santaquin			0.01	2023	2,017 SF	\$150	3BR/2.5BA	\$387,700	\$192	\$387,967	\$192	Sep-24	\$190
3	The Ridge	Spanish Fork			0.02	2022-2024	1,979 SF	\$235	3BR/2.5BA	\$431,357	\$218	\$429,347	\$217	Oct-24	\$208
4	River Run	Spanish Fork	196	Mar-22	0.02	2021-2024	1,834 SF	\$130	3BR/2.5BA	\$418,934	\$228	\$429,546	\$234	Nov-24	\$235
5	Salem Park/Georgetown	Salem	52	Jul-20	0.04	2021-2024	1,802 SF	\$180	3BR/2.5BA	\$430,825	\$239	\$432,975	\$240	May-24	\$238
							Low	1,802 SF	\$104	\$387,700	\$192	\$192			\$190
							High	2,017 SF	\$235	\$431,357	\$239	\$240			\$238
							Average	1,904 SF	\$160	\$417,501	\$220	\$219			\$217
Arrowhead / Subject					0.03	Conclusion	1,861-1,869	\$125	3BR/2.5BA			Conclusion PSF	\$235	Base Model	
						Conclusion	2,059-2,067		3BR/2.5BA			Conclusion PSF	\$220	Base Model	
Compiled by BBG															

COMPARABLE 1

HAVEN OAKS

1843 N 630 W, Salem, UT



COMPARABLE 1																
MLS#	Tax ID	City	Subdivision	Acres	Total		BD/BTH	Garage Capacity	Basement Finished	HOA Fee	List Price	Status	Sold Date	Sold Price	Price Per	
					Year Built	Square Feet									Square Foot	
2015399	51-776-0085	Salem	HAVEN OAKS	0.02	2024	1,890	3BR/2.5BA	2	0	104	\$438,860	ACTIVE			\$232	
2017345	51-776-0087	Salem	HAVEN OAKS	0.02	2024	1,890	3BR/2.5BA	2	0	104	\$453,010	ACTIVE			\$240	
2027158	51-776-0098	Salem	HAVEN OAKS	0.02	2024	1,885	3BR/2.5BA	2	0	104	\$399,900	ACTIVE			\$212	
2028961	51-776-0097	Salem	HAVEN OAKS	0.02	2024	1,885	3BR/2.5BA	2	0	104	\$399,900	ACTIVE			\$212	
2028964	51-776-0092	Salem	HAVEN OAKS	0.02	2024	1,885	3BR/2.5BA	2	0	104	\$424,935	ACTIVE			\$225	
2030016	51-776-0095	Salem	HAVEN OAKS	0.02	2024	1,885	3BR/2.5BA	2	0	104	\$411,900	ACTIVE			\$219	
2030024	51-776-0081	Salem	HAVEN OAKS	0.02	2024	1,890	3BR/2.5BA	2	0	104	\$419,900	ACTIVE			\$222	
2033672	51-776-0082	Salem	HAVEN OAKS	0.02	2024	1,890	3BR/2.5BA	2	0	104	\$419,900	ACTIVE			\$222	
2014661	51-776-0094	Salem	HAVEN OAKS	0.02	2024	1,885	3BR/2.5BA	2	0	104	\$399,900	CONTRACT			\$212	
					Avg	1,887					Avg	\$418,689			Avg	\$222
					Median	1,885					Median	\$419,900			Median	\$222

COMPARABLE 2

Heelis Farms

208 N Arlene Ln, Santaquin, UT



COMPARABLE 2																
MLS#	Tax ID	City	Subdivision	Acres	Year Built	Total	BD/BTH	Garage Capacity	Basement Finished	HOA Fee	List Price	Status	Sold Date	Sold Price	Price Per	
						Square Feet									Square Foot	
2002666	68-056-0019	Santaquin	HEELIS FARMS	0.01	2023	2,012	3BR/2.5BA	2	100	150	\$384,900	CONTRACT			\$191	
1996614	68-056-0012	Santaquin	HEELIS FARMS	0.01	2023	2,017	3BR/2.5BA	2	100	150	\$386,900	SOLD	9/17/2024	\$386,900	\$192	
1989196	68-056-0009	Santaquin	HEELIS FARMS	0.01	2023	2,017	3BR/2.5BA	2	100	150	\$386,900	CONTRACT			\$192	
1937041	68-056-0007	Santaquin	HEELIS FARMS	0.01	2023	2,017	3BR/2.5BA	2	100	150	\$392,900	SOLD	2/22/2024	\$392,000	\$194	
1998952	68-056-0017	Santaquin	HEELIS FARMS	0.01	2023	2,024	3BR/2.5BA	2	100	150	\$386,900	SOLD	9/19/2024	\$385,000	\$190	
					Avg	2,017				Avg	\$387,700				Avg	\$387,967
					Median	2,017				Median	\$386,900				Median	\$386,900

COMPARABLE 3

The Ridge

1047 S 2800 E, Spanish Fork, UT



COMPARABLE 3															
MLS#	Tax ID	City	Subdivision	Acres	Year Built	Total Square Feet	BD/BTH	Garage Capacity	Basement Finished	HOA Fee	List Price	Status	Sold Date	Sold Price	Price Per Square Foot
2013878	51-698-0144	Spanish Fork	RIDGE	0.02	2024	1,901	3BR/2.5BA	2	0	235	\$455,000	ACTIVE			\$239
2016370	51-698-0150	Spanish Fork	RIDGE	0.02	2024	1,957	3BR/2.5BA	2	0	235	\$440,000	ACTIVE			\$225
2016380	51-698-0149	Spanish Fork	RIDGE	0.02	2024	2,041	3BR/2.5BA	2	0	235	\$440,000	ACTIVE			\$216
2020565	51-698-0139	Spanish Fork	RIDGE	0.02	2024	1,901	3BR/2.5BA	2	0	235	\$450,000	ACTIVE			\$237
2030437	51-665-0109	Spanish Fork	RIDGE	0.02	2022	1,947	3BR/2.5BA	2	0	235	\$419,000	ACTIVE			\$215
2031091	51-621-0004	Spanish Fork	RIDGE	0.02	2021	1,950	3BR/2.5BA	2	0	220	\$399,999	ACTIVE			\$205
1978178	51-665-0101	Spanish Fork	RIDGE	0.02	2022	2,061	3BR/2.5BA	2	0	235	\$410,000	SOLD	2/29/2024	\$410,000	\$199
1985161	51-684-0126	Spanish Fork	RIDGE	0.02	2024	1,957	3BR/2.5BA	2	0	235	\$440,000	SOLD	3/8/2024	\$440,000	\$225
1978179	51-665-0102	Spanish Fork	RIDGE	0.02	2022	1,947	3BR/2.5BA	2	0	235	\$410,000	SOLD	3/22/2024	\$409,000	\$210
1982991	51-665-0104	Spanish Fork	RIDGE	0.02	2022	1,957	3BR/2.5BA	2	0	235	\$410,000	SOLD	4/17/2024	\$410,000	\$210
1969266	51-698-0138	Spanish Fork	RIDGE	0.02	2023	1,901	3BR/2.5BA	2	0	235	\$460,000	SOLD	5/9/2024	\$460,000	\$242
1992206	51-698-0143	Spanish Fork	RIDGE	0.02	2024	1,957	3BR/2.5BA	2	0	235	\$450,000	SOLD	6/21/2024	\$450,000	\$230
1963282	51-684-0124	Spanish Fork	RIDGE	0.01	2023	2,041	3BR/2.5BA	2	0	235	\$430,000	SOLD	6/28/2024	\$430,776	\$211
1980887	51-684-0129	Spanish Fork	RIDGE	0.02	2024	2,041	3BR/2.5BA	2	0	235	\$425,000	SOLD	10/23/2024	\$425,000	\$208
					Avg	1,979				Avg	\$431,357				Avg \$429,347
					Median	1,957				Median	\$435,000				Median \$427,888

COMPARABLE 4

River Run

1205 S 200 East Spanish Fork, UT



COMPARABLE 4																
MLS#	Tax ID	City	Subdivision	Acres	Year Built	Total Square	BD/BTH	Garage Capacity	Basement Finished	HOA Fee	List Price	Status	Sold Date	Sold Price	Price Per Square	
						Feet									Foot	
1896895	51-753-0116	Spanish Fork	RIVER RUN	0.02	2023	1,813	3BR/2.5BA	2	0	130	\$432,045	SOLD	2/28/2024	\$432,045	\$238	
1896012	51-753-0115	Spanish Fork	RIVER RUN	0.02	2023	1,813	3BR/2.5BA	2	0	130	\$399,900	SOLD	2/29/2024	\$416,177	\$230	
1988551	41-057-0011	Spanish Fork	RIVER RUN	0.03	2024	1,893	3BR/2.5BA	2	0	130	\$444,110	SOLD	2/29/2024	\$444,110	\$235	
1900508	51-753-0112	Spanish Fork	RIVER RUN	0.02	2024	1,813	3BR/2.5BA	2	0	130	\$399,900	SOLD	4/1/2024	\$418,310	\$231	
1966797	51-753-0095	Spanish Fork	RIVER RUN	0.02	2024	1,813	3BR/2.5BA	2	0	130	\$399,900	SOLD	4/16/2024	\$414,440	\$229	
1902249	51-753-0096	Spanish Fork	RIVER RUN	0.02	2024	1,813	3BR/2.5BA	2	0	130	\$399,900	SOLD	4/17/2024	\$402,060	\$222	
1902862	51-753-0094	Spanish Fork	RIVER RUN	0.02	2024	1,893	3BR/2.5BA	2	0	130	\$435,170	SOLD	4/18/2024	\$435,170	\$230	
2007501	51-753-0107	Spanish Fork	RIVER RUN	0.02	2024	1,813	3BR/2.5BA	2	0	130	\$409,645	SOLD	6/10/2024	\$409,645	\$226	
2007522	12-060-0013	Spanish Fork	RIVER RUN	0.02	2024	1,813	3BR/2.5BA	2	0	130	\$432,215	SOLD	6/11/2024	\$432,215	\$238	
1974815	51-753-0106	Spanish Fork	RIVER RUN	0.02	2024	1,813	3BR/2.5BA	2	0	130	\$402,500	SOLD	6/11/2024	\$432,215	\$238	
1980371	51-753-0100	Spanish Fork	RIVER RUN	0.02	2024	1,813	3BR/2.5BA	2	0	130	\$406,900	SOLD	7/1/2024	\$418,450	\$231	
2010890	51-753-0099	Spanish Fork	RIVER RUN	0.02	2024	1,893	3BR/2.5BA	2	0	130	\$459,765	SOLD	7/11/2024	\$459,765	\$243	
2011524	51-753-0102	Spanish Fork	RIVER RUN	0.02	2024	1,813	3BR/2.5BA	2	0	130	\$434,135	SOLD	7/15/2024	\$434,135	\$239	
1980746	51-753-0087	Spanish Fork	RIVER RUN	0.02	2024	1,813	3BR/2.5BA	2	0	130	\$407,500	SOLD	7/25/2024	\$424,040	\$234	
1983530	51-753-0085	Spanish Fork	RIVER RUN	0.02	2024	1,813	3BR/2.5BA	2	0	130	\$407,500	SOLD	7/29/2024	\$422,135	\$233	
1970292	51-753-0090	Spanish Fork	RIVER RUN	0.02	2024	1,813	3BR/2.5BA	2	0	130	\$429,885	SOLD	7/30/2024	\$419,885	\$232	
2000603	51-663-0047	Spanish Fork	RIVER RUN	0.03	2024	1,725	3BR/2.5BA	2	0	130	\$407,950	SOLD	8/6/2024	\$407,950	\$236	
1984521	51-753-0082	Spanish Fork	RIVER RUN	0.02	2024	1,813	3BR/2.5BA	2	0	130	\$407,500	SOLD	8/8/2024	\$426,560	\$235	
2000609	51-663-0039	Spanish Fork	RIVER RUN	0.03	2024	1,869	3BR/2.5BA	2	0	130	\$429,950	SOLD	8/20/2024	\$429,950	\$230	
1999672	51-663-0035	Spanish Fork	RIVER RUN	0.03	2021	1,792	3BR/2.0BA	2	0	130	\$389,900	SOLD	8/21/2024	\$389,900	\$218	
1987181	51-752-0060	Spanish Fork	RIVER RUN	0.02	2024	1,813	3BR/2.5BA	2	0	130	\$407,500	SOLD	8/28/2024	\$425,945	\$235	
1987157	51-753-0061	Spanish Fork	RIVER RUN	0.02	2024	1,813	3BR/2.5BA	2	0	130	\$407,500	SOLD	9/5/2024	\$438,270	\$242	
2017135	51-753-0068	Spanish Fork	RIVER RUN	0.02	2024	1,896	3BR/2.5BA	2	0	130	\$427,500	SOLD	9/19/2024	\$457,615	\$241	
1992371	51-752-0055	Spanish Fork	RIVER RUN	0.02	2024	1,813	3BR/2.5BA	2	0	130	\$407,500	SOLD	9/26/2024	\$425,885	\$235	
1996164	51-753-0049	Spanish Fork	RIVER RUN	0.02	2024	1,896	3BR/2.5BA	2	0	130	\$430,000	SOLD	10/4/2024	\$460,445	\$243	
1987845	51-753-0063	Spanish Fork	RIVER RUN	0.02	2024	1,896	3BR/2.5BA	2	0	130	\$427,500	SOLD	10/4/2024	\$452,450	\$239	
1996147	51-753-0050	Spanish Fork	RIVER RUN	0.02	2024	1,813	3BR/2.5BA	2	0	130	\$407,500	SOLD	10/4/2024	\$436,160	\$241	
1999234	51-753-0077	Spanish Fork	RIVER RUN	0.02	2024	1,813	3BR/2.5BA	2	0	130	\$407,500	SOLD	10/29/2024	\$427,490	\$236	
1999241	51-753-0078	Spanish Fork	RIVER RUN	0.02	2024	1,896	3BR/2.5BA	2	0	130	\$429,900	SOLD	11/1/2024	\$444,943	\$235	
2032164	51-753-0079	Spanish Fork	RIVER RUN	0.02	2024	1,893	3BR/2.5BA	2	0	130	\$448,029	SOLD	8/15/2024	\$448,029	\$237	
Avg						1,834				Avg	\$418,934			Avg	\$429,546	\$233
Median						1,813				Median	\$409,900			Median	\$428,720	\$234

COMPARABLE 5

Salem Park

1634 North Westview Lane, Salem, Utah



COMPARABLE 5																
MLS#	Tax ID	City	Subdivision	Acres	Year	Total	BD/BTH	Garage	Basement	HOA Fee	List Price	Status	Sold Date	Sold Price	Price Per	
					Built	Square										Feet
1983967	66-876-0036	Salem	SALEM PARK	0.04	2024	1,802	3BR/2.5BA	2	0	180	\$437,900	ACTIVE			\$243	
1987032	66-876-0037	Salem	SALEM PARK	0.04	2024	1,802	3BR/2.5BA	2	0	180	\$428,700	CONTRACT			\$238	
1984186	66-876-0029	Salem	SALEM PARK	0.04	2024	1,802	3BR/2.5BA	2	0	180	\$429,000	SOLD	4/2/2024	\$436,700	\$242	
1806704	66-876-0025	Salem	SALEM PARK	0.04	2023	1,802	3BR/2.5BA	2	0	180	\$427,700	SOLD	5/22/2024	\$429,250	\$238	
					Avg	1,802				Avg	\$430,825			Avg	\$432,975	\$240
					Median	1,802				Median	\$428,850			Median	\$432,975	\$240

The following represents a rendering of the subject’s townhomes:



BASIS FOR ADJUSTMENTS

A fundamental component of real estate valuation involves identifying and quantifying differences between comparable properties and the subject. In a structured analysis, these differences are known as elements of comparison. Elements of comparison are defined as the primary characteristics of a property (and its sale transaction) that cause prices to vary. These elements are considered and compared to the subjects for possible adjustments. Our survey and analysis of the subdivisions indicates that several factors affected their ultimate purchase price. Although we attempted to identify and quantify each of these factors, the number of comparables available does not allow for "textbook" use of paired sales. The nine common elements of comparison that are always considered are presented below.

- | | |
|-----------------------------|-----------------------------------|
| 1. Property rights conveyed | 6. Physical characteristics |
| 2. Financing terms | 7. Economic characteristics |
| 3. Conditions of sale | 8. Use |
| 4. Market conditions | 9. Non-realty components of value |
| 5. Location | |

Adjustments for economic characteristics, use, and non-realty components of value are not required as single-family residences are not typically acquired based on their economic characteristics, the uses were similar, and there were no non-realty components of value. The summary discussion below outlines the quantitative adjustments required for each comparable and the following paragraphs discuss each of the adjustments discussed herein. The following chart illustrates the comparables used and their current average asking price, average 2024 sale price, and their most recent sale price. These averages will be used in our adjustment analysis.

ACTIVE NEW TOWNHOME PROJECTS																
			Project	Date	Typical	Avg Home			Asking		Recent Avg		Recent Avg		Last Sale	Last Sale
No.	Project Name/Builder	City	Size	Opened	Lot Size	Year Built	Size	HOA	Design	Home Price	\$/SF	Price/Unit	Sold Price	Avg PSF	Date	Price PSF
1	Haven Oaks	Salem			0.02	2024	1,887 SF	\$104	3BR/2.5BA	\$418,689	\$222	\$399,900		\$212	Contract	\$212
2	Heelis Farms	Santaquin			0.01	2023	2,017 SF	\$150	3BR/2.5BA	\$387,700	\$192	\$387,967		\$192	Sep-24	\$190
3	The Ridge	Spanish Fork			0.02	2022-2024	1,979 SF	\$235	3BR/2.5BA	\$431,357	\$218	\$429,347		\$217	Oct-24	\$208
4	River Run	Spanish Fork	196	Mar-22	0.02	2021-2024	1,834 SF	\$130	3BR/2.5BA	\$418,934	\$228	\$429,546		\$234	Nov-24	\$235
5	Salem Park/Georgetown	Salem	52	Jul-20	0.04	2021-2024	1,802 SF	\$180	3BR/2.5BA	\$430,825	\$239	\$432,975		\$240	May-24	\$238
							Low	1,802 SF	\$104		\$387,700	\$192		\$192		\$190
							High	2,017 SF	\$235		\$431,357	\$239		\$240		\$238
							Average	1,904 SF	\$160		\$417,501	\$220		\$219		\$217
Arrowhead / Subject		Salem	332		0.03	Conclusion	1,861-1,869	\$125	3BR/2.5BA			Conclusion PSF	\$235		Base Model	
						Conclusion	2,059-2,067		3BR/2.5BA			Conclusion PSF	\$220		Base Model	
Compiled by BBG																

ACTIVE NEW TOWNHOME PROJECTS											ADJUSTMENTS						
No.	Project Name/Builder	City	Project Size	Date Opened	Typical Lot Size	Year Built	Home Size	HOA	Design	Recent Sold Avg	Location	Amenities	Age Adj	Size Adjustment	HOA Dues	Net Adjustment	Adjusted Price
1	Haven Oaks	Salem			0.02	2024	1,887 SF	\$104	3BR/2.5BA	\$399,900	10%	5%	0%	2.2%	-3.0%	4.2%	\$416,767
2	Heelis Farms	Santaquin			0.01	2023	2,017 SF	\$150	3BR/2.5BA	\$387,967		5%	0%	-1.6%	-3.0%	10.4%	\$428,182
3	The Ridge	Spanish Fork			0.02	2022-2024	1,979 SF	\$235	3BR/2.5BA	\$429,347		5%	0%	-0.4%	-3.0%	1.6%	\$436,039
4	River Run	Spanish Fork	196	Mar-22	0.02	2021-2024	1,834 SF	\$130	3BR/2.5BA	\$429,546		5%	0%	3.5%	-3.0%	5.5%	\$453,208
5	Salem Park/Georgetown	Salem	52	Jul-20	0.04	2021-2024	1,802 SF	\$180	3BR/2.5BA	\$432,975		5%	0%	4.3%	-3.0%	6.3%	\$460,449
							Low	1,802 SF	\$104	\$387,967							Low \$416,767
							High	2,017 SF	\$235	\$432,975							High \$460,449
							Average	1,904 SF	\$160	\$415,947							Average \$438,929
							Median	1,887 SF	\$150	\$429,347							Median \$436,039
Arrowhead / Subject		Salem	332		0.025	Conclusion	1,861-1,869	\$125	3BR/2.5BA		Conclusion PSF	\$235	Base Model			Range/Unit	\$417,000-\$460,000
							2,059-2,067		3BR/2.5BA		Conclusion PSF	\$220	Base Model			Range PSF	\$212-\$256
Compiled by BBG																	

PROPERTY RIGHTS CONVEYED

This adjustment considers the differences in the legal estate (interest) conveyed in a given sales transaction. The interest transferred can reflect a variety of rights that may affect the value of a property. The interest transferred can be defined in many ways, ranging from Fee Simple estates to leasehold estates. Fee Simple estates are the highest form of ownership.

