



MEMORANDUM

TAB K

May 19, 2022

Southern Utah University – Disposition of Property

Board Policy R704, *Disposal of Real Property*, requires the Utah Board of Higher Education to approve the disposal of institutional property valued at greater than \$1,000,000. Southern Utah University (SUU) is seeking approval from the Board for the disposal of surplus property. Years ago, SUU was gifted several parcels of property west of Cedar City. All but two of the original parcels have been sold as corporations approached the University for land to build manufacturing plants along an industrial corridor. The two remaining parcels are a 72.27-acre parcel on the south side of Highway 56 and a 20.54-acre parcel on the north side. Both parcels are zoned I&M-1 Industrial and Manufacturing.

On March 24, 2022, the Southern Utah University Board of Trustees approved the recommendation to sell the 72.27-acre parcel. The University accepted an offer of \$2,312,640, contingent on the approval of the Board of Higher Education. The purchase price is in line with the appraised value of \$32,000 per acre, which was established by an appraisal completed in January 2022.

Commissioner's Recommendation

The Commissioner recommends the Board authorize Southern Utah University to dispose of the 72.27-acre parcel of land located at approximately 4751 W Highway 56 for the negotiated price of \$2,312,640.

Attachments

April 25, 2022

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

Dear Commissioner Woolstenhulme:

Regent Policy R704 – *Disposal of Real Property*, outlines the requirements to dispose of real property. Following this policy, the Administration received approval from the SUU Board of Trustees to designate two parcels along Highway 56 in Cedar City as surplus property and authorized their sale or exchange on the open market. Since the pending sale of one parcel exceeds the \$1.0 million threshold requiring Board of Higher Education authorization, we are seeking approval to complete this transaction.

Years ago, SUU was gifted several parcels of property west of Cedar City. All but two of the original parcels have been sold as corporations approached the University for land to build manufacturing plants along an industrial corridor. The two remaining parcels, a 72.27-acre parcel on the south side of Highway 56 and a 20.54-acre parcel on the north are outlined on the attached map. Both parcels are zoned I&M-1 Industrial and Manufacturing.

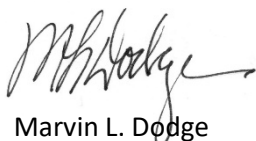
In the past year, the University has received several inquiries about purchasing these parcels. Considering current land prices and development activity in and around Cedar City, the University determined both parcels should be considered surplus property available for sale or exchange. The SUU Board of Trustees approved this recommendation at their March 24, 2022, meeting.

On April 18, 2022, the University accepted an offer of \$2,312,640 contingent on Board of Higher Education approval. This purchase price is in line with the appraised value of \$32,000 per acre established in a January 2022 appraisal.

At this time, we request Board approval to proceed with the sale of this 72.27-acre parcel of undeveloped land.

I look forward to our discussion and the opportunity to respond to any questions that may arise from this proposal.

Sincerely,



Marvin L. Dodge
Vice President

Southern Utah University

Highway 56 Property

20.54 Acres

72.27 Acres

WestRock Container Corporation

Google Earth

1000 ft





HYMAS & ASSOCIATES

REAL ESTATE APPRAISALS

SUU Highway 56 Industrial Land

Approximately 4751 W. Highway 56
Cedar City, UT 84720



Prepared For
Mr. Marvin Dodge
Southern Utah University
351 W. University Blvd.
Cedar City, UT 84720

Prepared By
Hymas & Associates, LC
Cody Hymas, MAI
337 S. Main Street, Suite 122
Cedar City, UT 84720
File #:22CH101



Date of Report: January 12, 2022

Mr. Marvin Dodge
Southern Utah University
351 W. University Blvd.
Cedar City, UT 84720

Re: SUU Highway 56 Industrial Land
Approximately 4751 W. Highway 56
Cedar City, UT 84720
Appraisers' File #22CH101
Tax ID No. B-1441-0000-0000

Dear Mr. Dodge,

At your request, I have appraised the property referenced above to form an opinion of the 'as is' market value of the Fee Simple Interest. I, Cody Hymas, MAI, observed the subject of this appraisal report on December 23, 2021. The results of the appraisal are presented in the following Appraisal Report which sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to my value opinions.

The subject of this appraisal report is SUU Highway 56 Industrial Land located at 4751 W. Highway 56 in Cedar City, Iron County, Utah. The subject is further identified by assessor parcel number B-1441-0000-0000. The subject consists of a single parcel that is 72.27 acres in size, has an irregular shape, and has a generally level topography that is near grade of adjoining streets and properties. The site has soils that are assumed to be capable of supporting development and has legal access from asphalt paved Highway 56. The site is located outside of the flood hazard area, has average physical features, and appears to be fully usable. Power and water are available to the site, but sewer will require approximately 125' extension across Highway 56. Additionally, the sewer will not be gravity fed and will require a pump station for any development to occur.

I developed my analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; and the requirements of my client as I understand them.

Mr. Marvin Dodge is the client in this assignment and Southern Utah University is the sole intended user of the appraisal report. The intended use is for assist with the possibility of selling the property. The value opinions reported herein are subject to the definitions, assumptions and limiting conditions, and certification contained in this report.

This appraisal report does not rely on any hypothetical conditions but does rely on the following extraordinary assumption:

- This appraisal report relies on the extraordinary assumption that Cedar City sewer lines can be extended to the site. According to Mr. Jonathan Stathis, Cedar City Engineer, a lift station will be required for use of sewer lines. I have estimated the cost of the lift station and sewer line extension to be \$300,000 based off my conversations with Mr. Stathis and developers in the area.

The use of the extraordinary assumption might have affected the assignment results.



**HYMAS &
ASSOCIATES**
REAL ESTATE APPRAISALS

Mr. Marvin Dodge
Southern Utah University
January 12, 2022

Based upon my examination and study of the property and the market in which it competes and subject to the extraordinary assumption and limiting conditions contained later in this report, market value of the 'as is' Fee Simple Interest as of December 23, 2021, is as follows:

\$1,955,000
One Million Nine Hundred Fifty Five Thousand Dollars

This letter of transmittal must be accompanied by all sections of this report as outlined in the Table of Contents, for the value opinions set forth above to be valid.

Respectfully submitted,
Hymas & Associates, LC

Cody Hymas, MAI
UT State Certified General Appraiser
UT #5504978-CG00 Expires April 30, 2022



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Certification

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

- The statements of fact contained in this report are true and correct.
- 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.
- 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.
- I have performed prior appraisal related services regarding the subject within the previous three years of the appraisal date.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 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.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I, Cody Hymas, MAI, made a personal inspection of property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person(s) signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this appraisal, I, Cody Hymas, MAI, have completed the continuing education requirements for Designated Members of the Appraisal Institute.

Cody Hymas, MAI
UT Certified General Appraiser
Utah #5504978-CG00 Expires: April 30, 2022
Date: January 12, 2022



General Assumptions & Limiting Conditions

This appraisal is subject to the following limiting conditions:

1. The legal description is assumed to be correct.
2. I accept no responsibility for legal matters. I express no opinion about the quality of the title which is assumed to be marketable. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management unless otherwise noted.
3. Unless otherwise noted, it is assumed that the subject has no encroachments, zoning violations or adverse restrictions.
4. I am not required to give testimony or attendance in court by reason of this appraisal, unless previous arrangements have been made.
5. Unless expressly specified in this Agreement, the fee for this appraisal does not include the attending testifying at any court, regulatory or other proceedings, or any conferences or other work in preparation for such proceeding(s). If any partner or employee of Hymas & Associates, LC, is asked or required to appear and/or testify at any deposition, trial, or other proceeding about the preparation, conclusions or any other aspect of this assignment, client shall compensate Hymas & Associates, LC, for the time that its employees spend appearing and/or testifying and in preparing to testify according to the appraiser's then current hourly rate plus reimbursement of expenses.
6. The values for land and/or improvements, as contained in this report, are constituent parts of the total value reported and neither is (or are) to be used in making a summation appraisal of a combination of values created by another appraiser. Either is invalidated if so used.
7. The dates of value to which the opinions expressed in this report apply are set forth in this report. I assume no responsibility for economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors and are subject to change with future conditions.
8. The sketches, maps, plats and exhibits in this report are included to assist the reader in visualizing the property and/or understanding the appraisal analysis. I accept no responsibility for the accuracy of these documents.
9. I have not made a survey of the property. Although I have developed my estimates of property size and other property characteristics from sources that I believe to be reliable, I have not independently verified the accuracy of the information and assume no responsibility for its accuracy.
10. The information, estimates and opinions which were obtained from sources outside of Hymas & Associates, LC, are assumed to be reliable. I have not verified the information and assume no liability for its accuracy.
11. Possession of this appraisal report, or a copy thereof, does not carry with it the right of publication. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraiser(s), professional designations, reference to any professional appraisal organization or the firm with which the appraiser(s) are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval from the appraiser(s).



12. I claim no expertise in matters which require specialized investigation or knowledge beyond levels common among real estate appraisers. Examples of these matters include, but are not limited to, legal, survey, structural, environmental, pest control, mechanical, etc.
13. This appraisal was prepared for the sole and exclusive use of the client. Any party who is not the client identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Hymas & Associates, LC, and Client. I assume no liability for unauthorized use of the appraisal report by a third party.
14. This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.
15. The value opinion provided herein is subject to all predications set forth in this report.
16. If required by governmental authorities, any environmental impact statement prepared for the subject will be favorable and will be approved.
17. Unless otherwise noted in the body of this report, this appraisal assumes that the subject does not fall within the areas where mandatory flood insurance is effective. Unless otherwise noted, I have not completed nor have I contracted to have completed an investigation to identify and/or quantify the presence of non-tidal wetland conditions on the subject property. Because I am not a surveyor, I make no guarantees, express or implied, regarding this determination.
18. If the appraisal is for mortgage loan purposes 1) I assume satisfactory condition of improvements if construction is not complete, 2) no consideration has been given rent loss during rent-up unless otherwise noted in the body of this report, and 3) occupancy at levels consistent with my "Income & Expense Projection" are anticipated.
19. I assume that the property has no hidden or unapparent conditions which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.
20. Unless otherwise stated in the attached report, I observed the land and improvements thereon only. It is not possible to observe conditions beneath the soil or hidden structural components within the improvements. I observed the buildings involved, and reported damage (if any) by termites, dry rot, wet rot, or other infestations as a matter of information, and no guarantee of the amount or degree of damage (if any) is implied. The condition of the building systems, including but not limited to the heating, cooling, ventilation, electrical and plumbing equipment, is assumed to be commensurate with the condition of the balance of the improvements unless otherwise stated.
21. This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, 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 conclusion contained in this report is based unless specifically stated to the contrary.
22. When possible, I have relied upon building measurements provided by the client, owner, or associated agents of these parties. In the absence of a detailed rent roll, reliable public records, or "as-built" plans provided to us, I have relied upon my own measurements of the subject improvements. I follow typical appraisal industry methods; however, I recognize that some factors may limit our ability to obtain accurate measurements including, but not limited to, property access on the day of inspection, basements, fenced/gated areas, grade elevations, greenery/shrubbery, uneven surfaces, multiple-story structures, obtuse or acute wall angles, immobile obstructions, etc. Professional building area measurements of the quality, level of detail, or accuracy of professional measurement services are beyond the scope of this appraisal assignment.



23. I have attempted to reconcile sources of data discovered or provided during the appraisal process, including assessment department data. Ultimately, the data that I deem to be the most accurate and/or reliable are used within this appraisal report. While the measurements and any accompanying sketches are considered to be reasonably accurate and reliable, I cannot guarantee their accuracy. Should the client desire a greater level of measuring detail, they are urged to retain the measurement services of a qualified professional (space planner, architect or building engineer). I reserve the right to use an alternative source of building size and amend the analysis, narrative and concluded values (at additional cost) should this alternative measurement source reflect or reveal substantial differences with the measurements used within the report.
24. In the absence of being provided with a detailed land survey, I have used assessment department data to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate, I reserve the right to amend this appraisal (at additional cost) if substantial differences are discovered.
25. If only preliminary plans and specifications were available for use in the preparation of this appraisal, then this appraisal is subject to a review of the final plans and specifications when available (at additional cost) and I reserve the right to amend this appraisal if substantial differences are discovered.
26. Unless expressly granted in writing, this appraisal is not intended to be used, and may not be used, on behalf of or in connection with a real estate syndicate or syndicates. A real estate syndicate means a general or limited partnership, joint venture, unincorporated association or similar organization formed for the purpose of, and engaged in, an investment or gain from and interest in real property, including, but not limited to a sale or exchange, trade or development of such real property, on behalf of others, or which is required to be registered with the United States Securities and Exchange Commission or any state regulatory agency which regulates investments made as a public offering. It is agreed that any user of this appraisal who uses it contrary to the prohibitions in this section indemnifies the appraiser and the appraiser's firm and holds them harmless of and from all claims, including attorney's fees, arising from said use.
27. Unless otherwise stated in this report, I observed no hazardous material(s), which may or may not be present on the property. I have no knowledge of the existence of such materials on or in the property and, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value conclusion is predicted on the assumption that the property has no environmental contamination has no such material on or in the property that would cause a loss in value. I accept no responsibility for any such conditions, or for the cost of any expertise or engineering knowledge required to discover such materials and/or conditions. The client is urged to retain an expert in this field, if desired.
28. I have surveyed the property for compliance with the various requirements of the Americans with Disabilities Act ("ADA") which became effective January 26, 1992. It is possible that a compliance survey of the property, together with an analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this could have a negative effect on the value of the property. Since I have no direct evidence relating to this issue, I did not consider possible noncompliance with the requirements of ADA in developing an opinion of value.
29. Unless otherwise state in the appraisal report, this appraisal is of the land and building improvements only. The value of trade fixtures, furnishings, and other equipment, or subsurface rights (minerals, gas, and oil) were not considered in this appraisal unless specifically stated to the contrary.
30. If any claim is filed against Hymas & Associates, LC, its officers or employees, in connection with, or in any way arising out of, or relating to, this report, then (1) under no circumstances shall such



- claimant be entitled to consequential, special or other damages, except only for direct compensatory damages and (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by the firm engaged to provide this report.
31. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated, unless specifically stated to the contrary.
 32. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute prediction of future operating results. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. I accept no responsibility or liability for assumptions, forecasts and projections that do not materialize.
 33. Any estimate of insurable value, if included within the scope of work and presented herein, is based upon figures developed consistent with industry practices. Actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, I strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage. This analysis should not be relied upon to determine insurance coverage and I make no warranties regarding the accuracy of this estimate.
 34. It is the client's responsibility to read the report and to inform the appraiser(s) of any errors or omissions of which you are aware, prior to utilizing the report.
 35. All disputes shall be settled by binding arbitration in accordance with the then-existing commercial arbitration rules of the American Arbitration Association (the "AAA").
 36. Acceptance of and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and limiting conditions.
 37. The report contains professional opinions and is expressly not intended to serve as any warranty, assurance or guarantee of any particular value of the subject property. Other appraisers may reach different conclusions as to the value of the subject property. Furthermore, market value is highly related to exposure time, promotion effort, terms, motivation, and conclusions surrounding the offering of the subject property. The Report is for the sole purpose of providing the intended user with Hymas & Associates, LC independent professional opinion of the value of the subject property as of the date of the Report. Accordingly, Hymas & Associates, LC shall not be liable for any losses that arise from any investment or lending decisions based upon the Report that the client, intended user, or any buyer, seller, investor, or lending institution may undertake related to the subject property, and Hymas & Associates, LC has not been compensated to assume any of these risks. Nothing contained in the Report shall be construed as any direct or indirect recommendation of Hymas & Associates, LC to buy, sell, hold, or finance the subject property.

