SELF CONTAINED APPRAISAL REPORT

UTAH STATE PRISON SITE

680.6 Acres
Located at:
14425 South Bitterbrush Lane
Draper, Utah

DATE OF VALUATION
August 20, 2013

REPORT # UT01-13-0586-000

PREPARED FOR
Alan S. Bachman
Office of the Attorney General
State Agency Counsel Division
c/o DFCM Room 4110
State Office Building
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January 23, 2014

Alan S. Bachman
Office of the Attorney General
State Agency Counsel Division
c/o DFCM Room 4110
State Office Building
Salt Lake City, UT 84114

RE: Highest and Best Use Analysis, "As Is" valuation and a hypothetical Investment Value "As If Master Planned and Improved with Backbone Infrastructure", valuation of 680.6 acres known as the "State Prison Land", Draper, Utah

Dear Mr. Bachman:

At your request, we have prepared the following self-contained analysis and appraisal report on the above- referenced property. The valuation date is August 20, 2013. We have delayed final delivery of the report, pending completion of a full site analysis by MGT. The intended use of the report is for an aid in disposition of the site. The purpose of this appraisal assignment is as follows:

- Identify and Analyze Complementary Highest and Best Uses
- Establish "As Is" Market Value Estimate of the Site
- Establish Hypothetical Investment Value "As If Master Planned and Improved with Backbone Infrastructure"

The report has been prepared in a self-contained format as defined by USPAP Standards Rule 2-2(b). This type of written report presents a full discussion of the data and analyses that are employed in the appraisal process to develop an opinion of value.

The appraisal report has been prepared in a manner to conform to the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards of the Appraisal Foundation.

The subject consists of approximately 680.6 acres, based on a Google Maps analysis conducted by Greg Peay of the DFCM. It is noted that an official survey was not provided for this appraisal. Neither have planning and engineering been conducted to identify specific uses and costs. As such, the purpose of this report is to conduct a market analysis and identify general value scenarios that will enable the state to understand how to extract maximum value from the property. It is noted that 68.7 acres of the subject are owned by UDOT and 60.7 acres are under a use agreement with the FFSL. Regardless of these issues, the parcels are included, based on statute cited by the Utah State Attorney General's office, which states,

"'*Current prison land' means all the land owned or controlled by the state on which the current prison is located or that is contiguous to and surrounding the current prison, including land owned by the Utah Department of Transportation but not used by the Utah Department of Transportation for a right-of-way."*

It is important for a reader to understand that the value concluded is under the extraordinary assumption of fee simple value, free of any leases or other encumbrances. The costs associated with settling any use agreements or other impediments to development are not addressed in this report. Any unidentified encumbrances could affect the final value conclusion.

It is also noted that the subject property is potentially impacted by archeological sites. We spoke with Mr. Arie Leeflang of the *Utah Division of State History* to ascertain whether any known sites are located on the subject property. We sent a map of the subject to Mr. Leeflang for analysis. Mr. Leeflang indicated that a site is located near the subject property on the north side of Bangerter Highway and to the west of the railroad tracks. Mr. Leeflang observed that inasmuch as all of the subject property is located on the east side of the railroad tracks, it does not appear that it includes known sites, most of which are associated with historic canals. If archeological sites are discovered on the subject property at some point, they could have a substantial impact on the value. This report is being completed under the extraordinary assumption that the value won't be affected by current leases or use agreements, nor any archeological sites that may be found on the subject property.

In the valuation process, the sales comparison and income or "development approach" to value have been expanded. The cost approach was not developed because the lots and land are vacant.

Based on input from state officials it appears likely that the state will master plan the subject parcel and sell it in phases. As a result, in addition to an "As Is" value, we have generated a Hypothetical Investment Value "As If Master Planned and Improved with Backbone Infrastructure". After careful consideration of the information and analysis contained within this report, we are of the opinion the subject property has the following estimated values:

"As Is" Value	$	51,300,000
Hypothetical Internal Investment Value "As If Master Planned and Improved with Backbone Infrastructure"	$	130,000,000
Projected Absorption Period		5 years

The following appraisal report provides supporting data, assumptions, and justifications for our final value conclusions. The appraisal is made subject to the general assumptions and limiting conditions stated at the end of the report.

<u>It is noted that the definition of "market value" assumes an all cash sale. Due to the extreme scarcity of high risk capital in today's economy there is little demand for cash purchases of large parcels, as indicated by the lack of such sales in recent years. While the "as is" value conclusion is considered to be reliable, this report in no way prohibits the state from negotiating a higher sale price based on changing market conditions and intensity of uses.</u>

Please call if there are any questions.

Respectfully submitted,

VALBRIDGE | FREE AND ASSOCIATES, INC.

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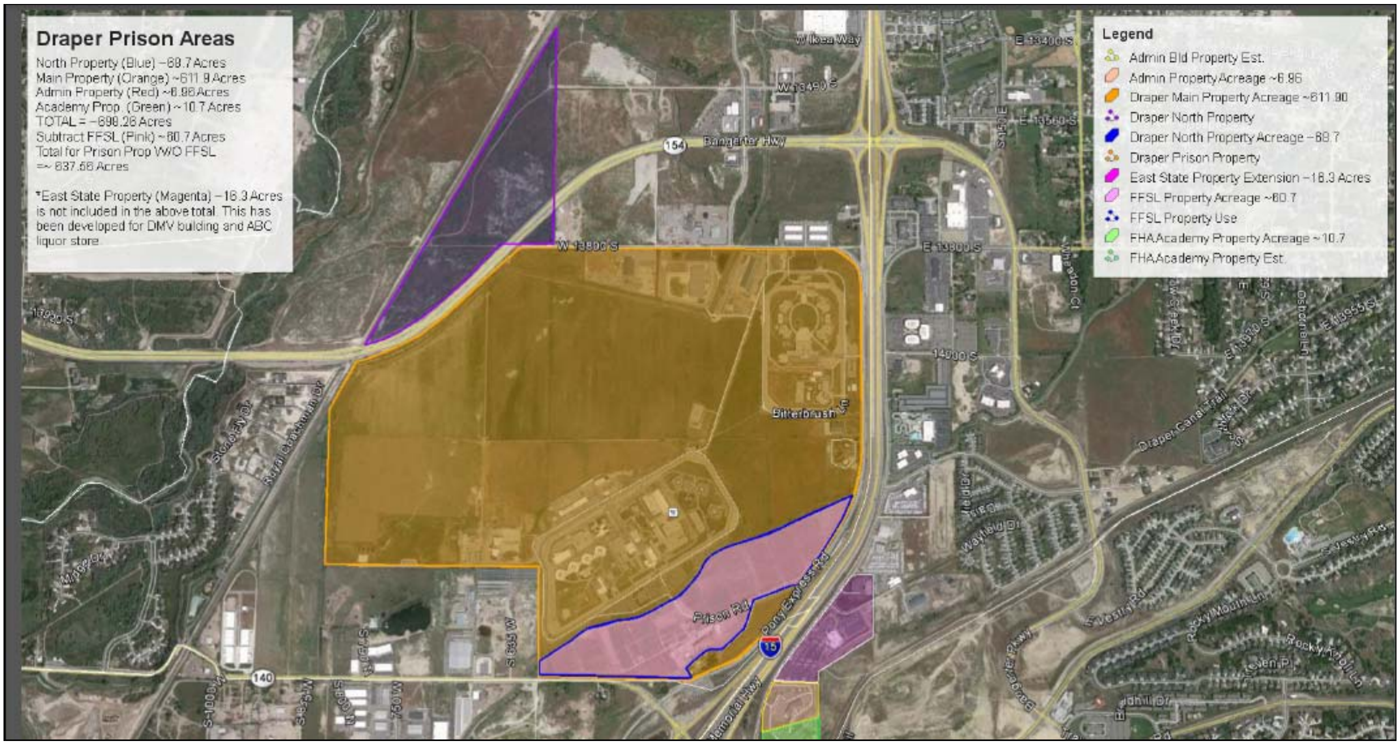

Draper Prison Areas
North Property (Blue) ~68.7 Acres
Main Property (Orange) ~611.9 Acres
Admin Property (Red) ~6.96 Acres
Academy Prop. (Green) ~10.7 Acres
TOTAL = ~698.26 Acres
Subtract FFSL (Pink) ~60.7 Acres
Total for Prison Prop W/O FFSL
=~ 637.56 Acres
*East State Property (Magenta) ~16.3 Acres is not included in the above total. This has been developed for DMV building and ABC liquor store.
Legend
Admin Bld Property Est.
Admin Property Acreage ~6.96
Draper Main Property Acreage ~611.90
Draper North Property
Draper North Property Acreage ~68.7
Draper Prison Property
East State Property Extension ~16.3 Acres
FFSL Property Acreage ~60.7
FFSL Property Use
FHA Academy Property Acreage ~10.7
FHA Academy Property Est.
Bangerter Hwy
W 13800 S
E 13800 S
Bitterbrush Ln
Prison Rd

Subject

EXECUTIVE SUMMARY

General Information

Subject –	680.6 Acres
Location -	14425 South Bitterbrush Lane, Draper, Utah
Tax ID Number(s) –	33-01-300-006, 33-02-200-017, 33-01-100-028
Owner(s) of Record -	State of Utah, Department of Administrative Services Division, FAC Construction and Management
Highest and Best Use	
Land “As If” Vacant -	Master Plan Development
Current Zoning -	MI, A-5, TSD
Purpose of Appraisal -	Estimate market value
Property Rights -	Fee simple estate
Estimated Exposure Time -	12 months

Site Description

Size -	680.6 Acres
Shape -	Irregular
Topography -	Mostly level
Utilities -	All utilities available and adequate for development
Flood Designation -	Floodscape Map # 49035C 0062G, dated 8/2/12 Zone C, area of low flood risk

Appraisal Dates

“As Is” Valuation Date	August 20, 2013
Report Date -	January 23, 2014

Valuation Conclusions

“As Is” Value	$	51,300,000
Hypothetical Internal Investment Value “As If Master Planned and Improved with Backbone Infrastructure”	$	130,000,000
Projected Absorption Period		5 years

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GENERAL INFORMATION

Identification of the Assignment

Client - The client, who engaged our services on June 20, 2013, is Alan Bachman of The Office of the Attorney General.

Intended User(s) - The intended user of this appraisal report is Mr. Bachman, the State of Utah, its affiliates or subsidiaries, other governmental/non-governmental agencies, legal counsel or other transaction participants. There are no other intended users.

Intended Use - The intended use of this appraisal is to provide the client with master plan models and an opinion of value for use in asset disposition.

Purpose of the Appraisal - The purpose of this appraisal assignment is to analyze the subject property and determine an opinion as to the following:

- Identify and Analyze Complementary Highest and Best Uses
- Establish "As Is" Market Value Estimate of the Site
- Identify Hypothetical Investment Value "As If Master Planned and Improved with Backbone Infrastructure"

Date of the Appraisal – The effective date of the appraisal is August 20, 2013, which is also when the inspection of the subject's property was conducted by the appraisers. The date of the report or completion date is January 23, 2014.

Property Rights Appraised - The subject parcels have fee simple estate property rights.

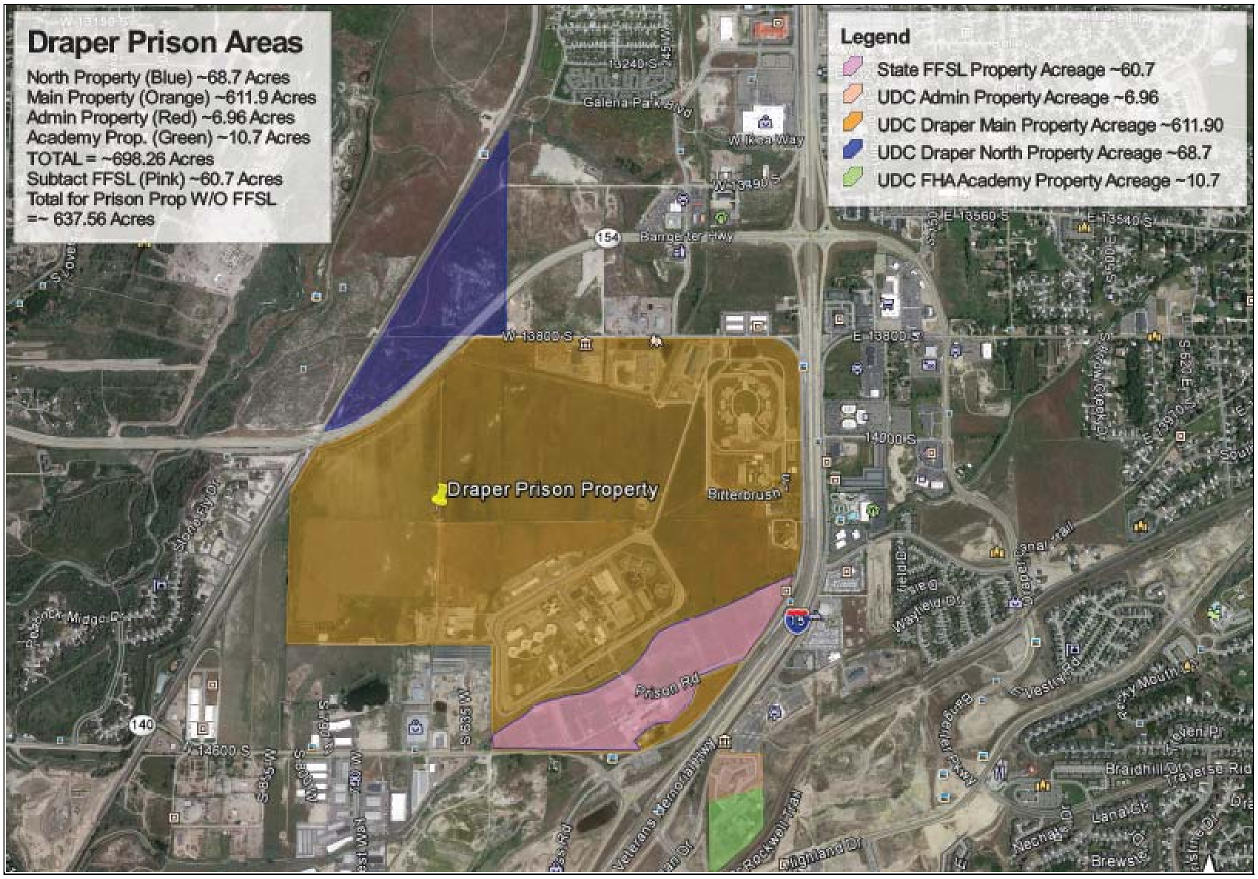
Extraordinary Assumptions/ Hypothetical Conditions

As of the date of valuation, the subject parcels are zoned MI, TSD, A-5 and have prison improvements. The values identified herein are based on the hypothetical condition that the property is vacant and that zoning has been changed to accommodate the identified highest and best uses.

Estimated Exposure Time

We have talked with a number of local real estate agents to get an indication of the demand and exposure period required for the successful sale of the subject in the current marketplace. Based on this, we have projected a 12 month exposure period.

Identification of the Property



The subject parcels are identified by the Salt Lake County Assessor's Office as parcels #33-01-300-006, #33-02-200-017 and #33-01-100-028. Inasmuch as the primary (orange) parcel includes other parcels that are not the subject of this report, and that a current survey had not been conducted on the subject parcels, the above analysis was conducted by Greg Peay of the DFCM, using Google Maps. While this does not represent a precise analysis, it is believed to be a reasonable representation of the approximate size of the subject. The actual size was determined as follows:

"Main Property" (Orange and Pink)	611.9 Acres
"North Property" (Blue)	68.7 Acres
TOTAL	680.6 Acres

Statement of Ownership - According to the Salt Lake County Recorder's Office, the title to the subject "Main Property" is currently vested in the name of State of Utah, Department of Corrections, while the "North Parcels" are vested in the name of the Utah Department of Transportation.

Address of the Subject - The subject address is 14425 South Bitterbrush Lane, Draper, Utah.

HISTORY OF THE PROPERTY

Purpose - The purpose of this section is to track the recent sales history of the subject properties in order to assist in the process of developing a value conclusion. It is noted that Utah is a non-disclosure state. As such, detailed information is often very difficult to obtain. However, every effort has been made to ascertain relevant information regarding each transaction over the past three to five years.

The subject properties have been owned by Utah state agencies for many years. There have been no sales or listings of the subject properties within the last five years.

SCOPE OF WORK

Inspection: We inspected the subject property on August 20, 2013, with the assistance of the Deputy Warden, who drove us around the site. We also inspected the western boundary from the Frontage Road and the northern boundary from Bangerter Highway and adjoining streets**.**

Highest and Best Use: We have conducted a complete analysis of the site, identifying likely entitlements. We met with Draper City Manager, David Dobbins, Assistant City Manager, Russell Fox and Community Development Director Keith Morey regarding likely zonings and permissible uses. We also considered physically possible uses and conducted detailed evaluations regarding the financial feasibility of various use options. Finally, we evaluated the relationships between the various uses and concluded a maximally productive plan that would yield the highest values for the overall parcel.

"As Is" Value Estimate and Data Researched: We performed an extensive investigation in the local marketplace and of market conditions for valuation of the various uses proposed for the subject property. We have analyzed comparable data of other transactions that have occurred in the subject's market. Our valuation research included, but was not limited to, talking with city and county officials, real estate brokers, appraisers, and local property owners. Any sales data used in this report has been verified with a responsible party. Utah is a non-disclosure state; therefore, information used in this report is as reliable as practical.

Hypothetical Investment Value "As if Master Planned and Improved with Backbone Infrastructure" Estimate: We conducted extensive market research, identifying the relationship between inventories and demand levels of various land uses to arrive at conclusions regarding market conditions and absorption rates. We then analyzed carrying costs and utilized discounted cash flow techniques to establish a Investment Value as if Master Planned considering the various uses.

Valuation Approaches: In the valuation process, three approaches are usually considered when developing an opinion of value: (1) cost approach; (2) sales comparison approach; and (3) income approach. Inasmuch as improvements had not been engineered for the proposed uses, the cost approach was not expanded. The income approach and sales comparison approach were the applicable approaches utilized in the analysis.

Report Format: This is a self-contained appraisal report in accordance with Standards Rule 2-2(b) of the *Uniform Standards of Professional Appraisal Practice*. All applicable approaches to value have been expanded and evaluated; the report presents full discussions of the data, reasoning and analyses that were used to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning and analyses is retained in the appraisers' files. The depth of discussion contained within this report is specific to the needs of the client and for the intended use stated.

Conforming Requirements - The appraisal report has been prepared in a manner to conform to the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards of the Appraisal Foundation.

DEFINITIONS

The following selected definitions were obtained from the following sources:

- The *Dictionary* of Real Estate Appraisal, Fifth Edition, Appraisal Institute, Chicago Illinois, 2010.
- The *Appraisal of Real Estate*, Thirteenth Edition, Appraisal Institute, Chicago Illinois, 2008 (13^{th} Edition).
- *Federal Register*, Volume 55, Number 163, (August 22, 1990)
- Glossary of the *Uniform Standards of Professional Appraisal Practice*, 2010-2011.
- Appraisal Policies and Practices of Insured Institutions and Service Corporations, Federal Home Loan Bank Board, "*Final Rule,* December 21, 1987.

"As Is" Premise

Market Value "as is" on appraisal date means an estimated of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications, as of the date the appraisal is prepared.

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.

Highest and Best Use

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition 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 each 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;
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.

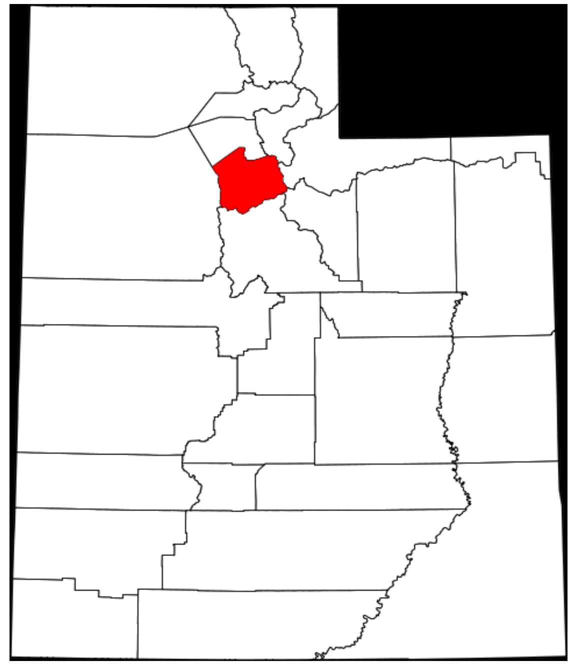
Substitution
The appraisal principle that states when several similar or commensurate commodities, goods, or services are available, the one with the lowest price will attract the greatest demand and widest distribution.

Extraordinary Assumption
An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions.

Hypothetical Condition
That which is contrary to what exists, but is supposed for the purpose of analysis.

Papered Lots
This refers to fully engineered and entitled plats that have been approved by all applicable regulatory agencies and are either recorded or ready for recording. The concept also implies public access to the plats and a full complement of utilities to the property.

AREA ANALYSIS - REGIONAL AND COUNTY DATA



The subject property is located in northern Utah within the boundaries of Salt Lake County. The metropolitan area of Salt Lake County is the largest population, transportation, and business center in the state of Utah. Salt Lake is the financial center for the Intermountain Region, which encompasses all of Utah, southern Idaho, southwestern Wyoming, and eastern Nevada. Salt Lake County is part of a four-county area that is commonly known as the Wasatch Front.

About 76 percent of the state population resides within the Wasatch Front area of northern Utah, an urbanized corridor that stretches nearly 100 miles along the base of the Wasatch Mountains, with the cities of Provo and Orem to the south, Ogden to the north, with Salt Lake City lying equidistant in the middle.

The following is an overview of the four forces (environmental, social, governmental, and economic) that interact in the marketplace and exert influence on supply and demand that affects and assists in determining real property values.

Environmental Considerations - These influences take into account the geographic setting, constraints imposed by natural terrain, fabricated barriers, climate, soil conditions, transportation linkages, and servicing ability of the regional infrastructure.

Salt Lake County encompasses about 769 square miles overlaying the Salt Lake Valley, bordered by the Wasatch Mountains to the east, the Oquirrh Mountains on the west, and the Great Salt Lake to the northwest. The elevation varies from 4,205 to about 4,230 feet above sea level within the valley and along the shore of the Great Salt Lake, rising into the steeper mountainous terrain of the Wasatch Mountains and 11,051-foot peak of Sugarloaf Mountain at the Alta Ski Resort.

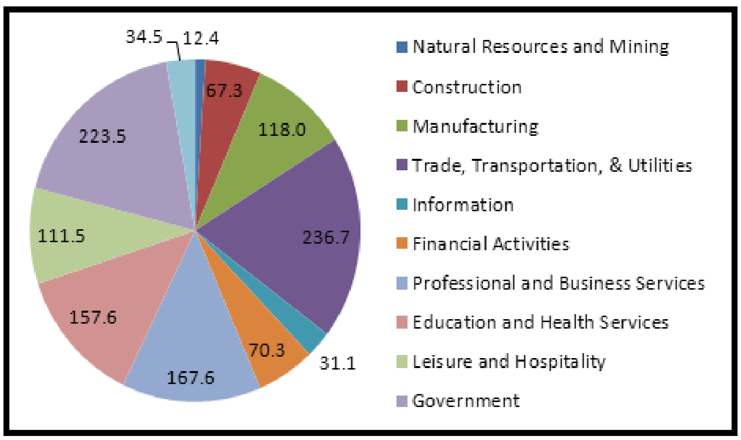
Interstate 15 (north/south) and Interstate 80 (east/west) are the primary transportation corridors in the state and intersect in Salt Lake City. These routes are augmented by Interstate 84 (an east/west link between Interstate 80 at Echo Junction and Interstate 15 at Ogden) and Interstate 70, which extends east from Interstate 15 near Cedar City through the central-east portion of the state. Other components of the transportation infrastructure include Salt Lake City International Airport, three major railroads, and numerous interstate transport service companies.

The Utah Transit Authority (UTA) operates scheduled bus routes throughout the Wasatch Front region, in addition to light-rail (TRAX), and commuter rail (FRONTRUNNER). The TRAX light-rail network includes a 16-mile mainline that runs from the Salt Lake Intermodal Center to Sandy, with spur line extensions that connect to the University of Utah, West Valley Civic Center, and Daybreak community in West Jordan. Two additional spur lines extend service to Salt Lake International Airport and Draper. The Sugar House Streetcar line runs east from the Central Pointe TRAX Station approximately two miles along the historic rail corridor, terminating at the Sugar House commercial district near Highland Drive. The FRONTRUNNER commuter trains have operated on 44 miles of track between the Salt Lake Intermodal Center and Ogden Intermodal Center for several years; however, with the completion of a 45-mile southerly extension to Provo in 2012, rail service expanded to include 15 passenger stations that span the entire Wasatch Front region,

Soil conditions are adequate to facilitate the majority of construction activities. The climate is conducive to substantial residential, commercial, industrial, and business activity, interrupted only occasional by inclement weather. The enforcement of zoning and general plan regulations has created conformity of land use that has positively influenced property values. Overall, the environmental considerations are favorable.

Economic Considerations - Economic forces affect the relationships between the demand for and supply of goods and services, and the ability of the population to acquire what it needs or demands. Factors of influence include the composition of the work force, diversity of industry, competition, the supply and availability of real estate and other necessary or desired goods and services.

Utah's workforce added 28,800 jobs over the past year, a 2.4 percent gain that increased the employment base to 1,230,500 persons. The unemployment rate for the state stood at 4.6 percent as of May 2013, with Salt Lake County slightly lower at 4.1 percent, which compares favorably with the national rate of 7.6 percent as of May 2013. Total employment in Utah as of this date was estimated at 1,336,500.



The economic base is fairly diversified and unemployment levels are low with no single employer predominant in the local work force, with the exception of the University of Utah. This is beneficial, since a major employer cannot adversely affect the local economy and local real estate values by laying-off a large number of workers.

All of Utah's private sectors continued to add jobs over the past year, increasing employment by 46,200 for a 3.6 percent job growth rate. Employment in the government sector declined by 2,900 positions, indicating the bulk of Utah's employment growth is occurring within private sector businesses. Building Construction was the most robust, with a year-over growth rate of 28.9 percent, adding 4,100 jobs. The much larger service-producing side of the economy (83.7 percent of all employment) had employment gains of 3.6 percent over the past year, adding 37,000 jobs.

Median household income in Utah is $59,857, ranking it 8th nationally; however, the per capita personal income is only $32,473, which ranks 45th nationally. This disparity is caused by an average household size of 3.10 persons, the highest in the nation.

Historically, Utah's economy has recovered more rapidly following a period of recession compared to that of the nation and this pattern is evident in the current recovery. While the expansion is gaining strength, the global financial crisis that began in 2008 continues to influence economic growth throughout the nation. According to the Utah Economic Report to the Governor, employment is forecast to increase by 3.6 percent through 2013.

Following a period of declining property values, the real estate markets (both residential and non-residential) has stabilized and are generally rising in values. Demand for new commercial and industrial tenancies is growing, evidenced by emerging new construction activity, and increasing availability of financing. Overall, the economic factors indicate mostly positive influences and rising occupancy levels for the future.

Social Considerations - Social influences are reflected in the demographic composition of the population base, community preferences, socio-economic issues, availability of cultural and recreation amenities, and the impacts of anticipated change.

Salt Lake County had a July 2011 population estimated at 1,063,842 persons, according to the Census Bureau. This represents 37.3 percent of the state's 2,855,287 persons. Four of the five largest cities in the state (Salt Lake City, Sandy City, West Valley City, and West Jordan City) are located in Salt Lake County. The population of Salt Lake County and the Wasatch Front region is forecast to have annual growth through 2050 averaging 1.5 percent, which is slightly below the statewide projection of 1.9 percent.

According to the Utah State Education Office, Salt Lake County has 150 elementary schools, 36 junior high schools, and 23 high schools. Utah is at the very bottom of the nation in per-pupil expenditures, 48th place in average teacher wages and has the highest student/teacher ratio in the nation; however, 10 percent more Utah public school students pass AP tests than the national average. Additionally, Utah public school students' average composite score on the ACT test in 2010 was 21.8 compared to 21 for the nation. Numerous colleges and universities serve the Salt Lake area including the University of Utah, Brigham Young University, Weber State University, Utah State University, Utah Valley State College, and Westminster College. Education is a priority in the state and Utah ranks fifth nationally in the educational attainment of its population over the age of 25, with 91.0 percent having graduating high school and 29.4 percent holding a bachelor's degree or better. The resulting local work force is generally better educated than the national average and this provides a positive benefit to local businesses.

Utah has an unusual demographic profile compared to other states. Utahns, on average, are younger, live longer, have higher fertility rates, and have more persons per household. The following are illustrative traits disclosed by the 2010 Decennial Census:

- Utah's residents have a median age of 27.9 years, which is the youngest of all the states and well below the national average (35.2 years). In addition, it has the highest household size in the nation (3.13 persons).