All of the sales involved the transfer of the Fee Simple estate of ownership or attached townhome form of ownership and no adjustments are required.

FINANCING TERMS

Financing affects real estate values as the availability of financing helps determine the demand for real estate. In most cases, the cost and availability of financing have an inverse relationship; high interest rates or limited availability of financing are usually accompanied by a decrease in the demand for credit and/or real estate. This element is particularly significant in sales involving non-market and/or seller financing.

All of the sales are assumed to involve typical financing and no adjustments are required.

CONDITIONS OF SALE

Adjustment for conditions of sale is justified when the circumstances of a specific sale result in a price that is higher or lower than that of a normal market transaction. This adjustment reflects the motivations of a buyer and seller in the transfer of real property. Circumstances requiring adjustments for conditions of sale includes sales made under duress, auctions, eminent domain transactions, and sales that were not arm's-length. This adjustment is also utilized for listings, negotiations, offers, and/or non-closed escrows (as appropriate).

The typical concessions stated by the on-site sales agent at each of the competitive developments has been deducted from the list price. If a concession is not typically offered, a deduction has not been taken.

MARKET CONDITIONS

This adjustment reflects market conditions as of the comparable's date of sale versus the date of value for the subject. It is necessary to reflect any changes in market conditions between a comparable's date of sale and the date of value of the appraisal. This adjustment is utilized to reflect changes in market conditions caused by inflation, deflation, fluctuations in supply and demand, and other similar factors.

No adjustments for market conditions are required as the prices are reflective of current market conditions.

LOCATION

Adjustments for location consider the comparables' locations within their respective market area as well as their surrounding land uses as compared to the subject. The location adjustment is typically oriented toward the concept that properties closest to central and/or homogeneously developed areas are superior to properties in outlying or mixed-use areas. Other factors considered would be proximity to freeways, school districts, job centers, shopping and the age and condition of the neighborhood.

The subject is located in Salem just north of Payson within an established residential area. The area is within reasonable driving distance to freeways, shopping, employment and schools.

Comparable 2 is located in Santaquin, which is further away from retail support services. As such it was considered inferior to the subject as to location warranting an upward adjustment. Therefore, no adjustment was warranted. Comparables 4 and 5 are located in Spanish Fork and are closer to the Provo/Orem Metro area; however, during the

interview with each of their brokers it was noted that Salem's demand for single-family appears to be as good as Spanish Fork and as such no adjustment was made.

LOT SIZE

This adjustment considers the underlying lot size of the comparable in relation to the subject. Homes situated on larger lots typically sell for a higher total price and a higher price per square foot of building area when compared to a comparable home on a smaller lot. This is due to the general rule that a larger lot provides additional utility for the homeowner.

As previously mentioned, no lot size adjustment is warranted considering a similar sized home is constructed on each lot regardless of size.

LOT AMENITY/NUISANCE

This adjustment considers the fact that a base unit may not be available within an individual project and that the "list price" is reflective of a property that has an amenity or nuisance.

The subject's base pricing does not include any nuisance; however, the overall PID in which the lots are located, do reflect superior project amenities as compared to all of the lots used for this analysis. Therefore, an upward adjustment was made for amenities. However, other lot premiums, such as corner lot, location within the PID, or nuisance associated with any comparable is based on information from the sales office or our estimate.

All other lot amenities or lack therefore, are adjusted and accounted for later in this report.

QUALITY OF CONSTRUCTION

This adjustment relates directly to the cost of construction, on a price per square foot basis, of the subject versus the comparables. Close attention is paid on visual inspection of the improvements for workmanship, quality and quantity of materials used, and design. Generally, comparables will be of similar quality.

We have based our estimate of quality for the subject property on plans, specifications and the builder's estimated direct construction costs. The subject is considered of average tract quality, which is generally within the range of the competition.

All are considered similar in quality and no adjustments are required.

AGE/CONDITION

An older home, in inferior condition, would typically sell at a lower price relative to a new home. However, all of the townhomes analyzed are generally, similar in age and no adjustment is warranted. Considering that the age of the subject's townhomes is a couple of years out, the adjustment for age is included in trending our conclusions for townhomes.

TOTAL ROOMS, BEDROOMS, BATHS

All of the townhomes reflect the same bedroom and bath count and as such no adjustment was warranted.

HOME SIZE – LIVING AREA

Typically, smaller homes sell for a higher price per square foot when compared to larger homes. Price differences between floor plans in subdivisions vary greatly and are generally not based on the direct cost of construction. Final

pricing takes many other factors into consideration such as functional utility, economies of scale, the law of diminishing returns, and subjective determinations. The analysis indicates a wide range in square foot adjustments.

All of the comparables were inferior to the subject with respect to home size. A size adjustment of \$117 PSF was made to each of the comparables.

DESIGN/ARCHITECTURE

This adjustment considers the exterior appearance and the interior design of the home. If a development has an unattractive appearance or the interior layout of the home is dysfunctional, the achievable sale price is lowered.

All of the comparables are considered similar to the subject with respect to this characteristic and no adjustments made.

FUNCTIONAL UTILITY/STORIES

The functional utility of a home can significantly impact the achievable price. Specifically, a home that does not have a functional design will have to sell at a discount relative to a home with an attractive layout. This adjustment primarily takes into consideration the number of floors. Specifically, one-story homes are more costly to build, require larger lot size, and are generally more desirable to homebuyers.

The subject is the only 3-story project and as such is considered inferior to the other 2-story developments. This has been considered in our conclusions for a base price per square foot.

PARKING

This adjustment considers the number of garage parking spaces in the comparables versus the subject. Homes with a three-car garage will achieve a premium over the same home with a two-car garage.

Based on discussions with the on-site sales agents at the competitive developments, homes with a third car garage (vs. the base two-car garage format) typically sell for a \$5,000 premium. However, all of the comparables feature the same attached 2-car garage and no adjustments are warranted.

INTERIOR AMENITIES

Floor plans that have a large laundry room, an additional fireplace, built-in desks, etc. can impact the achievable price.

All of the homes have similar interior amenities relative to the subject and no adjustments are required.

EXTERIOR AMENITIES

The two primary exterior amenities that can impact the achievable price of the home are landscaping (many active developments include front-yard landscaping in the purchase price) and perimeter fencing (i.e. a concrete-block fence is superior to a wood fence).

All of the homes have similar exterior amenities relative to the subject and no adjustments are required.

GATED NEIGHBORHOOD

The subject project and the comparables will not be gated. No adjustments are warranted.

COMMUNITY AMENITIES/ASSOCIATION DUES

This adjustment considers the quality of onsite amenities offered in the competitive subdivisions relative to those offered at the subject. If a subdivision has a community pool, park or other amenity, the achievable sale price of a home in the project would likely be greater than the same home in a subdivision not having this amenity. The overall impact of the adjustment is mitigated by the fact that the majority of the community amenities are maintained through homeowner association dues which increases the cost of home ownership.

The subject will have an association primarily to maintain its project amenities and landscaping while all of the comparables reported no HOA or dues. Therefore, a downward adjustment was made to each of the comparables for this characteristic.

CONCLUSION OF SALES COMPARISON APPROACH

After adjustments the comparable improved sales reflect prices ranging from \$417,767 to \$460,449 per unit with an average adjusted price of \$438,929 per unit. All of the comparables were located in Utah County and generally similar with respect to age. Therefore, consideration was given all of the comparables. Considering the previous data and analysis, we conclude that the indicated average townhome value for the subject, by the Sales Comparison Approach, would range from \$437,335 to \$454,740 per unit or \$220-\$235 PSF.

Based on the preceding, the following base prices are concluded.

TOWNHOME UNIT MIX BASE PRICE CONCLUSION										
Type	SF	Number	Total SF	Garage			Asking Price	Concluded Townhome		
				Garage	SF	Total SF		\$/SF	Price	Rounded
3BR/2BA	1,861 SF	84	156,324 SF	2	396 SF	33,264 SF	\$440,000	\$235	\$437,335	\$437,000
3BR/2BA	1,869 SF	84	156,996 SF	2	396 SF	33,264 SF	\$440,000	\$235	\$439,215	\$439,000
3BR/2BA	2,059 SF	82	168,838 SF	2	396 SF	32,472 SF	\$440,000	\$220	\$452,980	\$453,000
3BR/2BA	2,067 SF	82	169,494 SF	2	396 SF	32,472 SF	\$440,000	\$220	\$454,740	\$455,000
Total/Average	1,963 SF	332	651,652 SF			131,472 SF				\$446,000

Considering the fact that the models are not yet ready to start construction the following chart illustrates the Aggregate Base Revenue trended at an annual rate of 3%.

AGGREGATE BASE REVENUE TRENDED						
Plan	No.	Concluded Base Value	Annual % Appreciati	Price as of 11/9/2027	Rounded	Total
1	84	\$437,000	3%	\$463,613	\$464,000	\$38,976,000
2	84	\$439,000	3%	\$465,735	\$466,000	\$39,144,000
3	82	\$453,000	3%	\$480,588	\$481,000	\$39,442,000
4	82	\$455,000	3%	\$482,710	\$483,000	\$39,606,000
Total	332	Average			\$473,398	\$157,168,000
Compiled by BBG						

MODEL UPGRADES

The subject project will have 4 model homes. These homes will be improved with a fully landscaped lot and will include upgraded flooring, window coverings, countertops, cabinets, etc. Model homes are generally sold at the end of the sales period and do have a perceived value to homebuyers.

The developer's budget provides model costs of \$50,000 to \$150,000 per home. Generally, not all costs have value to a potential purchaser. Items such as the sales office, parking lot, and trap fence are temporary items to be removed. Also, personal property such as furnishing and indoor plants are not considered. Consideration is given to wear and tear from normal customer traffic, and the market's perception of value versus actual cost. According to the subject's representative, approximately 70% of the homes sold will include model upgrades, which is illustrated in the following chart:

MODEL UPGRADE PREMIUMS-TRENDED								
Plan	Size	No. Units	Base Value	Premium Factor	Estimated Premium	Percent Homes	Net Premium	Total Est. Premium
1	1,861	84	\$463,613	1.6%	\$7,418	70%	\$5,192	\$436,167
2	1,869	84	\$465,735	1.6%	\$7,452	70%	\$5,216	\$438,164
3	2,059	82	\$480,588	1.6%	\$7,689	70%	\$5,383	\$441,372
4	2,067	82	\$482,710	1.6%	\$7,723	70%	\$5,406	\$443,320
Total Model Premium								\$1,759,023
Compiled by BBG								

LOT PREMIUMS

Based on our review of the subject's site plan and our observations of the comparable projects, premiums are warranted for lot size and location. According to the developer the subject has 48 lot premiums of \$4,500 each.

LOT SIZE PREMIUMS

The market recognizes lot size premiums for lots with pads sizes that are over 500 square feet above the minimum lot size. The subject has a minimum lot size of 1,306 square feet.

LOCATION/VIEW PREMIUMS

Several lots have mountain views. The detailed location premiums are shown in the chart on the following page. According to the developer the subject will have 30 view premiums at a price of \$4,000 each.

CORNER PREMIUMS

According to the developer the subject will have 80 corner premiums at a rate of \$12,000 each.

NUISANCES

None of the lots have nuisances and no deductions are warranted.

LOT PREMIUM CONCLUSION / AGGREGATE RETAIL VALUE

Please refer to the table on the following page outlining our concluded lot premiums and aggregate retail value for the subject project.

VIEW UPGRADES -TRENDED				
	Description	#	Premium	Total
Aggregate Base Price				\$157,168,000
Total Lot Premiums	Close to Clubhouse	48	\$4,500	\$216,000
Total View Premiums	Mountains	30	\$4,000	\$120,000
Total Cul-de-sac Premiums				\$0
Total Corner Premiums	End Units	80	\$12,000	\$960,000
Total Nuisances				\$0
Model Upgrades				\$1,759,023
Total Aggregate Retail Value Prospective Average Unit Price			\$482,599	\$160,223,023
Compiled by BBG				

VALUE INDICATION FROM SALES COMPARISON

Our conclusion via the Sales Comparison Approach is as follows.

AGGREGATE RETAIL VALUE SUMMARY-TRENDED								
Floor Plan	Number of Homes	Lot Area -SF	Home Size	Base Price/Home	Net	Model Premium	Unit	Total Retail Value
					Location Adjustment		Retail Value	
Model Homes								
1	84	1,081	1,861	\$463,613	\$3,927	\$5,192	\$472,733	\$39,709,576
2	84	1,081	1,869	\$465,735	\$3,927	\$5,216	\$474,879	\$39,889,803
3	82	1,081	2,059	\$480,588	\$3,927	\$5,383	\$489,898	\$40,171,600
4	82	1,081	2,067	\$482,710	\$3,927	\$5,406	\$492,043	\$40,347,536
Subtotal	332	1,081	7,856	\$1,892,646	\$15,709	\$21,198	\$1,929,552	\$160,118,514
Rounded								\$160,100,000
Average				\$473,161	\$3,927	\$5,299	\$482,388	\$40,029,628
Source: BBG								

We note that our conclusion is an average townhome retail price, which will be used for each of the townhome lots in determining a reasonable retail lot value. Our conclusions are illustrated in the following chart:

SALES COMPARISON APPROACH VALUE CONCLUSION		
Indicated Average Value Per Unit		\$482,388
No. Units		x 1
Average Retail Value		\$482,388
Construction Costs (based on average size of 1,964 SF)		-\$379,177
Indicated Value (Finished Lot)		\$103,211
Per Square Foot		\$95.48
Total Townhome Lots	332	X
Gross Retail Lot Value	Rounded	\$34,300,000

The next step is to determine the average cost to construct each townhome, identified in the chart above. For this analysis we will use the cost approach and the Marshall Swift Cost Guide.

COST APPROACH

METHODOLOGY

The Cost Approach is based on the principle of substitution, which states that no prudent person will pay more for a property than the cost of acquiring a site and constructing, without undue delay, an equally desirable and useful property. The steps have been outlined in the Valuation Process section of this report.

REPLACEMENT COST NEW

Our estimate of replacement cost new (RCN) is based on the Calculator Section in Marshall Valuation Service (MVS), a nationally recognized publication containing construction costs for all types of building and site improvements. Base costs are revised monthly and adjustment factors are provided to reflect regional and local cost variations. The subject is considered to be a Class A townhome development and is judged to be of good to excellent quality relative to the rating of MVS.

BASE BUILDING COSTS

The published costs include all direct costs for the base structure, tenant improvements, and the following indirect costs:

- Plans, specifications, and building permits, including engineer's and architect's fees;
- Interest on construction loan during the construction period;
- Sales tax on materials; and
- Contractor's overhead and profit, including worker's compensation, fire and liability insurance, unemployment insurance, etc.

These base building costs, adjusted for any unique building characteristics and cost multipliers, are presented in the cost summary chart at the end of this section.

SITE IMPROVEMENT COSTS

Site improvements include the paving, landscaping, signage, yard lighting, and other miscellaneous items. However, this section of costs has been omitted and will be part of our conclusions.

INDIRECT COSTS

Indirect costs not included in Base Building Costs include such items as developer overhead, property taxes, permanent loan fees, legal costs, developer fees, contingencies, and lease-up and marketing costs. Research into these costs leads to the conclusion that an average property requires an allowance for other indirect costs of between 5% and 15% percent of Base Building Costs plus Site Improvement Costs. We have estimated indirect costs of 15% in our analysis.

ENTREPRENEURIAL PROFIT

Entrepreneurial profit, also referred to as developer's profit, represents the profit required to motivate a developer to construct and lease-up a property. Anticipated developer's profit varies widely between individual projects depending on location and market conditions, but generally lies within the range of 10% to 20% of direct and indirect building and site costs. In this analysis, we estimated entrepreneurial profit at 10% of replacement cost.

REPLACEMENT COST NEW VIA MARSHALL SWIFT

VERTICAL COST OF TOWNHOMES				
Replacement Cost New (RCN)		Area (SF)	\$/SF	Total
Building Improvements				
Base Cost	Average Unit Size	1,963 SF	\$117.00	\$229,648
Balconies/Patios (Sect. 12 Pg. 38)		95 SF	\$66.00	\$6,270
Appliances		1	\$5,950	\$5,950
Sprinklers - Sect. 12 Pg. 39		1,964 SF	\$7.50	\$14,730
Garages - Sect. 12 Pg 35	Average Garage Size	396 SF	\$72.50	\$28,710
Subtotal				\$285,308
Multipliers				
Current Cost			1.020	
Local Area			1.030	
Area Multiplier			1.000	
Story Height			1.000	
Product of Multipliers				x 1.051
Adjusted Base Building Cost				\$299,745
Total Direct Costs				
Plus Other Indirect Costs (% of Direct Costs)		15%		\$44,962
Subtotal Replacement Cost New (RCN)				344,707
Plus Entrepreneurial Profit (% of RCN)		10%		\$34,471
Total Replacement Cost New (RCN)				\$379,177
per square foot				\$193.18

COST COMPARABLES

The following table details recent cost comparables found in the market:

TOWNHOME COST COMPARBLES						
Comparable	1	2	3	4	5	6
Year Built	2023	2023	2022	2025	2024	2024
City	Salt Lake City	Draper	North Ogden	Salt Lake City	Idaho Falls	West Haven
State	UT	UT	UT	UT	ID	UT
GBA (SF)	52,299	189,260	154,260	285,900	166,384	110,303
Units	30	96	87	157	84	56
Direct Costs (Excl. Land)	\$8,658,865	\$30,275,158	\$20,816,649	\$62,838,909	\$14,265,345	\$13,994,867
Indirect Costs	\$2,158,751	\$2,132,456	\$3,891,333	\$11,809,704	\$3,423,460	\$2,167,414
Incentive %	10.00%	10.00%	10.00%	5.00%	10.00%	7.95%
Total	\$11,899,378	\$35,648,375	\$27,178,780	\$78,381,044	\$19,457,686	\$17,447,888
Per SF	\$227.53	\$188.36	\$176.19	\$274.16	\$116.94	\$158.18
Per Unit	\$396,646	\$371,337	\$312,400	\$499,242	\$231,639	\$311,569

Reliance is placed on the Marshall Cost indication for replacement cost new as the cost multipliers are current as of the latest publication. The final Cost Approach Summary is shown in the following table:

REPLACEMENT COST NEW COMPARISON / CONCLUSION			
Method	Total	\$/Unit	\$/GSF
Marshall Cost (Repl. Cost New)	\$379,177	\$379,177	\$193.18
Cost Comparables (Avg.)	\$31,668,858	\$353,806	\$190.22
Conclusion	\$379,177	\$379,177	\$193.18

ACCRUED DEPRECIATION

Three different sources of depreciation may affect the existing improvements:

Physical Deterioration	As discussed in the <i>Improvements Description</i> section, our inspection of the property did not reveal any significant items of deferred maintenance, so <i>curable</i> physical depreciation does not appear to exist. We have used the economic age-life method to develop an opinion of physical deterioration. In the <i>Improvements Description</i> section of this report, we developed an opinion that the effective age of the subject to be 0 years and the economic life to be 50 years, which results in <i>incurable</i> physical deterioration of 0.0% (effective age ÷ economic life).
Functional Obsolescence	The subject improvements are constructed utilizing modern materials and techniques. Furthermore, the design and layout of the property is consistent with current market standards. As such, no functional obsolescence affects the existing improvements.
External Obsolescence	Based upon a review of the specific location of the subject, as well as local market conditions, no external obsolescence appears to be present.
Total Depreciation	The sum of these elements of accrued depreciation amounts to 0.0%, which is deducted from the RCN.