Hypothetical Conditions:

- None.

Extraordinary Assumptions:

- This appraisal report relies on the extraordinary assumption that Cedar City sewer lines can be extended to the site. According to Mr. Jonathan Stathis, Cedar City Engineer, a lift station will be required for use of sewer lines. I have estimated the cost of the lift station and sewer line extension to be \$300,000 based off my conversations with Mr. Stathis and developers in the area.

The use of the extraordinary assumption might have affected the assignment results.



Executive Summary

Property Name:	SUU Highway 56 Industrial Land
Property Address:	Approximately 4751 W. Highway 56 Cedar City, UT 84720
Assessor's Parcel Number:	B-1441-0000-0000
Ownership:	Southern Utah University
Property Rights Appraised:	Fee Simple
Valuation Premise:	'as is'
Intended User:	Southern Utah University
Intended Use:	To provide the 'as is' market value to assist with the possibility of selling the property.
Extraordinary Assumptions:	Yes, See letter, introduction, and body of report.
Hypothetical Conditions:	None.
Highest & Best Use	
As Vacant:	Hold or development of an industrial subdivision in phases.
Marketing Time:	6 to 12 months
Exposure Time:	6 to 12 months
Date of Value:	December 23, 2021
Date of Report:	January 12, 2022
Land Data	
Site Size:	72.27 acres; 3,148,081 square feet
Shape:	Irregular
Topography:	Generally level
Zoning:	I&M-1
Utilities:	The subject's utilities are typical and adequate for the market area.
Flood Zone:	Zone C. The site is not located in a flood hazard area.
Reconciled Value:	'As Is'
Effective Date:	December 23, 2021
Property Rights:	Fee Simple
Value Conclusion:	\$1,955,000



Introduction

Property Identification and Location

The subject of this appraisal report is SUU Highway 56 Industrial Land located at approximately 4751 W. Highway 56 in Cedar City, Iron County, UT 84720.

Client and Intended User

The client of this appraisal report is Mr. Marvin Dodge. Intended users of this appraisal report include Southern Utah University and no others.

Intended Use

The intended use of this appraisal report is to assist with the possibility of selling the property.

Appraisal Assignment

This appraisal has been completed at the specific request of Mr. Marvin Dodge of Southern Utah University. At the clients request, I have appraised the subject property to form an opinion of the market value of the 'as is' Fee Simple Interest as of December 23, 2021.

Definitions

A glossary of general appraisal terminology is contained in the Addendum. Following are some of the more pertinent definitions that will be used in this appraisal.

Market Value

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 or sales concessions granted by anyone associated with the sale.

Source – Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions [h].

Appraisal Report

A written report prepared under Standards Rule 2-2(a) of the Uniform Standards of Appraisal Practice, 2020/2021 ed.

Note: This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary or description of the appraisal process, subject and market data and valuation analyses.

Marketing and Exposure Time

Marketing time is defined by The Dictionary of Real Estate Appraisal 6th Edition as “an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal.” Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. Marketing Time and Exposure Time would ordinarily be the same, unless a temporary market condition existed prior to the date of valuation that would not be a factor postdate of value or vice versa. Market influences like a road widening, local or national election could be considered. Sources of support data include national surveys, comparable sales data and broker interviews.



Based on the above information the marketing time for a property such as the subject has been determined to be approximately 6 to 12 months. This estimate is based upon the statistical information above about days on the market and market times gathered through sales verification as well as interviews with commercial real estate brokers in the Iron County area.

Exposure time is presumed to precede the effective date of the appraisal and reflects the estimated length of time the property would need to be offered prior to the date of the appraisal to achieve a market value sale on the effective date of the appraisal. Based on an analysis of market conditions, the exposure time is determined to be 6 to 12 months.

Assessor Parcel Number

B-1441-0000-0000

Legal Description (Per Iron County Assessor Records)

COM AT A PT 19.8 FT W OF SE COR NW1/4SE1/4 SEC 12,T36S,R12W,SLM. W 158.8 RDS, N 74 RDS, E 140 RDS, S 10 RDS, E 18.8 RDS, S 64 RDS TO POB;TOG WITH A 1.2 RD R/W ON E SIDE OF SD LAND; ALSO NE1/4SW1/4 & NW1/4SE1/4 SEC 12,T36S,R12W, SLM DESC REC BK 826/216; SUBJ TO R/W EASE TO UTAH POWER & LIGHT CO REC BK 389/465; SUBJ TO EASE REC BK 517/183; LESS RD DEEDED TO UDOT BK 823/922; ; SUBJ TO EASE & R/W DESC REC BK 826/225. (WAS E-196-1)

Real Property Interest Appraised

The interest appraised arises from Fee Simple ownership.

Property Ownership

I was not provided with a title report. According to Iron County public records the current owner is vested in Southern Utah University.

Current and/or Previous Listing History

The subject is not currently listed for sale and has not been listed for sale within the three years preceding the effective date of this appraisal report according to the MLS and the best of my knowledge.

Current Contract and/or Previous Contract

The subject is not currently under contract and has not been under contract within the three years preceding the effective date of this appraisal report according to the MLS and the best of my knowledge.

Sales History

The subject has not been sold or transferred within the three years preceding the effective date of this appraisal report according to county records.

Important Dates

Date of Value
December 23, 2021

Inspection Date
December 23, 2021

Date of Report
January 12, 2022

Scope of Work

This report is intended to be a narrative appraisal report, as defined by the Appraisal Foundation in the current Uniform Standards of Professional Practice. All data pertinent to the solution of the appraisal problem has been collected, confirmed, and reported. The difficulty of the appraisal problem is reflected in the extent of the Scope of the Appraisal.

To accomplish the stated purpose of the appraisal, a field observation of the subject and the surrounding neighborhood and marketing area was conducted. In addition, extensive research regarding sales, rentals and other information was collected, confirmed, and analyzed to support the valuation analysis. The specific activities included the following:

- **Property Identification**

The subject has been identified by the legal description, assessors' parcel number, and approximate address.



- **Type of Property Observation**

A limited exterior observation of the subject has been made and photographs taken.

- **Problem to be Solved (Purpose of the Appraisal)**

To provide the 'as is' market value to assist with the possibility of selling the property.

- **Zoning**

A limited review of zoning and applicable land use controls has been made.

- **Market Analysis**

A complete analysis of market conditions has been made. I have and maintain access to comprehensive databases for this market area and have reviewed the market for sales and listings relevant to this analysis.

- **Highest & Best Use**

A complete as vacant highest and best use analysis for the subject has been made. Physically possible, legally permissible, and financially feasible uses were considered, and the maximally productive use was concluded.

- **Informational Sources**

Assessor records, Treasurer records, zoning map, zoning ordinances, MLS, LoopNet, NAI Excel, Linx Real Estate, Mountain West Commercial, and other relevant information to the subject.

Appraisal Methodology & Valuation

The valuation of commercial real estate is typically based on the traditional approaches to value. These are described as follows.

- **Cost Approach** – The Cost Approach is based upon the principle of substitution, which states that a prudent purchaser would not pay more for a property than the amount required to purchase a similar site and construct a similar improvement without undue delay, producing a property of equal desirability and utility. This approach is particularly applicable when the improvements being appraised are relatively new or when the improvements are so specialized that there is little or no sales data from comparable properties.
- **Income Capitalization Approach** – The Income Capitalization Approach is based on the principle of anticipation, or the assumption that value is created by the expectation of benefits to be derived in the future, such as expected future income flows. Its premise is that a prudent investor will pay no more for the property than he or she would for another investment of similar risk and cash flow characteristics. The Income Capitalization Approach is widely used and relied upon in appraising income-producing properties, especially those for which there is an active investment sales market.
- **Direct Sales Comparison Approach** – The Sales Comparison Approach involves the direct comparison of sales and listings of similar properties, adjusting for differences between the subject property and the comparable properties. This method can be useful for valuing general-purpose properties or vacant land. For improved properties, it is particularly applicable when there is an active sales market for the property type being appraised – either by owner-users or investors.

Cost Approach

The cost approach was not developed as the subject site is land only and the cost approach is not applicable.

Sales Comparison Approach

The sales comparison approach was developed as there is adequate data to develop a value estimate and this approach reflects market behavior for this property type.



Income Capitalization Approach

The income capitalization approach was not developed as the subject site is land only and the income approach is not applicable.

Hypothetical Conditions

- None.

Extraordinary Assumptions

- This appraisal report relies on the extraordinary assumption that Cedar City sewer lines can be extended to the site. According to Mr. Jonathan Stathis, Cedar City Engineer, a lift station will be required for use of sewer lines. I have estimated the cost of the lift station and sewer line extension to be \$300,000 based off my conversations with Mr. Stathis and developers in the area.

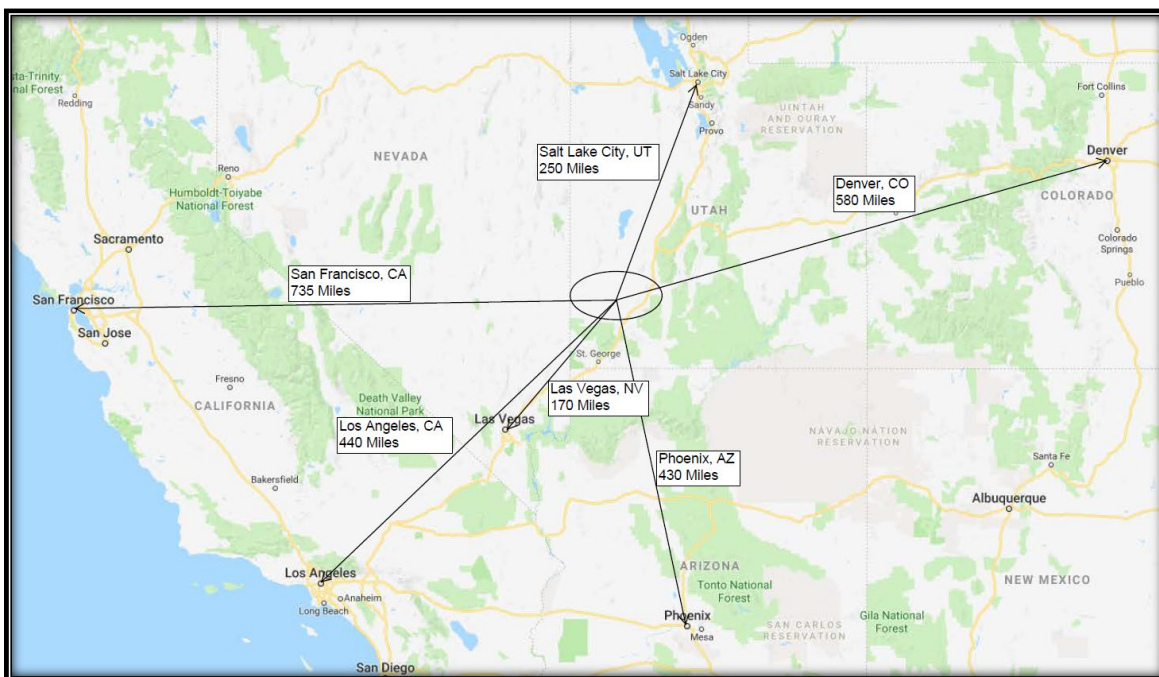
The use of the extraordinary assumption might have affected the assignment results.

Information Not Provided and/or Available

- Title report, deed restrictions, CC&R's, if any.



Regional Information and Macro-Economic Analysis



Iron County is a county in southwestern Utah. Iron County is the ninth-most populous county in Utah. The county seat is Parowan and the largest city is Cedar City. The county was created in 1850 and organized in 1851. It was originally named Little Salt Lake Valley and renamed for the iron mines west of Cedar City.

Iron County borders Beaver County to the north, Garfield County to the east, Kane County to the southeast, Washington County to the south and Lincoln County, Nevada to the west. According to the U.S. Census Bureau, Iron County has total area of 3,301 square miles, of which 3,297 square miles is land and 4.4 square miles is water.

A small part of Zion's National Park extends northward into Iron County, near Kanarraville. Cedar Breaks National Monument is located entirely within the county, near the southeastern corner. The elevation varies from 5,051 feet within the Escalante Desert to 11,307 feet at the Brian Head peak.

