



UTAH SYSTEM OF
HIGHER EDUCATION

MEMORANDUM

TAB A

February 2, 2022

Utah Valley University – Non-State Funded Projects

Policy R702, *Non-State Funded Projects* requires the Board to review and authorize capital projects funded through private and/or non-state institutional funds when costs exceed \$5 million. Utah Valley University requests Board approval for the purchase of two existing buildings:

1. The Champions Building in Orem, Utah, \$8.2 million purchase price
2. The Lehi 2 Building at Thanksgiving Point in Lehi, Utah, \$21.25 million purchase price

Additional information about the projects is provided in the attached letter and materials from the University.

Commissioner's Recommendation

The Commissioner recommends the Board review this request carefully and approve the projects.

Attachments



UTAH VALLEY UNIVERSITY

VICE PRESIDENT OF ADMINISTRATION & STRATEGIC RELATIONS

January 31, 2022

Commissioner David Woolstenhulme
Utah System of Higher Education
60 South 400 West
Salt Lake City, UT 84101-1284

Subject: Request to Purchase Champions Building

Dear Commissioner Woolstenhulme,

Pursuant to Policy R703, Utah Valley University is requesting approval from the Board of Higher Education to purchase the Champions Building in Orem, Utah. This purchase was approved by our Board of Trustees at their January 27, 2022 meeting. The building has most recently been used by Alpine School District as their alternate high school.

We will use funds currently in our dedicated projects account for the purchase. The price for the building is \$8,200,000, an appraisal is attached.

Please feel free to contact me if you have any questions or concerns about this purchase.

Best regards,

A handwritten signature in black ink, appearing to read 'Val Peterson', with a long horizontal flourish extending to the right.

Val L. Peterson
Vice President of Administration and Strategic Relations
Utah Valley University

Cc: Juliette Tennert, Chief Financial Officer
Malin Francis, Director of Facilities and Planning

Attachment: Champions Building Appraisal Report

APPRAISAL REPORT

Polaris High School Property
1551 West 1000 South
Orem, Utah 84059



Phone: 801.610.9555 • 45 N. 490 W. (Cypress Park) American Fork, Utah 84003 • Fax: 801.763.5992



GURNEY & ASSOCIATES

REAL ESTATE APPRAISERS

Todd Gurney, MAI
Tyler Gurney

June 14, 2021

Alpine School District
Attn: Rob Smith
575 North 100 East
American Fork, Utah 84003

**RE: Polaris High School Property
1551 West 1000 South
Orem, Utah 84059**

Dear Rob:

At your request, I have performed an appraisal analysis of the above-referenced school property. The building has 48,366 rentable sq. ft. with main and partial upper levels. The total site area is 4.952 acres. The subject is parcels 49-286-0001 to -0012, as well as parcel 18-026-0071 on Utah County records; Legal Descriptions are included herein.

This appraisal provides an estimate of the market value. The property rights appraised are fee simple (under a condo format for most of the property). No personal property or business values are included in this valuation analysis. Based on the results of my analysis, I estimate the market value of the subject property, as of the effective appraisal date (May 14, 2021), to be as follows:

\$8,200,000

**** EIGHT MILLION TWO HUNDRED THOUSAND DOLLARS ****

This value is contingent upon the Extraordinary Assumptions on page 28 of this report. Based on my research and analyses, I have concluded that the estimated exposure time to achieve the value estimated herein is approximately 12 months. The probable marketing time is 12 months as well.

Please find attached the documentation and supportive exhibits that comprise the appraisal report. The appraisal report was prepared in accordance with the Code of Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation. This is an *Appraisal Report* and all applicable approaches to value are developed.

Please advise if I can be of any further assistance.

Respectfully submitted,



TODD GURNEY, MAI

Utah State Certified General Appraiser Certificate 5487768-CG00 Expires 7-31-22
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File 34521R
Attachments

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Summary of Important Data

The following grid summarizes the important data of this appraisal. The value conclusions are contingent upon the Extraordinary Assumptions on page 28 of this report.

Property Appraised	Polaris High School Property 1551 West 1000 South, Orem, Utah 84059		
Type and Definition of Value	This appraisal provides an estimate of the market value of the subject. The market value definition can be found later herein. Fee simple property rights with no personal property or business values included.		
Intended Use/User of the Appraisal	This appraisal is to assist the client in ascertaining the value of the subject for possible selling purposes. The intended user is the client: Alpine School District. There are no other intended uses or intended users of this appraisal.		
Client/Owner	Alpine School District		
Appraiser	Todd Gurney, MAI (5487768-CG00)		
Exposure Time	Up to 12 months		
Important Appraisal Dates	The inspection and effective appraisal dates are May 14, 2021. The appraisal report date is June 14, 2021.		
Brief Property Description	Parcels 49-286-0001 to -0012 on Utah County records, as well as parcel 18-026-0071. The location is in an industrial zone of southwest, Orem, Utah. The original building age is about 24 years; however, much remodeling and upgrading have been done over the years including a school conversion in 2005. The building exterior includes stucco, brick, metal, and block. The building has 48,366 rentable sq. ft. with main and partial upper levels. The land area is 4.952 acres zoned CM Controlled Manufacturing. The land value as though vacant is \$2,600,000.		
Approach Values	Reproduction Cost Not Applicable	Sales Comparison \$8,200,000	Income Capitalization \$8,210,000
Final Value Conclusion	\$8,200,000		



Subject Exterior Views



Subject Exterior Views



Views of East Field



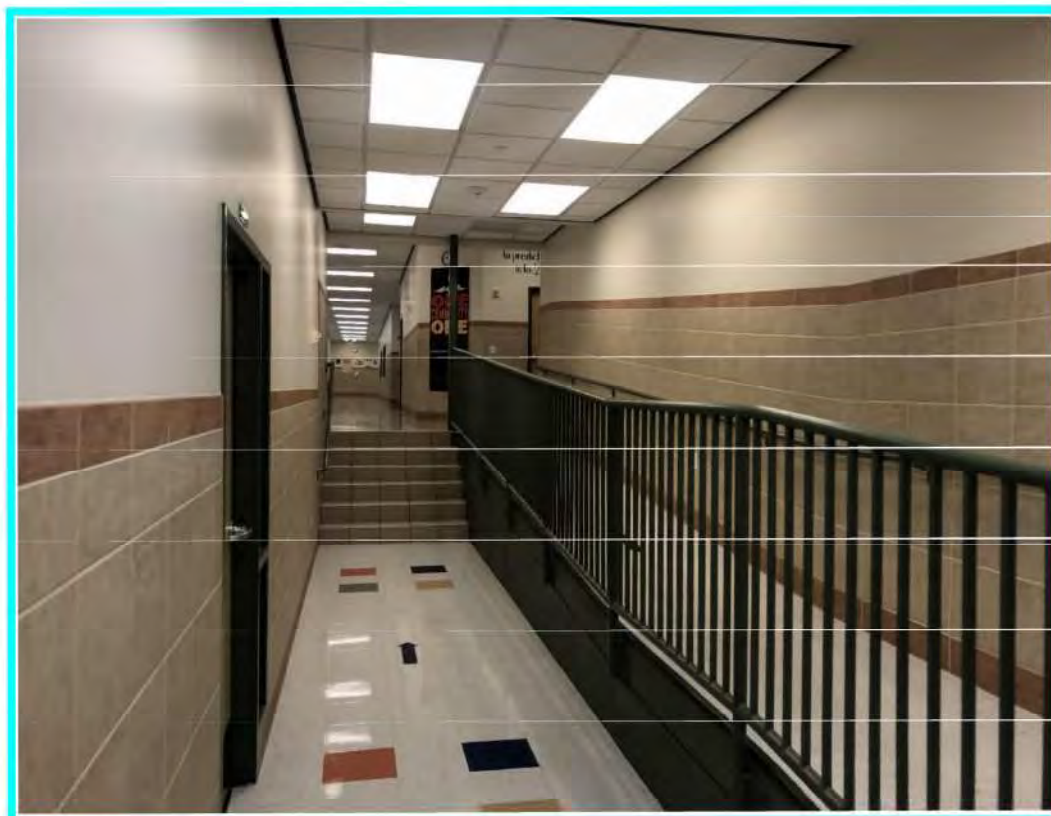
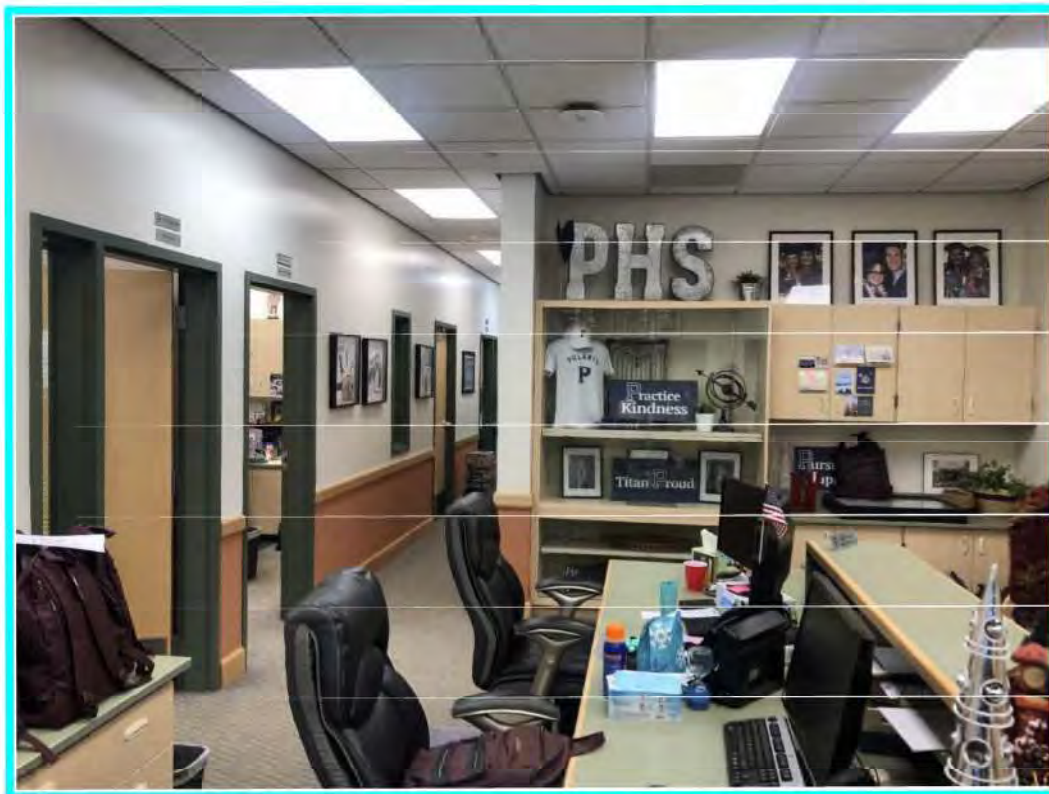
Views of Front Parking and Driveway Area



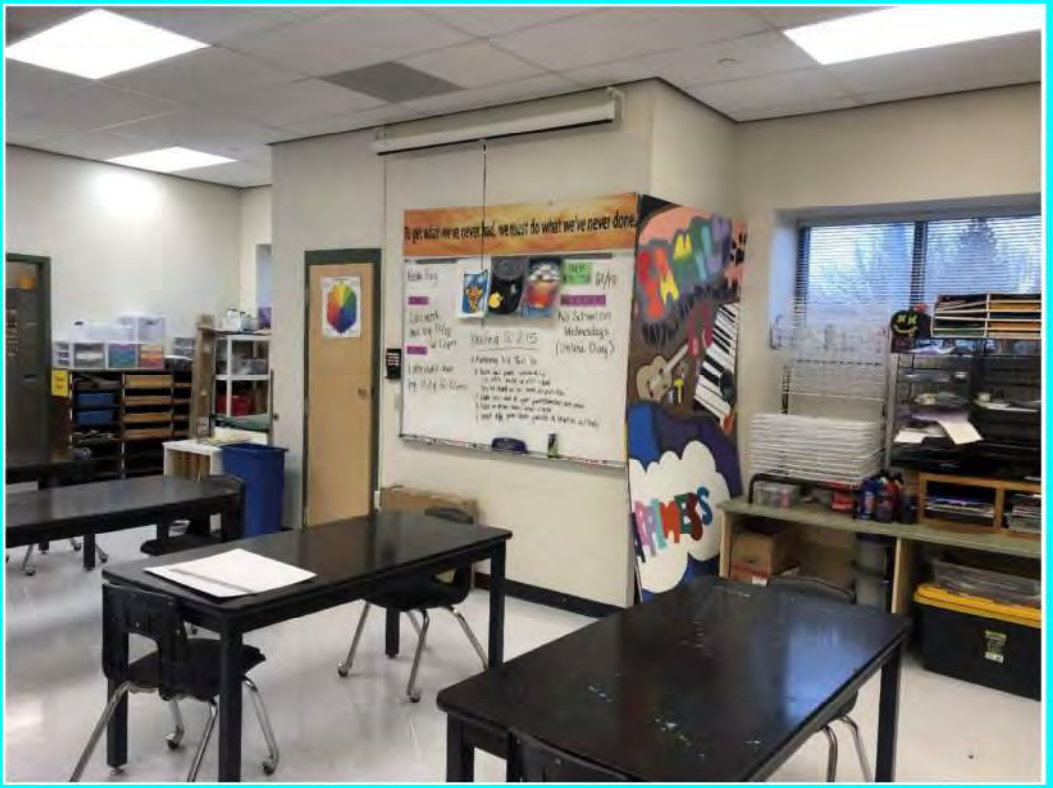
Subject SW Parking Views



Subject Interior Views – Main Level



Subject Interior Views – Main Level



Subject Interior Views – Main Level



Subject Interior Views – Main Level



Subject Interior Views – Main Level



Subject Interior Views – Main Level



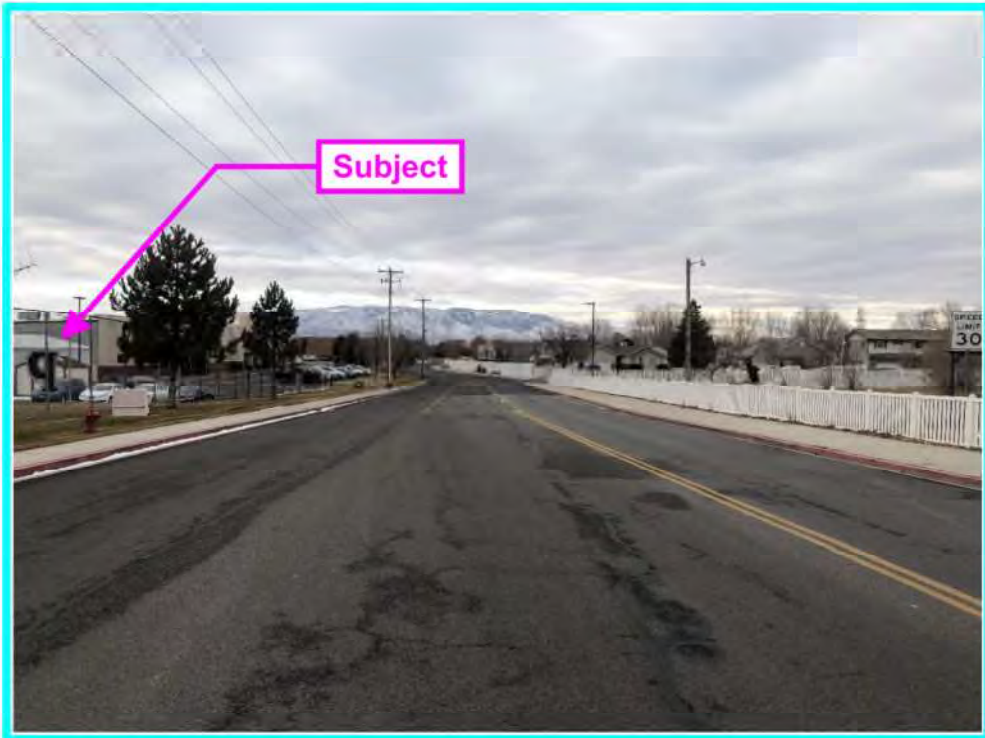
Subject Interior Views – Upper Level



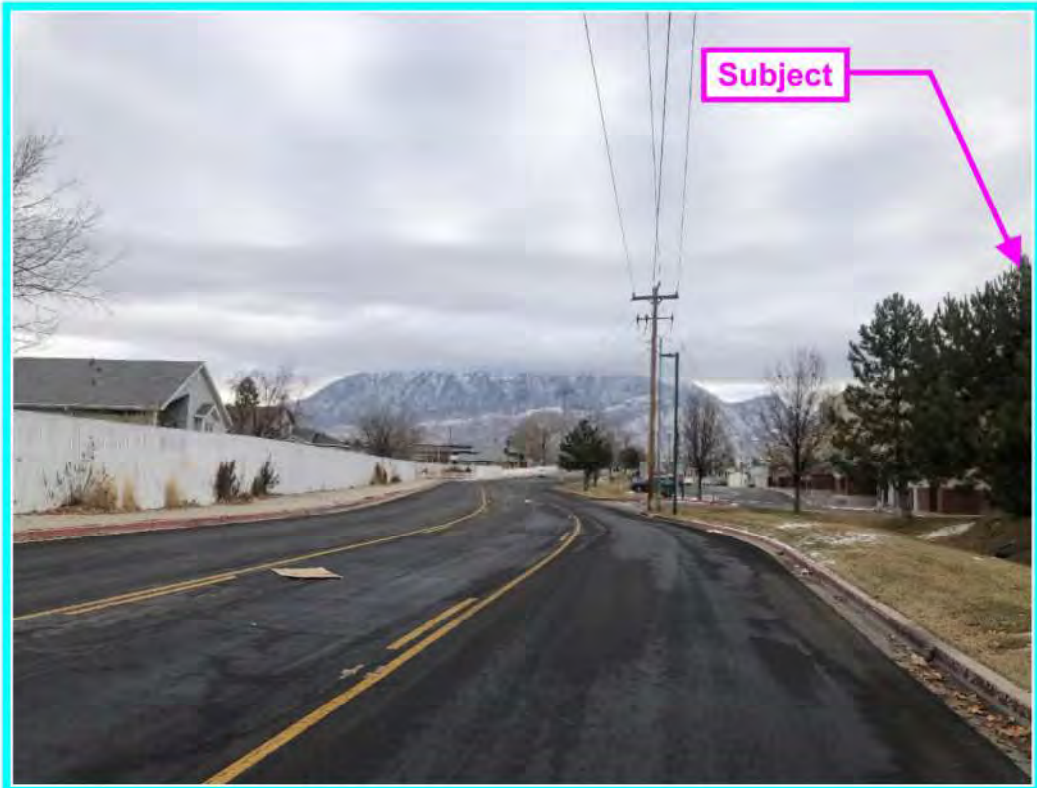
Subject Interior Views – Upper Level



Subject Street Views



**Looking West
along 1000 South**



**Looking East
along 1000 South**

Views of Other Nearby Properties



**Adjoining
Office/Warehouse
Units to the West**

**Nearby UVU to
the East**



Defining the Appraisal

Identification and Recent History of Subject Property

The subject is the Polaris High School property in southwest Orem, Utah close to Utah Valley University (UVU). The site area is 4.952 acres zoned CM Controlled Manufacturing. The original building age is about 24 years, and the building was first designed as an office/warehouse facility. However, much remodeling has been done in recent years including a school conversion in 2005. The building exterior includes stucco, brick, metal, and block. The building has 48,366 rentable sq. ft. with main and partial upper levels. The recorded plat shows six future office/warehouse condos to be constructed to the immediate east of the existing building, but this land area is most utilized as an improved field for the school at the present time.

The subject owner of record is Alpine School District, which has owned the property for several years. The subject is currently utilized as Polaris High School, an alternative school; most of the upper level is also utilized as Summit High School, another alternative school.

Currently, Alpine School District is considering declaring the subject property as surplus and offering it for sale on the open market; however, no listing has yet occurred. No known sales, listings, or options involving the subject property have occurred in recent years.

County Assessor's Data

The subject is parcels 49-286-0001 to -0012 on Utah County records, as well as parcel 18-026-0071. Because the property is owned by a tax-exempt entity, no assessed value or property tax information is available.

Legal Descriptions

The subject Legal Descriptions, according to a title report, are included in the Addendum section of this report.

Real Property Interest

The subject property is owner occupied and not leased. Thus, the property rights appraised are *fee simple*. No personal property or business values are included in this valuation analysis.

Competency Provision

The appropriate steps have been taken to complete this appraisal assignment competently. I have appraised many similar types of properties over the past few years; a detailed list of these other assignments can be provided upon request.

Scope of Work and Important Date(s) of the Appraisal

To develop the opinion of value, I performed the scope of work necessary to develop credible assignment results. I have performed appraisal services in regard to the subject property within the past three years (appraisal for Alpine School District in January 2021).

I inspected the subject property and surrounding neighborhood in December 2020; for this appraisal analysis, the client did not request a new interior inspection but I did inspect the exterior. Note that the Subject Photos of this report were mostly taken in December 2020. I consulted with Frank Pulley (director of physical facilities); examined a previous appraisal; gathered information about the property and comparable properties; confirmed and analyzed this data; and derived value conclusions via two of the three approaches to value. The cost approach is not meaningful given the age of the building improvements.

This Appraisal Report is a brief recapitulation of the appraiser's data, analyses, and conclusions. Supporting documentation is retained in my appraiser work file. The inspection and effective appraisal dates are *May 14, 2021*. The report date is *June 9, 2021*.

Intended User/Users of Appraisal

This appraisal is to assist the client in ascertaining the value of the subject for possible selling purposes. The intended user is the client: Alpine School District. There are no other intended uses or intended users of this appraisal.

Reasonable Exposure and Marketing Time

Based on my analysis of the subject market over the last several months, it is estimated that an appropriate exposure time for the subject would be up to *12 months*. It is anticipated that a reasonable marketing period to sell the subject property should not exceed *12 months* from the effective date of this appraisal.

Type and Definition of Value

This appraisal determines the current as-is market value. A current definition of market value agreed upon by agencies that regulate U.S. federal financial institutions is as follows:

Market Value means 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 is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- 1. buyer and seller are typically motivated;*
- 2. both parties are well informed or well advised and acting in what they consider their own best interests;*
- 3. a reasonable time is allowed for exposure in the open market;*
- 4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- 5. the price represents the normal consideration for the property sold unaffected by special or creative financing of sales concessions granted by anyone associated with the sale.*

U.S. Office of the Comptroller of the Currency, 12 CFR Part 34.42g

Standard Assumptions and Limiting Conditions

The following standard assumptions and limiting conditions apply for this appraisal:

- 1. This is an Appraisal Report that is intended to comply with the reporting requirements set forth under the Uniform Standards of Professional Appraisal Practice. It presents summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussions contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.*
- 2. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.*
- 3. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.*
- 4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.*
- 5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.*
- 6. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.*
- 7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.*
- 8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.*
- 9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.*
- 10. It is assumed that all required licenses, certificates of occupancy, or other legislative or administrative authority from any local, state, or national governmental, or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.*
- 11. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.*
- 12. It is assumed that the utilization of the land and improvements is within the boundaries of property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.*

13. *The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.*
14. *Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.*
15. *Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.*
16. *The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.*
17. *Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with proper written qualification and only in its entirety.*
18. *Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.*

Extraordinary Assumptions

The following extraordinary assumptions apply. I believe these items are true but cannot verify them. These assumptions may affect the assignment results of this report.

1. The east portion of the subject site is recorded as Units 1 to 12 of Parkwood Industrial Center Condominiums. Only Units 7 to 12 have been developed with a building; the balance of the property is utilized as field and parking area. The common area for the project was formerly shown in the name of Utah County on county records. However, I understand that this recording error has since been corrected; I understand and assume that the entire property is owned and controlled by Alpine School District. Note that the subject is not appraised with excess land in this analysis since the overall building-to-land ratio is typical for a school property in the subject area.
2. A title report was provided for examination as part of this appraisal. It appears that no significant adverse easement or title problems now exist that would render the property less valuable; I assume that this is correct.
3. The rentable building size is based on measurements provided by Alpine School District; these measurements coincide quite closely with appraiser measurements and are assumed to be accurate for purposes of this analysis. The original building age is based on a previous appraisal; the school renovation year (2005) is based on input from Frank Pulley of Alpine School District. The site size is estimated from the recorded plat and county records. These figures are approximate but are assumed to be reliable for purposes of this appraisal.
4. I inspected the building interior in December 2020, and the client did not request a new interior inspection for this appraisal; thus, the Subject Photos of this report are mostly from December 2020. I assume that the subject property is still well maintained with no deferred maintenance of any significance. Note that I am not a qualified building inspector.
5. The subject appears to be located in a FEMA Flood Zone X, which is outside the 500-year flood plain with less than 0.2% annual probability of flooding. I assume that this is correct. See Flood Zone Map in the Addendum.
6. Utah is a non-disclosure state; in other words, sale prices for property transactions are not made public as in most other states. The sources of comparable information are identified in this report -- both they and the data are considered reliable and have been confirmed whenever possible with at least one party that had direct knowledge of the transaction. When conflicting information was provided, the source deemed most reliable has been used. Data believed to be unreliable has not been included in the report nor used as a basis for the value conclusion.

Preliminary Analysis

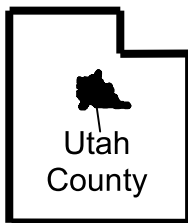
State, County, and City Data

The subject state, county, and city influences are summarized as follows:

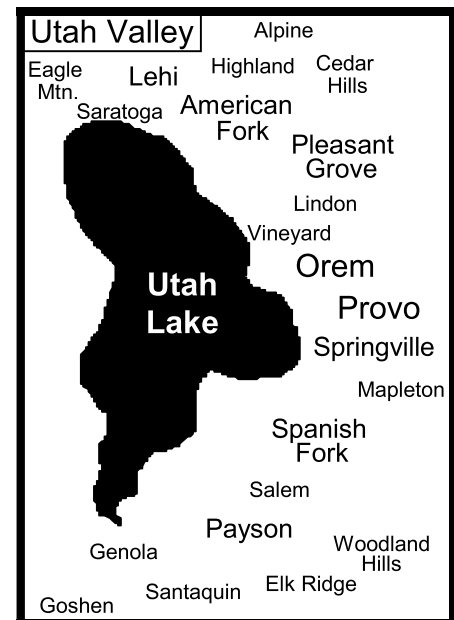
State Influences. Utah has a diverse job sector including a strong technology base. The work force is younger and more educated than the national work force; Utah has the highest birth rate in the nation and the lowest median age. U.S. News & World Report recently ranked Utah 4th overall in its annual state rankings; this includes rankings of 2nd for economic strength, 3rd for infrastructure, and 5th for fiscal responsibility. The 2020 census population was nearly 3.28 million. Utah is the 30th most populated state and ranked 1st in overall population growth from 2010 to 2020 with overall growth of 18.4% during this time period.



County Influences. Utah County has a 2019 census population of 636,235, making it the 2nd largest county in Utah. Population growth in Utah County was 2.3% from 2018 to 2019. During 2019, Utah County experienced more population growth than any other county in the state. The major social and economic center of Utah County is Brigham Young University (BYU) in Provo with its over 34,000 students and numerous educational, cultural, and athletic programs. Utah Valley University (UVU) in Orem is also a very significant institution and employer with a current enrollment of nearly 40,000. Other major employers in Utah County include Utah Valley Hospital, Vivint, Adobe, DoTerra, IM Flash, and Nestle. Forbes recently named Provo one of the top ten cities in the U.S. for future job growth.



City Influences. As shown on the map to the right, the city of Orem is in the central part of Utah Valley, which includes almost all populated areas of Utah County. Orem has a 2019 population estimate of 97,828, making it the fifth largest city in the state. Population growth averaged 1.14% annually in Orem from 2010 to 2019. Orem enjoys the presence of several of the county's major employers including Utah Valley University (UVU) and several large shopping centers; also, a large new temple for The Church of Jesus Christ of Latter-day Saints will be built in southwest Orem in the coming years. Overall, Orem is now over 90% built up and has a broad variety of land uses. See Orem Zone Map on the next page.



Neighborhood Description

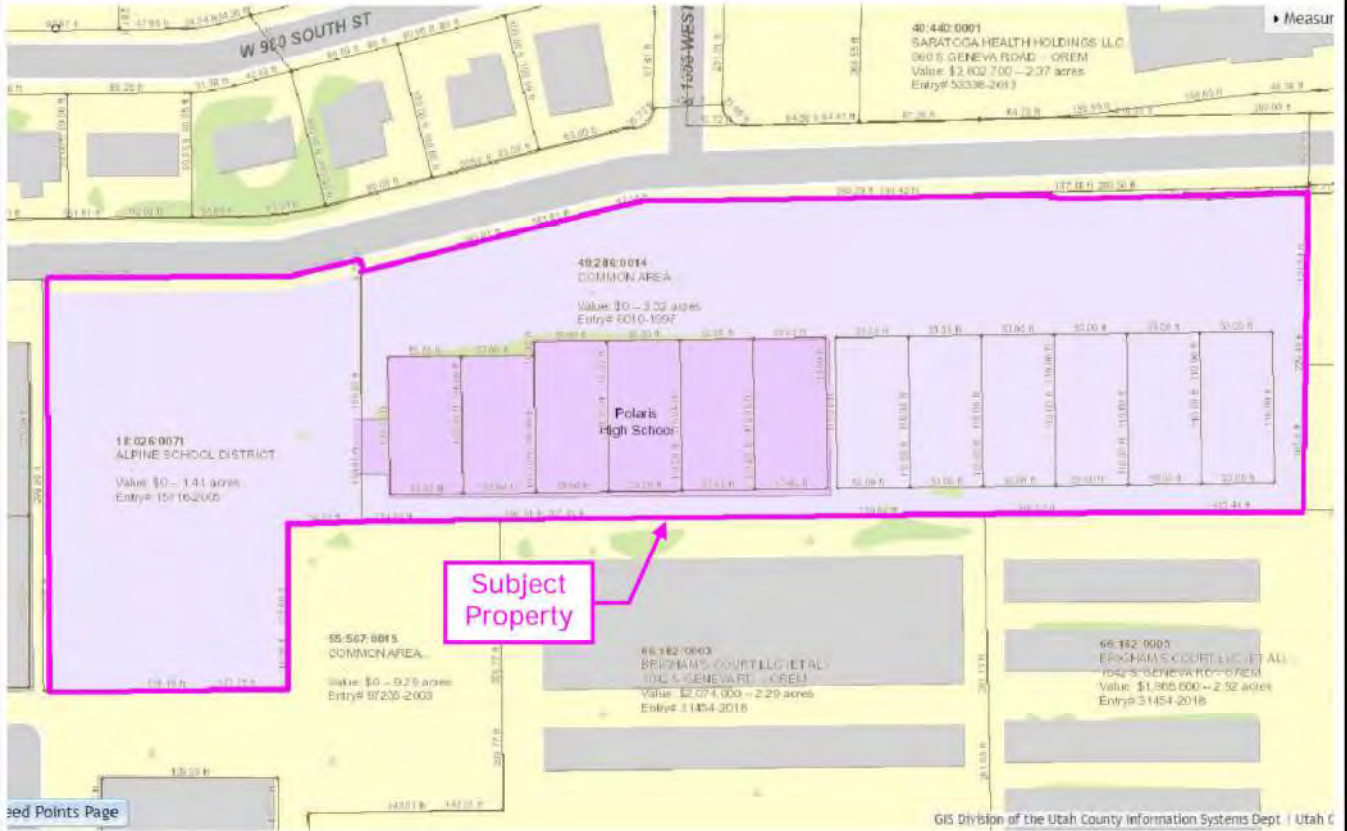
The following grid describes the subject neighborhood:

Location	Southwest Orem
Boundaries	Neighborhood boundaries define the geographical area that influences the subject value and are determined to be basically the Orem City limits west of 400 West and south of Center Street.
Stage in the Neighborhood Life Cycle	The four stages of development in the Neighborhood Life Cycle are 1) Growth, 2) Stability, 3) Decline, and 4) Revitalization. The subject neighborhood is determined to be in the <i>Growth</i> stage as much commercial/industrial/residential development has occurred; there is still some development land in southwest Orem to accommodate future growth as well.
Land Use Trends	The area west of the freeway has a mixture of educational, office, light industrial, retail, and residential uses (including student housing). The area east of the freeway includes these same uses without the light industrial.
Supply and Demand for Subject Property Type	The overall commercial market has experienced some improvement in recent years, resulting in some moderate value increases. See Market Overview later herein, which discusses market conditions in light of the global outbreak of COVID-19.
Traffic	Interstate 15, Center Street, and University Parkway are the major traffic arteries in the area. Nearby Geneva Road receives significant traffic as well.
Proximity to Freeways and Airports	The subject is about one mile away from the nearest I-15 interchange at University Parkway. The Salt Lake International Airport is about 44 miles away.
Subject Immediate Surroundings	The subject borders office/warehouse buildings to the immediate east and west with storage units to the south. Across the street north are single-family residences and an assisted living facility. The subject is not far removed from Utah Valley University (UVU) campus and student housing to the east, along with a commuter rail station and a new pedestrian bridge over the freeway (nearing completion). The subject is also not far removed from Sleepy Ridge Golf Course (to northwest), as well as from a large new temple of The Church of Jesus Christ of Latter-day Saints now being constructed a mile southeast of the subject. See Aerial View and Parcel Map on the following pages.

**AERIAL
VIEW**



PARCEL MAP



sed Points Page

GIS Division of the Utah County Information Systems Dept. | Utah C

Site Description

The following grid summarizes the subject site:






Size/Shape	The subject site has 4.952 acres, or 215,709 sq. ft.; see Extraordinary Assumptions. The site size layout is 3.543 acres for the condo portion and 1.409 acres for the southwest parking area. The site shape is somewhat rectangular with an extension at the southwest end. The rentable-building-to-land ratio is 22%, which is reasonably typical for this type of school property.
Access/Visibility	The subject has access from 1000 South. The subject site visibility is rated as average since 1000 South doesn't receive much traffic.
Zoning	The subject property is zoned CM Controlled Manufacturing, governed and enforced by Orem City. This zone allows various light industrial and commercial uses. I assume that the subject building and school use conform to zoning standards.
Environmental Issues	No problems noted, but I am not an expert in this field. See Extraordinary Assumptions.
FEMA Flood Hazard Data	The subject appears to be located in a FEMA Flood Zone X, which is outside the 500-year flood plain with less than 0.2% annual probability of flooding. See Extraordinary Assumptions and Flood Zone Map in the Addendum.
Topography/ Soil Conditions	The site is fairly level at street grade. Soil conditions appear stable, and the drainage is assumed to be adequate.
Available Utilities	All public utilities (water, sewer, gas, electricity, telephone) are available. Small overhead power lines pass along 1000 South, but these are not a significant negative for the subject property type.
Off-sites	Asphalt-paved street with concrete curb and gutter.
Easements	Typical public utility easements assumed.
Parking/ Other Features	The subject has asphalt-paved parking and driveway areas in front of the building and to the southwest of the building. There is also some pavement area east of the building for parking and for satellite classrooms (not permanently attached). The east end of the property includes a landscaped field, along with a small storage building. Much of the site perimeter has chain-link fencing. See Plat Map on the following page for the condo portion of the property.