- Utah’s school age children (5 to 17 years) accounted for 22.8 percent of the total population, also one of the highest shares in the nation. The Utah Economic and Business Review has forecast the statewide school enrollment to increase significantly through 2010, with Salt Lake and Utah counties projected to capture 60 percent of the growth.

- Family values and children are of great importance to Utahns. In terms of "child well-being, Utah ranked 9th based on percent low birth weight babies, infant mortality, child death rate, teen deaths (by accident, homicide, and/or suicide), and teen birth rate. The state has the largest percentage of married couples (64.8 percent of households), the highest fertility rate, and lowest ranking of families headed by a single parent.

- Another favorable social influence is the low percentage (10.8 percent) of the population living at or below the national poverty level. This reflects in part local outreach programs and unreported financial assistance the LDS church provides to the community and members in need.

Residents of Utah enjoy an invigorating four-season climate, a moderate cost of living, high-quality education, excellent health care, and outstanding cultural and recreational opportunities. Outdoor activities abound, including downhill and cross-country skiing, snowmobiling, camping, hiking, hunting, fishing, boating, and golf. Utah’s ski resorts are world renowned with eight (Deer Valley, Park City, The Canyons, Brighton, Snowbird, Alta, Solitude, and Snow Basin) located less than 45 minutes from the airport. According to Ski Utah, the Utah ski and snowboard industry contributes over $1 billion dollars to the local economy each year and supports more than 20,000 jobs. The winter season of 2010 - 2011 saw 4.22 million skier visits, an increase of nearly 41 percent since the Salt Lake Olympic Winter Games were held nearly a decade ago.

Governmental Considerations - These factors take into account the direct and indirect influence elected representatives, political action groups, and/or regulating agencies may have in the creation of policies; legislation, or enforcement of matters pertaining to the development process and maintenance of community support facilities (fire/police emergency services, libraries, schools, etc.).

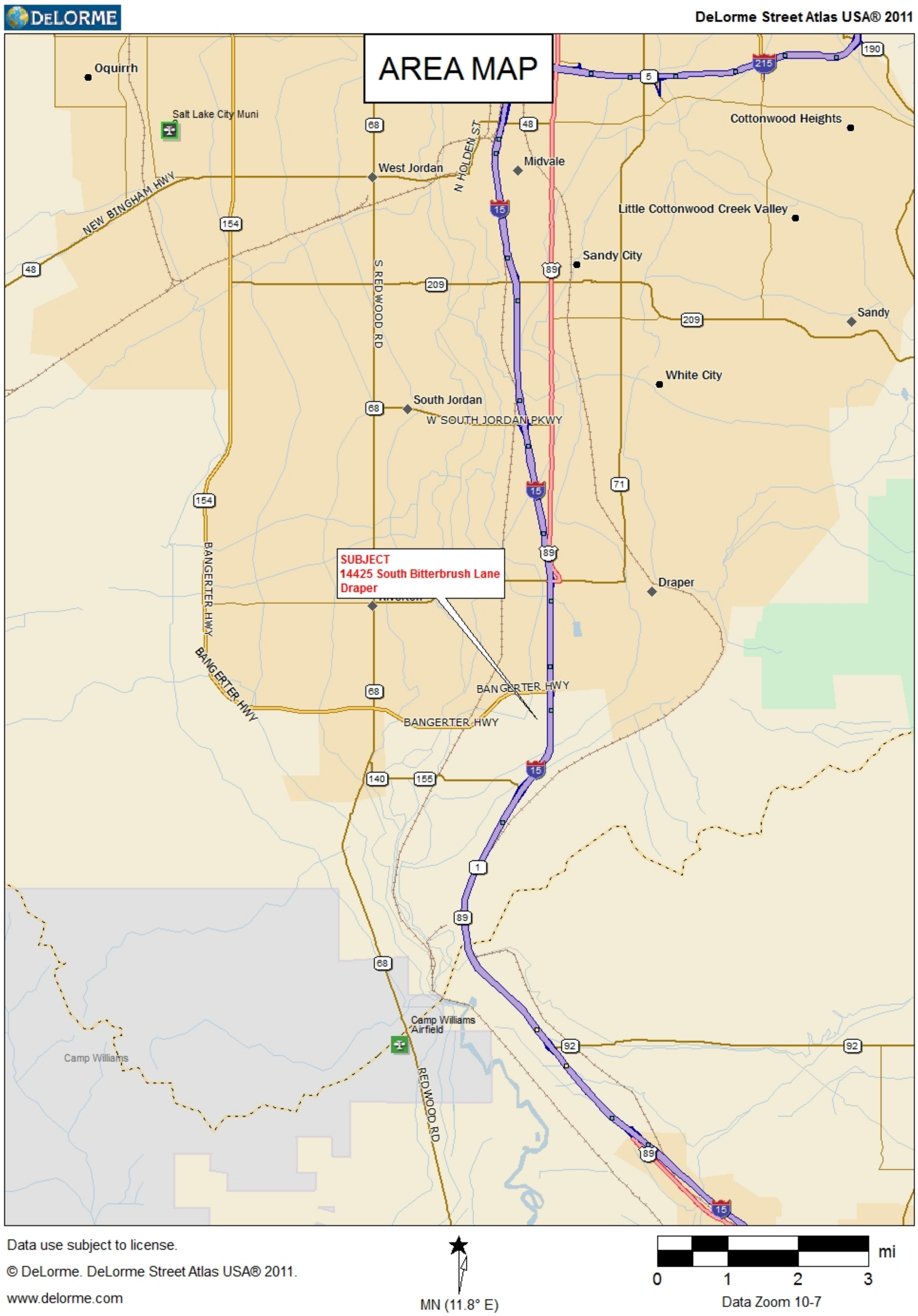
The Utah Association of Governments was empowered to assist the state's 29 counties and local governments with multi-county planning, program integration, and optimization of services. Salt Lake, together with Davis, Weber, Morgan, and Tooele counties are part of the Wasatch Front Regional Council.

In January 2008, "Governing" magazine graded Utah's state government an A minus, the highest grade amongst all states in the nation. Grades were based on four areas of management: money, people, infrastructure, and information. On a local level, the governmental influences are generally favorable with good conformity of land use. Utility costs are reasonable and the level of municipal services is adequate and capable of supporting growth in a controlled manner. Although some inefficiency exists in the coordination of services between the cities and unincorporated county areas, this has not caused a reduction or noticeably increases in the cost of services. Elected governmental officials are mindful of community needs, emphasizing education and family values.

In June 2012, the American Legislative Exchange Council ranked Utah #1 for its economic prospects, marking the fifth consecutive year that Utah led the nation for its mix of tax rates, regulatory burdens, and labor policies that have the greatest impact on economic performance.

Conclusion - Despite the nationwide recession influences of recent years that resulted in losses in employment and economic output, Utah’s s economy has recovered and is showing growth in both its labor force and gross domestic product. Utah’s nominal GDP was estimated at $135.4 billion in 2013. The real estate market has also stabilized and showing signs of strength in the form of new construction activity and rising values.

The fundamentals necessary for a likely strong performance in the future include a well-educated and high-quality work force, an attractive business climate, and a diversified economic structure. These strengths combined with a record-setting investment in transportation infrastructure improvements should continue driving the economy over the next decade. The forecast is for continued growth and repositioning in the residential, commercial, business, and industrial market sectors, with demand driven by a gradual population expansion and strong economic growth. In summary, the economic, social, and cultural advantages available to residents make Utah a very desirable place to live and conduct business.


DeLORME
DeLorme Street Atlas USA® 2011
AREA MAP
SUBJECT
14425 South Bitterbrush Lane
Draper
Oquirrh
Salt Lake City Muni
West Jordan
Midvale
Cottonwood Heights
Little Cottonwood Creek Valley
Sandy City
Sandy
White City
South Jordan
W SOUTH JORDAN PKWY
Draper
NEW BINGHAM HWY
N HOLDEN ST
S REDWOOD RD
BANGERTER HWY
Camp Williams Airfield
Camp Williams
REDWOOD RD
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www.delorme.com
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NEIGHBORHOOD DATA

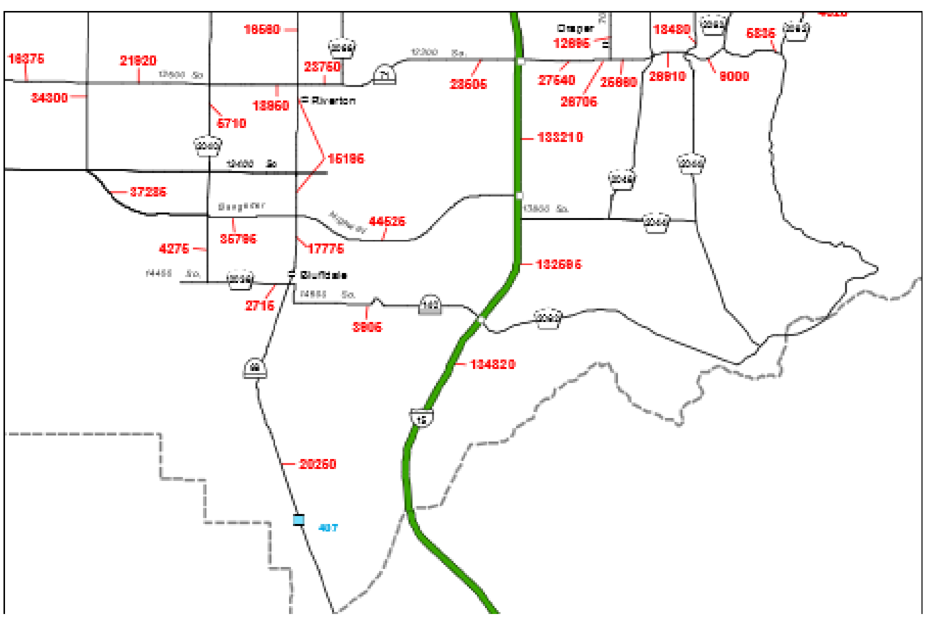
A neighborhood, according to *The Appraisal of Real Estate*, 13th edition, published by the Appraisal Institute, is defined as "a group of complementary land uses."

Neighborhood Boundaries – Based on an analysis of characteristics, traffic patterns and psycho-graphic barriers, the subject neighborhood was determined to have the following boundaries:

North Boundary:	10600 South
South Boundary	Pioneer Crossing Highway
East Boundary:	Wasatch Mountains
West Boundary:	Mountain View Corridor

Description of Neighborhood and Property Uses - The area within the neighborhood boundaries consists largely of residential, commercial, recreational and industrial uses. The general neighborhood is estimated to be 75 percent built up. The majority of the homes range in age from new to over 100 years old and in value from about $150,000 to $1,000,000.

Access, Transportation and Traffic Arteries - Primary access and arteries within the subject neighborhood include I-15, Utah's primary north/south corridor; Bangerter Highway; Salt Lake County's western belt route; State Street, Salt Lake County's historic north/south corridor; Redwood Road, Salt Lake County's historic west side corridor and the Mountain View Corridor; a newly constructed southwest belt route. As noted in the below UDOT map, ADT on I-15 at 14600 South as of 2010, which is the latest traffic count, was 134,820. It is noted that the 68.7 acre subject parcel located north of Bangerter Highway and owned by UDOT is zone TSD. The purpose of this zoning is for a transit station and to promote transit-oriented development.



Source: UDOT

Community Facilities and Service - General community facilities such as schools, retail venues, employment sites, places of worship, medical facilities and recreation centers are disbursed throughout the area. Local services are considered to be adequate for almost any proposed land use. Services provided to the area include street maintenance, garbage pick-up, police and fire protection.

Economic and Real Estate Market Activity - The subject neighborhood was significantly impacted by the housing downturn and national recession of 2008. However, due to Utah’s relatively strong economy, the Wasatch Front housing market has recovered strongly. As of the date of valuation, strong housing demand exists which has absorbed inventories and land values are rising rapidly. Hence, the future of the subject neighborhood is considered to be positive.

The city of Draper is home to the main customer service center of eBay, the tech call center of PGP Corporation, the call center of Musician's Friend, and the headquarters of 1-800 Contacts. Draper is also home to Utah's first Ikea, which opened in spring 2007. The Church of Jesus Christ of Latter-day Saints constructed a temple in Draper that was dedicated on March 20, 2009.

Top Employers – According to Draper City's Comprehensive Annual Financial Report, the top employers in the city are:

#	Employer	# of Employees
1	Utah State Prison	1,000-1,999
2	eBay	1,000-1,999
3	Affiliated Computer Services	500-999
4	1-800 Contacts	500-999
5	Swire Coca-Cola, USA	500-999
6	Investools	250-499
7	Harmons	250-499
8	Musician's Friend	250-499
9	IKEA	250-499
10	Edwards Lifesciences	100-249

Source: Draper City

DEMOGRAPHIC ANALYSIS

To further analyze the defined neighborhood, we have conducted a demographic analysis within its boundaries from data generated by The Nielson Company, one of the largest demographic purveyors in the country.

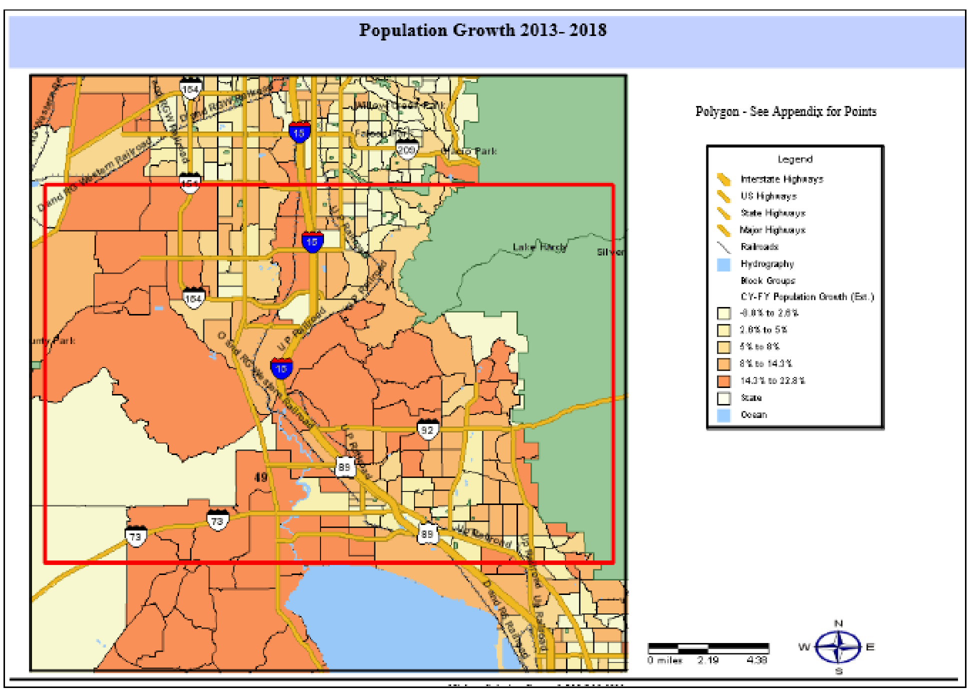
Population – The following population statistics were gathered and analyzed.

2018 Projection	386,938
2013 Estimate	344,828
2010 Census	317,512
2000 Census	176,401

Source: The Nielson Company

The above table estimates the current population of the defined neighborhood to be 344,828 people. It's projected to grow by 42,110 people over the next five years to 386,938 people. This represents an annual growth rate of 2.44 percent, or 8,422 people per year.

Nielson reports an average household size of 3.77. As such, this suggests 2,234 new households per year, or a total of 11,170 homes within the defined neighborhood by 2018. Due to topographical issues in the neighborhood and the fact that much of the land is built out, these projections are believed to be restricted by the limitations of developable land available. As such, the subject property could experience intense demand for housing and commercial development over the next five years.



The above map identifies pockets of growth and identifies those areas that will be restricted because of topographical issues. Many of the areas are already built out.

Population by Age

Description	2000 Census	%	2013 Estimate	%	2018 Projection	%
Population by Age	176,401		344,828		386,938	
Age 0 - 4	19,852	11.25%	39,437	11.44%	44,401	11.47%
Age 5 - 9	19,413	11.01%	37,815	10.97%	39,322	10.16%
Age 10 - 14	18,641	10.57%	34,476	10.00%	35,651	9.21%
Age 15 - 17	11,207	6.35%	18,846	5.47%	21,118	5.46%
Age 18 - 20	8,417	4.77%	13,071	3.79%	15,103	3.90%
Age 21 - 24	10,279	5.83%	16,814	4.88%	20,821	5.38%
Age 25 - 34	25,981	14.73%	50,964	14.78%	51,792	13.39%
Age 35 - 44	26,779	15.18%	49,184	14.26%	54,675	14.13%
Age 45 - 54	18,166	10.30%	37,185	10.78%	44,175	11.42%
Age 55 - 64	9,132	5.18%	25,750	7.47%	31,895	8.24%
Age 65 - 74	4,765	2.70%	13,429	3.89%	18,338	4.74%
Age 75 - 84	2,720	1.54%	5,750	1.67%	7,247	1.87%
Age 85 and over	1,050	0.60%	2,107	0.61%	2,400	0.62%

Source: The Nielson Company

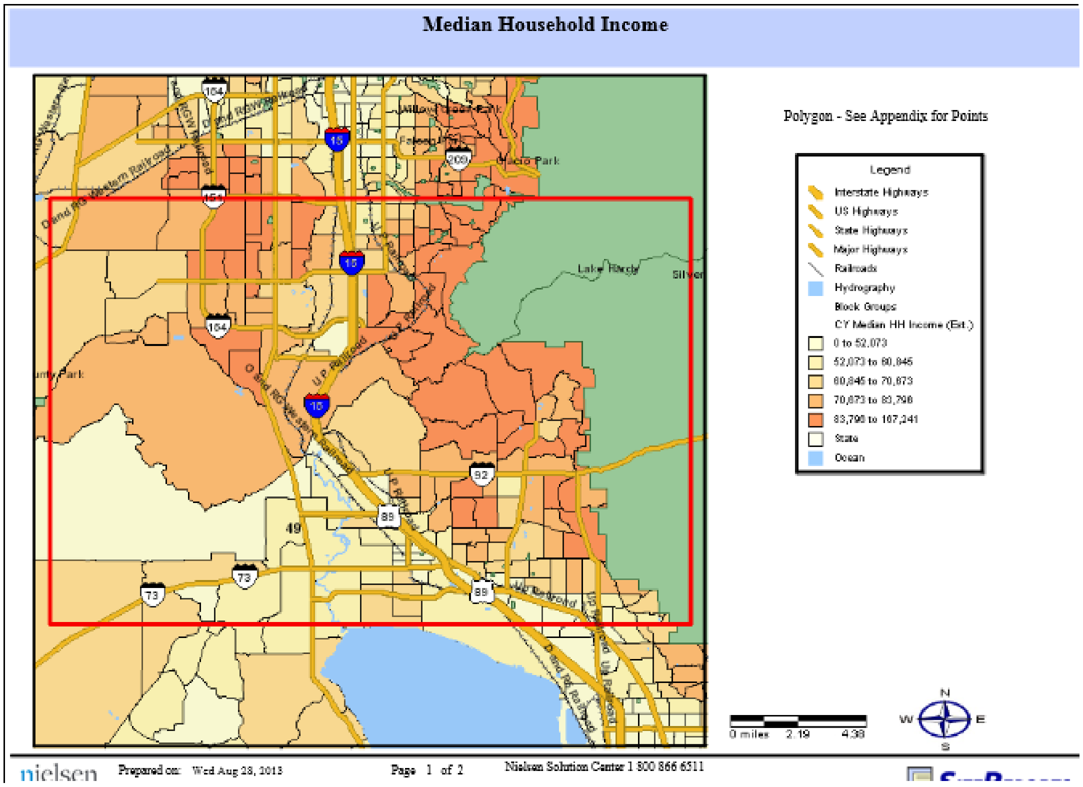
The above table identifies that the defined neighborhood's largest and fastest growing adult demographic bulge is in the age range of 25 to 44, which represents nearly 30 percent of the population. These are prime "entry-level" and "move-up" home buyers.

Households by Household Income

Income Less than $15,000	2,202	4.49
Income $15,000 - $24,999	2,890	5.89
Income $25,000 - $34,999	3,986	8.13
Income $35,000 - $49,999	7,673	15.65
Income $50,000 - $74,999	13,193	26.90
Income $75,000 - $99,999	9,179	18.72
Income $100,000 - $149,999	6,782	13.83
Income $150,000 - $249,999	2,444	4.98
Income $250,000 - $499,999	511	1.04
Income $500,000 or more	179	0.37

Source: The Nielson Company

The two most prevalent household income categories are $50,000 to $74,999 and $75,000 to $99,999 annually. According to The Nielson Company, the average household income is estimated to be $85,348 for the current year, compared to the average household income for the United States at $69,637. This is an indication of the economic prosperity of the subject neighborhood.



The above map identifies census tracts where individual income ranges are most prevalent. Not surprisingly, the higher incomes are typically located in the east-bench areas of Suncrest MPC and the upscale town of Alpine. However, it's interesting to note that high income areas are also beginning to develop in the valley area of Bluffdale, suggesting that the subject parcel could support upscale housing elements.

Employment by Occupation

Architect/Engineer	1,893	2.27
Arts/Entertain/Sports	1,712	2.05
Building Grounds Maint	1,661	1.99
Business/Financial Ops	4,277	5.12
Community/Soc Svcs	738	0.88
Computer/Mathematical	3,067	3.67
Construction/Extraction	6,030	7.23
Edu/Training/Library	4,539	5.44
Farm/Fish/Forestry	139	0.17
Food Prep/Serving	3,037	3.64
Health Practitioner/Tec	3,481	4.17
Healthcare Support	1,456	1.74
Maintenance Repair	3,027	3.63
Legal	680	0.81
Life/Phys/Soc Science	500	0.60
Management	9,754	11.69
Office/Admin Support	13,200	15.82
Production	4,355	5.22
Protective Svcs	1,462	1.75
Sales/Related	12,148	14.56
Personal Care/Svc	2,416	2.89
Transportation/Moving	3,886	4.66

Source: The Nielson Company

The above table illustrates that the most prevalent occupations are as follows: "Office/ Administrative Support", which tends to represent secondary household incomes; "Sales" and "Management", which tend to be high income categories.

Workers by Travel Time to Work

Less than 15 Minutes	20,283	26.13
15 - 29 Minutes	28,378	36.55
30 - 44 Minutes	20,003	25.76
45 - 59 Minutes	5,380	6.93
60 or more Minutes	3,593	4.63

Source: The Nielson Company

This table identifies commute times for workers within the subject neighborhood. Interestingly, despite the distance of the subject parcel from the major worksites of Salt Lake City, 26.13 percent commute less than 15 minutes. This suggests that a significant and probably increasing percentage work in the high-tech and retail industries located within 15 minutes of the subject. These would include employers such as Micron, Adobe, Intel, Cabelas, Thanksgiving Point and the soon to be completed NSA Utah Data Center.

The largest segment, 36.55 percent, commutes 15 to 29 minutes to work, suggesting that many work in the Salt Lake City or Provo/Orem worksites. The remaining 37.32 percent have commutes of over 30 minutes. With 63.08 percent commuting more than 30 minutes, this data tends to indicate that 30 minutes is an acceptable commute time for the majority of households in the subject neighborhood. With immediate access to I-15, this suggests that the market area for the subject development covers all of Salt Lake and Utah counties.

Summary and Conclusion - In summary, the general neighborhood is a diverse and eventful area with good access and high levels of demand for multiple uses. As the economies of Salt Lake and Utah counties merge, it is one of the fastest growing areas of the state and has a significant representation of high incomes relating to the dynamic high-tech, recreational and retail venues within the subject neighborhood. Overall, it is expected that housing, retail and business uses will continue to be in high demand for the foreseeable future.


DeLorme Street Atlas USA® 2011
NEIGHBORHOOD MAP
SUBJECT
14425 South Bitterbrush Lane
Draper
RIVER VISTA CV
TITHING POINT DR
VAHE ST
GALENA PARK BLVD
S 265 W
S 125 W
E 12450 S
S 450 E
Intermountain Healthcare Expresscare
Burningham Industrial
Cloverland Estates
BRIDGEPARK CIR
Greenfield Farms
Draper Commercial Parkway
WEBB CIR
CEPHUS CIR
S 1125 W
Jordan River
S 200 E
E 12930 S
LONG TAIL CV
WHISPER CREEK LN
HUNTER HOLLOW WAY
WHISPER WIND PL
GREEN CLOVER RD
REDBERRY RD
W 13100 S
MINUTEMAN DR
W 13300 S
AZURE CIR
S 1130 W
1042 W
S 330 W
S 245 W
E 13200 S
DAY CT
E 13275 S
Draper Old Farm
LOVERS LN
S LOVERS LN
GALENA PARK BLVD
S 200 W
ENSIGN POINT LN
E 13400 S
DAIRY LN
LONE ROCK DR
SAW MILL CV
SADDLE RIDGE DR
HOURGLASS CIR
E 13560 S
S 300 E
FARM HOLLOW LN
SHADOW MOUNTAIN LN
S 1200 W
E 13775 SOUTH
WADSWORTH PARK DR
SPRAGUE LN
ANDERSON FARM CV
BANGERTER HWY
575 E
FITZGERALD CT
SOUTHFORK DR
DAISYFIELD CT
DREAMFIELD DR
S 300 E
E SELINA LN
CAROLINE DAY CV
LEAH DAY CV
HENRY DAY RD
TREVEN PL
HAVEN CREST RD
CUIROSS LN
OUTLOOK CV
Rideout
Olivers
S 1000 W
HERITAGECREST WAY
HONDA DR
SR 140
HIGHLAND DR
S 25 W
MANILLA DR
BREW RD
TOOELE LN
MANILA DR
KANAB CT
VERNAL CV
JUNCTION CIR
RANDOLPH CIR
KAYSVILLE CT
Data use subject to license.
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www.delorme.com
MN (11.8° E)
ft
0 800 1600 2400 3200 4000
Data Zoom 13-0

LAND AND SITE DESCRIPTION

Size - As previously noted, the subject parcel consists of 680.6 acres.

Location - The primary subject parcel is located adjacent to I-15, at 14425 South Bitterbrush Lane in Draper. This is a prime location, situated near the boundary of the two largest and fastest growing counties in the state. The tremendous growth from Salt Lake County has pushed into the southern-most municipalities of Draper, Bluffdale and Herriman over the past eight years and has extended into the northern Utah County municipalities of Lehi, Highland, Alpine, Saratoga Springs and Eagle Mountain.

As a result, many large-scale residential, commercial, recreational, and office park developments have been created in the past decade. These include master planned communities such as Daybreak, Suncrest, Rosecrest, Traverse Mountain and The Ranches. Commercial, office and industrial developments include Thanksgiving Point, Micron, Cabela's, Adobe, and the NSA Data Center.

As growth continues to push into these areas, the subject property is ideally located to benefit from the strong transportation linkages created by I-15 and Bangerter Highway. As such, the subject parcel lends itself to a diversity of complementary uses that can be applied to create maximum value. These uses will be analyzed in the highest and best use analysis.

It is also noted that the 68.7 acre UDOT parcel located to the north of Bangerter Highway and fronting the railroad tracks, is zoned TSD, for a transit station for the Front-Runner commuter rail. FrontRunner is UTA's premium commuter rail service, equipped with free wi-fi. The 89-mile rail line spans the Wasatch Front with 16 stations: Pleasant View, Ogden, Roy, Clearfield, Layton, Farmington, Woods Cross, North Temple, Salt Lake Central Station, Murray, South Jordan, Draper, Lehi, American Fork, Orem Central Station and Provo Central Station. Each station has connections to UTA's bus system and park and ride lots.

The dynamic of transit-oriented development could be a very important future element of the subject property.

Shape -	The subject parcels are irregular in shape.
Topography -	The subject consists of land that is mostly level.
Access	Access to the subject site is provided primarily from 14600 South and the I-15 Frontage Road on the south, as well as 200 West from Bangerter Highway on the north.
Utilities -	All traditional utilities are located at the subject.
Geothermal Well	The site includes a geothermal well and heating facility that reportedly has the capacity of heating approximately 1.5 million square feet of living area. However, it is very corrosive and may have limited practical utility.
Flood Designation -	Floodscape Map # 49035C 0062G, dated August 2, 2012, indicates that the subject site is located in Zone C, which is an area of low flood risk.
Soils -	Soil conditions appear to be adequate to support development, as witnessed by the fact that multiple buildings have been built, many of which are over 60 years old. Underground fuel storage tanks are present on the subject property. The value conclusions in this report assume that no soil contamination issues exist. If tests reveal that there are contamination issues, they could affect the value conclusions.
Easements, Hazards, & Adverse Conditions -	High-tension transmission lines are located on the west side of the subject property which could create development restrictions and are somewhat unsightly. Additionally, railroad lines are located to the west that would potentially create certain levels of noise nuisance. There does not appear to be any other unusual easements, hazards, or nuisances that would have a negative influence on the value of the subject property. Cattle are being grazed on a portion of the subject property. Cheryl Searle, Director of the DFCM indicated that no lease is in place and that the owner of the cattle is allowed to graze them to keep weeds down.