CONCLUSION

The following page provides a summary of the vertical improvement costs:

VERTICAL COST OF TOWNHOMES				
Replacement Cost New (RCN)		Area (SF)	\$/SF	Total
Building Improvements				
Base Cost	Average Unit Size	1,963 SF	\$117.00	\$229,648
Balconies/Patios (Sect. 12 Pg. 38)		95 SF	\$66.00	\$6,270
Appliances		1	\$5,950	\$5,950
Sprinklers - Sect. 12 Pg. 39		1,964 SF	\$7.50	\$14,730
Garages - Sect. 12 Pg 35	Average Garage Size	396 SF	\$72.50	\$28,710
Subtotal				\$285,308
Multipliers				
Current Cost			1.020	
Local Area			1.030	
Area Multiplier			1.000	
Story Height			1.000	
Product of Multipliers				x 1.051
Adjusted Base Building Cost				\$299,745
Total Direct Costs				
Plus Other Indirect Costs (% of Direct Costs)		15%		\$44,962
Subtotal Replacement Cost New (RCN)				344,707
Plus Entrepreneurial Profit (% of RCN)		10%		\$34,471
Total Replacement Cost New (RCN)				\$379,177
per square foot				\$193.18
Source: Marshall Valuation Service				
Type: Townhouses		Section: 12 Class D		
Date: Aug 2024		Page: 31	Quality: Average/Good	

VALUE INDICATION FROM SALES COMPARISON

Our conclusion via the Sales Comparison Approach, after trending and all applicable premiums, is as follows.

SALES COMPARISON APPROACH VALUE CONCLUSION			
Indicated Average Value Per Unit			\$482,388
No. Units			x 1
Average Retail Value			\$482,388
Construction Costs (based on average size of 1,964 SF)			-\$379,177
Indicated Value (Finished Lot)			\$103,211
Per Square Foot			\$95.48
Total Townhome Lots	332	X	\$103,211
Gross Retail Lot Value	Rounded		\$34,300,000

As previously discussed, the cost of constructing all vertical improvements is subtracted from the concluded average townhome value resulting in the retail sales value of the lot, which includes all indirect costs and developer's profit.

We note that our conclusion above represents an average. The average per square foot indication of value should be applied to each lot individually in concluding individual retail lot values. However, it was reported that all of the townhome lots are generally the same size or 1,081 SF. The cost for vertical construction will vary depending on the model the buyer decides to build, which will either increase or decrease the lot retail sales value; however, we note that the cost to construct will also vary. This is illustrated in the following chart:

AGGREGATE RETAIL VALUE SUMMARY-TRENDED								
Floor Plan	Number of Homes	Lot Area -SF	Home Size	Base Price/Home	Net Location Adjustment	Model Premium	Unit Retail Value	Total Retail Value
Model Homes								
1	84	1,081	1,861	\$463,613	\$3,927	\$5,192	\$472,733	\$39,709,576
2	84	1,081	1,869	\$465,735	\$3,927	\$5,216	\$474,879	\$39,889,803
3	82	1,081	2,059	\$480,588	\$3,927	\$5,383	\$489,898	\$40,171,600
4	82	1,081	2,067	\$482,710	\$3,927	\$5,406	\$492,043	\$40,347,536
Subtotal	332	1,081	7,856	\$1,892,646	\$15,709	\$21,198	\$1,929,552	\$160,118,514
							Rounded	\$160,100,000
Average				\$473,161	\$3,927	\$5,299	\$482,388	\$40,029,628

Source: BBG

A secondary approach, to determining a reasonable retail lot value, has been to apply an acceptable percentage to the total retail value of the townhome as the portion contributing by the lot value. This ratio, based on interviews with various developers, has been relatively tight in the past ranging from 25% to 30%. However, with the cost of materials increasing, in many cases, at a higher rate than values, this range has widened some to 20% to 30%. The following chart illustrates this method ratio method:

RATIO ANALYSIS		
Townhome Value	Ratio	Finished Lot Value
\$482,388	20%	\$96,478
\$482,388	22%	\$106,125
\$482,388	25%	\$120,597
\$482,388	28%	\$135,069
\$482,388	30%	\$144,716
	Low	\$96,478
	High	\$144,716
	Average	\$120,597
	Conclusion	\$105,063
Gross Retail Sales	Rounded	\$34,700,000

The analysis above supports our conclusions for gross retail value of the townhome lots previously determined at \$34,300,000 or approximately \$103,211 per lot. Our conclusion falls between the 20% and 22% ratio analysis above and is therefore, reasonable.

SFR LOTS - GROSS RETAIL SALES

The subject has various single-family lot sizes ranging from 0.14 acres to 0.39 acres; please see our conclusions below for the precise size of each lot. The market recognizes a difference in lot prices depending on their size. Generally, as the lot size increases the price per square foot decreases. The opposite is also true. The following charts illustrate the comparable lot sales, within Utah County, for similar-sized lots as well as the adjustments made to each comparable for their respective lot sizes. We note that all the adjustments were based on the descriptions of each lot found in the MLS as well as discussions with the various listing or selling brokers.

0.14-0.18 ACRE COMPARABLES										
Address	Lot #	City	Acres	Sold Date	Sold		\$/SF	Status	Subdivision	Tax ID
					Price	List Price				
848 S 1100 W	294	American Fork	0.17	5/30/2024	\$150,000	\$150,000	\$20.26	SOLD	AF CROSSINGS	34-710-0294
1928 W RIVER BIRCH RD	S17	Mapleton	0.14	3/21/2024	\$183,900	\$189,900	\$30.16	SOLD	HARVEST PARK	41-783-0017
60 S 300 E		Spanish Fork	0.13	7/1/2024	\$125,000	\$155,000	\$22.07	SOLD	EPHRAIM	07-034-0018
869 S GREENWAY DR	77	Springville	0.12	6/17/2024	\$132,225	\$140,000	\$25.30	SOLD	WESTFIELD	55-991-0077
	22	Springville	0.13	Listing		\$174,900	\$30.89	ACTIVE	PLAT B	44-004-0022
329 E 100 S		Springville	0.15	Listing		\$150,000	\$22.96	ACTIVE		06-032-0007
							Min	\$20.26		
							Max	\$30.89		
							Average	\$25.27		

0.14-0.18 ACRE COMPARABLES-ADJUSTMENTS													
City	Acres	Sold Date	\$/SF	Status	Subdivision	Project				HOA Dues	Topography	View	Utilities
						Listing	Location	Corner/Cul-de-sac	Amenities				
American Fork	0.17	5/30/2024	\$20.26	SOLD	AF CROSSINGS				5.0%	-5.0%			20.0%
Mapleton	0.14	3/21/2024	\$30.16	SOLD	HARVEST PARK	-10.0%			5.0%				-5.0%
Spanish Fork	0.13	7/1/2024	\$22.07	SOLD	EPHRAIM				5.0%	-5.0%	5.0%		5.0%
Springville	0.12	6/17/2024	\$25.30	SOLD	WESTFIELD	-5.0%		-5.0%	5.0%				-5.0%
Springville	0.13	Listing	\$30.89	ACTIVE	PLAT B	-5.0%	-10.0%		5.0%	-5.0%			-15.0%
Springville	0.15	Listing	\$22.96	ACTIVE		-5.0%	-5.0%		5.0%	-5.0%			-10.0%
Min													Min
Max													Max
Average													Average
											Potential Conclusion	\$22.00-\$28.00	\$20.66
													\$28.65
													\$24.51

The unadjusted price range, for lots from 0.13-acres to 0.18-acres is \$20.26 to \$30.89 PSF and an average of \$25.27. The comparables were adjusted downward for listing status to reflect negotiations between buyer and seller. Mapleton is considered superior to the subject's Salem location and a downward adjustment was warranted. The other locational adjustments represented a situs next to water, golf courses, or other such premiums. A downward adjustment was also made for those lots with a corner location or within a cul-de-sac, both of which are superior to mid-block lots. As previously mentioned, the subject will benefit from a variety of project amenities. None of the comparable lots reported similar amenities and as such all were adjusted upward. However, to the contrary, those that did not report HOA or CC&Rs were adjusted downward. The broker for the comparable lot in American Fork reported that utilities were not available at the site and were over 1,000 yards away. Therefore, it is inferior to the subject warranting an upward adjustment.

The adjusted range for these lot sizes is \$20.66 to \$28.65 PSF with an overall average price of \$24.51 PSF. Based on all the data, a price per square foot of \$22.00 to \$28.00 is reasonable for the subject's 0.14- to 0.18-acre lots.

0.20-0.21 ACRE COMPARABLES										
Address	Lot #	City	Acres	Sold Date	Sold			Status	Subdivision	Tax ID
					Price	List Price	\$/SF			
3625 E BLUEBELL DR	404	Eagle Mountain	0.21	7/12/2024	\$179,000	\$185,000	\$19.57	SOLD	SPRING RUN PHASE D4	66-872-0404
2168 ALASKA AVE		Provo	0.19	10/6/2024	\$185,000	\$195,000	\$22.35	SOLD	EAST MOUNTAIN	38-709-0002
	17	Salem	0.20			\$249,000	\$28.58	ACTIVE	TIMBER RANCH	
3152 S RED WOLF DR	5316	Saratoga Springs	0.19	3/11/2024	\$219,000	\$219,000	\$26.46	SOLD	THE VILLAGE OF FOX	54-399-0316
3138 S LORI LN	6123	Saratoga Springs	0.21	3/22/2024	\$235,900	\$279,900	\$25.79	SOLD	THE VILLAGE OF FOX	54-317-0023
1663 E 900 N	15	Spanish Fork	0.19	6/26/2024	\$230,000	\$238,500	\$27.79	SOLD	LEGACY ESTATES	45-793-0015
1694 E 900 N	10	Spanish Fork	0.20	6/26/2024	\$230,000	\$236,500	\$26.40	SOLD	LEGACY ESTATES	45-793-0010
95 N 650 W	7	Springville	0.20	2/7/2024	\$160,000	\$169,900	\$18.37	SOLD	CONDIE	65-681-0007
156 N 600 W		Springville	0.21	2/15/2024	\$170,000	\$185,000	\$18.58	SOLD	THE GRASSLANDS	40-394-0034
247 N 247 N 550	30	Springville	0.21	5/9/2024	\$193,500	\$200,000	\$21.15	SOLD	THE GRASSLANDS	40-394-0030
649 E 525 N	3	Springville	0.19	10/16/2024	\$200,000	\$204,000	\$24.17	SOLD	MILL POND ESTATES	67-156-0003
							Min	\$18.37		
							Max	\$28.58		
							Average	\$23.56		

0.20-0.21 ACRE COMPARABLES-ADJUSTMENTS														
City	Acres	Sold Date	\$/SF	Status	Subdivision	Listing	Location	Corner/Cul-de-sac	Project Amenities	HOA Dues	Topography	View	Utilities	Total % Adj
Eagle Mountain	0.21	7/12/2024	\$19.57	SOLD	SPRING RUN PHASE D4				5.0%					5.0%
Provo	0.19	10/6/2024	\$22.35	SOLD	EAST MOUNTAIN		-10.0%		5.0%	-5.0%	5.0%			-5.0%
Salem	0.20		\$28.58	ACTIVE	TIMBER RANCH		-5.0%		5.0%	-5.0%				-5.0%
Saratoga Springs	0.19	3/11/2024	\$26.46	SOLD	THE VILLAGE OF FOX				5.0%			-5.0%		0.0%
Saratoga Springs	0.21	3/22/2024	\$25.79	SOLD	THE VILLAGE OF FOX				5.0%			-5.0%		0.0%
Spanish Fork	0.19	6/26/2024	\$27.79	SOLD	LEGACY ESTATES			-5.0%	5.0%	-5.0%				-5.0%
Spanish Fork	0.20	6/26/2024	\$26.40	SOLD	LEGACY ESTATES			-5.0%	5.0%	-5.0%				-5.0%
Springville	0.20	2/7/2024	\$18.37	SOLD	CONDIE		-5.0%	-5.0%	5.0%	-5.0%				-10.0%
Springville	0.21	2/15/2024	\$18.58	SOLD	THE GRASSLANDS		-5.0%		5.0%	-5.0%				-5.0%
Springville	0.21	5/9/2024	\$21.15	SOLD	THE GRASSLANDS		-5.0%	-5.0%	5.0%	-5.0%				-10.0%
Springville	0.19	10/16/2024	\$24.17	SOLD	MILL POND ESTATES		-5.0%		5.0%	-5.0%				-5.0%
						Min								Min
						Max								Max
						Average								Average
										Potential Conclusion		\$22.00-\$25.00		
														\$16.53
														\$27.15
														\$22.62

The unadjusted price range, for lots from 0.20-acres to 0.21-acres is \$18.37 to \$28.58 PSF and an average of \$23.56. The comparable in Provo was adjusted downward for its listing status to reflect negotiations between buyer and seller. Both Provo and Springville are considered superior to the subject's Salem location and downward adjustments were warranted. A downward adjustment was also made for those lots with a corner location or within a cul-de-sac, both of which are superior to mid-block lots. As previously mentioned, the subject will benefit from a variety of project amenities. None of the comparable lots reported similar amenities and as such all were adjusted upward. However, to the contrary, those that did not report HOA dues or CC&Rs were adjusted downward. The topography for the Provo lot was more than slightly sloping and as such it is inferior to the subject's flat topography warranting an upward adjustment. The Saratoga Springs lots both reported views of the lake as well as the Utah Valley and as such were adjusted downward for this superior characteristic.

The adjusted range for these lot sizes, is \$16.53 to \$27.15 PSF with an overall average price of \$22.62 PSF. Based on all the data, a price per square foot of \$22.00 to \$25.00 is reasonable for the subject's 0.20- and 0.21-acre lots.

0.23-0.25 ACRE COMPARABLES										
Address	Lot #	City	Acres	Sold				Status	Subdivision	Tax ID
				Sold Date	Price	List Price	\$/SF			
789 W 630 S		Orem	0.26	3/19/2024	\$232,500	\$239,500	\$20.53	SOLD	WOODCREST HEIGHTS	55-048-0001
684 S 800 W	2	Orem	0.26	5/8/2024	\$250,000	\$250,000	\$22.07	SOLD	HILLSIDE ACRES 2	68-077-0002
162 W 800 S		Orem	0.23	9/3/2024	\$230,000	\$249,000	\$22.96	SOLD	LYDIAS PLACE	45-463-0017
631 N 600 E		Payson	0.23	3/26/2024	\$191,900	\$194,900	\$19.15	SOLD		08-165-0010
1312 E 320 S	12	Payson	0.24	4/1/2024	\$168,000	\$179,900	\$16.07	SOLD	QUAIL MOUNTAIN	50-135-0012
335 N 200 E		Payson	0.24	4/26/2024	\$165,000	\$190,000	\$15.78	SOLD		45-824-0003
294 N 800 E	2	Payson	0.22	7/8/2024	\$175,000	\$175,000	\$18.26	SOLD	PAYSON CITY	08-155-0007
1388 E 320 S	7	Payson	0.25	9/23/2024	\$185,000	\$185,000	\$16.99	SOLD	QUAIL MOUNTAIN	50-135-0007
811 S 900 W	7	Provo	0.24	7/23/2024	\$189,000	\$205,000	\$18.08	SOLD	STUBBS	49-814-0011
	11	Salem	0.23	Listing		\$249,000	\$24.85	ACTIVE	TIMBER RANCH	
	10	Salem	0.24	Listing		\$249,000	\$23.82	ACTIVE	TIMBER RANCH	
547 N 100 W	21	Santaquin	0.23	8/16/2024	\$145,000	\$149,900	\$14.47	SOLD	ORCHARD COVE	48-247-0027
3587 S GARIBALDI WAY	712	Saratoga Springs	0.22	2/16/2024	\$195,000	\$200,000	\$20.35	SOLD	CATALINA BAY	65-664-0712
3507 S GARIBALDI WAY	706	Saratoga Springs	0.23	2/16/2024	\$195,000	\$200,000	\$19.46	SOLD	CATALINA BAY	65-664-0706
982 BARLOW LN	1	Saratoga Springs	0.25	3/29/2024	\$240,000	\$240,000	\$22.04	SOLD	WEST RIDGE ESTATES	55-994-0001
3518 S MEADOWLARK LN	8	Saratoga Springs	0.26	10/28/2024	\$250,000	\$250,000	\$22.07	SOLD	WELLSPRING	55-912-0008
1284 W 800 S		Spanish Fork	0.24	6/3/2024	\$205,000	\$205,000	\$19.61	SOLD		51-719-0040
956 N HAYWAIN	18	Spanish Fork	0.24	6/26/2024	\$230,000	\$243,500	\$22.00	SOLD	LEGACY ESTATES	45-793-0018
99 N 650 W		Springville	0.25	9/13/2024	\$170,000	\$179,990	\$15.61	SOLD	CONDIE	65-681-0008

Min \$14.47

Max \$24.85

Average \$19.69

0.23-0.25 ACRE COMPARABLES-ADJUSTMENTS													
City	Acres	Sold Date	\$/SF	Status	Subdivision	Listing	Location	Corner/Cul-de-sac	Project Amenities	HOA Dues	Topography	View	Utilities
Orem	0.26	3/19/2024	\$20.53	SOLD	WOODCREST HEIGHTS	-10.0%		-5.0%	5.0%	-5.0%			
Orem	0.26	5/8/2024	\$22.07	SOLD	HILLSIDE ACRES 2	-10.0%			5.0%	-5.0%			
Orem	0.23	9/3/2024	\$22.96	SOLD	LYDIAS PLACE	-10.0%			5.0%	-5.0%			
Payson	0.23	3/26/2024	\$19.15	SOLD		5.0%			5.0%	-5.0%			
Payson	0.24	4/1/2024	\$16.07	SOLD	QUAIL MOUNTAIN	5.0%		-5.0%	5.0%				
Payson	0.24	4/26/2024	\$15.78	SOLD		5.0%			5.0%	-5.0%			
Payson	0.22	7/8/2024	\$18.26	SOLD	PAYSON CITY	5.0%			5.0%	-5.0%			
Payson	0.25	9/23/2024	\$16.99	SOLD	QUAIL MOUNTAIN	5.0%		-5.0%	5.0%				
Provo	0.24	7/23/2024	\$18.08	SOLD	STUBBS	-10.0%			5.0%	-5.0%			
Salem	0.23	Listing	\$24.85	ACTIVE	TIMBER RANCH	-5.0%		-5.0%	5.0%	-5.0%			
Salem	0.24	Listing	\$23.82	ACTIVE	TIMBER RANCH	-5.0%		-5.0%	5.0%	-5.0%			
Santaquin	0.23	8/16/2024	\$14.47	SOLD	ORCHARD COVE		10.0%		5.0%	-5.0%			
Saratoga Springs	0.22	2/16/2024	\$20.35	SOLD	CATALINA BAY				5.0%				
Saratoga Springs	0.25	3/29/2024	\$22.04	SOLD	WEST RIDGE ESTATES			-5.0%	5.0%	-5.0%			
Saratoga Springs	0.26	10/28/2024	\$22.07	SOLD	WELLSPRING			-5.0%	5.0%	-5.0%			
Spanish Fork	0.24	6/3/2024	\$19.61	SOLD					5.0%	-5.0%			
Spanish Fork	0.24	6/26/2024	\$22.00	SOLD	LEGACY ESTATES				5.0%	-5.0%			
Springville	0.25	9/13/2024	\$15.61	SOLD	CONDIE	-5.0%		-5.0%	5.0%	-5.0%			
Min \$14.47													Min \$14.05
Max \$24.85													Max \$22.37
Average \$19.71													Average \$19.14
											Potential Conclusion	\$18.00-\$22.00	

The unadjusted price range, for lots from 0.23-acres to 0.25-acres is \$14.47 to \$24.85 PSF and an average of \$19.71. The comparables in Salem were adjusted downward for their listing status to reflect negotiations between buyer and seller. Both Orem and Springville are considered superior to the subject's Salem location and downward adjustments were warranted to those lots in these two cities. However, Payson and Santaquin are considered inferior and upward adjustments were made to those comparables in these cities. A downward adjustment was also made for those lots with a corner location or within a cul-de-sac, both of which are superior to mid-block lots. As previously mentioned, the subject will benefit from a variety of project amenities. None of the comparable lots reported similar amenities and as such all were adjusted upward. However, to the contrary, those that did not report HOA dues or CC&Rs were adjusted downward.