PLAT MAP

TO: MARRIOTT STREET

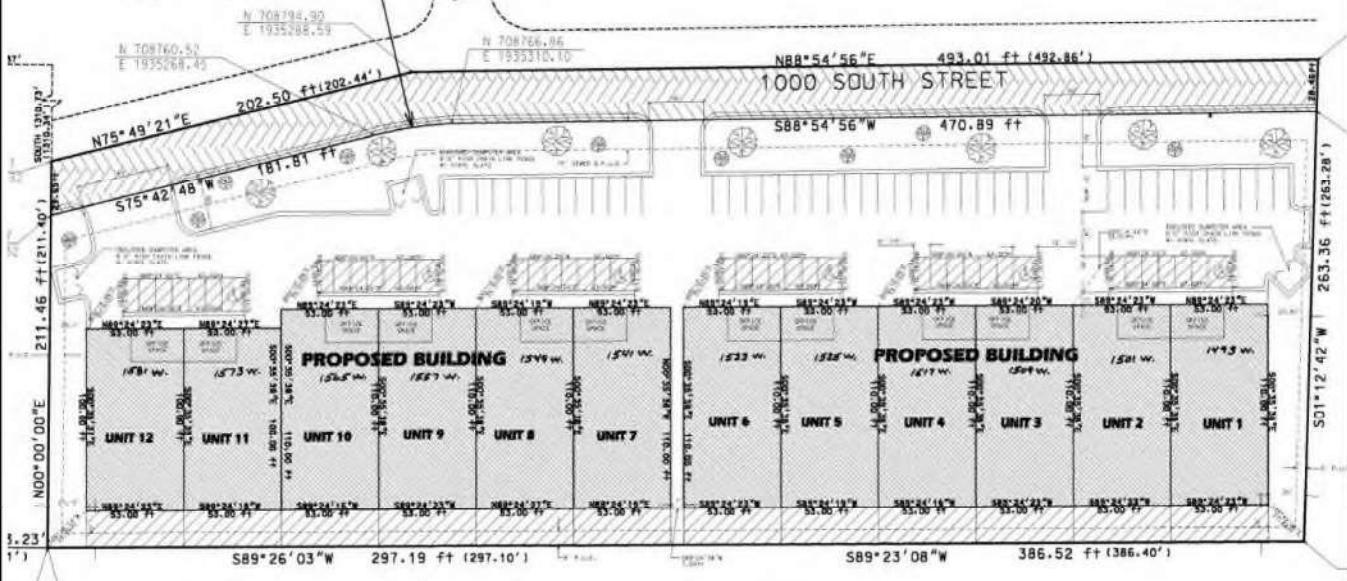
50. FT.	100 %
50. FT.	39.5 %
50. FT.	4.2 %
50. FT.	44.9 %
50. FT.	11.4 %

L = 42.21 ft
 A = 11.15' / 29"
 R = 214.82 ft
 CD = N 81° 20' 32" E
 LC = 42.14 ft

-  PRIVATE OWNERSHIP
-  LIMITED COMMON OWNERSHIP
-  BUILDING AREA
-  TO BE DEDICATED TO OREM CITY
-  COMMON AREA



VICINITY MAP



PARKWOOD INDUSTRIAL CENTER

CONDOMINIUM

ENT. 6010 J
 RANDALL A
 UTAH COUN
 1997 Jan 27 10:21
 RECORDED FOR PARK

OREM

UTAH COUNTY, UTAH

Description of Improvements

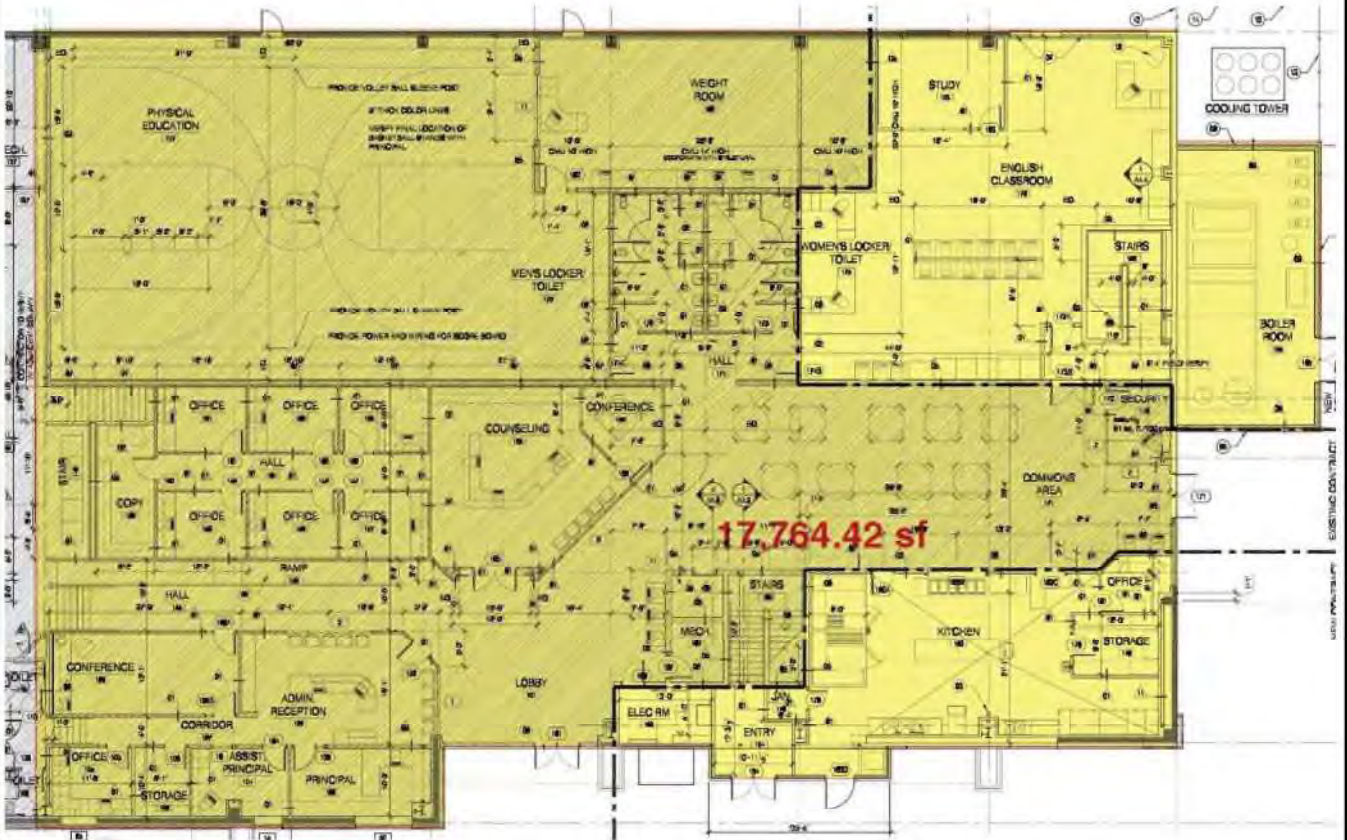
The following grid (continued on the following page) summarizes the subject building improvements:

Age/Condition	The original building age is 24 years. However, the property was reportedly renovated into a school about 16 years ago, and additional remodeling has been done over the years. The overall effective age is estimated to be about 15 years given the remodeling improvements. The total economic life is about 50 years, so the remaining economic life is about 35 years. The condition is average to good.
Layout and Size	The subject has 48,366 sq. ft. of rentable space with main (35,442 sq. ft.) and partial upper levels (12,924 sq. ft.). The layout includes various classrooms, a lunch room, a kitchen, a gym (with weight room and small locker rooms), restrooms, storage areas, a media center, offices, and other administration/faculty areas. See Building Sketches to follow.
Construction/ Quality	Concrete foundation. The exterior walls are stucco, brick, metal, and block. The roof appears to have a membrane surface. The overall quality and appeal are rated as average to good for this type of school property.
Doors/Windows	The building has many main level entrances with metal and glass doors. There are some windows on both levels; also, the upper level includes three skylights. The interior doors are mostly solid-core wood with metal frames. The building includes a significant amount of interior glass.
Flooring/Ceiling	The building has a combination of commercial vinyl, carpet, tile, hardwood, and concrete flooring. The ceilings are mostly suspended tiles with a height of 9-10 feet; however, the gym ceiling is much taller with exposed beams.
Finish & Trim	The finish includes two-tone paint and a considerable amount of attractive tile wainscoting. The building has many built-in counters and cabinets.
Lighting/ Electrical	The building includes mostly florescent lighting throughout. Adequate electrical capacity assumed. The building includes an intercom system and a security system plus a fire alarm system.

Heating/Cooling	The building includes a boiler system for heating and central air-conditioning throughout; there are some supplemental HVAC units in the facility as well.
Plumbing	The main level has a total of eight rooms (two of which include small locker rooms), and the upper level has four more restrooms. In addition, the building has commercial kitchen plumbing with extra sinks in some of the classrooms. There are also drinking fountains and janitorial sinks. The entire building has interior fire sprinklers.
Stairs/Elevator	The upper level is accessible via three sets of interior stairs. The building is also equipped with a two-stop elevator.
Functional Utility	The building size is fairly large but not atypical for this type of school property. All is above-grade space, and the facility has the typical amenities for this property type. The overall functional utility is rated as average to good.

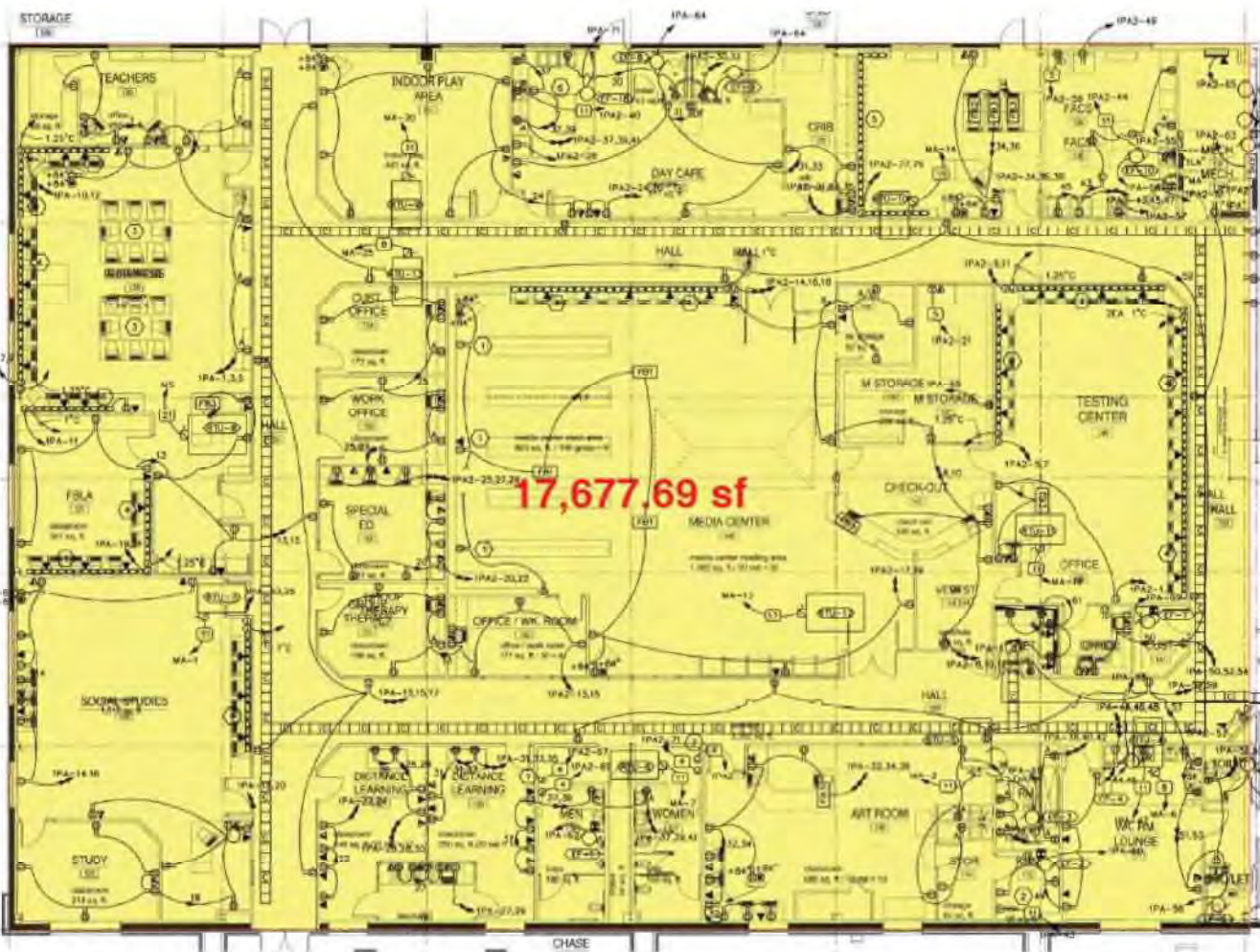
BUILDING SKETCH #1

MAIN LEVEL (WEST SIDE)



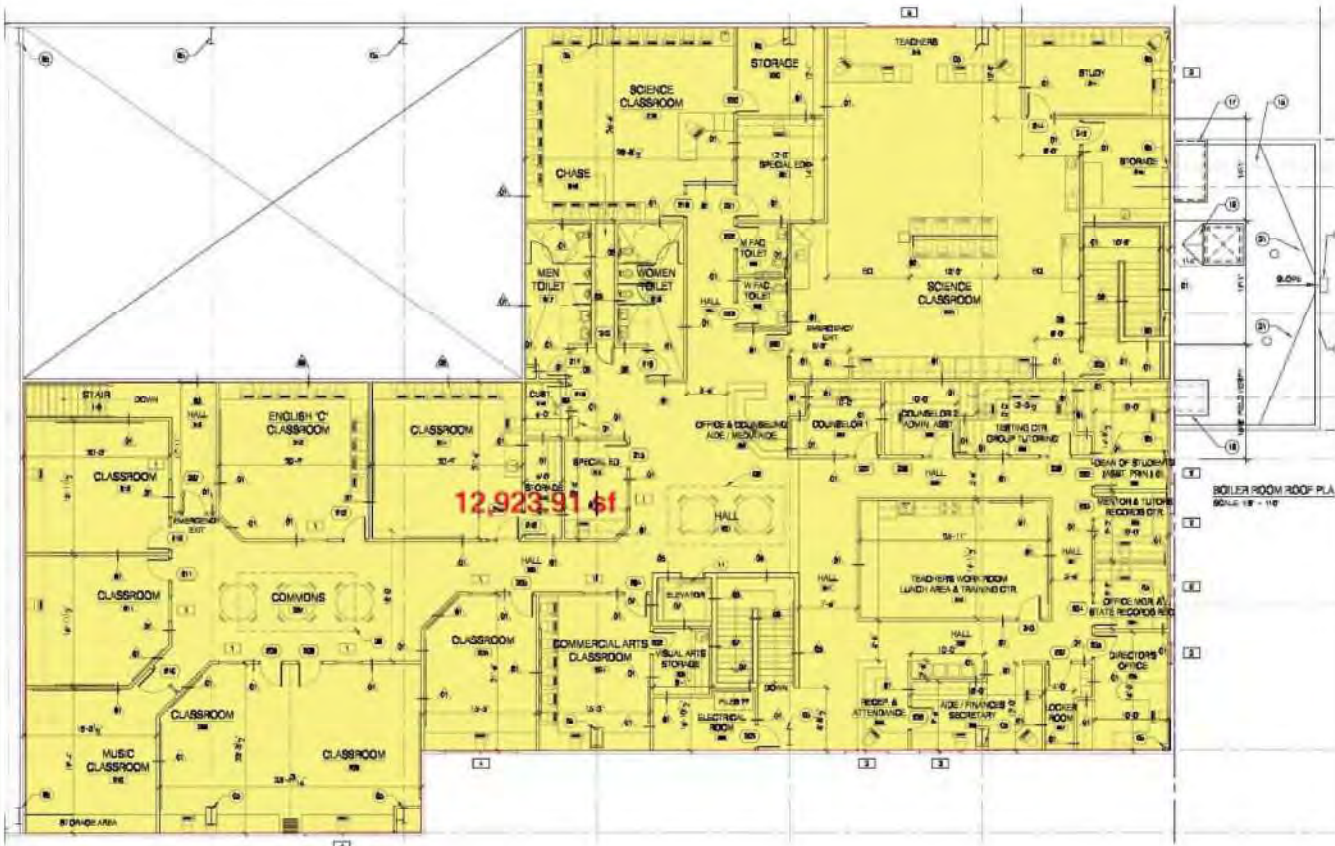
BUILDING SKETCH #2

MAIN LEVEL (EAST SIDE)



BUILDING SKETCH #3

UPPER LEVEL



Highest and Best Use

Introduction

The highest and best use is the most critical determinant of value in the marketplace. The estimated market value of the subject property is arrived at under the assumption that the potential purchasers will pay prices that reflect what they believe is the most profitable use of a particular site or property.

The following is the accepted definition of highest and best use by the Appraisal Institute:

“The reasonably probable use that produces the most benefits and highest land value at any given time.”

The Appraisal of Real Estate, 14th Edition

To be reasonably probable means a use must be physically possible, legally permissible, and financially feasible.

As Vacant

Based on the location, zoning, and development trends in southwest Orem, the subject land area is best suited as a site for some type of light industrial or other commercial related use(s) allowed by zoning in conjunction with nearby Utah Valley University (UVU).

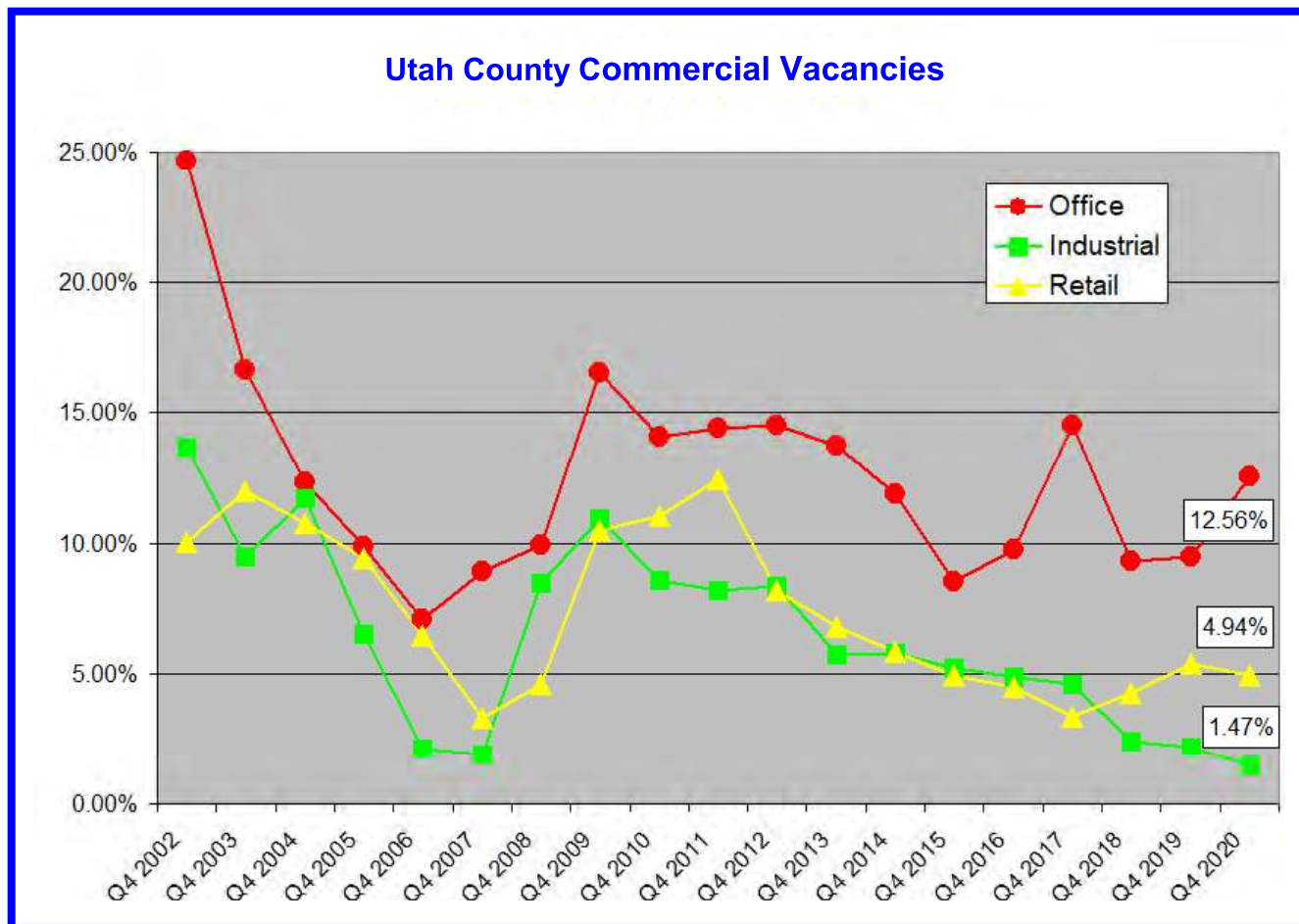
As Improved

Neither demolition of the existing improvements nor redevelopment of the subject site nor modification of the existing improvements would result in a higher potential return to the land. The existing school build out of the subject commercial building is concluded to be the highest and best use as improved. Given the close proximity of UVU, it seems likely that another school-related use could be identified for the subject facility if it became available on the open market; consequently, no excess land is valued herein since the subject has a fairly typical building-to-land ratio for a school property in the area. See Market Overview on the following page, which discusses market conditions in light of the global outbreak of COVID-19.

Valuation Analysis

Market Overview

According to Commerce Cushman & Wakefield (2002-2016) and Colliers International (2017-2020), the vacancies for commercial property types have been as follows in Utah County in the recent past:



As shown above, the overall Utah County commercial market has been healthy in recent years without excessive vacancies in any of the three sectors.

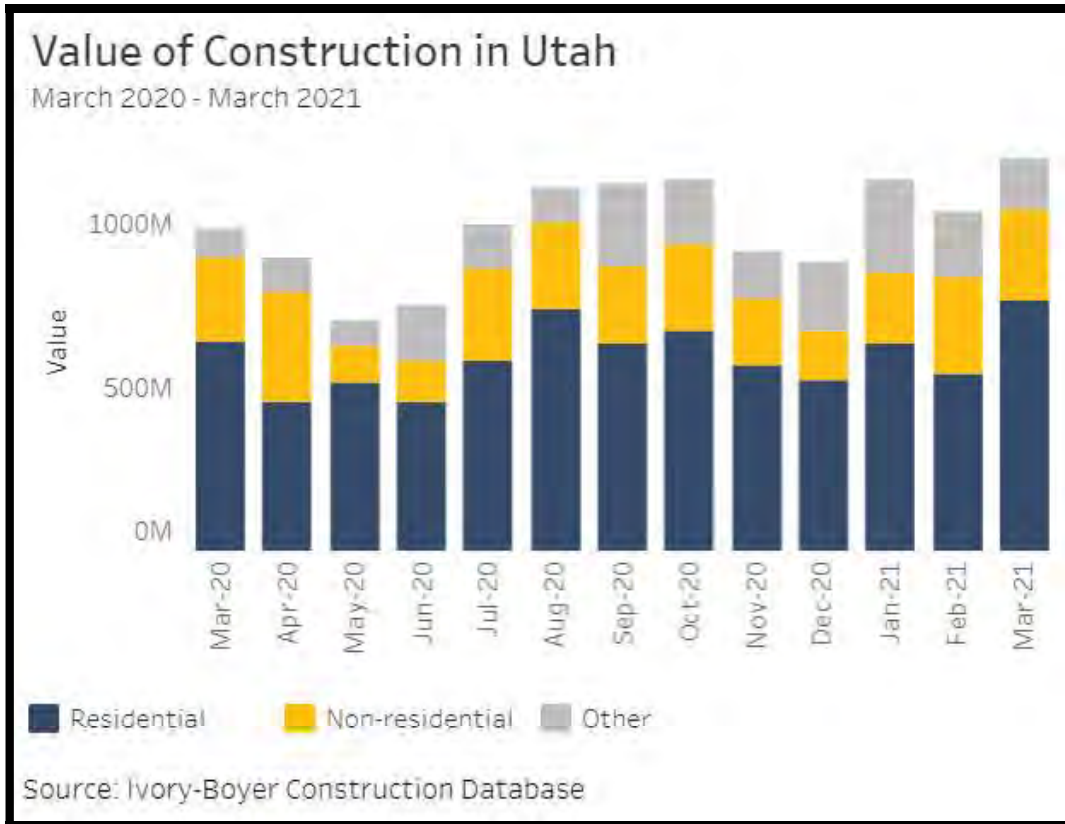
See continued discussion on the following page.

According to Colliers International, the most recent available vacancy surveys for commercial property types in Utah County indicate the following:

Q1 2021 Office	12.40%
Q1 2021 Industrial	1.32%
Q1 2021 Retail	3.56%

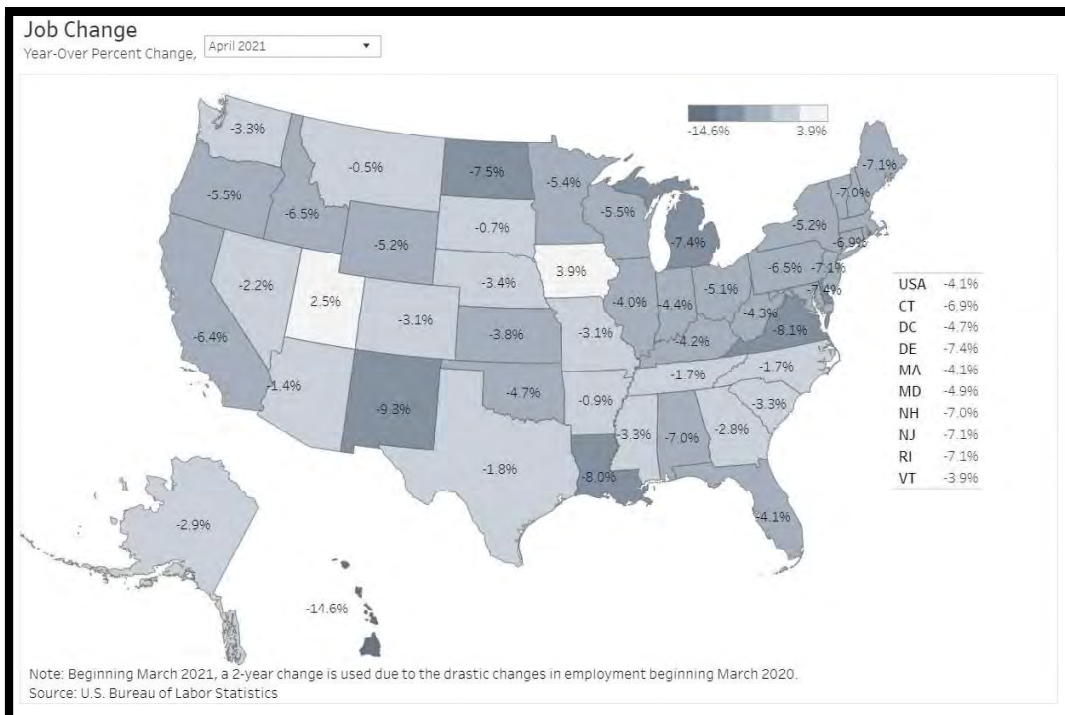
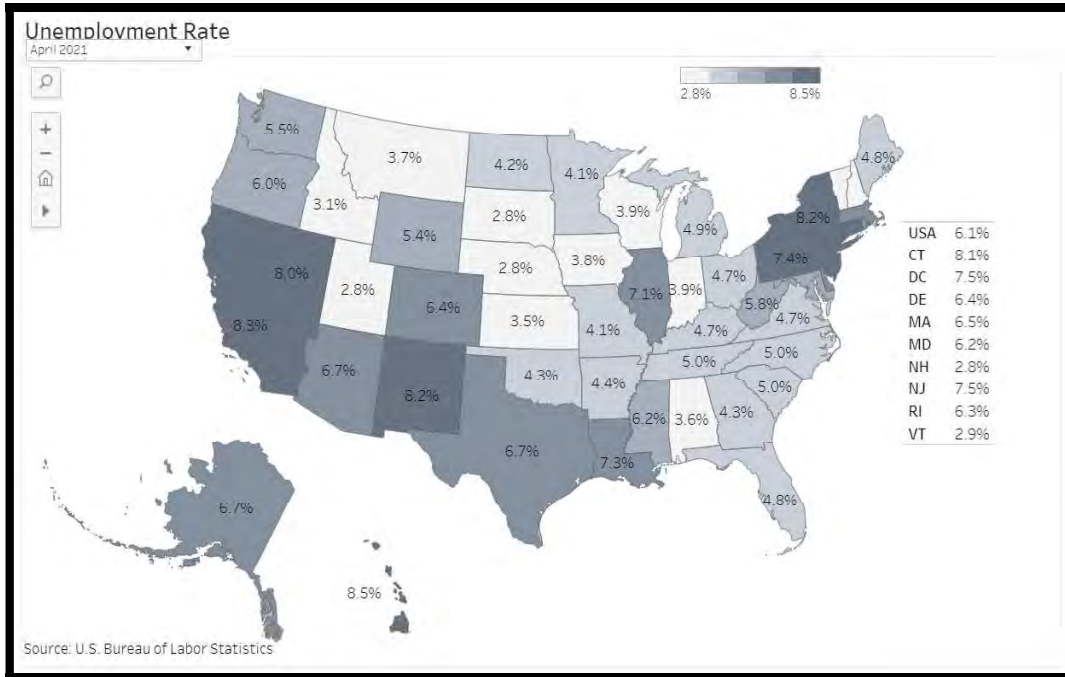
The subject building uses are mostly retail in nature. As shown above, the most recent county vacancy for retail space is 3.56%.

On March 11, 2020, the World Health Organization declared a novel Coronavirus (COVID-19) a global pandemic, and an unprecedented number of temporary business and school closures occurred to slow the spread of the disease. The immediate national economic impact was profound in the early weeks; however, unemployment has since fallen considerably in the past several months in relation to the time at the beginning of the pandemic. The graph below shows that both residential and non-residential construction in Utah has remained high throughout the pandemic:



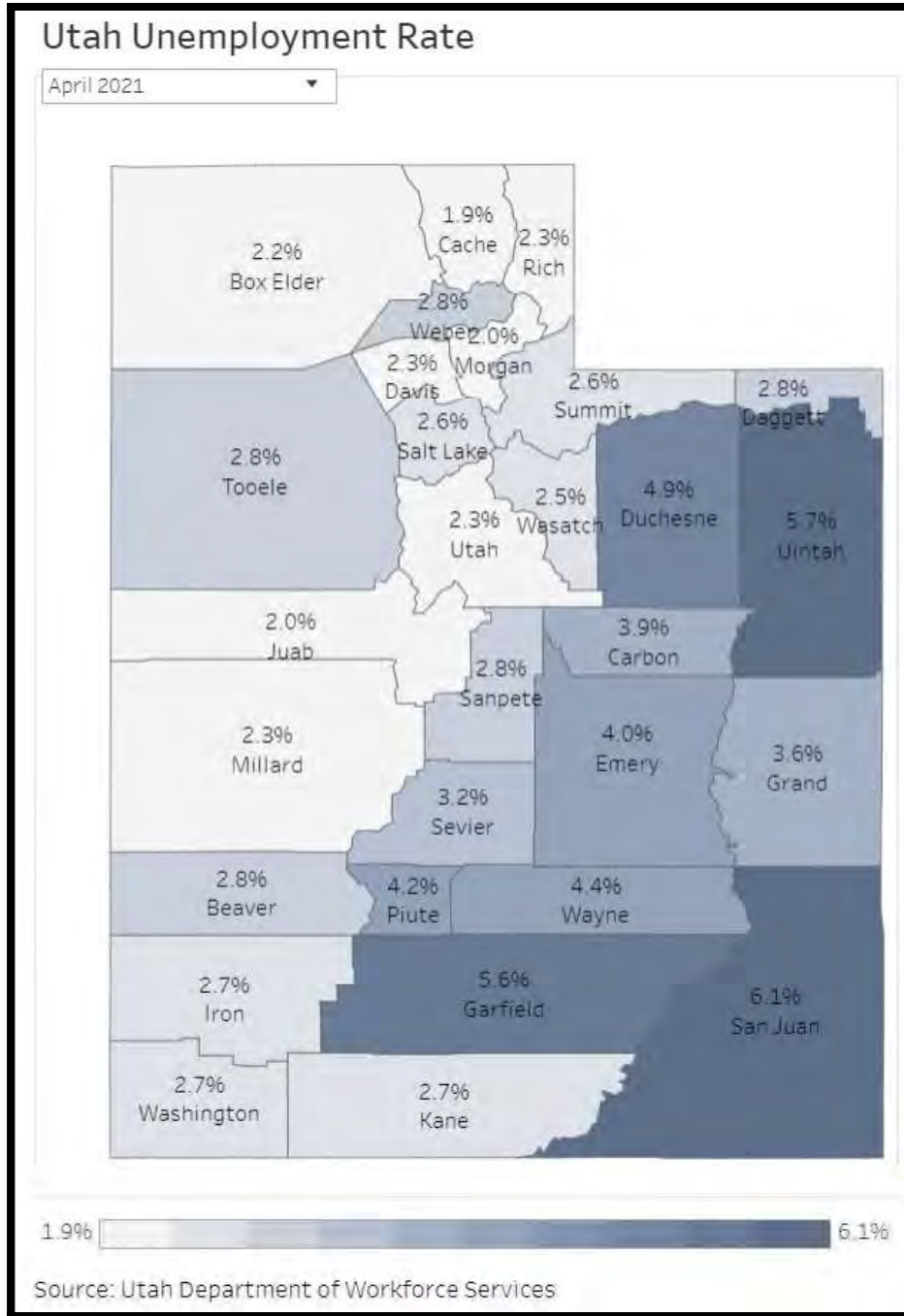
See continued discussion on the following page.

These graphs show that Utah unemployment is one of the lowest in the nation and has experienced one of the mildest job losses during the pandemic:



See continued discussion on the following page.

The following shows that unemployment in Utah County is quite low:



Many government efforts have been made to shore up the financial markets and return stability to the economy. One effect of these widespread efforts has been the reduction of mortgage interest rates, which has had a positive short-term impact on real estate. See continued discussion on the following page.

I have interviewed a number of market participants—including several real estate agents in northern Utah—in order to gauge the impact of COVID-19 on the local real estate market. Multiple agents report that despite the pandemic, the demand for residential properties in northern Utah is very high at the current time. In-migration from other states is reportedly strong at present, and there is a limited supply of available residential properties in relation to demand.

The overall commercial/industrial market is still strong as well. Agents report that many industrial transactions have occurred in the recent past as e-commerce is becoming even more prevalent. The office and retail markets have also seen activity in the recent past. Smaller retail and office properties have been relatively unaffected by the pandemic since small businesses have continued to need small commercial suites in the area.

The subject property has favorable attributes including a desirable location close to Utah Valley University (UVU) and close to mass transit. I am aware of very few vacant school buildings in the area at present, and the industrial demand is especially strong at the current time.

Given the favorable demand for this type of space in the subject area of southwest Orem, a fairly low vacancy and collection loss factor of 4% to 6% is reasonable to conclude over a typical hold period. A vacancy and collection loss factor of 5% is projected for the subject in the Income Capitalization Approach section of this report.

Land Value as Vacant

As noted, the subject land size is 4.952 acres, or 215,709 sq. ft. I have reviewed industrial land sales in Utah County. Based on market data, I conclude a land value as vacant for the subject of about \$12.05 per sq. ft. for this small site. Thus, the subject land value is computed as follows:

$$215,709 \text{ Sq. Ft.} \times \$12.05 \text{ per Sq. Ft.} = \$2,599,293 \text{ or } \$2,600,000 \text{ Rounded}$$

Land Value as Vacant

\$2,600,000

The above-concluded value is conditional upon the Extraordinary Assumptions on page 28 of this report. This information may be helpful for insurance purposes in order to ascertain the breakdown between the value of land and improvements.

Reproduction Cost Approach (Omitted)

The cost approach is based on the presumption that an informed purchaser would not pay more than the cost of producing a substitute property with the same utility as the subject property. However, since the original subject building improvements are not very new, the process of estimating accrued depreciation is very difficult to do accurately; thus, the cost approach would not produce a credible result in this case. For this reason, the cost approach was *not* developed.

Cost Approach Value

Not Applicable

Sales Comparison Approach

The sales comparison approach is the process in which a market value estimate is derived by comparing sales of similar properties to the subject property. In this case, the best measure of value is the *price per sq. ft. of rentable building area* for the subject and comparables, with the adjustments derived from market reactions.

The grid below lists the comparable building sales used in this valuation analysis with the details on the following pages, along with a comparison grid showing the quantified adjustments. Sales 1-3 are sales of charter school properties; Sale 4 is a preschool property, and Sale 5 is a private school property. Sale 6 is a professional office building that was purchased for school use.

#	Address	Sale Date	Price/ Sq. Ft.	Overall Comparison to the Subject
1	320 E. Gammon Vineyard	10-18	\$225.23	Superior lease attributes before the sale. Merits an upward market conditions adjustment. Superior quality and a newer effective age.
2	785 E. Quality American Fork	2-17	\$145.08	Superior lease attributes before the sale. Warrants an upward market conditions adjustment. Inferior site ratio, but otherwise similar.
3	12309 Mustang Trail Way Herriman	To close 10-21	\$245.25	Superior lease attributes before the sale. Superior quality with a newer effective age. Larger building size.
4	410 S. Main Orem	8-20	\$123.77	Upward conditions of sale adjustment and needs a small upward market conditions adjustment. Inferior quality and a greater effective age. Much smaller building size, but an inferior site ratio.
5	310 S. 400 W. Lindon	8-20	\$178.84	Upward market conditions adjustment. Slightly greater effective age. Much smaller building size. Inferior building layout, but a superior site ratio.
6	2912 W. Exec. Parkway Lehi	4-20	\$236.15	Superior lease attributes, but needs an upward conditions of sale adjustment and a small upward market conditions adjustment. Superior location with superior quality and a newer effective age. Larger building size. Superior extra features, but an inferior site ratio.



Address

320 E. Gammon Road
Vineyard, Utah

County I.D. #

18-015-0112

Seller(s)

Boyer FDA LC

Buyer(s)

Three Twenty East Gammon Road LLC

Comments

Franklin Discovery Academy. Purchase of a charter school property from a developer. The buyer had been leasing the property for two years prior to this purchase on a long-term basis (lease rate not provided); bought for owner occupancy. The site includes a playground area south of the building.

Comparable Building Sale #1

1. Property rights	FS (LF before sale)	8. Economic attributes	Leased to buyer prior to sale (terms unknown).
2. Financing terms	Cash equivalent		
3. Conditions of sale	Typical for the market		
4. Market conditions	Strong demand	9. Use	Charter school
Date of sale	10-18	Zoning	PI Public Institution
5. Expenditures after purchase (immed.)	None known	10. Non-realty items	None included
6. Location	Vineyard residential district	Rentable area	44,399 sq. ft.
7. Phys. attributes:		Layout	Main & part upper levels
Construction	Brick/stucco	Annual rent/sq. ft.	N/A
Quality	Good	Overall cap rate	N/A
Effective age	2 years	Sale price	\$10,000,000
Condition	Good	Price/sq. ft.	\$225.23
Style and appeal	Good		
Functional utility	Good		
Site size	5.067 acres 20% bldg.-to-land ratio		

Todd Gurney verified with Jeremie Snowder, appraiser (801-871-9310), and with Utah County records.



Address

738 E. Quality Drive
American Fork, Utah

County I.D. #

57-021-0003

Seller(s)

Tonaquint Inc.

Buyer(s)

Odyssey Charter School Inc.

Comments

Purchase of a charter school property by the tenant. The buyer had been leasing the property for many years prior to this purchase (lease rate not provided); bought for owner occupancy. The site includes a playground area south of the building. Originally constructed as an industrial building in 1995 but converted to a charter school in 2005.

Comparable Building Sale #2

1. Property rights	FS (LF before sale)	8. Economic attributes	Leased to buyer prior to sale (terms unknown).
2. Financing terms	Cash equivalent		
3. Conditions of sale	Typical for the market		
4. Market conditions	Strong demand	9. Use Zoning	Charter school PI-1 Planned Industrial
Date of sale	2-17	10. Non-realty items	None included
5. Expenditures after purchase (immed.)	None known		
6. Location	SE AF office & industrial district	Rentable area Layout	46,870 sq. ft. Main & part upper levels
7. Phys. attributes:		Annual rent/sq. ft.	N/A
Construction	Tilt-up concrete/brick	Overall cap rate	N/A
Quality	Average to good	Sale price	\$6,800,000
Effective age	15 yrs. (actual: 22 yrs.)	Price/sq. ft.	\$145.08
Condition	Average to good		
Style and appeal	Average to good		
Functional utility	Average to good		
Site size	3.154 acres 34% bldg.-to-land ratio		

Todd Gurney verified with Jeremie Snowder, appraiser (801-871-9310), and with Utah County records.