Most of the population in Iron County is centered in the southeast corner of the county with the largest population concentration within Cedar City. The remaining area of the county has small communities and a vast amount of open land.

Demographics

Iron County is home to a population of 57,289 people as of the April 1, 2020 census, of which 12.9% are over the age of 65. Females represents 50.1% of the population. There are 22,383 housing units in Iron County with 64.0% being owner-occupied. The average persons per household is 2.97 and 92.9% of the population has a high school degree and 29.8% has a bachelor's or higher.

Economy

According to the State of Utah Department of Workforce Services, the largest employers in Iron County are as follows: 1) Southern Utah University (2,000 to 2,999 employees), 2) Iron County School District (1,000 to



1,999 employees), 3) Intermountain Healthcare (500 to 999 employees), 4) Wal-Mart (250 to 499 employees), 5) State of Utah (250 to 499 employees), 6) United States Government (250 to 499 employees), 7) Genpak (250 to 499 employees), 8) Cedar City (250 to 499 employees), 9) Leavitt Group Enterprises (100 to 249 employees) and, 10) Express Services (100 to 249 employees).

Over the past several years, Iron County has had strong job growth. The Iron County economy tends to mirror the national and state economies but on a much smaller scale. Iron County is poised to have continued job growth and low unemployment in the immediate future.

Climate

Although the climate in Iron County can vary drastically depending on the region within the county, the major population base is within the Cedar City area. The high desert climate contributes to generally clear skies. This area of Iron County enjoys around 255 days of sunshine per year.

The temperature varies from a low in December of 16° to a high of 90° in July. Below is a summary of the low and high average temperature in Cedar City and the total average rainfall and snowfall.

Monthly Climate Averages - Cedar City													
	Annual Avg.	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Low	34°	17°	20°	26°	32°	39°	48°	56°	55°	45°	33°	23°	16°
High	65°	42°	46°	54°	62°	72°	83°	90°	87°	79°	66°	52°	42°
Rainfall	11.30"	0.87"	0.98"	1.34"	1.06"	0.79"	0.51"	0.83"	1.14"	0.67"	1.34"	0.94"	0.83"
Snowfall	49"	9"	9"	9"	5"	1"	0"	0"	0"	0"	2"	7"	7"

Transportation

Major Highways in Iron County includes Interstate 15, State Route 14, State Route 143 and State Route 56, State Route 130, State Route 20. Interstate 15 runs north/south through Iron County and is the primary corridor that connects Las Vegas and Los Angeles to the south and Salt Lake City, through Southeast Idaho and Western Montana to the north. Interstate 15 is the primary corridor through Utah, as the majority of the State's population lives along its corridor.

State Route 14 is 41 miles in length and runs in an east/west direction. State Route 14 starts in Cedar City and travels through Cedar Mountain before connecting to Highway 89 in Kane County.

State Route 143 has been designated the Brian Head-Panguitch Lake Scenic Byway as part of the Utah Scenic Byways program. At just over 51 miles long, it connects Parowan to Panguitch while providing access to Brian Head, Cedar Breaks National Monument and Panguitch Lake.

State Route 56 is completely located in Iron County and runs in an east/west direction from Cedar City to the Utah/Nevada border, near Modena. Highway 56 is the primary arterial serving western Iron County.

State Route 130 is a north/south corridor spanning 43 miles and connects the town of Minersville in Beaver County to Cedar City.

The Cedar City Regional Airport is a city-owned, public use airport located two nautical miles from the center of Cedar City. The Cedar City Regional Airport is served by SkyWest Airlines on behalf of Delta Air Lines, which is one of the largest regional airlines in the world and is based in St. George, UT approximately 45 miles southwest of Cedar City. The Cedar City Regional Airport offers services to Salt Lake City, UT.

Healthcare

Cedar City Hospital (formerly Valley View Medical Center) has changed a lot since it replaced the old Iron County Hospital in 1963. The current hospital campus was originally constructed in 2003, and has had major additions in 2006, 2008, 2010 and 2012. Cedar City Hospital is a 48-bed hospital and is nearly 170,000



square feet. Additionally, there are several specialty healthcare facilities in the area. Iron County is well served with healthcare.

Education

Public education is provided by the Iron County School District that offers services from pre-school to 12 grades in addition to post high, adult high and technology school. Iron County School District provides adequate public education throughout Iron County.

Southern Utah University is the only university found in Iron County. Southern Utah University offers more than 50 bachelor's degrees with around 55 minor's, more than 10 graduate degrees and several associate degrees and certificate programs. Southern Utah University has a student body of around 10,000.



Macro-Economic Analysis

By the end of November, the national unemployment rate had decreased by 0.4% with the labor participation rate continuing to remain relatively unchanged at 61.8%. Additionally, the U.S. Private Sector Job Quality Index indicated a decrease in high quality jobs. Consumer confidence decreased roughly two points while consumer sentiment rose. The Fannie Mae Home Purchase Sentiment Index decreased 0.8 points.

The median home sale price rose to a record high, while the number of homes for sale fell to an all-time low, according to a new report from Redfin (redfin.com), the technology-powered real estate brokerage. There are some signs that homebuying may be returning to a more typical seasonal trend as the share of homes sold in one week fell after Thanksgiving more than it has since early September. Pending home sales fell to their lowest level since February.

"Homebuying demand seems to be returning to a slowdown trend that we'd typically expect to see in the last few weeks of the year," said Redfin Chief Economist Daryl Fairweather. "The latest research on the Omicron variant seems to be easing consumers' worst fears, but a lot of uncertainty remains in the economy—from inflation, jobs and wages to how the Fed reacts to those factors. Amid all that economic uncertainty, the notion that home prices will continue to grow in the near term feels relatively certain."

"Motivated by fast-rising rents and the anticipated increase in mortgage rates, consumers that are on strong financial footing are signing contracts to purchase a home sooner rather than later," said Lawrence Yun, NAR's chief economist. "This solid buying is a testament to demand still being relatively high, as it is occurring during a time when inventory is still markedly low."

"The notable gain in October assures that total existing-home sales in 2021 will exceed 6 million, which will shape up to be the best performance in 15 years."

10-Year Treasury Rate

12/13/2021	1.42%
12/10/2021	1.48%
12/9/2021	1.49%
12/8/2021	1.52%
12/7/2021	1.48%
12/6/2021	1.43%
12/3/2021	1.35%
12/2/2021	1.44%
12/1/2021	1.43%
11/30/2021	1.43%
11/29/2021	1.52%
11/26/2021	1.48%
11/24/2021	1.64%
11/23/2021	1.67%
11/22/2021	1.63%
11/19/2021	1.54%
11/18/2021	1.59%
11/17/2021	1.60%
11/16/2021	1.63%
11/15/2021	1.63%
11/12/2021	1.58%
11/10/2021	1.56%
11/9/2021	1.46%

While the market is expected to remain robust, Yun forecasts home prices will rise at a gentler pace over the course of the next several months and expects demand to be milder as mortgage rates increase.

Realtor.com's Hottest Housing Markets data revealed that out of the largest 40 metros, the most improved metros over the past year, as of November 18, were Orlando-Kissimmee-Sanford, Fla.; Jacksonville, Fla.; Tampa-St. Petersburg-Clearwater, Fla.; Dallas-Fort Worth-Arlington, Texas; and Nashville-Davidson, Tenn.

National Unemployment Numbers

The following unemployment data is from the Bureau of Labor Statistics/(www.bls.gov). The current national unemployment rate is 4.2%.

Age: 16 years and over

Years: 2014 to 2021

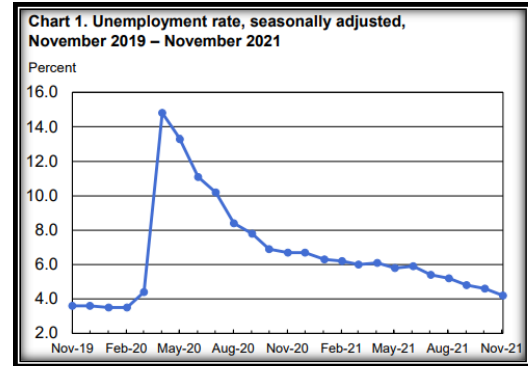
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2014	6.6	6.7	6.7	6.2	6.2	6.1	6.2	6.2	6.0	5.7	5.8	5.6
2015	5.7	5.5	5.5	5.4	5.5	5.3	5.3	5.1	5.1	5.0	5.0	5.0
2016	4.9	4.9	5.0	5.0	4.7	4.9	4.9	4.9	5.0	4.9	4.6	4.7
2017	4.8	4.7	4.5	4.4	4.3	4.4	4.3	4.4	4.2	4.1	4.1	4.1
2018	4.1	4.1	4.1	3.9	3.8	4.0	3.9	3.9	3.7	3.7	3.7	3.9
2019	4.0	3.8	3.8	3.6	3.6	3.7	3.7	3.7	3.5	3.6	3.5	3.5
2020	3.6	3.5	4.4	14.7	13.3	11.1	10.2	8.4	7.9	6.9	6.7	6.7
2021	6.3	6.2	6.0	6.1	5.8	5.9	5.4	5.2	4.8	4.6	4.2	



The Employment Situation – November 2021

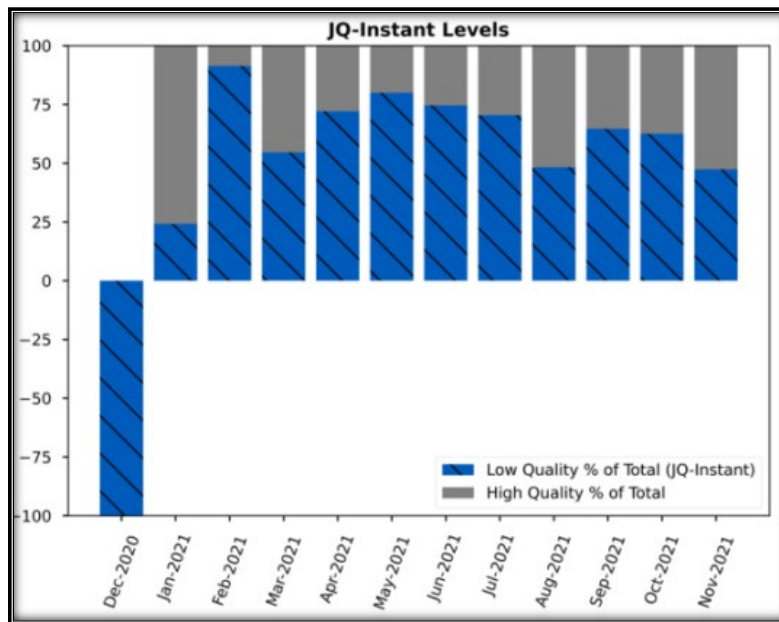
Total nonfarm payroll employment rose by 210,000 in November, and the unemployment rate fell by 0.4 percentage point to 4.2 percent, the U.S. Bureau of Labor Statistics reported. Notable job gains occurred in professional and business services, transportation and warehousing, construction, and manufacturing. Employment in retail trade declined over the month.

The labor participation rate was 61.8 percent in November 2021.



Job Quality Index

The Job Quality Index is an economic metric that was designed to focus on the quality of American jobs versus the quantity which is commonly used as a barometer in labor markets. To calculate the index's value, the researchers split up the jobs created every month into those that pay above average and those that pay below average, and then divide one figure into the other.



Following the release of the Employment Situation Report for November 2021 by the U.S. Bureau of Labor Statistics (BLS), the U.S. Private Sector Job Quality Index (JQI)® has been revised to a level of 81.40, down by -0.85% from its revised level one month earlier and reflecting a slightly higher proportion - relative to the prior month - of U.S. production and non-supervisory (P&NS) jobs paying less than the mean weekly income of all P&NS jobs ("Low Quality Jobs"), relative to those jobs paying above such mean. The JQI remains heavily impacted by the extraordinary disruption in the number and composition of private sector production and non-supervisory jobs since the beginning of the U.S. impact of the COVID19 global pandemic.

Consumer Confidence and Sentiment

The Conference Board Consumer Confidence Index® decreased in November, following an increase in October. The Index now stands at 109.5 (1985=100), down from 111.6 in October. The Present Situation Index—based on consumers' assessment of current business and labor market conditions—fell to 142.5 from 145.5 last month. The Expectations Index—based on consumers' short-term outlook for income, business, and labor market conditions—fell to 87.6 from 89.0.



"Consumer confidence moderated in November, following a gain in October," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "Expectations about short-term growth prospects ticked up, but job and income prospects ticked down. Concerns about rising prices—and, to a lesser degree, the Delta variant—were the primary drivers of the slight decline in confidence. Meanwhile, the proportion of consumers planning to purchase homes, automobiles, and major appliances over the next six months decreased. The Conference Board expects this to be a good holiday season for retailers and confidence levels suggest the economic expansion will continue into early 2022. However, both confidence and spending will likely face headwinds from rising prices and a potential resurgence of COVID-19 in the coming months."

Consumer sentiment for the United States rose to 70.4% in November. Sentiment posted a small overall gain in early December (+4.5%), although it was still nearly identical to the average reading in the prior four months (70.6). The more interesting result was the large disparity between monthly gain among households with incomes in the lowest third (+23.6%) of the income distribution compared with the modest losses among households in the middle (-3.8%) and top third (-4.3%). While small differences in the direction of change are rather common, it is quite unusual to record such a large change in the bottom third: a larger one-month percentage was recorded only once before, a gain of 29.2% in June 1980. While it is usually assumed that such extreme changes represent an erroneous result due to small samples, in 1980 it was the households in the bottom income third that initially signaled the end of the first part of the double recession in 1980-82, with upper income households following in subsequent months. The core of the renewed optimism among the bottom third was the expectation of income increases of 2.9% during the year ahead; the last time a higher gain for this group was expected was in 1981. This suggests an emerging wage-price spiral that could propel inflation higher in the years ahead. When directly asked whether inflation or unemployment was the more serious problem facing the nation, 76% selected inflation while just 21% selected unemployment (the balance reported the problems were equal or they couldn't choose). The dominance of inflation over unemployment was true for all income, age, education, region, and political subgroups. While a shift in policy emphasis is necessary, it will be difficult to gauge the right balance between fiscal and monetary policies that both trims inflation and maintains the unemployment rate near its current lows.