The adjusted range for these lot sizes, is \$14.05 to \$22.37 PSF with an overall average price of \$19.14 PSF. Emphasis was placed on the adjusted prices for the two Salem listings highlighted above. These listings reflected an average adjusted price of nearly \$22.00 PSF. Based on all the data, a price per square foot of \$18.00 to \$22.00 is reasonable for the subject's 0.23- and 0.25-acre lots.

0.39 ACRE COMPARABLES										
Address	Lot #	City	Acres	Sold Date	Sold Price	List Price	\$/SF	Status	Subdivision	Tax ID
81 S ELK RIDGE DR	3	Elk Ridge	0.38	Listing		\$318,500	\$19.24	ACTIVE	LIGHTHOUSE HEIGHTS	45-805-0003
773 N EMERY LN	56	Elk Ridge	0.39	Listing		\$318,400	\$18.74	ACTIVE	HIGHLANDS AT ELK RID	68-109-0056
3967 S LAKEVIEW DR	95	Mapleton	0.38	6/21/2024	\$409,000	\$419,100	\$24.71	SOLD	HIDDEN HOLLOW	68-137-0095
258 E MAPLE RIDGE ROAD	45	Mapleton	0.39	3/18/2024	\$274,900	\$274,900	\$16.18	SOLD	HIDDEN HOLLOW	68-037-0045
2621 W AURORA AVE	315	Mapleton	0.38	8/16/2024	\$260,000	\$260,000	\$15.71	SOLD	SUNRISE RANCH	69-911-0315
106 S MOONLIT RD	319	Mapleton	0.38	5/13/2024	\$240,000	\$255,000	\$14.50	SOLD	SUNRISE RANCH	69-911-0319
3726 S MAPLETON ESTATE	60	Mapleton	0.38	Listing		\$291,900	\$17.63	ACTIVE	HIDDEN HOLLOW	68-047-0060
3675 S RIVERSTONE RD	82	Mapleton	0.38	Listing		\$347,900	\$21.02	ACTIVE	HIDDEN HOLLOW	68-047-0082
1383 S HELENS DR	29	Salem	0.39	1/23/2024	\$265,000	\$269,900	\$15.60	SOLD	SELMAN RIDGE	66-977-0029
1515 S 920 E	57	Salem	0.38	8/30/2024	\$250,000	\$250,000	\$15.10	SOLD	RIDGE VIEW ESTATES	51-710-0057
321 E SELMAN RIDGE DR	33	Salem	0.38	Listing		\$289,900	\$17.51	ACTIVE	SELMAN RIDGE	
341 N BARLOW CT	7	Saratoga Springs	0.39	Listing		\$325,000	\$19.13	ACTIVE	WESTRIDGE ESTATES	55-994-0007
							Min	\$14.50		
							Max	\$24.71		
							Average	\$17.92		

0.39 ACRE COMPARABLES-ADJUSTMENTS															
City	Acres	Sold Date	\$/SF	Status	Subdivision	Listing	Location	Corner/Cul-de-sac	Project Amenities	HOA Dues	Topography	View	Utilities	Total % Adj	Adj \$/S/
Elk Ridge	0.38	Listing	\$19.24	ACTIVE	LIGHTHOUSE HEIGHTS	-5.0%			5.0%	-5.0%				-5.0%	\$18.28
Elk Ridge	0.39	Listing	\$18.74	ACTIVE	HIGHLANDS AT ELK RID	-5.0%			5.0%					0.0%	\$18.74
Mapleton	0.39	3/18/2024	\$16.18	SOLD	HIDDEN HOLLOW		-10.0%		5.0%		5.0%	-5.0%		-5.0%	\$15.37
Mapleton	0.38	8/16/2024	\$15.71	SOLD	SUNRISE RANCH		-10.0%		5.0%					-5.0%	\$14.92
Mapleton	0.38	5/13/2024	\$14.50	SOLD	SUNRISE RANCH		-10.0%	-5.0%	5.0%					-10.0%	\$13.05
Mapleton	0.38	Listing	\$17.63	ACTIVE	HIDDEN HOLLOW	-5.0%	-10.0%		5.0%		5.0%	-5.0%		-10.0%	\$15.87
Mapleton	0.38	Listing	\$21.02	ACTIVE	HIDDEN HOLLOW	-5.0%	-10.0%		5.0%		5.0%	-5.0%		-10.0%	\$18.92
Salem	0.39	1/23/2024	\$15.60	SOLD	SELMAN RIDGE				5.0%					5.0%	\$16.38
Salem	0.38	8/30/2024	\$15.10	SOLD	RIDGE VIEW ESTATES				5.0%	5.0%				10.0%	\$16.61
Salem	0.38	Listing	\$17.51	ACTIVE	SELMAN RIDGE	-5.0%			5.0%					0.0%	\$17.51
Saratoga Springs	0.39	Listing	\$19.13	ACTIVE	WESTRIDGE ESTATES	-5.0%		-5.0%	5.0%	-5.0%				-10.0%	\$17.22
Min														Min	\$13.05
Max														Max	\$18.92
Average														Average	\$16.63
											Potential Conclusion	\$16.00-\$18.00			

The unadjusted price range, for the subject's 0.39-acre lot, is \$14.50 to \$21.02 PSF and an average of \$17.31. The comparables that represented listings were adjusted downward for their listing status to reflect negotiations between buyer and seller. Mapleton is considered superior to the subject's Salem location and a downward adjustment was warranted to those lots in this city. A downward adjustment was also made for those lots with a corner location or within a cul-de-sac, both of which are superior to mid-block lots. As previously mentioned, the subject will benefit from a variety of project amenities. None of the comparable lots reported similar amenities and as such all were adjusted upward. However, to the contrary, those that did not report HOA dues or CC&Rs were adjusted downward. The topography for several of the lots in Mapleton was more than slightly sloping and as such inferior to the subject's flat topography warranting upward adjustments. However, their offsetting superior views were superior to the subject and warranting downward adjustments.

The adjusted range for this lot size, is \$13.05 to \$18.92 PSF with an overall average price of \$16.63 PSF. Emphasis was placed on the adjusted prices for the Salem comparables highlighted above. These comparables reflected an average adjusted price of \$16.84 PSF. Based on all the data, a price per square foot of \$16.00 to \$18.00 is reasonable for the subject's 0.39-acre lot.

SUMMARY SFR LOTS

The chart below summarizes our conclusions for each of the subject's SFR lots:

SUMMARY LOT VALUE CONCLUSIONS			
Description	Comparable Adj Range	Comp Average	Conclusion
0.14-0.16-Acre Lots	\$20.66-\$28.65	\$24.51	\$27.00
0.17-0.19-Acre Lots	\$20.66-\$28.65	\$24.51	\$25.00
0.20-0.21-Acre Lots	\$16.53-\$27.15	\$22.62	\$23.00
0.23-0.25-Acre Lots	\$14.05-\$22.37	\$19.14	\$21.00
0.39-Acre Lots	\$13.05-\$18.92	\$16.63	\$17.00

CONCLUSIONS

The following charts illustrate the individual lot values for the subject's SFR lots based on their individual sizes:

SFR RETAIL LOT VALUES						
Lot #	Address	Acres	Square Foot	Concluded \$/SF	Concluded Lot Value	Rounded
1	1058 N 1020 W	0.17	7,405	\$25.00	\$185,130	\$185,000
2	1068 N 1020 W	0.14	6,098	\$27.00	\$164,657	\$165,000
3	1082 N 1020 W	0.14	6,098	\$27.00	\$164,657	\$165,000
4	1092 N 1020 w	0.14	6,098	\$27.00	\$164,657	\$165,000
5	1104 N 1020 w	0.14	6,098	\$27.00	\$164,657	\$165,000
6	1114 N 1020 w	0.14	6,098	\$27.00	\$164,657	\$165,000
7	1124 N 1020 w	0.14	6,098	\$27.00	\$164,657	\$165,000
8	1134 N 1020 w	0.14	6,098	\$27.00	\$164,657	\$165,000
9	1142 n 1020 w	0.14	6,098	\$27.00	\$164,657	\$165,000
10	1148 N 1020 w	0.18	7,841	\$25.00	\$196,020	\$196,000
11	1149 n 1020 w	0.23	10,019	\$21.00	\$210,395	\$210,000
12	1141 N 1020 w	0.18	7,841	\$25.00	\$196,020	\$196,000
13	1127 n 1020 w	0.14	6,098	\$27.00	\$164,657	\$165,000
14	1117 n 1020 w	0.14	6,098	\$27.00	\$164,657	\$165,000
15	1107 N 1020 w	0.14	6,098	\$27.00	\$164,657	\$165,000
16	1093 n 1020 w	0.14	6,098	\$27.00	\$164,657	\$165,000
17	1083 n 1020 w	0.14	6,098	\$27.00	\$164,657	\$165,000
18	1073 n 1020 w	0.15	6,534	\$27.00	\$176,418	\$176,000
19	1063 n 1020 w	0.18	7,841	\$25.00	\$196,020	\$196,000
20	1062 n 1060 w	0.18	7,841	\$25.00	\$196,020	\$196,000
21	1072 n 1060 w	0.15	6,534	\$27.00	\$176,418	\$176,000
22	1084 n 1060 w	0.14	6,098	\$27.00	\$164,657	\$165,000
23	1094 n 1060 w	0.14	6,098	\$27.00	\$164,657	\$165,000
24	1106 n 1060 w	0.14	6,098	\$27.00	\$164,657	\$165,000
25	1116 n 1060 w	0.14	6,098	\$27.00	\$164,657	\$165,000
26	1128 N 1060 w	0.14	6,098	\$27.00	\$164,657	\$165,000
27	1138 n 1060 w	0.17	7,405	\$25.00	\$185,130	\$185,000
28	1049 w 1150 n	0.21	9,148	\$23.00	\$210,395	\$210,000
29	1133 n 1060 w	0.16	6,970	\$27.00	\$188,179	\$188,000
30	1123 n 1060 w	0.14	6,098	\$27.00	\$164,657	\$165,000
31	1113 n 1060 w	0.14	6,098	\$27.00	\$164,657	\$165,000
32	1103 n 1060 w	0.14	6,098	\$27.00	\$164,657	\$165,000
33	1091 n 1060 w	0.14	6,098	\$27.00	\$164,657	\$165,000
34	1081 n 1060 w	0.14	6,098	\$27.00	\$164,657	\$165,000
35	1059 n 1060 w	0.14	6,098	\$27.00	\$164,657	\$165,000
36	1069 n 1060 w	0.15	6,534	\$27.00	\$176,418	\$176,000
37	1058 n 1110 w	0.15	6,534	\$27.00	\$176,418	\$176,000
38	1068 n 1110 w	0.14	6,098	\$27.00	\$164,657	\$165,000
39	1078 n 1110 w	0.14	6,098	\$27.00	\$164,657	\$165,000

SFR RETAIL LOT VALUES						
Lot #	Address	Acres	Square Foot	Concluded \$/SF	Concluded Lot Value	Rounded
40	1092 n 1110 w	0.14	6,098	\$27.00	\$164,657	\$165,000
41	1102 n 1110 w	0.14	6,098	\$27.00	\$164,657	\$165,000
42	1112 n 1110 w	0.14	6,098	\$27.00	\$164,657	\$165,000
43	1091 w 1150 n	0.15	6,534	\$27.00	\$176,418	\$176,000
44	1121 w 1150 n	0.16	6,970	\$27.00	\$188,179	\$188,000
45	1091 N 1110 w	0.14	6,098	\$27.00	\$164,657	\$165,000
46	1081 n 1110 w	0.14	6,098	\$27.00	\$164,657	\$165,000
47	1069 n 1110 w	0.14	6,098	\$27.00	\$164,657	\$165,000
48	1057 n 1110 w	0.15	6,534	\$27.00	\$176,418	\$176,000
49	1058 n 1150 w	0.15	6,534	\$27.00	\$176,418	\$176,000
50	1068 n 1150 w	0.14	6,098	\$27.00	\$164,657	\$165,000
51	1082 n 1150 w	0.14	6,098	\$27.00	\$164,657	\$165,000
52	1137 w 1150 w	0.15	6,534	\$27.00	\$176,418	\$176,000
53	1069 n 1150 w	0.19	8,276	\$25.00	\$206,910	\$207,000
54	1057 n 1150 w	0.16	6,970	\$27.00	\$188,179	\$188,000
55	1183 w 1150 n	0.25	10,890	\$21.00	\$228,690	\$229,000
56	1157 n 1260 w	0.39	16,988	\$17.00	\$288,803	\$289,000
57	1206 w 1150 n	0.14	6,098	\$27.00	\$164,657	\$165,000
58	1198 w 1150 n	0.14	6,098	\$27.00	\$164,657	\$165,000
59	1192 w 1150 n	0.14	6,098	\$27.00	\$164,657	\$165,000
60	1182 w 1150 n	0.14	6,098	\$27.00	\$164,657	\$165,000
61	1172 w 1150 n	0.14	6,098	\$27.00	\$164,657	\$165,000
62	1162 w 1150 n	0.14	6,098	\$27.00	\$164,657	\$165,000
63	1154 w 1150 n	0.14	6,098	\$27.00	\$164,657	\$165,000
64	1144 w 1150 n	0.14	6,098	\$27.00	\$164,657	\$165,000
65	1136 w 1150 n	0.14	6,098	\$27.00	\$164,657	\$165,000
66	1126 w 1150 n	0.14	6,098	\$27.00	\$164,657	\$165,000
67	1118 w 1150 n	0.14	6,098	\$27.00	\$164,657	\$165,000
68	1108 w 1150 n	0.14	6,098	\$27.00	\$164,657	\$165,000
69	1102 w 1150 n	0.14	6,098	\$27.00	\$164,657	\$165,000
70	1092 w 1150 n	0.14	6,098	\$27.00	\$164,657	\$165,000
71	1084 w 1150 n	0.14	6,098	\$27.00	\$164,657	\$165,000
72	1076 w 1150 n	0.14	6,098	\$27.00	\$164,657	\$165,000
73	1066 w 1150 n	0.14	6,098	\$27.00	\$164,657	\$165,000
74	1056 w 1150 n	0.15	6,534	\$27.00	\$176,418	\$176,000
75	1044 w 1150 n	0.16	6,970	\$27.00	\$188,179	\$188,000
76	1034 w 1150 n	0.20	8,712	\$23.00	\$200,376	\$200,000
77	1167 n 1020 w	0.21	9,148	\$23.00	\$210,395	\$210,000
78	1157 n 1020 w	0.17	7,405	\$25.00	\$185,130	\$185,000
79	1156 n 1020 w	0.15	6,534	\$27.00	\$176,418	\$176,000
80	1162 n 1020 w	0.15	6,534	\$27.00	\$176,418	\$176,000

SFR RETAIL LOT VALUES						
Lot #	Address	Acres	Square Foot	Concluded \$/SF	Concluded Lot Value	Rounded
81	1168 n 1020 w	0.15	6,534	\$27.00	\$176,418	\$176,000
82	1172 n 1020 w	0.18	7,841	\$25.00	\$196,020	\$196,000
83	1182 n 1020 w	0.16	6,970	\$27.00	\$188,179	\$188,000
84	1186 n 1020 w	0.14	6,098	\$27.00	\$164,657	\$165,000
85	1192 n 1020 w	0.14	6,098	\$27.00	\$164,657	\$165,000
86	1202 n 1020 w	0.25	10,890	\$21.00	\$228,690	\$229,000
87	1052 w 1200 n	0.25	10,890	\$21.00	\$228,690	\$229,000
88	1062 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
89	1072 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
90	1078 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
91	1088 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
92	1098 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
93	1104 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
94	1114 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
95	1124 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
96	1132 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
97	1142 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
98	1148 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
99	1158 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
100	1168 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
101	1176 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
102	1186 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
103	1194 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
104	1206 w 1200 n	0.16	6,970	\$27.00	\$188,179	\$188,000
105	1218 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
106	1228 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
107	1242 w 1200 n	0.16	6,970	\$27.00	\$188,179	\$188,000
108	1228 w 1200 n	0.16	6,970	\$27.00	\$188,179	\$188,000
109	1235 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
110	1223 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000

SFR RETAIL LOT VALUES						
Lot #	Address	Acres	Square Foot	Concluded \$/SF	Concluded Lot Value	Rounded
111	1211 w 1200 n	0.16	6,970	\$27.00	\$188,179	\$188,000
112	1197 w 1200 n	0.16	6,970	\$27.00	\$188,179	\$188,000
113	1191 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
114	1183 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
115	1173 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
116	1167 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
117	1157 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
118	1149 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
119	1139 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
120	1131 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
121	1121 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
122	1113 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
123	1103 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
124	1093 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
125	1087 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
126	1077 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
127	1069 w 1200 n	0.14	6,098	\$27.00	\$164,657	\$165,000
128	1057 w 1200 n	0.21	9,148	\$23.00	\$210,395	\$210,000
129	1183 n 1020 w	0.18	7,841	\$25.00	\$196,020	\$196,000
Gross Retail Sales						\$22,466,000
Lot Premiums		25	\$7,500			\$187,500
View Premiums		30	\$5,000			\$150,000
Corner Premiums		23	\$5,000			\$115,000
Total Gross Retail Sales						\$22,918,500
Rounded						\$22,920,000

The following chart once again illustrates the value conclusions for each of the scenarios presented at the beginning of this report:

VALUE INDICATIONS			
As Is as of November 9, 2024		Value Conclusions	
Land Value Plus Site Costs to Date		\$31,900,000	
As Complete as of November 9, 2027			
Apartment Land Value + Site Improvements	\$17,800,000	\$51,149	Per Dwelling Unit
Land Value	\$11,480,000	\$32,989	Per Dwelling Unit
Site Improvements	\$6,320,000		
Townhome Lots - Gross Retail Sales Value	\$34,300,000	\$103,313	Per Lot
SFR Lots - Gross Retail Sales Value	\$22,920,000	\$177,674	Per Lot

CERTIFICATION

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

- 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 personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- 3 I have no present or prospective interest in the property that is the subject of this report and no personal interest 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 this assignment was not contingent upon developing or reporting predetermined results.
- 6 My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- 7 This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
- 8 My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the state of Utah.
- 9 The reported analyses, opinions, and Value Indications were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics, the Standards of Professional Practice of the Appraisal Institute.
- 10 The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- 11 As of the date of this report, Kyle Roper, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
- 12 Kyle Roper, MAI has made a personal inspection of the subject property on June 25, 2023. The subject property was most recently inspected on November 09, 2024 by Landon McDougal (Trainee License Number 13332690-TR00). Landon has met the Division of Real Estate requirements needed for independent property inspections.
- 13 No one provided significant real property appraisal assistance to the person signing this certification.
- 14 Kyle Roper, MAI has provided services, as an appraiser regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment. He provided an appraisal report of the subject property dated April 16, 2024.