Address

12309 Mustang Trail Way
Herriman, Utah

County I.D. #

26-26-401-003

Seller(s)

Charter School Fund – RJ LLC, et al.

Buyer(s)

Athlos Academy of Utah

Comments

Purchase of a charter school property from a developer. The buyer had been leasing the property prior to this purchase; bought for owner occupancy. The remaining lease term prior to the sale was about 20 years. The site includes a large field area to the east of the school.

Comparable Building Sale #3

1. Property rights	FS (LF before sale)	8. Economic attributes	\$1,584,636 PGI (<u>39,616</u>) Vac. (2.5%) \$1,545,020 EGI (<u>92,701</u>) Op. Exp. (6%) \$1,452,319 NOI
2. Financing terms	Cash equivalent	9. Use Zoning	Charter school R-2-10 Residential
3. Conditions of sale	Typical for the market	10. Non-realty items	None included
4. Market conditions	Stabilized market		
Date of sale	To close 10-21		
5. Expenditures after purchase (immed.)	None known		
6. Location	Herriman residential district	Rentable area	87,004 sq. ft.
7. Phys. attributes:		Layout	All main level
Construction	Masonry	Annual rent/sq. ft.	\$18.21 NNN
Quality	Good	Overall cap rate	6.8%
Effective age	5 years	Sale price	\$21,557,300 sale price (<u>220,000</u>) seller credit \$21,337,300 adj. price
Condition	Good	Price/sq. ft.	\$245.25
Style and appeal	Good		
Functional utility	Good		
Site size	9.26 acres 22% bldg.-to-land ratio		

Todd Gurney verified with Joel Wright, attorney (801-368-5385).



Address

410-430 South Main Street
Orem, Utah

County I.D. #

47-136-0001 & -0002

Seller(s)

First Bank Financial Centre, et al.

Buyer(s)

Smiling Faces Bilingual Learning
Center & Day Care LLC

Comments

Former assisted living facility that had been foreclosed on by the seller (atypically motivated to dispose of the asset). The buyer secured a conditional use permit for preschool and daycare use while under contract (total capacity of 100 children). The spent about \$100,000 to repair and remodel the property after the sale. A few leftover furnishing items were included in the sale, but these contributed no significant value.

Comparable Building Sale #4

1. Property rights	Fee simple	8. Economic attributes	Not leased at the time of sale. Purchased to owner occupy.
2. Financing terms	Cash equivalent	9. Use Zoning	Preschool & daycare R8 with ASH Overlay
3. Conditions of sale	Atypically motivated seller	10. Non-realty items	None of any value
4. Market conditions	Stabilized market	Rentable bldg. area	14,543 sq. ft.
Date of sale	8-20	Layout	All main level (2 bldgs.)
5. Expenditures after purchase (immed.)	\$100,000 to repair and remodel	Overall cap rate	N/A
6. Location	Central Orem residential district	Sale price	\$1,700,000 + \$100,000 remodel = \$1,800,000
7. Phys. attributes:		Price/sq. ft.	\$123.77
Construction	Stucco/brick		
Quality	Average (upgrades)		
Effective age	15-20 yrs. (actual: 27 yrs.)		
Condition	Average		
Style and appeal	Average		
Functional utility	Average		
Site size	0.998 acre (33% BTL)		

Todd Gurney verified with REPC; with German Pardo, buyer (801-494-3835); and with Utah County records.



Address

310 South 400 West
Lindon, Utah

County I.D. #

46-513-0001

Exposure Time

11.5 months

Seller(s)

M. Don Forbush, Trustee, et al.

Buyer(s)

EEA Lindon LLC

Comments

This property has been utilized as a *Montessori Learning Center* in the past, and the buyer intends to keep this use. The site includes a large parking lot, a large fenced playground area, and a 0.61 acre of horse-pasture land at the west end that could be utilized for future expansion.

Comparable Building Sale #5

1. Property rights	Fee simple	8. Economic attributes	Not leased at the time of sale. Purchased to owner occupy.
2. Financing terms	Cash equivalent		
3. Conditions of sale	Typical for the market	9. Use Zoning	School R1-20 with CUP
4. Market conditions	Stabilized market	10. Non-realty items	None of any value
Date of sale	8-20		
5. Expenditures after purchase (immed.)	None known	Rentable bldg. area	11,183 sq. ft.
6. Location	SW Lindon residential & commercial district	Layout	Main & walkout bsmt.
7. Phys. attributes:		Annual rent/sq. ft.	N/A
Construction	Stucco	Capitalization rate	N/A
Quality	Average to good	Sale price	\$2,000,000
Effective age	15-20 yrs. (actual: 21 yrs.)	Price/sq. ft.	\$178.84
Condition	Average to good		
Style and appeal	Average to good		
Functional utility	Average to good		
Site size	1.829 acres (14% BTL)		

Todd Gurney verified with Dan Ford, listing agent (801-420-0137), and with Utah County records.



Address

2912 W. Executive Parkway
Lehi, Utah

County I.D. #

53-333-0012

Seller(s)

2912 Executive Pkwy Lehi LLC

Buyer(s)

UVU 2912 Executive Pkwy Lehi LLC

Comments

Economic vacancy of 15.7% at the time of sale with mostly short-term leases; however, the buyer (already leasing 14.6%) plans to expand into some of this vacant space after the purchase. Located across the street from a UTA FrontRunner Station. Includes underground parking & storage, as well as a large 4th floor common fitness/break area. About \$50,000 is needed to partition off some of the 4th level into additional rentable area (included below). The price was reduced by 5% in exchange for the buyer assuming the seller's loan and avoiding a large prepayment penalty.

Comparable Building Sale #6

1. Property rights	LF (buyer to occupy some)	8. Economic attributes	\$2,220,816 PGI (<u>111,041</u>) Vacancy (5%) \$2,109,775 EGI (<u>709,775</u>) Op. Exp. (34%) \$1,400,000 NOI
2. Financing terms	Price reduced by 5% because buyer assumed seller's loan	9. Use Zoning	Professional offices RC Resort Community
3. Conditions of sale	Typical for the market	10. Non-realty items	None
4. Market conditions	Improving market	Rentable bldg. area	93,797 sq. ft.
Date of sale	4-20	Layout	4 floors all above grade
5. Expenditures after purchase (immed.)	About \$50,000 to partition off some of the 4 th level	Overall cap rate	6.3%
6. Location	Lehi TP commercial district (by FrontRunner Station)	Sale price	\$22,000,000 sale price 100,000 assumption
7. Phys. attributes:		Sale price	<u>50,000</u> remodel \$22,150,000 adj. price
Construction	Steel/stucco/glass	Price/sq. ft.	\$236.15
Quality	Good		
Effective age	10 yrs. (actual: 15 yrs.)		
Condition	Good		
Style and appeal	Good		
Functional utility	Good		
Site size	5.613 acres 38% bldg.-to-land ratio		

Todd Gurney verified with Frank Young of UVU (801-368-6644) and with Utah County records.

Building Sales Adjustment Grid

Unit of Comparison: Price per rentable sq. ft.

Subj.	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6
<i>Unadj. prices</i>	\$225.23	\$145.08	\$245.25	\$123.77	\$178.84	\$236.15
Property rights	Fee simple LF before sale -10%	LF before sale -10%	LF before sale -10%	Fee simple 0%	Fee simple 0%	Leased fee -10%
<i>Adj. prices</i>	\$202.71	\$130.57	\$220.73	\$123.77	\$178.84	\$212.54
Financing terms	Cash equiv. Cash equiv. 0%	Cash equiv. 0%	Cash equiv. 0%	Cash equiv. 0%	Cash equiv. 0%	Cash equiv. 0%
<i>Adj. prices</i>	\$202.71	\$130.57	\$220.73	\$123.77	\$178.84	\$212.54
Conditions of sale	Typical Typical 0%	Typical 0%	Typical 0%	Motivated seller 10%	Typical 0%	Buyer assumed seller loan 5%
<i>Adj. prices</i>	\$202.71	\$130.57	\$220.73	\$136.15	\$178.84	\$223.16
Market conditions	Current 10-18 9%	2-17 12%	UC: To close 10-21 0%	8-20 3%	8-20 3%	4-20 3%
<i>Adj. prices</i>	\$220.95	\$146.24	\$220.73	\$140.23	\$184.21	\$229.86
Location	SW Orem Vineyard 0%	SE Am Fork 0%	Herriman 0%	Central Orem 0%	SW Lindon 0%	Lehi TP by UTA -10%
Quality	Avg-good Good -10%	Avg-good 0%	Good -10%	Average upgrades 5%	Avg-good 0%	Good upgrades -15%
Effective age	15 yrs 2 yrs -13%	15 yrs 0%	5 yrs -10%	15-20 yrs 3%	15-20 yrs 3%	10 yrs -5%
Building size	48,366 sf 44,399 sf 0%	46,870 sf 0%	87,004 sf 5%	14,543 sf -10%	11,183 sf -10%	93,797 sf 5%
Building layout	All above grade All above grade 0%	All above grade 0%	All above grade 0%	All above grade 0%	50% walkout bsmt 10%	All above grade 0%
Extra features	None None 0%	None 0%	None 0%	None 0%	None 0%	Fitness/break, UG park/stg -10%
Bldg.-to-land (BTL) ratio	22% BTL 20% BTL 0%	34% BTL 10%	22% BTL 0%	33% BTL 10%	14% BTL -10%	38% BTL 10%
<i>Adj. subtotal</i>	-23%	10%	-15%	8%	-7%	-25%
<i>Final adj. prices</i>	\$170.13	\$160.86	\$187.62	\$151.45	\$171.31	\$172.39

Summary of final adjusted prices:

<i>High</i>	\$187.62
<i>Low</i>	\$151.45
<i>Median</i>	\$170.72
<i>Mean</i>	\$168.96

Market conditions adjustments are based on appreciation of 3% annually from 2017 to 2021. The effective age adjustments are based on 1% for every year difference to the subject effective age. Building layout adjustments are based on 1% for every 5% of finished basement area (as a percentage of rentable building area).

All of the comparables are reliable value indicators; however, slightly less weight is given to Building Sale 3, which has not yet closed. The adjusted range is fairly consistent from \$151.45 to \$187.62 per rentable sq. ft. The reconciled as-is value is determined to be \$169.50 per rentable sq. ft. via the sales comparison approach. Thus:

48,366 Sq. Ft. x \$169.50 per Sq. Ft. = \$8,198,037 or \$8,200,000 Rounded

Sales Comparison Approach Value
\$8,200,000

Income Capitalization Approach

The income capitalization approach to value consists of methods, techniques, and mathematical procedures used to analyze a property's capacity to generate benefits of income and reversion. Direct capitalization is the method used to convert an estimate of a single year's income expectancy to value. The direct capitalization formula that applies to this type of valuation is $Value = Net\ Operating\ Income / Overall\ Capitalization\ Rate$.

Market Rent. In order to determine market rent for the overall property, comparable rentals are analyzed. All of the rental comparables have triple net expense terms: Tenants pay the majority of the operating expenses.

The comparable rentals are analyzed below. Details about each rental can be found on the following pages, along with a comparison grid. Rentals 1-3 are similar school properties. Rental 4 is a large office/warehouse building in west Orem like the subject.

#	Address	Rent/ Sq. Ft.	Overall Comparison to the Subject
1	1650 W. Traverse Terrace Drive Lehi	\$15.98	Warrants an upward market conditions adjustment. Superior location with superior quality and a newer effective age.
2	704 S. Utah Valley American Fork	\$10.14	Merits a small upward market conditions adjustment. Inferior quality and a greater effective age.
3	1802 E. 145 N. Saratoga Springs	\$20.51	Needs a small upward market conditions adjustment. Far superior quality and a newer effective age.
4	1410 W. 1200 N. Orem	\$ 8.70	Downward adjustment due to a free rent concession. Superior quality and a newer effective age. Much larger building size with a far inferior percent finished. Inferior site ratio as well.

Market conditions adjustments are based on appreciation of 3% annually from 2018 to 2021. The effective age adjustments are based on 1% for every year difference to the subject effective age. Building layout adjustments are based on 1% for every 5% of unfinished warehouse area (as a percentage of rentable building area).



Address
 1650 W. Traverse Terrace Drive
 Lehi, Utah

Lessor(s)
 Perry Land Investments LLC

Lessee(s)
 Ignite Entrepreneurship Academy

Comments
 Build-to-suit charter school with a large play area in front of the school.

Comparable Rental #1

<p>1. Location</p>	Traverse Mountaings residential district	<p>4. Use Zoning</p>	Charter school PC Planned Community
<p>2. Phys. attributes:</p> <p>Construction Quality</p> <p>Effective age</p> <p>Condition</p> <p>Style and appeal</p> <p>Functional utility</p> <p>Site size</p>	<p>Masonry</p> <p>Good</p> <p>New</p> <p>Good</p> <p>Good</p> <p>Good</p> <p>26% bldg.-to-land ratio</p>	<p>5. Non-realty items</p>	None included
<p>3. Economic attributes</p>	Triple net lease that began in 8-18. 30-year term with 2% annual increases starting in Year 5.	<p>Rentable bldg. area</p> <p>Building layout</p> <p>Gross annual rent</p> <p>Annual rent/sq. ft.</p>	<p>40,323 sq. ft.</p> <p>All above grade</p> <p>\$644,194</p> <p>\$15.98</p>

Todd Gurney verified with Jeremy Snowder, appraiser (801-871-9310).



Address

704 S. Utah Valley Drive
American Fork, Utah

Lessor(s)

AFW LC

Lessee(s)

Polaris West High School

Comments

This is a large school suite that is part of a former Walmart building. The total building size is 125,747 sq. ft. on 12.585 acres. This space had previously been built out for Pioneer Performing Arts Charter School. The tenant signed an agreement to expand into 66,371 sq. ft. of adjoining shell space; however, the agreement shown below is only for the original lease area.

Comparable Rental #2

1. Location	South American Fork freeway commercial district	4. Use Zoning	School (retail/warehouse) GC-2 General Comm.
2. Phys. attributes:		5. Non-realty items	None included
Construction Quality	Masonry Average (upgrades)	Rentable bldg. area Building layout	32,452 sq. ft. All main level
Effective age	15-20 yrs. (actual: 24 yrs.)	Gross annual rent	\$329,063
Condition	Average to good	Annual rent/sq. ft.	\$10.14
Style and appeal	Average to good		
Functional utility	Average to good		
Site size	23% bldg.-to-land ratio		
3. Economic attributes	Triple net lease valid as of 12-20. Original lease expired in 6-22.		

Todd Gurney verified with a lease agreement provided by Rob Smith of Alpine School District.



Address
 1802 E. 145 N.
 Saratoga Springs, Utah

Lessor(s)
 Boyer MSA LC

Lessee(s)
 Mountain Sunrise Academy Inc.

Comments
 Build-to-suit charter school with a large field area behind the school.

Comparable Rental #3

<p>1. Location</p> <p>2. Phys. attributes: Construction Quality Effective age Condition Style and appeal Functional utility Site size</p> <p>3. Economic attributes</p>	<p>East Saratoga Springs residential district</p> <p>Stucco/siding/masonry Very good</p> <p>New Good Good Good 20% bldg.-to-land ratio</p> <p>Triple net lease that began in 9-20. 20-year term with 2% annual increases starting in Year 3.</p>	<p>4. Use Zoning</p> <p>5. Non-realty items</p> <p>Rentable bldg. area Building layout</p> <p>Gross annual rent</p> <p>Annual rent/sq. ft.</p>	<p>Charter school IC Institutional Civic</p> <p>None included</p> <p>40,095 sq. ft. Main and part upper levels</p> <p>\$822,252</p> <p>\$20.51</p>
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Todd Gurney verified with Jeremy Snowder, appraiser (801-871-9310).



Address

1410 West 1200 North
Orem, Utah

Lessor(s)

OTC Building 4 Holdings LLC

Lessee(s)

American Crafts

Comments

Building 4 in the Orem Tech Center (set back from Geneva Road). This agreement called for four months of free rent at the beginning of the lease.

Comparable Rental #4

1. Location	NW Orem light industrial district	4. Use Zoning	Office/warehouse PD36 Planned Dev.
2. Phys. attributes:		5. Non-realty items	None included
Construction	Tilt-up concrete	Rentable bldg. area	127,469 sq. ft.
Quality	Good	Layout	9% finished offices 91% warehouse
Effective age	New	Gross annual rent	\$1,108,908
Condition	Good	Annual rent/sq. ft.	\$8.70
Style and appeal	Good		
Functional utility	Good		
Site size	7.28 acres 40% bldg.-to-land ratio		
3. Economic attributes	Triple net lease that begins in 9-21. 124-month term and annual increases of 3%.		

Todd Gurney verified with Jarrod Hunt of Colliers International (801-787-8940).

Rentals Adjustment Grid

Unit of Comparison: Annual rent per rentable sq. ft.

	Subj.	Rental 1		Rental 2		Rental 3		Rental 4	
<i>Unadj. prices</i>			\$15.98		\$10.14		\$20.51		\$8.70
Lessor/lessee motivations	Typical	Typical	0%	Typical	0%	Typical	0%	Free rent concession	-3%
<i>Adj. prices</i>			\$15.98		\$10.14		\$20.51		\$8.44
Market conditions	Current	8-18	9%	12-20	3%	9-20	3%	To start 9-21	0%
<i>Adj. prices</i>			\$17.42		\$10.44		\$21.13		\$8.44
Location	SW Orem	Lehi Traverse Mountain	-5%	SE AF	0%	East Saratoga	0%	NW Orem	0%
Quality	Avg-good	Good	-10%	Average upgrades	5%	Very good	-20%	Good	-10%
Effective age	15 yrs	New	-15%	15-20 yrs	3%	New	-15%	New	-15%
Building size	48,366 sf	40,323 sf	0%	32,452 sf	0%	40,095 sf	0%	127,469 sf	10%
Building layout	All above grade	All above grade	0%	All above grade	0%	All above grade	0%	9% finished	18%
Bldg.-to-land (BTL) ratio	22% BTL	26% BTL	0%	23% BTL	0%	20% BTL	0%	40% BTL	15%
Adj. subtotal			-30%		8%		-35%		18%
Adj. prices			\$12.19		\$11.28		\$13.73		\$9.96

Summary of final adjusted prices:

<i>High</i>	\$13.73
<i>Low</i>	\$9.96
<i>Median</i>	\$11.74
<i>Mean</i>	\$11.79

All of the rental comparables are given significant weight. Based on market data, an overall market rental rate of \$47,500 per month, or \$11.79 per rentable sq. ft. with triple net expense terms, is concluded. The annual potential gross income (PGI) with market rent and triple net expense terms is computed as follows:

$$48,366 \text{ Rentable Sq. Ft.} \times \$11.79 \text{ per Sq. Ft.} = \$570,000 \text{ PGI}$$

Net Operating Income. Estimates for vacancy/collection loss (expressed as a percentage of potential gross income) and operating expenses (expressed as a percentage of effective gross income) are made based on comparable properties and market reactions to determine the net operating income.

The Market Overview section of this report discusses the current status of the overall commercial market in Orem and in Utah County; the reader is encouraged to review this section. Given the subject attributes and market evidence, I conclude a fairly low vacancy and collection factor of 5% of potential gross income over a typical holding period.

The owner expenses are estimated at 6%, which is a fairly typical amount for the triple net expense terms assumed herein (whereby the landlord only pays management and reserves for replacement). The pro forma net operating income with triple net expense terms is computed as follows:

Pro Forma Operating Income Statement		
Potential Gross Income		\$570,000
Less: Vacancy and Collection Loss	5%	(28,500)
Effective Gross Income		\$541,500
Less: Estimated Operating Expenses	6%	(32,490)
Net Operating Income		\$509,010

Capitalization Rate. The capitalization rate is the annual return necessary to attract capital to the investment. The selection of the capitalization rate is supported by or extracted from market evidence and transactions of competing and similar properties. For all of the comparables on the following page, vacancy and operating expenses are projected for the year after sale based on actual leases, historical data, property attributes, and market conditions. *In other words, the vacancy and expenses are all appraiser projections.*

The following are comparable capitalization rates:

Address	Sale Date	Sale Price	Rent/SF *	PGI	Est. Vac.	EGI	Op. Exp.	NOI	Cap Rate
12309 Mustang Herriman – Sale 3	To close 10-21	\$21,337,300	\$18.21 NNN	\$1,584,636	\$39,616 (2.5%)	\$1,545,020	\$92,701 (6%)	\$1,452,319	6.8%
2912 Exec. Pwy. Lehi	4-20	\$22,150,000	\$23.68 FS	\$2,220,816	\$111,041 (5%)	\$2,109,775	\$709,775 (34%)	\$1,400,000	6.3%
603 N. 2000 W. Springville	5-20	\$ 5,750,000	\$ 9.60 NNN	\$362,409	\$18,120 (5%)	\$344,289	\$20,657 (6%)	\$323,632	5.6%
2175 W. 3000 S. Charleston	1-21	\$ 4,300,000	\$14.40 Mod. G.	\$346,000	\$17,300 (5%)	\$328,700	\$92,000 (28%)	\$236,700	5.5%
1352 E. EM Blvd. Eagle Mountain	3-21	\$ 2,550,000	\$28.73 NNN	\$173,474	\$ 8,674 (5%)	\$164,800	\$ 9,888 (6%)	\$154,912	6.1%
791 S. Main Pleasant Grove	12-20	\$ 2,300,000	\$10.82 NNN	\$156,679	\$ 7,834 (5%)	\$148,845	\$ 8,931 (6%)	\$139,914	6.1%
570 N. Main Spanish Fork	9-20	\$ 1,600,000	\$18.01 NNN	\$119,820	\$ 5,991 (5%)	\$113,829	\$ 6,830 (6%)	\$106,999	6.7%
8180 S. 700 E. Sandy	8-20	\$ 1,450,000	\$14.94 Mod. G.	\$108,040	\$ 5,402 (5%)	\$102,638	\$ 6,158 (6%)	\$ 96,480	6.7%
1132 E. 1060 N. Spanish Fork	4-21	\$ 1,213,000	\$ 9.48 Mod. G.	\$ 87,550	\$ 4,378 (5%)	\$ 83,172	\$21,625 (26%)	\$ 61,547	5.1%
1657 N. State Lehi	1-19	\$ 3,115,000	\$ 6.60 NNN	\$259,241	\$12,962 (5%)	\$246,279	\$14,777 (6%)	\$231,502	7.4%
492 W. 1200 N. Springville	12-19	\$ 1,100,000	\$10.20 NNN	\$ 76,775	\$ 3,839 (5%)	\$ 72,936	\$ 4,376 (6%)	\$ 68,560	6.2%
1402 W. Center Orem	4-21	\$ 1,300,000	\$ 9.47 NNN	\$ 94,800	\$ 4,740 (5%)	\$ 90,060	\$ 5,404 (6%)	\$ 84,656	6.5%
478 S. Geneva Vineyard	1-19	\$ 4,350,000	\$ 5.99 NNN	\$276,976	\$13,849 (5%)	\$263,127	\$15,788 (6%)	\$247,339	5.7%
323 N. State Orem	10-19	\$ 1,010,000	\$ 8.00 NNN	\$ 79,152	\$ 3,958 (5%)	\$ 75,194	\$ 4,512 (6%)	\$ 70,682	7.0%
985 W. Kershaw Ogden	5-20	\$12,864,000	\$11.07 NNN	\$772,000	\$23,160 (3%)	\$748,840	\$44,930 (6%)	\$703,910	5.5%

* Rental term abbreviations: NNN = triple net; Mod. G. = modified gross; FS = full service.

The following is a summary of comparable capitalization rates from the previous page:

High	7.4%
Low	5.1%
Median	6.2%
Mean	6.2%

Capitalization rates reflect the overall risk of an investment (greater rates imply greater risk). The capitalization rates are reasonably consistent for this property type. The subject has no arm's-length tenants at present; however, the property has a favorable location close to Utah Valley University (UVU).

After factoring in the subject attributes and market evidence, a rounded capitalization rate of 6.2% is reasonable—consistent with the mean and median rates of the comparables. Having determined the net operating income and direct capitalization rate, the indicated income capitalization approach value is as follows:

$$\frac{\$509,010 \text{ Net Operating Income}}{6.2\% \text{ Capitalization Rate}} = \$8,209,839 \text{ or } \$8,210,000 \text{ Rounded}$$

Income Capitalization Approach Value
\$8,210,000

Reconciliation of Value Conclusions

In order to determine the as-is market value of the subject, two of the three approaches to value were applied and are now evaluated based on their appropriateness, accuracy, and quantity of evidence:

The Reproduction Cost Approach is not meaningful for the subject due to the older age of the improvements and overall depreciation. Thus, this approach is not appropriate. *Value Indication: Not Applicable.*

The Sales Comparison Approach is very appropriate for properties like the subject. The subject is compared to recent sales of similar properties. The data presented are accurate, the adjusted range is reasonably consistent, and the quantity of data is sufficient to produce a reliable indication of value. *Value Indication: \$8,200,000.*

The Income Capitalization Approach is somewhat appropriate as the subject could be leased for investment income. However, the building is currently owner occupied and not leased. There is a sufficient quantity of data to produce a reliable indication of market rent for the overall property. Market evidence is used in determining capitalization rates, vacancy, and expense estimates. *Value Indication: \$8,210,000.*

Most weight is given to the sales comparison approach due to appropriateness in this fee-simple analysis. The income approach provides supporting evidence and indicates a very similar value conclusion. Based on the data reported and the analyses made, I am of the opinion that the as-is market value of the subject, as of May 14, 2021 (effective appraisal date), is reconciled and rounded to be as follows:

\$8,200,000

This value is contingent upon the Extraordinary Assumptions on page 28 of this report.

Certification

June 14, 2021

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.
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. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Uniform Standards of Appraisal Practice*.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
9. Todd Gurney made a personal inspection of the property that is the subject of this report.
10. No one provided significant real property appraisal assistance to the person signing this certification.
11. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
12. As of the date of this report, Todd Gurney has completed the continuing education program for Designated Members of the Appraisal Institute.
13. I am a licensed appraiser within the state of Utah and my license has not been revoked, suspended, canceled, nor restricted.
14. I have performed appraisal services in regard to the subject property within the past three years (appraisal for Alpine School District in January 2021).



TODD GURNEY, MAI

Utah State Certified General Appraiser
Certificate 5487768-CG00 Expires 7-31-22

ADDENDUM

LEGAL DESCRIPTIONS

The subject Legal Descriptions, according to a title report, are as follows:

Units 1 through 12, inclusive, PARKWOOD INDUSTRIAL CENTER CONDOMINIUMS, a Utah Condominium Project, as the same is identified in the Record of Survey Map, recorded in the Office of the Utah County Recorder, as Entry No. 6010:1997, and Map Filing No. 6905, (as said Record of Survey Map may have heretofore been amended or supplemented) and in the Declaration of Condominium, recorded in the office of the County Recorder as Entry No. 6011 in Book 4177 at Page 77 of Official Records (as said Declaration may have heretofore been amended or supplemented).

TOGETHER WITH the undivided ownership interest in and to the Common Areas and Facilities which is appurtenant to said Unit and as more particularly described in said Declaration (as said Declaration may have heretofore been amended or supplemented).

ALSO:

COMMENCING NORTH 1022.0 FEET AND EAST 9.92 FEET FROM THE SOUTHEAST CORNER OF SECTION 20, TOWNSHIP 6 SOUTH, RANGE 2 EAST, SALT LAKE BASE AND MERIDIAN; THENCE SOUTH 89 DEG. 25 MIN. 35 SEC. WEST 513.44 FEET; THENCE NORTH 298.64 FEET; THENCE NORTH 89 DEG. 31 MIN. 20 SEC. EAST 517.52 FEET; THENCE NORTH 75 DEG. 49 MIN. 21 SEC. EAST 50.78 FEET; THENCE SOUTH 190.83 FEET; THENCE SOUTH 89 DEG. 26 MIN. 3 SEC. WEST 54.43 FEET; THENCE SOUTH 0 DEG. 32 MIN. 6 SEC. EAST 118.89 FEET TO THE POINT OF BEGINNING.

Less and Excepting: Plat "C", WINCHESTER BUSINESS PARK CONDOMINIUMS, according to the official plat thereof on file in the office of the Utah County Recorder.

FLOOD ZONE MAP





Appraiser License for Todd Gurney



STATE OF UTAH
DEPARTMENT OF COMMERCE
DIVISION OF REAL ESTATE

ACTIVE LICENSE

DATE ISSUED: 07/02/2020
EXPIRATION DATE: 07/31/2022
LICENSE NUMBER: 5487768-CG00
LICENSE TYPE: Certified General Appraiser
ISSUED TO: TODD A GURNEY
6809 W MARIE JONSSON CIR
HIGHLAND UT 84003




SIGNATURE OF HOLDER


REAL ESTATE DIVISION DIRECTOR



Appraiser Qualifications for Todd Gurney



Education Brigham Young University 1991-92, 94-96
 BS Degree in Business Management, Finance Emphasis
 Summa Cum Laude graduate

Appraisal Education in Recent Years Successfully completed the following courses in recent years:
 Commercial Land Valuation
 Uniform Standards of Professional Appraisal Practice (USPAP) Update
 Business Practices and Ethics
 Appraising Automobile Dealerships
 Appraisal of Fast Food Facilities
 Appraisals of Owner-Occupied Commercial Properties
 Appraisal Applications of Regression Analysis
 Expert Witness for Commercial Appraisers
 Appraising and Analyzing Industrial and Flex Buildings
 (Various other courses and seminars)

Licensing/ Membership Utah State Certified General Appraiser
 Certificate CG5487768-CG00
 Expires 7-31-22
 MAI Designation of the Appraisal Institute

Professional/ Public Service Utah Chapter of the Appraisal Institute
 2001 Central Branch President
 Given various real estate presentations as a guest lecturer
 Brigham Young University real estate classes
 Utah County Board of Realtors commercial agents meetings
 Orem City CDBG Citizens Advisory Committee Member
 2002-2004

Experience Commercial Appraiser 1997-2010
 Gurney & Associates
 President/Owner 2010-present
 Gurney & Associates
 Appraised the following property types:
 Professional offices Residential and commercial subdivisions
 Medical and dental offices Housing developments and individual units
 Neighborhood retail Family and student apartments
 Restaurants Group living facilities
 Light industrial shops Self storage units
 Manufacturing Car washes
 Warehouses Auto sales and auto service facilities
 Vacant land Other property types

Most appraisal experience is in Utah County, Salt Lake County, and Wasatch County, but also appraised several properties in other areas throughout Utah.



UTAH VALLEY UNIVERSITY

VICE PRESIDENT OF ADMINISTRATION & STRATEGIC RELATIONS

January 31, 2022

Commissioner David Woolstenhulme
Utah System of Higher Education
60 South 400 West
Salt Lake City, UT 84101

Subject: Request to Purchase Lehi 2 Building

Dear Commissioner Woolstenhulme,

Pursuant to Policy R703, Utah Valley University is requesting approval from the Board of Higher Education to purchase the Lehi 2 building in Thanksgiving Point, Lehi, Utah. This purchase was approved by our Board of Trustees at their January 27, 2022 meeting. The purchase creates a two-building campus with plenty of surface parking, access to the Lehi Frontrunner station, and a parking structure.

We will use funds currently in our dedicated projects account for the purchase. The price for the building is \$21,250,000, an appraisal is attached.

Please feel free to contact me if you have any questions or concerns about this purchase.

Best regards,

A handwritten signature in black ink, appearing to read 'Val Peterson', with a long horizontal flourish extending to the right.

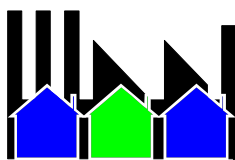
Val L. Peterson
Vice President of Administration and Strategic Relations
Utah Valley University

Cc: Juliette Tennert, Chief Financial Officer
Malin Francis, Director of Facilities and Planning

Attachment: Lehi 2 Building Appraisal Report

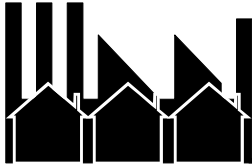
APPRAISAL REPORT

Professional Office Property
3889 W. Ashton Boulevard
Lehi, Utah 84043



GURNEY & ASSOCIATES REAL ESTATE APPRAISERS

Phone: 801.610.9555 • 45 N. 490 W. (Cypress Park) American Fork, Utah 84003 • Fax: 801.763.5992



GURNEY & ASSOCIATES

REAL ESTATE APPRAISERS

Todd Gurney, MAI
Tyler Gurney

January 20, 2022

Utah Valley University
Attn: Jeana Miner AX 138
1545 W. Business Park Dr.
Orem, Utah 84058

**RE: Professional Office Property
2889 W. Ashton Boulevard
Lehi, Utah 84043**

Dear Jeana:

At your request, I have performed an appraisal analysis of the above-referenced professional office property. The subject is parcel 53-333-0009 on Utah County records. The Legal Description for the land area is included herein. The site includes 5.045 acres. The building has 93,520 rentable sq. ft. The property includes underground parking and storage, as well as a parking deck.

This appraisal provides an estimate of the as-is market value with leased fee estate property rights. Based on the results of my analysis, I estimate the as-is market value of the subject property, as of January 13, 2022 (date of inspection), is as follows:

\$23,000,000

**** TWENTY-THREE MILLION DOLLARS ****

The above-concluded value is conditional upon the Extraordinary Assumptions on pages 43-44 of this report. The exposure time to achieve the value estimated herein is approximately nine months. The probable marketing time is up to nine months as well.

Please find attached the documentation and supportive exhibits that comprise the appraisal report. The appraisal report was prepared in accordance with the Code of Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation. This is an *Appraisal Report* and all applicable approaches to value are developed.

Please advise if I can be of any further assistance.

Respectfully submitted,



TODD GURNEY, MAI

Utah State Certified General Appraiser Certificate 5487768-CG00 Expires 7-31-22
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File 48522
Attachments

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Summary of Important Data

The following grid summarizes the important data of this appraisal. The values are contingent upon the Extraordinary Assumptions on pages 43-44 of this report.