MOU

A Memorandum of Understanding (MOU) is in place between the DFCM and State Fire, Forestry & State Lands Division on the 60.7 acres shaded in pink of the Google Maps analysis. This document, which is included in the addendum of this report, includes the following verbiage, *"DFCM hereby grants consent to FFSL for the use and occupancy of the above-described property until such time as either the Utah State Building Board or the Utah State Legislature changes the use of the land. If the Utah State Building Board or the Utah State Legislature decides to change said use and occupancy DFCM will acknowledge the capital investment that FFSL has made and seek consideration of replacement facilities or reimbursement to FFSL."*

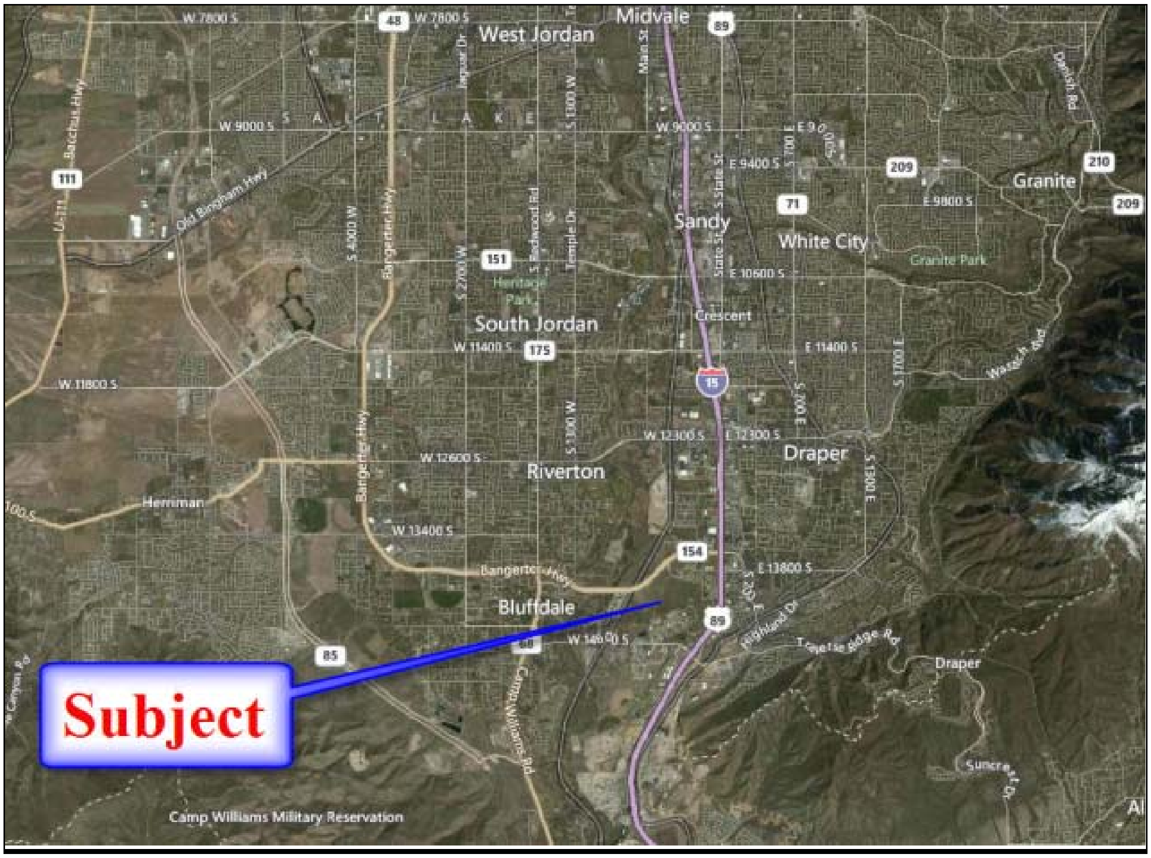
Based on this agreement and the fact that the FFSL capital investment has not been identified, this appraisal is completed under the extraordinary assumption that no significant costs will be incurred in coming to a resolution of this agreement.

Contaminants

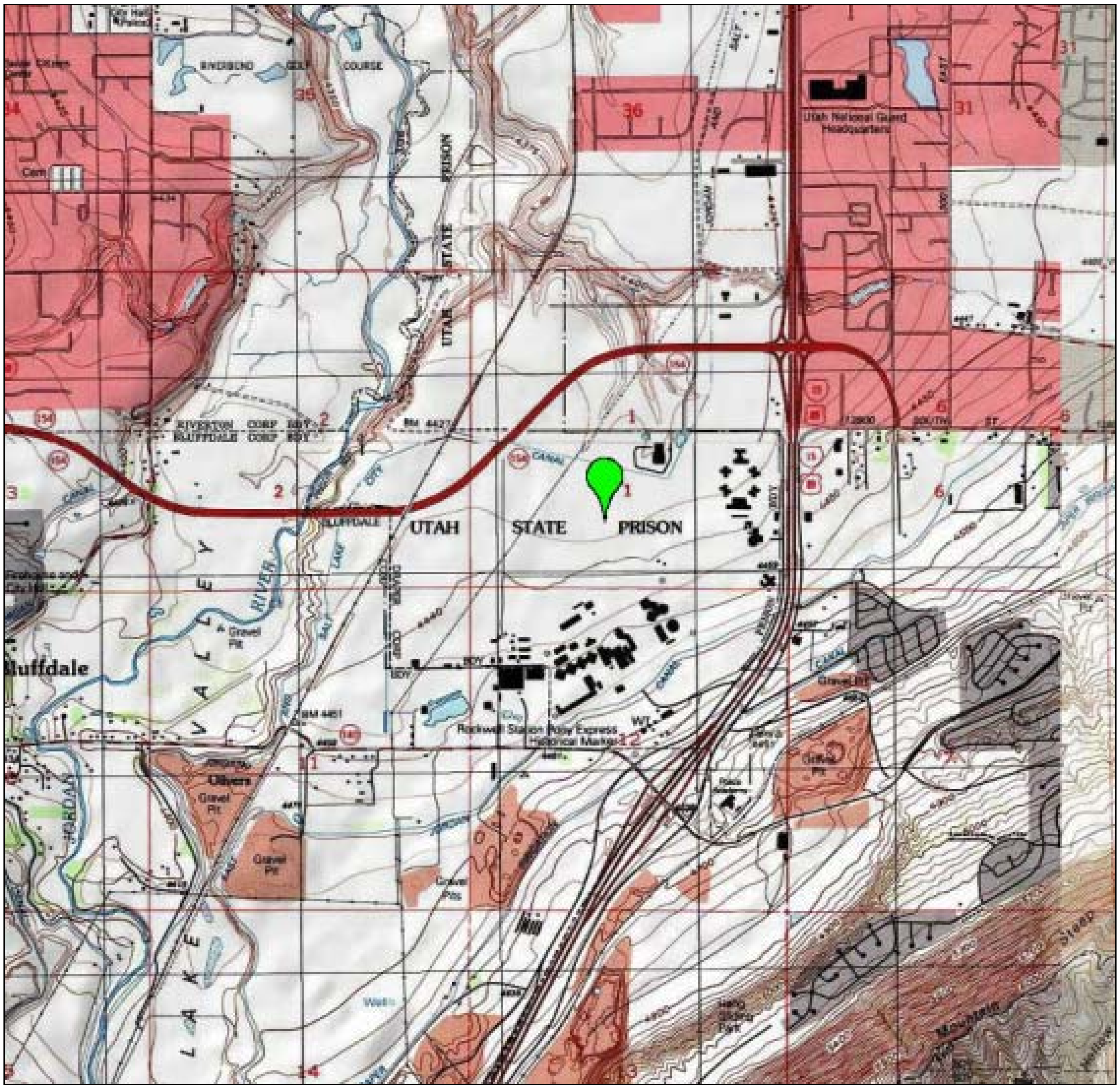
According to a "Groundwater Investigation Report" conducted on October 20, 2000 and included in the addendum of this report, high levels of contaminants, including arsenic were found in the south portion of the primary parcel. It is believed that these contaminants come from a prison landfill that was operated from 1950 to 1985. These contaminants were initially discovered in a Phase I Environmental Site Assessment conducted on May 12, 2000 and a follow-up Phase II Environmental Site Assessment conducted on May 26, 2000. This report concluded that although several contaminants were found, the only one that was elevated at concentrations above commonly applied PRG and Action Levels was arsenic. <u>Based on this information, the appraisal is being conducted under the extraordinary assumption that no significant costs will be incurred to resolve these issues.</u>

Archeological Sites

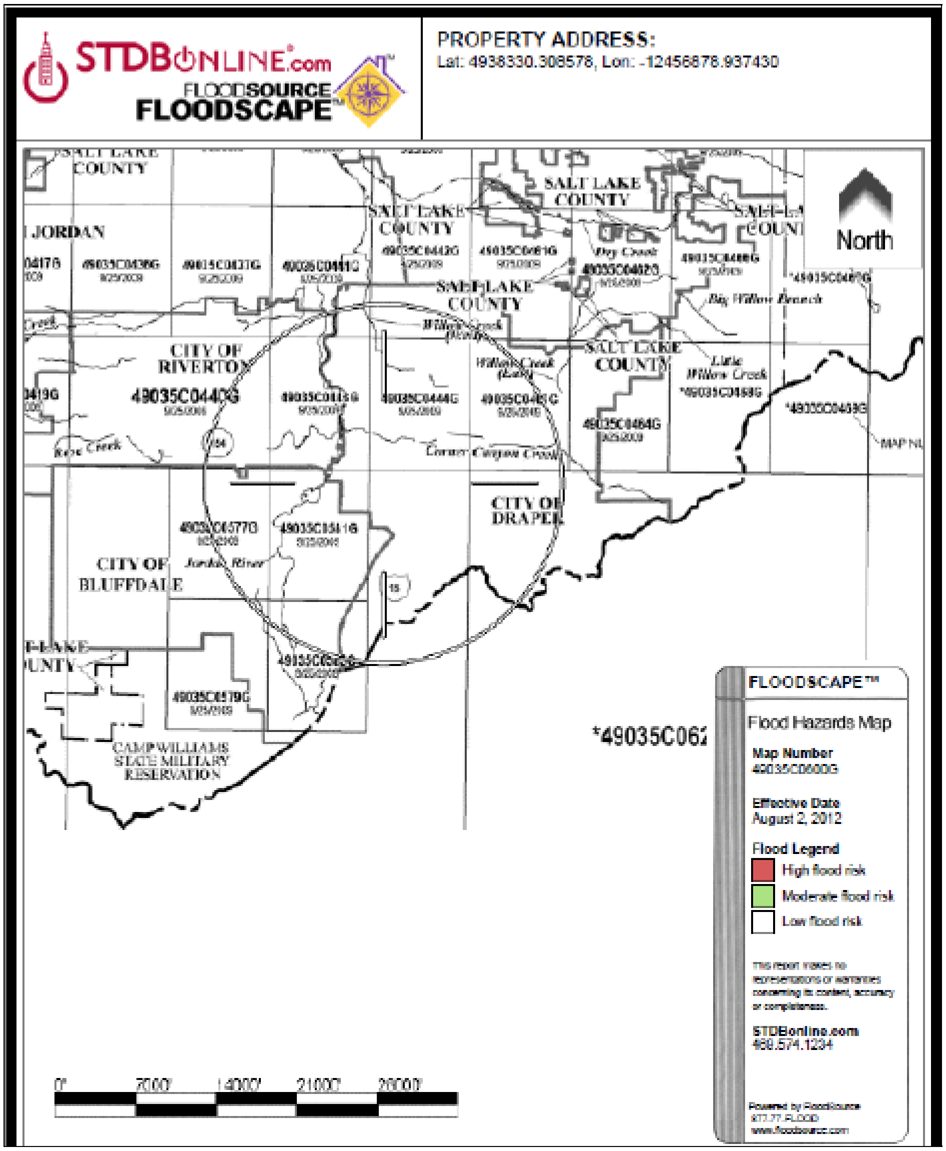
It is also noted that according to the Phase 2 Environmental Assessment, the subject property is potentially impacted by archeological sites. We spoke with Mr. Arie Leeflang of the *Utah Division of State History* to ascertain whether any known sites are located on the subject property. We sent a map of the subject to Mr. Leeflang for additional analysis. Mr. Leeflang indicated that a site is located near the subject property on the north side of Bangerter Highway and to the west of the railroad tracks. He observed that inasmuch as all of the subject property is located on the east side of the railroad tracks, it does not appear that it includes known sites, most of which are associated with historic canals. If archeological sites are discovered on the subject property at some point, they could have a substantial impact on the use and value of the subject property. Hence, this appraisal is being completed under the extraordinary assumption that no archeological sites will be found that will significantly impede development.



Subject Aerial Map



Topographical Map



STDBONLINE.com
FLOODSOURCE
FLOODSCAPE
PROPERTY ADDRESS:
Lat: 4938330.308578, Lon: -12456878.937430
North
SALT LAKE COUNTY
CITY OF RIVERTON
49035C0440G
CITY OF DRAPER
CITY OF BLUFFDALE
Jordan River
Corner Canyon Creek
Big Willow Branch
Little Willow Creek
CAMP WILLIAMS STATE MILITARY RESERVATION
FLOODSCAPE™
Flood Hazards Map
Map Number
49035C0600G
Effective Date
August 2, 2012
Flood Legend
High flood risk
Moderate flood risk
Low flood risk
This report makes no representations or warranties concerning its content, accuracy or completeness.
STDBonline.com
0' 7000' 14000' 21000' 28000'

Flood Map

IMPROVEMENT DESCRIPTION

Improvements

The subject has significant improvements, including all underground utilities and extensive facilities housed in 65 buildings. These facilities include cell blocks, recreational facilities, security systems including towers and fences, administrative buildings, maintenance sheds, a geothermal well, a dairy processing plant and various other structures.

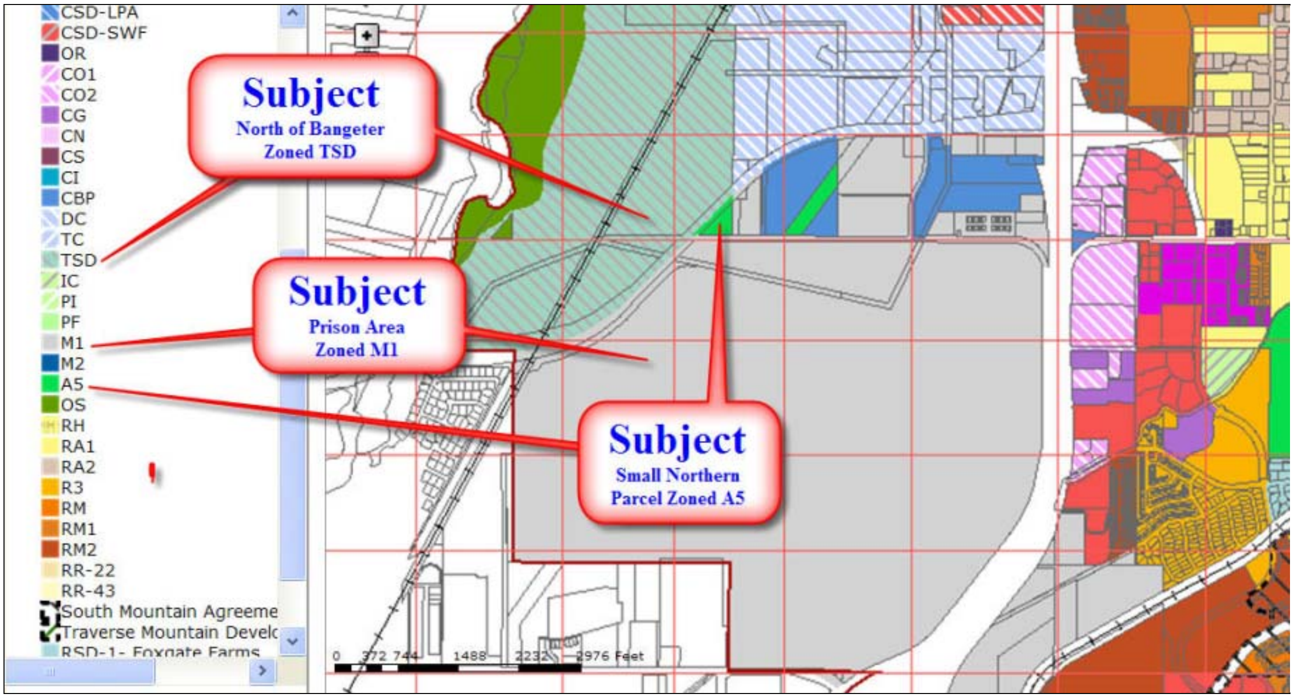
While the improvements appear to be generally of good quality and in good condition, because of their age and specialized nature the highest and best use of the site, as discussed in the Highest and Best Use section of this appraisal, is considered to be achieved by demolishing the buildings. In arriving at a value of the site "as is", demolition costs will be considered.

The geothermal well noted above reportedly has the capacity to heat approximately 1.5 million square feet. However, due to its corrosive characteristics it may have limited practical application.

ZONING

The subject property is located within the boundaries of Draper and is under that jurisdiction for zoning and enforcement. The following zoning information applies to the subject property:

Zoning Designation -	The subject property consists of parcels zoned TSD, MI and A-5. These zonings allow industrial and agricultural uses. However, it is very likely that they will be changed to accommodate master plan development once the prison is relocated. It is noted that the UDOT parcels to the north of Bangerter Highway are zoned TSD, for a future transit station associated with the FrontRunner commuter rail. This zoning promotes transit-oriented development, which could be an important dynamic for the future master plan. We spoke with Draper City Manager, David Dobbins, Assistant City Manager, Russell Fox and Community Development Director, Keith Morey. These gentlemen indicated that the city will be amenable to accommodating a zoning that will be consistent with the highest and best use of the subject site. They felt that a mixed-use approach involving residential, retail and office uses would likely represent the maximally productive use, and that this would be consistent with the city's master plan. Mr. Fox indicated that the city currently has a master plan overlay zone, which is likely where they would start. They would then be willing to modify the ordinance to meet market demands. As such, residential and commercial development on the subject property is considered to be legally permissible, assuming Draper City grants appropriate zoning changes.


CSD-LPA
CSD-SWF
OR
CO1
CO2
CG
CN
CS
CI
CBP
DC
TC
TSD
IC
PI
PF
M1
M2
A5
OS
RH
RA1
RA2
R3
RM
RM1
RM2
RR-22
RR-43
South Mountain Agreeme
Traverse Mountain Develc
RSD-1- Foxgate Farms
Subject
North of Bangeter
Zoned TSD
Subject
Prison Area
Zoned M1
Subject
Small Northern
Parcel Zoned A5
0 372 744 1488 2232 2976 Feet

Zoning Map

TAX ASSESSMENT ANALYSIS

Since the subject property is owned by the State of Utah, it is exempt from property taxes. However, according to the county treasurer's office, representative examples of the value history of the subject parcels are as follows:

Parcel # 33-01-300-006

Year	Land Value	Improvement Value	Market Value	Taxes
2013	$40,658,400	$20,000,000	$60,658,400	N/A
2012	$40,658,400	$20,000,000	$60,658,400	N/A
2011	$40,658,400	$20,000,000	$60,658,400	N/A

Parcel # 33-02-200-017

Year	Land Value	Improvement Value	Market Value	Taxes
2013	$1,818,900	$0	$1,818,900	N/A

Parcel # 33-01-100-028

Year	Land Value	Improvement Value	Market Value	Taxes
2013	$4,762,200	$0	$4,762,200	N/A

NOTE: Annual taxes payments are normally calculated and deducted from cash flows in the discounted cash flow analysis. However, since the state is exempt from paying taxes, they will not be deducted in this report.

HIGHEST AND BEST USE

Real estate is typically valued in terms of its highest and best use. The definition provided by *The Appraisal of Real Estate*, is as follows:

> Highest and best use is the reasonably probable and legal use of vacant land or an improved property that is legally permissible, physically possible, appropriately supported, financially feasible, and that results in the highest value.

Analysis

In determining the highest and best use, the appraiser must consider these four basic stages of analysis:

1. *Legally permissible uses:* Are there zoning or deed restrictions that would prohibit certain uses?

2. *Physically possible uses:* From the legally permissible uses, which are physically possible when considering all physical characteristics of the site?

3. *Financially feasible uses:* Which of the above legally permissible and possible uses will produce a net return to the owner of the site?

4. *Maximally productive or highest and best use:* After analyzing the above considerations, which of the indicated uses will produce or generate the highest rate of net return over a projected period of time?

Classifications

In determining the highest and best use of a property, the site is considered with two classifications. The first type is the highest and best use as though vacant. The second is the highest and best use as improved. Each type requires a separate discussion and analysis. We have been asked to provide a value of the subject "as is."

As Improved

We will first analyze the highest and best use of the subject as improved. Even though the improvements and current use of the subject may not be consistent with its zoning, it is considered to be legally permissible through jurisdictional exception. The fact that the existing improvements have been in place and functioning for a number of years, they are obviously physically possible.

The financially feasible and maximally effective questions are more relevant to this assignment. There are approximately 65 buildings extant on the subject property, many of which were built over 50 years ago, with a 40-year economic life. Although they appear to generally be in good repair, they have reached an age that requires substantial maintenance and upkeep.

As the buildings have aged over the years, the value of the land on which they were built has become prime real estate with a value that far exceeds its current use. As such, the improvements are no longer considered to be financially feasible or maximally productive. The highest and best use of the subject property is considered to be achieved only through the demolition of the improvements.

Demolition Costs and As Vacant

A buyer of the subject property would therefore identify the cost of demolishing the existing improvements and deduct this cost from the purchase price. As identified later in the report we have obtained a bid from Grant Mackay Demolition, a company that performs large scale demolitions all over the world. Based on their bid and other costs that would likely be incurred, total demolition costs are estimated at approximately $4,500,000.

The highest and best uses of large parcels such as the subject property are typically achieved through multiple complementary uses that target various markets. This not only creates more appeal for each use, but generates non-competing uses, thus enhancing absorption. For example, complementary land uses include applications such as residential, which generates demand for nearby employment and shopping; retail, which generates demand for nearby residential, office and industrial applications; and office and industrial uses, which generate demand for residential and retail.

In the following analysis we will evaluate the market feasibility and land value trends associated with each of these four land uses: Residential, Retail, Office and Industrial. Conclusions will then identify the optimum mix of each use to generate maximum value for the subject property.

As previously noted, as of the date of valuation the majority of the subject is currently zoned TSD, which provides for a transit station; M1, which allows industrial uses; and, a small portion is zoned A-5, which is an agricultural zoning. However, considering the subject's location, size and topography, the M1 and A-5 zonings do not represent the highest and best use of the parcels and will likely be changed as the prison site is vacated and the improvements are demolished.

The TSD zoning of the parcels north of Bangeter Highway may indeed prove to represent its highest and best use of these parcels as they are located adjacent to the FrontRunner railway in an area that will likely come to depend on commuter rail at a future date. However, as of the date of valuation this isn't necessarily considered to be the case. As such, it will be valued with residential uses. This is considered to be a reasonable approach for two reasons:

1. Transit-oriented development is complementary to residential uses.
2. It is accepted practice to value public lands based on surrounding uses and values.

Hence, for purposes of this appraisal, the land north of Bangerter Highway will be included in the residential uses.

RESIDENTIAL USES

Legally Permissible

From our research, no deed restrictions or easements appear to exist that would preclude residential use. In order to determine the probable zoning provisions as the subject site is vacated, we met with Draper City Manager, David Dobbins, Assistant City Manager, Russell Fox and Community Development Director, Keith Morey. These gentlemen indicated that the city will be amenable to accommodating a zoning that will be consistent with the highest and best use of the subject site. They felt that a mixed-use approach involving residential, retail and office uses would likely represent the maximally productive use, and that this would be consistent with the city's master plan. They added that industrial uses may not be compatible.

Mr. Fox indicated that the city currently has a master plan overlay zone, which is likely where they would start. They would then be willing to modify the ordinance to meet market demands.

The master plan overlay states the following:

Section 9-15-010
Purpose. The purpose of this Chapter is to create a mechanism whereby special provisions and policies included within the Bangerter Interchange Area Master Plan, Draper Conservation Area Master Plan, Gateway District Master Plan, Northern Gateway Master Plan, Southpointe Master Plan, <u>and other master plans which may be adopted, can be implemented by ordinance</u>.

Section 9-15-020
Scope. The provisions of this Chapter shall prevail over any conflicting provision of this Title unless such conflicting provision is expressly intended to prevail over a provision set forth in this Chapter. When two master plans cover the same territory and have conflicting provisions as a result, the requirements of the most recently adopted master plan shall prevail. The requirements of this Chapter shall not be construed to prohibit or limit other applicable provisions of this Title, the Draper Municipal Code, and other laws.

We inquired if, for example, the city would consider allowing a high-intensity use such as ultra-high density condominium buildings of ten or more floors. They responded that if market demand could be verified, this would not be out of the question. As such, residential development on the subject property is considered to be legally permissible, under the extraordinary assumption that Draper City grants appropriate zoning changes.

Physically Possible

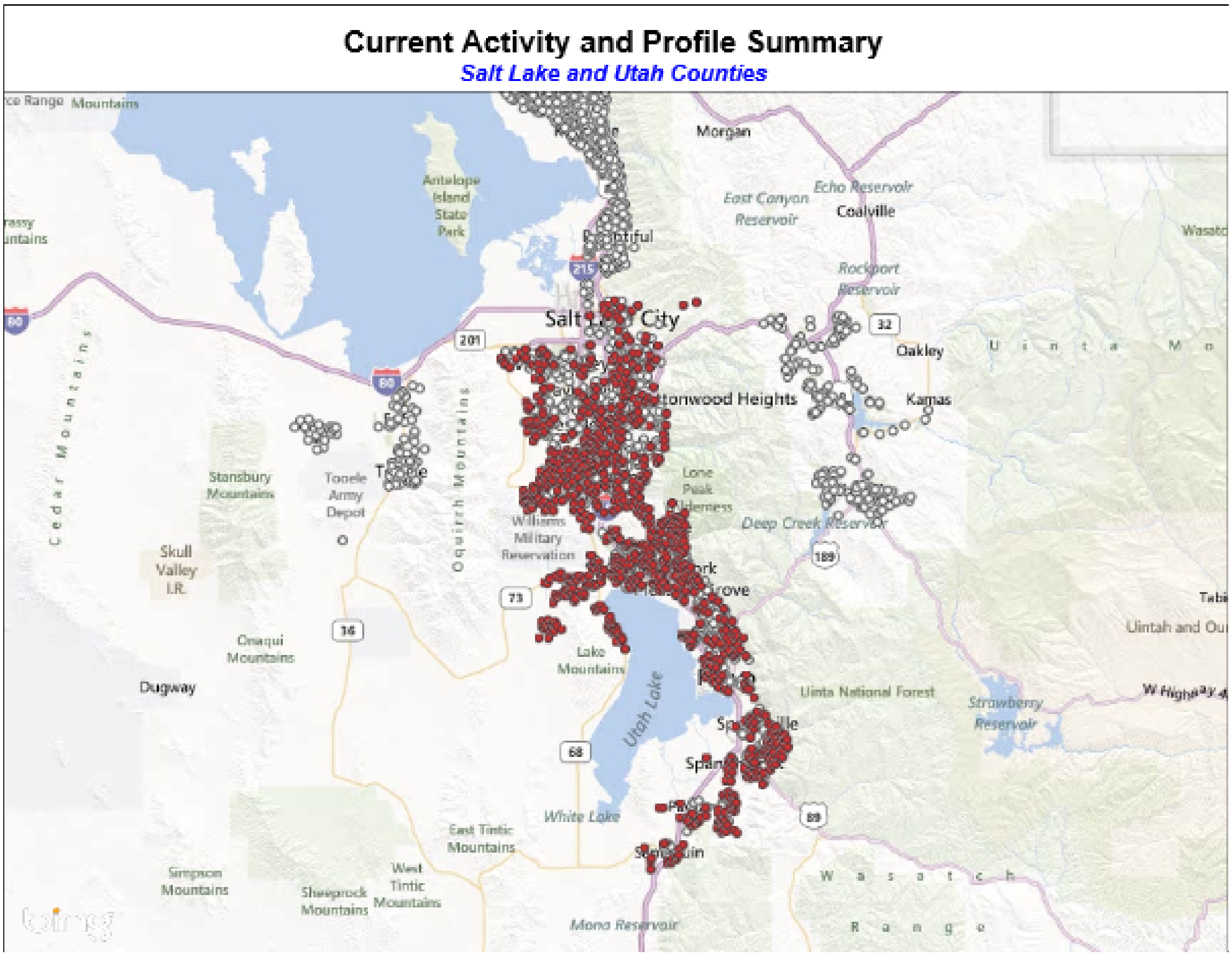
As previously noted, the subject property is flat to mildly sloping. As such, there are no topographical issues that would prohibit residential development options. Even though the shape of the parcel is irregular, there are no areas that would significantly restrict residential development. Soil conditions appear to be adequate to support residential structures, as witnessed by the fact that several buildings have been on the site for many years. Hence, residential development appears to be physically possible.