Kyle Roper, MAI
UT Certified General Appraiser
License #: 5469209-CG00
801-321-0050
kroper@bbgres.com

STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions:

- 1) Notwithstanding that Appraiser may comment on, analyze or assume certain conditions in the appraisal, BBG, Inc. shall have no monetary liability or responsibility for alleged claims or damages pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property's compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations or other hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise. Accordingly:
 - a) The Appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the Appraiser or the Appraiser's staff or was obtained or taken from referenced sources and is considered reliable. The Appraiser and BBG, Inc. shall not be monetarily liable or responsible for or assume the costs of preparation or arrangement of geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
 - b) Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment. Further, unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Further, unless otherwise stated, it is assumed that there are no rights associated with extraction or exploration of such elements considered. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
 - c) Any legal description or plats reported in the appraisal are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. BBG, Inc. has made no survey of the property and assumes no monetary liability or responsibility in connection with such matters.
 - d) Title is assumed to be good and marketable, and in Fee Simple, unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated. Further, BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.
 - e) The appraisal report is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the appraisal report; additionally, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the appraisal report. Further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value opinion. Moreover, unless otherwise stated herein, it is assumed that there are no encroachments or violations of any zoning or other regulations affecting the subject property, that the utilization of the land and improvements is within the boundaries or property lines of the property described, and that there are no trespasses or encroachments.
 - f) The American Disabilities Act (ADA) became effective January 26, 1992. The Appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity

- with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative impact upon the value of the property. Since the Appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.
- g) No monetary liability or responsibility is assumed for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.
 - h) It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein. Further, it is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.
 - i) Unless otherwise stated within the appraisal report, the depiction of the physical condition of the improvements described therein is based on visual inspection. No monetary liability or responsibility is assumed for (a) the soundness of structural members since no engineering tests were conducted; (b) the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made; and (c) hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during the Appraiser's inspection.
 - j) If building improvements are present on the site, it is assumed that no significant evidence of termite damage or infestation was observed during physical inspection, unless so stated in the appraisal report. Further, unless so stated in the appraisal report, no termite inspection report was available. No monetary liability or responsibility is assumed for hidden damages or infestation.
 - k) Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No monetary liability or responsibility is assumed for such conditions or for engineering which may be required to discover them.
 - l) BBG, Inc., excepting employees of BBG Assessment, Inc., and the appraiser(s) are not experts in determining the presence or absence of hazardous substances toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. BBG, Inc. and the appraiser(s) assume no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. The Client is free to retain an expert on such matters in this field; however, Client retains such expert at Client's own discretion, and any costs and/or expenses associated with such retention are the responsibility of Client.
 - m) BBG, Inc. is not an expert in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The Appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions contained within the appraisal report based upon any subsequent endangered species impact studies, research, and investigation that may be provided. However, it is assumed that no environmental impact studies were either requested or made in conjunction with this analysis, unless otherwise stated within the appraisal report.
- 2) If the Client instructions to the Appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment records, available plans, if any, descriptive information, and interviewing the Client and other

knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.

- 3) If provided, the estimated insurable value is included at the request of the Client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable value purposes. The Appraiser is not familiar with the definition of insurable value from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The Appraiser is not a cost expert in cost estimating for insurance purposes.
- 4) The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the United States Dollar as of the effective date of value. This appraisal is based on market conditions existing as of the date of this appraisal.
- 5) The value opinions reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value opinions, unless such proration or division of interests is set forth in the report. Any division of the land and improvement values stated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.
- 6) Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are BBG, Inc.'s best estimate of current market thinking of what future trends will be. No warranty or representation is made that such projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
- 7) The Appraiser assumes no monetary liability or responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.
- 8) Any proposed or incomplete improvements included in the appraisal report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.
- 9) If the appraisal report has been prepared in a so-called "public non-disclosure" state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a "non-disclosure" state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the Appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
- 10) Although the Appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the Appraiser either by the Client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the Appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or opinions of value.
- 11) The right is reserved by the Appraiser to make adjustments to the analyses, opinions, and conclusions set forth in the appraisal report as may be required by consideration of additional or more reliable data that may become available. No change of this report shall be made by anyone other than the Appraiser. The Appraiser shall have no monetary liability or responsibility for any unauthorized change(s) to the report.

- 12) The submission of the appraisal report constitutes completion of the services authorized and agreed upon. Such appraisal report is submitted on the condition the Client will provide reasonable notice and customary compensation, including expert witness fees, relating to any subsequent required attendance at conferences, depositions, or judicial or administrative proceedings. In the event the Appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the Client immediately. The Client has the sole responsibility for obtaining a protective order, providing legal instruction not to appear with the appraisal report and related work files, and will answer all questions pertaining to the assignment, the preparation of the report, and the reasoning used to formulate the opinion of value. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the Client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work.
- 13) Client shall not disseminate, distribute, make available or otherwise provide any Appraisal Report prepared hereunder to any third party (including without limitation, incorporating or referencing the Appraisal Report, in whole or in part, in any offering or other material intended for review by other parties) except to (a) any third party expressly acknowledged in a signed writing by Appraiser as an "Intended User" of the Appraisal Report provided that either Appraiser has received an acceptable release from such third party with respect to such Appraisal Report or Client provides acceptable indemnity protections to Appraiser against any claims resulting from the distribution of the Appraisal Report to such third party, (b) any third party service provider (including rating agencies and auditors) using the Appraisal Report in the course of providing services for the sole benefit of an Intended User, or (c) as required by statute, government regulation, legal process, or judicial decree. In the event Appraiser consents, in writing, to Client incorporating or referencing the Appraisal Report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Appraiser with complete copies of such materials and Appraiser has approved all such materials in writing. Client shall not modify any such materials once approved by Appraiser. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended User, the receipt of an Appraisal Report by such party shall not confer any right upon such party to use or rely upon such report, and Appraiser shall have no liability for such unauthorized use or reliance upon such report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend and hold Appraiser, and its affiliates and their officers, directors, employees, contractors, agents and other representatives (Appraiser and each of the foregoing an "Indemnified Party" and collectively the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages and expenses (collectively, "Damages") claimed against, sustained or incurred by any Indemnified Party arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the Appraisal Report.

Company Overview

BBG OVERVIEW

BBG is one of the nation's largest real estate services firms with more than 45 offices across the country serving more than 4,500 clients. We deliver best-in-class valuation, advisory and assessment services with a singular focus of meeting our clients' needs.

Our professional team offers broad industry expertise and deep market knowledge to help clients meet their objectives throughout the real estate life cycle.

BBG clients include commercial real estate professionals, investors, lenders, attorneys, accountants and corporations.

THE BBG DIFFERENCE

National Footprint. BBG is one of only two national firms offering in-house valuation and environmental and property condition assessment services for all commercial property types.

Customer-focused Growth. BBG is one of the largest national due diligence firms because we deliver best-in-class work product and provide excellent customer care.

Qualified Team. Over 50 percent of BBG appraisers are MAI designated and offer deep industry expertise gained through real-world experience.

Unbiased Independence. By focusing exclusively on due diligence services, BBG guarantees an independent perspective free from potential conflicts of interest.

Innovative Technology. BBG has made significant analytics and IT investments to continually improve our data and report quality.

For more information, please visit www.bbgres.com

SERVICES

Valuation

- + Single Asset Valuation
- + Portfolio Valuation
- + Institutional Asset Valuation
- + Appraisal Review
- + Appraisal Management
- + Lease and Cost Analysis
- + Insurance Valuation
- + Arbitration & Consulting
- + Feasibility Studies
- + Highest and Best Use Studies
- + Evaluation
- + Investment analysis
- + Tax appeals
- + Litigation Support
- + Manufactured Housing and Campgrounds

Advisory

- + ASC 805 Business combinations
- + ASC 840 Leases
- + Purchase Price Allocations
- + Portfolio Valuations for reporting net asset values (NAV)
- + Public and non-traded REIT valuations
- + Valuations for litigation and litigation support
- + Sale-leaseback valuation analysis
- + Valuations for bankruptcy/fresh start accounting
- + Cost segregation analysis

Assessment

- + Environmental due diligence
- + Building Services
- + Construction Risk Management
- + HUD
- + Energy Efficiency Services
- + Land Surveying
- + Zoning

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GLOSSARY

Appraisal: (noun) the act or process of developing an opinion of value; an opinion of value. (adjective) of or pertaining to appraising and related functions such as appraisal practice or appraisal services.⁷

Appraisal Practice: valuation services performed by an individual acting as an appraiser, including but not limited to appraisal and appraisal review.⁷

Appraisal Review: (noun) the act or process of developing an opinion about the quality of another appraiser's work (i.e., a report, part of a report, a workfile, or some combination of these), that was performed as part of an appraisal or appraisal review assignment, (adjective) of or pertaining to an opinion about the quality of another appraiser's work that was performed as part of an appraisal or appraisal review assignment.⁷

Appraiser: one who is expected to perform valuation services competently and in a manner that is independent, impartial and objective.⁷

Appraiser's Peers: other appraisers who have expertise and competency in a similar type of assignment.⁷

Assessed Value: The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value.¹

Asset:

1. Any item, the rights to which may have economic value, including financial assets (cash or bonds), business interests, intangible assets (copyrights and trademarks), and physical assets (real estate and personal property).
2. In general business usage, something owned by a business and reflected in the owner's business sheet.

Asset: A resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity.²

Assignment: a valuation service that is provided by an appraiser as a consequence of an agreement with a client.⁷

Assignment Conditions: Assumptions, extraordinary assumptions, hypothetical conditions, laws and regulation, jurisdictional exceptions, and other conditions that affect the scope of work.⁷

Assignment Elements: Specific information needed to identify the appraisal or appraisal review problem: client and any other intended users, intended use of the appraiser's opinions and conclusions, type and definition of value; effective date of the appraiser's opinions and conclusions; subject of the assignment and its relevant characteristics; and assignment conditions.⁷

Assignment Results: An appraiser's opinions or conclusions, not limited to value, that were developed when performing an appraisal assignment, an appraisal review assignment, or a valuation service other than an appraisal or appraisal review.⁷

Bias: a preference or inclination that precludes an appraiser's impartiality, independence, or objectivity in an assignment.⁷

Business Enterprise: an entity pursuing an economic activity.⁷

Business Equity: the interests, benefits, and rights inherent in the ownership of a business enterprise or a part thereof in any form (including, but not necessarily limited to, capital stock, partnership interests, cooperatives, sole proprietorships, options, and warrants).⁷

Capital Expenditure: Investments of cash (or the creation of liability) to acquire or improve an asset, e.g., land, buildings, building additions, site improvements, machinery, equipment; as distinguished from cash outflows for expense items that are normally considered part of the current period's operations. Also referred to as Cap Ex.¹

Cash Equivalency Analysis: An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash or its equivalent.¹

Client: the party or parties (i.e., individual, group or entity) who engage an appraiser by employment or contract in a specific assignment, whether directly or through an agent.⁷

Condominium Ownership: A form of fee ownership of separate units or portions of multiunit buildings that provides for formal filing and recording of a divided interest in real estate.¹

Confidential Information:

1: information that is either:

- Identified by the client as confidential when providing it to a valuer and that is not available from any other source, or
- Classified as confidential or private by applicable law or regulation.

2: Information that is either

- Identified by the client as confidential when providing it to an appraiser and that is not available from any other source; or
- Classified as confidential or private by applicable law or regulation *
- NOTICE: For example, pursuant to the passage of the Gramm-Leach-Bliley Act in November 1999, some public agencies have adopted privacy regulations that affect appraisers. The Federal Trade Commission (FTC) issued two rules. The first rule (16 CFR 313) focuses on the protection of "non-public personal information" provided by consumers to those involved in financial activities "found to be closely related to banking or usual in connection with the transaction of banking." These activities include "appraising real or personal property." The second rule (16 CFR 314) requires appraisers to safeguard customer non-public personal information. Significant liability exists for appraisers should they fail to comply with these FTC rules.⁷

Cost: the actual or estimated amount required to create, reproduce, replace or obtain a property.⁷

Cost Approach: A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.¹

Credible: worthy of belief.⁷

Deferred Maintenance: Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of the property, such as a broken window, a dead tree, a leak in the roof, or a faulty roof that must be completely replaced. These items are almost always curable.¹

Disposition Value: The most probable price that a specified interest in real property should bring under the following conditions: 1) Consummation of a sale within a specific time, which is short than the typical exposure time for such a property in that market. 2) The property is subjected to market conditions prevailing as of the date of valuation. 3) Both the buyer and seller are acting prudently and knowledgeably. 4) The seller is under compulsion to sell. 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) An adequate marketing effort will be made during the exposure time. 8) Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration of the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms.¹

Economic Life: The period over which improvements to real estate contribute to property value.¹

Effective Date: the date to which the appraiser's analysis, opinions and conclusions apply, also referred to as date of value.⁷

Effective Gross Income Multiplier (EGIM): The ratio between the sale price (or value) of a property and its effective gross income.¹

Effective Rent: Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions, the rent that is effectively paid by a tenant net of financial concessions provided by a landlord.¹

Exposure Time: an opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at the market value on the effect date of the appraisal.⁷

Extraordinary Assumption: an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.⁷

Fair Market Value:

1. In nontechnical usage, a term that is equivalent to the contemporary usage of market value.
2. As used in condemnation, litigation, income tax, and property tax situations, a term that is similar in concept to market value but may be defined explicitly by the relevant agency. For example, one definition of *fair market value* provided by the Internal Revenue Service for certain purposes is as follows: The price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts. The fair market value of a particular item of property includible in the decedent's gross estate is not to be determined by a forced sale price. Nor is the fair market value of an item of property to be determined by the sale price of the item in a market other than that in which such item is most commonly sold to the public, taking into account the location of the item wherever appropriate. (IRS Regulation §20.2031-1)¹

Fair Share:

1. A share of a fund or deposit that is divided or distributed proportionately.
2. A share of a burden or obligation that is divided proportionately; e.g., a tenant in a multitenant building or development may be required to pay a pro rata share of the building's operating expenses based on the number of square feet the tenant occupies. In a shopping center, the tenant's share of operating costs is often stated as a fraction, with the gross leasable area of the tenant's premises as the numerator and the gross leasable area or gross leased area of the entire shopping center as the denominator.
3. The share of a trade area that a retail facility is likely to capture; assumes that capture is a function of property size as a proportion of the overall inventory of competitive space in the trade area, i.e., that the facility captures a "fair share" of the trade area.¹

Fair Value:

1. The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (FASB)
2. The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties. (This does not apply to valuations for financial reporting.) (IVS).¹
3. The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.²

Feasibility Analysis: a study of the cost benefit relationship of an economic endeavor.¹

Fee Simple Estate: Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.¹

Floor Area Ratio (FAR): The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.¹

Going Concern:

1. An established and operating business having an indefinite future life.
2. An organization with an indefinite life that is sufficiently long that, over time, all currently incomplete transformations [transforming resources from one form to a different, more valuable form] will be completed.¹

Gross Building Area (GBA):

1. Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.
2. Gross leasable area plus all common areas.
3. For residential space, the total area of all floor levels measured from the exterior of the walls and including the super structure and substructure basement; typically does not include garage space.¹

Highest and Best Use:

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS).
3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)¹

Hypothetical Condition: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.⁷

Income Capitalization Approach: Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income.¹

Inspection: Personal observation of the exterior or interior of the real estate that is the subject of an assignment performed to identify the property characteristics that are relevant to the assignment, such as amenities, general physical condition, and functional utility. Note that this is not the inspection process performed by a licensed or certified building inspector.¹

Insurable Value: A type of value for insurance purposes.¹

Intangible Property (intangible Assets): Nonphysical assets, including but not limited to franchises, trademarks, patents, copyrights, goodwill, equities, securities, and contracts as distinguished from physical assets such as facilities and equipment.⁷

Intended Use: the user(s) of an appraiser's reported appraisal or appraisal review assignment results, as identified by the appraiser based on communication with the client at the time of the assignment.⁷

Intended User: the client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser, based on communication with the client at the time of the assignment.⁷

Internal Rate of Return ("IRR"): The annualized yield rate or rate of return on capital that is generated or capable of being generalized within an investment of portfolio over a period of ownership. Alternatively, the indicated return of capital associated with a projected or pro forma income stream. The discount rate that equates the present value of the net cash flows of a project with the present value of the capital investment. It is the rate at which the Net Present Value (NPV) equals zero. The IRR reflects both the return on invested capital and the return of the original investment, which are basic considerations of potential investors. Therefore, deriving the IRR from analysis of market transactions of similar properties having comparable income patterns is a proper method for developing market discount rates for use in valuations to arrive at Market Value. Used in discounted cash flow analysis to find the implied or expected rate of return of the project, the IRR is the rate of return which gives a zero net present value (NPV). See also equity yield rate (YE); financial management rate of return (FMRR); modified internal rate of return (MIRR); yield rate (Y).¹

Investment Value: 1) The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. 2) The value of an asset to the owner or a prospective owner for individual investment or operational objectives. (IVS)¹

Jurisdictional Exception: an assignment condition established by applicable law or regulation, which precludes an appraiser from complying with a part of USPAP.⁷

Leasehold Interest: The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.¹

Leased Fee Interest: The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.¹

Liquidation Value: The most probable price that a specified interest in real

property should bring under the following conditions: 1) Consummation of a sale within a short time period; 2) The property is subjected to market conditions prevailing as of the date of valuation; 3) Both the buyer and seller are acting prudently and knowledgeably; 4) The seller is under extreme compulsion to sell; 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) A normal marketing effort is not possible due to the brief exposure time 8) Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto. 9) 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. This definition can also be modified to provide for valuation with specified financing terms.¹

Load Factor: A measure of the relationship of common area to useable area and therefore the quality and efficiency of building area layout, with higher load factors indicating a higher percentage of common area to overall rentable space than lower load factors; calculated by subtracting the amount of useable area from the rentable area and then dividing the difference by the useable area:¹

Load Factor =

$$\frac{(\text{Rentable Area} - \text{Useable Area})}{\text{Useable Area}}$$

Market Value: a type of value stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the value definition that is identified by the appraiser as applicable in an appraisal.⁷

Market Value "As If Complete" On The Appraisal Date: Market value as if complete on the effective date of the appraisal is an estimate of the market value of a property with all construction, conversion, or rehabilitation hypothetically completed, or under other specified hypothetical conditions as of the date of the appraisal. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate of value should reflect the market value of the property as if complete and prepared for occupancy by tenants.