Fannie Mae's Home Purchase Sentiment Index (HPSI)

The Fannie Mae (FNMA/OTCQB) Home Purchase Sentiment Index® (HPSI) decreased 0.8 points to 74.7 in November, as consumers expressed not only disparate views of homebuying and home-selling conditions but also their greatest economic pessimism in 10 years. Overall, four of the index's six components decreased month over month. In November, 74% of respondents reported that it's a good time to sell a home, compared to the 29% of consumers who reported that it's a good time to buy. Consumers also continued to report strong expectations that mortgage rates will increase over the next 12 months, and they expressed even greater pessimism about the direction of the economy, with 70% saying it's on the wrong track. Year over year, the full index is down 5.3 points.

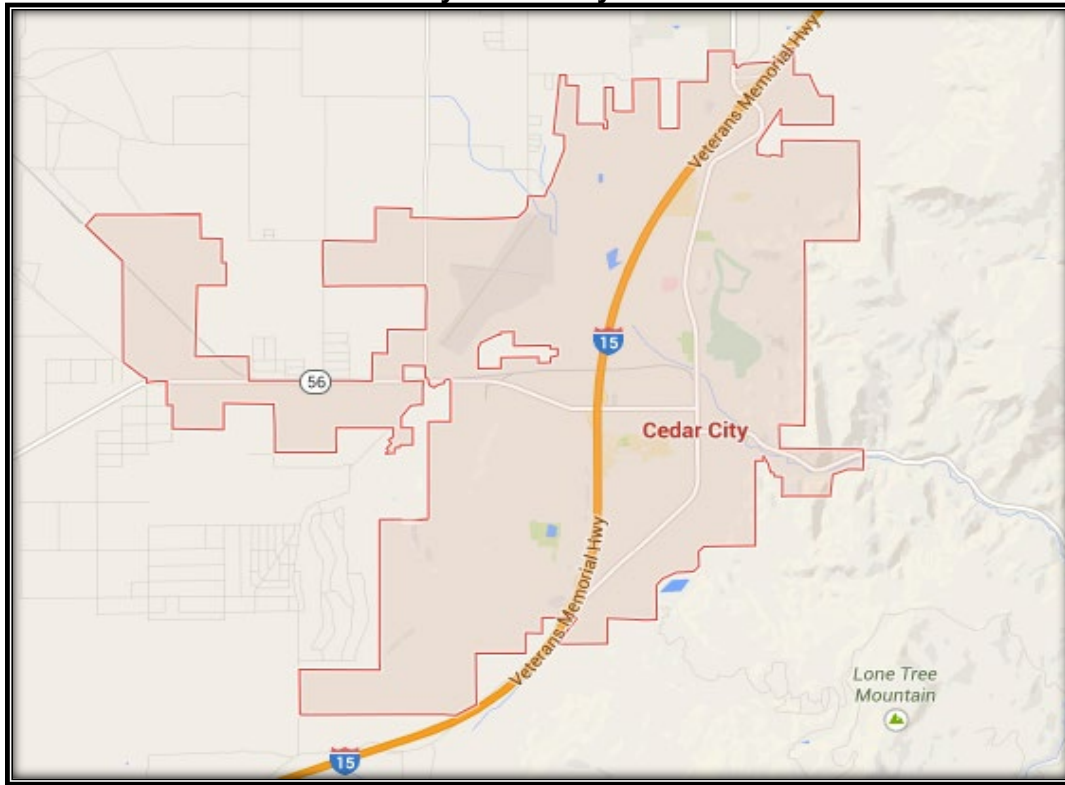
"The HPSI experienced some shuffling among its underlying components in November, but the overall index once again stayed relatively flat," said Mark Palim, Fannie Mae Vice President and Deputy Chief Economist. "While consumers expressed even greater concern regarding the direction of the economy, with the share of respondents expressing pessimism hitting a 10-year high, overall housing sentiment remained stable. Consumers' concerns for their personal job situation have eased and respondents also reported feeling better about their income level compared to a year ago, with both of those components now nearing their pre-COVID levels."

Palim continued: "Even though consumers are reporting broader macroeconomic concerns – with much of it likely tied to inflation – so far any negative sentiment tied to the economy has not translated into a meaningful decrease in actual purchase mortgage demand. According to this month's survey, an even greater share of consumers (particularly those with low and moderate incomes) expects mortgage rates to go up in the next 12 months, which may be a signal that some households plan to pull-forward their home purchase plans despite growing economic apprehension."



Neighborhood Analysis

Outline of Cedar City – Cedar City Limits Filled with Red



Overview

The community of Cedar City is a fairly small community with a population of 28,857 as of the 2010 census that increased to 35,235 as of the 2020 census. Being a small community there are no sub-markets. The two main commercial corridors in Cedar City are 200 North Street and Main Street. 200 North Street runs in an east/west direction and Main Street runs in a north/south direction. Interstate 15 runs through Cedar City in a north/south direction. There are three Interstate 15 interchanges that allow for convenient access throughout Cedar City. Cedar City is the home of Southern Utah University, the Utah Shakespeare Festival and the Utah Summer Games, among other smaller events. Cedar City has proclaimed itself as the Festival City.

Most development is located east of Interstate 15 with development expanding west of Interstate 15 over the past several decades. The area has seen a consistent and steady growth that includes commercial and retail related properties but the most growth has been in the residential market.

Neighborhood Boundaries

North – 4200 North
East – Cedar Mountain
South – Talon Drive
West – 5300 West

The Cedar Valley area consists primarily of residential estates on larger site sizes, agriculture or unimproved land. Limited commercial services are located within the Cedar Valley area. Commercial development is located along 200 North Street and Main Street that includes motels, grocery store, restaurants, convenience stores, retail along with related auto service and highway service type facilities. The commercial center with the greatest amount of synergy is located near the south interchange, east of Interstate 15 and includes anchors Walmart, Walgreens, and Home Depot. Residential development is located throughout



Cedar City. Located west and north of the I-15 is the Cedar Valley that primarily consists of agriculture or large estate style residences. Multi-family improvements are typically found near the center of Cedar City or Schurtz Canyon while Southern Utah University is in the central area of Cedar City.

Trends

Cedar City has become a desirable location and has had a very rapid growth over the past decade or so. Given the rapid growth in the area, most improved inventory has sold and many new and/or subdivision are in various stages of planning. Continued growth and development are likely to continue as long as strong demand remains. Most development has been residential in nature but there has been some retail, office and industrial development.

Access

Access through the Cedar City area is by way of asphalt paved public roadways. Most primary corridors are five lanes, two lanes in each direction with a center turn lane with the intersection at Cross Hollows Road and Royal Hunte Drive being wider to accommodate traffic patterns. Surface streets tend to be two lanes, one lane of travel in each direction. Outside of city limits there are many gravel-maintained roads. Overall, access throughout the area, especially within city limits, is good.

Demographics

According to the Federal Financial Institutions Examination Council the subject is found in census tract 1107.02. Below is a copy of the census report.

2021 FFIEC Geocode Census Report

Selected Tract:
MSA: NA - NA (Outside of MSA)
State: 49 - UTAH
County: 021 - IRON COUNTY
Tract Code: 1107.02

Summary Census Demographic Information

Tract Income Level	Middle
Underserved or Distressed Tract	No
2021 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$74,100
2021 Estimated Tract Median Family Income	\$76,308
2010 Tract Median Family Income	\$66,707
Tract Median Family Income %	102.98
Tract Population	4779
Tract Minority %	11.42
Tract Minority Population	546
Owner-Occupied Units	1256
1- to 4- Family Units	1748

Census Income Information

Tract Income Level	Middle
2010 MSA/MD/statewide non-MSA/MD Median Family Income	\$64,772
2021 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$74,100
% below Poverty Line	13.20
Tract Median Family Income %	102.98
2010 Tract Median Family Income	\$66,707
2021 Estimated Tract Median Family Income	\$76,308
2010 Tract Median Household Income	\$53,221

Census Population Information

Tract Population	4779
Tract Minority %	11.42
Number of Families	1258
Number of Households	1633
Non-Hispanic White Population	4233
Tract Minority Population	546
American Indian Population	23
Asian/Hawaiian/Pacific Islander Population	14
Black Population	2
Hispanic Population	381
Other/Two or More Races Population	126

Census Housing Information

Total Housing Units	1792
1- to 4- Family Units	1748
Median House Age (Years)	14
Owner-Occupied Units	1256
Renter Occupied Units	377
Owner Occupied 1- to 4- Family Units	1253
Inside Principal City?	NO
Vacant Units	159

Employment

There are an adequate number of employment centers in Cedar City. Employment centers tend to be located along the primary corridors or in the central Cedar City area. Additionally, there are several Cedar City residents that commute to the Greater St. George area for employment. Overall, there is adequate employment opportunities in the area.

Religious Facilities

There are a number of churches scattered throughout the Cedar City area. A fairly wide variety of religious denominations are found within the Cedar City area and are most are within city limits of either Cedar City or the bedroom community of Enoch.



Education

Iron County School District offers public education. The area is adequately serviced by public education. Southern Utah University offers higher education in the area and is located in central Cedar City.

Recreational

The Cedar City area is widely known for recreation. Cedar City offers numerous public parks and a stocked fishing pond, as well as an aquatic center. Additionally, there is a public golf course serving the area. Outside of city limits there is a larger amount of ATV trails, hiking trails, camping, and hunting. The Utah Shakespeare Festival is in Cedar City and is recognized as one of the best professional theater events in the nation. Cedar Breaks National Monument is located 30 minutes from Cedar City. Snow skiing is about 25 minutes away at Brian Head. Kolob Canyon and Zion's National Park are conveniently located south and east.

Public Services and Protection

Cedar City provides public utilities in the way of water and sewer while Rocky Mountain Power and Dominion Energy offer electricity and natural gas, respectively. Cedar City and Enoch City offer city run police services with subsidized service from the Iron County Sheriff's Office. Fire protection to the area is provided by Cedar City and is subsidized by volunteer fire protection from several small communities in the area. Overall, the area is well serviced with public utilities, police, and fire protection.



Market Analysis

General Market Conditions

Area Description & Boundaries

The neighborhood boundaries extend from 4200 North to Talon Drive on a north south axis and from Cedar Mountain to 5300 West on an east west axis. The neighborhood includes the entire community of Cedar City.

Area & Property Use Characteristics

Location	<input type="checkbox"/> Urban	<input checked="" type="checkbox"/> Suburban	<input type="checkbox"/> Rural	Population Trend	<input checked="" type="checkbox"/> Up	<input type="checkbox"/> Stbl	<input type="checkbox"/> Dn
Build Up	<input checked="" type="checkbox"/> Over 75%	<input type="checkbox"/> 25% to 75%	<input type="checkbox"/> Under 25%	Employment Trend	<input type="checkbox"/> Up	<input checked="" type="checkbox"/> Stbl	<input type="checkbox"/> Dn
Built Up <input type="checkbox"/> Fully Dev.	<input type="checkbox"/> Rapid	<input checked="" type="checkbox"/> Steady	<input type="checkbox"/> Slow	Personal Income Level	<input type="checkbox"/> Up	<input checked="" type="checkbox"/> Stbl	<input type="checkbox"/> Dn
Property Values	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining	Retail Sales	<input type="checkbox"/> Up	<input checked="" type="checkbox"/> Stbl	<input type="checkbox"/> Dn
Demand/Supply	<input type="checkbox"/> Shortage	<input checked="" type="checkbox"/> In Balance	<input type="checkbox"/> Over Supply	New Construction	<input checked="" type="checkbox"/> Up	<input type="checkbox"/> Stbl	<input type="checkbox"/> Dn
Vacancy Trend	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining	Vacancy Trend	<input type="checkbox"/> Up	<input checked="" type="checkbox"/> Stbl	<input type="checkbox"/> Dn
Change in Economic Base	<input type="checkbox"/> Likely	<input checked="" type="checkbox"/> Unlikely	<input type="checkbox"/> Taking Place	Rental Demand	<input type="checkbox"/> Up	<input checked="" type="checkbox"/> Stbl	<input type="checkbox"/> Dn

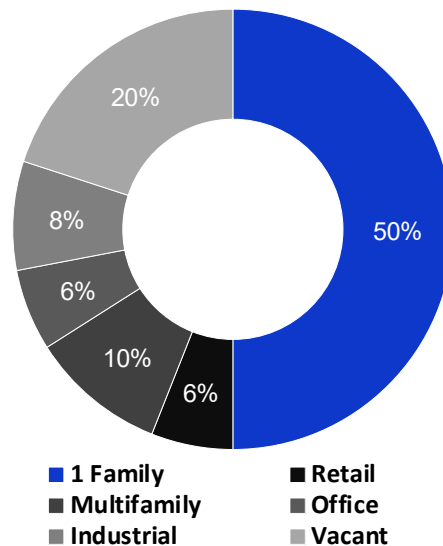
Land Use Trends

Present Land Use	Supply/Demand			Vacancy
	Under	In Bal.	Over	
50% 1 Family	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2%
6% Retail	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	4%
10% Multifamily	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2%
6% Office	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	4%
8% Industrial	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	3%
20% Vacant	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
100%				

Change in Land Use	Likely	<input type="checkbox"/>
	Not Likely	<input type="checkbox"/>
	Taking Place	<input type="checkbox"/>

Land uses in the neighborhood consist of commercial and retail oriented uses along primary corridors and residential on sites located off of primary corridors. Industrial uses are typically found near the airport, Coal Creek Wash, or in Port 15. Multi-family development is located near Southern Utah University, north Cedar, and Schurtz Canyon. Overall, residential development is increasing with multiple new subdivisions in various stages of development.