Financially Feasible

On a prime parcel such as the subject, many uses will potentially provide a financial return to the owner. The question becomes one of maximizing the return to the owner. As such, we will first address demographics and market conditions for new housing, then follow up with value and absorption trends.

Overall Market Area

Data for this analysis comes from *Metro Study*, the nation's largest purveyor of housing market data. Housing consumers tend to make purchasing decisions based on commute time, rather than distance. As a result, the subject's proximity to I-15 has the effect of expanding the market area due to the fact that a greater distance can be covered. Being within a 30 minute drive from northern Salt Lake County and southern Utah County, the overall market area encompasses both counties. The below map identifies all active housing projects within both counties.



Source: Metro Study

Housing Inventories and Closings by Qtr.

The graph below identifies the last two years market activity of the projects identified on the previous map. Definitions are as follows:

- "Fin. Vacant" - Finished Vacant Homes
- "Under Const." – Homes Under Construction
- "Ann. Closings" – Annualized Home Closings
- "VDL Inventories" - Vacant Developed Lots
- "Ann. Starts" – Annualized Homes Starting Construction
- "Fut. Lots" – Lots in the Approval Process
- "Ann. Lot Deliv." – Lots Approved for Development

Housing Inventory/ Annual Closings

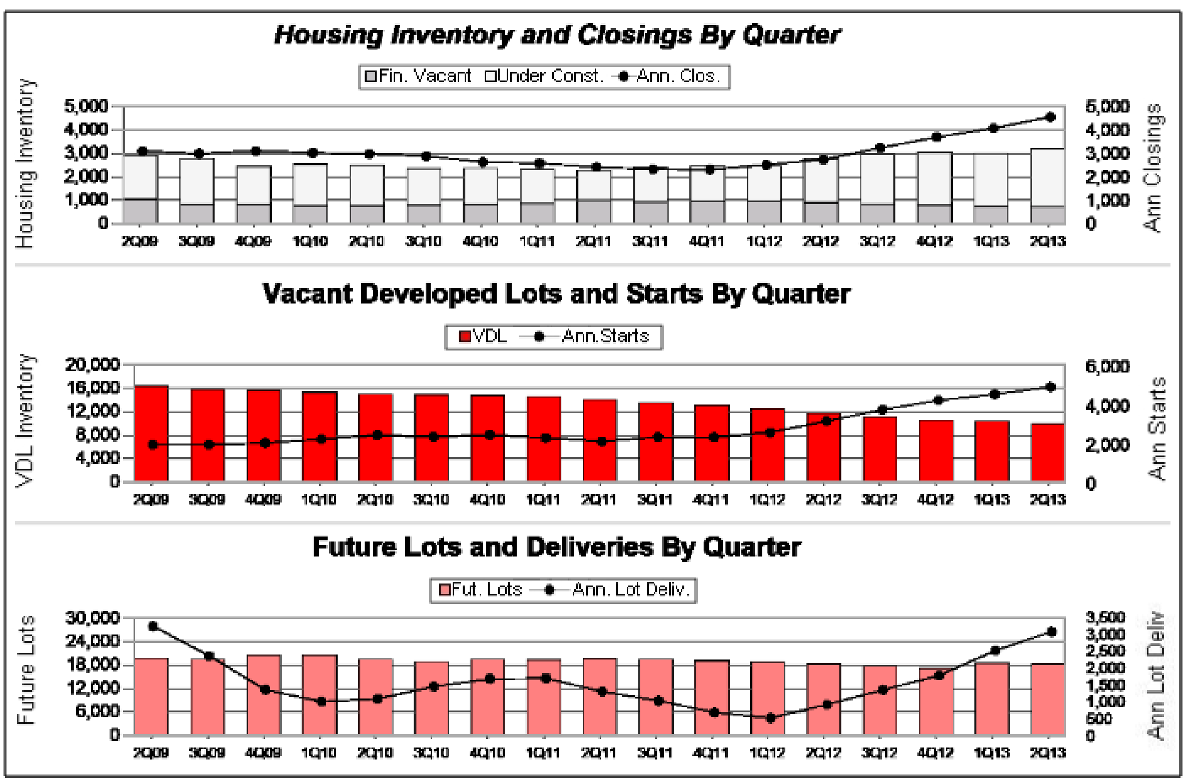
This graph indicates a steady rise in absorption (Closings) since the 3rd Quarter of 2011 and a decline in Finished Vacant Homes, suggesting tightening market conditions.

VDL Inventory/ Annual Starts

This graph reflects a constant decline in vacant lot inventories from the 2nd Quarter of 2009 and an increase in housing starts over the past two years, suggesting that market conditions for lots are improving. Current VDL is 7,851 vs. Annualized Starts at about 4,600.

Future Lots/ Annual Lot Deliveries

Even though nearly 20,000 lots are in the approval process, this graph reflects that just over 3,000 lots are being delivered to the market per year. With annual closings (absorption) of about 4,600, lot inventories are declining by more than 1,500 per year, even with new lots coming on the market.



Source: Metro Study

Housing Summary

The following table identifies market activity over the past two years for all of the housing projects previously identified. An analysis of detached housing (Single Family), townhomes (TH/Plex/Other) and Condominiums is as follows:

Single Family

As the Wasatch Front market has rebounded over the past two years, quarterly "Starts" have increased from 427 to 1,101, for an increase of 158 percent. Similarly, "Closings" have increased from 414 to 922, for an increase of 120 percent. "Housing Inventories" have also risen from 959 to 1,779, for an increase of 86 percent. Perhaps the most important statistic is that "VDL" (Vacant Developed Lot) inventories have dropped from 11,424 to 7,851, for a decline of 31 percent.

Totaling the most recent four quarterly closings demonstrates an annual absorption rate of 3,439 single family homes, compared to 7,851 VDL, for 2.28 years of vacant lot inventories. Similar to a grocery store, housing markets must provide an inventory of lots in order to properly service housing markets. Typically an ideal inventory is three years, two years is considered to represent tight market conditions and less than two years, extremely tight conditions.

Housing Summary By Housing Type

Salt Lake and Utah Counties

Selection Totals

By Quarter		2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	Annual Rate/Supply	
Single Family	Starts	427	641	508	601	870	1,059	844	766	1,101	3,770	
	Closings	414	528	474	569	567	884	835	809	911	3,439	
	Housing Inv	959	1,072	1,106	1,138	1,441	1,623	1,632	1,589	1,779	*6.2*	*mos*
	VDL Inv	11,424	10,971	10,749	10,173	9,624	8,882	8,390	8,335	7,851	*25.0*	*mos*
TH/Plex/Other	Starts	76	146	91	108	216	288	257	226	345	1,116	
	Closings	94	117	99	124	134	221	170	213	280	884	
	Housing Inv	427	456	448	432	514	581	668	681	746	*10.1*	*mos*
	VDL Inv	2,059	1,969	1,788	1,750	1,635	1,699	1,678	1,580	1,585	*17.0*	*mos*
Condominium	Starts	16	16	43	15	6	45	22	42	24	133	
	Closings	67	35	19	18	98	67	52	71	87	*277*	
	Housing Inv	1,051	1,032	1,056	1,053	961	939	909	880	817	*35.4*	*mos*
	Released	671	656	612	606	600	563	566	524	512	*46.2*	*mos*

Source: Metro Study

Townhomes

Conducting a similar analysis for townhomes, the statistics show a 354 percent increase in “Starts” and a 198 percent increase in “Closings”, suggesting that townhomes are becoming more popular and increasing in market share. VDL Inventories of 1,585 compare to annual absorption of 884, for 1.79 years of inventory. As such, the demand for townhomes has increased significantly and market conditions for this type of product are considered to be very good.

Condominiums

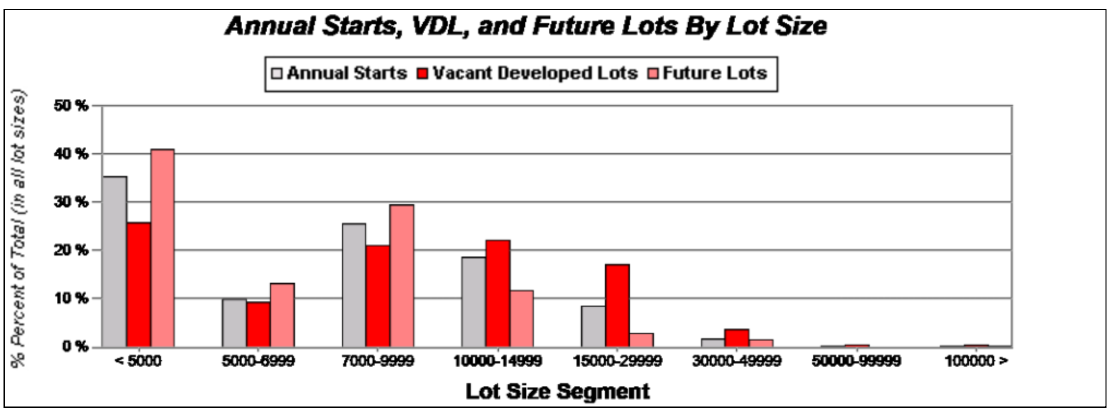
Condominium “Starts” have remained relatively static, but “Closings” have increased by 30 percent. Since condominiums are “stacked”, or build on multiple levels (pads), the term “VDL”, which infers land improvements is replaced by the term “Released” to identify the number of units approved. Absorption over the past year has been 277 compared to 512 pads released, representing 1.8 years of inventory, suggesting very tight condominium market conditions.

Product Ratios

It is noted that in the past year Single Family “Closings” totaled 3,439, Townhome “Closings” totaled 884 and Condominium “Closings” totaled 277, for a total of 4,600.

Lot Sizes

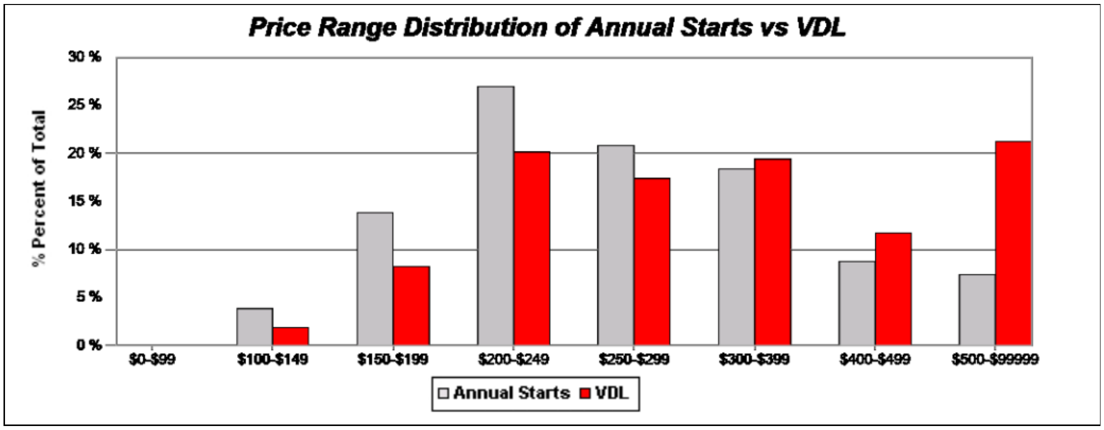
The following graph illustrates that the trend in the market is going to smaller lots. This is typically a function of increasing land costs.



Source: Metro Study

Price Range Distribution

The following graph reflects the price range of homes being built on the vacant developed lots. This is helpful in identifying the values of the lots. Typically, allocated lot values in the Wasatch Front market average about 28 percent of the home values.



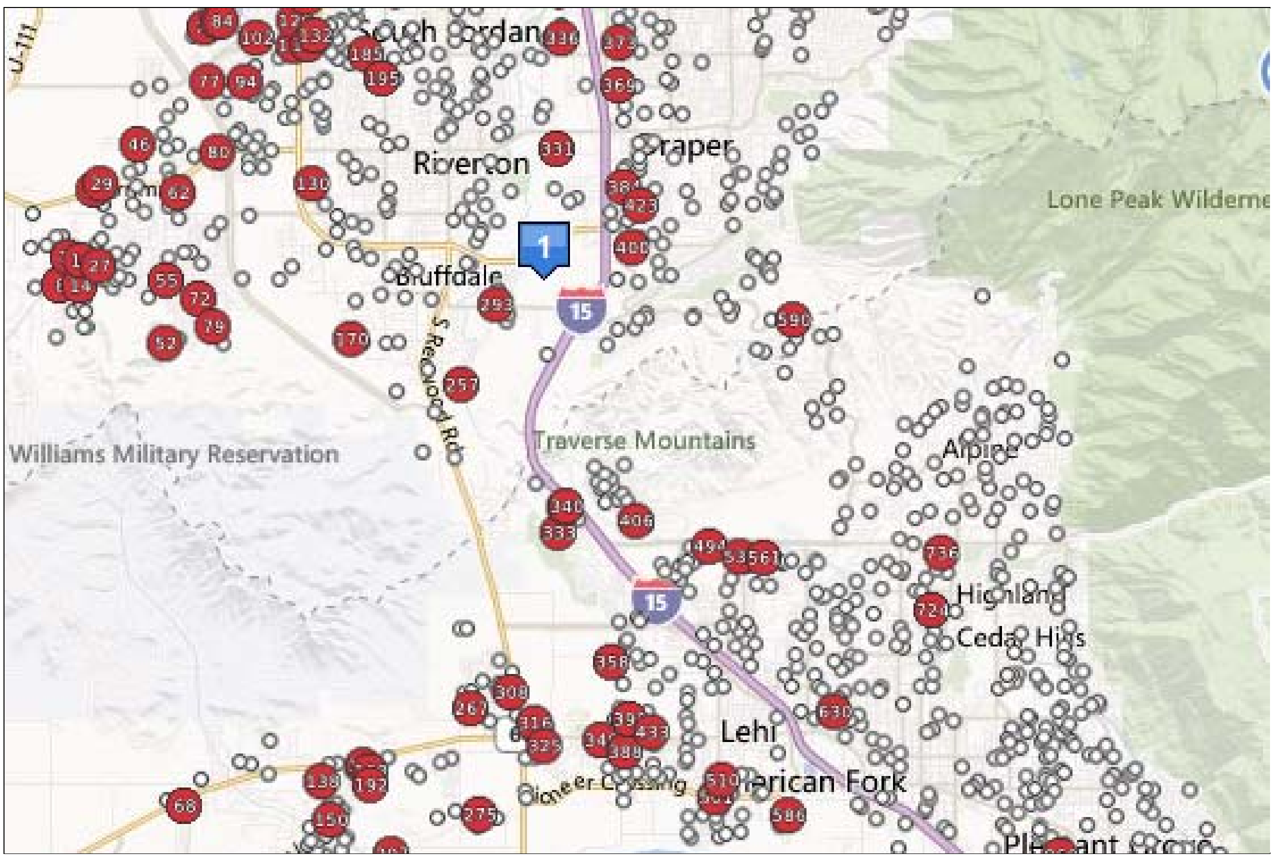
Source: Metro Study

Primary Market Area

Primary Market Area

The Primary Market Area (PMA) is defined as that area that encompasses primary competitors for the subject development and from which over 60 percent of buyers will originate. It is considered to have the same boundaries as the Neighborhood. The subject's favorable topography and proximity to I-15 continue to be an important and distinguishing characteristic, since most of its competitors do not have this advantage.

The map below identifies all active housing projects within the PMA that are absorbing ten or more homes per year. Those projects absorbing less than ten homes per year are considered to be ill-adjusted to the market and are therefore not analyzed.



Source: Metro Study

Primary Market Area Map

Projects within the PMA that are absorbing at least ten homes per year, according to Metro Study data, are listed below in order of annual closings.

PMA PROJECT SUMMARY			
Subdivision	Product Type	Lot Size Range	Annual Closings
Herriman Town Center / Single Family	Single Family	2,500-4,500	101
Daybreak / Village Townhomes	Townhouse	1,100-2,975	98
Rosecrest / Rosecrest	Single Family	6,000-12,150	93
Jordan Willows	Single Family	7,000-14,025	86
Villages on Draper Hills	Townhouse	100-1,125	62
Rosecrest / Village Town Homes	Townhouse	700-1,125	61
Thanksgiving Pnt / TG Meadows	Single Family	4,200-6,500	61
North District / Summerlane	Townhouse	1,125	59
Thanksgiving Pnt / Sunset Hollow	Duplex	700-1,250	46
Spring Creek Ranch / Pheasant Run	Single Family	7,000-9,600	43
Auburn Fields	Townhouse	1,125	41
Jordan Heights	Single Family	7,200-12,000	41
Thanksgiving Pnt / TG Meadows TH	Condominium	1,125	38
Lehi Ranches	Single Family	18,900-23,000	35
Springview Farms / Springview Farm	Single Family	9,200-15,200	35
Cove at Jordan River	Townhouse	1,125-1,250	33
Ranches / Northmoor	Single Family	7,000-8,000	33
Lafayette Estates	Single Family	13,000	32
Bellevue	Single Family	9,000-16,800	30
Parry Farms	Single Family	12,500	29
Ranches / Silverlake Estates @ Evans Ranch	Single Family	6,000-6,600	29
Western Springs	Single Family	5,000-13,000	29
South Jordan High Pointe	Single Family	5,000-9,000	28
North District / Cottages	Single Family	4,500-14,375	26
Valley View Estates of Herriman	Single Family	15,000-16,800	25
Blackhawk Estates	Single Family	7,350-7,700	24
Daybreak / Eastlake Village	Single Family	2,800-11,000	24
Granite View Estates	Townhouse	1,125	23
Ivory Crossing	Single Family	9,350-16,650	23
Larson Farms	Single Family	22,500-23,250	23
Ranches / Stone Bridge Estates	Single Family	14,500	23
Aspen Hills	Single Family	8,400-50,000	22
Desert Creek Estates	Single Family	8,625-12,100	22
Traverse Mtn / Cresthaven Towns	Townhouse	100-1,125	22
Ivory Ridge / Park Estates	Single Family	8,250-9,350	21
Daybreak / South Station	Single Family	4,000	20
Heatherwood Village	Single Family	5,000	20
Sierra Estates	Single Family	8,500-10,400	20

Subdivision	Product Type	Lot Size Range	Annual Closings
Villas at Maplewood Grove TH	Townhouse	625	20
Cove at Herriman Springs	Single Family	11,000-20,925	18
Green Hills Estates	Single Family	9,500-12,075	18
Harvest Hills / Hillcrest Village Condo	Condominium	100	18
Ivory Ridge / Towns	Townhouse	1,125-1,875	18
Oaks of Rose Creek	Single Family	15,300	18
Toscana at Highland	Townhouse	1,125	18
Daybreak / Garden Park Village	Single Family	2,500-5,400	16
Falls at Boulden Ridge	Single Family	29,375	16
Gables at Saratoga Towne Centre	Townhouse	1,125	16
Grays Farm	Single Family	7,000-8,625	15
Ranches / Eagles Gate @ Prairie Gate Ranch	Single Family	5,000-8,800	15
Cambridge Court of AF	Single Family	14,250	14
Daybreak / Condominiumns	Condominium	100	14
Ranches / Mt Airey Village @ Spring Valley	Townhouse	1,125-9,600	14
Autumn Leaf	Single Family	5,850	13
Bella Monte @ Draper Meadows TH	Townhouse	100	13
Spring Ranch of Lehi	Single Family	22,000	13
Sunflower Crossing	Townhouse	1,125	13
Cove at Riverwoods	Single Family	2,975	12
Coventry Town Homes	Townhouse	2,450	12
Daybreak / Garden Park TH	Townhouse	1,125	12
Lehi Country Estates	Single Family	10,625-14,500	12
Midas Creek Estates	Single Family	9,000-13,750	12
Suncrest / Stoneleigh Heights	Townhouse	1,125	12
Village Green Condos	Townhouse	100	12
Mountain Ridge Estates	Single Family	14,300	11
Rockwell Square	Condominium	100	11
Sage Valley	Single Family	21,600-45,750	11
Summerlin Meadows at Fitzgerald Estates	Single Family	13,000	11
Summerwood of Riverton	Single Family	9,775-11,400	11
Western Creek	Single Family	8,000	11
Ivie Farms	Single Family	14,950	10
Kensington Place of Lehi	Single Family	12,000-17,850	10
Lookout Ridge	Single Family	12,000-30,000	10
Ranches / Southmoor	Single Family	8,400-8,610	10
Rosecrest / Juniper Point	Single Family	6,375	10
Villas at Sterling Village	Single Family	5,250	10
TOTAL			1,991

Source: Metro Study

Important planning information can be derived from this data. For example, a breakdown of annual absorption by product type in the above projects is as follows:

Product Type	Closings	Percentage
Single Family	1,305	65.5%
Townhomes	605	30.4%
Condominiums	81	4.1%
Total	1,991	100.0%

The above analysis indicates that a market-sensitive breakdown for the residential component of the hypothetical subject master plan should be designed with about 65 percent single family homes, 30 percent townhomes and 5 percent condominiums. We will now analyze each of these elements.

Single Family
Lot size becomes a significant question for single family housing. The following table identifies the number and percentages of lot sizes on which homes are closing within the PMA.

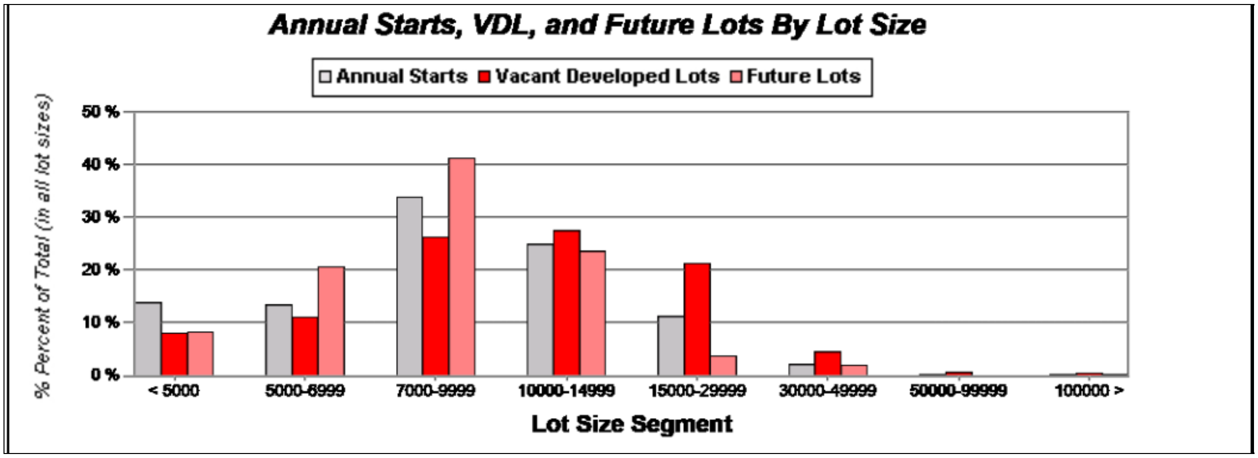
Lot Size Analysis

PMA Single Family

			Lot Size Segment								
		N/A	< 5000	5000-6999	7000-9999	10000-14999	15000-29999	30000-49999	50000-99999	100000 >	Total
Custom Market Numerical Totals	Ann Starts	22	530	514	1,297	952	432	83	10	5	**3,845**
	Ann Closings	6	448	511	1,287	876	426	65	17	4	**3,640**
	Housing Inv	23	270	239	533	456	204	50	3	1	**1,779**
	VDL Inv	150	623	855	2,030	2,122	1,641	346	46	38	**7,851**
	Future Inv	69,096	583	1,450	2,897	1,657	260	140	0	22	**76,105**
	VDL Supply (Mos)	*81.8*	*14.1*	*20.0*	*18.8*	*26.7*	*45.6*	*50.0*	*55.2*	*91.2*	***24.5***
Custom Market Percentage Totals	Ann Starts %		13.9 %	13.4 %	33.9 %	24.9 %	11.3 %	2.2 %	0.3 %	0.1 %	**100 %**
	Ann Closings %		12.3 %	14.1 %	35.4 %	24.1 %	11.7 %	1.8 %	0.5 %	0.1 %	**100 %**
	Housing Inv %		15.4 %	13.6 %	30.4 %	26.0 %	11.6 %	2.8 %	0.2 %	0.1 %	**100 %**
	VDL Inv %		8.1 %	11.1 %	26.4 %	27.6 %	21.3 %	4.5 %	0.6 %	0.5 %	**100 %**
	Future Inv %		8.3 %	20.7 %	41.3 %	23.6 %	3.7 %	2.0 %		0.3 %	**100 %**

Source: Metro Study

As can be seen from this data, the most popular size is 7,000 to 9,999 square feet, at 33.9 percent. The next most preferred size is 10,000 to 14,999 square feet, at 24.9 percent, followed by rising demand for very small lots of under 5,000 square feet which represents 13.9 percent of the closings. The demand level for the 5,000 to 6,999 category is very similar at 13.4 percent. Although some demand exists for larger lots, 15,000 square feet and over, it is very limited and they absorb very slowly. As such, this lot size is not recommended. This data is illustrated graphically as follows:



Source: Metro Study

Based on the above information, the following lot size distribution is recommended for single family product:

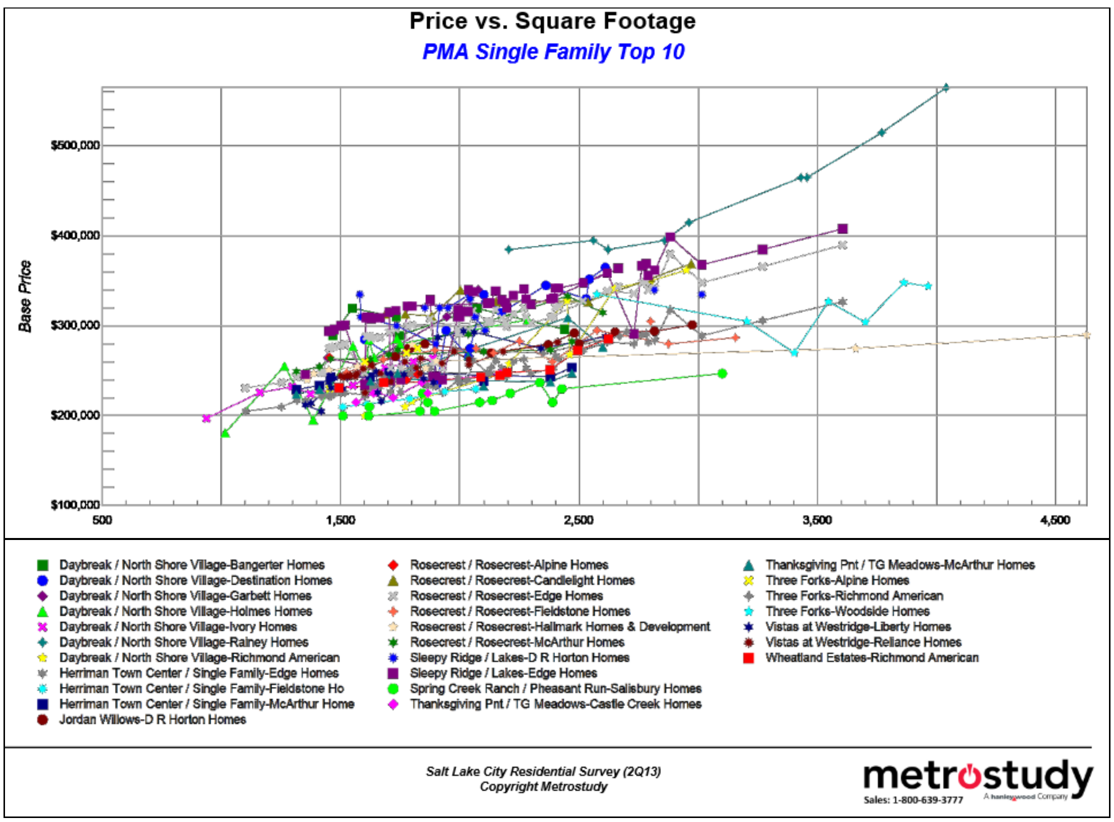
Lots Size	Percentage	Typical Densities
Under 5,000 SF	15%	5.0 to 6.0/Acre
5,000 – 6,999 SF	20%	4.5 to 5.0/Acre
7,000 – 9,999 SF	40%	3.5 to 4.5/Acre
10,000 – 14,999 SF	25%	2.5 to 3.5/Acre
TOTAL	100%	

Home Price vs. Size Distribution

We will now analyze the home price distribution on these lots. The below scatter graph identifies the size vs. price of single family homes closing in the top ten developments in the PMA. As can be seen, there are actually 28 builders represented in these projects, seven of which are in the Daybreak MPC and six of which are in Rosecrest.