Market Value "As Is" On The Appraisal Date: Value As Is -The value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning. See also effective date; prospective value opinion.

Market Value of the Total Assets of the Business: The market value of the total assets of the business is the market value of all of the tangible and intangible assets of a business as if sold in aggregate as a going concern. This assumes that the business is expected to continue operations well into the future.⁴

Marketing Time: An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property Market Value Opinions" address the determination of reasonable exposure and marketing time.).³

Mass Appraisal: the process of valuing a universe of properties as of a given date using standard methodology, employing common data and allowing for statistical testing.⁷

Mass Appraisal Model: a mathematical expression of how supply and demand factors interact in a market.⁷

Misleading: intentionally or unintentionally misrepresenting, misstating or concealing relevant facts or conclusions.⁷

Net Lease: A lease in which the landlord passes on all expenses to the tenant. See also lease.¹

Net Rentable Area (NRA): 1) The area on which rent is computed. 2) The

Rentable Area of a floor shall be computed by measuring to the inside finished surface of the dominant portion of the permanent outer building walls, excluding any major vertical penetrations of the floor. No deductions shall be made for columns and projections necessary to the building. Include space such as mechanical room, janitorial room, restrooms, and lobby of the floor.⁵

Penetration Ratio (Rate): The rate at which stores obtain sales from within a trade area or sector relative to the number of potential sales generated; usually applied to existing facilities. Also called: penetration factor.¹

Personal Inspection: a physical observation performed to assist in identifying relevant property characteristics in a valuation service.⁷

Personal Property: any tangible or intangible article that is subject to ownership and not classified as real property, including identifiable tangible objects that are considered by the general public as being "personal", such as furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment, and intangible property that is created and stored electronically such as plans for installation art, choreography, emails or designs for digital tokens.⁷

Physical Characteristics: attributes of a property that are observable or measurable as a matter of fact, as distinguished from opinions and conclusions, which are the result of some level of analysis or judgement.⁷

Price: the amount asked, offered or paid for a property.⁷

Prospective opinion of value. A value opinion effective as of a specified future date. The term does not define a type of value. Instead it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.¹

Real Estate: an identified parcel or tract of land, including improvements, if any.⁷

Real Property: the interests, benefits and rights inherent in the ownership of real estate.⁷

Reconciliation: A phase of a valuation assignment in which two or more value indications are processed into a value opinion, which may be a range of value, a single point estimate, or a reference to a benchmark value.¹

Relevant Characteristics: features that may affect a property's value or marketability such as legal, economic or physical characteristics.⁷

Reliable Measurement: [The IAS/IFRS framework requires that] neither an asset nor a liability is recognized in the financial statements unless it has a cost or value that can be measured reliably.²

Remaining Economic Life: The estimated period over which existing improvements are expected to contribute economically to a property; an estimate of the number of years remaining in the economic life of a structure or structural components as of the effective date of the appraisal; used in the economic age-life method of estimating depreciation.¹

Replacement Cost: The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout.¹

Report: any communication, written or oral, of an appraisal or appraisal review that is transmitted to the client or a party authorized by the client upon completion of an assignment.⁷

Retrospective Value Opinion: A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion."¹

Sales Comparison Approach: The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparable sales is available.¹

Scope of Work: the type and extent of research and analyses in an appraisal or appraisal review assignment.⁷

Signature: personalized evidence indicating authentication of the work performed by the appraiser and the acceptance of the responsibility for content, analyses and the conclusions in the report.⁷

Stabilized value: A value opinion that excludes from consideration any abnormal relationship between supply and demand such as is experienced in boom periods when cost and sale price may exceed the long-term value, or during periods of depression, when cost and sale price may fall short of long-term value. It is also a value opinion that excludes from consideration any transitory condition that may cause excessive construction costs, e.g., a premium paid due to a temporary shortage of supply.

Substitution: The principle of substitution states that when several similar or commensurate commodities, goods, services are available, the one with the lowest price will attract the greatest demand and widest distribution. This is the primary principle upon which the cost and sales comparison approaches are based.³

Total Assets of a Business: Total assets of a business is defined by the Appraisal Institute as “the tangible property (real property and personal property, including inventory and furniture, fixtures and equipment) and intangible property (cash, workforce, contracts, name, patents, copyrights, and other residual intangible assets, to include capitalized economic profit).”

Use Value:

The value of a property assuming a specific use, which may or may not be the property’s highest and best use on the effective date of the appraisal. Use value may or may not be equal to market value but is different conceptually.¹

Valuation Service: a service pertaining to an aspect of property value, regardless of the type of service and whether it is performed by appraisers or by others.⁷

Value: the monetary relationship between properties and those who buy and sell, or use those properties, expressed as an opinion of the worth of a property at a given time.⁷

Workfile: data, information and documentation necessary to support the appraiser’s opinions and conclusions and to show compliance with USPAP.⁷

¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute 2010). ² Appraisal Institute, *International Financial Reporting Standards for Real Property Appraiser*, IFRS Website, www.ifrs-ebooks.com/index.html. ³ Appraisal Institute, *The Appraisal of Real Estate*, 13th ed. (Chicago: Appraisal Institute 2008). ⁴ This definition is taken from “Allocation of Business Assets Into Tangible and Intangible Components: A New Lexicon,” *Journal of Real Estate Appraisal*, January 2002, Volume LXX, Number 1. This terminology is to replace former phrases such as: value of the going concern. ⁵ Financial Publishing Company, *The Real Estate Dictionary*, 7 ed. ⁶ U.S. Treasury Regulations. ⁷ USPAP 2020-2021

LETTER OF ENGAGEMENT



October 28, 2024

Sam Elder
Senior Vice President, Development Finance Group
D.A. Davidson & Co
95 State Street 15th Floor
Salt Lake City, UT 84111

Phone: 801-994-3167
Email: selder@dada.com

RE: Appraisal Report | Arrowhead Springs (Multi-family), 8500 South Arrowhead Trail, Salem, UT.

Dear Mr. Elder,

We are pleased to submit this proposal and our Terms and Conditions for the Appraisal Report of the above-referenced real estate.

PROPOSAL SPECIFICATIONS

Valuation Premise:	Form an opinion of the Market Value; As Complete
Property Rights Appraised:	Fee Simple Estate
Intended Use:	Public Bond Offering
Intended Users:	D.A. Davidson & Co 95 State Street 15th Floor Salt Lake City, UT
Scope of Work:	All Applicable Approaches
Inspection:	Prior BBG Inspection
Site/Property Contact:	Name: <u>Ryan Belman</u> Phone: <u>435 733 1000</u> Email: <u>rp@awrpea.com</u>
Appraisal Standards:	Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics, and the Standards of Professional Appraisal Practice of the Appraisal Institute

Report Type:
Report Format:
Fee:

Appraisal Report

Narrative

\$5,500

The fee includes up to two hours of consultation time after the delivery of the final reports. Any time incurred thereafter will be billed at an hourly rate.

Please indicate below who is responsible for payment:

Name:

Ryan Poelman

Company:

arrowhead springs development

Address:

300 S 135 E FLR 2

Phone:

Lehi UT 84043

435 733 1000

Email:

rpe@awrpea.com

Signature:

Ryan Poelman

Retainer:

None

Wire Payment/ACH Information Below:

Bank of America

Acct#: 488038497058

Wire Payment Routing#: 026009593

ACH Payment Routing#: 111000025

Payment Terms:

Balance is due and payable upon delivery of the final report or within 30 days of your receipt of our draft report, whichever is sooner. If a draft report is requested, the fee is considered earned upon delivery of our draft report.

Payment Options:

- Credit card (a 3% fee is applied)
- Wire or ACH payment. (See the information below for sending the wire or ACH)
- A check mailed to BBG, Inc., 8343 Douglas Avenue, Suite 700, Dallas, TX 75225

Payment Options (cont.):

If you would like to pay by credit card, please pay the invoice online directly from our website at

www.bbgres.com

1. The client can access the credit card portal by choosing "Pay Your Invoice" in the right-hand corner of the website.
2. A 3% convenience fee is automatically applied to all credit card payments.
3. Please add the Accounting BBG email (eft@bbgres.com) as a correspondent for remit payment (BBG Email Contact), so that we can get this applied to our system on time.
4. Please include the BBG Invoice # in your credit card submission. If you have not yet received an invoice number, please use the drop-down tool to select 'Property Details' and include the property's address.
5. A copy of the receipt will be sent directly to you once the payment has been made.

If you choose to pay by wire or ACH, please let us know once the wire or ACH has been initiated and forward the bank confirmation.

Be sure to include the address as a reference whenever sending any wire payment.

BBG Appraisal Wiring and ACH Instructions:

Bank of America Account # 488038497058
Payment via ACH Routing # 111000025
Payment via Wire Routing # 026009593
Bank Address: Bank of America
6019 Berkshire Lane
Dallas, TX 75225

Due to the limited capability to provide complete remittance details in ACH and Wire payments, please send all payment remittance details, including applicable invoice numbers, to eft@bbgres.com to ensure a timely and accurate payment application.

Report Copies:

Delivery Date:

Report Delivery Recipients:

1 Final PDF

2 weeks

If any other person(s) is authorized to be included in the delivery of the report, please include their information in the space below:

Name(s): Ryan Poelman

Email(s): _____

Acceptance Date:

Date of Execution

*rp@aurpea.com
pete@flagship today.com*

Property Information Request:

The following list of items will be needed within 2 days to meet the above-referenced delivery date:

Do not provide Personally Identifiable Information (PII) to BBG, Inc. or any of its agents. PII is any piece of information meant to identify a specific individual. This includes data such as a Social Security number, driver's license number, and financial account numbers.

The attached Terms and Conditions of the Engagement are deemed part of this Appraisal Services Agreement and are incorporated fully herein by reference and shall apply to any appraisal reports, contracts, or orders into which they are incorporated. In addition, with respect to any appraisal report, any use of or reliance on the appraisal by any party, regardless of whether the use or reliance is authorized or known by BBG, Inc. and its agents, servants, employees, principals, affiliated companies and all those in privity with them, constitutes acceptance of such Terms and Conditions of the Engagement, as well as acceptance of all other appraisal statements, limiting conditions and assumptions stated in the appraisal report. Use of this appraisal report constitutes acknowledgment and acceptance of the Terms and Conditions of the Engagement, special assumptions (if any), extraordinary assumptions (if any), and hypothetical conditions (if any) on which this estimate of market value is based. This appraisal report has been prepared for the exclusive benefit of the client. It may not be used or relied upon by any other party. Any other party who is not the identified client within this report who uses or relies upon any information in this report does so at their own risk.

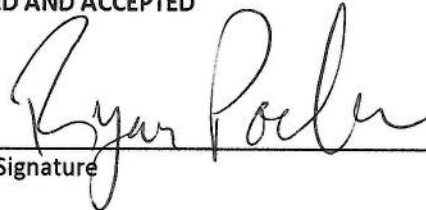
Client acknowledges and agrees that BBG may anonymize all property and operational information ("Client Data") provided and aggregate with other anonymized data from other Clients and/or other sources and use such aggregated, anonymized Client Data in existing or future BBG product offerings. BBG shall process the Client Data in a manner that renders the form and source of the Client Data unidentifiable to any other Client or third party.

We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.



As Agent for BBG, Inc.
John Blaser | MAI
Managing Director
BBG, Inc.
6965 South Union Park Ave, Suite 460
Cottonwood Heights, UT 84047

AGREED AND ACCEPTED



Client Signature

10-30-2024

Date

Terms and Limiting Conditions of the Engagement

The Terms and Conditions of the Engagement are deemed part of the attached Proposal Specifications and Appraisal and Consulting Services Agreement and are incorporated fully therein, and shall apply to any appraisal services, consulting services, oral testimony, reports, contracts, or orders into which they may be incorporated.

A) Definitions. In the Terms and Conditions of the Engagement:

1. "BBG, Inc." means BBG, Inc. and its agents, successors, assigns, servants, employees, principals, affiliated companies and all those in privity with them.
2. "Appraiser" means the appraiser(s) performing part or all of the appraisal services and/or signing an appraisal report. "Appraiser" may also mean "Consultant" in a consulting assignment.
3. "Appraisal and Consulting Services Agreement" means any written agreement with Client for performance of the appraisal services by Appraiser, including any agreement entered into electronically.
4. "Client" means any party identified expressly as a client in an Appraisal and Consulting Services Agreement and also any party identified expressly as a client by the Appraiser in an appraisal report.
5. "Appraisal" means any appraisal or consulting report(s) prepared by or oral report and/or testimony presented by BBG, Inc.
6. "Report" means a written or oral report prepared by and/or oral testimony presented by BBG, Inc.

B) Venue and Jurisdiction

THIS APPRAISAL SERVICES AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE DOMESTIC SUBSTANTIVE LAWS OF THE STATE OF UTAH, WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAW PROVISION. IF ANY ACTION RELATING TO THIS APPRAISAL SERVICES AGREEMENT OR THE CONTEMPLATED TRANSACTIONS IS BROUGHT BY A PARTY HERETO AGAINST ANY OTHER PARTY HERETO, THE PREVAILING PARTY IN SUCH ACTION WILL BE ENTITLED TO RECOVER ALL REASONABLE EXPENSES RELATING THERETO (INCLUDING ATTORNEYS' FEES AND EXPENSES) FROM THE NON-PREVAILING PARTY.

Each party to this Appraisal Services Agreement (a) hereby irrevocably submits to the exclusive jurisdiction and venue of the state courts located in Salt Lake County, Utah (or, if but only if such court lacks jurisdiction, the United States District Court for the Utah District of Utah) for the purpose of any Action between any of the parties hereto arising in whole or in part under or in connection with this Appraisal Services Agreement, any Ancillary Agreement, or the Contemplated Transactions, (b) hereby waives and agrees not to assert any claim that he, she or it is not subject personally to the jurisdiction of the above-named courts or that any such Action brought in the above-named courts should be dismissed on grounds of forum non convenience. Notwithstanding the foregoing, a party hereto may commence any Action in a court other than the above-named courts solely for the purpose of enforcing an order or judgment issued by the above-named courts.

C) Limitations of Liability

It is expressly agreed that in any action which may be brought against BBG, Inc., arising out of, relating to, or in any way pertaining to this engagement, this Appraisal and Consulting Services Agreement, or any services, reports, information, or opinions contained therein or presented, BBG, Inc. shall not be responsible or liable for any incidental or consequential losses, unless the same was fraudulent or prepared with gross negligence. It is further agreed that the collective liability of BBG, Inc. in any such action shall not exceed the fees paid for the preparation of the respective report or services unless the same was fraudulent or prepared with gross negligence. Finally, it is agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.

Client hereby agrees to indemnify, defend, protect, and hold BBG, Inc. harmless from and against all claims, damages, losses, and expenses, including attorneys' fees, expenses, and costs, incurred upon investigating and defending any claim, action, or proceeding arising from, or in any way connected to, relating to, or in any way pertaining to this engagement, this Appraisal and Consulting Services Agreement, or any services, reports, information, or opinions contained therein or presented.

Terms and Limiting Conditions of the Engagement

Further, you acknowledge that any opinions and conclusions expressed by professionals employed by BBG, Inc. related to this agreement are representations made by them as employees and not as individuals. BBG, Inc.'s responsibility is limited to you as a Client. The use of BBG, Inc.'s product by third parties is not intended unless expressly stated and shall be solely at the risk of you and/or third parties. BBG, Inc. acknowledges that Client will be the end-user of, and can rely upon, the opinion and conclusions of BBG, Inc.

D) Confidentiality

The parties agree that (i) this Appraisal and Consulting Services Agreement and the terms contained herein, (ii) opinions or valuation conclusions, (iii) the identity of the analyst or the firm and any reference to the professional organization of which the appraiser is affiliated or to the designations thereof, and (iv) all information regarding the property of whatever nature made available to either party by the other (including all versions of BBG, Inc.'s final report and all prior drafts of same) and methods of each party revealed during the performance of the Services (altogether, collectively, the "Confidential Information") shall be treated as strictly confidential. Accordingly, neither party nor any employee, agent, or affiliate thereof shall disclose the same to any third party without the written consent of the other party and approval of the Appraiser; provided, however, that, a party shall not hereby be precluded from disclosure of Confidential Information that may be compelled by legal requirements, or from disclosing this Appraisal and Consulting Services Agreement (and the terms contained herein) to its attorneys, accountants, auditors, lenders, and other professionals who may be bound to that party by duties of confidence.

Do not provide Personally Identifiable Information (PII) to BBG, Inc. or any of its agents. PII is any piece of information meant to identify a specific individual. This includes data such as a Social Security number, driver's license number, and financial account numbers.

E) General Assumptions and Limiting Conditions

Appraisal services have been provided with the following general assumptions:

1. Notwithstanding that the Appraiser may comment on, analyze or assume certain conditions in the appraisal or consulting assignment, BBG, Inc. shall have no monetary liability or responsibility for alleged claims or damages pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property's compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations or other hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise. Accordingly:
 - a) The Appraiser has not conducted any engineering or architectural surveys in connection with this appraisal or consulting assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the Appraiser or the Appraiser's staff or was obtained or taken from referenced sources and is considered reliable. The Appraiser and BBG, Inc. shall not be monetarily liable or responsible for or assume the costs of preparation or arrangement of geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
 - b) Unless otherwise stated in the written report or oral report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment. Further, unless otherwise stated, it is assumed that there are no subsurface oil, gas, or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Further, unless otherwise stated, it is assumed that there are no rights associated with extraction or exploration of such elements considered. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.

Terms and Limiting Conditions of the Engagement

- c) Any legal description or plats reported in the appraisal are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. BBG, Inc. has made no survey of the property and assumes no monetary liability or responsibility in connection with such matters.
- d) Title is assumed to be good and marketable, and in fee simple, unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated. Further, BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way, except as stated.
- e) The appraisal report is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the report; additionally, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report. Further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value opinion. Moreover, unless otherwise stated herein, it is assumed that there are no encroachments or violations of any zoning or other regulations affecting the subject property, that the utilization of the land and improvements is within the boundaries or property lines of the property described, and that there are no trespasses or encroachments.
- f) The American Disabilities Act (ADA) became effective January 26, 1992. The Appraiser has not made a specific compliance survey or analysis of the property to determine whether it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative impact upon the value of the property. Since the Appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.
- g) No monetary liability or responsibility is assumed for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report or oral report.
- h) It is assumed the subject property is not adversely affected by the potential of floods unless otherwise stated herein. Further, it is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any existing or proposed buildings.
- i) Unless otherwise stated within the appraisal report or oral report, the depiction of the physical condition of the improvements described therein is based on visual inspection. No monetary liability or responsibility is assumed for (a) the soundness of structural members since no engineering tests were conducted; (b) the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made; and (c) hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during the Appraiser's or Consultant's inspection.
- j) If building improvements are present on the site, it is assumed that no significant evidence of termite damage or infestation was observed during physical inspection, unless so stated in the appraisal report or oral report. Further, unless so stated in the report or oral report, no termite inspection report was available. No monetary liability or responsibility is assumed for hidden damages or infestation.
- k) Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No monetary liability or responsibility is assumed for such conditions or for engineering which may be required to discover them.