Land Use



Adjacent Property Use

Adjacent property uses include Highway 56 and industrial to the north, agriculture and residential to the east, unimproved land to the south, and industrial land and residential to the west.



Population Growth and Trends

According to the U.S. Census Bureau the population of Iron County was 46,163 as of 2010 and is 57,289 as of 2020 census, an increase of 24.10% total or 2.41% per year. According to the Kem C. Gardner Policy Institute it was projected that Iron County could expect an annual growth rate of 1.92% through 2030. It is estimated that Iron County will increase in population by 17,735 between the years 2010 and 2030. This would be a 38.42% increase from 46,163 people in 2010 to 63,898 people in 2030, an increase of 1.92% per year. Given the actual 2.41% change per year from 2010 to 2020 and the demographers expected growth, it is likely that Iron County will meet the expectations of strong growth for the foreseeable future.

Geography	2010, Census	2030, Projected	% Change
Sanpete County	27,822	36,158	30%
Unitah County	32,588	43,981	35%
Summit County	36,324	50,558	39%
Iron County	46,163	63,898	38%
Box Elder County	49,975	64,263	29%
Tooele County	58,218	93,258	60%

<https://gardner.utah.edu/demographics/population-projections/>

The table above is prepared using data from the Kem C. Gardner Policy Institute. The table indicates the projected population of six similarly sized counties by 2030. Based off the projected population in Iron County, Iron County is expected to have the 8th largest percentage increase when compared with the other 29 counties in Utah between 2010 and 2030. Iron County is projected to add over 17,735 people during that time.

This growth rate is expected to continue in the foreseeable future according to the Kem C. Gardner Policy Institute. Increasing population growth promotes increased demand for new residential building sites and new demand for commercial development.

The Utah Department of Workforce Services stated the following regarding the economy of Iron County, updated on October 19, 2021.

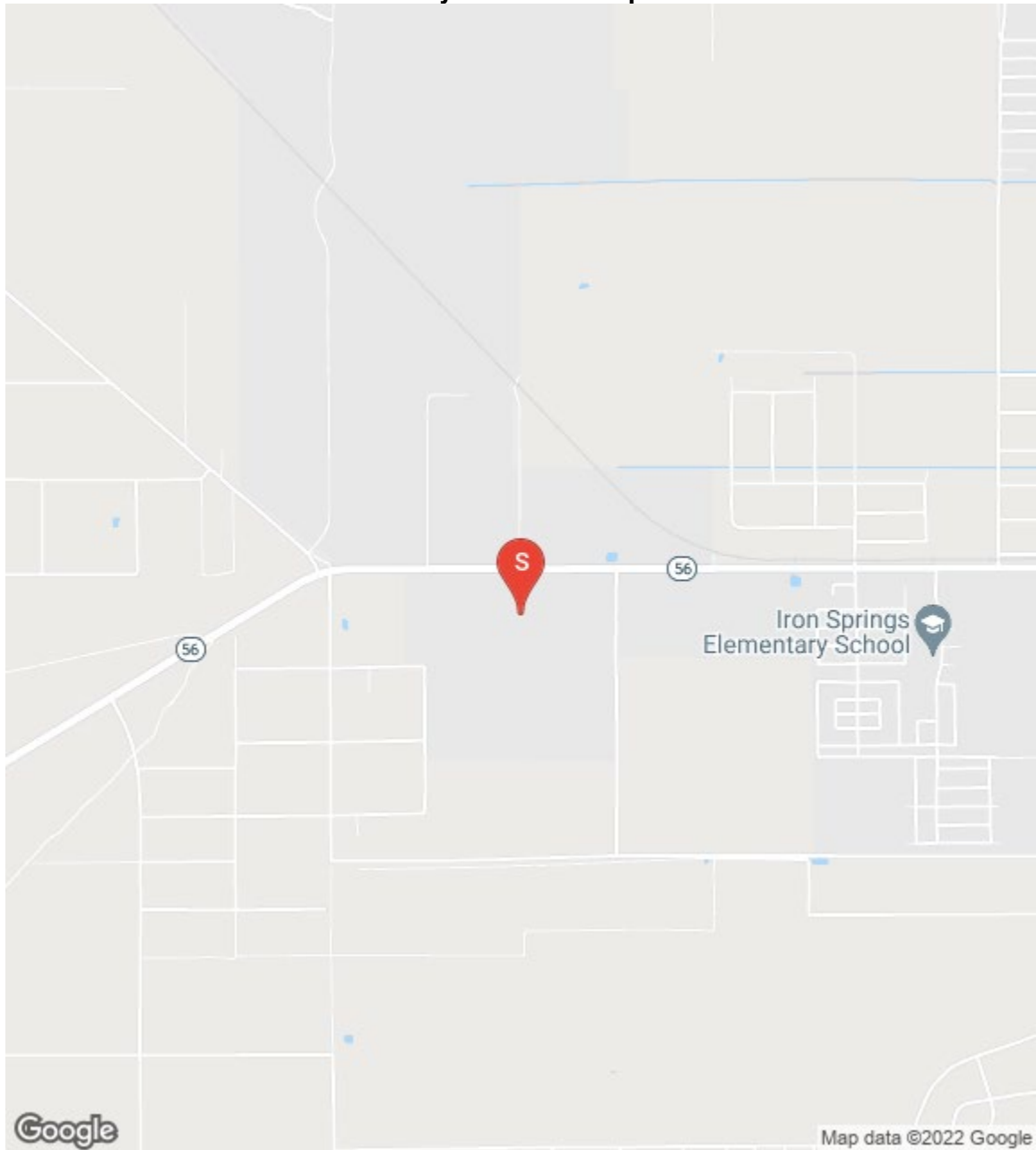
"Iron County made a rapid recovery from the pandemic recession. It began growing jobs as early as the summer of 2020. Between June 2019 and June 2020, Iron County's nonfarm jobs increased by a whopping 11%--that's an average of 5.5% per year in the midst of the national pandemic recession. Almost all major industrial sectors have joined in the job-creation joy. Not surprisingly, Iron County's unemployment rate has plummeted, registering a mere 2.3% in September 2021. The county's prime economic struggle is finding sufficient workers to fuel the expansion. The building sector continued to ignore any slowdown. Both residential and nonresidential permit values are up dramatically from 2020, when the county approved the highest number of permits ever. In addition, stimulus dollars continued to drive sales up 31% in second quarter. If possible, rapid growth provides the primary economic dilemma in Iron County."



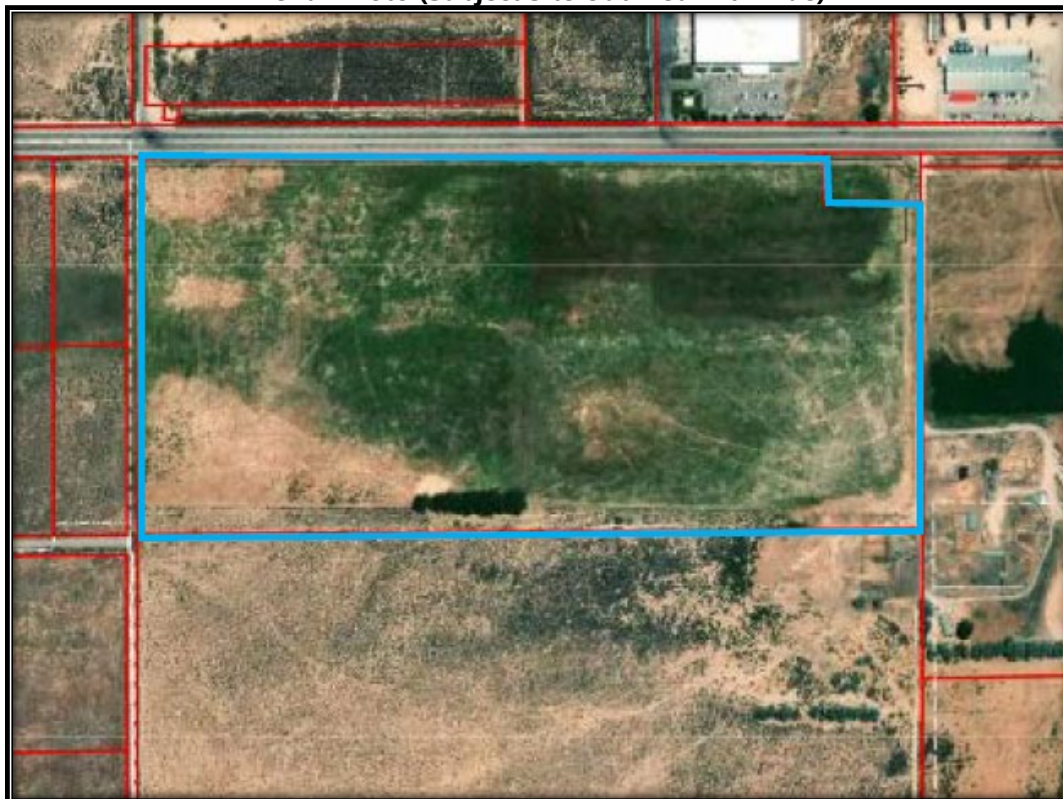
Site Description

The following is based on my property observation, Assessor's records and other pertinent information provided by the client and owner.

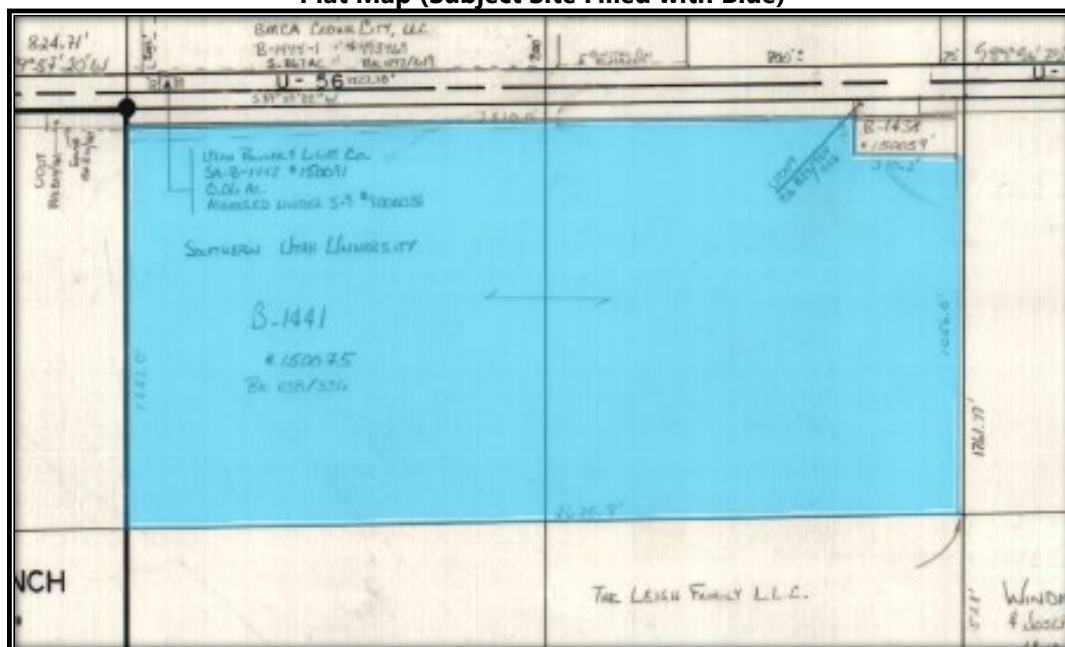
Subject Location Map



Aerial Photo (Subject Site Outlined with Blue)



Plat Map (Subject Site Filled with Blue)



General Data

Location:	The subject is located midblock of Highway 56.
Address:	Approximately 4751 W. Highway 56, Cedar City, Utah 84720
Assessor Parcel No.:	B-1441-0000-0000



Current Use of Site: Unimproved land

Adjacent Land Uses

North: Highway 56 and industrial
East: Residential
South: Unimproved land
West: Industrial land and residential

Physical Characteristics

Site Size: 72.27 acres; 3,148,081 square feet
Shape: Irregular
Topography: Generally level
Visibility: Average
Parcel Type: The site is a corner lot.
View: Average

Access

Street Name: Highway 56
Street Type: Asphalt paved state owned and maintained roadway with five lanes, two lanes in each direction and a center turn lane.
Curb Cuts: None – Soft shoulder
Signalized Intersection: No
Overall Access: Average