Property Appraised	Professional Office Property 2889 W. Ashton Boulevard, Lehi, Utah 84043		
Type and Definition of Value	This appraisal provides an estimate of the market value of the subject. The market value definition can be found later herein. Leased fee estate property rights appraised.		
Intended Use/User of the Appraisal	This appraisal is to assist the client in ascertaining the market value of the subject for acquisition purposes. The intended user is the client: Utah Valley University. There are no other intended uses or intended users of this appraisal.		
Client	Utah Valley University (Attn: Jeana Miner)		
Appraiser	Todd Gurney, MAI (5487768-CG00)		
Exposure Time	Up to nine months		
Important Appraisal Dates	The inspection and effective appraisal dates are January 13, 2022. The appraisal report date is January 20, 2022.		
Brief Property Description	Parcel 53-333-0009 on Utah County records. The location is close to a UTA FrontRunner Station in northwest Lehi, Utah. The original building is 17 years old, but some remodeling has been done over the years. The building is high-quality office space with steel construction and a stucco/glass exterior. The rentable building area is 93,520 sq. ft. with four above-grade levels. The facility includes underground parking and storage, as well as a parking deck. About \$100,000 is needed to separately partition off additional rentable office area on the top level. The building is leased to multiple tenants with 41% physical vacancy (39% economic vacancy). The land area is 5.045 acres zoned RC Resort Community. The underlying land value is \$5,500,000.		
Approach Values	Reproduction Cost Not Applicable	Sales Comparison \$,000	Income Capitalization \$,000
Final Value Conclusion	\$23,000,000		



Subject Exterior Views



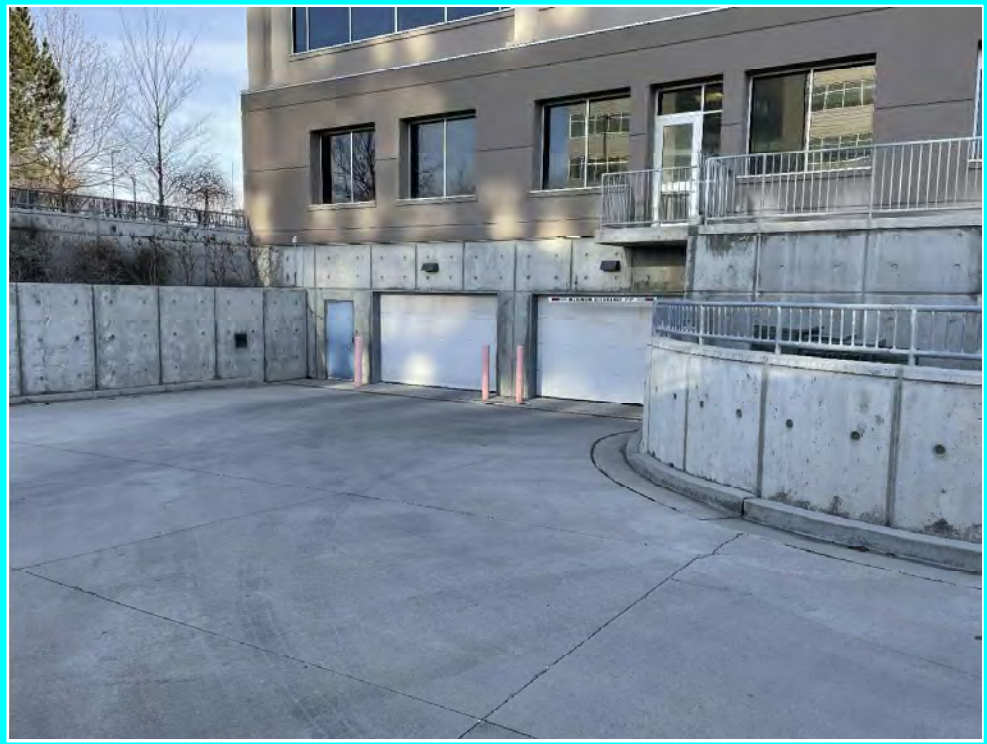
Subject Exterior Views



Subject Exterior Views



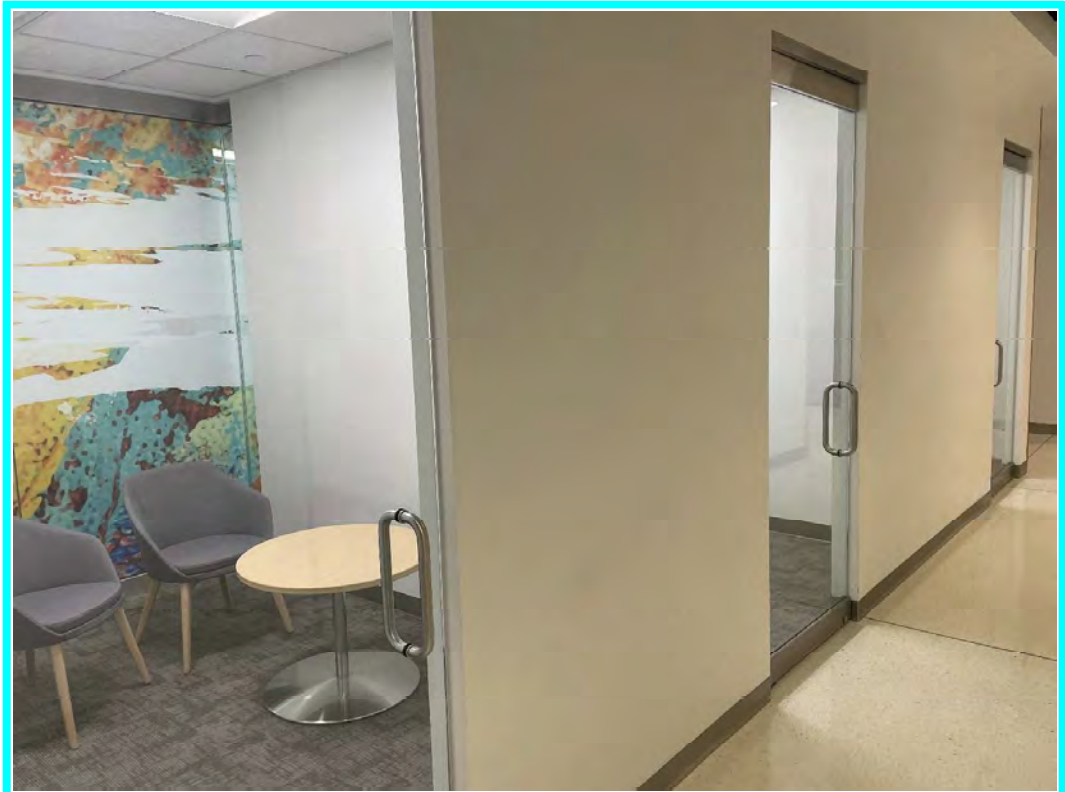
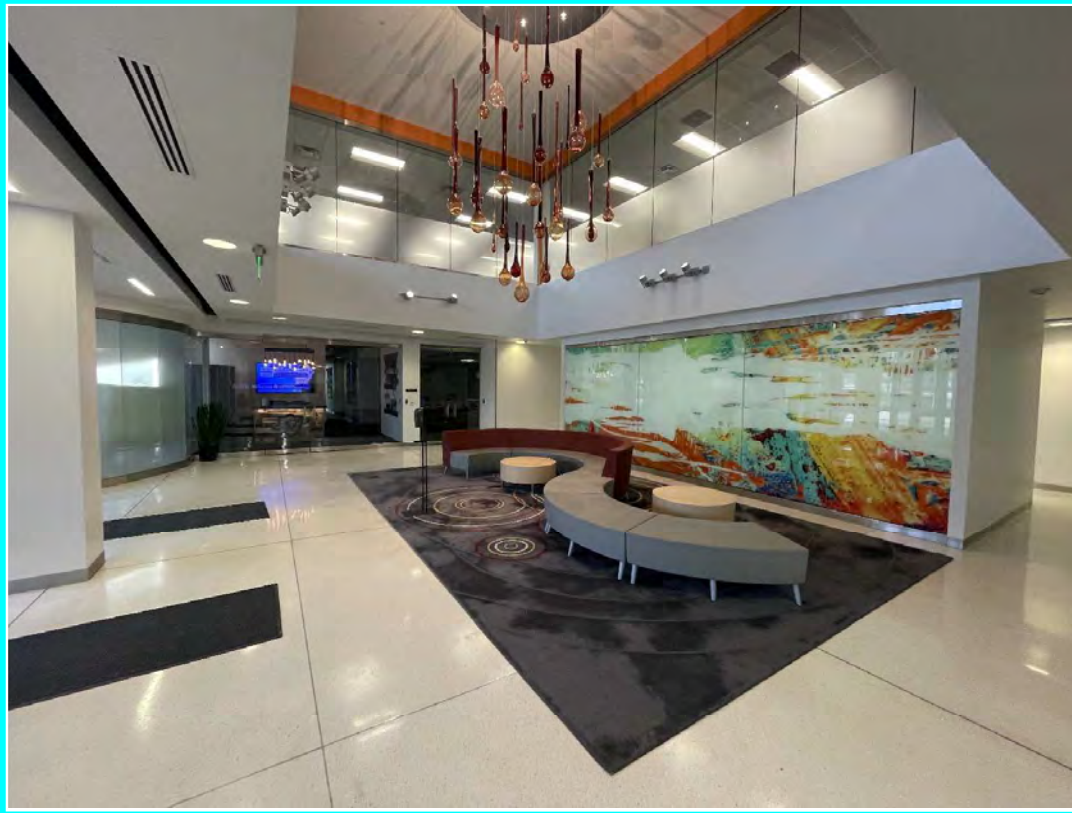
Subject Parking and Driveway Views



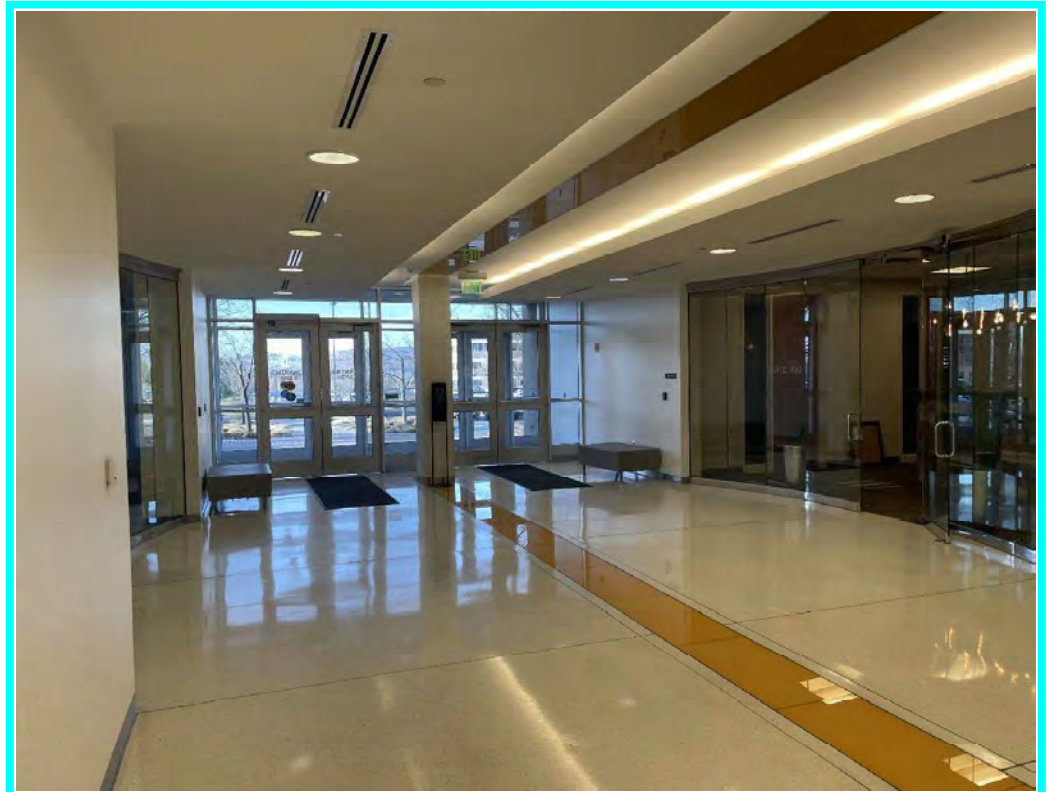
Views of Subject Parking Deck



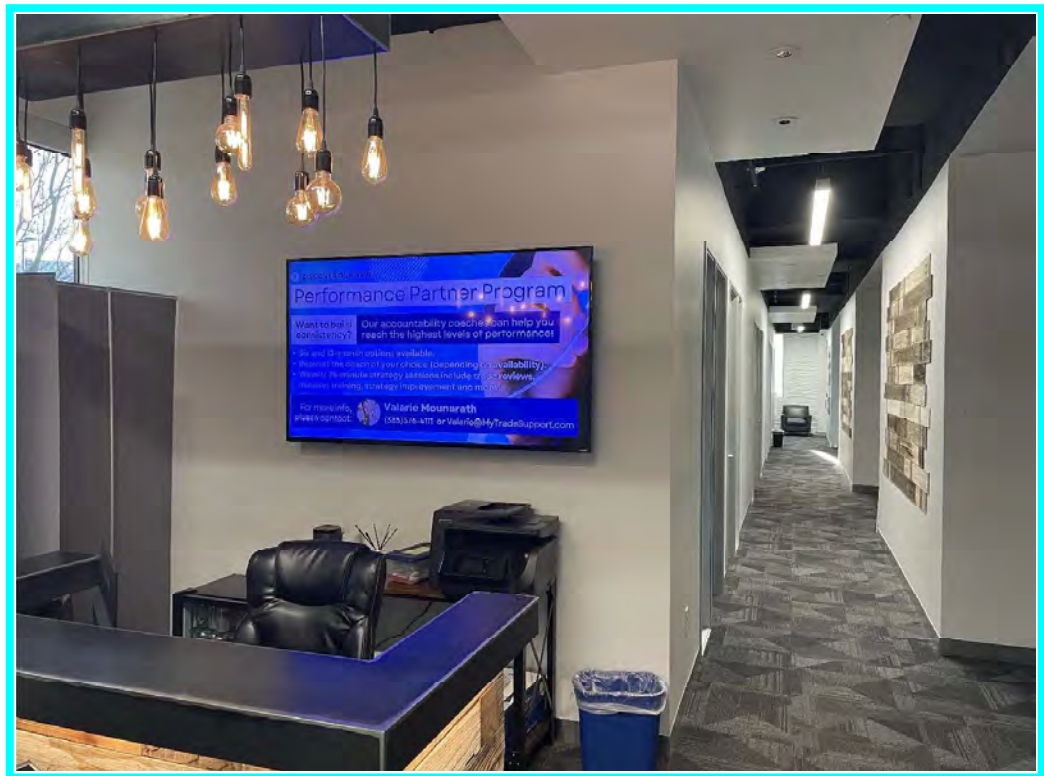
Subject Interior Views – Main Level



Subject Interior Views – Main Level



Subject Interior Views – Main Level



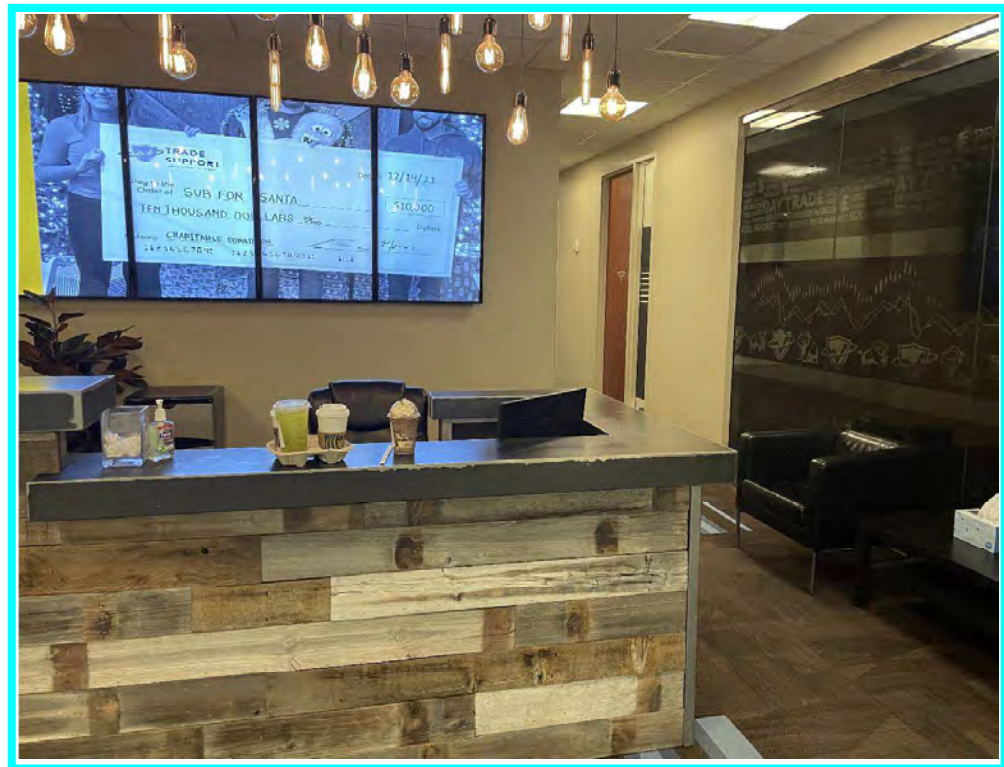
Subject Interior Views – Main Level



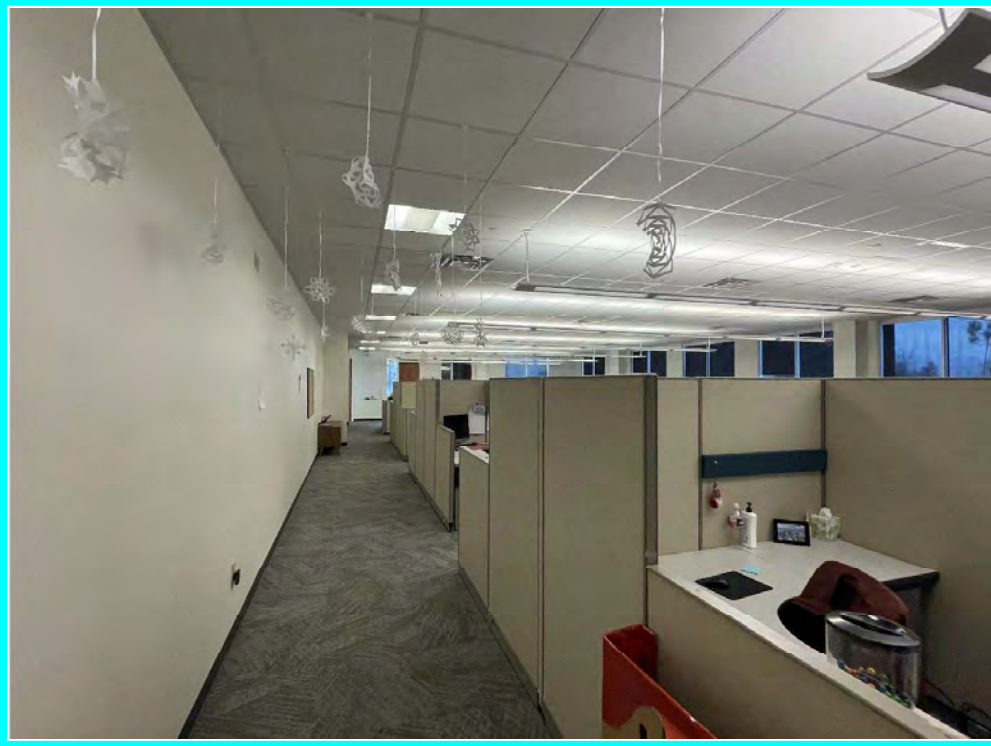
Subject Interior Views – Main Level



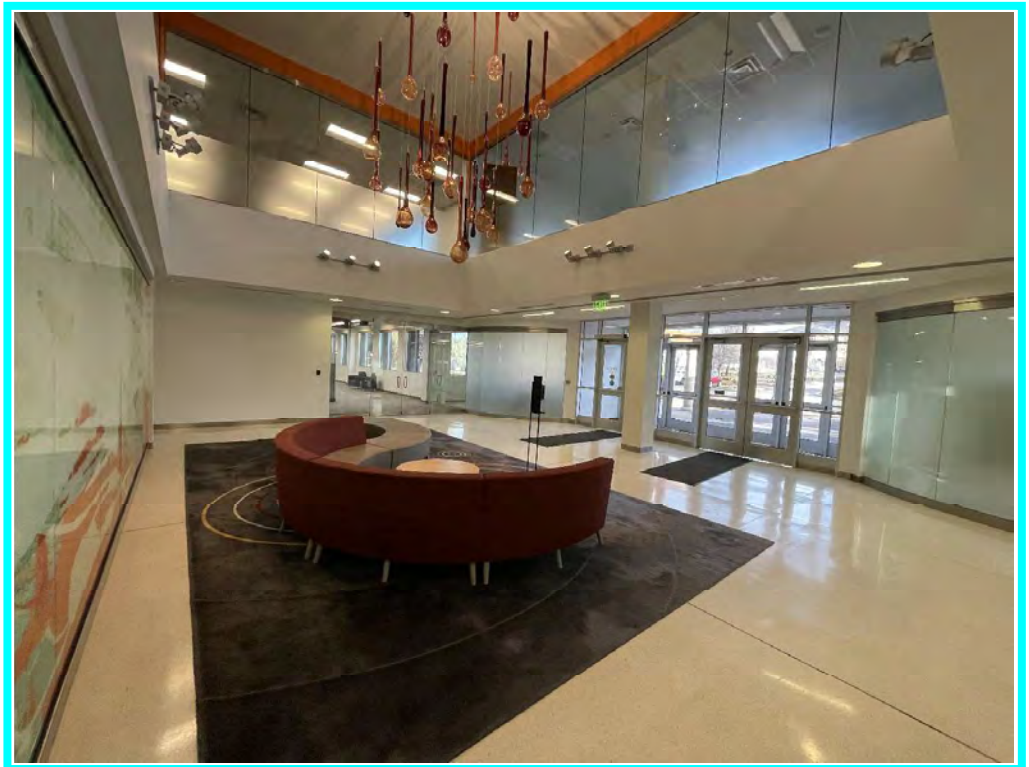
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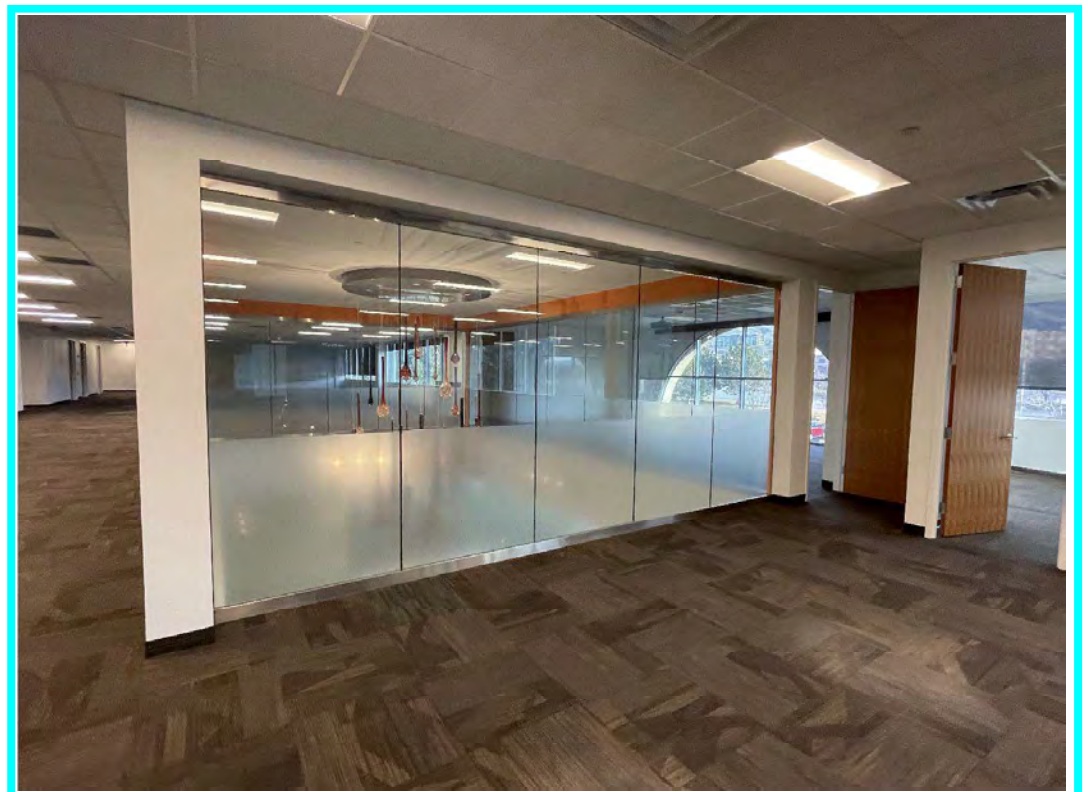
Subject Interior Views – Main Level



Subject Interior Views – Main Level



Subject Interior Views – 2nd Level



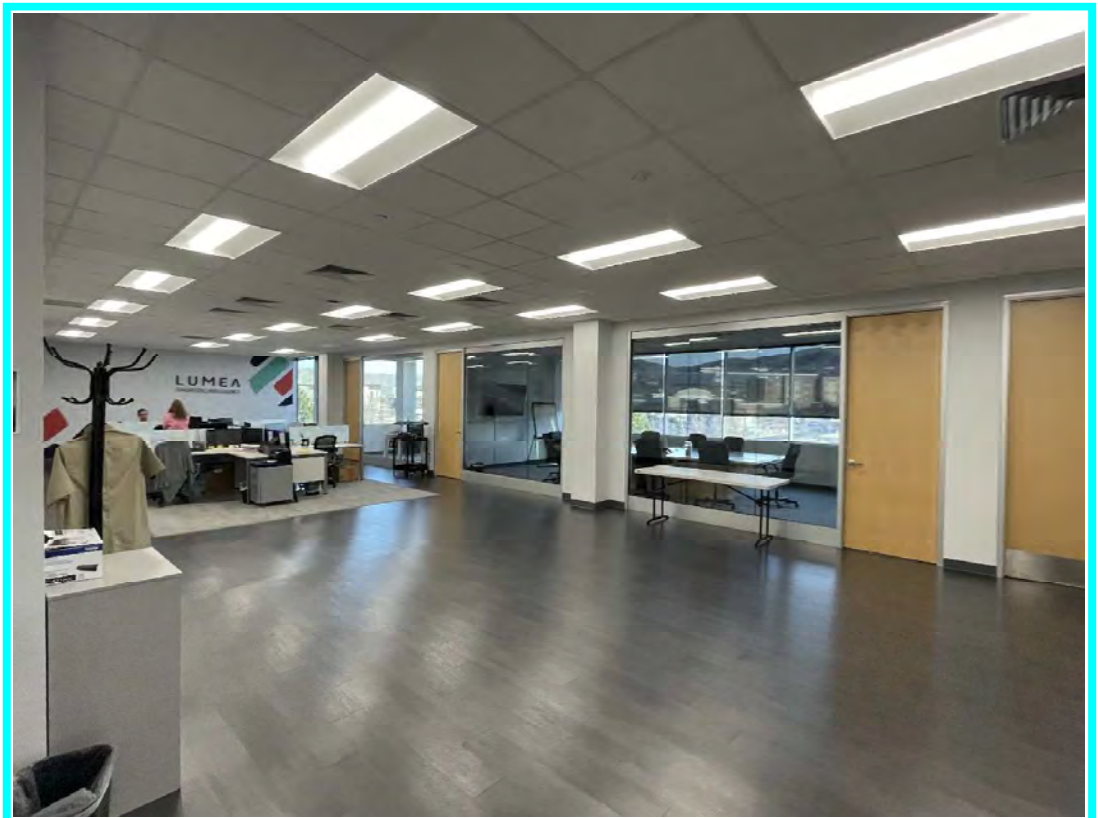
Subject Interior Views – 2nd Level



Subject Interior Views – 2nd Level



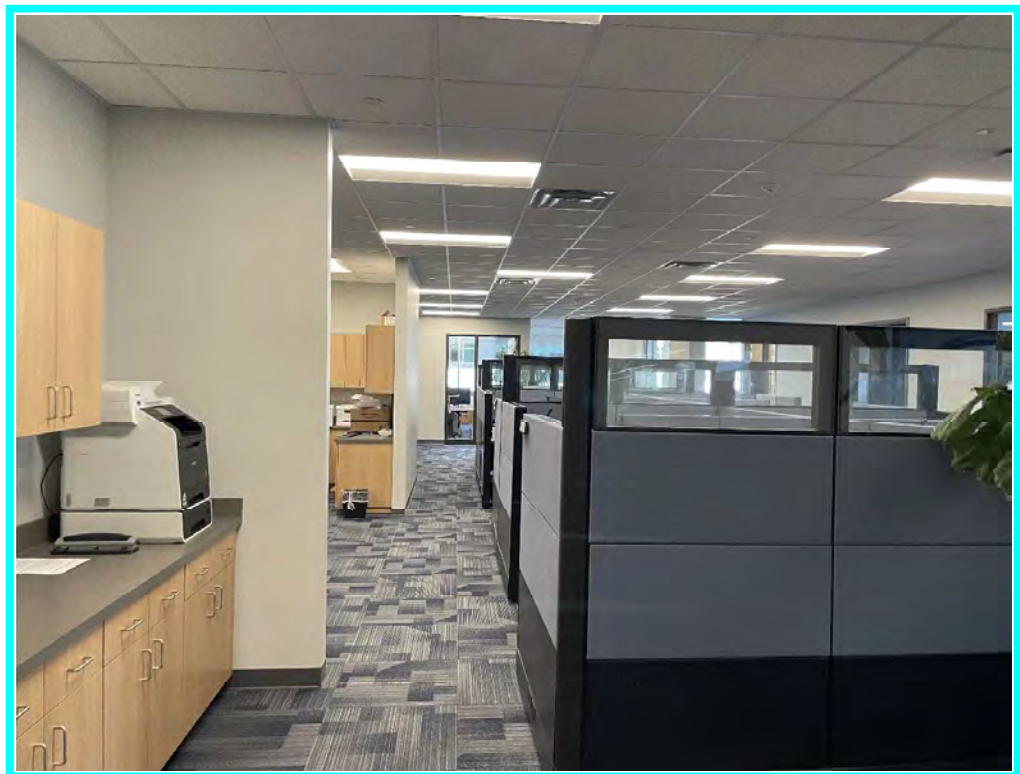
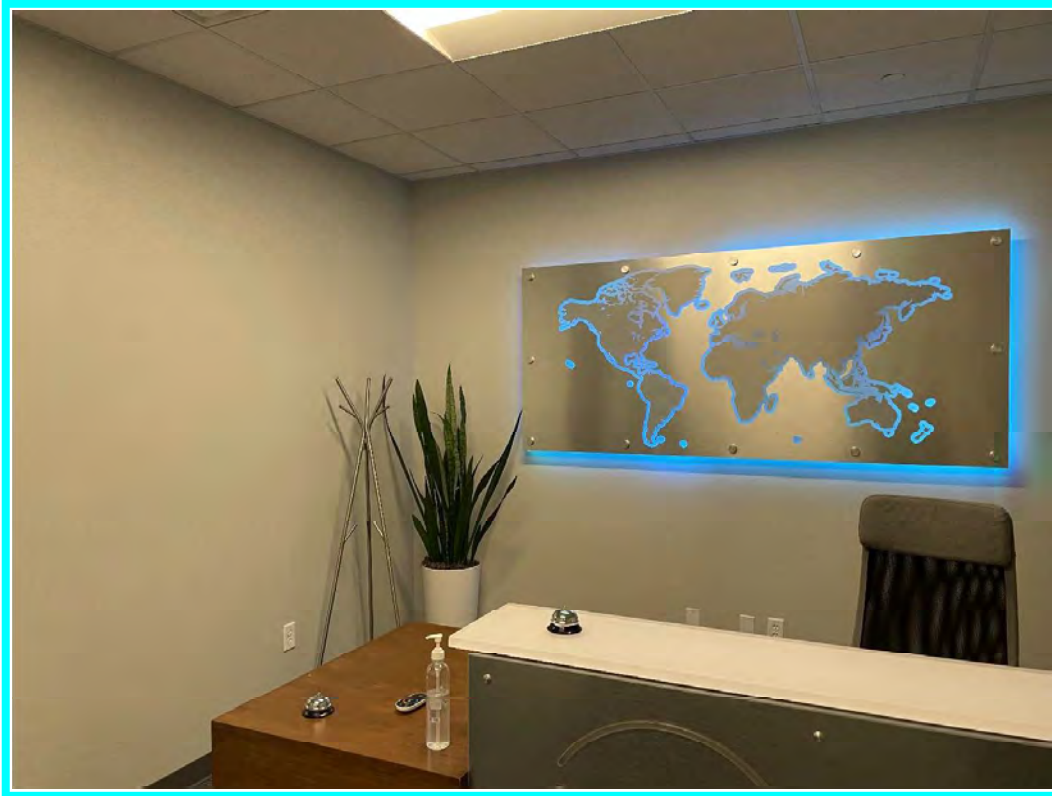
Subject Interior Views – 3rd Level



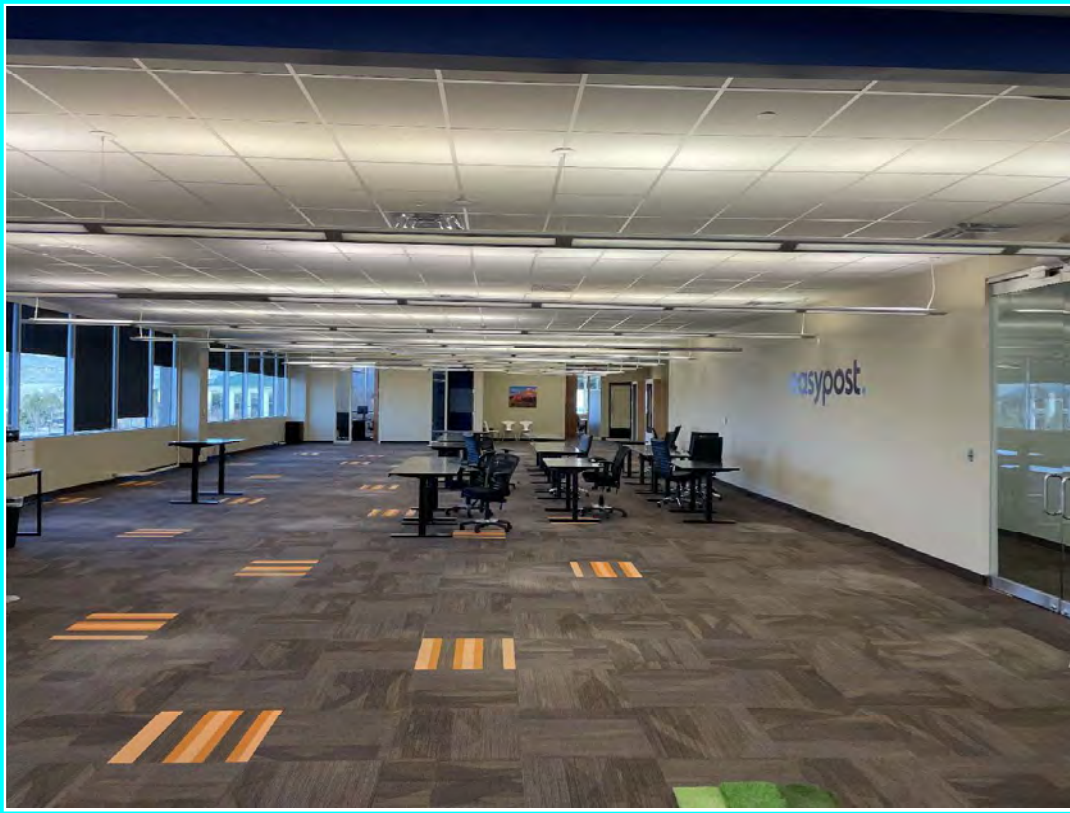
Subject Interior Views – 3rd Level



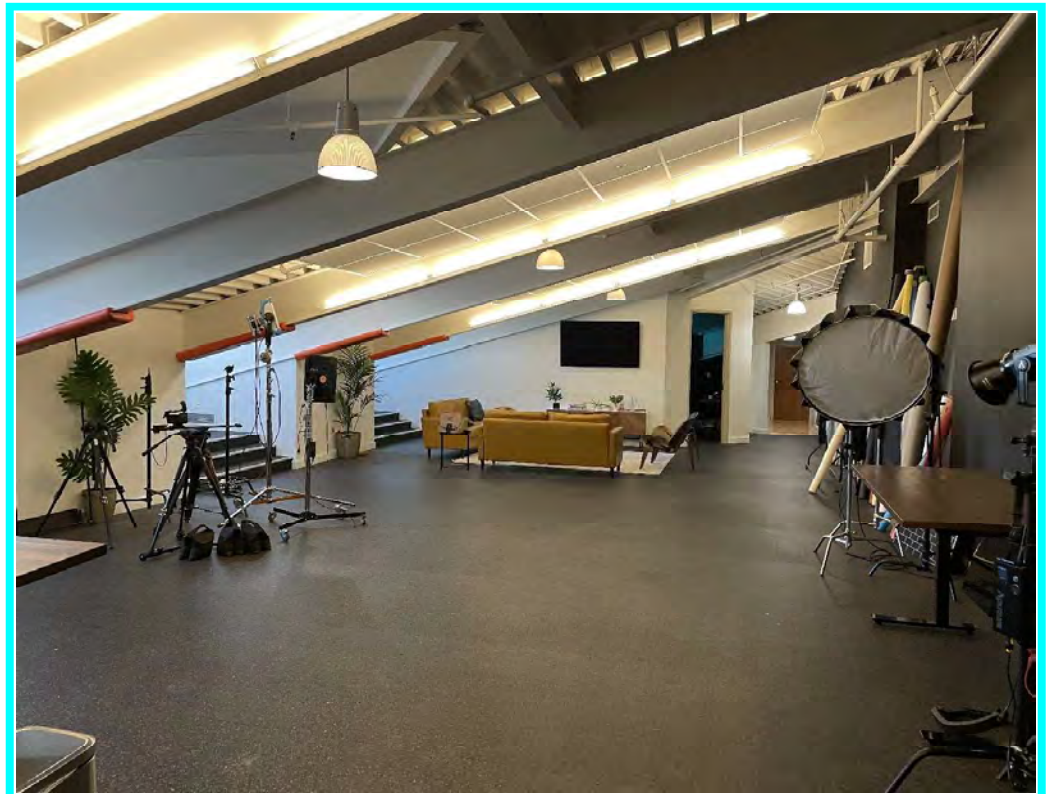
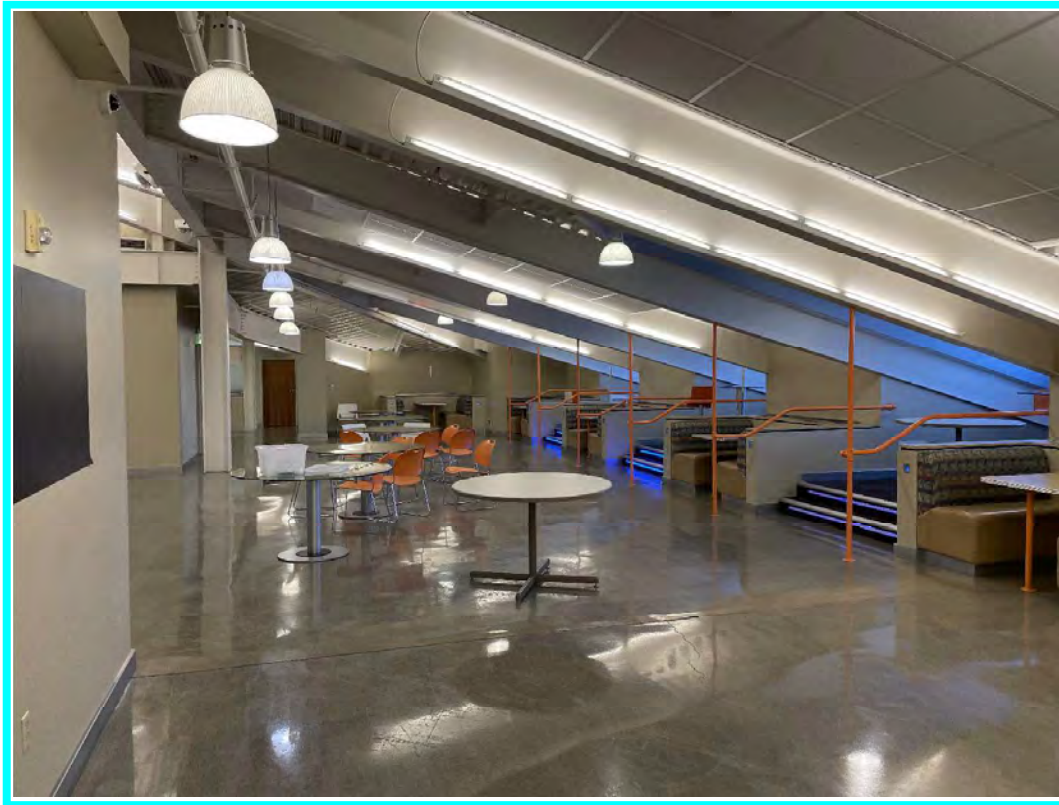
Subject Interior Views – 3rd Level



Subject Interior Views – 3rd Level



Subject Interior Views – 4th Level



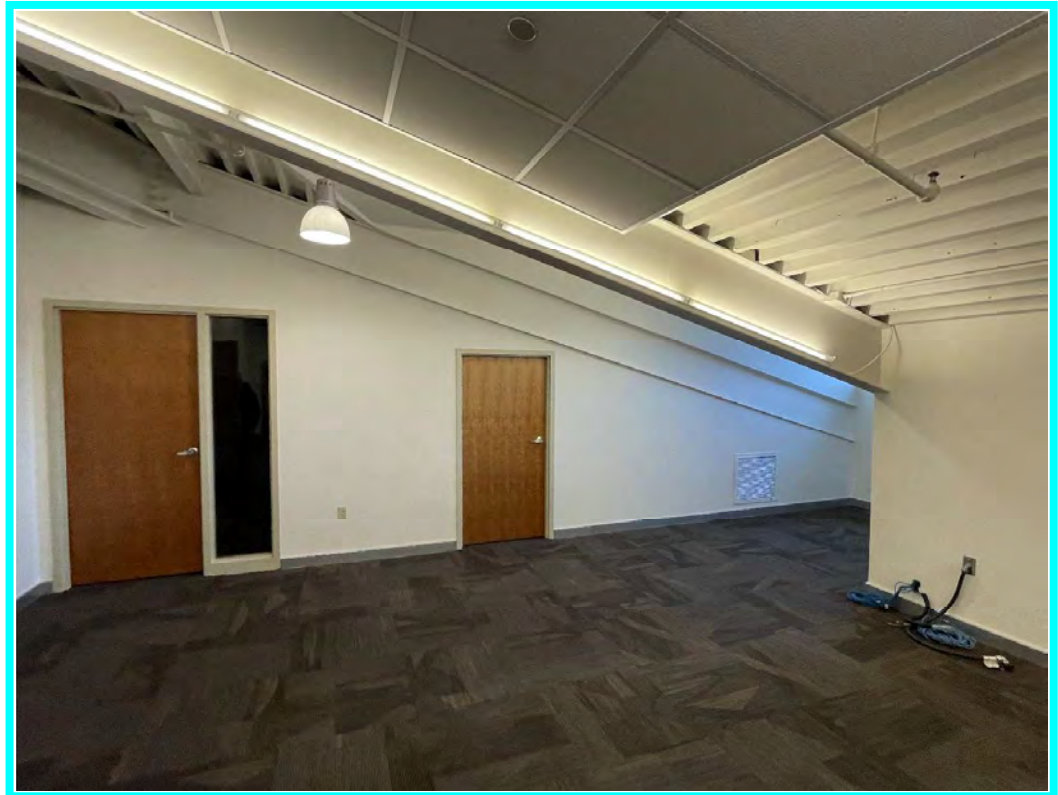
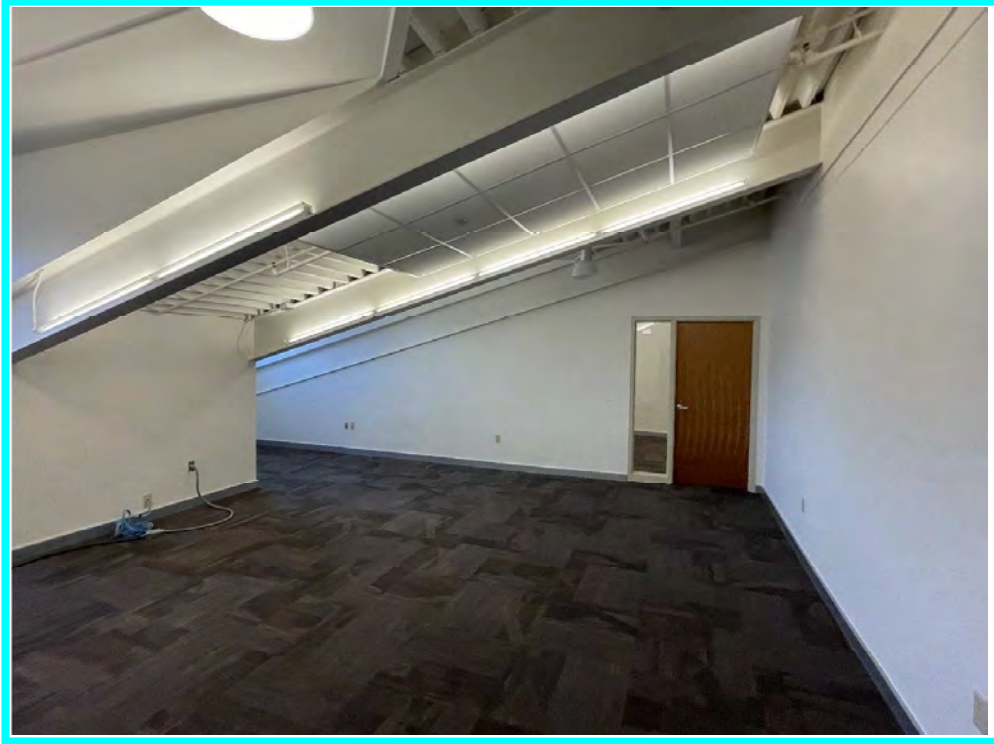
Subject Interior Views – 4th Level



Subject Interior Views – 4th Level



Subject Interior Views – 4th Level



Subject Street Views



**Looking NW
Along Ashton
Blvd.**



**Looking SE Along
Ashton Blvd.**

Views of Other Nearby Commercial Buildings



Views of Other Nearby Commercial Buildings



Views of Other Nearby Commercial Buildings



Subject Neighborhood Views



**Nearby UTA Front
Runner Station**

**Adjoining Field
to the South**



Views of Nearby Thanksgiving Point



Defining the Appraisal

Identification and Recent History of Subject Property

The subject is a multiple-tenant professional office property. The location is in a very favorable area of northwest Lehi close to a UTA FrontRunner Station. The site area is 5.045 acres zoned RC Resort Community. The original building age is 17 years; however, some remodeling has been done over the years. The building is high-quality office space with steel construction and a stucco/glass exterior. The rentable building area is 93,520 sq. ft. with four above-grade levels. The facility includes underground parking and storage, as well as a parking deck. The property is leased to multiple tenants, but the building currently has 41% physical vacancy (39% economic vacancy).