The most common size home is 1,500 to 2,000 square feet, selling in price points ranging from about $200,000 to $325,000, or $133.33 to $162.50 per square foot. Many of these homes are now being built on lots less than 7,000 square feet in size. The next most common range appears to be 2,000 to 2,500 square feet in size, selling in price points ranging from about $225,000 to $350,000, or $112.50 to $140.00 per square foot. These homes are normally constructed on lots ranging from 7,000 to 10,000 square feet in size.

Slightly less activity is evident in the 2,500 to 3,000 square foot size homes, ranging in price points from about $275,000 to $380,000, or about $110.00 to $126.67 per square foot. These larger homes typically require lots over 10,000 square feet in size, representing about 25 percent of the market.



Source: Metro Study

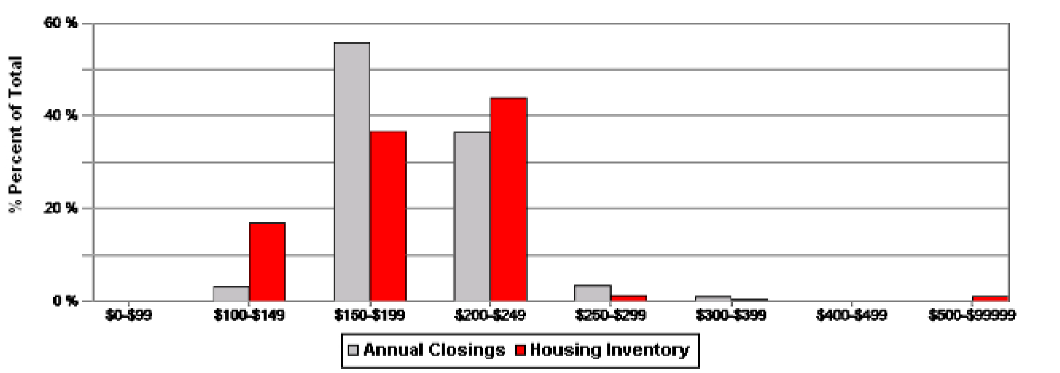
Townhomes
As previously noted, data indicates that townhomes represent about 30 percent of the market demand. Obviously, they fill a market niche for lower priced housing which requires higher densities, typically ranging from about 8 to 16 units per acre.

The table and graph below indicate that 49.7 percent of the closings for townhomes are for homes in the $150,000 to $199,999 price points, compared to 37.6 percent ranging from $200,000 to $249,999. Minimal demand appears to exist below and above those price points, suggesting a deep but narrow market.

Price Range Analysis
PMA Townhomes

		$0 $99,999	$100,000 $149,999	$150,000 $199,999	$200,000 $249,999	$250,000 $299,999	$300,000 $399,999	$400,000 $499,999	$500,000 $99999999	*Total
Custom Market Numerical Totals	Ann Starts		105	510	385	22	2	0	0	1,025
	Ann Closings		30	514	336	31	9	0	0	919
	Housing Inv		112	244	291	8	2	0	7	664
	VDL Inv		7	327	445	23	5	1	2	811
	Housing Supply (Mos)		*45.5*	*5.7*	*10.4*	*3.0*	*2.9*	-	-	*8.7*
	VDL Supply (Mos)		*0.8*	*7.7*	*13.9*	*12.5*	*28.5*	-	-	*9.5*
Custom Market Percentage Totals	Ann Starts		10.3 %	49.7 %	37.6 %	2.2 %	0.2 %			100 %
	Ann Closings		3.2 %	55.9 %	36.5 %	3.4 %	1.0 %			100 %
	Housing Inv		16.9 %	36.7 %	43.9 %	1.2 %	0.3 %		1.1 %	100 %
	VDL Inv		0.9 %	40.3 %	54.9 %	2.9 %	0.6 %	0.2 %	0.2 %	100 %

Price Range Distribution of Annual Closings vs Housing Inventory



Salt Lake City Price Range Analysis (2Q13)
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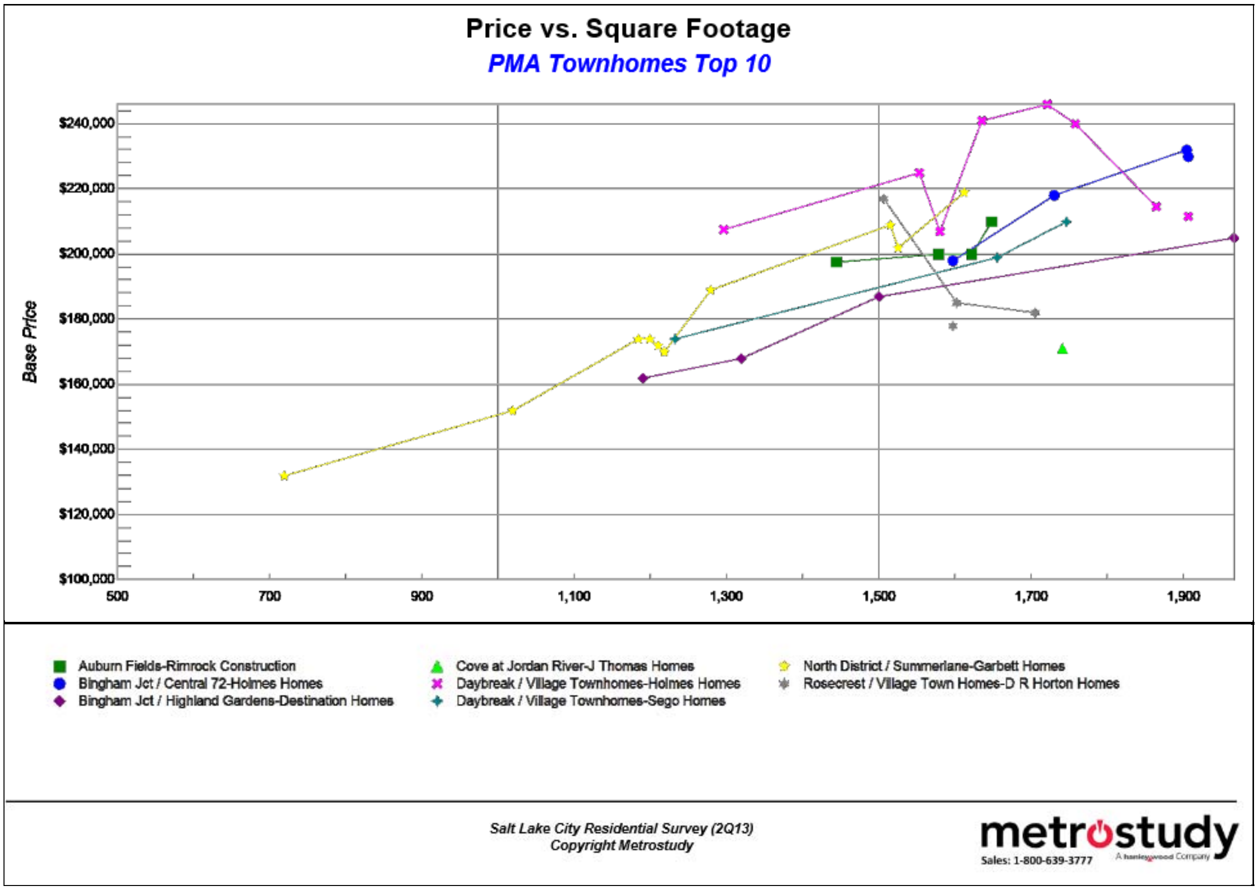
metrostudy
Sales: 1-800-639-3777

**Because this report excludes sections without pricing information, the totals may not match those shown on other summary reports.*

Source: Metro Study

Home Price vs. Size Distribution

Data in the below scatter graph indicates that the majority of demand for townhomes is for homes that are 1,500 to 1,700 square feet in size and priced from $180,000 to $200,000, for $117.65 to $120.00 per square foot. Although some demand appears to exist above and below these figures, it is minimal.



Source: Metro Study

Condominiums

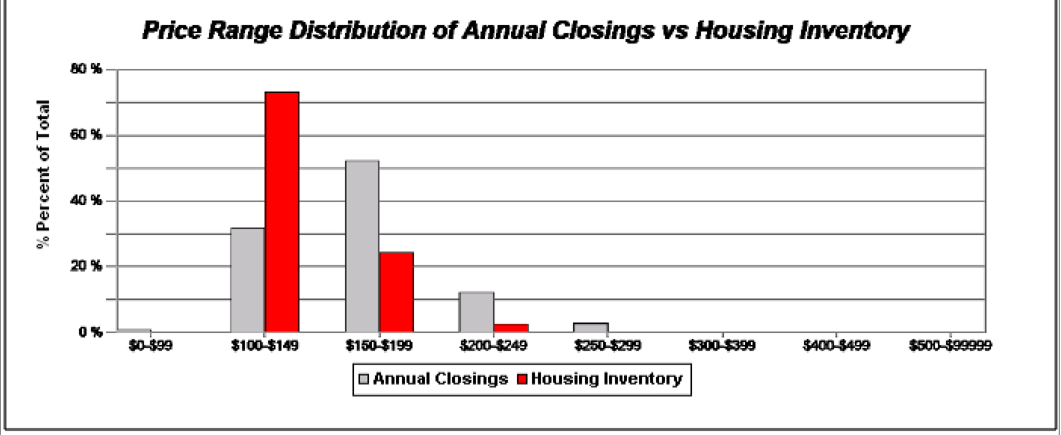
The legal difference between townhomes and condominiums is that townhomes own the air space about the units, while condominiums do not and are usually what is referred to as "stacked flats", or units stacked on various different levels of the building. The data suggest that demand for condominiums is somewhat limited within the PMA, estimated at only about 5 percent of the market. This is primarily because of the more restricted lifestyle that this type of product offers. Nevertheless, it provides housing to a very important demographic of singles and young marrieds that either prefer this lifestyle or are not yet able to afford a townhome or detached home. Condominium densities will typically range from about 18 to 24+ units per acre.

The urban areas of the Wasatch Front demonstrate significant demand for high rise condominiums, primarily for singles and empty nesters wishing to live within walking distance of urban attractions. However, there is no data indicating that a demand for this type of product exists within the PMA. The following table and graph illustrate that 56.5 percent of the closings within the PMA are for condominiums priced in the $100,000 to $149,999 price points, compared to 43.5 percent in the $150,000 to $199,999 price points.

Price Range Analysis

PMA Condominiums

		$0 $99,999	$100,000 $149,999	$150,000 $199,999	$200,000 $249,999	$250,000 $299,999	$300,000 $399,999	$400,000 $499,999	$500,000 $99999999	*Total
Custom Market Numerical Totals	Ann Starts	0	48	37	0	0				85
	Ann Closings	1	29	48	11	3				92
	Housing Inv	0	38	13	1	0				52
	VDL Inv	0	100	68	10	5				182
	Housing Supply (Mos)	-	*15.6*	*3.2*	*1.4*	-				*6.8*
	VDL Supply (Mos)	-	*25.0*	*21.9*	-	-				*25.7*
Custom Market Percentage Totals	Ann Starts		56.5 %	43.5 %						100 %
	Ann Closings	0.8 %	31.8 %	52.2 %	12.3 %	2.8 %				100 %
	Housing Inv		73.1 %	24.4 %	2.6 %					100 %
	VDL Inv		54.9 %	37.2 %	5.3 %	2.6 %				100 %



Salt Lake City Price Range Analysis (2Q13)
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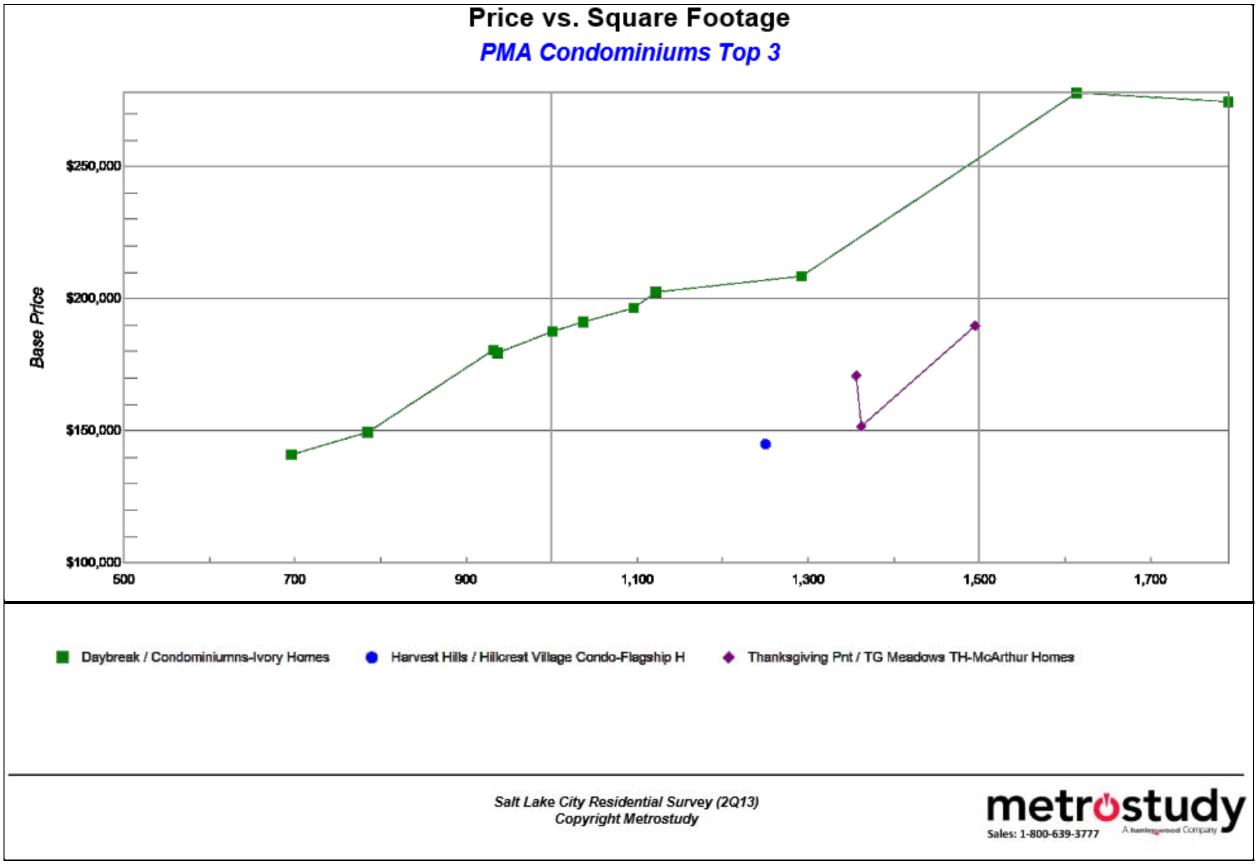
metrostudy
Sales: 1-800-639-3777

**Because this report excludes sections without pricing information, the totals may not match those shown on other summary reports.*

Source: Metro Study

Home Price vs. Size Distribution

The following scatter graph reflects that the majority of demand for condominiums is for units that are 700 to 1,150 square feet in size and priced from about $140,000 to $205,000, or $178.26 to $200.00 per square foot. This higher price per square foot identifies one of the reasons for the limited market demand this product type. The smaller size over which to distribute the cost of the mechanical core, coupled with costly building design requirements for “stacked flats” results in costs per square foot that appear to be unacceptable to a large segment of the market.



Source: Metro Study

PRODUCT MIX RECOMMENDATIONS

Inasmuch as planning and engineering have not been conducted on the subject site, applying the above data and concepts requires applying hypothetical conditions and assumptions. Based on the size and configuration of the subject, it is considered reasonable to assume that the residential element will include about 580 acres.

We reviewed our product mix recommendations with Bob Thorpe of *RW Thorpe Planning*, who was one of the primary planners for Traverse Mountain MPC and Matt Brown of *MW Brown Engineering*, who was the project engineer for Traverse Mountain MPC. Mr. Thorpe and Mr. Brown both indicated that a likely overall gross density, assuming 15 percent open space and approximately 20 percent allocation for roads on the 580 acres would be 4 to 6 units per acre. As such, we have assumed a gross density of 5 units per acre, which would result in a total unit count of about 2,900. Applying this to the recommended product breakdown would result in the following mix of the three product categories:

Product Type	Percentage	Mix
Single Family	65%	1,885
Townhomes	30%	870
Condominiums	5%	145
Total	100%	2,900

Whereas the product diversity and price points for townhomes and condominiums is relatively constrained, differing lot sizes provides far more diversity for the single family product, which is one reason for the larger market share of detached housing. Based on the preceding analysis, the recommended single family lot size mix would be as follows:

Lots Size	Percentage	Mix
Under 5,000 SF	15%	283
5,000 – 6,999 SF	20%	377
7,000 – 9,999 SF	40%	754
10,000 – 14,999 SF	25%	471
TOTAL	100%	1,885

RETAIL USES

Legally Permissible

From our research, no deed restrictions or easements appear to exist that would preclude this type of use. As such, retail development on the subject property is considered to potentially be legally permissible, under the extraordinary assumption that Draper City grants appropriate zoning changes.

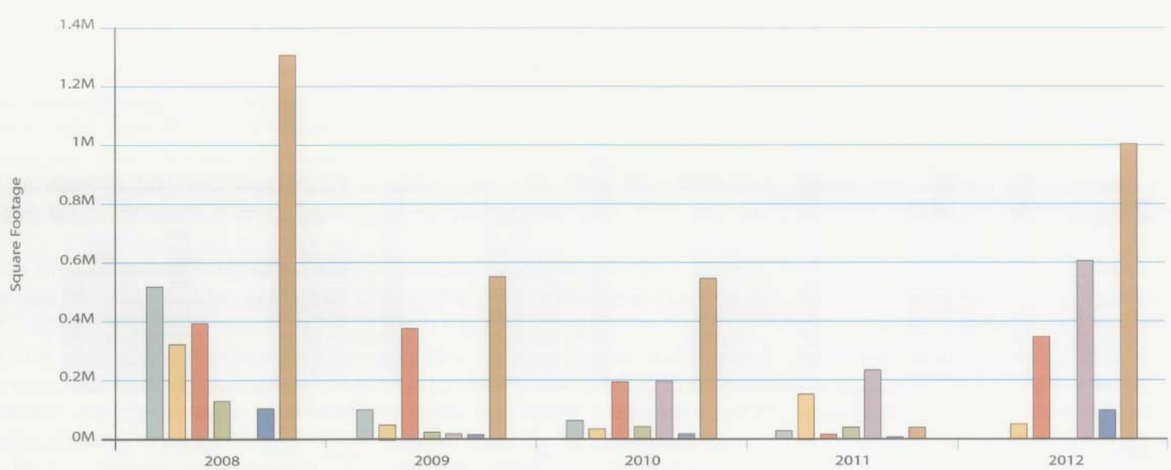
Physically Possible

As previously noted, the subject property is flat to mildly sloping. As such, there are no topographical issues that would prohibit retail development options. Even though the shape of the parcel is irregular, there are no areas that would significantly restrict development. Soil conditions appear to be adequate to support structures, as witnessed by the fact that several buildings have been on the site for many years. Hence, retail development appears to be physically possible.

Financially Feasible

On a prime parcel such as the subject, many uses will potentially provide a financial return to the owner. The question becomes one of maximizing the return to the owner. As such, we will address retail market conditions and track value and absorption trends.

1. New Construction

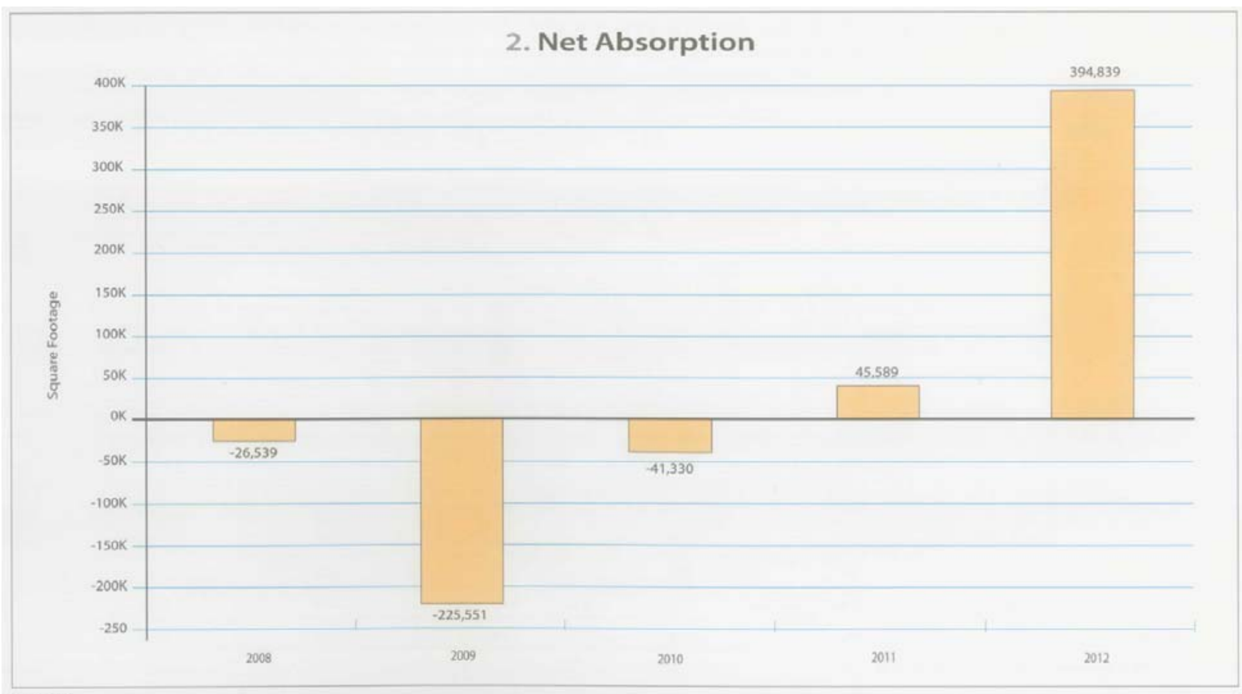


	2008	2009	2010	2011	2012
S	569,581	96,925	64,221	15,000	-
N	321,464	53,860	30,198	168,839	50,000
C	396,384	371,838	190,703	7,000	355,500
R	13,500	17,574	53,700	43,000	-
Super Regional	-	12,000	202,153	220,000	603,000
Other	11,086	5,921	16,253	3,539	100,000
Market	1,312,015	558,118	557,228	457,378	1,108,500

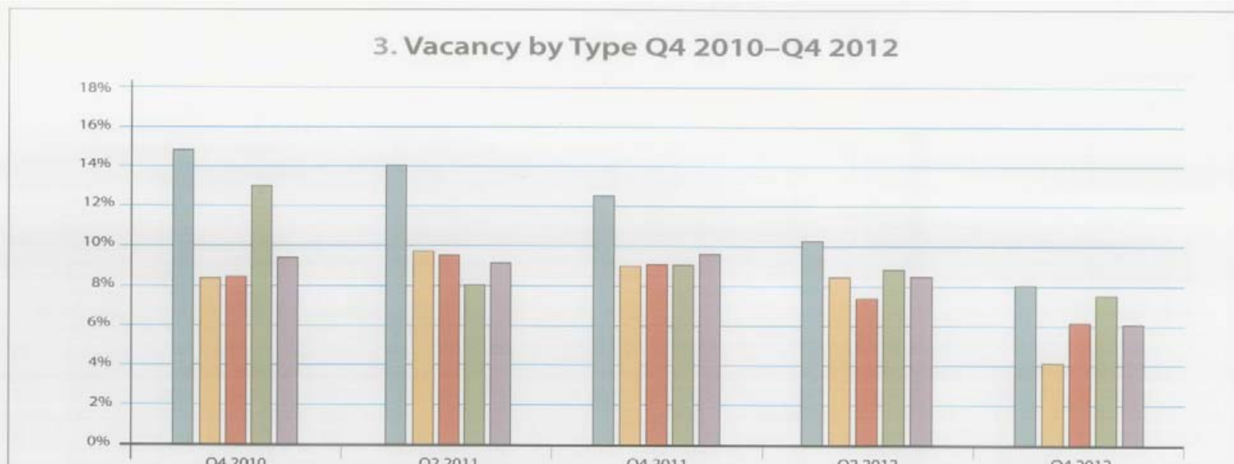
Source: CBRE Research

New construction in the retail market has improved from the 2011 overall lows. Many new non-food retailers entered the Utah market in 2012. New retailers include the 220,000 square foot Scheels store in Sandy and Gordmans department store, with three stores along the Wasatch Front, including South Jordan. There are an additional 15-plus stores projected to open throughout the Wasatch Front in 2013.

The most active retail segment in Utah was food. Quick Serve Restaurants had the majority of food growth in 2012. These restaurants include, Costa Vida, Dickey's Barbecue, Barbacoa, Corner Bakery, Sonny Bryans, Kneaders Bakery, Café Zupas, Café Rio, Noodles & Company and others. Some larger restaurants opening several stores in Utah included Buffalo Wild Wings and LongHorn Steakhouse. As can be seen above, new construction has recovered the low levels experienced from 2009 through 2011, with much of the new construction coming from nationally branded companies.

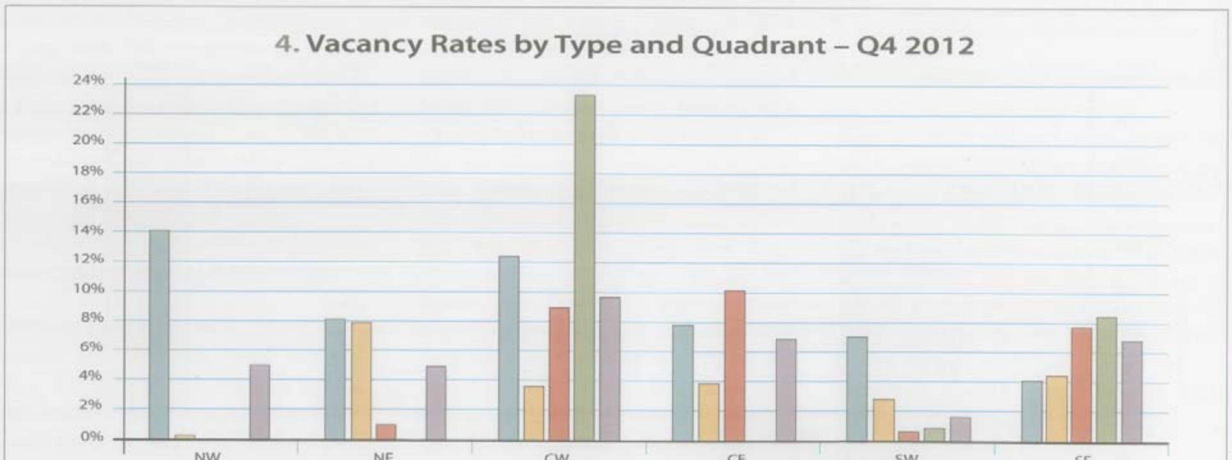


Retail net absorption increased from 2011 levels of 45,589 square feet to 394,839 square feet. Both 2011 and 2012 showed the first positive retail absorptions since 2007 and indicate an improved outlook on retail absorption.