Site Improvements

Street Lighting: None
Sidewalks: None
Curb & Gutter: None

Utilities

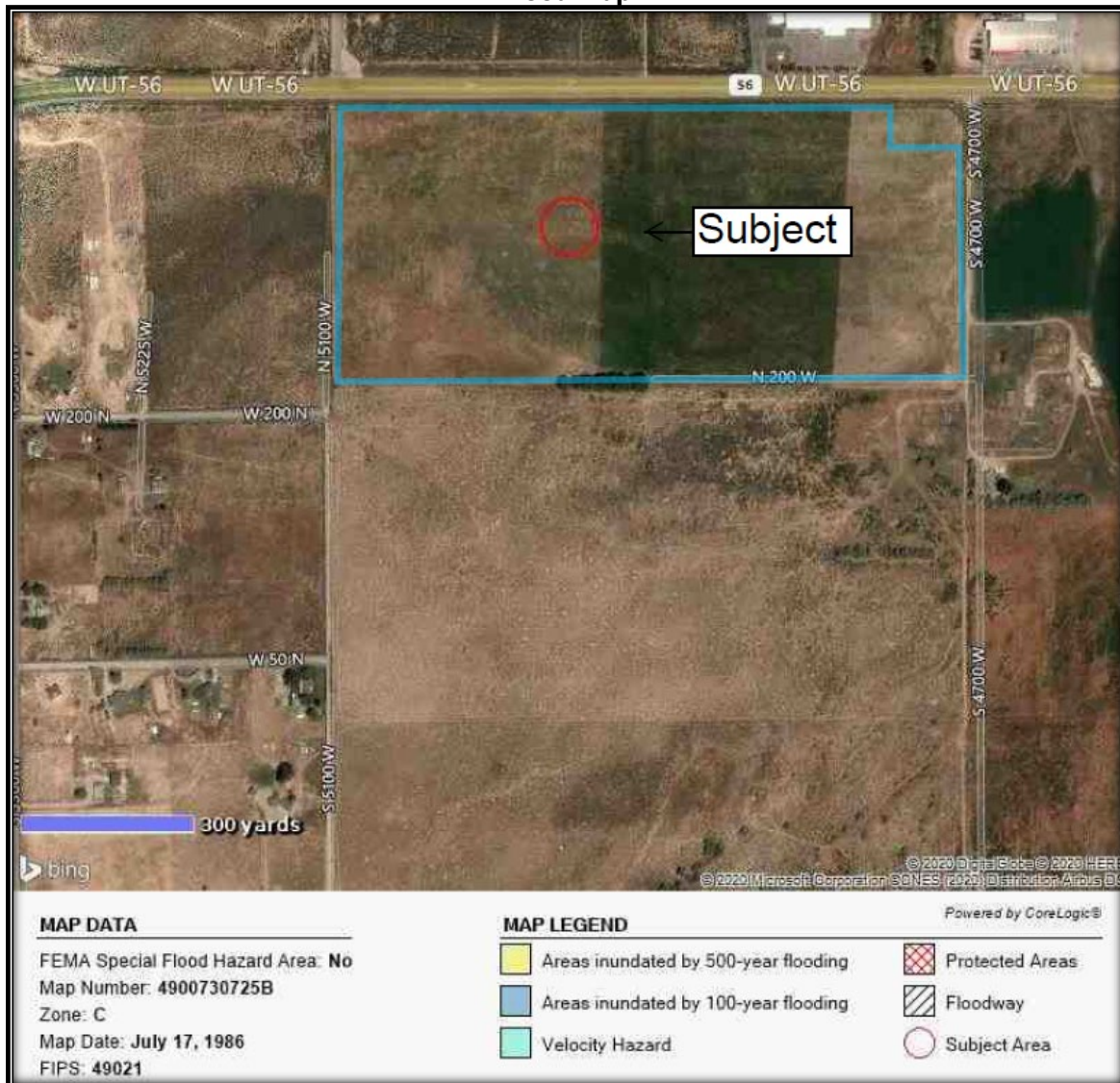
Water: Cedar City
Sewer: Cedar City - Requires extension of approximately 125' across Highway 56 and a pump station.
Electricity: Rocky Mountain Power
Natural Gas: Dominion Energy

Flood Zone Data

FEMA Map No.: 4900730725B
FEMA Map Date: July 17, 1986
FEMA Flood Zone: C - The site is not located in a flood hazard area.
FEMA Flood Zone Summary: Flood Zone C is an area of minimal flood hazard usually depicted on FIRMs as above the 500-year flood level.



Flood Map



Soil Conditions

According to the U.S. Department of Agriculture, Natural Resources Conservation Service web soil survey, the predominant soils found on the site are ashdown clay loam, medburn sandy loam, and calcross silty clay loam. Provided the nearby development, the site is assumed to be capable of supporting development.

Environmental Issues

An environmental site assessment has not been completed for the site. No suspicious materials that would suggest any environmental contamination was noted during the observation; however, this does not preclude the possibility that contamination exists on the site, on nearby sites or in the subject's construction materials. I am not an expert in this field and express no opinion about the possible absence or presence of contamination. The property is appraised under the assumption that no contamination exists.

Easements & Encroachments

A title report for the subject has not been completed. Overhead powerlines run along the northern and eastern boundary of the site. The overhead powerlines do not appear to adversely affect the site. Other than the



overhead powerlines, no other easements or encroachments that would limit the marketability of the subject were noted. The site is assumed to have typical easements for ingress/egress and utilities which have no measurable impact on the property.

Wetlands/Watershed

According to the U.S. Fish and Wildlife, National Wetlands Inventory Map, there are no wetlands or watershed areas affecting the site.

Zoning Information

Zoning Authority:

Cedar City

Zoning Code:

I&M-1

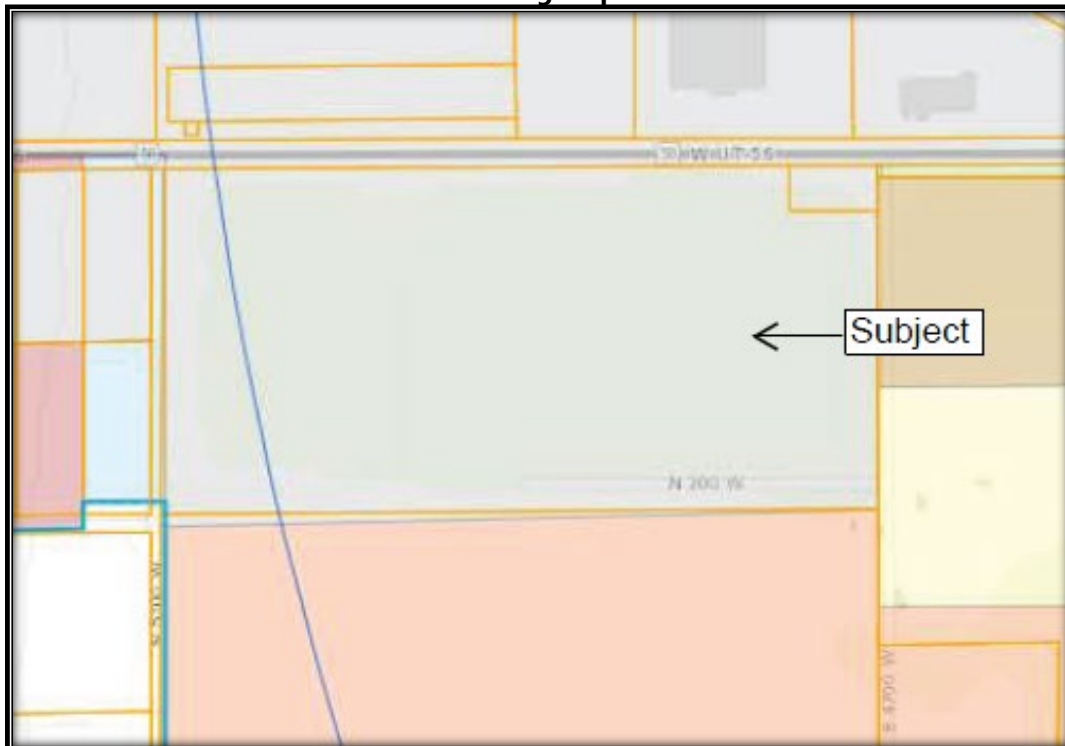
Zoning Description:

Industrial & Manufacturing

Zoning Purpose:

The I&M-1 Zone has been established as a district in which the primary use of the land is manufacturing, fabricating, processing and warehousing establishments. This zone is characterized by flat, open land particularly suited for industrial uses because of the proximity to railroad tracks and streets and the availability of utilities necessary for successful industrial use. Representative of the uses within this zone are manufacturing and fabrication and processing, storage warehousing, and wholesale distribution and railroad trackage switch yards and terminal facilities. Uses which give rise to excessive noise, vibration, smoke, odor, dust, fumes, or danger of explosion have been excluded from this zone.

Zoning Map





Assessment & Tax Data

According to the Utah Tax Commission webpage, the Utah State Tax Commission administers property taxes in the State of Utah. The local government is responsible for the appraisal and assessment of each property. Properties are appraised at 100% of its "fair market value," which is theoretically the value at which the property would sell for on the open real estate market. This process is aimed for uniform valuations, meaning that similar properties should have similar values. The standards of fair market value and uniform valuations are requirements of the Utah Constitution. Residential properties that serve as someone's primary residence receive an exemption of 45% of fair market value. As a result, the primary residence is only assessed and taxed based on the remaining 55% of its fair market value. Commercial properties are assessed and taxed based on 100% of its fair market value.

The subject's assessed values, applicable tax rates and total taxes including direct assessments, are shown in the following chart:

Taxing Authority: Iron County

Assessment Year: 2021

Real Estate Assessment and Taxes					
Tax ID	Land	Improvements	Total Assessment	Tax Rate	Taxes
B-1441-0000-0000	\$0	\$0	\$0	0.009193	\$0.00

The subject property is publicly owned by Southern Utah University and as such is not assessed and no real estate taxes are noted. If the site were to be purchased privately, the site would be assessed with the noted tax rate applied to determine the real estate taxes.



Subject Photographs



Northwest Corner Facing South



Northwest Corner Facing East



Northeast Corner Facing West



Northeast Corner Facing South



Southeast Corner Facing North



Southeast Corner Facing Northwest



Southeast Corner Facing West



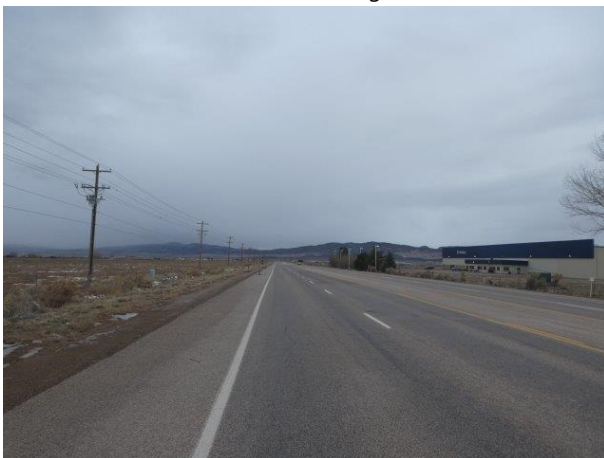
Southwest Corner Facing East



Southwest Corner Facing Northeast



Highway 56 Facing East



Highway 56 Facing West



Highest & Best Use

The highest and best use of a property is "the reasonably probable use that results in the highest value. The four criteria that the highest best use must meet are legal permissibility, physical possibility, financial feasibility, and maximally productive."

Source: The Dictionary of Real Estate Appraisal, 6th Edition by The Appraisal Institute

Two procedures are used to determine a property's highest and best use. The first is an analysis of the site as vacant. The second is an analysis of any proposed or existing improvements and their influence upon the site's highest and best use. The use(s) concluded in the analyses to be highest and best must meet the four required criteria of legally permissible, physically possible, financially feasible, and maximally productive. Definitions from The Dictionary of Real Estate Appraisal 6th Edition for the four requirements are found below:

Legal Permissibility – A property use that is either currently allowed or most probably allowable under zoning codes, building codes, environmental regulations, and other applicable laws and regulations that govern land use.

Physical Possibility – For a land use to be considered physically possible, the parcel of land must be able to accommodate the construction of any building that would be a candidate for the ideal improvement.

Financial Feasibility – For a land use to be considered financially feasible, the value of the land use must exceed costs.

Maximally Productive – To achieve maximum productivity, a specific land use must yield the highest value of all the physically possible, legally permissible, and financially feasible possible uses.

Improved properties may have a highest and best use that is different than the existing use. The existing use will generally continue until land value exceeds the total value of the property in its existing use plus demolition costs.



Analysis of Highest & Best Use As If Vacant

Legally Permissible

Legal restrictions are typically associated with public concerns of zoning, building codes, environmental regulations and other applicable laws and regulations that govern the land. The subject is zoned I&M-1 which is a Industrial & Manufacturing per Cedar City. The I&M-1 Zone has been established as a district in which the primary use of the land is manufacturing, fabricating, processing and warehousing establishments. This zone is characterized by flat, open land particularly suited for industrial uses because of the proximity to railroad tracks and streets and the availability of utilities necessary for successful industrial use. Representative of the uses within this zone are manufacturing and fabrication and processing, storage warehousing, and wholesale distribution and railroad trackage switch yards and terminal facilities. Uses which give rise to excessive noise, vibration, smoke, odor, dust, fumes, or danger of explosion have been excluded from this zone. Additionally, the site is located in the AIZ (Airport Influence Zone) of the Cedar City Municipal Airport which poses some limited restrictions on the site. In addition to zoning, Cedar City enforces local building codes to ensure a minimum level of construction be satisfied. Other than zoning and local building codes, I am unaware of any other legal restrictions affecting the site.

Physically Possible

The subject consists of a single parcel that is 72.27 acres in size, has an irregular shape, and has a generally level topography that is near grade of adjoining streets and properties. The site has soils that are assumed to be capable of supporting development and has legal access from asphalt paved Highway 56. The site is located outside of the flood hazard area, has average physical features, and appears to be fully usable. Power and water are available to the site, but sewer will require approximately 125' extension across Highway 56. Additionally, the sewer will not be gravity fed and will require a pump station for any development to occur. From a physical perspective, the site is capable of accommodating many uses within the confines of the size but will require additional offsite and onsite improvements.

Financially Feasible

The subject site is located in an average location with average demographic characteristics and is in an area that has had relatively rapid growth. Given the legal and physical considerations, the highest and best use of the subject would be for industrial development. Inventories of improved industrial building lots have declined to the point that there is some demand for additional improved industrial sites. Although the site is located in fairly close proximity to Port 15, Port 15 has historically underperformed as the asking price point is higher than the market is willing to bear and the site sizes tend to be larger than required by many users. Thus, any development of the site will have to be priced near or less than the price point of improved industrial sites located within the Coal Creek and Airport Industrial locations. Thus, pricing of any improved industrial site is of primary concern to ensure financial feasibility. Additionally, sites should range in size from 0.50 acre to approximately 2 acres to ensure the largest market of participants. Given the demand and growth in the area, it appears to be financially feasible to develop the site into an industrial park. However, the site is rather larger being 72.27 acres in size. Any development of the site should occur in phases to maximize the financial viability and limit associated risk.