The subject property owner of record is Lehi 175 LLC, which has owned the property since July 2013. I understand that the property was offered for sale during the beginning of 2021 with an asking price of \$22,000,000; however, Jordan Wall, the listing agent, reports that the property was only marketed "quietly" (not very aggressively).

In October 2021, Utah Valley University (UVU) or assigns contracted to purchase the subject for \$21,250,000; see Commercial Real Estate Purchase Contract in the Addendum. I understand that the property was not listed when this contract was executed. Jordan Wall reports that the out-of-state sellers are atypically motivated to dispose of this asset in order to invest the funds into real estate closer to the rest of their real estate portfolio.

The closing of this transaction is expected to occur in April 2022. No other known sales, listings, or options involving the subject property have occurred within the past three years. After acquiring the property, UVU plans to owner occupy a portion and rent out the balance for investment income. I anticipate that about \$100,000 will be needed to separately partition some of the fourth level future office space from the fourth level common break areas; see Extraordinary Assumptions. UVU already owns the sister office building to the immediate southwest of the subject. UVU eventually plans to expand in other areas of the building as additional suites become available and as UVU space needs dictate.

County Assessor's Data/Legal Description

The subject is recorded as parcel 53-333-0009 on Utah County records. The current assessed value is \$18,010,500. The 2021 property taxes were \$175,836.51; it appears that these taxes, along with all other historical property taxes, have been paid in full.

The subject Legal Description, according to Utah County records, is as follows:

PART LOT 2, ALSO PART LOT 3, PLAT C, THANKSGIVING POINT BUSINESS PARK SUB DESCRIBED AS FOLLOWS;; COM W 1964.63 FT & S 31.78 FT FR E 1/4 COR. SEC. 36, T4S, R1W, SLB&M.; N 39 DEG 18' 15" W 360.68 FT; S 50 DEG 41' 45" W 182.47 FT; N 39 DEG 18' 15" W 365.7 FT; N 50 DEG 41' 45" E 449.31 FT; ALONG A CURVE TO L (CHORD BEARS: S 25 DEG 26' 21" E 264.08 FT, RADIUS = 551 FT); S 39 DEG 18' 15" E 458.97 FT; ALONG A CURVE TO R (CHORD BEARS: S 38 DEG 36' 3" E 11.02 FT, RADIUS = 449 FT); S 50 DEG 41' 45" W 203.42 FT TO BEG. AREA 5.045 AC.

Real Property Interest

The subject property is leased for investment income. Thus, the property rights appraised are *leased fee estate*. No personal property or business values are included in this valuation analysis.

Scope of Work and Important Date(s) of the Appraisal

To develop the opinion of value, I performed the scope of work necessary to develop credible assignment results. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.

I inspected the subject property and surrounding neighborhood. I gathered information about the property and comparable properties; consulted with Jordan Wall (leasing agent) and with Shake Agroyan (property manager); consulted with Frank Young of UVU (prospective buyer); gathered market data for comparable sales, leases, vacancies, operating expenses, and capitalization rates; and applied the sales comparison and income approaches. The cost approach is not considered meaningful due to the age of the building improvements.

This Appraisal Report is a brief recapitulation of my data, analyses, and conclusions. Supporting documentation is retained in my appraiser work file. The inspection and effective appraisal dates are *January 13, 2022*. The report date is *January 20, 2022*.

Intended User/Users of Appraisal

This appraisal is to assist the client in ascertaining the market value of the subject for acquisition purposes. The intended user is the client: Utah Valley University. There are no other intended uses or intended users of this appraisal.

Competency Provision

The appropriate steps have been taken to complete this appraisal assignment competently. I have appraised many similar types of properties over the past few years; a detailed list of these other assignments can be provided upon request.

Reasonable Exposure and Marketing Time

Based on my analysis of the subject market over the last several months, it is estimated that an appropriate exposure time for the subject would be up to *nine months*. It is anticipated that a reasonable marketing period to sell the subject property should not exceed *nine months* from the effective date of this appraisal.

Type and Definition of Value

This appraisal determines the as-is market value. A current definition of market value agreed upon by agencies that regulate U.S. federal financial institutions is as follows:

Market Value means 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 is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- 1. buyer and seller are typically motivated;*
- 2. both parties are well informed or well advised and acting in what they consider their own best interests;*
- 3. a reasonable time is allowed for exposure in the open market;*
- 4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- 5. the price represents the normal consideration for the property sold unaffected by special or creative financing of sales concessions granted by anyone associated with the sale.*

U.S. Office of the Comptroller of the Currency, 12 CFR Part 34.42g

Standard Assumptions and Limiting Conditions

The following assumptions and limiting conditions apply for this appraisal:

- 1. This is an Appraisal Report that is intended to comply with the reporting requirements set forth under the Uniform Standards of Professional Appraisal Practice. It presents summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussions contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.*
- 2. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.*
- 3. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.*
- 4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.*
- 5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.*
- 6. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.*
- 7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.*
- 8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.*
- 9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.*
- 10. It is assumed that all required licenses, certificates of occupancy, or other legislative or administrative authority from any local, state, or national governmental, or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.*
- 11. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.*
- 12. It is assumed that the utilization of the land and improvements is within the boundaries of property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.*

13. *The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.*
14. *Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.*
15. *Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.*
16. *The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.*
17. *Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with proper written qualification and only in its entirety.*
18. *Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.*

Extraordinary Assumptions

The following extraordinary assumptions apply (continued on the following page). I believe these items are true but cannot verify them. These assumptions may affect the assignment results of this appraisal report.

1. The subject property is currently leased for investment income. I was not provided with copies of the actual lease agreements to review. However, the owner provided a Rent Roll (see Addendum). Furthermore, I consulted with Jordan Wall of Colliers International (leasing agent for the building) regarding the actual and proposed leases. I assume that the documents and information provided to me are correct and that my understanding of the income and expenses of the building is accurate. Should the actual income and expense attributes be measurably different than what was reported, the value conclusion would likely change.
2. The fourth level is fairly open, and the majority of this building level is either vacant or currently being utilized for common break area. However, Frank Young of UVU (prospective buyer) anticipates that additional rentable building area—consistent with the rentable areas shown on the Building Sketch—could be created fairly easily by adding some more demising walls and reducing some of the common building area. Based on input from the proposed buyer and market data, I estimate that a budget of about \$100,000 would be needed to separately partition off this additional proposed fourth level office area. I assume that this cost estimate is reasonable; it is subtracted in the value conclusions of this report in order to determine the as-is value of the subject building improvements. Should the actual costs to partition off the fourth level space be significantly different, the value conclusion of this report would differ.
3. Other than the fourth level office conversion just described, it appears that no deferred maintenance of any significant exists in the building; I assume this is accurate. Note that I am not a qualified building inspector.
4. I have reviewed building plans for the facility. The total rentable size of 93,520 sq. ft. is based on these plans, as well as on Rent Roll input. This size is approximate and is assumed to be accurate for purposes of this analysis. Note that the main level conference room is not included in the rentable size since this space is reportedly accessible to all of the existing tenants. Note also that none of the basement storage area is included in the rentable size since it is not finished office area; however, adjustments are made to reflect the value of this favorable extra feature in the valuation analysis.
5. The site size and year built are based on Utah County records. These figures are approximate but are assumed to be accurate for purposes of this appraisal. The county Legal Description is also assumed to be accurate.

6. A title report was not provided. I assume that no adverse title or easement issues exist. The subject appears to have reciprocal easements for access with adjoining properties to the immediate east, north, and south; these easements don't appear adverse. The property to the southwest of the subject reportedly also includes access to the two-level parking deck on the subject site; I assume that this is correct and that all of the parking areas for both buildings are commonly maintained.
7. The subject appears to be located in a FEMA Flood Zone X, which is outside the 500-year flood plain with less than 0.2% annual probability of flooding. I assume that this is correct.
8. Utah is a non-disclosure state; in other words, sale prices for property transactions are not made public as in most other states. The sources of comparable information are identified in this report—both they and the data are considered reliable and have been confirmed whenever possible with at least one party that had direct knowledge of the transaction. When conflicting information was provided, the source deemed most reliable has been used. Data believed to be unreliable have not been included in the report nor used as a basis for the value conclusion.

Preliminary Analysis

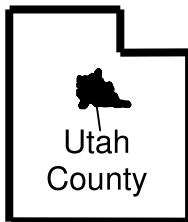
State, County, and City Data

The subject state, county, and city influences are summarized as follows:

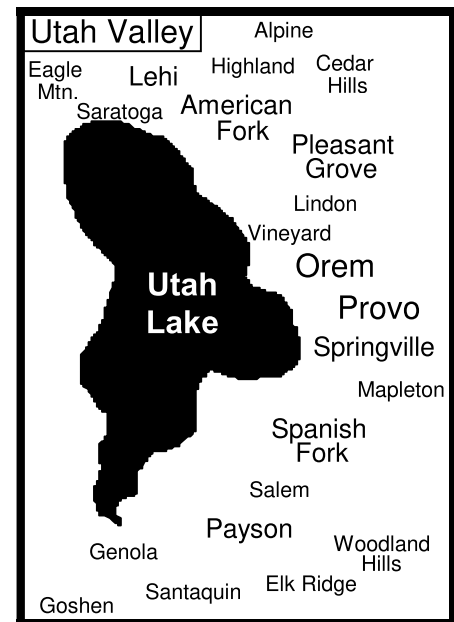
State Influences. Utah has a diverse job sector including a strong technology base. The work force is younger and more educated than the national work force; Utah has the highest birth rate in the nation and the lowest median age. U.S. News & World Report recently ranked Utah 4th overall in its annual state rankings; this includes rankings of 2nd for economic strength, 3rd for infrastructure, and 5th for fiscal responsibility. The 2020 census population was nearly 3.28 million. Utah is the 30th most populated state and ranked 1st in overall population growth from 2010 to 2020 with overall growth of 18.4% during this time period.



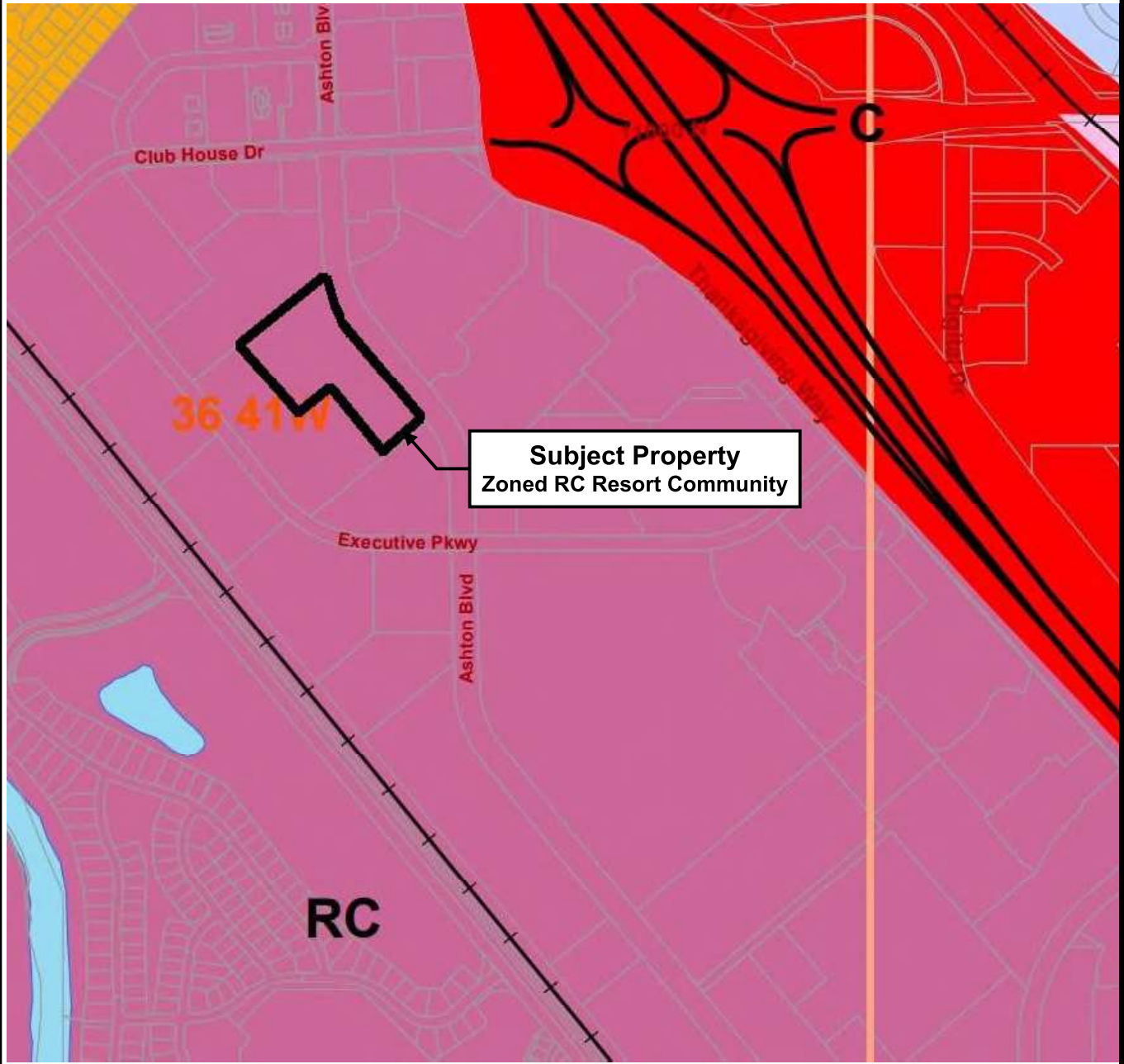
County Influences. Utah County has a 2020 census population of 659,399, making it the 2nd largest county in Utah. Population growth in Utah County was 2.47% annually from 2010 to 2020. In recent years, Utah County has experienced more population growth than any other county in the state. The major social and economic center of Utah County is Brigham Young University (BYU) in Provo with its over 34,000 students and numerous educational, cultural, and athletic programs. Utah Valley University (UVU) in Orem is also a very significant institution and employer with a current enrollment of over 41,000. Other major employers in Utah County include Utah Valley Hospital, Vivint, Adobe, DoTerra, IM Flash, and Nestle. Forbes recently named Provo one of the top ten cities in the U.S. for future job growth.



City Influences. As shown on the map to the right, the city of Lehi is located at the north end of Utah Valley near the border of Salt Lake County; in fact, Lehi is the northernmost Utah County city through which Interstate 15 travels. Lehi has a 2020 population of about 75,907 with a very rapid growth rate of 4.82% annually from 2010 to 2020. Founded in 1899, Lehi is the third largest city in Utah County and the 11th largest city in the state. Growth in Lehi has boomed during the last 15 years with many new developments and new businesses (including a large resort along I-15 known as Thanksgiving Point and a large retailer—Cabela's). Newer developments in Lehi include an outlet mall and offices for Adobe. See Lehi City Zone Map on the next page.

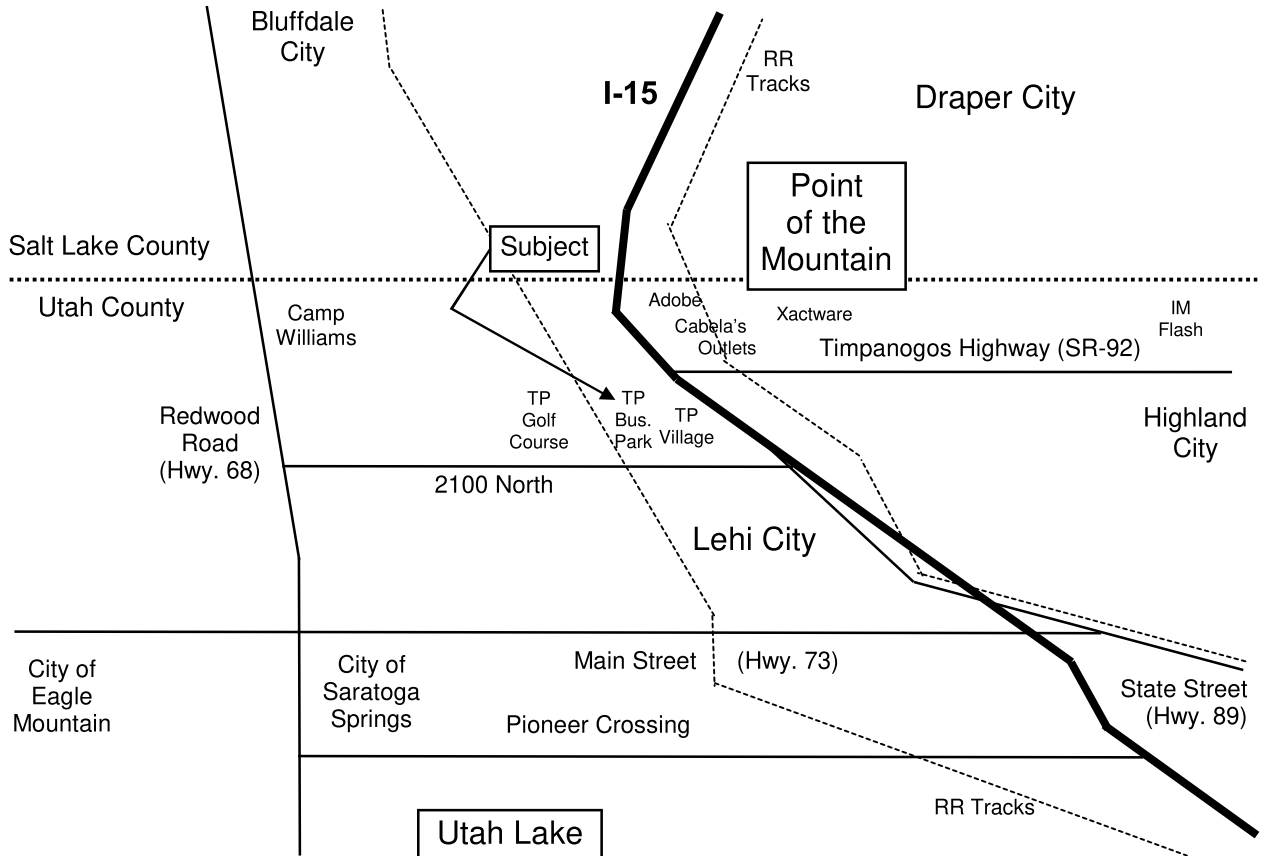


**LEHI CITY
ZONE MAP**



Area Description

The subject is located at the north end of Utah County in the area that is known as Point of the Mountain. This locale has seen exponential growth over the past few years, and even more growth is anticipated in upcoming years. The following is a basic map:



The population centers of Salt Lake City in Salt Lake County and Provo/Orem in Utah County are mostly built out with little vacant land still available. Thus, much of the population growth along the Wasatch Front has gravitated to this middle Point of the Mountain region over the last few years. The two most sizable communities in this area are Draper (which grew by 20.7% from 2010 to 2020) and Lehi (which grew by 62.8% from 2010 to 2020); these two cities now have a combined population of over 125,000.

A large newer high-quality resort development has been built close to the Point of the Mountain area: Thanksgiving Point (identified on the map above as TP). And Cabela's, a large national retailer, completed a store a few years ago that has become a major tourist attraction. The area is also home to Camp Williams (Utah National Guard) and gravel mining along the actual mountainside. A large NSA data center has been built in the Camp Williams area in recent years.

The subject area is home to large technology office complexes occupied by Adobe (about 250,000 sq. ft.), Xactware (about 210,000 sq. ft.), and other large users. The Outlets at Traverse Mountain—a Steve Craig development—has also been constructed in the recent past. A newer Harmon’s shopping center has also been open for the past few years in the Traverse Mountain area.

Two brand new municipalities have been created within the last several years in the region: Eagle Mountain and Saratoga Springs. These two communities have brought over 80,000 residents to the area west of Utah Lake to live in numerous new housing units of varying price ranges and types.

Several new developments have also occurred in west Lehi, and additional large developments are planned in the future to keep pace with a strong residential demand. Two new east-west corridors have been constructed in recent years: Pioneer Crossing and 2100 North.

The subject is located in northwest Lehi in the Thanksgiving Point Business Park. The subject general area is known as Silicon Slopes given the many technology companies that have relocated to this area in recent years. The subject is not far removed from a freeway interchange or from a UTA FrontRunner Station (for commuter rail). See Aerial View on the following page.

**AERIAL
VIEW**

↑
NORTH



Neighborhood Description

The following grid describes the subject neighborhood:

Location	Northwest Lehi business district at Thanksgiving Point just west of Interstate 15.
Boundaries	Neighborhood boundaries define the geographical area that influences the subject value and are generally determined to be within the Lehi City limits.
Stage in the Neighborhood Life Cycle	The four stages of development in the Neighborhood Life Cycle are 1) Growth, 2) Stability, 3) Decline, and 4) Revitalization. The subject neighborhood is determined to be in the <i>Growth</i> stage as considerable new growth has occurred in recent years and the trend is likely to continue.
Land Use Trends	Many commercial uses, such as recreational, hotel, restaurant, and business park, can be found in the area. There are also residential uses to the west of this business park area. These land uses are expected to continue into the near future.
Supply and Demand for Subject Property Type	Market conditions have shown fairly strong demand for commercial uses in the area in recent years; see Market Overview of this report, which discusses market conditions in light of the global outbreak of COVID-19.
Traffic	The major traffic arteries in the immediate subject area are Interstate 15 to the east and SR-92 (Timpanogos Highway) to the northeast. 2100 North is also a traffic corridor.
Proximity to Freeways and Airports	The nearest Interstate 15 interchange is about ½ mile to the northeast, a second interchange is available about 2 miles to the southeast. The Salt Lake International Airport is about 29 miles away.
Subject Immediate Surroundings	The subject area includes several business/technology office buildings. To the immediate north, east, and west are other high-quality office buildings. To the south is a grass field (formerly used for soccer training purposes). In close proximity to the southwest is a UTA FrontRunner Station (commuter rail); the subject's close proximity to this station greatly enhances the access. Other nearby uses include hotels, Mountainland Applied Technology College, Thanksgiving Point Resort, and a large movie theater complex. See Parcel Map on the following page.

PARCEL MAP



Site Description

The following grid, continued on the next page, describes the subject site:

Size/Shape	The subject land area is 5.045 acres, or about 219,760 sq. ft., as per Utah County records. The site has an L-shape that is functional for development. The building-to-land ratio is 43%, which is fairly typical for this property type. See Site Plan later herein.
Access/Visibility	The subject has access from Ashton Boulevard. The subject has easement access to Executive Parkway through the adjoining property to the southwest. The subject visibility is rated as average to good since Ashton Boulevard receives some neighborhood traffic.
Zoning	The subject property is zoned RC Resort Community, governed and enforced by Lehi City. This zone allows various commercial uses in the subject area; the subject building and office use are assumed to be conforming.
Traffic	As noted, Ashton Boulevard is a neighborhood collector street.
Environmental Issues	For purposes of this appraisal, I assume that no environmental issues exist; I am not qualified to detect environmental hazards.
Nuisances or Hazards	The subject is located fairly close to railroad tracks to the southwest; however, these are not considered a significant negative for the subject.
FEMA Flood Hazard Data	The subject appears to be located in a FEMA Flood Zone X, which is outside the 500-year flood plain with less than 0.2% annual probability of flooding. See Extraordinary Assumptions.
Topography/ Soil Conditions	The subject terrain is basically level at street grade. Soil conditions are assumed to be stable, and the drainage is assumed to be adequate.
Available Utilities	All utilities (water, sewer, gas, electricity, and telephone) are reportedly available to the property.

Easements	Typical public utility easements assumed. The subject appears to have reciprocal easements for access with adjoining properties to the immediate north, west, and south; these easements don't appear adverse.
Off-sites	Asphalt-paved street with concrete curb, gutter, meandering sidewalk, and landscape berm.
Parking	The site includes approximately 148 asphalt-paved surface parking stalls on three sides of the building; in addition, I understand that the property includes about 236 stalls in the two-level parking deck, as well about 52 secure stalls below the building. The total on-site parking computes to a ratio of about 4.7 stalls per 1,000 sq. ft.; however, as noted previously, I understand and assume that the subject parking deck is shared with the property to the immediate southwest. The overall parking appears adequate.
Landscape/ Other	There are some attractive landscape berms (grass, trees, and shrubbery) along the street, within the parking area, and around the building. There is a monument sign with flagpoles at the main entrance. See Site Plan on the following page.
Functional Utility	The site has a functional layout with a size that is not excessive; thus, the land has average-to-good overall functional utility.

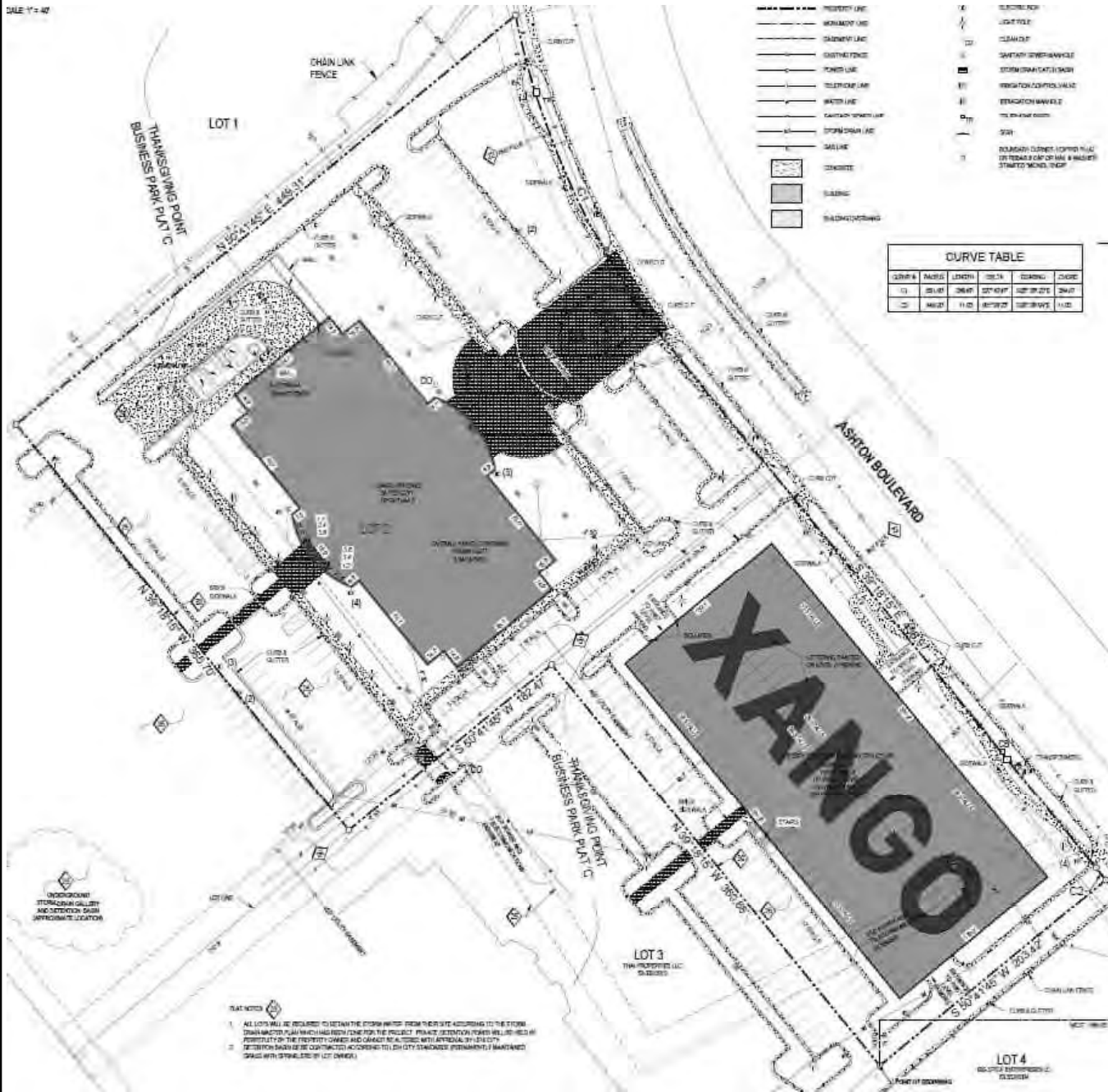
NORTH

SITE PLAN

DATE: 11-14-20

---	PROPERTY LINE	⊕	ELECTRICAL
---	MONUMENT LINE	⊕	LIGHT POLE
---	CONCRETE FENCE	⊕	CLEAR CUT
---	CHAIN LINK FENCE	⊕	CONCRETE DRIVEWAY
---	POWER LINE	⊕	CONCRETE DRIVEWAY
---	TELEPHONE LINE	⊕	VEGETATION CONTROL VALE
---	WATER LINE	⊕	VEGETATION CONTROL VALE
---	GAS LINE	⊕	VEGETATION CONTROL VALE
---	SEWER LINE	⊕	VEGETATION CONTROL VALE
---	STORM DRAIN LINE	⊕	VEGETATION CONTROL VALE
---	RAIL LINE	⊕	VEGETATION CONTROL VALE
---	CONCRETE	⊕	VEGETATION CONTROL VALE
---	SLABING	⊕	VEGETATION CONTROL VALE
---	PAVING	⊕	VEGETATION CONTROL VALE
---	LANDSCAPING	⊕	VEGETATION CONTROL VALE

CURVE TABLE						
CURVE #	ANGLE	LENGTH	PC STA	PT STA	PI STATION	CHORD
1	90.00	200.00	100.00	300.00	200.00	200.00
2	90.00	100.00	150.00	250.00	100.00	100.00



- NOTES**
1. ALL LOTS WILL BE REQUIRED TO OBTAIN THE DESIGNATED FROM THE SITE ACCORDING TO THE TOWN DRAINAGE PLAN WHICH HAS BEEN OBTAINED FOR THE PROJECT. PROJECT DESIGN FOR THE WELL-HELD IN PROPERTY OF THE PROPERTY OWNER AND OBTAIN AS A DESIGN WITH APPROVAL BY THE CITY.
 2. DESIGN FOR THE PROJECT SHALL BE CONTRACTED ACCORDING TO THE CITY STANDARDS (PERMANENT) BARRIERS AND GRASS WITH STRIPES BY LOT OWNER.

Description of Improvements

The following grid summarizes the subject building improvements (continued on the following page):

Age/Condition The original building is 17 years old as per county records; however, significant remodeling has been done over the years. The effective age is now only about 10-15 years. The condition is rated as average to good. The total economic life is about 50 years, so the remaining economic life is about 35-40 years.

Size and Layout According to Utah County records, the gross building size (including vertical penetrations) is 103,052 sq. ft. However, the subject has only 93,520 sq. ft. of rentable building area with space on four different floors. See Building Sketches to follow. The rentable building size breakdown by tenant is as follows:

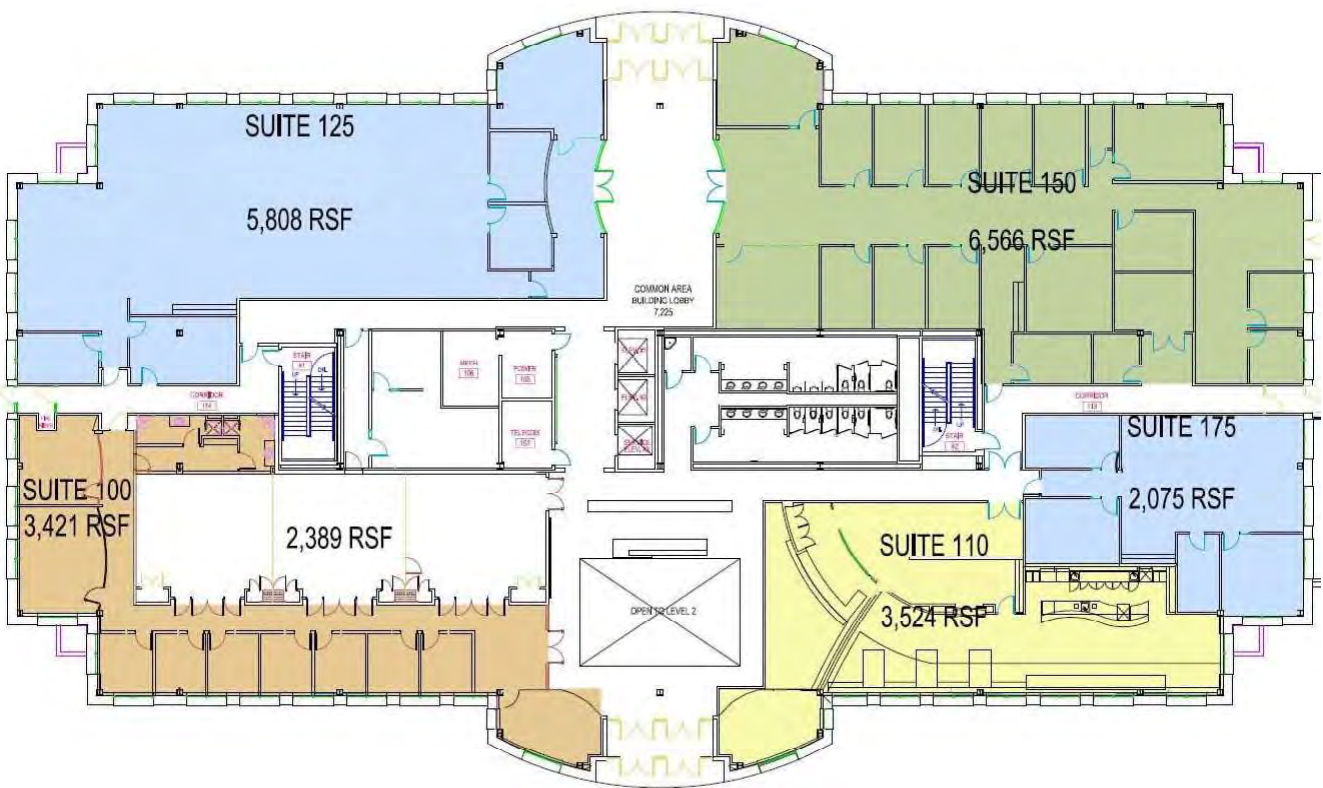
Suite	Tenant	Sq. Ft.
100/150	General Trader Fulfillment LLC	10,279
110	Richey May & Co, LLP	3,524
125/175	Decker Retirement Planning Inc.	7,883
200	(vacant)	14,989
250	(vacant)	14,789
300	Leavitt Medical Inc.	10,175
320/325	Simpler Postage Inc.	13,696
350	Global Access LLC	5,066
400	Route	4,715
410	(vacant)	2,884
425A	Trader Tax Pros LLC	264
425B	(vacant)	1,815
450	(vacant)	2,575
475	(vacant)	866
		93,520

The building has a total of 16 suites; thus, the average suite size is 5,845 sq. ft. See the Extraordinary Assumptions regarding the anticipated costs in converting additional space on the fourth level into professional office space.