	Q4 2010	Q2 2011	Q4 2011	Q2 2012	Q4 2012
S	14.8%	14.1%	12.6%	10.3%	7.0%
N	8.4%	9.7%	9.0%	8.4%	6.3%
C	8.5%	9.6%	9.2%	7.4%	6.4%
R	13.1%	8.0%	9.1%	8.8%	6.9%
Market	9.4%	9.2%	9.6%	8.4%	6.6%

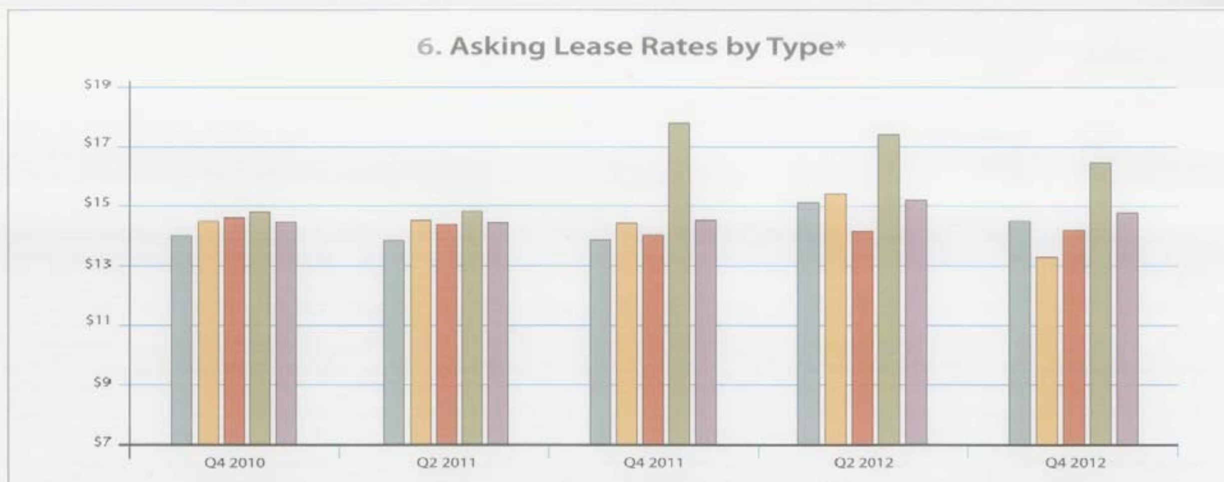
Source: CBRE



	NW	NE	CW	CE	SW	SE
S	14.2%	8.2%	12.4%	7.9%	6.9%	4.1%
N	0.4%	7.9%	3.8%	3.9%	2.7%	4.5%
C	0.0%	0.9%	8.9%	10.2%	0.6%	7.8%
R	0.0%	0.0%	23.3%	0.0%	0.8%	8.6%
Market	5.1%	5.0%	9.7%	6.8%	1.8%	6.7%

Source: CBRE

New construction was limited and absorption increased leading to improved vacancy in the retail sector. Retail market vacancy dropped from 9.6 percent at year-end 2011 to 6.6 percent year-end 2012. The subject is located in the SW (southwest) quadrant. The Market vacancy for the Southwest market was 1.8 percent overall with the lowest vacancy in the Community Center (150,001-350,000 sf) and Regional Center (350,001 sf or greater) types. Strip Centers had the highest vacancy in this quadrant at 6.9 percent.



	Q4 2010	Q2 2011	Q4 2011	Q2 2012	Q4 2012
S	$14.03	$13.79	$13.80	$15.09	$14.61
N	$14.47	$14.66	$14.43	$15.38	$13.37
C	$14.71	$14.56	$14.03	$14.18	$15.21
R	$14.88	$14.89	$17.73	$17.39	$16.53
Market	$14.50	$14.47	$14.63	$15.20	$14.85

* *Lease rates are a true weighted average by each individual available property.*

Source: CBRE

Lease rate activity dropped off in 2012 from 568,457 square feet to 391,443 square feet. Additionally, lease rates went down from a lease rate average of $15.20 per square foot per year in 2nd Quarter 2012 to $14.85 in 4th Quarter 2012. However, lease rates were up slightly from 2011 levels of $14.63 per square foot per year. The decline from 2nd quarter 2012 to 4th quarter 2012 is attributed to mass repositioning of market value in the retail investment market.

Conclusions

Based on the above information, the following conclusions are drawn regarding the financial feasibility of retail uses on the subject property:

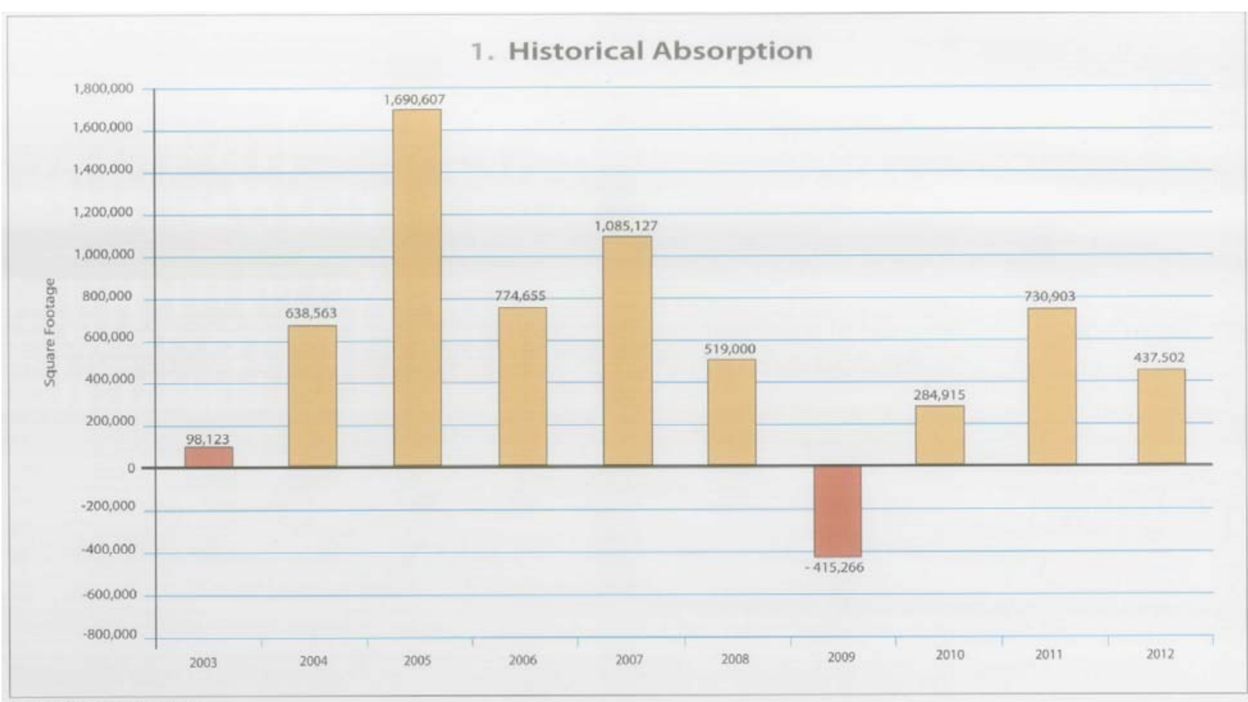
Market Conditions	The retail market is improving as national retailers are entering the Salt Lake County market. Retailers on the local and national level have remained stagnate the last three years as market conditions have been uncertain. Newly stabilizing market conditions that closely follow the growth in the residential markets have led to the recent expansions and development in the market. Market conditions for retail uses are favorable.

OFFICE USES In addition to traditional office uses, this category would include high-tech development companies, research and development campuses, business parks, etc.

Legally Permissible From our research, no deed restrictions or easements appear to exist that would preclude this type of use. As such, office development on the subject property is considered to potentially be legally permissible, assuming Draper City grants appropriate zoning changes.

Physically Possible As previously noted, the subject property is flat to mildly sloping. As such, there are no topographical issues that would prohibit office development options. Even though the shape of the parcel is irregular, there are no areas that would significantly restrict development. Soil conditions appear to be adequate to support structures, as witnessed by the fact that several buildings have been on the site for many years. Hence, office development appears to be physically possible.

Financially Feasible On a prime parcel such as the subject, many uses will potentially provide a financial return to the owner. The question becomes one of maximizing the return to the owner. As such, we will address office market conditions and track value and absorption trends.



Source: Coldwell Banker Commercial

Office absorption remained positive in the Salt Lake office market in 2012. In the last ten years only 2009 had a negative absorption. The average annual absorption in the last ten years is 415,000. Of the overall absorption about 99 percent took place in the suburban market. The total office square footage breakdown is 63 percent in the suburban market and 37 percent in downtown Salt Lake and periphery. Limited available land and parking costs downtown continue to promote growth in the suburban market.

Source: Coldwell Banker Commercial

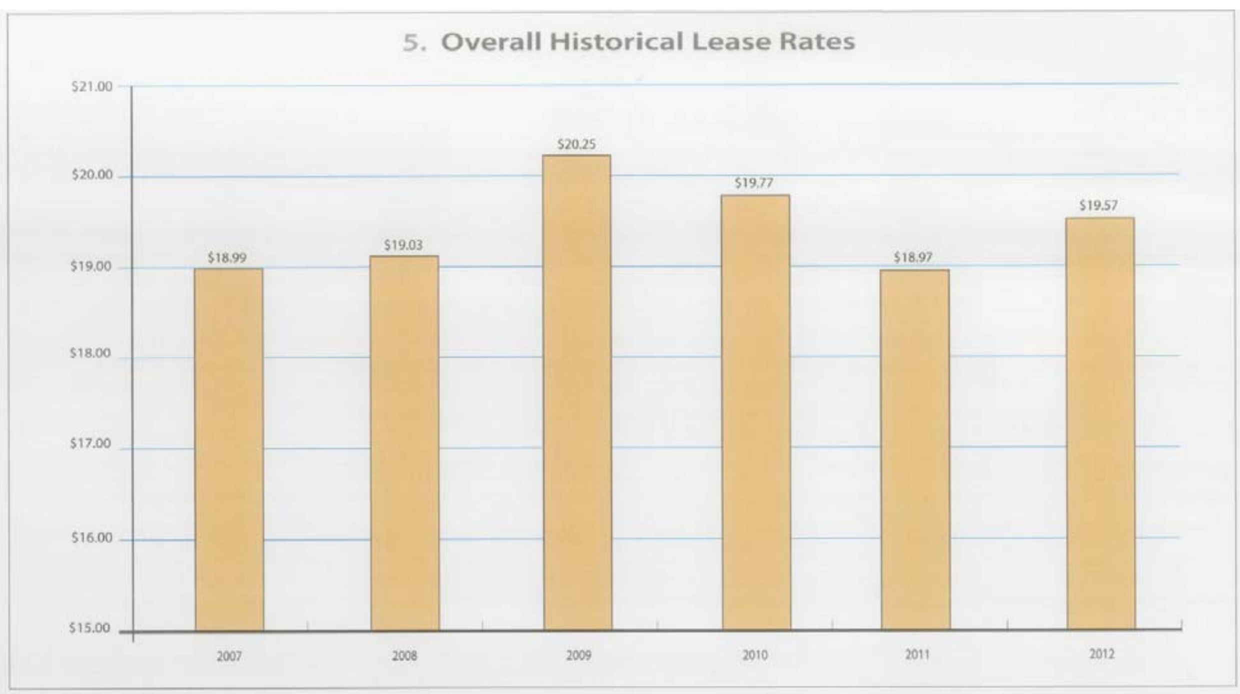
	2008	2009	2010	2011	2012
Class A	4.20%	4.03%	14.52%	11.71%	15.40%
Class B	11.47%	11.40%	11.06%	11.98%	12.39%
Class C	14.99%	16.75%	18.39%	17.34%	17.56%
Total	10.08%	10.62%	14.45%	13.32%	15.05%

Source: Coldwell Banker Commercial

	2008	2009	2010	2011	2012
Class A	14.86%	12.60%	10.75%	8.40%	8.03%
Class B	14.04%	17.40%	19.81%	15.23%	12.30%
Class C	11.68%	19.10%	15.58%	12.97%	11.66%
Total	13.79%	17.30%	15.70%	12.34%	10.73%

Source: Coldwell Banker Commercial

Office vacancy declined slightly in 2012 to 12.31 percent from 2011 levels of 12.70 percent. Office vacancy in suburban markets, like the subject, are lower than the downtown vacancy rates. Suburban vacancy rates have been trending downward the last five years and are down from 12.34 percent from 2011 to 2012 vacancy levels of 10.73 percent. Suburban markets are limited in the amount of space available over 15,000 square feet.



Source: Coldwell Banker Commercial

Historical lease rates for the office market are up from 2011 rates of $18.97 to 2012 levels of $19.52. The highest lease rates in the last six years occurred in 2009 and 2010 with respective lease rates of $20.25 and $19.77. Suburban market rates are expected to rise due to low vacancy, scarcity of large space available and high absorption of suburban office space.

Conclusions Based on the above information, the following conclusions are drawn regarding the financial feasibility of office uses on the subject property:

Market Conditions The office market continues to thrive in the suburban region as lease rates are consistently on the rise and absorption is steady. Scarcity of office space leaves opportunity for growth in the suburban market. Additionally, the blending of the Salt Lake and Utah County office market lead to a “megalopolis” blurring the distinction between the two markets competing for office users. Market conditions for office uses are favorable.

INDUSTRIAL USES

This classification would include what is known as "heavy" industrial, encompassing such uses as steel fabrication, manufacturing, warehouse and construction.

Legally Permissible

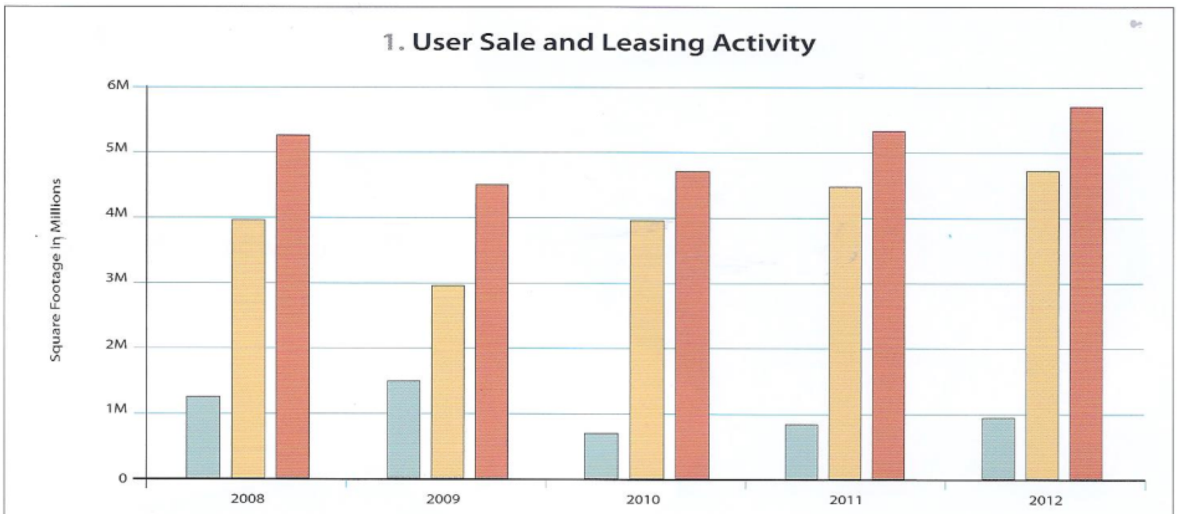
From our research, no deed restrictions or easements appear to exist that would preclude this type of use. As such, industrial development on the subject property is considered to potentially be legally permissible, assuming Draper City grants appropriate zoning changes.

Physically Possible

As previously noted, the subject property is flat to mildly sloping. As such, there are no topographical issues that would prohibit industrial development options. Even though the shape of the parcel is irregular, there are no areas that would significantly restrict development. Soil conditions appear to be adequate to support structures, as witnessed by the fact that several buildings have been on the site for many years. Hence, industrial development appears to be physically possible.

Financially Feasible

On a prime parcel such as the subject, many uses will potentially provide a financial return to the owner. The question becomes one of maximizing the return to the owner. As such, we will address industrial market conditions and track value and absorption trends.

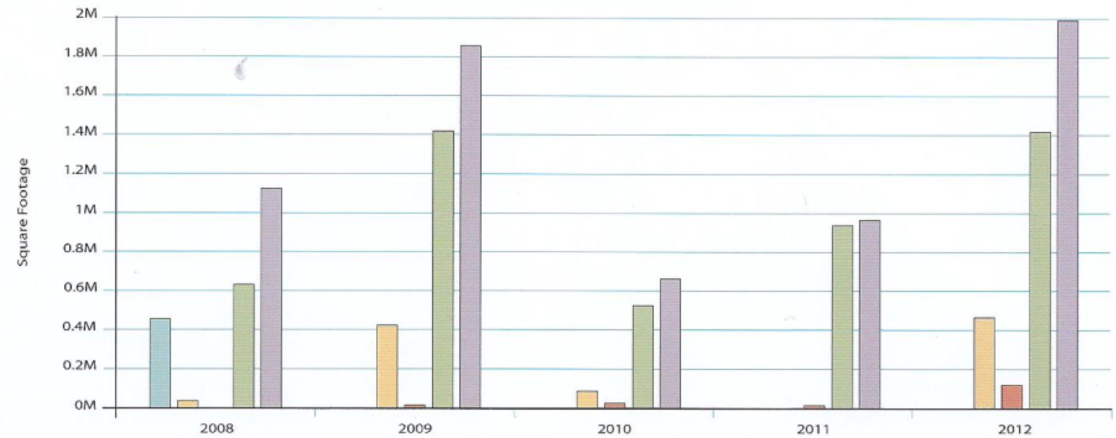


	2008	2009	2010	2011	2012
User Sale	1,128,503	1,559,956	765,275	840,779	971,769
Lease	3,996,623	2,985,628,	3,943,951	4,463,287	4,733,864
Total	5,125,126	4,545,584	4,709,226	5,304,066	5,705,633

Source: C & W Research

The industrial market is recovering more slowly than other markets. As can be seen above, sales and leasing have improved slightly, but don't show the strong recovery curve that is typical of the other markets.

2. Construction Activity

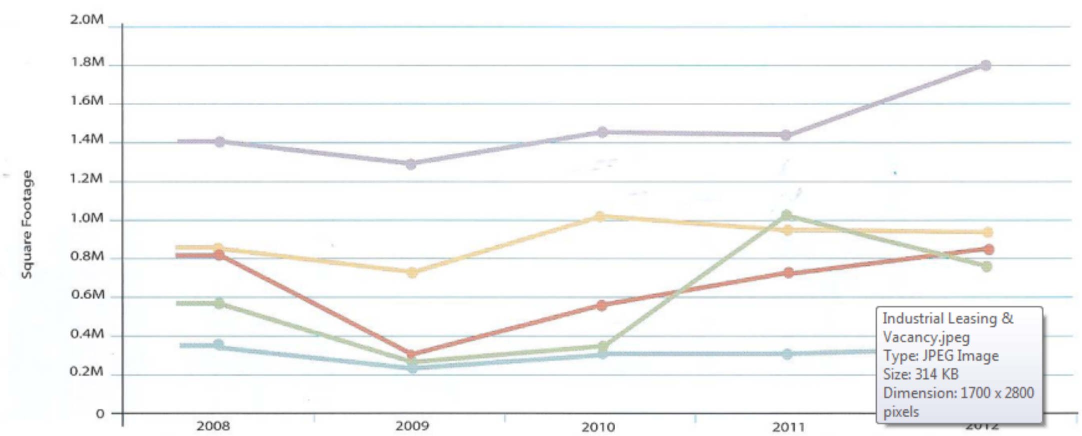


	2008	2009	2010	2011	2012
High Tech	441,045	0	0	0	0
Manufacturing	43,200	414,960	81,002	0	465,216
Office Service	0	25,800	35,000	16,400	107,256
Warehouse	636,825	1,404,372	530,684	958,696	1,409,588
Total	1,121,070	1,842,132	646,686	975,096	1,982,060

Source: C & W Research

Construction activity showed a strong upward swing, with about $2 million square feet built. Just over 70 percent was built as distribution warehouse and about 90 percent of that space was over 100,000 square feet.

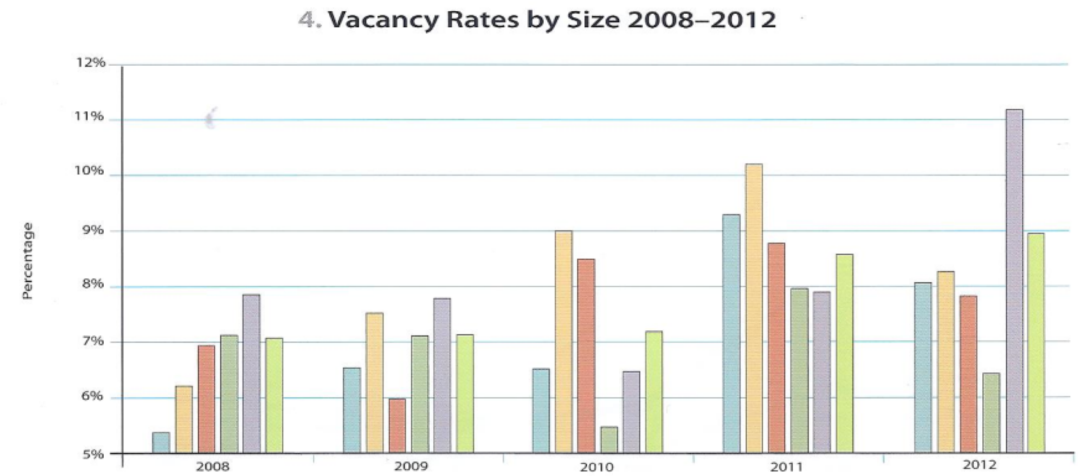
3. Leasing Activity by Size



	2008	2009	2010	2011	2012
0– 5,000 sf	352,631	247,147	300,326	258,013	366,075
5,001-20,000 sf	844,527	721,394	1,010,030	971,934	954,689
20,001 – 50,000 sf	826,900	362,666	544,902	715,524	856,911
50,001 – 100,000 sf	567,240	337,754	329,122	1,093,908	753,853
100,000 + sf	1,405,325	1,316,667	1,459,571	1,423,908	1,802,336

Source: C & W Research

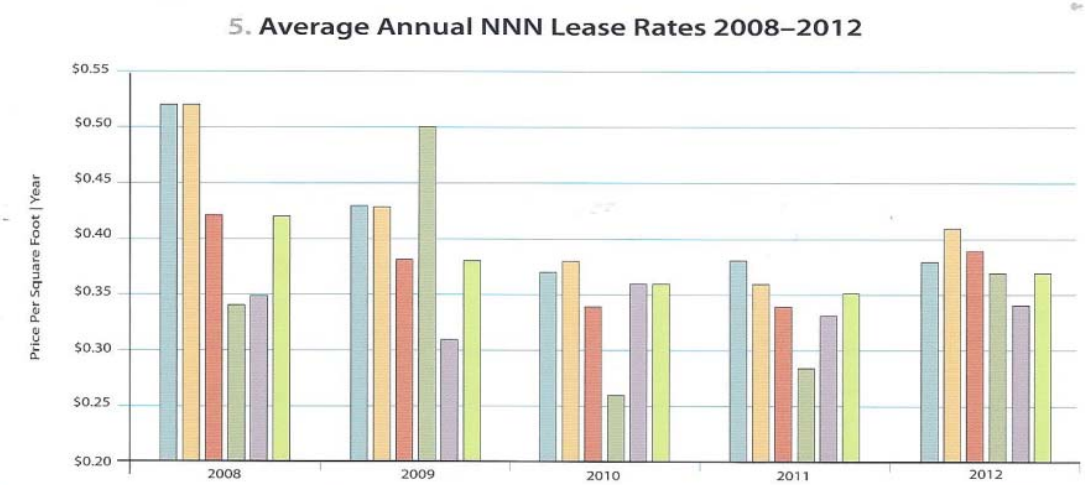
The 50,001 to 100,000 square foot size category showed the strongest lease activity. While overall lease rates have risen only slightly over the past two years, this category finished 2012 at $.37, compared to 2011 at $.28.



	2008	2009	2010	2011	2012
0– 5,000 sf	5.30%	6.64%	6.60%	9.33%	8.13%
5,001-20,000 sf	6.24%	7.63%	9.00%	10.26%	8.36%
20,001 – 50,000 sf	6.97%	5.95%	8.55%	8.76%	7.76%
50,001 – 100,000 sf	7.19%	7.16%	5.39%	7.94%	6.43%
100,000 + sf	7.88%	7.75%	6.48%	7.84%	11.17%
Average	7.11%	7.16%	7.28%	8.60%	8.95%

Source: C & W Research

Strength in construction activity led to some weakness in vacancy rates, which actually rose from 8.60 percent in 2011 to 8.95 percent in 2012. The primary contributor to this increase was the 100,000+ square foot size category.

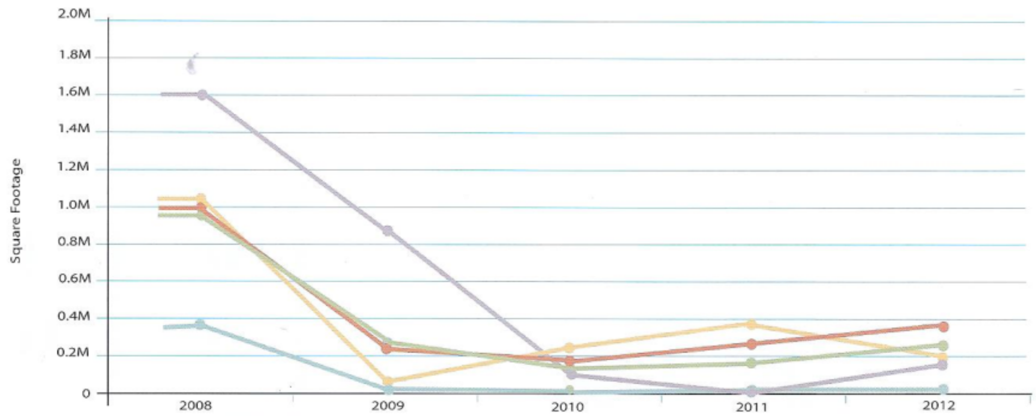


	2008	2009	2010	2011	2012
0– 5,000 sf	$0.52	$0.43	$0.37	$0.38	$0.38
5,001-20,000 sf	$0.52	$0.43	$0.38	$0.36	$0.41
20,001 – 50,000 sf	$0.42	$0.38	$0.34	$0.34	$0.39
50,001 – 100,000 sf	$0.34	$0.50	$0.26	$0.28	$0.37
100,000 + sf	$0.35	$0.31	$0.36	$0.33	$0.34
Average	$0.42	$0.38	$0.36	$0.35	$0.37

Source: C & W Research

Lease rates strengthened slightly from an average rate of $.35 in 2011 or $.37 in 2012. The biggest increase was in the 50,001 to 100,000 square foot size category, which increased by $.09, from $.28 to $.37.

6. Sale Activity by Size

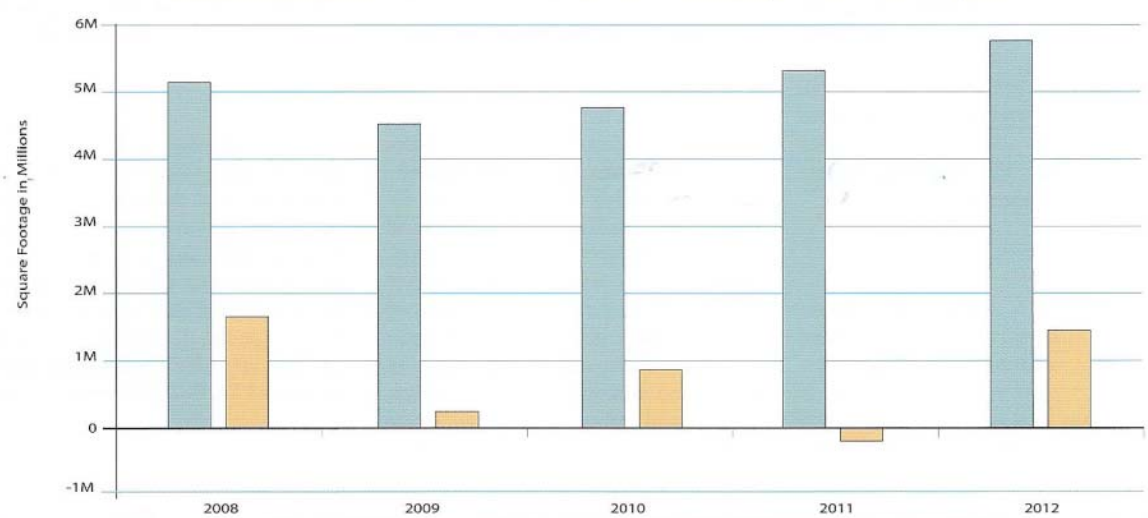


	2008	2009	2010	2011	2012
0– 5,000 sf	380,716	37,511	18,361	31,175	33,985
5,001-20,000 sf	1,128,074	134,330	250,642	371,201	194,533
20,001 – 50,000 sf	1,055,298	234,179	185,783	289,861	345,316
50,001 – 100,000 sf	953,088	278,772	167,489	148,542	233,261
100,000 + sf	1,607,950	875,164	143,000	0	164,674

Source: C & W Research

As can be seen from the above graph, non-user sale activity has seen relatively little recovery over the past two years. While economic recovery should spur improvement in this area, the window on low interest rates will likely start closing within the next few months, creating downward pressure on sales.

7. Historical Industrial Year-end Market Activity & Net Absorption



	2008	2009	2010	2011	2012
Market Activity	5,125,126	4,545,584	4,709,226	5,304,066	5,705,633
Net Absorption	1,681,758	268,522	855,307	-218,114	1,421,966

Source: C & W Research

Net absorption, which actually showed a negative number in 2011, recovered strongly in 2012. It is likely that absorption will continue at a stable rate in 2013. However, it will likely decline as interest rates begin to climb.

Conclusions

Based on the above information, the following conclusions are drawn regarding the financial feasibility of industrial uses on the subject property:

Market Conditions

Industrial market conditions have improved slightly in recent months. Economic recovery will have an upward influence on market conditions, but upcoming higher interest rates will have a dampening effect.