Maximally Productive

The maximally productive use of the site by definition is the single use which returns the most value to the land. In this case that use would be to develop the site into an industrial park with site sizes ranging from 0.50 acre to 2 acres in size would maximize the use, albeit the cost to develop is extremely sensitive and the improved lots need to be able to sell for more than the cost to develop. The site is large enough that any development should occur in phases to limit risk and maximize financial feasibility.

Conclusion of Highest and Best Use As Vacant

After considering the legal permissibility, physical possibilities, and financial feasibility of the site, the maximally productive use is for development of an industrial park with site sizes ranging from 0.50 acre to 2 acres and develop in phases to limit risk.

Most Probable Buyer/User

As of the effective date the most probable buyer is a developer and the most probable user would be to market the improved industrial sites to end users.



Land Valuation

Land is valued using the sales comparison approach. This approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same utility. In the following analysis, the opinion of market value is based on listings, pending sales and sales of properties similar to the subject property.

A systematic procedure for applying the sales comparison approach includes the following steps: 1) researching and verifying transactional data, 2) selecting relevant units of comparison, 3) analyzing and adjusting the comparable sales for differences in various elements of comparison, and 4) reconciling the adjusted sales into a value indication of the subject site.

Elements of Comparison

Elements of comparison are characteristics of properties and transactions that cause the prices of real estate to vary. The main elements of comparison in the sales comparison analysis are as follows: 1) real property rights conveyed, 2) financing terms, 3) conditions of sale, 4) expenditures made immediately after purchase, 5) market conditions, 6) location, 7) physical characteristics, 8) economic characteristics, and 9) zoning/use.

Comparable Sales Data

I researched public records and other sources and interviewed knowledgeable real estate professionals in the area to identify and verify sales and listings of properties that are comparable to the subject. The comparable sales are adjusted to the subject: if the comparable sale was superior to the subject, I applied a negative adjustment to the comparable sale. A positive adjustment to the comparable property has been applied if it were inferior to the subject.

Unit of Comparison

The unit of comparison depends on the land use economics and how buyers and sellers use the property. The unit of comparison in this analysis is price/acres.

I have researched five comparable sales for this analysis; these are documented on the following pages followed by a location map and sales analysis grid. All sales have been researched and verified by a party to the transaction.



Land Comparable 1



Transaction

ID	2306	Date	7/1/2021
Address	530 N. 5660 W.	Price	\$650,000
City	Cedar City	Price per Acre	\$23,239
State	UT	Financing	Cash Equiv
Tax ID	E-0166-0000-0000	Property Rights	Fee Simple
Grantor	Armburst Properties LLC	Book/Page or Reference Doc	772525
Grantee	Wehold LLC	Verification	Carl Timpson-Buyer, MLS 69949, Cnty Records
Sale Notes	None noted in past year.		

Site

Acres	27.97	Topography	Generally Level
Land SF	1,218,373	Zoning	LI
Road Frontage	Iron Springs Road	Flood Zone	C
Shape	Irregular	Encumbrance or Easement	None Reported
Utilities	To Site	Environmental Issues	None Reported

Comments

This property consists of a single parcel that is 27.97 acres in size, has an irregular in shape, and has a generally level topography that is near grade of adjoining streets and properties. The site has asphalt paved access from Iron Springs Road with 377' of frontage. The site has all utilities available that are typical of the area, soils that are assumed to be capable of supporting development, and is located outside of the flood hazard area. The site has average physical features and appears to be fully usable.



Land Comparable 2



Transaction

ID	2307	Date	4/13/2021
Address	689 N. Airport Rd.	Price	\$450,000
City	Cedar City	Price per Acre	\$30,000
State	UT	Financing	Cash Equiv
Tax ID	D-0967-0002-0000 and D-0967-0003-0000	Property Rights	Fee Simple
Grantor	Paul R Trust et al	Book/Page or Reference Doc	766680
Grantee	Candor Development	Verification	Rick Lunt-Broker, Closing Statement, County Records
Sale Notes	None noted in past year.		

Site

Acres	15.00	Topography	Generally Level
Land SF	653,400	Zoning	LI
Road Frontage	Airport Road	Flood Zone	C
Shape	Rectangular	Encumbrance or Easement	None Reported
Utilities	To Site	Environmental Issues	None Reported

Comments

This property consists of two contiguous parcels with a total of 15 acres. The site has a rectangular shape, generally level topography, and is near grade of adjoining streets and properties. The site has all utilities, asphalt paved access, soils that are assumed to be capable of supporting development, and is located outside of the flood hazard area. The site has average physical features and appears to be fully usable.



Land Comparable 3



Transaction

ID	562	Date	9/28/2020
Address	750 N. 1450 W.	Price	\$482,160
City	Cedar City	Price per Acre	\$56,000
State	UT	Financing	Cash Equiv
Tax ID	B-1235-0001-0000	Property Rights	Fee Simple
Grantor	Dwayne J. and Norma S. Thompson	Book/Page or Reference Doc	753519
Grantee	Building Zone Industries LLC	Verification	Dan Roberts-Broker, MLS 80521, Cnty Records
Sale Notes	No sales noted within past year.		

Site

Acres	8.61	Topography	Generally Level
Land SF	375,052	Zoning	I&M-1
Road Frontage	None	Flood Zone	X500
Shape	Trapezoid	Encumbrance or Easement	Overhead Powerlines
Utilities	Partial	Environmental Issues	None Reported

Comments

This property is a single parcel of land located east of Airport Road in Cedar City. This parcel has a trapezoidal shape, a site size of 8.61 acres, and is generally level. The site has legal access from an unmaintained gravel road and is near grade of adjoining properties. Approximately 1.17 acres of the site is encumbered by overhead powerlines running in a north/south direction. The overhead powerline easement adversely impacts the development potential of the site and does not allow any vertical construction within the easement area. This property has power and sewer to the site but water requires an extension.



Land Comparable 4



Transaction

ID	864	Date	9/22/2020
Address	Lots 1-3 Block D	Price	\$228,000
City	Cedar City	Price per Acre	\$22,353
State	UT	Financing	Cash Equiv
Tax ID	B-1484-000D-0001	Property Rights	Fee Simple
Grantor	Hibler Living Trust	Book/Page or Reference Doc	753033
Grantee	Black Cat Properties	Verification	MLS 83350, Cnty Records
Sale Notes	No prior sales noted within past year.		

Site

Acres	10.20	Topography	Generally Level
Land SF	444,312	Zoning	I&M-1
Road Frontage	Highway 56	Flood Zone	C
Shape	Rectangular	Encumbrance or Easement	None Reported
Utilities	Power	Environmental Issues	None Reported

Comments

This property is located on the south side of Highway 56 and has Highway 56 access and visibility. The site consists of three contiguous parcels that total 10.20 acres and are generally level. The site is rectangular in shape and near grade of adjoining properties. The site has adequate asphalt paved access and will require sewer and water extension. The three parcels were listed separately but sold to the same buyer.



Land Comparable 5



Transaction

ID	1098	Date	12/23/2021
Address	3310 W. 600 N.	Price	\$1,649,900
City	Cedar City	Price per Acre	\$41,248
State	UT		
Tax ID	B-1448-0000-0000	Property Rights	Fee Simple
Grantor	Smead Manufacturing Company		
		Verification	Jennifer Davis-Agent, MLS #86407, County Records
Sale Notes	No prior sales noted within past year.		

Site

Acres	40.00	Topography	Generally Level
Land SF	1,742,400	Zoning	I&M-1
Road Frontage	600 North	Flood Zone	B
Shape	Square	Encumbrance or	None Reported
Utilities	To Site	Environmental Issues	None Reported

Comments

This parcel is located directly north of Smead Manufacturing. This site consists of a single parcel that is 40 acres in size, has a square shape, and has a generally level topography that is near grade of adjoining streets and properties. The site has asphalt paved access that will have to be improved with development and all utilities are to the site. The site has soils that are assumed to be capable of supporting development and is located in flood zone B, which is an area of moderate flood hazard. The site has average physical features and appears to be fully usable.



Comparable Sales Location Map





Land Analysis Grid		Comp 1		Comp 2		Comp 3		Comp 4		Comp 5	
Address	4751 W. Highway 56	530 N. 5660 W.		689 N. Airport Rd.		750 N. 1450 W.		Lots 1-3 Block D Thorley Ranch		3310 W. 600 N.	
City	Cedar City	Cedar City		Cedar City		Cedar City		Cedar City		Cedar City	
State	UT	UT		UT		UT		UT		UT	
Date	12/23/2021	7/1/2021		4/13/2021		9/28/2020		9/22/2020		12/23/2021	
Price	--	\$650,000		\$450,000		\$482,160		\$228,000		\$1,649,900	
Acres	72.27	27.97		15.00		8.61		10.20		40.00	
Acre Unit Price	\$0	\$23,239		\$30,000		\$56,000		\$22,353		\$41,248	
Transaction Adjustments											
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Financing		Cash Equiv	0.0%	Cash Equiv	0.0%	Cash Equiv	0.0%	Cash Equiv	0.0%	Pending	0.0%
Conditions of Sale		Arm's Length	0.0%	Arm's Length	0.0%	Arm's Length	0.0%	Arm's Length	0.0%	Pending	-10.0%
Expend. After Sale		\$0		\$0		\$0		\$0		\$0	
Adjusted Acre Unit Price		\$23,239		\$30,000		\$56,000		\$22,353		\$37,123	
Market Trends Through	12/23/2021	6.0%	2.8%	4.1%	7.5%	7.5%	7.6%	7.6%	7.6%	0.0%	0.0%
Adjusted Acre Unit Price		\$23,898		\$31,241		\$60,181		\$24,045		\$37,123	
Location	Cedar City	Cedar City-Unincorp.		Cedar City-		Cedar City		Cedar City		Cedar City	
% Adjustment		15%		15%		0%		0%		0%	
\$ Adjustment		\$3,585		\$4,686		\$0		\$0		\$0	
Visibility	Highway 56	Iron Springs Rd.		Airport Road		1450 West		Highway 56		600 North	
% Adjustment		20%		0%		0%		0%		0%	
\$ Adjustment		\$4,780		\$0		\$0		\$0		\$0	
Access	Asphalt	Asphalt		Asphalt		Gravel		Asphalt		Asphalt	
% Adjustment		0%		0%		10%		0%		0%	
\$ Adjustment		\$0		\$0		\$6,018		\$0		\$0	
Acres	72.27	27.97		15.00		8.61		10.20		40.00	
% Adjustment		-10%		-10%		-20%		-10%		-5%	
\$ Adjustment		-\$2,390		-\$3,124		-\$12,036		-\$2,404		-\$1,856	
Topography	Generally Level	Generally Level		Generally Level		Generally Level		Generally Level		Generally Level	
% Adjustment		0%		0%		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0		\$0		\$0	
Shape	Irregular	Irregular		Rectangular		Trapezoid		Rectangular		Square	
% Adjustment		0%		0%		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0		\$0		\$0	
Utilities	To Site	To Site		To Site		Partial		Power		To Site	
% Adjustment		0%		0%		10%		15%		0%	
\$ Adjustment		\$0		\$0		\$6,018		\$3,607		\$0	
Zoning	I&M-1	LI		LI		I&M-1		I&M-1		I&M-1	
% Adjustment		0%		0%		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0		\$0		\$0	
Adjusted Acre Unit Price		\$29,872		\$32,804		\$60,181		\$25,247		\$35,267	
Net Adjustments		25.0%		5.0%		0.0%		5.0%		-5.0%	
Gross Adjustments		45.0%		25.0%		40.0%		25.0%		5.0%	

Transactional Adjustments

Transactional adjustments include: 1) real property rights conveyed, 2) financing terms, 3) conditions of sale, and 4) expenditures made immediately after purchase. These items are applied to the application property adjustments.

Property Rights Conveyed

The estimate of market value for the subject property is based on Fee Simple Interest. I have searched for sales that sold under similar conveyance. All sales used in this analysis are Fee Simple Interest with no adjustments required for property rights conveyed.



Terms/Financing

The estimate of market value for the subject property is based on all cash or terms equivalent to cash. All sales used in this analysis were all cash sales or considered equivalent to cash and require no adjustment for financing terms.

Conditions of Sale

Adjustments for condition of sale are typically required if the seller/buyer was atypically motivated which has skewed the sales price. In this case, all the comparables are considered to be market-based transactions with no condition of sale adjustments required. It is noted that Pending Sale 5 is currently under contract. The contract price is unknown and a list to sales price adjustment is made as Pending Sale 5 has been listed for an extended period prior to going under contract, implying a likelihood that the contract price is lower than the list price.

Adjustments for Immediate Expenditures

A knowledgeable buyer considers the needed expenditures to make the site usable because these costs affect the price the buyer agrees to pay. Such expenditures may include: cost to demolish or remove improvements, costs to rezone the property, costs to extend utilities or to improve roadways to the property, etc. None of the comparables required adjustments for expenditures of this nature.

Market Conditions

Market conditions are generally improving in the Iron County area. The outbreak of COVID-19 did create some uncertainty in the market. We have interviewed numerous real estate professionals, market participants, and developers in the area, as well as we have participated in several national webinars. There is clear evidence that the market has not been adversely impacted by the COVID-19 pandemic, rather evidence suggests that the market has appreciated since the onset of COVID-19. Although evidence exists to show that the market has improved since the onset of COVID-19, the market is fluid and can act quickly both rationally and irrationally in the future. Further, all comparables provided in this analysis have sold or will sell since the onset of COVID-19. As the market has improved over the past several years, a 6% per annum market condition adjustment is applied to the comparables. The 6% per annum market condition adjustment is at the lower end of the market data for market conditions.

Physical Characteristics

If the physical characteristics of a comparable property and the subject property differ, each of the differences may require comparison and adjustment to the comparable. The most notable physical differences for comparable sales in the market include:

Location

The subject is located on the western periphery of Cedar City and within Cedar City limits. Sale 1 is located further west of the subject and is located in an unincorporated area of Iron County. Sale 1 is adjusted upwards for its inferior location. Sale 2 is located in a pocket unincorporated area of Iron County and is adjusted upwards for its inferior location. Sales 3, 4, and Pending Sale 5 are all located within Cedar City limits and in a similar and competing location to the subject with no location adjustment required.