Terms and Limiting Conditions of the Engagement

- l) BBG, Inc., excepting employees of BBG Assessment, Inc., and the appraiser(s) are not experts in determining the presence or absence of hazardous substances toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. BBG, Inc. and the appraiser(s) assume no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. The Client is free to retain an expert on such matters in this field; however, Client retains such expert at Client's own discretion, and any costs and/or expenses associated with such retention are the responsibility of Client.
 - m) BBG, Inc. is not an expert in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The Appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions contained within the appraisal report based upon any subsequent endangered species impact studies, research, and investigation that may be provided. However, it is assumed that no environmental impact studies were either requested or made in conjunction with this analysis, unless otherwise stated within the report.
- 2. If the Client instructions to the Appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.
 - 3. If provided, the estimated insurable value or cost is included at the request of the Client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable value or cost purposes. The Appraiser is not familiar with the definition of insurable value from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The Appraiser is not a cost expert in cost estimating for insurance purposes.
 - 4. The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the United States Dollar as of the effective date of value. Any appraisal report is based on market conditions existing as of the effective date.
 - 5. Any value opinions reported or expressed apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value opinions, unless such proration or division of interests is set forth in the report. Any division of the land and improvement values stated herein is applicable only under the program of utilization shown. These separate valuations are invalidated for any other application.
 - 6. Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are BBG, Inc.'s best estimate of current market thinking of what future trends will be. No warranty or representation is made that such projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
 - 7. The Appraiser assumes no monetary liability or responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.

Terms and Limiting Conditions of the Engagement

8. Any proposed or incomplete improvements included in the appraisal report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.
9. If the appraisal report has been prepared in a so-called "public non-disclosure" state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a "non-disclosure" state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the Appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
10. Although the Appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the Appraiser either by the Client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the Appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or opinions of value.
11. The right is reserved by the Appraiser to make adjustments to the analyses, opinions, and conclusions set forth in the appraisal report as may be required by consideration of additional or more reliable data that may become available. No change of this report shall be made by anyone other than the Appraiser or Consultant. The Appraiser shall have no monetary liability or responsibility for any unauthorized change(s) to the report.
12. The submission of the appraisal report constitutes completion of the services authorized and agreed upon unless other services are provided for in this agreement. Such report is submitted on the condition the Client will provide reasonable notice and customary compensation, including expert witness fees, relating to any subsequent required attendance at conferences, depositions, or judicial or administrative proceedings, unless otherwise defined herein. In the event the Appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the Client immediately. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the Client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work. A payment agreement must be reached in advance of the Appraiser providing such services.
13. Client shall not disseminate, distribute, make available or otherwise provide any appraisal report prepared hereunder to any third party (including without limitation, incorporating or referencing the report, in whole or in part, in any offering or other material intended for review by other parties) except to (a) any third party expressly acknowledged in a signed writing by Appraiser as an "Intended User" of the report provided that either Appraiser has received an acceptable release from such third party with respect to such report or Client provides acceptable indemnity protections to Appraiser against any claims resulting from the distribution of the report to such third party, (b) any third party service provider (including rating agencies and auditors) using the report in the course of providing services for the sole benefit of an Intended User, or (c) as required by statute, government regulation, legal process, or judicial decree. In the event Appraiser consents, in writing, to Client incorporating or referencing the report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Appraiser with complete copies of such materials and Appraiser has approved all such materials in writing. Client shall not modify any such materials once approved by Appraiser. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended User, the receipt of a report by such party shall not confer any right upon such party to use or rely upon such report, and Appraiser shall have no liability for such unauthorized use or reliance upon such report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend and hold Appraiser, and its affiliates and their officers, directors, employees, contractors, agents and other representatives

Terms and Limiting Conditions of the Engagement

(Appraiser and each of the foregoing an "Indemnified Party" and collectively the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages and expenses (collectively, "Damages") claimed against, sustained or incurred by any Indemnified Party arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the report.

LAND SALES COMPARABLES

Sale Comparable #1

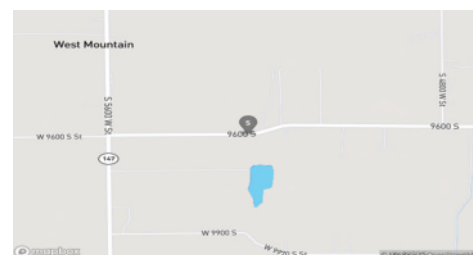
Vacant Land

5600 West 9600 South

Payson, UT 84651

Utah County

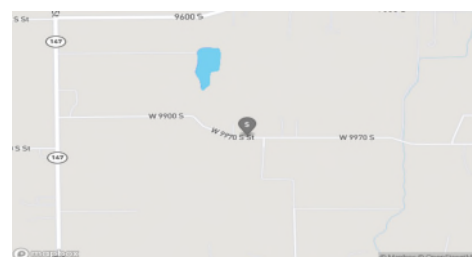
BBG Property #1091870



Property Data			
Property Type/Use	Land Residential	Lat/Long	40.055682 / -111.7798
Parcel ID #	290010068, 290010086	Census Tract	
Opportunity Zone	No	Frontage	
Gross Land Area	5,083,016 SF 116.69 Acres	Net Land Area	5,083,016 SF 116.69 Acres
Utilities	All available to site.	Terrain / Topography	Level
Easements / Encroachments	None detrimental known	Zoning	RA-5 Residential

Sale Transaction Data for BBG Event #1264502 on 9/26/2024					Net Area	Gross Area
Transaction Date	9/26/2024	Consideration	\$6,053,000	Price PSF	\$1.19	\$1.19
Sale Status	Contract	Adjustments	\$0	Price Per Acre	\$51,872	\$51,872
		Cash Equivalent Price	\$6,053,000			
Property Rights	Fee Simple					
Transaction Component	Real Estate					
Tenancy	Vacant					
Grantor	NA					
Grantee	NA					
Comments	This is 116.69 acres is under contract for \$5,995,000 and is located within the growth path of Payson, Utah. It is zoned RA-5 (Res-Agricultural 5-Acre Min) in Utah County. Parcels #29:001:0068 & #29:001:0086. It includes 231.70 shares of Strawberry Valley Project water through Highline Canal. Dilapidated house, quonset, sheds, barn, two trailers, & corrals. However, it sold for land only. The bid to demolish and remove all improvements was \$58,000, which has been added to the price. The original list price was \$6.9 M. The contract price represents a 14.5% reduction.					
Verification	11/11/2024 Broker Mike Nelson 801-482-7565					

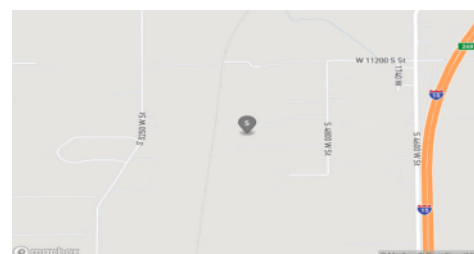
Sale Comparable #2
18.98-Acres of Agricultural Land
 5186 West 9970 South
 Payson, UT 84651
 Utah County
 BBG Property #825996



Property Data			
Property Type/Use	Land Agricultural	Lat/Long	40.048940 / -111.7770
Parcel ID #	29:008:0105	Census Tract	0105.04
Opportunity Zone	No	Frontage	9970 South
Gross Land Area	826,769 SF 18.98 Acres	Net Land Area	826,551 SF 18.98 Acres
Flood Designation	Zone X500	Flood Panel	49049C0742F Dated June 19, 2020
Utilities	Power and gas are immediately available at the street. Culinary water and sewer are approximately 1.5 miles to the east within Payson City Limits. Septic is typical for the area.	Terrain / Topography	Level
Easements / Encroachments	None detrimental known	Zoning	RA-5 Residential Agricultural
Comments	The site is generally level and has historically been used for agriculture.		

Sale Transaction Data for BBG Event #971814 on 11/22/2023					Net Area	Gross Area
Transaction Date	11/22/2023	Consideration	\$910,000	Price PSF	\$1.10	\$1.10
Sale Status	Closed	Adjustments	\$0	Price Per Acre	\$47,958	\$47,945
		Cash Equivalent Price	\$910,000			
Property Rights	Fee Simple					
Transaction Component	Real Estate					
Tenancy	Owner					
Grantor	The Dennis & Debra Bishop Trust					
Grantee	The Kellie Lee Holmes Revocable Trust					
Comments	The sale comprised an irregular-shaped parcel along 9970 South just out Payson City limits in unincorporated Utah County. No water rights where included in the sale.					
Verification	2/14/2024 Daniel Herzog - Buyer Representative, County Records					

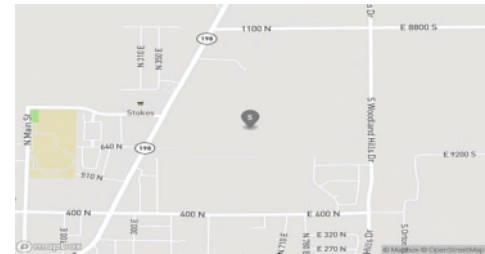
Sale Comparable #3
Rural Housing Development Corp. Property
 1298 South 1950 West
 Payson, UT 84651-5742
 Utah County
 BBG Property #650226



Property Data			
Property Type/Use	Land Residential	Lat/Long	40.022343 / -111.7725
Parcel ID #	29-023-0049	Census Tract	0105.04
Opportunity Zone	No	Frontage	Along 1950 West
Gross Land Area	716,083 SF 16.44 Acres	Net Land Area	716,083 SF 16.44 Acres
Flood Designation	Zone X (Unshaded)	Flood Panel	49049C0744F Dated June 19, 2020
Utilities	Power and gas available. Water and sewer about 1,000 feet north near intersection of 1130 S 1950 W	Terrain / Topography	Mostly level with some gentle undulation through the middle
Easements / Encroachments	None detrimental known	Zoning	A-5 Agriculture
Comments	Property is located within Payson city limits. The general plan for the area indicates low density residential development with anticipated densities in the 2 to 5 unit per acre range. Highest and best use is for single family residential development.		

Sale Transaction Data for BBG Event #790260 on 2/15/2022					Net Area	Gross Area
Transaction Date	2/15/2022	Consideration	\$2,040,000	Price PSF	\$2.85	\$2.85
Sale Status	Closed	Adjustments	\$0	Price Per Acre	\$124,088	\$124,088
		Cash Equivalent Price	\$2,040,000			
Property Rights	Fee Simple					
Grantor	Ron G and Peggy E Ash					
Grantee	Rural Housing Development Corporation DBA Self-Help Homes					
Comments	Cash sale. The sale included 17 water shares (1 per acre) in the Strawberry Highline Canal Company. Buyer purchased with the intent of holding for single family residential development.					
Verification	11/3/2022 Kim Sprague, agent; MLS; County records					

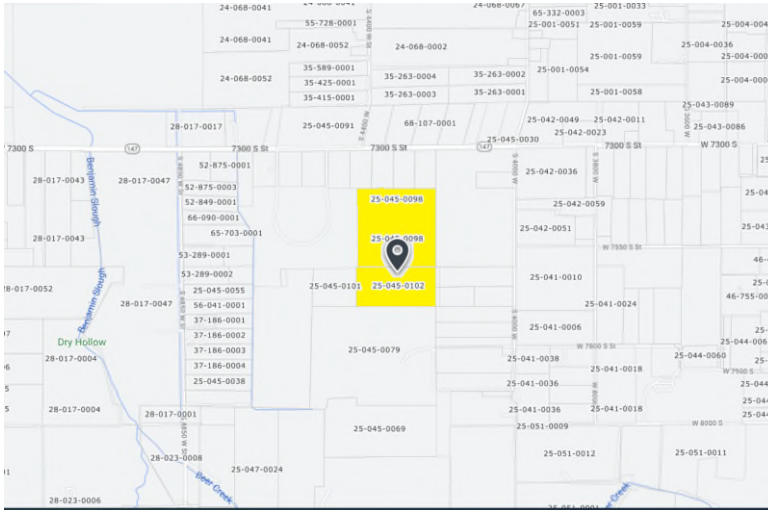
Sale Comparable #4
BCP, LLC Property
 ~600 North SR-198
 Salem, UT 84653-9422
 Utah County
 BBG Property #650734



Property Data			
Property Type/Use	Land Residential	Lat/Long	40.065413 / -111.6610
Parcel ID #	30-001-0007, 30-002-0065, 30-003-0001, -0019, -0022, 30-004-0109 & -0124	Census Tract	0104.06
Opportunity Zone	No	Frontage	Along SR-198 and Woodland Hills Drive
Gross Land Area	4,276,721 SF 98.18 Acres	Net Land Area	4,276,721 SF 98.18 Acres
Flood Designation	Zone X (Unshaded)	Flood Panel	49049C0758F Dated June 19, 2020
Utilities	All available to site.	Terrain / Topography	Mostly level with a moderate slope upward on the west portion to another large level area.
Easements / Encroachments	None detrimental known	Zoning	A-1 & C-1 Agricultural & Commercial General
Comments	Property is located within Salem City limits. Highest and best use is for future residential and commercial development.		

Sale Transaction Data for BBG Event #790527 on 8/19/2021					Net Area	Gross Area
Transaction Date	8/19/2021	Consideration	\$8,100,000	Price PSF	\$1.89	\$1.89
Sale Status	Closed	Adjustments	\$0	Price Per Acre	\$82,502	\$82,502
		Cash Equivalent Price	\$8,100,000			
Property Rights	Fee Simple					
Grantor	LD III, LLC					
Grantee	Building Construction Partners, LLC					
Comments	Cash sale. Sale included 69 shares of Canal Water and 28 shares of Strawberry Irrigation. The agent noted that the value of the water was not separately defined in the transaction. After sale, the buyer obtained a Development Agreement with the city on a total of 113.57 acres. The development will be known as Salem Fields, and is planned for 339 single-family and townhome units, and 14.5 acres of commercial. The overall density is 2.98 units per acre. Reportedly, the developer has put development on hold for now.					
Verification	11/4/2022 David Priest, agent; MLS; County records					

Sale Comparable #5
Vacant Land
 4301 West 7300 South
 Benjamin, UT 84660
 Utah County
 BBG Property #1091900



Property Data			
Property Type/Use	Land Residential	Lat/Long	40.094190 / -111.7573
Parcel ID #	250450098, 250450102	Census Tract	
Opportunity Zone	No	Frontage	No frontage
Gross Land Area	2,645,399 SF 60.73 Acres	Net Land Area	2,645,399 SF 60.73 Acres
Utilities	Typical utilities and municipal services Terrain / Topography available to site.		Level
Easements / Encroachments	None detrimental known	Zoning	RA-5 Residential

Sale Transaction Data for BBG Event #1264530 on				Net Area	Gross Area
Transaction Date	Consideration	\$0	Price PSF		
Sale Status	Listing	Adjustments	\$5,162,050	Price Per Acre	
		Cash Equivalent Price	\$5,162,050		
Property Rights	Fee Simple				
Transaction Component	Real Estate				
Tenancy	Vacant				
Grantor	Robinson Trust				
Grantee	NA				
Comments	These two parcels do not have direct access from 7300 South and would require an access easement. According to the broker there is a dirt road access point west of the farm house. It was originally listed in Sept of 2022 and recently reduced the price from \$6,376,650 to the current asking price. DOM is 802. Zoned Agricultural and Residential 5 acre lots. Property is currently being used as hay ground. 20 shares of Strawberry, and 95 shares of River water included.				
Verification	11/11/2024 Broker Travis Olsen 801-362-7685				

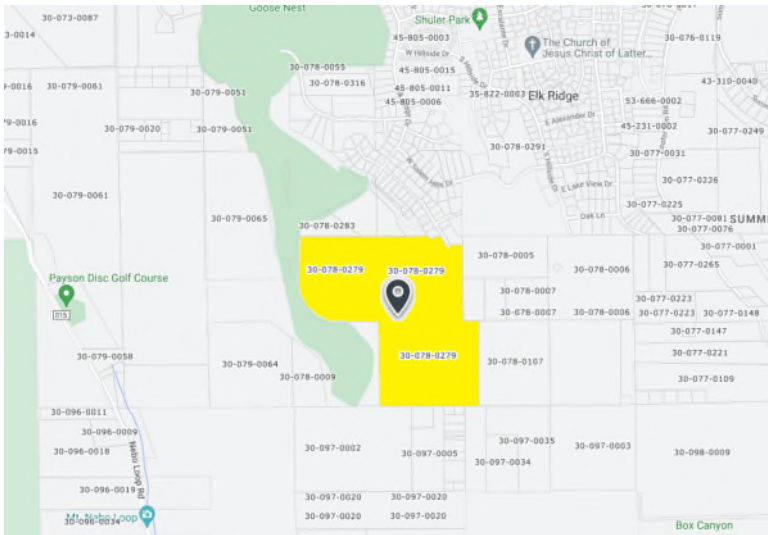
Sale Comparable #6
Vacant Land

53 High Sierra Drive South

Elk Ridge, UT 84651

Utah County

BBG Property #1091907


Property Data

Property Type/Use	Land Residential	Lat/Long	40.003443 / -111.6851
Parcel ID #	300780279	Census Tract	
Opportunity Zone	No	Frontage	
Gross Land Area	5,281,214 SF 121.24 Acres	Net Land Area	5,281,214 SF 121.24 Acres
Utilities	Typical utilities and municipal services available to site.	Terrain / Topography	Level
Easements / Encroachments	None detrimental known	Zoning	CE-3 Single Family

Sale Transaction Data for BBG Event #1264540 on				Net Area	Gross Area
Transaction Date	Consideration	\$0	Price PSF		
Sale Status	Listing	Adjustments	\$10,000,000	Price Per Acre	
		Cash Equivalent Price	\$10,000,000		
Property Rights	Fee Simple				
Transaction Component	Real Estate				
Tenancy	Vacant				
Grantor	NA				
Grantee	NA				
Comments	This 121 acres is in the path of future growth of high-end development. The property shares over half a mile of its westerly border with the Gladston Golf Course and Payson City. The property is partly fenced, hilly or sloping, which provides views of the valley. All utilities are available from the adjacent subdivision.				
Verification	11/11/2024 Broker Jed Shuler 801-360-8442				

APPRAISER QUALIFICATIONS

Profile

John is the Managing Director at BBG of the Salt Lake City region office. His experience includes valuation in multi-family properties throughout the Utah, Nevada, Idaho, and Wyoming regions. John also has experience across many other property types including LIHTC multifamily properties, single and multi-tenant retail properties, single and multi-tenant industrial properties, single and multi-tenant office properties, self-storage properties, hospitality properties, medical properties, senior housing properties, manufactured housing properties, specialty properties, and vacant land. John has performed work in primary, secondary, and tertiary markets throughout the United States.

Employment with BBG Inc. began in February 2022 as a Managing Director in Utah, Nevada, Idaho, and Wyoming regions. Prior experience John was the Managing Director for the Salt Lake City office at Colliers International Valuation & Advisory Services. John directed the valuation services for a growing office of professionals throughout a multi-state area from 2014 to 2022. John began his valuation career as a Real Estate Analyst in the newly formed Las Vegas office of PGP Valuation (acquired by Colliers) in 2006. Prior to this, John worked as a credit analyst with a regional commercial bank.