In addition to the rentable size, I understand that the building includes 3,297 sq. ft. of basement storage space (on the same level as the secure parking); this is not included in the rentable size estimate, but it is adjusted for as an extra favorable feature in the valuation analysis.

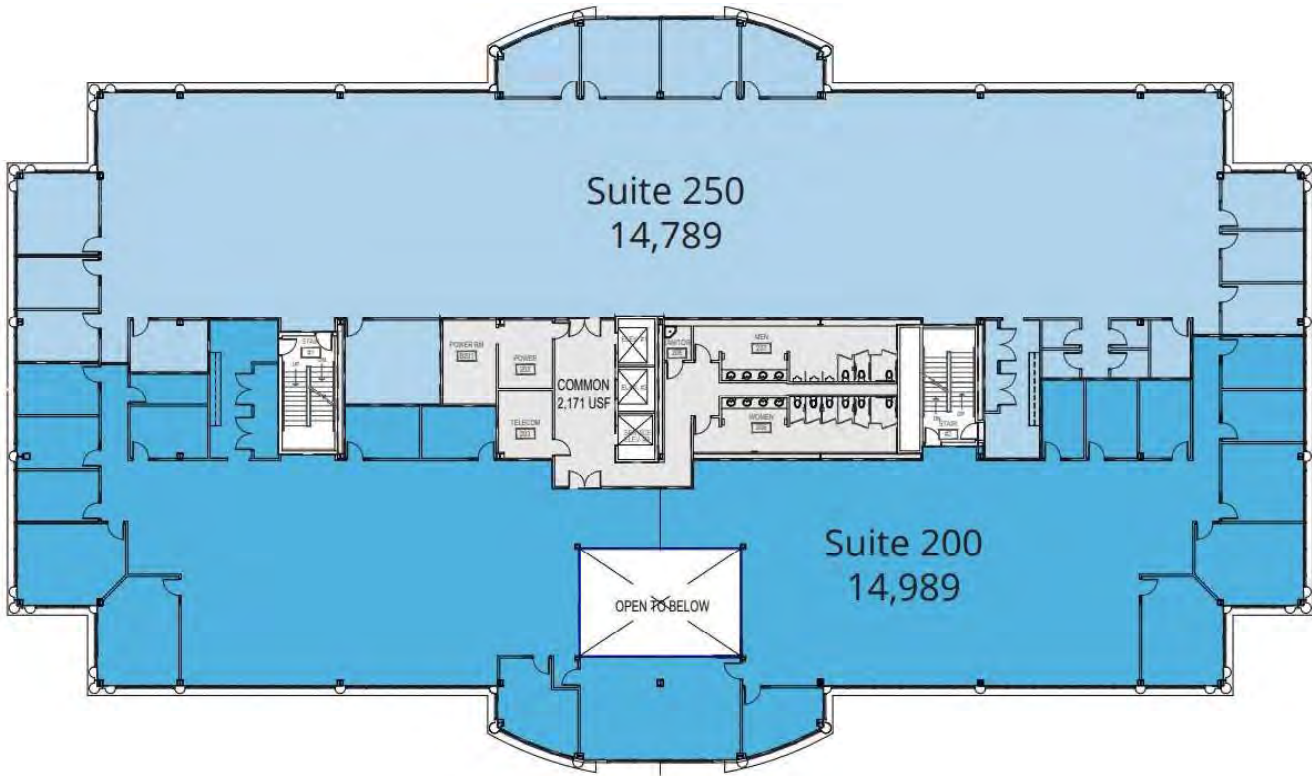
Construction/ Quality	Concrete foundation. The building is a high-quality steel-frame structure, and the exterior includes glass and stucco. The roof is pitched with a metal-seam surface. The overall quality is rated as good for office space in the subject market area.
Doors/ Windows	The building has glass/metal exterior doors on all sides of the main level with vestibules on both on the east and west sides. There are various windows on all sides of the building—including dormer-style windows on the fourth level. The interior includes several solid-core doors with steel frames, as well as much interior glass. The basement level has no windows; however, there are two garage doors with automatic openers.
Flooring/ Ceiling	The building has carpet, tile, and polished concrete throughout. The ceilings include mostly suspended tiles with some painted drywall; these are mostly about 10 feet high. However, the fourth level has some exposed joists and ceilings heights ranging from about 5 to 18 feet. The open-to-below area in the front lobby has a height of about 24 feet.
Finish/Trim	The building includes some upgraded interior finish with custom paint and some built-in cabinets/counters.
Lighting/ Electrical	Mostly florescent lighting throughout with some newer LED fixtures and hanging lamps. There are a few other specialty lighting fixtures as well. Most of the lighting has auto sensors. I understand and assume that the building has adequate electrical capacity. The facility includes a security system, card reader door accesses throughout, and two back-up generators.
Heating/ Cooling	Forced-air gas heating with central air-conditioning throughout. These systems are understood and assumed to be adequate for the subject.
Plumbing	The building has interior fire sprinklers. Each building level has two common restrooms. In addition, Suites 100 and 400 each have two private restrooms (with showers in Suite 400). Most of the suites include a break room sink, and the fourth level includes a large kitchen area. There are various drinking fountains and mop sinks throughout also.
Elevators/Stairs	The various building levels are connected via two sets of interior stairs. In addition, the levels are connected via three elevators. These appear adequate to service the building.
Functional Utility	The building is suitable for a variety of office uses with many space combinations or divisions possible. All of the rentable area is above-grade space, and the overall functional utility is rated as average to good. Note that the fourth level is slightly less desirable than the other levels due to the sloped ceilings and fewer windows. The fourth level already has some a small amount of partitioned office area; about \$100,000 would be needed to separately partition off the rest; see Extraordinary Assumptions.

**BUILDING
SKETCH #1**



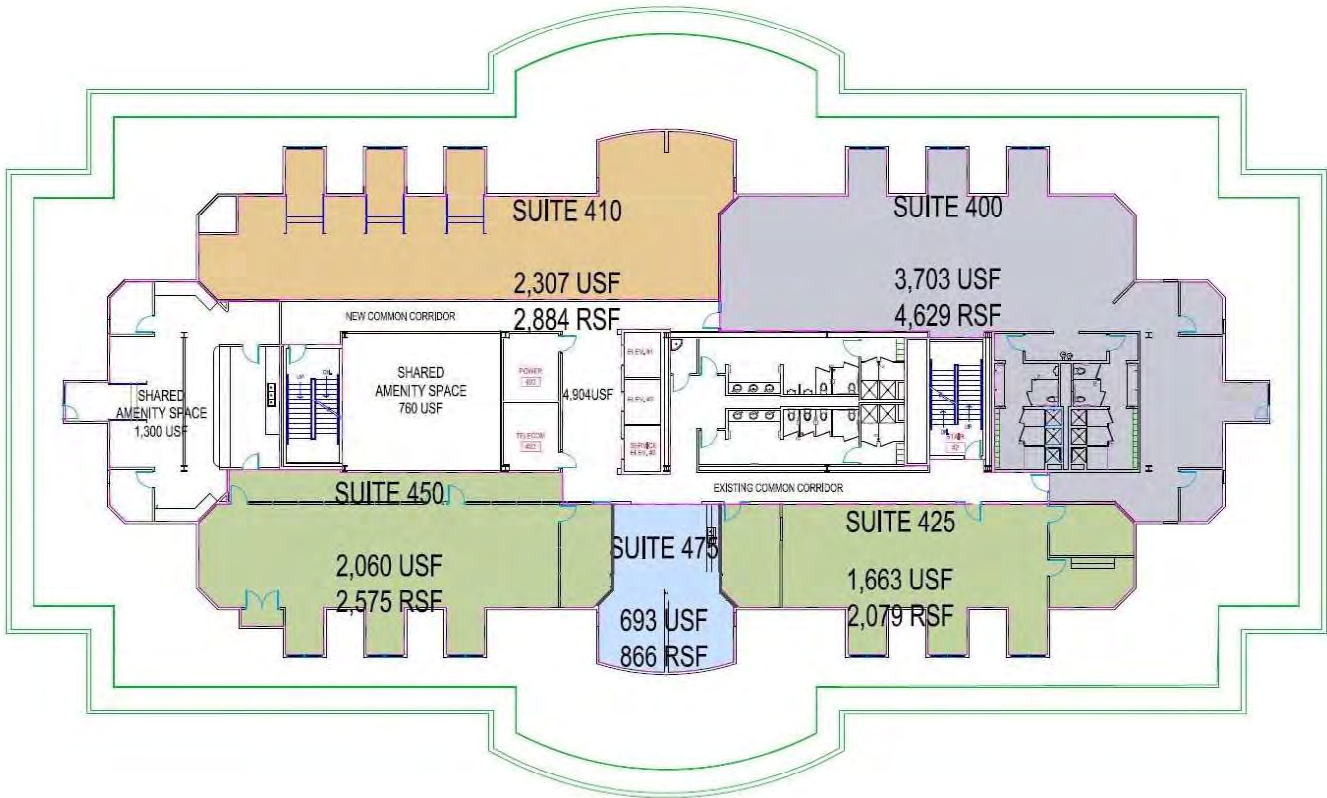
MAIN LEVEL

**BUILDING
SKETCH #2**



2ND LEVEL

**BUILDING
SKETCH #4**



4TH LEVEL

Highest and Best Use

Introduction

The highest and best use is the most critical determinant of value in the marketplace. The estimated market value of the subject property is arrived at under the assumption that the potential purchasers will pay prices that reflect what they believe is the most profitable use of a particular site or property.

The following is the accepted definition of highest and best use by the Appraisal Institute:

“The reasonably probable use that produces the most benefits and highest land value at any given time.”

The Appraisal of Real Estate, 14th Edition

To be reasonably probable means a use must be physically possible, legally permissible, and financially feasible.

As Vacant

Based on the location, zoning, and development trends in the Thanksgiving Point area of northwest Lehi, the subject land (as vacant) is best suited as a site for some type of professional office use(s) as allowed by zoning.

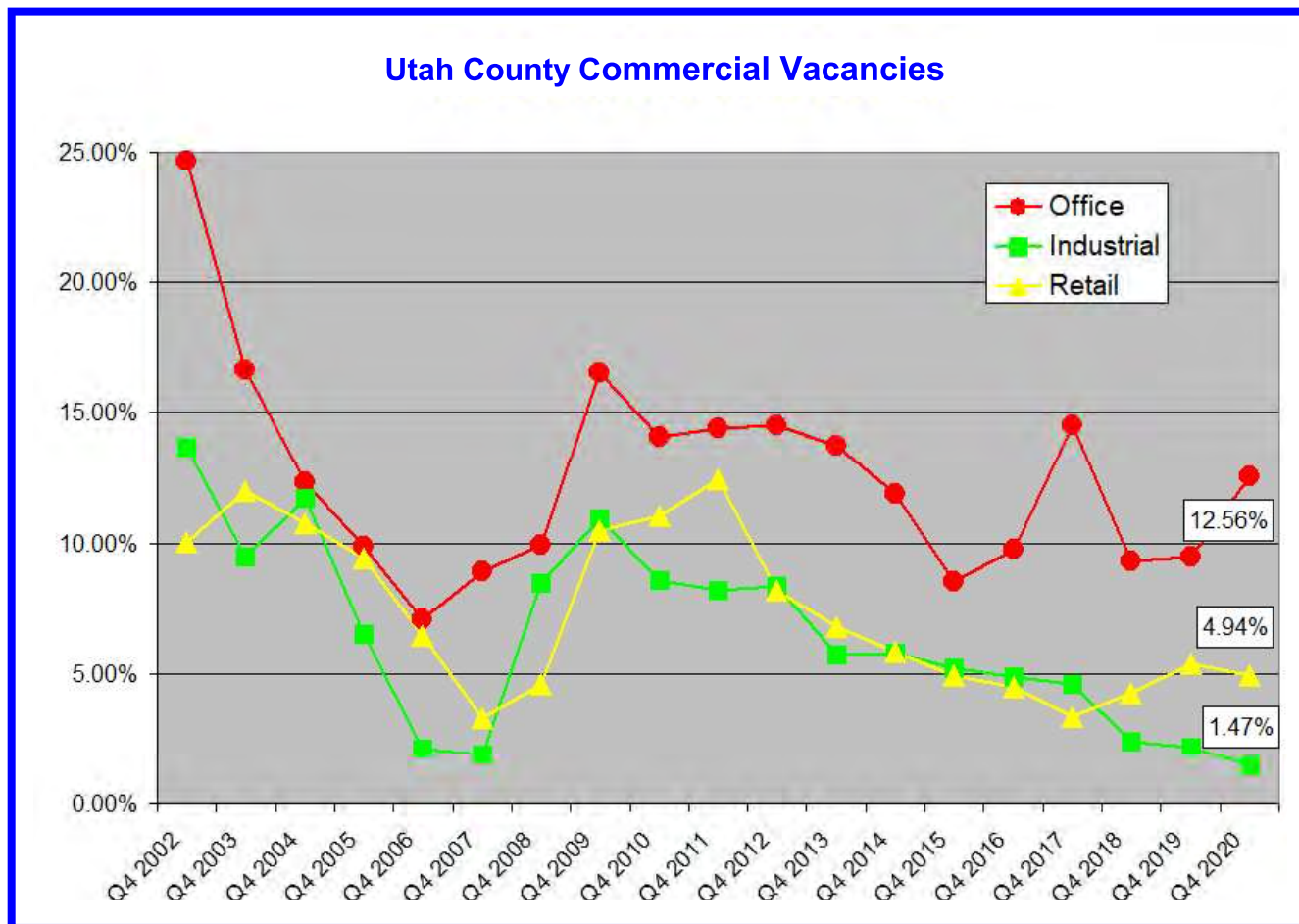
As Improved

The existing building improvements contribute significant value to the property. Office uses are legally permissible, and some modifications are physically possible; some building area on the fourth level should be converted into office space and partitioned off from the rest of the common area (see Extraordinary Assumptions). Given the layout of the building, it is best suited for multiple-tenant office use. The market for this property type is strong at present, and the subject locational appeal is very favorable. Consequently, the existing building—with proposed fourth level offices—is concluded to be the highest and best use as improved. See Market Overview on the following page, which discusses market conditions in light of the global outbreak of COVID-19.

Valuation Analysis

Market Overview

According to Commerce Cushman & Wakefield (2002-2016) and Colliers International (2017-2020), the vacancies for commercial property types have been as follows in Utah County in the recent past:



As shown above, the overall Utah County commercial market has been healthy in recent years without excessive vacancies in any of the three sectors.

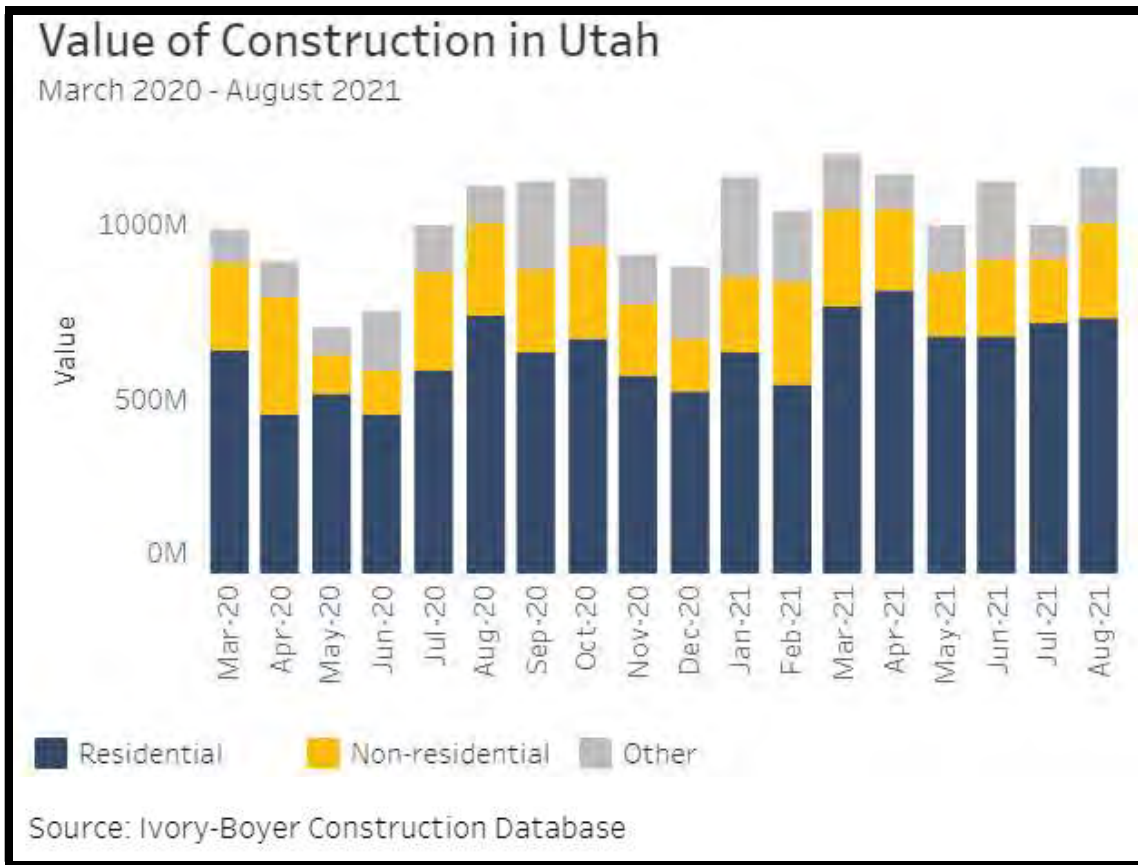
See continued discussion on the following page.

According to Colliers International, the most recent available vacancy surveys for commercial property types in Utah County indicate the following:

Q3 2021 Office	11.19%
Q3 2021 Industrial	0.68%
Q3 2021 Retail	3.27%

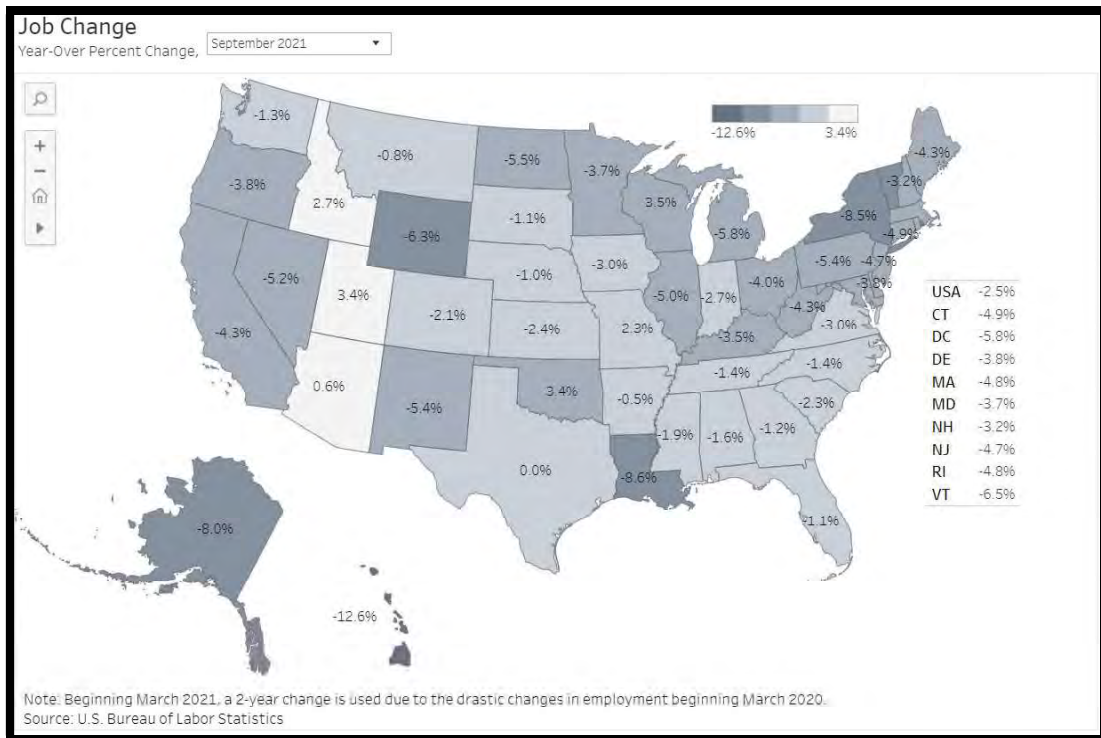
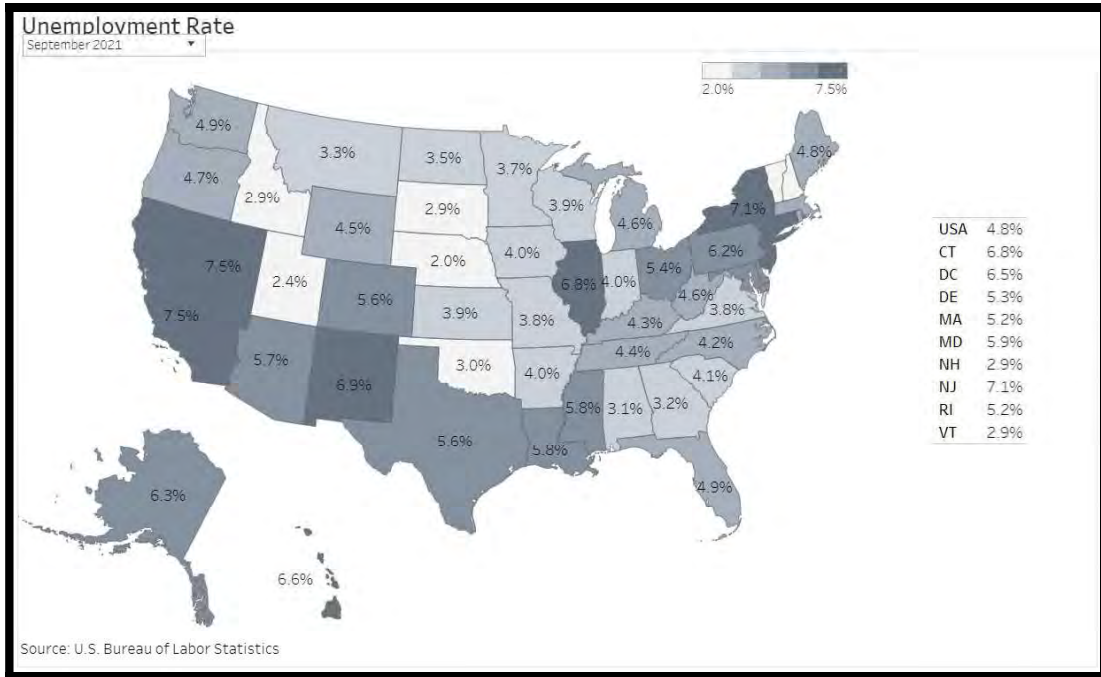
The subject property use is office in nature. As shown above, the most recent county vacancy for office space is 11.19%, indicating somewhat strong demand.

On March 11, 2020, the World Health Organization declared a novel Coronavirus (COVID-19) a global pandemic, and an unprecedented number of temporary business and school closures occurred to slow the spread of the disease. The immediate national economic impact was profound in the early weeks; however, unemployment has since fallen considerably in the past several months in relation to the time at the beginning of the pandemic. The graph below shows that both residential and non-residential construction in Utah has remained high throughout the pandemic:



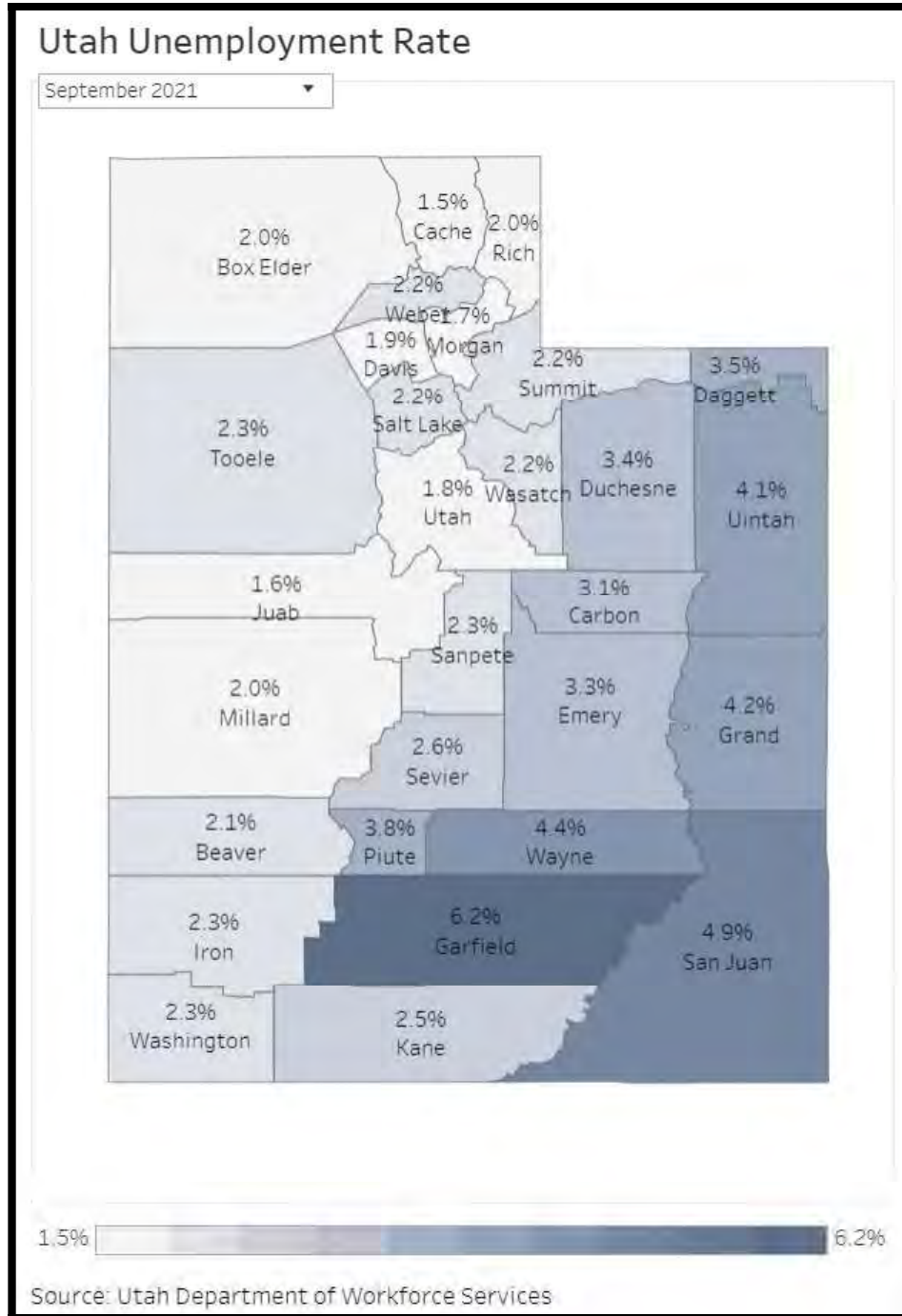
See continued discussion on the following page.

These graphs show that Utah unemployment is one of the lowest in the nation and has experienced job gains in spite of the pandemic:



See continued discussion on the following page.

The following shows that unemployment in Utah County is quite low:



Many government efforts have been made to shore up the financial markets and return stability to the economy. One effect of these widespread efforts has been the reduction of mortgage interest rates, which has had a positive short-term impact on real estate. See continued discussion on the following page.

I have interviewed a number of market participants—including several real estate agents in northern Utah—in order to gauge the impact of COVID-19 on the local real estate market. Multiple agents report that despite the pandemic, the demand for residential properties in northern Utah is very high at the current time. In-migration from other states is reportedly strong at present, and there is a limited supply of available residential properties in relation to demand.

The overall commercial/industrial market is still strong as well. Agents report that many industrial transactions have occurred in the recent past as e-commerce is becoming even more prevalent. Office/retail properties have been relatively unaffected by the pandemic as well since small businesses have continued to need commercial suites in the area. As costs have continued to rise for new construction, the prices for existing buildings have increased as well.

The subject property will have some desirable features including good quality and a fairly low effective age with a very favorable location. Based on the subject attributes and market data, a relative low vacancy and collection loss factor of about 4% to 6% is reasonable for the subject property over a typical holding period; a rate of 5% *at stabilized occupancy* is concluded in the Income Capitalization Approach of this report.

As noted previously, the subject currently has 41% physical vacancy (39% economic vacancy). However, the fourth level office space has not been marketed very heavily since some additional demising walls are needed. Once this work is completed, I estimate that suites can be leased up at an average rate of about 3,000 to 5,000 sq. ft. per month based on similar lease-up rates in the area. About 32,000 sq. ft. needs to be filled in order to bring the property to a level of stabilized occupancy; thus, a lease-up period of about *eight months* is projected for the vacant space.

Land Value as Vacant

As noted, the subject land size is 5.045 acres, or about 219,760 sq. ft. Based on market data, I conclude a land value as vacant for the subject of about \$25.00 *per sq. ft.* Thus, the subject land value is computed as follows:

$$219,760 \text{ Sq. Ft.} \times \$25.00 \text{ per Sq. Ft.} = \$5,494,000 \text{ or } \$5,500,000 \text{ Rounded}$$

Land Value as Vacant
\$5,500,000

The above-concluded value is conditional upon the Extraordinary Assumptions on pages 43-44 of this report. This information may be helpful for insurance purposes in order to ascertain the breakdown between the value of land and improvements.

Reproduction Cost Approach (Omitted)

The cost approach is based on the presumption that an informed purchaser would not pay more than the cost of producing a substitute property with the same utility as the subject property. However, since the original subject building improvements are not especially new, the process of estimating accrued depreciation is very difficult to do accurately; thus, the cost approach would not produce a credible result in this case. For this reason, the cost approach was *not* developed.

Cost Approach Value
Not Applicable

Sales Comparison Approach

The sales comparison approach is the process in which a market value estimate is derived by comparing sales of similar properties to the subject property. In this case, the best measure of value is the *price per sq. ft. of rentable building area* for the subject and comparables, with the adjustments derived from market reactions.

The grid below lists the comparable building sales used in this valuation analysis with the details on the following pages, along with a comparison grid showing the quantified adjustments. All are office buildings in Utah County like the subject.

#	Address	Sale Date	Price/ Sq. Ft.	Overall Comparison to the Subject
1	2912 W. Exec. Pwy. Lehi	4-20	\$236.15	Slightly superior lease attributes, but merits an upward conditions of sale adjustment and an upward market conditions adjustment. Located next door to the subject, but a slightly newer effective age.
2	898 N. 1200 W. Orem	11-21	\$274.71	Superior lease attributes. Newer effective age and a smaller building size. Inferior extra features.
3	1201 N. 800 E. Orem	12-21	\$178.96	Inferior lease attributes and merits an upward conditions of sale adjustment. Inferior location with inferior quality and a greater effective age. Smaller building size. Inferior extra features.
4	282 W. River Bend Provo	11-21	\$224.99	Inferior lease attributes. Inferior location, but a newer effective age and a smaller building size. Inferior extra features.
5	360 W. 4800 N. Provo	9-19	\$180.77	Inferior lease attributes and merits an upward market conditions adjustment. Inferior location with inferior quality and a greater effective age. Inferior building layout with inferior extra features.



Address

2912 W. Executive Parkway
Lehi, Utah

County I.D. #

53-333-0012

Seller(s)

2912 Executive Pkwy Lehi LLC

Buyer(s)

UVU 2912 Executive Pkwy Lehi LLC

Comments

Economic vacancy of 15.7% at the time of sale with mostly short-term leases; however, the buyer (already leasing 14.6%) plans to expand into some of this vacant space after the purchase. Located across the street from a UTA FrontRunner Station. Includes underground parking & storage, as well as a large 4th floor common fitness/break area. About \$50,000 is needed to partition off some of the 4th level into additional rentable area (included below). The price was reduced by 5% in exchange for the buyer assuming the seller's loan and avoiding a large prepayment penalty.

Comparable Building Sale #1

1. Property rights	LF (buyer to occupy some)	8. Economic attributes	\$2,220,816 PGI (<u>111,041</u>) Vacancy (5%) \$2,109,775 EGI (<u>709,775</u>) Op. Exp. (34%) \$1,400,000 NOI
2. Financing terms	Price reduced by 5% because buyer assumed seller's loan	9. Use Zoning	Professional offices RC Resort Community
3. Conditions of sale	Typical for the market	10. Non-realty items	None
4. Market conditions	Improving market	Rentable bldg. area	93,797 sq. ft.
Date of sale	4-20	Layout	4 floors all above grade
5. Expenditures after purchase (immed.)	About \$50,000 to partition off some of the 4 th level	Overall cap rate	6.3%
6. Location	Lehi TP commercial district (by FrontRunner Station)	Sale price	\$22,000,000 sale price 100,000 assumption <u>50,000</u> remodel \$22,150,000 adj. price
7. Phys. attributes:		Price/sq. ft.	\$236.15
Construction	Steel/stucco/glass		
Quality	Good		
Effective age	10 yrs. (actual: 15 yrs.)		
Condition	Good		
Style and appeal	Good		
Functional utility	Good		
Site size	5.613 acres 38% bldg.-to-land ratio		

Todd Gurney verified with Frank Young of UVU (801-368-6644) and with Utah County records.



Address

898 North 1200 West
Orem, Utah

County I.D. #

47-282-0003

Seller(s)

Vineyard Flagship 87 LLC

Buyer(s)

Financial Wealth Strategies LLC

Comments

Fully leased at the time of sale with remaining lease terms of 1, 2.5, and 5 years; however, one of the tenants want to terminate its lease early, and the buyer plans to owner occupy this space. The contract rent for the upcoming year is shown below. This building has been remodeled in recent years.

Comparable Building Sale #2

1. Property rights	LF (buyer to occupy some)	8. Economic attributes	\$725,450 PGI (36,273) Vacancy (5%) \$689,177 EGI (230,000) Op. Exp. (33%) \$459,177 NOI
2. Financing terms	Cash equivalent	9. Use Zoning	Professional offices PD22 Planned Dev.
3. Conditions of sale	Typical for the market	10. Non-realty items	None
4. Market conditions	Stabilized market		
Date of sale	11-21		
5. Expenditures after purchase (immed.)	None known		
6. Location	NW Orem commercial district near freeway	Rentable bldg. area	29,869 sq. ft.
7. Phys. attributes:		Layout	Main and upper levels
Construction	Stucco/stone	Annual rent/sq. ft.	\$24.29 (\$17.50 NNN)
Quality	Good	Overall cap rate	5.6%
Effective age	5-10 yrs. (actual: 13 yrs.)	Sale price	\$8,205,460
Condition	Good	Price/sq. ft.	\$274.71
Style and appeal	Good		
Functional utility	Good		
Site size	2.95 acres 23% bldg.-to-land ratio		

Todd Gurney verified with REPC; with Wayne Hamilton, buyer (801-403-3300); and with Cody Black, listing agent (801-687-0094).



Address
1201 North 800 East
Orem, Utah

County I.D. #
53-583-0001

Seller
Unicity International Inc.

Buyer
Social Studios LLC

Comments
Not actively exposed for sale on the open market. The sale included a few personal property items that didn't significantly impact the price. The buyer intends to add a few remodeling improvements, but only the as-is price is shown.

Comparable Building Sale #3

1. Property rights	Fee simple	8. Economic attributes	The seller will lease back a small portion on a short-term basis, but mostly purchased for owner occupancy.
2. Financing terms	Cash equivalent	9. Use Zoning	Professional offices PD6 Planned Dvlpmnt.
3. Conditions of sale	Not actively exposed	10. Non-realty items	None included
4. Market conditions	Stabilized market		
Date of sale	12-21		
5. Expenditures after purchase (immed.)	Small remodeling planned, but only as-is price shown		
6. Location	NE Orem technology office & residential area	Rentable bldg. area	39,115 sq. ft.
7. Phys. attributes:		Layout	All main level
Construction	Brick	Annual rent/sq. ft.	N/A
Quality	Avg. to good (upgrades)	Overall cap rate	N//A
Effective age	15-20 yrs. (actual: 33 yrs.)	Sale price	\$7,000,000
Condition	Average to good	Price/sq. ft.	\$178.96
Style and appeal	Average to good		
Functional utility	Average to good		
Site size	5.12 acres		
	18% bldg.-to-land ratio		

Todd Gurney verified with Cody Black, agent (801-687-0094); with Kris Krohn, buyer (801-722-5747), and with purchase contract. Also verified with Utah County records.