Visibility

The subject has frontage and visibility from Highway 56, the primary east/west corridor in the area. Sale 1 is a flag lot located on Iron Springs Road and is adjusted upwards for its inferior visibility. Sales 2, 3, 4, and Pending Sale 5 are all located in an area with similar visibility with no visibility adjustment required. It is noted that Sale 3 has inferior visibility but was purchased by an adjoining property owner that has frontage and visibility from Airport Road and therefore does not require a visibility adjustment.

Access

The subject has asphalt paved access. Sales 1, 2, 4, and Pending Sale 5 all have similar asphalt paved access with no access adjustment required. Sale 3 has legal access from a gravel road and is adjusted upwards for its inferior access.



Acres

In general, smaller parcels tend to sell for a higher unit of measure than larger parcels. This is consistent with the general economic theory of marginal utility. The higher price results in fewer available buyers who either need the property or can afford it. This reduced demand results in a slightly lower price per unit of measure. The subject site is 72.27 acres in size, which is much larger than most users require. As such, the subject is likely to be subdivided into smaller phases and/or parcels. I made an effort to provide larger industrial sales with the largest industrial land sales being provided. Even with searching specifically for larger industrial sites, I was unable to find a single comparable that was as large or larger than the subject. As such, all comparables are smaller in size and are adjusted downwards for their superior site size respectively.

Topography

The subject and all comparables have a generally level topography with no topography adjustment required.

Shape

The subject has an irregular shape but is large enough that the shape does not adversely impact the site. The comparables vary in terms of shape but all are large enough that their respective shape does not adversely impact their development potential with no shape adjustment required.

Utilities

As noted throughout this appraisal report, the subject will require sewer extension and a lift station. In the table above, the subject indicates that all utilities are to the site. I have noted that the subject has all utilities because the majority of the comparables have sold with all utilities. Therefore, after determining a value for the subject as if all utilities are available, I will deduct the estimated cost to extend the sewer lines, lift station and account for associated risk and entrepreneurial incentive. Considering all utilities are available to the site in this analysis is the most accurate way of analyzing the property. As such, Sales 1, 2 and Pending Sale 5 have all utilities to their respective sites and do not require any adjustment. Sales 3 and 4 will require utility extension and are adjusted upwards respectively.

Zoning

The subject and all comparables have the same or similar zoning classification with no zoning adjustment required.

Conclusion

All the comparables have strengths and limitations, yet as a whole are good representations of the market. Before adjustments, the comparables range from \$22,353/acre to \$56,000/acre. After adjustments, the comparables narrow from \$25,247/acre to \$60,181/acre with an average of \$36,674/acre and median of \$32,804/acre.

Sale 1 is the most recent sale, is located in an inferior location, has an inferior visibility, smaller site size, similar physical features, and a similar zoning. After adjustments, Sale 1 indicates a rate near the middle to lower end of the range and a rate that is lower than what is likely for the subject. Sale 2 is located in an inferior location, has a similar visibility, smaller site size, similar physical features, and a similar zoning. After adjustments, Sale 2 indicates a rate near the middle of the range and a rate that is near what is likely for the subject. Sale 3 is located in a similar location, has a similar visibility, inferior access, smaller site size, similar physical features, inferior utilities, and a similar zoning. After adjustments, Sale 3 establishes the high end of the range and indicates that is higher than what is likely for the subject. Sale 4 is the oldest sale provided, is located in a similar location, has a similar visibility, smaller site size, similar physical features, inferior utilities, and a similar zoning. After adjustments, Sale 4 establishes the low end of the range and indicates a rate that is lower than what is likely for the subject. Pending Sale 5 is currently under contract, is located in a similar location, has a similar visibility, smaller site size, similar physical features, and a similar zoning. After adjustments, Pending Sale 5 indicates a rate near the middle of the range and a rate that is near to slightly higher than what is likely for the subject.



Based on the data and analysis above, my interviews with real estate professionals and market participants, and considering the location, visibility, site size, physical features, utilities, and zoning of the subject site, market value of the subject site 'as if' all utilities are available is concluded at **\$32,000/acres** or **\$2,312,640**.

Sewer Line Extension and Lift Station

This appraisal report relies on the extraordinary assumption that Cedar City sewer lines can be extended to the site. According to Mr. Jonathan Stathis, Cedar City Engineer, a lift station will be required for use of sewer lines. I have estimated the cost of the lift station and sewer line extension to be \$300,000 based off my conversations with Mr. Stathis and developers in the area. Although sewer line extension and a lift station has an estimated cost of \$300,000, most sophisticated market participants will also consider additional risk and entrepreneurial incentive. In this analysis, I have estimated that a sophisticated market participant would discount the estimated cost of the sewer line and lift station 10% for associated risk and 10% for entrepreneurial incentive. Applying 10% for associated risk and 10% for entrepreneurial incentive indicates and additional discount of \$60,000 (\$30,000 associated risk and \$30,000 entrepreneurial incentive). Thus, the total deduction for the cost to extend the sewer line and installation of a lift station is **\$360,000**, which is deducted from the conclusion of the site as if all utilities are available.

Conclusion

Based on the data and analysis above, my interviews with real estate professionals and market participants, and considering the location, visibility, site size, physical features, utilities, and zoning of the subject site, market value of the 'as is' Fee Simple Interest of the subject site is concluded at **\$1,955,000 (Rd)**, as shown in the table below:

Land Value Ranges & Reconciled Value				
Number of Comparables:	5	Unadjusted	Adjusted	% Δ
Low:		\$22,353	\$25,247	13%
High:		\$56,000	\$60,181	7%
Average:		\$34,568	\$36,674	6%
Median:		\$30,000	\$32,804	9%
Reconciled Value/Unit Value:			\$32,000	
Subject Size:			<u>72.27</u>	
Subtotal - Including Utilities			\$2,312,640	
Less - Sewer Extension and Lift Station:			<u>(\$360,000)</u>	
Indicated Value:			\$1,952,640	
Reconciled Final Value (Rd):			\$1,955,000	
One Million Nine Hundred Fifty Five Thousand Dollars				



Addenda

Glossary of Terms

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

Appraisal Practice – Valuation services performed by an individual acting as an appraiser, including but not limited to appraisal and appraisal review.*

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

Appraiser – One who is expected to perform valuation services competently and in a manner that is independent, impartial, and objective.*

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

Assignment – A valuation service that is provided by an appraiser as a consequence of an agreement with a client.*

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

Cash-Equivalent Price – The price of a property with nonmarket financing expressed as the price that would have been paid in an all-cash sale.

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

Cost – The actual or estimated amount required to create, reproduce, replace, or obtain a property.*

Effective Date – The date to which an appraiser's analyses, opinions, and conclusions apply; also referred to as date of value.*

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

Expert Witness – (1) A person qualified to give expert testimony. (2) A witness qualified by knowledge, skill, experience, training, or education to provide a scientific, technical, or other specialized opinion about the evidence or a fact issue. Also termed *skilled witness*.

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

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



Feasibility Analysis – A study of the cost-benefit relationship of an economic endeavor.*

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

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

Full Service Lease (Gross Lease) – A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses.

Gross Building Area (GBA) – Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.

Highest and Best Use – The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

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

Insurable Value – A type of value for insurance purposes.

Intended Use – The use(s) of an appraiser's reported appraisal and appraisal review assignment results, as identified by the appraiser based on communication with the client at the time of the assignment.*

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

Investment Value – The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market.

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

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

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

Market Conditions – An element of comparison in the sales comparison approach; comparable properties can be adjusted for differences in the points in the real estate cycle at which the transactions occur. Sometimes called a *time adjustment* because the differences in dates of sale are often compared, although that usage can be misleading because property values do not change merely as the result of the passage of time.

Market Rent – The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restriction of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).



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

Market Value of the Going Concern – The market value of an established and operating business including the real property, personal property, financial assets, and the intangible assets of the business.

Marketing Time – An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.

Modified Gross Lease – A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a *double net lease*, *net net lease*, *partial net lease*, or *semi-gross lease*.

Net Lease – A lease in which the landlord passes on all expenses to the tenant.

Personal Inspection – A physical observation performed to assist in identifying relevant property characteristics in a valuation service.*

Physical Characteristics – Attributes of a property that are observable or measurable as a matter of fact, as distinguished from opinions and conclusions, which are the result of some level of analysis or judgment.*

Price – The amount asked, offered, or paid for a property.*

Prospective Market Value “As Complete” and “As Stabilized” – A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report. Prospective value opinions are intended to reflect the current expectations and perceptions of market participants, based on available data. Two prospective value opinions may be required to reflect the time frame during which development, construction, and occupancy will occur. The prospective market value-as completed-reflects the property's market value as of the time that development is expected to be completed. The prospective market value-as stabilized-reflects the property's market value as of the time the property is projected to achieve stabilized occupancy. For an income-producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties.

Real Estate – (1) An identified parcel or tract of land, including improvements, if any.* (2) Land and all things that are a natural part of the land (e.g., trees, minerals) and things that have been attached to the land (e.g., buildings and site improvements) and all permanent building attachments (e.g., mechanical and electrical plant providing services to a building) that are both below and above the ground.

Real Property – The interests, benefits, and rights inherent in the ownership of real estate.*

Relevant Characteristics – Features that may affect a property's value or marketability such as legal, economic, or physical characteristics.*

Rentable Area – For office or retail buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice.



Report – Any communication, written or oral, of an appraisal or appraisal review that is transmitted to the client or a party authorized by the client upon completion of an assignment.*

Scope of Work – The type and extent of research and analyses in an appraisal or appraisal review assignment.*

Usable Area – For office buildings, the actual occupied area of a floor or an office space; computed by measuring from the finished surface of the office side of corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Sometimes called *net building area* or *net floor area*.

Use Value – The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Use value may or may not be equal to market value but is different conceptually.

Value – The monetary relationship between properties and those who buy, sell, or use those properties, expressed as an opinion of the worth of a property at a given time.*

* *Uniform Standards of Appraisal Practice (USPAP).*



Qualifications and Resume

Cody Hymas, MAI, SRA

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Cedar City, Utah 84720

(435) 313-1444

cody@hymasappraisal.com

Experience

Hymas & Associates/Owner

2018-Present

General Certified Appraiser

Cedar City, Utah

- Routinely complete appraisal reports including: easement, sale, lease, condemnation on various residential, commercial, industrial, retail, subdivision, vacant land and agriculture land
- Completed and prepared hundreds of economic and market analyses for the Southern Utah and Nevada areas, to denote the highest and best uses of the land basis on changing market and economic climates
- Performed more than 100 complex commercial appraisal assignments with analyzation of operating and financial statements
- Managed and maintained demanding deadlines and diverse clients in a positive, professional, and time sensitive manner
- Provided expert advice and guidance to staff and appraisers about USPAP and best appraisal practices

Morley and McConkie Appraisals and Consulting

2014-2018

General Certified Appraiser

Cedar City, Utah

- Perform hundreds of highly complex and controversial commercial real estate appraisals
- Perform detailed reviews of appraisals to determine whether appraisal principles techniques and procedures are used properly, and if appraisals conform to federal laws and regulations
- Consistently engage with local and state governments concerning land laws, regulations, zoning requirements, and ordinances, in order to complete assignments most accurately and reliably
- Frequently utilize automated statistical and analytic analysis to complete appraisal reports

Valbridge Property Advisors / Auble, Jolicoeur & Gentry, Inc.

2012-2014

General Certified Appraiser

Spokane, Washington

Morley & McConkie Appraisal and Consulting

2008-2012

General Certified Appraiser

St. George, Utah

Education

Over 500 total hours of Real Estate Appraisal Education including:

2001-Present

- National USPAP Update 2020-2021
- Complex Litigation Appraisal Case Studies
- Unconscious Bias Virtual Session for the Appraisal Foundation
- St. George Symposium 2020
- The Appraiser as an Expert Witness: Preparation & Testimony
- Condemnation Appraising: Principles & Applications
- Using Spreadsheet Programs in Real Estate Appraisals
- Introduction to Green Buildings: Principles & Concepts
- Online Forecasting Revenue
- County Board of Equalization Hearing Officer Training
- Residential and Commercial Valuation of Solar
- Nevada Appraisal Law
- Supervisory Appraiser / Appraiser Trainee Course
- General Demonstration Report Writing



- Advanced Concepts and Case Studies
- Advanced Market Analysis & Highest and Best Use
- Advanced Income Capitalization
- General Appraiser Site Valuation and Cost Approach
- New Residential Market Conditions
- Statistics Modeling and Finance
- General Appraiser Market Analysis & Highest and Best Use
- General Appraiser Report Writing and Case Studies
- General Appraiser Sales Comparison Approach
- General Appraiser Income Approach Part 1 and Part 2
- Business Practices and Ethics
- Scope of Work

Qualifications

- Certified General Appraiser – State of Utah Department of Commerce – License #5504978-CG00

Membership / Affiliations

- MAI Designated Member Appraisal Institute
- SRA Designated Member Appraisal Institute
- Appraisal Institute Utah Chapter Education Committee Member - 2015

Expert Witness Testimony

- Qualified as Expert Witness in Utah District Court
- Retained on Numerous Disputed Cases that Settled Prior to Court

Property Types Appraised:

Apartments, Churches, condominiums, dormitories, easements, flex industrial, golf and country clubs, hotels, land development, agriculture, leasehold interest, medical clinics, offices, office/warehouse, recreational clubs, residential subdivisions, resorts, restaurants, retail, special purpose properties, vacant industrial, commercial and residential land, veterinary clinics, warehouses, water rights.

Assignments also include arbitration, environmental contamination, feasibility and market studies, litigation, partial interests/easements and special benefit studies.

License