Maximally Productive Overall Master Plan

Maximally productive considerations for mixed-use master plans must include not only the feasibility of each use, but the relationship between the individual elements and how they will interact to increase or decrease overall values.

Based on the strong recovery of both Salt Lake and Utah counties, all four uses were determined to be feasible on an individual basis. However, the following analysis and table evaluate the relationships between the various land uses:

Residential

Residential uses are the largest element and as identified in the table to follow, benefit tremendously from retail elements in close proximity. In fact, “walkable” retail services can be an enormous positive influence for residential uses. While nearby office uses can be a positive influence in providing proximate employment, they are largely neutral to residential uses. Heavy industrial uses, on the other hand, are typically not compatible with residential uses, due to the potential for unsightly equipment, noise nuisances and heavy vehicle traffic.

Retail

The demand for retail services is driven by residential uses. Roof tops in close enough vicinity to create foot traffic can be very appealing. Retail also benefits from nearby offices, as office tenants frequent shopping and food services within walking distance. Heavy industrial uses represent a distraction to the pleasant environment required for successful retail uses and are therefore not compatible.

Office

Residential uses are compatible with office uses. The convenience of walkable retail services near offices is considered a positive influence. Heavy industrial uses on the other hand, are not compatible with office uses because of the visual and audio distractions.

Industrial

As previously noted, this classification would include what is known as “heavy” industrial, encompassing such uses as steel fabrication, manufacturing, warehouse and construction. Residential, retail and office uses are largely neutral to industrial uses, with the possible exception of issues such as traffic and noise ordinances to protect residential and business areas.

Land Use	Residential	Retail	Office	Industrial
Residential	N/A	Complementary	Neutral	Non-compatible
Retail	Complementary	N/A	Complementary	Non-compatible
Office	Neutral	Complementary	N/A	Non-compatible
Industrial	Neutral	Neutral	Neutral	N/A

Conclusions

Based on the fact that industrial uses are not compatible with the other potential uses, the maximally productive uses of the subject property are considered to be residential, retail and office.

Inasmuch as planning and engineering has not yet been performed on the subject property, the retail and office components are combined into a broad mixed-use concept that could include such uses as retail, office and high-density residential uses. This could also be expanded to include a business park, research and development campus or medical facility.

LAND/SITE VALUATION

Methodology

The market value of the land is best determined by a thorough investigation of recent market sales and listings as well as an analysis of market activity as it relates to the subject property. The subject land is appraised considering its highest and best use “as if vacant”.

The appraisal process for valuation of real estate involves a systematic analysis of facts based on supply and demand, and other various economic principles. To organize these pertinent factors, appraisal theory has developed three basic approaches to the appraisal process. These three basic approaches are summarized as follows:

Cost Approach

This approach to value is based on the justification an informed investor or purchaser would pay no more for the subject property than it would cost him to produce a substitute offering the same utility. The cost approach involves determining the depreciated value of the improvements plus land value and profit. This approach is most useful when valuing properties with building improvements that are newer in age, and when reproduction and replacement cost data is readily available; or when the property consists of unique or specialized improvements.

Sales Comparison Approach

This approach is a process of comparing similar properties that sold on a "prospective market value of finished lots upon completion of construction" basis with the subject to estimate the market value. The comparable sales are chosen from those recently sold or currently listed properties that would generally compete for the same purchasers in the market. Comparison to the subject may be made of the whole comparable property or of some element or unit of comparison. Points of difference must be identified and considered, and then adjustments are applied to the comparables to reflect value differences for comparison to the subject property. From the adjusted values, the most probable selling price of the subject is estimated.

Development Approach

This approach is the process of measuring and converting future benefits of ownership into present value estimation. These future benefits are generally measured by the net income produced by a property over a given period of time, plus the proceeds of a resale of the property. As such, the income potential of the subject lots is analyzed then discounted back to a present value. This is done after estimating an average value per lot for the subject by the cost and sales comparison approaches. This process is explained in detail within this approach.

Valuation Methods

The following methods can be employed for valuing vacant land:

1. Sales Comparison
2. Extraction
3. Allocation
4. Direct Capitalization – Land residual technique
5. Direct Capitalization – Ground rent capitalization
6. Yield Capitalization – DCF analysis

Conclusions

In this valuation assignment, the sales comparison and development approaches to value have been expanded and lead to good correlation of value. The cost approach is not utilized as the subject the subject is being valued "as is".

After the conclusions have been reached by the various approaches to value, the results are reviewed and reconciled, and a final value estimate is determined.

Comparable Selection

To appropriately determine the value of the subject site, the best comparables are similar to the subject in highest and best use. We have made an extensive search in the market area and have obtained sales for comparison to the subject property. Each comparable is analyzed and compared to the subject property, and appropriate adjustments are made based on market- extracted information. An adjustment grid is used to account for the dissimilarities and to show the adjusted values of the sales.

It is noted that large land transactions similar to the subject have been very scarce in recent years. This is primarily due to the recession and the resulting aversion to the risk of purchasing large tracts of land. As a result we have utilized large parcel sales that have occurred since 2006 and smaller land sales that occurred more recently. We will then evaluate both types of sales to arrive at a reliable value estimate. Data sheets for the comparable land sales are presented on the following pages, followed by a summary table, map and adjustment grid.

LAND SALE #1

Hawks Ridge – Neighborhoods 16 & 17
West of SR 73
Saratoga Springs, Utah County

PROPERTY CHARACTERISTICS		***TRANSACTION INFORMATION***	
Tax Parcel:	59-013-0007 (old #)	Sale Date:	April 28, 2006
Zoning:	R-3	Sales Price:	$9,412,943
Land Area:	117.625 acres	Financing Terms:	Cash
Shape:	Irregular	Cash Equivalency:	$9,412,943
Terrain:	Level to moderate slope	Grantor / Seller:	Utah Pacific Holdings LLC
Utilities:	Close Proximity	Grantee / Buyer:	La Familia VSS, LLC
Access:	Paved roadway	Property Rights:	Fee Simple

COMPARATIVE INDICATOR

Price Per Acre:	$80,025
Price Per Sq. Ft:	$1.84

VERIFICATION

Purchase Agreement and buyer, Jeff Anderson

COMMENTS

The buyers acquired this parcel as a future investment. The parcel has views of Utah Lake, but is significantly inferior to the subject in location.

LAND SALE #2

Villages at Saratoga Sprgs
Southern end of Saratoga Springs, west of SR 73.
Utah County

PROPERTY CHARACTERISTICS

Tax Parcel:	Various
Zoning:	R-1
Land Area:	479.47 acres
Shape:	Irregular
Terrain:	Level to slight slope
Utilities:	All Available
Access:	Paved roadway

TRANSACTION INFORMATION

Sale Date:	January 31, 2006
Sale Price:	$24,000,000
Financing Terms:	Cash
Cash Equivalency:	$23,700,000
Grantor / Seller:	Hearthstone Development
Grantee / Buyer:	Deer Canyon Saratoga LLC
Property Rights:	Fee Simple

COMPARATIVE INDICATOR

Price Per Acre:	$49,430
Price Per Sq. Ft:	$1.13

VERIFICATION

Bankruptcy Court documents

COMMENTS

This property sold out of bankruptcy court. The buyer paid $1,000,000 earnest money to the seller as a down payment. It should be noted that Neighborhoods 3, 4, 5, 6 had received final approval from Saratoga Springs, however the remaining land had conceptual approval. The seller indicated that he considered this a distressed sale since he did not have adequate time to find a buyer that would pay his stipulated price. It was further noted that the agreement was structured so a final payment of $2,000,000 would be payable to the seller when the final neighborhood was constructed with no interest accruing. To compensate for the lack of interest, a discount of 5 percent per year on the $2,000,000 balance has been applied to get a cash equivalent sales price. The time period is projected at about three years, resulting in an adjustment of $300,000.

LAND SALE #3

Independence at the Point
925 West 15300 South
Bluffdale, Utah

PROPERTY CHARACTERISTICS

Tax Parcel:	All of 33-14-200-001, 33-14-200-004, 33-14-200-005, 33-15-400-007 and 33-15400-013 Portions of 33-13-100-037, 33-14-100-005, 33-14-100-007, and 33-14-300-001
Zoning:	SG-1 & MU (entirety planned MU)
Land Area:	80 acres
Shape:	Irregular
Terrain:	Level, slight downslope
Utilities:	All available
Access:	Paved roadway

TRANSACTION INFORMATION

Sale Date:	December 2011 thru May 2013
Sales Price:	$8,560,000
Financing Terms:	Cash equivalent
Cash Equivalency:	$8,560,000
Grantor / Seller:	MT Jordan Ltd & Porter's Point LLC
Grantee / Buyer:	DAI
Property Rights:	Fee Simple

COMPARATIVE INDICATOR

Price Per Acre:	$107,000
Price Per Sq. Ft:	$2.46

VERIFICATION

Trace Barney, Listing agent - (801)-262-3388, by Roland Robison

COMMENTS

This property totals 293.5 acres and is being taken down in 20-acre parcels at $107,000 per acre. The first closing occurred in December 2011 and the latest in May 2013. A total of 80 acres have been taken down as of the date of valuation. As such, we have identified this as an 80-acre sale. Agent Trace Barney indicated the contract is based on $107,000 per acre, which is higher than the list price of $25,000,000. He further indicated that there are 5-year escalation clauses, but that sales are brisk enough that they expect the entire 293.5 acres to be taken down within the next two or three years. It is significant to note that the original contract was for the entire acreage at $29,000,000 or $98,800 per acre. Considering a 10 percent upward location adjustment and a 5 percent upward geothermal adjustment (see adjustment grid), it is noted that a 30 percent downward size adjustment would bring this sale to an adjusted value of $84,000 per acre, which is consistent with the concluded value.

LAND SALE #4
(LARGE MIXED-USE)

North side 7200 South between 700 West and the Jordan River;
Midvale City, Salt Lake County

PROPERTY CHARACTERISTICS

Tax Parcel:	21-23-476-003 (por.)
Zoning:	BJ (Bingham Junction)
Land Area:	129.70 acres
Shape:	Rectangular
Terrain:	Level, slight downslope
Utilities:	All Available
Access:	Paved roadway

TRANSACTION INFORMATION

Sale Date:	March 10, 2006 (Doc. #965806)
Sale Price:	$20,250,000
Financing Terms:	Cash equivalent
Cash Equivalency:	$20,250,000
Grantor / Seller:	Littleson, Inc.
Grantee / Buyer:	Mercer Bingham Junction, LLC
Property Rights:	Fee Simple

COMPARATIVE INDICATOR

Price Per Acre:	$156,130
Price Per Sq. Ft:	$3.58

VERIFICATION

Jeff Bernson (Broker) NAI Utah Commercial
(801) 550-2515

COMMENTS

The land is part of the 270 AC former Sharon Steel tailings site, used 90+ years for milling operations before ceasing in 1964. It was declared a “superfund” site in 1990 and EPA approved a pilot program for redevelopment in 1999, enabling the landowner and Midvale City to identify future land uses, resulting in the adoption of the Bingham Junction master plan in August 2000. Remediation began in 2002, including removal of buildings, extraction of highly contaminated wastes, and slag compaction and capping with 18 inches of “clean” fill material. Midvale City assisted with necessary utility infrastructure construction to accommodate the redevelopment plan. Purchase negotiation with J.D. Mercer began in February 2004. The conceptual land use plan at the time of purchase included 11.0 AC for high-density residential and 37.3 AC for medium-density residential with density approval for up to 706 housing units, 51.4 AC for retail commercial development, and 30 AC of park and open space, including a boardwalk along the Jordan River.

LAND SALE #5
(LARGE MIXED-USE)

South of 7200 South, west of 700 West and Holden Street, north of 7800 South, with the Jordan River on the west; Midvale City, Salt Lake County

PROPERTY CHARACTERISTICS

Tax Parcel:	21-26-200-015
	21-26-400-003
Zoning:	BJ (Bingham Junction)
Land Area:	165.859 acres
Shape:	Irregular
Terrain:	Level, slight downslope
Utilities:	All Available
Access:	Paved roadway

TRANSACTION INFORMATION

Sale Date:	December 20, 2007 (Doc. #1028124)
Sale Price:	$27,600,000
Financing Terms:	Cash equivalent
Cash Equivalency:	$27,600,000
Grantor / Seller:	Littleson, Inc.
Grantee / Buyer:	Arbor Gardner Bingham Junction Co.
Property Rights:	Fee Simple

COMPARATIVE INDICATOR

Price Per Acre:	$166,406
Price Per Sq. Ft:	$3.82

VERIFICATION

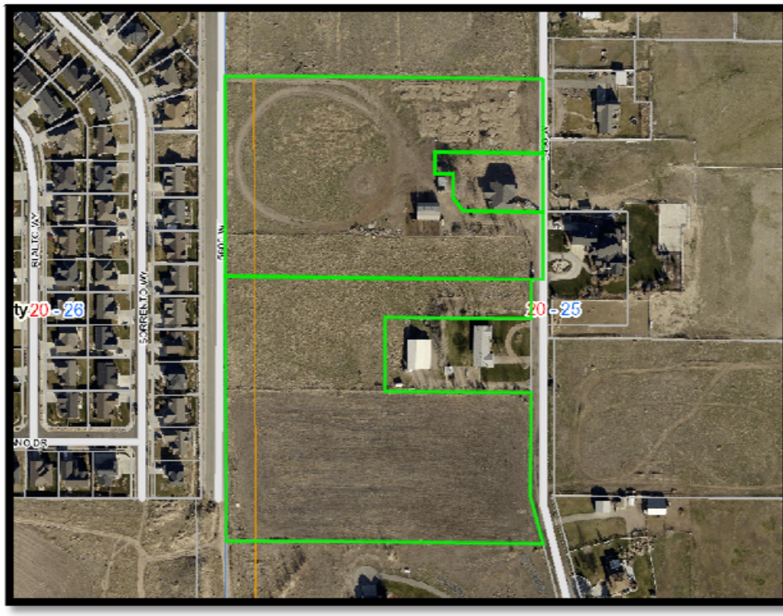
Jeff Bernson (Broker) NAI Utah Commercial
(801) 550-2515

COMMENTS

This is Sharon Steels 450 AC Midvale slag site, which operated for 90+ years as a smelter before ceasing in 1964. It was declared a “superfund” site in 1990 and EPA approved a pilot program for redevelopment in 1999, enabling the landowner and Midvale City to identify future land uses, resulting in the adoption of the Bingham Junction master plan in August 2000. Remediation began in 2002, including removal of buildings, extraction of highly contaminated wastes, and slag compaction and capping with 18 inches of “clean” fill material. Midvale City assisted with necessary utility infrastructure construction to accommodate the redevelopment plan. Purchase negotiation with Gardner & Company began in October 2004. The conceptual land use plan at the time of purchase became known as “River Walk,” and proposed up to 1,853 housing units on 70 AC at various densities, 90 AC for retail commercial/office use (±1.16 million SF), and 100+ room hotel with conference facilities.

LAND SALE #6

7162 South 5490 West
West Jordan
Salt Lake County



PROPERTY CHARACTERISTICS

Tax Parcel:	20-25-100-039
Zoning:	RR-20
Land Area:	14.26 acres
Shape:	Rectangular
Terrain:	Level
Utilities:	All Available
Access:	Paved roadway

TRANSACTION INFORMATION

Sale Date:	July 26, 2012
Sale Price:	$1,400,000
Financing Terms:	Cash equivalent
Cash Equivalency:	$1,400,000
Grantor / Seller:	HJ Builders
Grantee / Buyer:	S-B West Jordan
Property Rights:	Fee Simple

COMPARATIVE INDICATOR

Price Per Acre:	$98,177
Price Per Sq. Ft:	$2.25

VERIFICATION

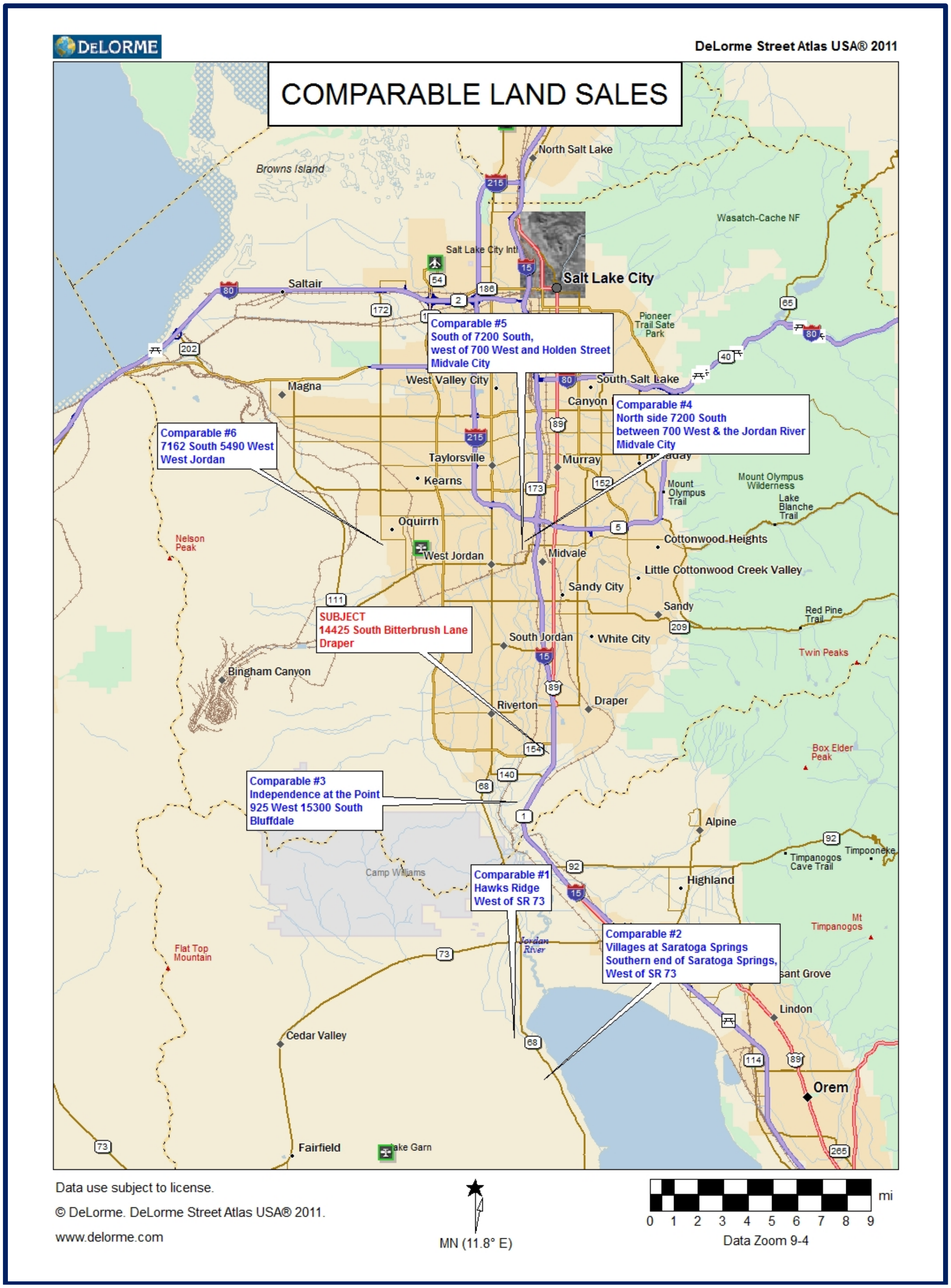
Tiffany Jensen, Agent and Randy Bowler, buyer by Eric Leonhardt

COMMENTS

This parcel has been divided into county parcels 20-25-100-044, 046, 047. Plus, 1.43 acres were transferred to West Jordan City for 5600 West. The purchase was at the listing price after the recent listing period of about five months. The agent said interest increased at the time of purchase and that the property could have sold for more. The buyer said that it was indeed a distressed and below market transaction.

The following table summarizes those transactions considered most pertinent to the sales comparison approach valuation of the subject parcel.

SUMMARY OF PERTINENT LAND TRANSACTIONS						
ID	**PROPERTY IDENTIFICATION**	**SALE DATE**	**SALE PRICE**	**PARCEL SIZE (AC)**	**ZONING**	**PRICE PER ACRE**
1	Hawks Ridge West of SR 73 Saratoga Springs Utah County	04/2006	$ 9,412,943	117.625	R-3	$80,025
2	Villages at Saratoga Springs Saratoga Springs Utah County	01/2006	$23,700,000	479.47	R-1	$49,430
3	Independence at the Point 925 West 15300 South Bluffdale Salt Lake County	May 2013 (Last Closing)	$ 8,560,000	80.0	SG-1 & MU	$107,000
4	North side 7200 South between 700 West and the Jordan River; Midvale City Salt Lake County	03/2006 (Negotiated 02/2004)	$20,250,000	129.700	BJ Mixed-Use	$156,130
5	South of 7200 South, west of 700 West, north of 7800 South, east of Jordan River; Midvale City Salt Lake County	12/2007 (Negotiated 10/2004)	$27,600,000	165.859	BJ Mixed-Use	$166,406
6	7162 South 5490 West West Jordan City Salt Lake County	07/2012	$1,400,000	14.26	RR-20	$98,177


DeLORME
DeLorme Street Atlas USA® 2011
COMPARABLE LAND SALES
Comparable #5
South of 7200 South,
west of 700 West and Holden Street
Midvale City
Comparable #4
North side 7200 South
between 700 West & the Jordan River
Midvale City
Comparable #6
7162 South 5490 West
West Jordan
SUBJECT
14425 South Bitterbrush Lane
Draper
Comparable #3
Independence at the Point
925 West 15300 South
Bluffdale
Comparable #1
Hawks Ridge
West of SR 73
Comparable #2
Villages at Saratoga Springs
Southern end of Saratoga Springs,
West of SR 73
North Salt Lake
Salt Lake City
Browns Island
Wasatch-Cache NF
Saltair
Magna
West Valley City
South Salt Lake
Taylorsville
Kearns
Murray
Oquirrh
West Jordan
Midvale
Cottonwood Heights
Little Cottonwood Creek Valley
Sandy City
Sandy
South Jordan
White City
Bingham Canyon
Riverton
Draper
Alpine
Highland
Lindon
Orem
Cedar Valley
Fairfield
Camp Williams
Nelson Peak
Flat Top Mountain
Twin Peaks
Box Elder Peak
Mt Timpanogos
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ADJUSTMENT GRID

ADJUSTMENT CATEGORIES	SALE 1	SALE 2	SALE 3	SALE 4	SALE 5	SALE 6
Date of Sale	04/06	01/06	5/13	03/06	12/07	07/12
Size (Acres)	117.625	479.470	80.000	129.700	165.859	14.260
Sale Price/Acre	$80,025	$49,430	$107,000	$156,130	$166,406	$98,177
Property Rights	0%	0%	0%	0%	0%	0%
Adjusted Price/Acre	$80,025	$49,430	$107,000	$156,130	$166,406	$98,177
Sale Conditions/Terms	0%	15%	0%	0%	0%	15%
Adjusted Price/Acre	$80,025	$56,845	$107,000	$156,130	$166,406	$112,904
Market Conditions	-10%	-10%	0%	-10%	-15%	0%
Adjusted Price/Acre	$72,023	$51,160	$107,000	$140,517	$141,445	$112,904
Locational Influences	25%	25%	10%	-10%	-10%	0%
Size / Shape	-30%	-10%	-40%	-30%	-25%	-60%
Accessibility	0%	0%	0%	0%	0%	0%
Utility Infrastructure	0%	0%	0%	0%	0%	0%
Zoning / Density	20%	40%	0%	-10%	-10%	30%
Geothermal Well	5%	5%	5%	5%	5%	5%
Adjusted Price/Acre	**$86,427**	**$81,856**	**$80,250**	**$77,284**	**$84,867**	**$84,678**
Net Adjustment	20%	60%	-25%	-45%	-40%	-25%
Gross Adjustment	80.0%	80.0%	55.0%	55.0%	50.0%	95.0%
Price/Acre Range		$77,284	to		$86,427	
AVERAGE PRICE PER AC			**$82,560**			

Land Sale Adjustment Methodology and Analysis

Ascertaining the appropriate comparative unit is critical to the credibility of the analysis and dependent on the type of property, actions of market participants, and purpose of the appraisal assignment. Development properties are typically transacted analyzed or transacted by market participants based on price per acre of land area; therefore, this comparative unit was utilized for valuation purposes.

Application of the adjustment process sequentially considered the dissimilarities of the cited sales associated with the following categories of influence that are common to all types of realty. These elements of comparison represent the characteristics of properties and realty transactions that help explain the variance of prices paid for real estate.

- Property rights conveyed
- Financing and terms of sale
- Conditions of sale
- Changing market conditions
- Locational Influences
- Physical property characteristics

Property Rights Conveyed - Each of the sales involved fee simple estate property rights; therefore, no adjustment is needed for the rights conveyed.

Sale Conditions/Financing and Terms of Sale - An adjustment for conditions of sale is usually applied to reflect the special motivations or circumstances of a particular buyer and/or seller. Sale 2 was a bankruptcy sale with the seller indicating that it was distressed and sold below market value. The seller, buyer and agent all agreed that Sale 6 sold below value. Comparative sales analysis tends to confirm this and indicates a 15 percent upward adjustment for these two sales.

Referring to the introductory section of this report, the definition of “market value” requires cash or equivalent financing terms. For this reason, adjustments must be considered for sales that include creative financing and/or special sales concessions. The closed transactions were each negotiated with cash terms, or on terms concluded to be equivalent to cash; therefore, adjustments are unnecessary for the remaining sales in this category of comparison.

Changing Market Conditions - Market conditions generally change over time, yet an appraisal is time specific (i.e. the effective date of value). For this reason, it is necessary to consider the direction of any change in value (if any) between the sale date and effective date of the appraisal. As previously noted, no large land sales have occurred in the market in recent months, forcing us to use older sales to conduct the analysis.

The most reliable means of supporting an adjustment for a change in market conditions is obtained from a comparison of sale/resale transactions pertaining to the same property over time; however, in practice, such data is oftentimes scarce, and when found, may not be pertinent to the time interval under analysis. Inasmuch as the subject property is unique in location and size, very few similar sales are available for analysis. Attempting to conduct an analysis on properties dissimilar to the subject could be misleading.

Alternatively, adjustments for changing market conditions can be extracted from interviews with local market experts. As such, we had conversations with developers Jared Westhoff, as well as Nate Shipp with DAI, which is a company that specializes in large-scale development of master planned communities. Mr. Westhoff and Mr. Shipp indicated that lot prices have increased significantly in recent months. They added, however, that concerns in the market regarding the risks of holding large land parcels have held the values of large land parcels down. The aggressive land value increases through 2006 began to slow in 2007, followed by substantial devaluations from 2008 through 2010. It is difficult to pinpoint the amount of decline, due to the fact that the market for large properties essentially disappeared, with the exception of bank foreclosure sales, which often reflected declines of 60 percent or more.

In 2011 and 2012 lot inventories began to show significant declines and in 2013 market conditions have begun to tighten significantly. This has created upward pressure on lot values, which are once again in the range of 2006 levels, or above. Land values are tending to lag behind these trends, due to financing difficulties and ongoing concerns regarding the long term health of the economy.

The above market dynamics suggest that 10 percent downward adjustments are appropriate for the 2006 sales and a 15 percent downward adjustment is indicated for Sale 5, which occurred in 2007. No adjustments are indicated for Sale 3 or 6.

Locational Influences - Location adjustment may be required when the environmental and linkage influences of a sale differ from those of the subject. This is performed before consideration of any physical dissimilarity. The reader is reminded that the subject is adjacent to and visible from I-15, which as of UDOT's 2010 traffic count, enjoyed an ADT of 134,820 vehicles. This type of exposure and access is extremely valuable to development properties.

Sales 1 and 2 are located in Saratoga Springs, about 10 miles west of I-15. This is considered to be a significantly inferior location. Comparative sales analysis with the other sales in the adjustment grid, indicate upward adjustments of 25 percent. Sale 3 is located in Bluffdale, but does not have visibility or direct access from I-15. A 10 percent upward adjustment is considered reasonable. Sales 4 and 5 are located in Midvale, which is much closer to the Salt Lake metro area and less than a 15 minute commute to the Salt Lake City retail centers and worksites. Comparative sales analysis indicates 10 percent downward adjustments. No adjustment is indicated for Sale 6, which is considered to be similar to the subject in travel time to downtown Salt Lake City and major shopping areas.

Size / Shape – As previously noted, **t**he subject parcel totals 680.6 acres and has an irregular shape. The comparable sales have gross areas that range in size from 14.26 to 479.47 acres.

Based on a pairing of the data, Sale 2, which is the closest to the subject in size should be adjusted downward by 10 percent. Sale 5, which is the next largest at 165.859 acres, indicates a downward adjustment of 25 percent. Sales 1 and 4 are similar in size, at 117.625 and 129.70 acres, respectively, and are adjusted downward by 30 percent. Sales 3 and 6, which are substantially smaller than the subject are adjusted downward by 40 and 60 percent, respectively.