Address

282 W. River Bend Lane
Provo, Utah

County I.D. #

36-967-0001, -0002, -0003

Seller

Praxis Investment Partners LC, et al.

Buyer

Tesani Management Inc.

Comments

Three condo office units that together comprise an entire building. The buyer plans to add about \$1,500,000 of remodeling and owner occupy the majority of the space.

Comparable Building Sale #4

1. Property rights	Fee simple (condo format)	8. Economic attributes	Purchased primarily for owner occupancy.
2. Financing terms	Cash equivalent		
3. Conditions of sale	Typical for the market		
4. Market conditions	Stabilized market	9. Use Zoning	Professional offices RBP Res. & Bus. Park
Date of sale	11-21	10. Non-realty items	None included
5. Expenditures after purchase (immed.)	About \$1,500,000 of remodeling proposed		
6. Location	N. Provo comm. district (Riverwoods Park)	Rentable bldg. area	38,960 sq. ft. (includes portion of common areas)
7. Phys. attributes:		Layout	Typical partitions
Construction	Stucco & glass	Overall cap rate	N/A
Quality	Good	Sale price	\$7,265,519 unadj. price <u>1,500,000</u> remodeling \$8,765,519 adj. price
Effective age	10 yrs. (actual: 15 yrs.)	Price/sq. ft.	\$224.99
Condition	Good		
Style and appeal	Good		
Functional utility	Good		
Site size	3.49 acres 26% bldg.-to-land ratio		

Todd Gurney verified with Cody Black, buyer's agent (801-687-0094), and with REPC.



Address

360 West 4800 North
Provo, Utah

County I.D. #

17-062-0099, 17-062-0103, 51-176-0004

Seller(s)

Terracom Riverwoods LLC

Buyer(s)

Utah Community Credit Union

Comments

Purchased to convert into corporate headquarters for UCCU. The buyer planned to spend about \$3,500,000 after the purchase price in remodeling; over half of this cost is attributable to replacing the original boiler with a new HVAC system.

Comparable Building Sale #5

1. Property rights	Fee simple	8. Economic attributes	Purchased to owner occupy most and lease out a portion; no leases in place at the time of sale.
2. Financing terms	Cash equivalent	9. Use Zoning	Professional offices RBP Res. & Bus. Park
3. Conditions of sale	Typical for the market	10. Non-realty items	None included
4. Market conditions	Market improvement	Rentable bldg. area	130,000 sq. ft.
Date of sale	9-19	Layout	3 stories + 11% fin. bsmt.
5. Expenditures after purchase (immed.)	\$3,500,000 to remodel after the purchase	Overall cap rate	N/A
6. Location	North Provo commercial district	Sale price	\$20,000,000 sale price <u>3,500,000</u> repairs \$23,500,000 total
7. Phys. attributes:		Price/sq. ft.	\$180.77
Construction	Glass/stucco		
Quality	Avg. to good (upgrades)		
Effective age	15-20 yrs. (actual: 23 yrs.)		
Condition	Average to good		
Style and appeal	Average to good		
Functional utility	Average to good		
Site size	9.267 ac. (4 per 1,000 sf) 32% bldg.-to-land ratio		

Todd Gurney verified with Kirk Rogers, buyer (801-361-4953); with Josh Martin, listing agent (801-830-2004); and with Utah County records.

Building Sales Adjustment Grid

Unit of Comparison: Price per rentable sq. ft.

	Subj.	Sale 1		Sale 2		Sale 3		Sale 4		Sale 5	
<i>Unadj. prices</i>		\$236.15		\$274.71		\$178.96		\$224.99		\$180.77	
Property rights	LF (61% leased)	LF (84% leased)	-1%	LF (100% leased)	-2%	LF (26% leased)	2%	Fee simple	3%	Fee simple	3%
<i>Adj. prices</i>		\$233.79		\$269.22		\$182.54		\$231.74		\$186.19	
Financing terms	Cash equiv.	Cash equiv.	0%	Cash equiv.	0%	Cash equiv.	0%	Cash equiv.	0%	Cash equiv.	0%
<i>Adj. prices</i>		\$233.79		\$269.22		\$182.54		\$231.74		\$186.19	
Conditions of sale	Typical	Buyer assumed seller loan	5%	Typical	0%	Not exposed	5%	Typical	0%	Typical	0%
<i>Adj. prices</i>		\$245.48		\$269.22		\$191.67		\$231.74		\$186.19	
Market conditions	Current	4-20	3%	11-21	0%	12-21	0%	11-21	0%	9-19	6%
<i>Adj. prices</i>		\$252.84		\$269.22		\$191.67		\$231.74		\$197.36	
Location	NW Lehi by UTA	NW Lehi by UTA	0%	NW Orem by shopping	0%	NE Orem by residential	10%	NW Provo Riverwoods	5%	NW Provo Riverwoods	5%
Quality	Good	Good	0%	Good	0%	Avg-good upgrades	10%	Good	0%	Avg-good upgrades	10%
Effective age	10-15 yrs	10 yrs	-2%	5-10 yrs	-5%	15-20 yrs	5%	10 yrs	-2%	15-20 yrs	5%
Building size	93,520 sf	93,797 sf	0%	29,869 sf	-5%	39,115 sf	-5%	38,960 sf	-5%	130,000 sf	0%
Building layout	All above grade	All above grade	0%	All above grade	0%	All above grade	0%	All above grade	0%	11% fin bsmt	2%
Extra features	Conf room, break, UG park/stg	Fitness, break, UG park/stg	0%	None	5%	None	5%	None	5%	None	5%
Building-to-land (BTL) ratio	43% BTL with parking deck	38% BTL	0%	23% BTL	0%	18% BTL	0%	26% BTL	0%	32% BTL	0%
<i>Adj. subtotal</i>		-2%		-5%		25%		3%		27%	
<i>Adj. prices</i>		\$247.79		\$255.76		\$239.58		\$238.69		\$250.65	

Summary of final adjusted prices:

<i>High</i>	\$255.76
<i>Low</i>	\$238.69
<i>Median</i>	\$247.79
<i>Mean</i>	\$246.49

Property rights adjustments are based on 1% for every 20% leased (as a percentage of the rentable size). Market conditions adjustments are based on appreciation of 3% annually from 2019 to 2021. Effective age adjustments are based on 1% for every year difference in effective age to the subject. Building layout adjustments are based on 1% for every 5% of finished basement area.

All of the comparables are reliable value indicators, but most weight is given to Building Sale 1, which is a very similar building located next door to the subject. The adjusted range is consistent from \$238.69 to \$255.76 per rentable sq. ft. A reconciled value of \$247.00 per rentable sq. ft. is concluded. The estimated cost to add additional demising walls to the fourth level (\$100,000) is subtracted as follows:

Initial approach value: 93,520 sq. ft. x \$247.00 per sq. ft. =	\$23,099,440
Less: Cost to add additional demising walls to 4 th level	(100,000)
Indicated sales comparison approach value	\$22,999,440

Sales Comparison Approach Value
\$23,000,000

Income Capitalization Approach

The income capitalization approach to value consists of methods, techniques, and mathematical procedures used to analyze a property's capacity to generate benefits of income and reversion. Direct capitalization is the method used to convert an estimate of a single year's income expectancy to value. The direct capitalization formula that applies to this type of valuation is *Value = Net Operating Income / Overall Capitalization Rate*.

Actual/Asking Rents. Before analyzing the reported leases, a common area maintenance net (CAM) conversion factor needs to be determined.

No historical operating expenses were provided; however, Jordan Wall, the leasing agent for the building, was consulted. Wall reports that CAM operating expenses—not including management and reserves for replacement—are typically \$6.75 to \$7.25 per sq. ft. for similar buildings in the area. Building Sale 1, the sister building to the subject had pro forma CAM expenses—not including management and reserve for replacement—of \$6.40 per sq. ft. in 2019; however, operating expense shown some increases since this time. Building Sale 2 has 2022 pro forma CAM operating expenses—not including management and reserves for replacement—of \$6.79 per sq. ft. However, Building Sale 2 has a slightly newer effective age than the subject (and slightly lower 2021 property taxes were per sq. ft.).

Based on market data and the subject attributes, I estimate a pro forma CAM expense of *\$7.00 per sq. ft.* for the subject. See continued discussion on the following page.

The subject actual/asking rents are summarized as follows; see Rent Roll in the Addendum.

Ste(s)	Tenant	Suite Sq. Ft.	Lease Term(s)	Actual Rent	Actual Rent/ Sq. Ft.	NNN Rent/ Sq. Ft. ¹
100 150	General Trader Fulfillment LLC ²	10,279	3-17 to 6-24	\$ 279,528	\$27.19/sf	\$20.19/sf
110	Richey May & Co, LLP ³	3,524	8-19 to 10-24	90,002	\$25.54/sf	\$18.54/sf
125 175	Decker Retirement Planning Inc. ⁴	7,883	9-19 to 1-25 11-20 to 1-25	201,010	\$25.50/sf	\$18.50/sf
200	(vacant) ⁵	14,989	N/A	352,242 asking	\$23.50/sf asking	\$16.50/sf asking
250	(vacant) ⁵	14,789	N/A	347,542 asking	\$23.50/sf asking	\$16.50/sf asking
300	Leavitt Medical Inc. ⁶	10,175	8-18 to 1-24	270,038	\$26.54/sf	\$19.54/sf
320 325	Simpler Postage Inc. ⁷	13,696	8-18 to 10-22	316,581	\$23.11/sf	\$16.11/sf
350	Global Access LLC ⁸	5,066	4-21 to 5-26	121,738	\$24.03/sf	\$17.03/sf
400	Route ⁹	4,715	10-21 to 1-22	60,000	\$12.73/sf	\$ 5.73/sf
410	(vacant) ¹⁰	2,884	N/A	54,796 asking	\$19.00/sf asking	\$12.00/sf asking
425A	Trader Tax Pros LLC ¹¹	264	Month to month	6,721	\$25.46/sf	\$18.46/sf
425B	(vacant) ¹⁰	1,815	N/A	34,485 asking	\$19.00/sf asking	\$12.00/sf asking
450	(vacant) ¹⁰	2,575	N/A	48,925 asking	\$19.00/sf asking	\$12.00/sf asking
475	(vacant) ¹⁰	866	N/A	16,454 asking	\$19.00/sf asking	\$12.00/sf asking
		93,520		\$2,200,062	\$23.52/sf	\$16.53/sf

The following are explanatory notes (continued on the following page) relating to the actual rents presented above:

1. The actual rents shown are full service amounts including common area janitorial. The actual triple net conversion factor is \$7.00 per sq. ft. to reflect the landlord expenses. See supporting information on the previous page.
2. General Trader Fulfillment LLC has about 2.5 years remaining on its lease. The lease calls for annual increases of 3%. This tenant pays a few small extra fees that are included in the rent shown (including for some underground parking and storage). The rentable size shown in the Rent Roll (10,289 sq. ft.) is slightly greater than shown on the Building Sketch (9,987 sq. ft.); the Rent Roll size is assumed to be most accurate.

3. Richey May & Co, LLP has about three years remaining on its lease term. This tenant pays a few small extra fees that are included in the rent shown. The agreement calls for annual increases of 3%.
4. Decker Retirement Planning has about three years remaining on its leases. This tenant pays a few small extra fees that are included in the rent shown (including for some underground parking). The lease calls for annual increases of 3%. This tenant received some rent abatement in November 2021; however, Jordan Wall of Colliers International reports that no further rent abatements remain. This tenant reportedly subleases the larger of its two suites to Impact Healthcare, terms unknown.
5. The asking rent for the second level is \$23.50 per sq. ft. with full service terms as per Jordan Wall of Colliers International. These suites are already built out with open layouts and a few offices.
6. Leavitt Medical has about two years remaining on its lease. The lease calls for annual increases of 3%. This tenant pays a few small extra fees that are included in the rent shown (including for some underground storage). The rentable size shown in the Rent Roll (10,175 sq. ft.) is slightly smaller than shown on the Building Sketch (10,193 sq. ft.); the Rent Roll size is assumed to be most accurate.
7. Simpler Postage has a little less than a year remaining on its lease term. This tenant pays a few small extra fees that are included in the rent shown. The rentable size shown in the Rent Roll (13,696 sq. ft.) is slightly greater than shown on the Building Sketch (13,150 sq. ft.); the Rent Roll size is assumed to be most accurate.
8. Global Access has about four years remaining on its lease. The lease calls for annual increases of 3%. This tenant pays a few small extra fees that are included in the rent shown (including for some underground storage and parking). The rentable size shown in the Rent Roll (5,066 sq. ft.) is slightly smaller than shown on the Building Sketch (5,598 sq. ft.); the Rent Roll size is assumed to be most accurate.
9. Route has less than a month remaining on its lease. The rentable size shown in the Rent Roll (4,715 sq. ft.) is slightly greater than shown on the Building Sketch (4,629 sq. ft.); the Rent Roll size is assumed to be most accurate.
10. The asking rent for the fourth level is \$19.00 per sq. ft. with full service terms as per Jordan Wall of Colliers International. The suite sizes are based on the rentable sizes shown on the Building Sketch. As noted previously, an estimated \$100,000 or so would be needed to fully demise this space from the fourth-level common area; this cost is subtracted later in this approach.
11. Trader Tax Pros has less than a month-to-month lease with a single office in Suite 425; the balance of the building area of Suite 425 is included with the vacant space.

As shown on the previous page, the total actual/asking rent computes to *\$16.53 per rentable sq. ft. annually* when adjusted entirely to triple net expense terms.

Market Rent. In order to determine if the actual/asking rents coincide with market, comparable rentals are analyzed. All of the rental comparables are adjusted to assumed triple net expense terms: Tenants pay the majority of the operating expenses.

The comparable rentals are analyzed below. Details about each rental can be found on the following pages, along with a comparison grid. All are located in Lehi like the subject.

#	Address	Rent/ Sq. Ft.	Comments
1	2912 W. Exec. Pwy. Suite 240 Lehi	\$17.00 *	Downward adjustment due to a free rent concession. Slightly inferior extra features, but otherwise similar.
2	2500 W. Exec. Pwy. Lehi	\$18.00 *	Superior quality and a newer effective age. Inferior extra features.
3	2989 W. Maple Loop Suite 210 Lehi	\$14.50 *	Inferior quality and inferior extra features.
4	2135 W. Main Suite B101 Lehi	\$20.00	Superior quality and a newer effective age. Inferior extra features.

* Adjusted to triple net expense terms

All are fairly current, and no market conditions adjustments are needed. Effective age adjustments are based on 1% for every year difference in effective age to the subject. The comparable suite sizes range from 1,995 to 25,548 rentable sq. ft. and generally compare with the subject rentable suite sizes; thus, no size adjustments are needed. The adjusted range is consistent from \$15.97 to \$17.60 per rentable sq. ft.



Address
 2912 W. Executive Parkway
 Suite 240
 Lehi, Utah

Lessor(s)
 UVU 2912 Executive Pkwy Lehi LLC

Lessee(s)
 Smith LC

Comments
 Located in Mountain View Office Plaza Condos. The tenant received six months of free rent at the beginning of the lease term. The tenant also received a tenant improvement (TI) allowance of \$27.00 per sq. ft. for remodeling. This building has underground parking, as well as common break and fitness areas. Note, though, that the tenant has opted not to utilize any of the storage areas.

Comparable Rental #1

<p>1. Location</p> <p>NW Lehi Thanksgiving Point commercial district</p>	<p>4. Use Zoning</p> <p>Professional offices RC Resort Community</p>
<p>2. Phys. attributes:</p> <p>Construction Steel/stucco/glass</p> <p>Quality Good</p> <p>Effective age 10-15 yrs. (actual: 17 yrs.)</p> <p>Condition Good</p> <p>Style and appeal Good</p> <p>Functional utility Good</p> <p>Site size 38% bldg.-to-land ratio</p>	<p>5. Non-realty items</p> <p>None included</p>
<p>3. Economic attributes</p> <p>Full service lease that begins in 2-22. 78-month term with annual increases of 3%.</p>	<p>Rentable area Layout</p> <p>8,860 sq. ft. All second level</p> <p>Gross annual rent</p> <p>\$212,640</p> <p>Annual rent/sq. ft.</p> <p>\$24.00 (\$17.00 per sq. ft. triple net)</p>

Todd Gurney verified with lease agreement and with Jordan Wall, leasing agent (801-635-4796).



Address
 2500 Executive Parkway
 Lehi, Utah

Lessor(s)
 T Park Three LLC

Lessee(s)
 TCF Bank

Comments
 Located on the second level of Building 3
 of Thanksgiving Park.

Comparable Rental #2

1. Location	NW Lehi Thanksgiving Point commercial district	4. Use Zoning	Professional offices RC Resort Community
2. Phys. attributes:		5. Non-realty items	None included
Construction	Steel/stucco/glass		
Quality	Good		
Effective age	5-10 yrs. (actual: 9 yrs.)	Rentable area	25,548 sq. ft.
Condition	Good	Layout	All second level
Style and appeal	Good	Gross annual rent	\$638,700
Functional utility	Good	Annual rent/sq. ft.	\$25.00 (\$18.00 per sq. ft. triple net)
Site size	45% bldg.-to-land ratio		
3. Economic attributes	Full service lease that began in 2-21.		

Todd Gurney verified with Travis Reeves, appraiser (801-636-2475).



Address
 2989 West Maple Loop Drive
 Suite 210
 Lehi, Utah

Lessor(s)
 POC Development LLC

Lessee(s)
 Sela Health Utah Valley Counseling
 Center

Comments
 Located on the second level of a multiple-
 tenant office building.

Comparable Rental #3

1. Location	NW Lehi Thanksgiving Point commercial district	4. Use Zoning	Professional offices RC Resort Community
2. Phys. attributes:		5. Non-realty items	None included
Construction	Stucco/tile	Rentable area	1,995 sq. ft.
Quality	Avg. to good (upgrades)	Layout	All second level
Effective age	10-15 yrs. (actual: 15 yrs.)	Gross annual rent	\$42,893
Condition	Average to good	Annual rent/sq. ft.	\$21.50 (\$14.50 per sq. ft. triple net)
Style and appeal	Average to good		
Functional utility	Average to good		
Site size	40% bldg.-to-land ratio		
3. Economic attributes	Full service lease that began in 3-21. Annual increases of 2.5%. Lease term of 55 months.		

Todd Gurney verified with Travis Reeves, appraiser (801-636-2475).



Address
 2135 West Main Street
 Suite B101
 Lehi, Utah

Lessor(s)
 Lehi Main Street Office 2 LLC

Lessee(s)
 Dr. Mellor

Comments
 Main floor space within Willow Park Center. The landlord provided a build out allowance of \$70.00 per sq. ft.

Comparable Rental

Comparable Rental #4

1. Location	West Lehi Main Street commercial district	4. Use Zoning	Professional office PC Planned Community
2. Phys. attributes:		5. Non-realty items	None included
Construction	Stucco/brick		
Quality	Good		
Effective age	New		
Condition	Good	Rentable bldg. area	2,199 sq. ft.
Style and appeal	Good	Layout	All main level
Functional utility	Good		
Site size	Condo share 34% bldg.-to-land ratio	Gross annual rent	\$43,980
3. Economic attributes	Five-year triple net lease that began in 11-21. Annual increases of 3%.	Annual rent/sq. ft.	\$20.00

Todd Gurney verified with Brandon Johnson, leasing agent (801-427-0350).

Rentals Adjustment Grid

Unit of Comparison: Annual rent per rentable sq. ft.

	Subj.	Rental 1		Rental 2		Rental 3		Rental 4	
<i>Unadj. prices</i>		\$17.00		\$18.00		\$14.50		\$20.00	
Lessor/lessee motivations	Typical	Free rent concession	-7%	Typical	0%	Typical	0%	Typical	0%
<i>Adj. prices</i>		\$15.81		\$18.00		\$14.50		\$20.00	
Market conditions	Current	2-22	0%	2-21	0%	3-21	0%	11-21	0%
<i>Adj. prices</i>		\$15.81		\$18.00		\$14.50		\$20.00	
Location	NW Lehi Thanksgiving Point	NW Lehi Thanksgiving Point	0%	NW Lehi Thanksgiving Point	0%	NW Lehi Thanksgiving Point	0%	West Lehi Main	0%
Quality	Good	Good	0%	Good upgrades	-10%	Avg-good upgrades	10%	Good some upgrades	-5%
Effective age	10-15 yrs	10-15 yrs	0%	5-10 yrs	-5%	10-15 yrs	0%	New	-12%
Extra features	Conf room, break, UG park/stg	Fitness, break, UG parking	1%	None	5%	None	5%	None	5%
Building-to-land (BTL) ratio	43% BTL with parking deck	38% BTL	0%	45% BTL	0%	40% BTL	0%	34% BTL	0%
Adj. subtotal		1%		-10%		15%		-12%	
<i>Adj. prices</i>		\$15.97		\$16.20		\$16.68		\$17.60	

Summary of final adjusted prices:

<i>High</i>	<i>\$17.60</i>
<i>Low</i>	<i>\$15.97</i>
<i>Median</i>	<i>\$16.44</i>
<i>Mean</i>	<i>\$16.61</i>

Based on market data, an overall market rent estimate of \$128,800 per month, or *\$16.53 per rentable sq. ft. with triple net expense terms*, is concluded. This coincides with the actual rents adjusted to triple net terms. The annual potential gross income (PGI) with actual/market rent—and *triple net expense terms*—is computed as follows:

$$93,520 \text{ Sq. Ft.} \times \$16.53 \text{ per Sq. Ft.} = \$1,545,600 \text{ PGI}$$

Net Operating Income. Vacancy and collection loss were discussed earlier in this report in relation to the overall market and the subject attributes. Based on the subject attributes and market conditions, a vacancy and collection loss factor of 5% is projected over a typical holding period—at stabilized occupancy.

The owner expenses are estimated at 6%, which is a fairly typical amount for the triple net expense terms assumed herein (whereby the landlord only pays management and reserves for replacement). Having determined the vacancy factor and operating expenses, the pro forma net operating income can be calculated as follows:

Pro Forma Operating Income Statement—At Stabilized Occupancy		
Potential gross income		\$1,545,600
Less: Vacancy and collection loss	5%	(77,280)
Effective gross income		\$1,468,320
Less: Estimated owner expenses	6%	(88,099)
Net operating income		\$1,380,221

Capitalization Rate. The capitalization rate is the annual return necessary to attract capital to the investment. For all of the comparables below, vacancy and operating expenses are projected for the year after sale based on actual leases, historical data, property attributes, and market conditions. *In other words, the vacancy and expenses are all appraiser projections.*

The following are comparable capitalization rates in the subject area:

Address	Sale Date	Sale Price	Rent/SF *	PGI	Est. Vac.	EGI	Op. Exp.	NOI	Cap Rate
2912 Exec. Pwy. Lehi – Sale 1	4-20	\$22,150,000	\$23.68 FS	\$2,220,816	\$111,041 (5%)	\$2,109,775	\$709,775 (34%)	\$1,400,000	6.3%
898 N. 1200 W. Orem – Sale 2	11-21	\$ 8,205,460	\$24.29 FS	\$725,450	\$36,273 (5%)	\$689,177	\$230,000 (33%)	\$459,177	5.6%
570 N. Main Spanish Fork	9-20	\$ 1,600,000	\$18.01 NNN	\$119,820	\$ 5,991 (5%)	\$113,829	\$ 6,830 (6%)	\$106,999	6.7%
1418 W. Center Orem	9-21	\$ 1,225,000	\$10.90 Mod. G.	\$ 91,521	\$ 4,576 (5%)	\$ 86,945	\$16,100 (18.5%)	\$ 70,845	5.8%
1402 W. Center Orem	4-21	\$ 1,300,000	\$ 9.47 NNN	\$ 94,800	\$ 4,740 (5%)	\$ 90,060	\$ 5,404 (6%)	\$ 84,656	6.5%
101 N. 1200 E. Lehi	11-20	\$ 5,300,000	\$25.44 NNN	\$386,843	\$19,342 (5%)	\$367,501	\$22,050 (6%)	\$345,451	6.5%
603 N. 2000 W. Springville	5-20	\$ 5,750,000	\$ 9.60 NNN	\$362,409	\$18,120 (5%)	\$344,289	\$20,657 (6%)	\$323,632	5.6%
2175 W. 3000 S. Charleston	1-21	\$ 4,300,000	\$14.40 Mod. G.	\$346,000	\$17,300 (5%)	\$328,700	\$92,000 (28%)	\$236,700	5.5%
564 W. 700 S. Pleasant Grove	10-21	\$ 1,175,000	\$10.17 NNN	\$ 71,591	\$ 3,580 (5%)	\$ 68,011	\$ 4,081 (6%)	\$ 63,930	5.4%
8180 S. 700 E. Sandy	8-20	\$ 1,450,000	\$14.94 Mod. G.	\$108,040	\$ 5,402 (5%)	\$102,638	\$ 6,158 (6%)	\$ 96,480	6.7%
1352 E. EM Blvd. Eagle Mountain	3-21	\$ 2,550,000	\$28.73 NNN	\$173,474	\$ 8,674 (5%)	\$164,800	\$ 9,888 (6%)	\$154,912	6.1%
12537 Crossing Riverton	1-20	\$3,050,000	\$15.62 NNN	\$217,030	\$10,852 (5%)	\$206,178	\$12,371 (6%)	\$193,807	6.4%
737 E. 1180 S. American Fork	4-21	\$19,500,000	\$ 7.82 NNN	\$1,095,752	\$43,830 (4%)	\$1,051,922	\$63,115 (6%)	\$988,807	5.1%
3582 Mtn. Vista Provo	11-21	\$30,100,000	\$ 8.70 NNN	\$1,444,800	\$43,344 (3%)	\$1,401,456	\$84,087 (6%)	\$1,317,369	4.4%
119 S. Pacific American Fork	9-21	\$ 2,175,000	\$13.89 Mod. G.	\$180,282	\$ 9,014 (5%)	\$171,268	\$42,817 (25%)	\$128,451	5.9%
1416 N. Redwood Saratoga	12-21	\$ 1,800,000	\$22.32 NNN	\$ 94,600	\$ 4,730 (5%)	\$ 89,870	\$ 5,392 (6%)	\$ 84,478	4.7%

* Rental term abbreviations: NNN = triple net; Mod. G. = modified gross; FS = full service.

The following is a summary of comparable capitalization rates from the previous page:

High	6.7%
Low	4.4%
Median	5.9%
Mean	5.8%

Capitalization rates reflect the overall risk of an investment (greater rates imply greater risk). The capitalization rates are fairly consistent for this property type. After factoring in the subject attributes and market evidence, a rounded capitalization rate of 5.85% is reasonable—consistent with the mean and median rates of the comparables. Having determined the net operating income and direct capitalization rate, the indicated income capitalization approach value at stabilized occupancy is as follows:

$$\frac{\$1,380,221 \text{ Net Operating Income}}{5.85\% \text{ Capitalization Rate}} = \$23,593,521 \text{ or } \$23,600,000 \text{ Rounded}$$

Lease-up Discount. A lease-up discount is needed in this approach since the property doesn't include any arm's-length tenants. As noted in the Market Overview, the estimated absorption period is about eight months for a building of this size and type in the subject market area. Assuming that 4,000 sq. ft. is leased up at the end of each of Months 1, 2, 3, 4, 5, 6, 7, and 8, the average rent loss for the vacant space is 4.5 months. The potential gross income for the 32,000 sq. ft. that needs to be filled (in order to achieve stabilized occupancy) is approximately \$16.50 per sq. ft. triple net annually, or \$44,000 per month. Thus, the foregone rental income for 4.5 months is computed as follows:

$$\$44,000 \text{ per month} \times 4.5 \text{ months} = \$198,000, \text{ or } \$200,000 \text{ rounded}$$

Typically, up-front losses are not discounted very substantially for time by investors in the marketplace; thus, a rounded foregone income amount of \$200,000 is concluded. Leasing commissions and marketing are also estimated at \$200,000 rounded based on other developments in northern Utah of similar type and size.

See continued discussion on the following page.

Because the foregone income is based on triple net expense terms, some extra holding costs are added. As noted, I estimate current CAM fees of about \$7.00 per rentable sq. ft. annually (\$0.58 per sq. ft. per month) based on similar properties in the area. The holding costs are thus estimated at \$100,000 rounded for 32,000 rentable sq. ft. over an average of 4.5 months. Note that no significant developer profit is added in leasing up an auto sales property of the type and size of the subject. The total lease-up deduction for the subject property is calculated as follows:

Foregone income	\$200,000
Marketing expense	200,000
Holding expense	<u>100,000</u>
Total Lease-up Deduction	\$500,000

Having determined the value at stabilized occupancy and the lease-up discount, the as-is value via the income approach can be computed as follows by subtracting a lease-up deduction and by subtracting the estimated cost to finish the 4th floor demising walls:

Initial income approach value	\$23,600,000
Less: Estimated lease-up deduction	(500,000)
Less: Cost to add additional demising walls to 4 th level	(<u>100,000</u>)
Indicated sales comparison approach value	\$23,000,000

Income Capitalization Approach Value
\$23,000,000

Reconciliation of Value Conclusions

In order to determine the as-is market value of the subject, two of the three approaches to value were applied and are evaluated as follows:

The Reproduction Cost Approach is not meaningful because the subject has a considerable amount of depreciation since the building improvements are not particularly new. Thus, this approach is not considered applicable. *Value Indication: Not Applied.*

The Sales Comparison Approach is somewhat appropriate for properties like the subject. The subject is compared to recent sales of fairly similar properties. The data presented are accurate, the adjusted range is consistent, and the quantity of data is sufficient to produce a reliable indication of value. The estimated cost to add some additional 4th floor demising walls is subtracted. *Value Indication: \$23,000,000.*

The Income Capitalization Approach is very appropriate as the subject is leased for investment income. There is a sufficient quantity of data to produce a reliable indication of market rent, which coincides with the actual/asking rent adjusted to triple net terms. Market evidence and historical data are used in determining capitalization rates, vacancy, and expense estimates. A lease-up deduction is applied for the vacant space, and the estimated cost to add some additional 4th floor demising walls is also subtracted. *Value Indication: \$23,000,000.*

Most weight is given to the income approach in this leased-fee analysis; the sales comparison approach provides supporting evidence and coincidentally indicates the same rounded value conclusion. Based on the data reported and the analyses made, I am of the opinion that the as-is market value of the subject, as of January 13, 2022, is as follows:

\$23,000,000

This value is contingent upon the Extraordinary Assumptions on pages 43-44 of this report. The reconciled value of this report is 8.2% greater than the pending purchase price of \$21,250,000. However, I understand that the property was not listed when this contract was executed. Jordan Wall reports that the out-of-state sellers are atypically motivated to dispose of this asset in order to invest the funds into real estate closer to the rest of their real estate portfolio. Consequently, a somewhat higher value is reasonable to conclude herein.

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.
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. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Uniform Standards of Appraisal Practice*.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
9. Todd Gurney made a personal inspection of the property that is the subject of this report.
10. No one provided significant real property appraisal assistance to the person signing this certification.
11. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
12. As of the date of this report, Todd Gurney has completed the continuing education program for Designated Members of the Appraisal Institute.
13. I am a licensed appraiser within the state of Utah and my license has not been revoked, suspended, canceled, nor restricted.
14. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.




TODD GURNEY, MAI

Utah State Certified General Appraiser Certificate 5487768-CG00 Expires 7-31-22
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ADDENDUM

Procurement & Contract Services

This Purchase Order is subject to the accompanying Utah Valley University Purchase Order Contract Terms and Conditions unless otherwise noted. For information regarding this purchase order, or to send order acceptance/confirmation, please email: procurement@uvu.edu.

Purchase Order		
Purchase Order Date	PO/Reference No.	Revision No.
Dec 20, 2021	P0706812	0
Approval Signature 		

Vendor Information

Vendor Name: Gurney and Associates
 Address: 45 N 490 W
 American Fork, Utah 84003-2264 United States
 Payment Terms: 0, Net 25

Shipping Information

Ship To Address
 Shipping address: Attn: Frank Young
 AX138
 Receiving
 1545 W Business Park Dr
 Orem, UT 84058
 United States
 ShipTo Address Code: 198
Shipping Information
 F.O.B. Destination

Vendor Terms & Conditions

Line No.	Product Description	Catalog No.	Unit Price	Quantity	Ext. Price
1 of 1	Appraisal of 2889 W W Ashton Blvd, Lehi (Thanksgiving Point)		4,500.00 USD	1 EA	4,500.00 USD
	Taxable: No				
	Commodity Code: SERVPROF Services Professional				
	PO Clauses: Refer below				

Utah Valley University is Utah Sales and Use Tax exempt. Please remove these taxes from your invoice. A certificate can be provided upon request. Utah Sales Tax Exemption # 11843640-002-STC	Subtotal	4,500.00
	Shipping	0.00
	Handling	0.00
	Total	4,500.00 USD

Billing Information

Charge to PO Listed Above
 Contract: *no value*

Billing Address

BillTo Address Code: Accounts Payable
 Billing address: UVU Accounts Payable
 MS 109 AP
 800 W University Parkway
 Orem, UT 84058-5999
 United States
 Invoices may also be emailed to ap@uvu.edu

PO Clauses

There are no clauses associated with this Purchase Order.

COMMERCIAL REAL ESTATE PURCHASE CONTRACT

This is a legally binding contract. Parties to this Commercial Real Estate Purchase Contract ("Contract" or "Agreement") may agree, in writing, to alter or delete provisions of this Contract. Seek advice from your attorney or tax advisor before entering into a binding contract.

EARNEST MONEY RECEIPT

On this 7th day of December, 2021, (Offer Reference Date") Utah Valley University, body politic and corporate of the State of Utah ("Buyer") offers to purchase from Lehi 175 LLC ("Seller") the Property described below and hereby delivers to the Brokerage or Title/Escrow Company, as Earnest Money, the amount of \$100,000 in the form of Check which, upon Acceptance of this offer by all parties (as defined in Section 23), shall be deposited in accordance with state law.

Brokerage or Title/Escrow Company: Colliers International

Received by: _____ on _____ (Date) Phone: _____
(Signature above acknowledges receipt of Earnest Money)

OFFER TO PURCHASE

1. **Property (General Description/Tax ID#): 53:333:0009**, also described as: Thanksgiving Center Office Building totaling approximately 98,110 square feet, located on 5.044585 acres at 2889 W ASHTON BLVD, City of Lehi County of Utah State of Utah, ZIP 84043 (the "Property").

For legal description (Check Applicable Box): SEE EXHIBIT # B COMMITMENT FOR TITLE INSURANCE as provided in Section 7(b).

1.1 Included Items. Unless excluded herein, the Property includes all right, title, and interest of Seller in and to the following:

- a. All that certain lot, piece, or parcel of land located at 2889 Ashton Blvd, Lehi, Utah, County of Utah, and State of Utah, as more particularly bounded and described in Exhibit B attached hereto and hereby made a part hereof (the "Land");
- b. All buildings and improvements located on the Land and all of Seller's right, title, and interest in and to any and all fixtures attached thereto (collectively, the "Improvements");
- c. All equipment, machinery, apparatus, appliances, and other articles of personal property located on and used in connection with the operation of the Improvements (collectively, the "Personal Property");
- d. All rights appurtenant to the Land, if any, including without limitation, any strips and gores abutting the Land, and any land lying in the bed of any street, road, or avenue in front of, or adjoining the Land, to the center line thereof;
- e. All other rights, privileges, easements, licenses, appurtenances, and hereditaments relating to the Property;
- f. All tenant leases, lease amendments, guarantees, exhibits, addenda, and riders thereto, and any other documents creating a possessory interest in the Land or Improvements with any persons leasing, using, or occupying the Land or Improvements or any part of either, including, without limitation, those certain leases encumbering the Property and more particularly described in Exhibit C attached hereto and made a part hereof (collectively, the "Leases");
- g. All plans, surveys, specifications, drawings, architectural and engineering drawings, and other rights relating to the construction of the Property (collectively, the "Plans and Surveys");

h. All right, title, and interest of Seller in and to the Assumed Contracts (as defined to Section 12.e) pursuant to Section 12.e of this Agreement;

i. Any permit, entitlement, governmental approval, certificate of occupancy, license, or other form of authorization or approval issued by a government agency or authority and legally required for the construction, ownership, operation, and use of the Property to the extent transferable with the sale of the Property (collectively, the "Assumed Permits and Licenses");

j. Any written warranty, guaranty, or other obligation from any contractor, manufacturer, or vendor to any improvements, furnishings, fixture, or equipment located at the Property, to the extent assignable in connection with the sale of the Property ("Assumed Warranties and Guaranties"); and

k. All rights, title, and interests of Seller in and to: (i) computer software used in connection with any computer systems located at the Property; (ii) trademarks, trade names, service marks, and other intellectual property rights held or used in connection with the Property or the operation; (iii) other intangibles associated with the Property, including, without limitation, goodwill, logos, and designs related to the Property and other general intangibles relating to the Property; and (iv) all telephone exchange numbers specifically dedicated and identified with the Property (collectively, the "Intangible Property").

1.2 Excluded Items. These items are excluded from the Property: any tenant fixtures or other property belonging to the tenants at the Property, any item leased from third parties, or the personal property listed in Exhibit D attached hereto and made a part hereof (the "Excluded Personal Property"), all of the foregoing to the documented and included under separate Bill of Sale at Closing, as further provided in Section (c) of Exhibit A.