Professional Affiliations

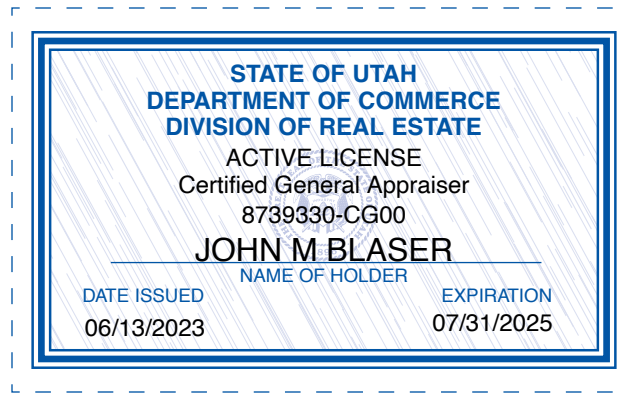
Certified General Appraiser, State of Utah (License No. 8739330-CG00)
Certified General Appraiser, State of Idaho (License No. CGA-3465)
Certified General Appraiser, State of Nevada (License No. A.0205932-CG)
Certified General Appraiser, State of Wyoming (License No. AP-1308)
Certified General Appraiser, State of California (License No. AG044409)

Education

Brigham Young University, Provo, UT
BS Finance, 2005 - (Elective Coursework in Bank & Financial Institution Management and Real Estate)

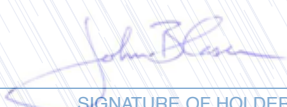
Coursework

- 15-Hour USPAP
- Basic Appraisal Principles, Appraisal I
- Basic Appraisal Procedures, Appraisal II
- Appraisal Institute's, General Appraiser Income Approach, Part I
- Appraisal Institute's, General Appraiser Income Approach, Part II
- General Appraiser Sales Comparison Approach
- General Appraiser Market Analysis and H&BU
- General Appraiser Site Valuation & Cost Approach
- General Appraiser Report Writing and Case Studies
- Statistics, Modeling, and Finance
- Appraisal Institute's – Business Practices & Ethics
- Comparative Analysis, 2017
- Small Hotel/Motel Valuation, 2017
- Rates and Ratios, Making Sense of GIMs, OARs, and DCF, 2017
- Appraisal of Small Apartments, 2018
- Appraisal of Storage Facilities, 2018
- Appraisal of Industrial and Flex Buildings, 2021
- Intermediate Income Approach Case Studies, 2021
- Commercial Land Valuation, 2021
- Evaluations, Desktops, and Other Limited Scope Appraisals, 2021



- Your license is valid until the expiration date listed on your license.
- Below is your public address of record for the division. All correspondence will be mailed to this address. If your address is incorrect, please go to <https://secure.utah.gov/relms/index.html> to update it.
- All Continuing Education must be completed by the 15th of the month of expiration in order to ensure a timely renewal.
- Inactive licenses must be renewed.
- Please visit our web site at realestate.utah.gov should you have any questions.



STATE OF UTAH	
DEPARTMENT OF COMMERCE	
DIVISION OF REAL ESTATE	
ACTIVE LICENSE	
DATE ISSUED:	06/13/2023
EXPIRATION DATE:	07/31/2025
LICENSE NUMBER:	8739330-CG00
LICENSE TYPE:	Certified General Appraiser
ISSUED TO:	JOHN M BLASER
	6965 SOUTH UNION PARK CENTER
	BUILDING 7, SUITE 460
	COTTONWOOD HEIGHTS UT 84047
 SIGNATURE OF HOLDER	 REAL ESTATE DIVISION DIRECTOR

Profile

Kyle is a Director at BBG in the Salt Lake City office. He has 20 years of full-time appraising and consulting experience and holds a B.A. Accounting degree from Utah State University. He is a certified appraiser in Utah and Nevada and has been involved in assignments throughout the western United States. His experience covers all real estate markets including land, industrial, residential and commercial properties, master planned communities and other land development projects, special purpose including “going concern” values for cemeteries, funeral homes, car washes, and gas stations, and recreational properties including elk and cattle ranches. His primary focus is multi-family assignments and “going concern” valuations.

Professional Affiliations

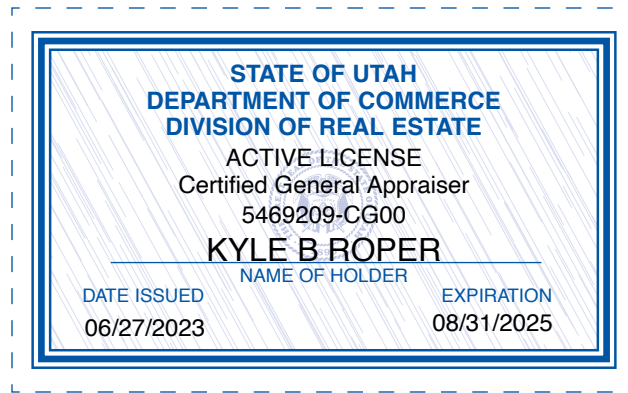
State of Utah (License No. 5469209-CG00)
State of Nevada (License No. A.0208630-CG)
Designated Member of The Appraisal Institute (MAI)

Education

Bachelor of Arts, Utah State University, Logan UT. April 1983

Coursework

- Appraisal Principles (Course 110) Appraisal Institute
- Appraisal Procedures (Course 120) Appraisal Institute
- USPAP (Course 410) Appraisal Institute
- Highest & Best Use and Market Analysis (Course 520) Appraisal Institute
- Advanced Applications (Course 550) Appraisal Institute
- Sales Comparison Approach of Small, Mixed-Use Properties (Course 620) Appraisal Institute
- Office Building Valuation: A Contemporary Perspective
- Advanced Income Capitalization (Course 510) Appraisal Institute
- Advanced Sales Comparison & Cost Approaches (Course 530) Appraisal Institute
- General Appraiser Report Writing and Case Studies, Appraisal Institute
- Evaluating Commercial Construction
- Large Industrial Building Valuation-McKissock
- Green Building Concepts-McKissock
- Best Practices for Completing Bifurcated and Hybrid Appraisals - McKissock



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- Please visit our web site at realestate.utah.gov should you have any questions.



STATE OF UTAH	
DEPARTMENT OF COMMERCE	
DIVISION OF REAL ESTATE	
ACTIVE LICENSE	
DATE ISSUED:	06/27/2023
EXPIRATION DATE:	08/31/2025
LICENSE NUMBER:	5469209-CG00
LICENSE TYPE:	Certified General Appraiser
ISSUED TO:	KYLE B ROPER
	1160 E TELEGRAPH ST 40
	WASHINGTON CITY UT 84780
	
SIGNATURE OF HOLDER	REAL ESTATE DIVISION DIRECTOR

EXHIBIT E

ACKNOWLEDGEMENT, WAIVER AND CONSENT AGREEMENT

ACKNOWLEDGMENT, WAIVER AND CONSENT AGREEMENT

This Acknowledgment, Waiver and Consent Agreement (this “Agreement”) is entered into December 5, 2024, by Arrowhead Springs Development LLC, a Utah limited liability company (the “Owner”).

RECITALS:

1. As of the date hereof, the Owner owns the real property described in Exhibit A attached hereto (the “Subject Property”), which constitutes all of the property to be assessed within the Assessment Area described herein.

2. The Owner acknowledges that the Arrowhead Springs Public Infrastructure District (the “District”) has previously designated an assessment area pursuant to the Assessment Area Act, Title 11, Chapter 42, Utah Code Annotated 1953, as amended (the “Act”), for purposes of constructing publicly owned infrastructure, facilities or systems along with other necessary miscellaneous improvements (the “Improvements”), pursuant to an assessment ordinance previously adopted and amended by the District (the “Original Assessment Ordinance”) and desires that the District approve an Amended and Restated Assessment Ordinance in order to amend and restate the Original Assessment Ordinance.

3. Estimated costs for the Improvements, including estimated overhead costs, administrative costs, costs of funding reserves, and debt issuance costs, is now estimated at \$33,896,054, of which \$25,000,000 shall be assessed shall be levied against the properties benefited within the Assessment Area (defined herein). The Owner anticipates using other funding to complete the remainder of the Improvements. If the Assessments and additional funding are not sufficient to complete the Improvements, the Owner hereby agrees to pay to complete the Improvements, including, but not limited to, an additional assessment on the Owner’s property without any ability to contest such assessment.

4. Pursuant to the Act, the Board of Trustees of the District (the “Board”) has or is expected to approve (i) an Amended and Restated Designation Resolution, a copy of which is attached hereto as Exhibit B (the “Designation Resolution”) designating an assessment area to be known as the “Arrowhead Springs Assessment Area” (the “Assessment Area”) and (ii) an Amended and Restated Assessment Ordinance for the Assessment Area (the “Assessment Ordinance”), a copy of which is attached hereto as Exhibit C, which, among other things, contemplates the reallocation and adjustment of the Assessments by the District among subdivided parcels within the Assessment Area.

5. The Owner and the District desire to include the Subject Property in the Assessment Area and to expedite such process by waiving certain statutory procedures as permitted by the Act for the purpose of accelerating the financing of the Improvements.

NOW, THEREFORE, in consideration of the premises stated herein, the inclusion of the Subject Property in the Assessment Area, the acquisition, construction and installation of the Improvements and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Owner hereby agrees as follows:

Section 1. Representations and Warranties of the Owner. The Owner hereby represents and warrants that:

(a) the Owner is the sole owner of the Subject Property identified as such in Exhibit A attached hereto;

(b) the Owner has taken all action necessary to execute and deliver this Agreement;

(c) the execution and delivery of this Agreement by the Owner does not conflict with, violate, or constitute on the part of the Owner a breach or violation of any of the terms and provisions of, or constitute a default under (i) any existing constitution, law, or administrative rule or regulation, decree, order, or judgment; (ii) any corporate restriction or any bond, debenture, note, mortgage, indenture, agreement, or other instrument to which the Owner is a party or by which the Owner is or may be bound or to which any of the property or assets of the Owner is or may be subject; or (iii) the creation and governing instruments of the Owner, if applicable;

(d) there is no action, suit, proceeding, inquiry, or investigation at law or in equity by or before any court or public board or body and to which the Owner is a party, or threatened against the Owner (i) seeking to restrain or enjoin the levy or collection of the Assessments, (ii) contesting or affecting the establishment or existence, of the Owner or any of its officers or employees, its assets, property or conditions, financial or otherwise, or contesting or affecting any of the powers of the Owner, including its power to develop the Subject Property, or (iii) wherein an unfavorable decision, ruling, or finding would adversely affect the validity or enforceability or the execution and delivery by the Owner of this Agreement;

(e) the Owner has not made an assignment for the benefit of creditors, filed a petition in bankruptcy, petitioned or applied to any tribunal for the appointment of a custodian, receiver or any trustee or commenced any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction. The Owner has not indicated their consent to, or approval of, or failed to object timely to, any petition in bankruptcy, application or proceeding or order for relief or the appointment of a custodian, receiver or any trustee;

(f) the Owner is not in default under any resolution, agreement or indenture, mortgage, lease, deed of trust, note or other instrument to which the Owner is subject, or by which it or its properties are or may be bound, which would have a material adverse effect on the development of the Subject Property;

(g) the Owner is in compliance and will comply in all material respects with all provisions of applicable law relating to the development of the Subject Property, including applying for all necessary permits;

(h) the Owner hereby consents in all respects to the Improvements and assessment methodology as described in the Designation Resolution and Assessment Ordinance, including as provided in the Act;

(i) the assessment bonds, together with funds and loans of the Owner, will be sufficient to complete the Improvements in order to achieve finished lots as contemplated in the Appraisal Report for Arrowhead Springs Public Infrastructure District, prepared by BBG, Inc., dated November 19, 2024;

(j) the Subject Property is located in Utah County, Utah, and the legal description of the Subject Property contained in the Designation Resolution, Assessment Ordinance, and Exhibit A hereto is an accurate and complete description of the real property it is intended to describe; and

(k) the undersigned are authorized to execute and deliver this Agreement for and on behalf of the Owner.

Section 2. Acknowledgment by the Owner. The Owner on behalf of itself, and its successors in title and assigns, hereby acknowledges and certifies that:

(a) the undersigned, on behalf of the Owner, are duly qualified representatives of the Owner with the power and authority to execute this Agreement for and on behalf of the Owner and have heretofore consulted their own counsel prior to the execution and delivery of this Agreement;

(b) the Owner has received a copy of the Designation Resolution, the Assessment Ordinance and any other information necessary to execute this Agreement;

(c) the consents set forth in Section 3 herein will benefit the Owner by expediting the assessment process and providing for the financing of the Improvements by the issuance of assessment bonds;

(d) the Assessments constitute a legal, valid and binding lien on the Subject Property;

(e) the Assessment Ordinance and the rights of the District thereunder with respect to the enforcement of the lien of the Assessments and all other conditions therein;

(f) the Owner has provided the pertinent information supporting the estimated cost of the Improvements, the allocation of Equivalent Residential Units ("ERUs") in the Assessment Area, the property description and tax parcel identifications of the Subject Property and the Assessment Area and the assessment list attached to the Assessment Ordinance, and the District is relying on this Agreement in order to issue its assessment bonds related to the Improvements;

(g) the levy of the Assessments on the Subject Property will not conflict with or constitute a breach of or default under any agreement, mortgage, lien or other instrument to which the Owner is a party or to which its property or assets are subject;

(h) the Owner further acknowledges and agrees that if for any reason the Assessments are insufficient to complete the Improvements, the property owners within the Assessment Area may be responsible for paying any pro-rata share of additional costs required to complete the Improvements, including, but not limited to, an additional assessment on their property without any ability to contest such assessment;

(i) notwithstanding Section 11-42-206(3)(e) of the Act, the Owner has provided the legal description and tax identification number of each parcel of property within the Assessment Area and shall be responsible for any errors related to such information;

(j) the District cannot guaranty or predict the interest rates of the assessment bonds related to the Assessment Area, which will have a direct impact on the amount of the Assessments;

(k) each parcel of property (including subdivided parcels, if applicable) within the Assessment Area shall initially have an allocation of ERUs;

(l) the amount of the Assessment on the Subject Property reflects an equitable portion of the benefit the Subject Property will receive from the Improvements, but nevertheless, the Owner hereby consents to such Assessment as provided in Section 11-42-409(5) of the Act; and

(m) the Owner has received consents to the Assessment and issuance of the assessment bonds described herein from all lienholders on the Subject Property whose consent is required.

Section 3. Consent by Owner. The Owner, on behalf of itself, and its successors in title and assigns, hereby consents to:

(a) the inclusion of the Subject Property in the Assessment Area and the designation of the Assessment Area for the purpose of financing the cost of the Improvements with assessments to be levied against properties within said Assessment Area, including the Subject Property, all as described in the Designation Resolution, the estimated costs of the Improvements, the method of assessment, and the Assessment Ordinance;

(b) the District financing the acquisition, construction and installation of the Improvements through the issuance of assessment bonds as provided in the Act;

(c) the allocation of Assessments as described in Exhibit A hereto and as further described in the Assessment Ordinance, including the number of ERUs attributable to each unit type;

(d) aggregation of all Assessments of all properties owned by the same owner (including an affiliate of such owner) as a single unified assessment against all properties owned by the same owner, as further described in the Assessment Ordinance;

(e) in accordance with Section 2(f) above, the Owner was responsible for providing the legal description and tax identification number of each parcel of property within the Assessment Area, in the event of a shortfall described in Section 11-42-206(3)(e) of the Act, the Owner consents and agrees (i) to be held liable for and (ii) to pay such shortfall on behalf of the District;

(f) all foreclosure remedies of the Subject Property in accordance with the Act and the Assessment Ordinance;

(g) not suing or enjoining the levy, collection, or enforcement of the Assessment levied pursuant to the Assessment Ordinance or in any manner attacking or questioning the legality of said Assessment levied within the Assessment Area pursuant to the Assessment Ordinance;

(h) the District imposing assessments to be paid in installments over a period of not to exceed thirty (30) years from the effective date of the Assessment Ordinance;

(i) the District appointing the Foreclosure Agent including any successor thereto, to process and carry out, on behalf of the District, any foreclosure of Assessments pursuant to the Assessment Ordinance and the indenture for the assessment bonds and the District assigning all rights of collection of delinquent Assessments to the Foreclosure Agent, as collection agent for the District; and

(j) the payment of Assessments which are not in substantially equal installments of principal or substantially equal amounts of principal and interest, and consents to the payment of Assessments in accordance with the debt service on the assessment bonds as shall be established in the indenture(s) relating to such bonds.

Section 4. Waiver. The Owner, on behalf of itself, and its successors in title and assigns, hereby waives:

(a) any and all notice and hearing requirements set forth in the Act;

(b) its rights for contesting, protesting, or challenging the legality or validity of the equitability or fairness of the Assessments, or the creation and establishing of the Assessment Area, the adopting of the Assessment Ordinance or

the levy and collection of Assessments pursuant to the Assessment Ordinance, whether by notice to the District or by judicial proceedings, or by any other means;

(c) the right to have appointed by the District a board of equalization and review which would hear aggrieved property owners and recommend adjustments in assessments, if deemed appropriate, the right to a hearing before a board of equalization and review and the right to appeal from any determination of a board of equalization and review as provided in the Act;

(d) the right to pay cash for its assessment during a cash prepayment period which would otherwise extend for twenty-five (25) days after the adoption and publication of the Assessment Ordinance as provided in the Act;

(e) any right to contest its assessment, including but not limited to the 60-day contestability period provided in Section 11-42-106 of the Act;

(f) any right to contest that the Improvements qualify as a publicly owned infrastructure, system or other facility that (i) the District is authorized to provide or (ii) is necessary or convenient to enable the District to provide a service that the District is authorized to provide and the Owner further acknowledges that it has consulted with counsel regarding the same; and

(g) any other procedures that the District may be required to follow in order to designate an assessment area or to levy an assessment as described in the Designation Resolution and the Assessment Ordinance.

Section 5. Amendment. The Owner hereby acknowledges that bond counsel will rely on the representations, warranties, acknowledgments, consents, and agreements herein contained in issuing opinions relating to the levy of the assessments and the issuance of assessment bonds and consequently agrees that this Agreement may not be amended, modified, or changed without the prior written consent of the District and such bond counsel.

Section 6. Severability. The invalidity or un-enforceability in particular circumstances of any provision of this Agreement shall not extend beyond such provision or circumstances and no other provision hereof shall be affected by such invalidity or un-enforceability.

Section 7. Headings. The headings of the sections of this Agreement are inserted for convenience only and shall not affect the meaning or interpretation hereof.

Section 8. Successors and Assigns. This Agreement shall be binding upon the Owner and its successors and assigns.

Section 9. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Utah.

Section 10. Counterparts. This Agreement may be executed in several counterparts, all or any of which may be treated for all purposes as an original and shall constitute and be one and the same instrument.

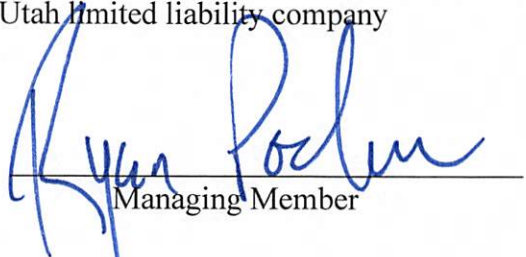
Section 11. Defined Terms. Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to such terms in the Assessment Ordinance.

IN WITNESS WHEREOF, the undersigned, on behalf of the Owner, has hereunto executed this Agreement as of the date first hereinabove set forth.

OWNER:

ARROWHEAD SPRINGS DEVELOPMENT
LLC, a Utah limited liability company

By:

A handwritten signature in blue ink, appearing to read "Ryan Poelman", is written over a horizontal line.

Managing Member

The name "Ryan Poelman" is handwritten in blue ink below the signature line.

**[EXHIBIT A
TO ACKNOWLEDGMENT WAIVER AND CONSENT AGREEMENT
EXCLUDED TO AVOID DUPLICATION]**

EXHIBIT B

AMENDED AND RESTATED DESIGNATION RESOLUTION

**[EXHIBIT B
TO ACKNOWLEDGMENT WAIVER AND CONSENT AGREEMENT
EXCLUDED TO AVOID DUPLICATION]**

EXHIBIT C

AMENDED AND RESTATED ASSESSMENT ORDINANCE

**[EXHIBIT C
TO ACKNOWLEDGMENT WAIVER AND CONSENT AGREEMENT
EXCLUDED TO AVOID DUPLICATION]**