2. PURCHASE PRICE. The Purchase Price for the Property is \$ 21,250,000.

The Purchase Price will be paid as follows:

- \$ **100,000.00** (a) **Earnest Money Deposit**
- \$ not applicable (b) **New Loan.** Buyer will apply for one or more of the following loans:
 Conventional **SBA** **Other** specify _____
 Buyer shall have the right to approve the terms and conditions of the new loan as provided in Section 8 (f).
- \$ not applicable (c) **Loan Assumption Addendum** (See attached Assumption Addendum if applicable) \$
- \$ not applicable (d) **Seller Financing** (see attached Seller Financing Addendum if applicable)
- \$ not applicable (e) **Other** (specify)
- \$ 21,150,000.00 (f) **Balance of Purchase Price in Cash**

\$ 21,250,000.00 **PURCHASE PRICE Total of lines (a) through (f)**

3. SETTLEMENT AND CLOSING. Settlement shall take place on the Settlement Deadline referenced in Section 24(c), or on a date upon which Buyer and Seller agree in writing. "Settlement" shall occur only when all of the following have been completed: (a) Buyer and Seller have signed and delivered to each other or to the escrow/closing office all documents required by this Contract, by the lender, by written escrow instructions or by applicable law; (b) any monies required to be paid by Buyer under these documents (except for the proceeds of any new loan) have been delivered by Buyer to Seller or to the escrow/closing office in the form of collected or cleared funds; and (c) any monies required to be paid by Seller under these documents have been delivered by Seller to Buyer or to the escrow/closing office in the form of collected or cleared funds. Buyer shall be entitled to adjourn the Settlement Deadline one or more times, by delivering written notice to Seller at least seven (7) days prior to the Settlement Date. Seller and Buyer shall each pay one-half (½) of the fee charged by the escrow/closing office for its services in the settlement/closing process. Taxes and assessments for the current year, rents, and interest on assumed obligations shall be prorated at Settlement as set forth in this Section. Tenant deposits (including, but not limited to, security deposits and prepaid rents) shall be paid or credited by Seller to Buyer at Settlement. Prorations set forth in this Section shall be made as of the Settlement Deadline date

referenced in *Section 24(c)*, unless otherwise agreed to in writing by the parties. Such writing could include the settlement statement. For purposes of this Contract, "Closing" means that: (i) Settlement has been completed; (ii) the proceeds of any new loan have been delivered by the lender to Seller or to the escrow/closing office; (iii) the applicable Closing documents have been recorded in the office of the county recorder; and, (iv) Seller has delivered, or caused to be delivered to Buyer, the executed, certified, and acknowledged by Seller, as appropriate, items identified in Exhibit A hereto.

4. POSSESSION. Seller shall deliver physical possession to Buyer within: **24 HOURS AFTER CLOSING**; _____ **DAYS AFTER CLOSING**; **OTHER (SPECIFY)** _____
Any rental of the Property prior to or after Closing, between Buyer and Seller, shall be by separate written agreement.

5. CONFIRMATION OF AGENCY DISCLOSURE. Buyer and Seller acknowledge prior receipt of written agency disclosure provided by their respective Buyer's Agent or Seller's Agent that has disclosed the agency relationships and that are confirmed below. At the signing of this Contract:

Seller's Agent Josh Smith, represents Seller Buyer **both Buyer and Seller**
as a Limited Agent;

Seller's Brokerage Colliers International, represents Seller Buyer **both Buyer and Seller**
as a Limited Agent;

Buyer's Agent Brandon Fugal, represents Seller Buyer **both Buyer and Seller**
as a Limited Agent;

Buyer's Brokerage Colliers International, represents Seller Buyer **both Buyer and Seller**
as a Limited Agent;

6. TITLE TO THE PROPERTY & TITLE INSURANCE.

(a) Seller represents that Seller has fee simple title to the *Property* and will convey good and marketable title to Buyer at Closing by: **GENERAL WARRANTY DEED** **SPECIAL WARRANTY DEED**, free of financial encumbrances except as provided under *Section 10.1*.

(b) At Settlement, Seller agrees to pay for a standard-coverage owner's policy of title insurance insuring Buyer in the amount of the Purchase Price. The title policy shall conform with Seller's obligations under *Section 10.1* and with the *Commitment for Title Insurance* as agreed to by Buyer under *Section 8*.

(c) **BUYER ELECTS TO OBTAIN A FULL-COVERAGE EXTENDED ALTA POLICY OF TITLE INSURANCE.** The cost of this coverage (including the ALTA survey), above that of the standard-coverage Owner's policy, shall be paid for at Settlement by: **BUYER** **SELLER** **OTHER** _____.

7. SELLER DISCLOSURES. No later than the Seller Disclosure Deadline referenced in *Section 24(a)*, Seller shall provide to Buyer the following documents which are collectively referred to as the "Seller Disclosures":

- (a) Inspections of the *Property* and a Seller property condition disclosure for the *Property*, signed and dated by Seller;
- (b) a *Commitment for Title Insurance* on the *Property*;
- (c) a copy of all leases and rental agreements now in effect, including any and all amendments, with regard to the *Property* together with a current rent roll, and copies of all material correspondence related to the Leases;
- (d) operating statements of the *Property* for its last 3 full fiscal years of operation plus the current fiscal year through September 2021, certified by the Seller or by an independent auditor;
- (e) copies in Seller's possession, if any, of any studies and/or reports which have previously been done on the *Property*, including without limitation, environmental and hazardous materials reports, soils studies, site plans, specifications, architectural plans, and surveys;
- (f) governmental permits/approvals, zoning information, tax information and utility letters;
- (g) copies of service contracts, certificate(s) of occupancy, warranties and guaranties, and commission agreements;
- (h) written notice of any claims and/or conditions known to Seller relating to environmental problems and building or zoning code violations; and

- (i) similar materials relating to the physical and environmental condition of the Property, and any other documents relating to the Property reasonably requested by Buyer. The Due Diligence Deadline shall be extended by one day for each day Seller delays in making the Seller Disclosures.

8. BUYER'S RIGHT TO CANCEL BASED ON BUYER'S DUE DILIGENCE AND SPECIFIED THIRD PARTY APPROVALS. Buyer's obligation to purchase under this Contract (**check applicable boxes**):

- (a) IS IS NOT conditioned upon Buyer's approval of the content of all the *Seller Disclosures* referenced in *Section 7*;
- (b) IS IS NOT conditioned upon Buyer's approval of a physical condition inspection of the *Property*;
- (c) IS IS NOT conditioned upon Buyer's approval of a survey of the *Property* by a licensed surveyor ("Survey");
- (d) IS IS NOT conditioned upon Buyer's approval of applicable federal, state and local governmental laws, ordinances and regulations affecting the *Property*; and any applicable deed restrictions and/or CC&R's (covenants, conditions and restrictions) affecting the *Property*;
- (e) IS IS NOT conditioned upon the *Property* appraising for not less than the Purchase Price.
- (f) IS IS NOT conditioned upon Buyer's approval of the terms and conditions of financing.
- (g) IS IS NOT conditioned upon the approval by, in their sole discretion, the Utah Valley University Board of Trustees and the Utah Board of Higher Education.
- (h) IS IS NOT conditioned upon Buyer's approval of the following tests and evaluations of the *Property*:

If any of the items 8(a) through 8(h) are checked in the affirmative, then *Sections 8.1, 8.2, 8.3 and 8.4* apply; otherwise, they do not apply. The items checked in the affirmative above are collectively referred to as "Buyer's Due Diligence." "Buyer's Due Diligence" includes Buyer receiving approval by, in their sole discretion, the Utah Valley University Board of Trustees and the Utah Board of Higher Education to purchase the property and Buyer conducting or causing to be conducted any and all tests, studies, surveys, inspections, reviews, assessments, or evaluations of the Property, including without limitation engineering, topographic, soils, zoning, wetlands, and environmental inspections (including Phase I and/or Phase II environmental site assessments to be performed by an environmental consultant selected by Buyer) (the "Inspections"), as Buyer deems necessary, desirable, or appropriate in its sole and absolute discretion, and analysis of the Seller Disclosures. At any time prior to the Closing, and at all times, Buyer and its agents, employees, consultants, inspectors, appraisers, engineers, and contractors (collectively, "Buyer's Representatives") shall have the right to enter upon and pass through the Property during normal business hours to examine and inspect the same, as well as conduct reasonable tests, studies, investigations, and surveys to assess utility availability, soil conditions, environmental conditions, physical condition, and the like of the Property. Unless otherwise provided in this Contract, the Buyer's Due Diligence shall be paid for by Buyer and shall be conducted by individuals or entities of Buyer's choice. Buyer shall conduct Buyer's Due Diligence in such manner as not to unreasonably disrupt the activities and business of Seller, and shall indemnify Seller and hold Seller harmless from and against any and all liability, claim, or damages which arise from, is caused by, or is in any manner connected with Buyer's Due Diligence, including without limitation, claims for payment for inspection services, claims for mechanics liens, and physical damage to the Property, except to the extent such liabilities, claims, or damages are caused by or resulting from: (a) any acts or omissions of Seller; (b) Seller's negligence; and/or (c) any pre-existing, dangerous, illegal, or defective condition at the Property. The provisions of the foregoing sentence shall survive for a period of thirty (30) days following the Closing or earlier termination of this Agreement. Seller agrees to cooperate with Buyer's Due Diligence and with a site inspection under *Section 11*. If Buyer elects to terminate this Agreement as provided in this *Section 4.02*, Escrow Agent shall return the Deposit to Buyer, upon such refund being made this Agreement shall terminate, and the parties shall have no further liability hereunder (except with respect to those obligations hereunder which expressly survive the termination of this Agreement). Notwithstanding anything to the contrary contained in this Agreement, amendments to this Agreement to extend the Due Diligence Period may be agreed upon in writing or email by each party or each party's respective attorney and notices to terminate this Agreement prior to the expiration of the Due Diligence Period may be given, by Buyer as provided in this Agreement or by Buyer or Buyer's attorney by fax or by email to Seller and/or Seller's attorney.

8.1 Due Diligence Deadline. No later than the Due Diligence Deadline referenced in *Section 24(b)* Buyer shall: (a) complete all of Buyer's Due Diligence; and (b) determine if the results of the Buyer's Due Diligence are acceptable to Buyer.

8.2 Right to Cancel or Object. If Buyer, in Buyer's sole discretion, determines that the results of the Buyer's Due Diligence are unacceptable, Buyer may, no later than the Due Diligence Deadline, either: (a) cancel this Contract by providing written notice to Seller, whereupon the Earnest Money Deposit shall be released to Buyer; or (b) provide Seller with written notice of objections.

8.3 Failure to Respond. If by the expiration of the Due Diligence Deadline, Buyer does not: (a) cancel this Contract as provided in *Section 8.2*; or (b) deliver a written objection to Seller regarding the Buyer's Due Diligence, the results of the Buyer's Due Diligence shall be deemed approved by Buyer; and the contingencies referenced in *Sections 8(a) through 8(g)*, including but not limited to, any financing contingency, shall be deemed waived by Buyer.

8.4 Response by Seller. If Buyer provides written objections to Seller, Buyer and Seller shall have **4 CALENDAR DAYS** after Seller's receipt of Buyer's objections (the "Response Period") in which to agree in writing upon the manner of resolving Buyer's objections. Except as provided in *Section 10*, Seller may, but shall not be required to, resolve Buyer's objections. If Buyer and Seller have not agreed in writing upon the manner of resolving Buyer's objections, Buyer may cancel this Contract by providing written notice to Seller no later than **THREE CALENDAR DAYS** after expiration of the *Response Period*; whereupon the *Earnest Money Deposit* shall be released to Buyer. If this Contract is not canceled by Buyer under this *Section 8.4*, Buyer's objections shall be deemed waived by Buyer. This waiver shall not affect those items warranted in *Section 10*.

9. ADDITIONAL TERMS. Closing is contingent on approval by the Utah Valley University Board of Trustees, which shall be obtained prior to the Due Diligence Deadline as identified in *Section 24(b)* of this Contract.

10. SELLER WARRANTIES & REPRESENTATIONS.

The representations and warranties of Seller set forth in this *Section 10* shall survive the Closing and will not be affected by any investigation, verification, or approval by any party or anyone on behalf of any party to this Agreement.

10.1 Condition of Title. Buyer agrees to accept title to the *Property* subject to the contents of the Commitment for Title Insurance as agreed to by Buyer under *Section 8*. Buyer also agrees to take the *Property* subject to existing leases affecting the *Property* and not expiring prior to Closing. Buyer agrees to be responsible for taxes, assessments, association fees and dues, utilities, and other services provided to the *Property* after Closing. Except for any loan(s) specifically assumed by Buyer under *Section 2*, Seller will cause to be paid off by Closing all mortgages, trust deeds, judgments, mechanic's liens, tax liens and warrants. Seller will cause all assessments to be paid current by Closing.

10.2 Condition of Property. Seller warrants that **ON THE DATE SELLER DELIVERS PHYSICAL POSSESSION TO BUYER**, the *Property* and improvements will be broom-clean and free of debris and personal belongings, and in the same general condition as they were on the date of Acceptance.

10.3 Other Seller Warranties. Seller further warrants that, to the best of Seller's knowledge, each of the following statements is true:

(a) the consummation of the transactions contemplated by this Contract has been duly authorized by the resolutions or consent of the members of Seller and the appropriate and necessary action has been taken by such members on the part of Seller, will not constitute a default or result in the breach of any term or provision of any of the governing documents of Seller or contract or agreement to which Seller is a party so as to adversely affect the consummation of such transactions;

(b) the individual(s) executing this Agreement and the instruments referenced herein on behalf of Seller have the legal power, right, and actual authority to bind Seller to the terms and conditions hereof and thereof;

(c) this Agreement is valid and binding upon Seller, subject to bankruptcy, reorganization, and other similar laws affecting the enforcement of creditors' rights generally;

(d) Neither the execution, delivery, or performance of this Agreement, nor the consummation of the transactions contemplated hereby is prohibited by, or requires Seller to obtain any consent, authorization, approval, or

registration under any law, statute, rule, regulation, judgment, order, writ, injunction, or decree which is binding upon Seller which has not been previously obtained;

(e) A list of all Leases affecting the Property on the date of this Agreement is attached to this Agreement as Exhibit C, true, correct, and complete copies of which have been delivered to Purchaser. Except as otherwise provided for in Exhibit C, (i) the Leases are in good standing and in full force and effect in accordance with their respective terms; (ii) the Leases have not been modified, amended, terminated, renewed, or extended, except as set forth in the applicable Lease; and (iii) none of the parties to any Lease is in default of any of its obligations thereunder and no event has occurred that, with the giving of notice or passage of time, or both, would constitute a default thereunder;

(f) there is no action, suit, legal proceeding or other proceeding pending or threatened against Seller and/or the *Property* which may adversely affect the transactions contemplated by this Contract, in any court or before any arbitrator of any kind or before or by any governmental body which may adversely affect the transactions contemplated by this Contract;

(g) Seller has not entered into any service, maintenance, supply, leasing, brokerage, and listing and/or other contracts relating to the Property (along with all amendments and modifications thereof, the "**Service Contracts**") which will be binding upon the Buyer after the Closing, other than the Leases and the Assumed Contracts. Each of the Service Contracts can and, at Buyer's option, will be terminated by Seller on or before the Settlement Date. Seller has performed all of its obligations under each of the Service Contracts and no fact or circumstance has occurred which, by itself or with the passage of time or the giving of notice or both, would constitute a default by any party under any of the Service Contracts. Seller has delivered to Purchaser true, correct, and complete copies of all Service Contracts. "Service Contract" means any service, maintenance, supply, leasing, brokerage, and listing and/or other contracts relating to the Property (along with all amendments and modifications thereof);

(h) all work which will be performed in, on or about the *Property* or materials furnished thereto which might in any circumstances give rise to a mechanic's or material man's lien, will be paid and all necessary waivers of rights to a mechanic's or material man's lien for such work will be obtained;

(i) Seller has not received any written notice indicating that the *Property* is in violation of any Federal, State or local Environmental Law or municipal ordinance, order, or requirement noted or issued against the Property by any governmental authority having jurisdiction over the Property, that has not been cured, corrected, or waived as of the Effective Date;

(j) Seller has or will deliver or make available to Buyer complete copies of all the Seller Disclosures to the extent in Seller's possession or under Seller's control with regard to the Property, and there are no other documents or information included within the definition of Seller Disclosures that have not been provided to the Buyer. To Seller's knowledge, none of such Seller Disclosures contains any untrue statement of a material fact or omits to state a fact necessary to make the statement of fact contained therein not misleading in any material respect;

(k) there are no Hazardous Substances on, under, or about the *Property*, nor has Seller undertaken, permitted, authorized or suffered, and will not undertake, permit, authorize or suffer the presence, use, manufacture, handling, generation, storage, treatment, discharge, release, burial or disposal on, under or about the *Property*, of any Hazardous Substances, or the transportation to or from the *Property*, of any Hazardous Substances. As used herein, "Hazardous Substance" shall mean any substance, material or matter that may give rise to liability under any Federal, State, or local Environmental Laws, as well as "Hazardous Material," "Pollutant or Contaminant," and "Petroleum" and "Natural Gas Liquids," as those terms are defined or used in CERCLA, and any other substances regulated because of their effect or potential effect on public health and the environment, including PCBs, lead paint, asbestos, urea formaldehyde, radioactive materials, putrescible materials, and infectious materials. "**Environmental Laws**" means, without limitation, the Resource Conservation and Recovery Act and the Comprehensive Environmental Response Compensation and Liability Act and other federal, state, county, municipal, and other local laws governing or relating to Hazardous Materials or the environment together with their implementing regulations, ordinances, and guidelines;

(l) Seller is not a "foreign person" as that term is defined in Section 1445 of the U.S. Internal Revenue Code of 1986, as amended. (In that regard, Seller shall deposit into Escrow, at or prior to Closing, an affidavit in such form as may be required by the U.S. Internal Revenue Service, setting forth Seller's full name, address and taxpayer

identification number and stating under penalty of perjury that Seller is not a "foreign person" as so defined); and

(m) Seller has not: (i) filed any voluntary or had involuntarily filed against it in any court or with any governmental body pursuant to any statute either of the United States or of any State, a petition in bankruptcy or insolvency or seeking to effect any plan or other arrangement with creditors, or seeking the appointment of a receiver; (ii) had a receiver, conservator, or liquidating agent or similar person appointed for all or a substantial portion of its assets; (iii) suffered the attachment or other judicial seizure of all, or substantially all, of its assets; (iv) given notice to any person or governmental body of insolvency; or (v) made an assignment for the benefit of its creditors or taken any other similar action for the protection or benefit of its creditors. Seller is not insolvent and will not be rendered insolvent by the performance of its obligations under this Agreement.

11. FINAL PRE-CLOSING INSPECTION. Before Settlement, Buyer may, upon reasonable notice and at a reasonable time, conduct a final pre-closing inspection of the *Property* to determine only that the *Property* is "as represented," meaning that the items referenced in Sections 1.1, 8.4 and 10.2 and 10.3 ("the items") are respectively present, repaired/changed as agreed, and in the warranted condition. If the items are not as represented, Seller will, prior to Settlement, replace, correct or repair the items or, with the consent of Buyer (and Lender if applicable), escrow an amount at Settlement to provide for the same. The failure to conduct a final pre-closing inspection or to claim that an item is not as represented, shall not constitute a waiver by Buyer of the right to receive, on the date of possession, the items as represented.

12. CHANGES DURING TRANSACTION. Seller agrees that from the date of Acceptance until the date of Closing, Seller shall not, without the prior written consent of Buyer:

- a. Make any changes in any existing leases.
- b. Enter into any new leases, submit or consider any proposal for a new Lease, or terminate, amend, or modify any Lease without Buyer's prior written consent (except any Leases which are extended pursuant to the exercise by the tenant of an option in such Lease and such option is exercised between the date hereof and the Settlement Date).
- c. Enter into any new agreements with any brokers in connection with any prospective tenants for new leases from the date of this Agreement through the Settlement Date, or earlier termination of this Agreement, without Buyer's consent and Buyer shall assume at the Closing all obligations under such agreements. There shall be no apportionment between Seller and Buyer of any commission payments arising under such agreements and originating from prospective tenants who after the Settlement Date become tenants of the *Property*.
- d. Seller shall cause the *Property*, and the Improvements, to be maintained in substantially the same manner as prior to the date of this Agreement pursuant to Seller's normal course of business. Seller shall not cause or make any new improvements, alterations, or demolition to the *Property*.
- e. make any substantial alterations or improvements to the *Property*.
- f. incur any further financial encumbrances against the *Property*.
- g. Enter into any new Service Contract which is not terminable on thirty (30) days prior notice without Buyer's prior written consent, which may be withheld in Buyer's sole discretion. On or before the Closing, Seller shall, at its sole cost and expense, terminate all Service Contracts, except for those "Service Contracts" (including any new Service Contracts entered into by Seller in accordance with this Section 12.e) which Buyer elects (in its sole discretion) to assume (the "Assumed Contracts"), by written notice to Seller on or before the date that is five (5) days before the Closing Date. Notwithstanding the foregoing Seller shall terminate the Management Agreement (as defined in Section p of Exhibit A) and any leasing broker listing agreements for the *Property* effective as of the Closing.

13. AUTHORITY OF SIGNERS. If Buyer or Seller is a corporation, partnership, trust, estate, Limited Liability Company or other entity, the person executing this Contract on its behalf warrants his or her authority to do so and to bind Buyer and Seller. Seller further warrants that the execution and delivery of this Contract by Seller have been duly and validly authorized, and all requisite action has been taken to make this Contract binding upon

Seller.

14. COMPLETE CONTRACT/ASSIGNMENT. This Contract together with its addenda, any attached exhibits, and Seller Disclosures, constitutes the entire Contract between the parties and supersedes and replaces any and all prior negotiations, representations, warranties, understandings or contracts between the parties. This Contract cannot be changed except by written agreement of the parties. This Contract **SHALL** **SHALL NOT** be assignable by Buyer. Except as so restricted, this Contract shall inure to the benefit of and be binding upon the heirs, personal representatives, successors and assigns of the parties.

15. MEDIATION. Any dispute relating to this Contract that arise prior to or after Closing:

SHALL
 MAY AT THE OPTION OF THE PARTIES

first be submitted to mediation. Mediation is a process in which the parties meet with an impartial person who helps to resolve the dispute informally and confidentially. Mediators cannot impose binding decisions. The parties to the dispute must agree before any settlement is binding. The parties will jointly appoint an acceptable mediator and will share equally in the cost of such mediation. The mediation, unless otherwise agreed, shall terminate in the event the entire dispute is not resolved **THIRTY (30) CALENDAR DAYS** from the date written notice requesting mediation is sent by one party to the other(s). If mediation fails, the other procedures and remedies available under this Contract shall apply. Nothing in this Section 15 shall prohibit any party from seeking emergency equitable relief pending mediation.

16. DEFAULT. If Buyer defaults, Seller's sole and exclusive remedy shall be to retain the Earnest Money Deposit, and any interest earned thereon, as liquidated damages for Buyer's default. Upon payment of the Earnest Money Deposit and any interest earned thereon to Seller, this Agreement shall be terminated and the parties shall be released from further liability to each other hereunder, except for those obligations and liabilities that are expressly stated to survive termination of this Agreement. SELLER AND BUYER AGREE THAT IT WOULD BE IMPRACTICAL AND EXTREMELY DIFFICULT TO ESTIMATE THE DAMAGES WHICH SELLER MAY SUFFER UPON A BUYER DEFAULT AND THAT THE DEPOSIT AND ANY INTEREST EARNED THEREON, AS THE CASE MAY BE, REPRESENTS A REASONABLE ESTIMATE OF THE TOTAL NET DETRIMENT THAT SELLER WOULD SUFFER UPON A BUYER DEFAULT. SUCH LIQUIDATED AND AGREED DAMAGES ARE NOT INTENDED AS A FORFEITURE OR A PENALTY WITHIN THE MEANING OF APPLICABLE LAW. If Seller defaults, in addition to return of the Earnest Money Deposit, Buyer may elect either to accept from Seller a sum equal to the Earnest Money Deposit as liquidated damages, or may sue Seller to specifically enforce this Contract or pursue other remedies available at law. Upon the release of the Earnest Money Deposit, and any interest accrued thereon, to either Buyer or Seller, as the case may be, and reimbursement of Buyer's Costs (if applicable), this Agreement shall be deemed null and void and no party hereto shall have any obligations to, or rights against, the other hereunder, except as expressly provided herein.

17. ATTORNEY FEES AND COSTS. In the event of litigation or binding arbitration to enforce this Contract, the prevailing party shall be entitled to costs and reasonable attorney fees. However, attorney fees shall not be awarded for participation in mediation under Section 15.

18. NOTICES. Except as provided in Section 23, all notices required under this Contract must be: (a) in writing; (b) signed by the party giving notice; and (c) received by the other party or the other party's agent no later than the applicable date referenced in this Contract.

19. ABROGATION. Except for the provisions of Sections 8.4, 10.1, 10.3, 15 and 17 and any other express warranties made in this Contract, the provisions of this Contract shall not apply after Closing.

20. RISK OF LOSS. All risk of loss to the Property, including physical damage or destruction to the Property or its improvements due to any cause except ordinary wear and tear and loss caused by a taking in eminent domain, shall be borne by Seller until Closing.

21. TIME IS OF THE ESSENCE. Time is of the essence regarding the dates set forth in this Contract. Extensions

must be agreed to in writing by all parties. Unless otherwise explicitly stated in this Contract: (a) performance under each Section of this Contract which references a date shall absolutely be required by 5:00 PM Mountain Time on the stated date; and (b) the term "days" shall mean calendar days and shall be counted beginning on the day following the event which triggers the timing requirement (i.e., Acceptance, etc.). If the performance date falls on a Saturday, Sunday, State or Federal legal holiday, performance shall be required on the next business day. Performance dates and times referenced herein shall not be binding upon title companies, lenders, appraisers and others not parties to this Contract, except as otherwise agreed to in writing by such non-party.

22. FAX TRANSMISSION AND COUNTERPARTS. Facsimile (fax) transmission of a signed copy of this Contract, any addenda and counteroffers, and the retransmission of any signed fax shall be the same as delivery of an original. This Contract and any addenda and counteroffers may be executed in counterparts.

23. ACCEPTANCE. "Acceptance" occurs when Seller or Buyer, responding to an offer or counteroffer of the other: (a) signs the offer or counteroffer where noted to indicate acceptance; and (b) communicates to the other party or to the other party's agent that the offer or counteroffer has been signed as required.

24. CONTRACT DEADLINES. Buyer and Seller agree that the following deadlines shall apply to this Contract:

- (a) **Seller Disclosure Deadline: December 13, 2021**
- (b) **Due Diligence Deadline: February 1, 2022**
- (c) **Financing & Appraisal Deadline: Not applicable**
- (d) **Settlement Deadline: April 1, 2022**

25. OFFER AND TIME FOR ACCEPTANCE. Buyer offers to purchase the *Property* on the above terms and conditions. If Seller does not accept this offer by: 5:00 [] AM [X] PM Mountain Time on December 10, 2021 (Date), this offer shall lapse; and the Brokerage or Title/Escrow Company shall return the Earnest Money Deposit to Buyer.

Val Peterson	VP for Admin for Strat Rel	12/07/2021
(Buyer's Signature)	(Title, if any)	(Date)
<hr/>		
VAL L. PETERSON	LIVU, 800 W. UNIVERSITY PKWY, OREM, UT	801-863-8124
(Buyer's Name)	(PLEASE PRINT)	(Address)
		(Zip Code)
		(Phone)
		(Fax)
<hr/>		
		801-226-5207
(Buyer's Name)	(PLEASE PRINT)	(Address)
		(Zip Code)
		(Phone)
		(Fax)

ACCEPTANCE/COUNTEROFFER/REJECTION

CHECK ONE:

ACCEPTANCE OF OFFER TO PURCHASE: Seller accepts the foregoing offer on the terms and conditions specified above.

COUNTEROFFER: Seller presents for Buyer's Acceptance the terms of Buyer's offer subject to the exceptions or modifications as specified in the attached ADDENDUM NO. _____.

(Seller's Signature)	(Date)	(Time)	(Seller's Signature)	(Date)	(Time)
<hr/>					
(Seller's Name)	(PLEASE PRINT)	(Address)	(Zip Code)	(Phone)	(Fax)

(Seller's Name) (PLEASE PRINT) (Address) (Zip Code) (Phone) (Fax)

REJECTION: Seller Rejects the foregoing offer.

(Seller's Signature) (Date) (Time) (Seller's Signature) (Date) (Time)

DOCUMENT RECEIPT

State law requires Broker to furnish Buyer and Seller with copies of this Contract bearing all signatures. (Fill in applicable section below.)

A. I acknowledge receipt of a final copy of the foregoing Contract bearing all signatures:

(Buyer's Signature) (Date) (Buyer's Signature) (Date)

(Seller's Signature) (Date) (Seller's Signature) (Date)

B. I personally caused a final copy of the foregoing Contract bearing all signatures to be **faxed** **mailed** **hand delivered** on _____ (Date), postage paid, to the **Seller** **Buyer**.

Sent/Delivered by (specify) _____

EXHIBIT A

SELLER'S CLOSING DELIVERABLES

- (a) One (1) original Special Warranty as described in Section 6.a (the "Deed"), duly executed with the appropriate acknowledgment form and otherwise in proper form for recording so as to convey title to the Property to Buyer as required by this Agreement.
- (b) Counterparts of any required transfer tax returns, or in each instance and if available, an electronic filing of such returns, together with the required payment of applicable transfer taxes, pursuant to the requirements of the applicable state and local taxing authorities.
- (c) A bill of sale (the "Bill of Sale"), executed by Seller, conveying to Buyer good and marketable title to the Personal Property as described in the Bill of Sale, free and clear of all encumbrances and adverse claims, together with all state and local sales tax returns, and payment of all sales taxes payable in connection with such conveyance of Personal Property.
- (d) In connection with the Leases, Seller shall deliver to Buyer:
- (i) Originals of all Leases, if in Seller's possession, or copies certified by Seller as being true, correct, and complete;
 - (ii) An updated and current rent roll certified by Seller as being true, correct, and complete along with a list of any tenants who are delinquent in their payment of rent and the amount of rent that remains outstanding, if any, dated no more than seven (7) days prior to Closing;
 - (iii) An updated and current schedule of all security deposits under the Leases along with a check, or credit to Buyer, in the amount of any cash security deposits, including any interest thereon payable to Buyer, held by Seller pursuant to the Leases on the Settlement Date; and if any security deposit is in the form of a letter of credit, Seller shall coordinate for the transfer of any such letter of credit to Buyer on the Closing Date;
 - (iv) An executed counterpart to an assignment and assumption agreement relating to the Leases (the "Assignment of Leases"), and specifically providing: (A) Seller's assignment of the Leases and Buyer's assumption of the Leases; (B) Seller's agreement to indemnify, defend, and hold harmless Buyer from and against all claims, actions, proceedings, losses and liabilities, and expenses arising from Seller's failure to perform its obligations under the Leases as landlord and accruing prior to the Closing Date; and (C) Buyer's agreement to indemnify, defend, and hold harmless Seller from and against all claims, actions, proceedings, losses and liabilities, and expenses arising from Buyer's failure to perform its obligations under the Leases as landlord accruing from and after the Closing Date;
 - (v) Originally executed tenant notice letters to each of the tenants under the Leases advising them of the sale of the Property to Buyer, the transfer of the tenants' security deposits to Buyer (where applicable) and directing the tenants to thereafter deliver all notices to Buyer and pay all rents or other payments directly to Buyer, or its agent, as provided in the notice letter; and
 - (vi) An executed tenant estoppel certificate from each tenant for each Lease in effect on the Closing Date, dated no more than thirty (30) days prior to the Closing Date, and which show no material differences from the rent rolls.
- (e) Originals, or copies certified by Seller as being complete, of all applicable bills, invoices, fuel readings, and other items that shall be apportioned as of the Closing Date.
- (f) A counterpart of a closing statement jointly prepared by Seller and Buyer reflecting the prorations and adjustments required under Section 5.06 of this Agreement and the balance of the Purchase Price due Seller.
- (g) All keys, key cards, and access codes to any portion of the Property.

- (h) An original assignment and assumption of contracts, warranties, permits, and licenses, executed by Seller and assigning to Buyer all of Seller's right, title, and interest in the Assumed Contracts, Assumed Permits and Licenses, and Assumed Warranties and Guaranties.
- (i) An original notice to each vendor under the Assumed Contracts, if required by the terms of such Assumed Contracts.
- (j) Evidence of termination of all Service Contracts, except for the Assumed Contracts which Buyer has elected to assume pursuant to Section 8.03 hereof, together with proof of payment in full by Seller of any and all liabilities, fees, costs, or other expenses of Seller resulting from the Service Contracts, the termination thereof and the release of the counterparties thereto.
- (k) Originals or, if originals are not in the possession or control of Seller, copies of Plans and Surveys, to the extent same are in Seller's possession or under Seller's control
- (l) All other documents necessary or otherwise required by the Escrow Agent and Title Insurance Company to consummate the transaction contemplated by this Agreement.

EXHIBIT B

LEGAL DESCRIPTION

Legal Description: PART LOT 2, ALSO PART LOT 3, PLAT C, THANKSGIVING POINT BUSINESS PARK SUB DESCRIBED AS FOLLOWS;; COM W 1964.63 FT & S 31.78 FT FR E 1/4 COR. SEC. 36, T4S, R1W, SLB&M.; N 39 DEG 18' 15" W 360.68 FT; S 50 DEG 41' 45" W 182.47 FT; N 39 DEG 18' 15" W 365.7 FT; N 50 DEG 41' 45" E 449.31 FT; ALONG A CURVE TO L (CHORD BEARS: S 25 DEG 26' 21" E 264.08 FT, RADIUS = 551 FT); S 39 DEG 18' 15" E 458.97 FT; ALONG A CURVE TO R (CHORD BEARS: S 38 DEG 36' 3" E 11.02 FT, RADIUS = 449 FT); S 50 DEG 41' 45" W 203.42 FT TO BEG. AREA 5.045 AC.

Exhibit C
LEASES

EXHIBIT D

EXCLUDED PERSONAL PROPERTY

Signature:  _____
V31 P000000 (DEC 7, 2021 14:53 MST)

Email: petersva@uvu.edu

2889 Ashton Blvd (1014205) RENT ROLL

As of 1/10/2021
Recurring Charges and PSE Shown as Monthly Amounts

UNIT NUMBER	LEASED SQ FT	BOMA	CURRENT LEASE TERM BY UNIT	TENANT NAME (TENANT CODE)	RENT			OTHER CHARGE			FUTURE CHARGES													
					CHARGE CODE	AMOUNT	PSE	CHARGE CODE	AMOUNT	CHARGE CODE	AMOUNT	STEP DATE	SECDEP											
125	5,808	0	08/13/2019 - 01/01/2025	Decker Retirement Planning Inc 00055973	rent	12,070.95	2.08																	
						(Lease From To 08/13/2019 - 01/01/2025)																		
175	2,075	0	11/01/2020 - 01/01/2025		ecomm	(4,186.31)	(2.02)																	
						(Lease From To 11/01/2020 - 01/01/2025)																		
100	3,713	0	03/31/2017 - 06/30/2024	General Trader Fulfillment LLC 0085974	rent	21,809.98	2.12																	
						(Lease From To 03/31/2017 - 06/30/2024)																		
150	6,566	0	03/31/2017 - 06/30/2024		cam	247.24																		
						(Lease From To 03/31/2017 - 06/30/2024)																		
350	5,066	0	04/21/2021 - 05/31/2026	Global Access LLC 0095975	rent	9,708.83	.92																	
						(Lease From To 04/21/2021 - 05/31/2026)																		
110	3,524	0	08/21/2019 - 10/31/2024	Richey May & Co LLP 0085976	rent	7,324.05	2.08																	
						(Lease From To 08/21/2019 - 10/31/2024)																		
	3,524	0		Road, Inc		7,324.05	2.08																	
						176.08																		

2889 Ashton Blvd (1014205)

RENT ROLL

As of 11/01/2021
Recurring Charges and PSF Shown as Monthly Amounts

UNIT NUMBER	LEASED SQ FT	BOMA	CURRENT LEASE TERM BY UNIT	TENANT NAME (TENANT CODE)	CURRENT CHARGES				OTHER		FUTURE CHARGES				
					RENT	CHARGE CODE	AMOUNT	PSF	CHARGE CODE	AMOUNT	CHARGE CODE	AMOUNT	STEP DATE	SEC DEF	
OCCUPIED	11				57.89%	55,632.20	58.50%	0.00	0.00%	103,511.07	1.86	4,437.47	0.05		122,635.15
VACANT	0				42.11%	42,813.00	43.50%	0.00	0.00%	0.00	0.00				
	19					98,445.00	100.00%			133,511.07	1.86				

**FLOOD
ZONE MAP**





Appraiser License for Todd Gurney



STATE OF UTAH
DEPARTMENT OF COMMERCE
DIVISION OF REAL ESTATE

ACTIVE LICENSE

DATE ISSUED: 07/02/2020

EXPIRATION DATE: 07/31/2022

LICENSE NUMBER: 5487768-CG00

LICENSE TYPE: Certified General Appraiser

ISSUED TO: TODD A GURNEY
6809 W MARIE JONSSON CIR
HIGHLAND UT 84003




SIGNATURE OF HOLDER


REAL ESTATE DIVISION DIRECTOR



Appraiser Qualifications for Todd Gurney



Education	Brigham Young University BS Degree in Business Management, Finance Emphasis Summa Cum Laude graduate	1991-92, 94-96
Appraisal Education in Recent Years	Successfully completed the following courses in recent years: Commercial Land Valuation Uniform Standards of Professional Appraisal Practice (USPAP) Update Business Practices and Ethics Appraising Automobile Dealerships Appraisal of Fast Food Facilities Appraisals of Owner-Occupied Commercial Properties Appraisal Applications of Regression Analysis Expert Witness for Commercial Appraisers Appraising and Analyzing Industrial and Flex Buildings (Various other courses and seminars)	
Licensing/ Membership	Utah State Certified General Appraiser Certificate CG5487768-CG00 Expires 7-31-22 MAI Designation of the Appraisal Institute	
Professional/ Public Service	Utah Chapter of the Appraisal Institute 2001 Central Branch President Given various real estate presentations as a guest lecturer Brigham Young University real estate classes Utah County Board of Realtors commercial agents meetings Orem City CDBG Citizens Advisory Committee Member 2002-2004	
Experience	Commercial Appraiser Gurney & Associates	1997-2010
	President/Owner Gurney & Associates	2010-present
	Appraised the following property types:	
	Professional offices	Residential and commercial subdivisions
	Medical and dental offices	Housing developments and individual units
	Neighborhood retail	Family and student apartments
	Restaurants	Group living facilities
	Light industrial shops	Self storage units
	Manufacturing	Car washes
	Warehouses	Auto sales and auto service facilities
	Vacant land	Other property types
	Most appraisal experience is in Utah County, Salt Lake County, and Wasatch County, but also appraised several properties in other areas throughout Utah.	