Accessibility – All six sales are considered to be similar to the subject in this regard, with no adjustments indicated. As previously noted, the UDOT properties to the north of Bangerter Highway and adjacent to the FrontRunner railway lines are zoned TSD to accommodate a future transit station. This could be a very positive future influence for the subject. However, until final plans are established any potential value increase is difficult to identify.

Utilities – All utilities are present on the subject site. No adjustments are indicated. It is noted that a geothermal well is located on the subject property which will be addressed below.

Zoning / Density – As noted in the highest and best use section of this report, in order to determine the probable zoning provisions as the subject site is vacated, we met with Draper City Manager, David Dobbins, Assistant City Manager, Russell Fox and Community Development Director, Keith Morley. These gentlemen indicated that the city will be amenable to accommodating a zoning that will be consistent with the highest and best use of the subject site. They agreed that a mixed-use approach involving residential, retail and office uses would likely represent the maximally productive use, and that industrial uses may not be compatible with these uses.

Mr. Fox indicated that the city currently has a master plan overlay zone, which is likely where they would start. They would then be willing to modify the ordinance to meet market demands. We asked if, for example, they would consider allowing a high-intensity use such as ultra-high density condominium buildings of ten or more floors. They responded that if market demand could be verified, this would not be out of the question.

Based on this information, the likely zoning is considered to be consistent with the highest and best use. Residential densities will likely range from about three to 24+ homes per acre and conceivably be integrated into retail and office uses in some cases. Based on the size and location of the subject parcel, it is reasonable to project that about 60 percent will be attributed to residential uses, likely totaling in the neighborhood of 2,500 homes. Consistent with other similar developments, retail and office uses will likely take another 20 percent and the remaining 20 percent will consist of common area and amenities.

Sales 1 and 2 are considered to be significantly inferior, with maximum residential densities of three homes per acre and one home per acre. Comparative sales analysis indicates 20 and 40 percent upward adjustments, respectively. Sale 3 is zoned with a similar intensity of use as proposed for the subject, with no adjustment indicated. Sales 4 and 5 are characterized with ultra-high intensity uses, including 706 units on 48.5 acres, for a density of 14.6 per acre and 1,853 homes on 70 acres, for a density of 26.5 per acre. The remaining acreages are utilized for retail and common area uses. Based on these high-intensity uses and pairing of the data, 10 percent downward adjustments are indicated. Sale 6 is significantly inferior with a density of only two homes per acre, suggesting a 30 percent upward adjustment.

Geothermal Well – Mr. Greg Peay with the DFCM indicated that the geothermal well on the subject site, most recently heated about 300,000 square feet of living area and that this represents about 20 percent of its capacity. As such, it is estimated to have the capacity to heat in the neighborhood of 1.5 million square feet of living area. With increasing pressures on utility costs, this could be a resource that would be beneficial to a number of proposed uses in the future.

However, Facilities Manager, Jerry Jensen, indicated that the system is extremely corrosive and requires constant maintenance and updating. He said that they have tried various types of delivery systems, including metal and most recently, fiberglass. The fiberglass appears to hold up better than metal, but the pumps and pipes continually have to be replaced. As such, it is not known if the system is financially feasible at the present time.

In the absence of market data regarding geothermal values, it appears that insufficient information is available with which to conduct a detailed analysis. However, given the fact that it potentially offers another option for heating homes and possibly other applications, it is considered reasonable to conclude that it has minor contributory value to the subject. Hence, it is considered sensible to apply a 5 percent upward adjustment to each of the sales.

Concluded Subject Parcel Value

Following adjustments, the transactions indicate a range in value from $77,284 to $86,427 per acre. Statistically, the mean indicated value was $82,560 per acre. All six sales are considered to be valid value indicators. Sale 2 is the closest in size to the subject, but is over seven years old and was adjusted significantly for location and zoning. Sale 3 is the most recent, but was adjusted substantially for size. Overall, sales 3, 4 and 5 received the least gross adjustments and are considered to be most similar to the subject.

Based on the foregoing, we conclude that the subject parcel has a value of $82,000 per acre as of the date of valuation. Applying this data to the 680.6 acres results in an overall value of $55,809,200.

Demolition

As previously noted, approximately 65 buildings currently exist on the subject property, which would be demolished in order to achieve the “as if vacant” status. To identify the cost of demolition we contacted international demolition company, Grant Mackay Demolition Company. This company has many years’ experience demolishing large structures throughout the world.

Since they have an office in Bountiful, Utah, Mackay Demolition was familiar with subject and its improvements. After talking with Mr. Greg Peay to acquire specifications, they were able to produce a budgetary figure for the demolition of the existing improvements. Their budget, which can be found in the addendum of this report, came to $3,956,193.49. However, it is noted that this figure excludes such things as permits, bonds, adhesive removal, saw cutting or core cutting, utility disconnect and removal, landscaping, earthwork, shoring or bracing, road base removal, capping or patching, surface preparation for new construction, salvage of items for contractor or owner's use, barricades or fencing, asbestos removal, hazardous material removal, tank removal and hazardous material assessment.

While it is impossible to quantify the likely costs of the above items until further research is done, it is considered reasonable to project that they could amount to another 5 to 10 percent of the bid amount. Hence, a likely overall cost is considered to be $4,500,000. Deducting this from the concluded value results in the following net value:

Concluded Value with Improvements	$55,809,200
Demolition Costs	- 4,500,000
"As Is" Value	$51,309,200

Based on this information, we conclude that the "as is" value of the subject as of August 20, 2013, which was the date of inspection, is $51,300,000 (rounded).

"FIFTY ONE MILLION THREE HUNDRED THOUSAND DOLLARS"
($51,300,000)

EXPOSURE/MARKETING PERIOD

Exposure time refers to the total amount of time a property was available for sale until it sold and is therefore a retrospective estimate based on past events. Exposure time is always presumed to occur prior to the effective date of the appraisal. Marketing time refers to future events and is assumed to occur after the effective date of the appraisal. Based on conversations with local market participants, exposure/marketing time for this property at the above indicated value is estimated at 12 months.

DEVELOPMENT APPROACH

Procedures

The development approach considers the anticipated benefits in terms of money which are to be derived from the ownership of the property. In this analysis, the "future benefits" are defined as the income to be derived from the sales of entitled parcels, or what is commonly known as “papered lots”. The total projected income, which is called the “Gross Sellout”, is derived by adding the projected revenues. To arrive at the value one buyer would pay for the entire development, or “Investment Value as If Master Planned”, costs associated with the marketing period of the lots must then be accounted for. These costs include the time value of the money that is tied up in the development, marketing costs, closing costs, taxes, any HOA fees and profit that the buyer would expect to make on the parcels. A discounted cash flow analysis accounting for these costs is then utilized to convert these sales proceeds into an indication of the discounted, or “Investment Value as if Master Planned” value of the parcels.

It is noted that this approach would require backbone infrastructure to be installed in order to provide access to the individual parcels. After concluding the final values the cost of a hypothetical backbone infrastructure will be estimated and deducted from the value conclusions. Since no engineering has been completed on the subject, we reiterate that this estimate will be purely hypothetical and will have to be calculated in more detail once engineering is in place.

The required information and steps in this analysis are as follows:

1. Estimation of parcel values.
2. Estimation of absorption period.
3. Estimation of holding costs and marketing expenses.
4. Discounting of probable net revenues over the absorption period based on assumptions regarding appreciation/depreciation, holding costs, and marketing costs.

On the following pages is our analysis of the market demand for various land uses and densities in order to identify a logical development plan. The value concluded will assume fully entitled development parcels, which would be sold on an individual basis. These types of parcels are typically referred to as “papered lots”. Due to the lack of papered lot sales in the current market, we have utilized developed lot sales from which we will deduct development costs and profit to arrive at papered lot values. This is followed with value determinations of the hypothetical products within the development plan.

The values of the different product types will be individually. The first category will be parcels designated for single family lots, ranging from the smallest size categories to the largest. Next, we will value the townhome parcels, followed by condominium parcels. The overall revenues, known as the “gross sellout” for the hypothetical parcels will then be determined. The project will then be divided into parcels representative of the size that developers typically purchase. Analysis of absorption time, planning and engineering costs, improvement costs and holding costs and discounted cash flow of the revenues will then follow.

RESIDENTIAL PARCELS

SINGLE FAMILY LOTS

Due to substantial inventories of improved single family lots on the market, relatively few acquisitions of “papered” lots have occurred in recent years. As such, in order to properly analyze a development with the market breadth of the proposed subject, it becomes necessary to analyze the sales of improved lots and subsequently deduct the improvement costs and associated profit. We have made an extensive search of the market and determined that the following developments are most representative of single family products proposed for the subject development:

Comparable Subdivision #1

East Riverwalk
6800 South 900 West
Midvale, Utah
Salt Lake County

Market Data

Lot #	Date of Sale	Size of Lot	Sales Price
306 - 316	06/15/13	3,688 - 4,370	$84,333

Site & Sales Information

Utilities & improvements:	All Available
Sales period:	Last 12 Months
Financing terms:	Cash Equivalent
Property rights conveyed:	Fee Simple
Conditions of sale:	Arm's Length
Amenities:	None
Lot size range:	3,688 to 4,370 SF
Average lot size:	3,932 square feet
Lot price range:	$84,333
Average lot price:	$84,333
Total number of lots:	10
Lots sold to date:	N/A
Lots sold per month:	N/A
Verification:	Alpine Homes, Builder

Comments

These lots were purchased on a rolling takedown of atleast three lots every two months.

Comparable Subdivision #2

Bluffdale Heights
15143 S Skyfall Drive
Bluffdale, Utah
Salt Lake County

Market Data

Lot #	Date of Sale	Size of Lot	Sales Price
104	08/06/13	4,356	$80,000
109	07/23/13	6,098	$96,900
112	07/05/13	9,147	$102,900
106	Current Listing	5,227	$70,000

Site & Sales Information

Utilities & improvements:	All Available
Sales period:	Last 12 Months
Financing terms:	Cash Equivalent
Property rights conveyed:	Fee Simple
Conditions of sale:	Arm's Length
Amenities:	None
Lot size range:	4,356 to 14,375 SF
Average lot size:	7,400 square feet
Lot price range:	$70,000 to $102,900
Average lot price:	$87,450
Total number of lots:	52
Lots sold to date:	50
Lots sold per month:	6.4
Verification:	Mark Jones, Jones and Associates Realty
	Salt Lake County Recorder

Comments

These lots are located just to the west of the I-15 freeway near the Point of the Mountain. The subdivision offers a park and some lots can have walk-out basements. Listing agent Mark Jones said that they have sold 16 lots since June, for an absorption of 6.4 lots per month. All but two of the lots are sold. He said they do offer some moderate views, however, the reason they're selling so quickly at this price is just that there is enormous demand and limited supply.

Comparable Subdivision #3

Juniper Point Subdivision
14672 S. 4800 W.
Herriman, Utah
Salt Lake County

Market Data

Lot #	Date of Sale	Size of Lot	Lot Price
153	10/25/12	5,662	$83,997
154	10/03/12	6,700	$91,197
Q143	May, 2013	6,534	$83,997
Q46B	06/03/13	10,900	$110,000

Site & Sales Information

Utilities & improvements:	Fully improved
Sales period:	10/03/12 to 10/25/12
Financing terms:	Cash Equivalent
Property rights conveyed:	Fee Simple
Conditions of sale:	Arm's Length
Amenities:	None
Lot size range:	0.13 to 0.16
Average lot size:	0.14 square feet
Lot price range:	$83,997 to $91,197
Average lot price:	$87,597
Total number of lots:	N/A
Lots sold to date:	N/A
Lots sold per month:	N/A
Verification:	Agent at Richmond American Homes and MLS; by Roland Robison

Comments

These sales were on the MLS and are located less than a mile away from the subject property.

Comparable Subdivision #4

Rosecrest MPC
Mount Ogden Peak and Highfield Dr.
Herriman, Utah
Salt Lake County

Market Data

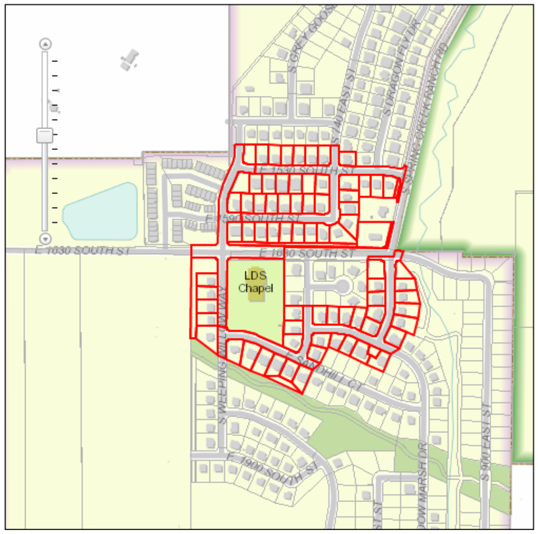
Lot #	Date of Sale	Size of Lot	Lot Price
27	05/01/13	9,600	$95,370
2	05/01/13	10,000	$91,170
3	05/01/13	10,000	$110,000
32	02/15/13	17,860	$135,500

Site & Sales Information

Utilities & improvements:	Fully improved		
Sales period:	05/01/13		
Financing terms:	Cash Equivalent		
Property rights conveyed:	Fee Simple		
Conditions of sale:	Arm's Length		
Amenities:	None		
Lot size range:	0.22	to	0.23
Average lot size:	10,018.00 square feet		
Sale Lot price range:	$91,170 to $135,500		
Total number of lots:	4		
Verification:	Karin Driggs Edgeland agent; by Roland Robison		

Comments

These lots were bought by Edge Homes.



Comparable Subdivision #5

Spring Creek Ranch
2100 South 1000 West
Lehi, Utah
Utah County

Market Data

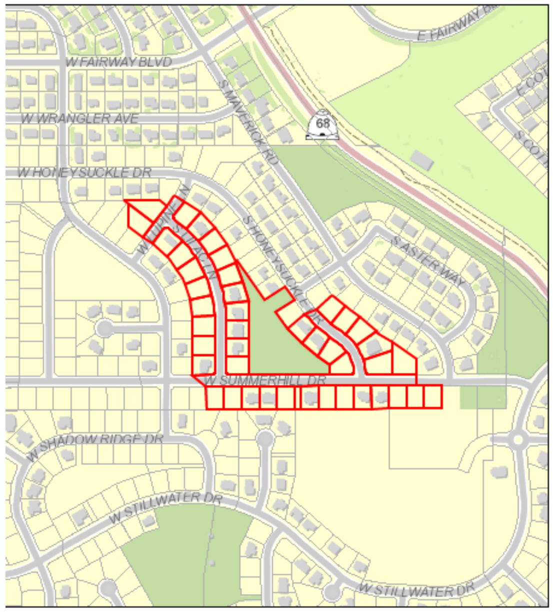
Lot #	Date of Sale	Size of Lot	Listed Lot Price
1	08/19/13	8,700	$79,000
143	05/14/13	6,100	$65,000
173	03/14/13	12,600	$80,000

Site & Sales Information

Utilities & improvements:	Fully improved
Sales period:	N/A
Financing terms:	Cash Equivalent
Property rights conveyed:	Fee Simple
Conditions of sale:	Arm's Length
Amenities:	None
Lot size range:	8,500 to 13,500 SF
Average lot size:	9,133 square feet
Lot price range:	$65,000 to $80,000
Average lot price:	$74,667
Total number of lots:	N/A
Lots sold last 12 mos.:	N/A
Lots sold per month:	N/A
Verification:	Roland Robison and WFRMLS

Comments

This development is located in south Lehi, about one mile west of I-15.



Comparable Subdivision #6

Summerhill
2500 South 200 West
Saratoga Springs, Utah
Utah County

Market Data

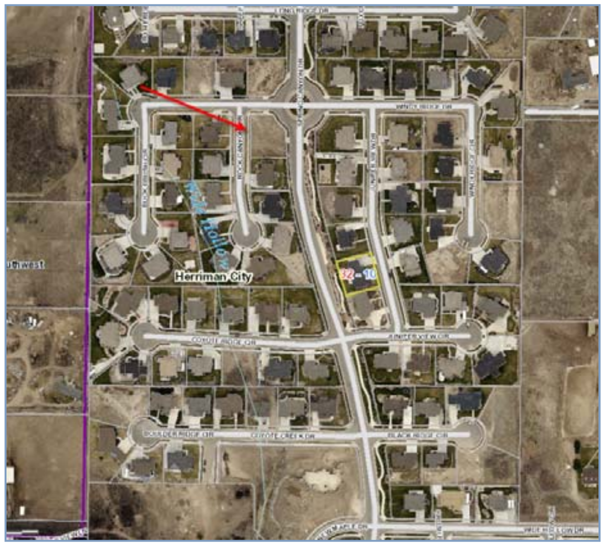
Lot #	Date of Sale	Size of Lot	Listed Lot Price
231	02/08/13	10,000	$69,900
411	08/21/12	13,000	$61,900
324	03/30/13	10,500	$61,900
328	06/01/13	11,000	$61,900

Site & Sales Information

Utilities & improvements:	Fully improved
Sales period:	N/A
Financing terms:	Cash Equivalent
Property rights conveyed:	Fee Simple
Conditions of sale:	Arm's Length
Amenities:	None
Lot size range:	10,000 to 15000 sf
Average lot size:	11,125 square feet
Lot price range:	$69,900 to $69,900
Average lot price:	$63,900
Total number of lots:	N/A
Lots sold last 12 mos.:	N/A
Lots sold per month:	N/A
Verification:	Roland Robison and WFRMLS

Comments

Has views of Utah Lake and Talon Cove golf course across Highway 73, to the west.



Comparable Subdivision #7

Cove at Herriman
14614 South Rock Canyon Circle
Herriman, Utah
Salt Lake County

Market Data

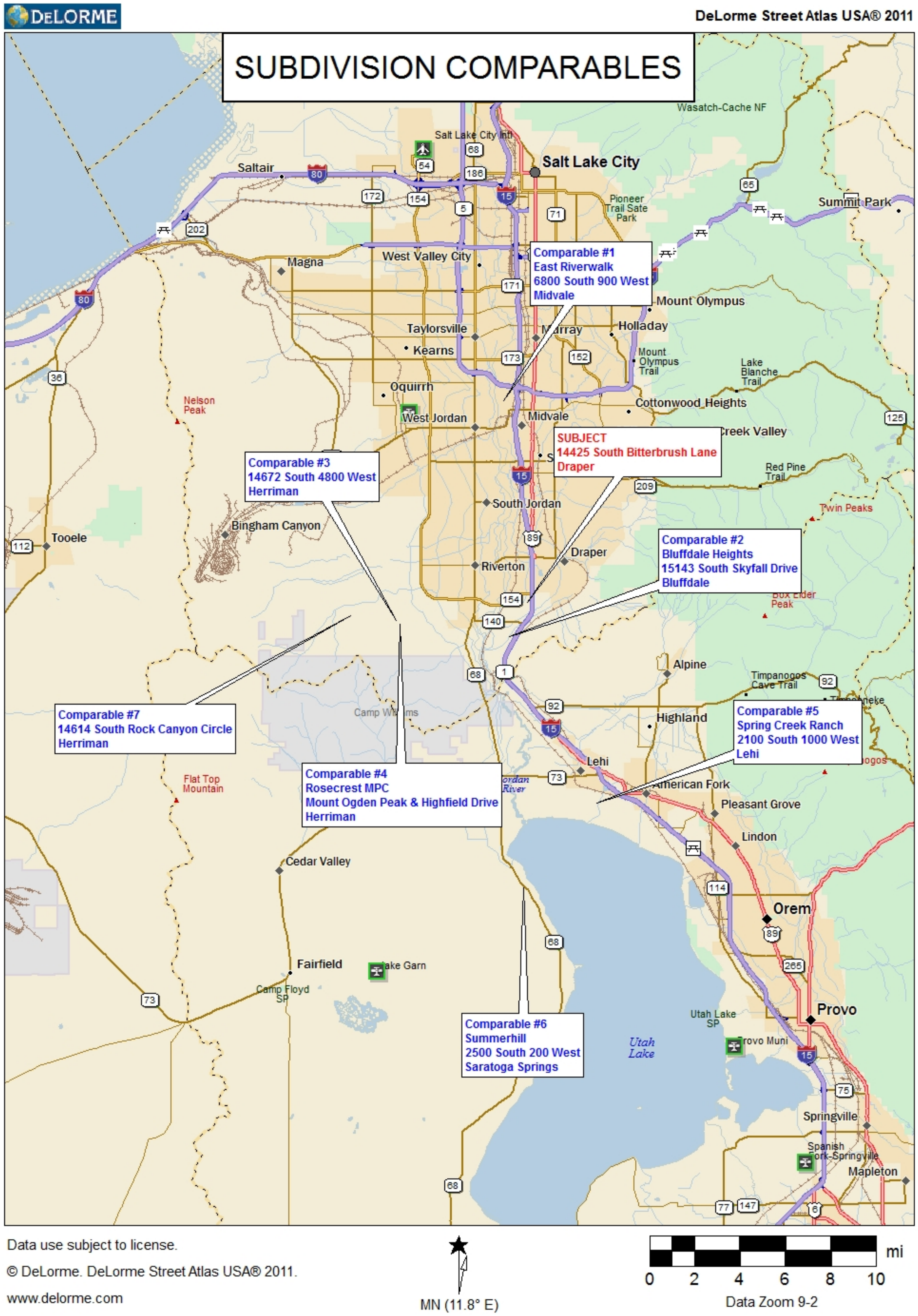
Lot #	Date of Sale	Size of Lot	Listed Lot Price
514	03/15/13	21,780	$117,000
465	09/28/12	14,375	$103,000
424	01/29/13	14,375	$95,545
507	06/21/13	21,780	$122,500
401	12/03/12	13,504	$99,900
268	10/11/12	13,068	$115,000
515	07/11/13	21,780	$130,000
204	12/20/12	21,780	$125,000

Site & Sales Information

Utilities & improvements:	Fully improved
Sales period:	N/A
Financing terms:	Cash Equivalent
Property rights conveyed:	Fee Simple
Conditions of sale:	Arm's Length
Amenities:	None
Lot size range:	13,068 to 21,780 SF
Average lot size:	17,805 square feet
Lot price range:	$87,000 to $125,000
Average lot price:	$113,493
Total number of lots:	N/A
Lots sold last 12 mos.:	7
Lots sold per month:	0.58
Verification:	Tyler A. Free and WFRMLS

Comments

These lots are located just south of the subject in the Cove at Herriman.


DeLorme Street Atlas USA® 2011
SUBDIVISION COMPARABLES
Comparable #1
East Riverwalk
6800 South 900 West
Midvale
SUBJECT
14425 South Bitterbrush Lane
Draper
Comparable #3
14672 South 4800 West
Herriman
Comparable #2
Bluffdale Heights
15143 South Skyfall Drive
Bluffdale
Comparable #7
14614 South Rock Canyon Circle
Herriman
Comparable #5
Spring Creek Ranch
2100 South 1000 West
Lehi
Comparable #4
Rosecrest MPC
Mount Ogden Peak & Highfield Drive
Herriman
Comparable #6
Summerhill
2500 South 200 West
Saratoga Springs
Salt Lake City
Saltair
Magna
West Valley City
Taylorsville
Kearns
Oquirrh
West Jordan
Murray
Holladay
Mount Olympus
Cottonwood Heights
Midvale
South Jordan
Riverton
Draper
Bingham Canyon
Tooele
Alpine
Highland
Lehi
American Fork
Pleasant Grove
Lindon
Orem
Provo
Springville
Mapleton
Cedar Valley
Fairfield
Camp Floyd SP
Utah Lake
Utah Lake SP
Wasatch-Cache NF
Summit Park
Nelson Peak
Flat Top Mountain
Twin Peaks
Box Elder Peak
Timpanogos Cave Trail
Red Pine Trail
Lake Blanche Trail
Pioneer Trail State Park
Mount Olympus Trail
Camp Williams
Provo Muni
Spanish Fork-Springville
MN (11.8° E)
0 2 4 6 8 10 mi
Data Zoom 9-2

To establish a benchmark base price for each size category of lots we have analyzed lot sales within the various sizes. The average size of these lots is estimated at approximately 4,500 square feet. To evaluate these sales, we have developed adjustment grids which can be found on the following pages of this report. An explanation of the adjustments is included on the subsequent page to each grid.

UNDER 5,000 SQUARE FOOT LOTS
Based on the highest and best use analysis, this type of product would represent 15 percent of the single family lots, or 245 units. The following sales are representative of this type of product:

Vacant Lot Adjustment Grid					
Summary of Comparables	East Riverwalk Lots 306 - 316 Midvale	Bluffdale Heights 104 Bluffdale	Bluffdale Heights 109 Bluffdale	Juniper Point 153 Herriman	Juniper Point 154 Herriman
	1	2	3	4	5
Date of Sale	6/13	8/13	7/13	10/12	10/12
Size (SF)	3,932	4,356	6,098	5,662	6,700
Price/Lot	$84,333	$80,000	$96,900	$83,997	$91,197
Adjustments					
Property Rights	0%	0%	0%	0%	0%
Adjusted Price/lot	$84,333	$80,000	$96,900	$83,997	$91,197
Conditions/Terms	0%	0%	0%	0%	0%
Adjusted Price/lot	$84,333	$80,000	$96,900	$83,997	$91,197
Market (Time) Adj.	0%	0%	0%	0%	0%
Adjusted Price/lot	$84,333	$80,000	$96,900	$83,997	$91,197
Location	0%	0%	0%	5%	5%
Size	0%	0%	-10%	-5%	-10%
Amenities	0%	0%	0%	0%	0%
Views	0%	0%	0%	0%	0%
Other	0%	0%	0%	0%	0%
Adj. Price/lot	**$84,333**	**$80,000**	**$87,210**	**$83,997**	**$86,637**
Net Adjustment	0%	0%	-10%	0%	-5%
Gross Adjustment	0.00%	0.00%	10.00%	10.00%	15.00%
Range		$80,000	to	$87,210	
Mean Value			**$84,435**		

Explanation of Adjustments	The benchmark value for these proposed lots is based on the assumption of an average lot size of approximately 4,500 square feet.
Property Rights, Conditions, Market Time	No adjustments are indicated.
Location	The proposed subject lots are considered to have excellent linkages, with I-15 located within a few hundred yards. Sales 1, 2 and 3 are considered to be similar to the subject in this regard, with no adjustments indicated. Sales 4 and 5, on the other hand, are considered to be slightly inferior, being located about five miles from I-15. As such, 5 percent upward adjustments are indicated.
Size	As noted above, these proposed subject lots are assumed to have an average size of about 4,500 square feet. Sales 1 and 2 are similar to this size, with no adjustments indicated. Sales 3, 4 and 5 are slightly larger, with upward adjustments of 5 and 10 percent indicated.
Amenities	It is assumed that the proposed subject lots will have amenities such as parks, trails and recreational facilities. All five sales offer these types of amenities, with no adjustments indicated.
Views	The subject lots are assumed to offer moderate views of the valley and mountains. All five sales are similar to the subject in this regard, with no adjustments indicated.
Conclusion	The adjusted values of the sales range from $80,000 to $87,210 with a mean of $84,435 per lot. Consideration is given to each of the comparable lot sales. After careful consideration of the above presented information, an appropriate benchmark value for the subject proposed lots is established at $85,000.

5,000 - 6,999 SQUARE FOOT LOTS

Based on the highest and best use analysis, this type of product would represent 20 percent of the single family lots, or 325 units. The following sales are representative of this type of product.

Vacant Lot Adjustment Grid					
Summary of Comparables	Bluffdale Heights 109 Bluffdale	Juniper Point 153 Herriman	Juniper Point 154 Herriman	Juniper Point Q143 Herriman	Spring Creek 143 Lehi
	1	2	3	4	5
Date of Sale	7/13	10/12	10/12	5/13	3/13
Size (SF)	6,098	5,662	6,700	6,534	6,100
Price/Lot	$96,900	$83,997	$91,197	$83,997	$65,000
Adjustments					
Property Rights	0%	0%	0%	0%	0%
Adjusted Price/lot	$96,900	$83,997	$91,197	$83,997	$65,000
Conditions/Terms	0%	0%	0%	0%	0%
Adjusted Price/lot	$96,900	$83,997	$91,197	$83,997	$65,000
Market (Time) Adj.	0%	0%	0%	0%	0%
Adjusted Price/lot	$96,900	$83,997	$91,197	$83,997	$65,000
Location	0%	5%	5%	5%	30%
Size	0%	0%	-5%	0%	0%
Amenities	0%	0%	0%	0%	0%
Views	0%	0%	0%	0%	0%
Other	0%	0%	0%	0%	0%
Adj. Price/lot	**$96,900**	**$88,197**	**$91,197**	**$88,197**	**$84,500**
Net Adjustment	0%	5%	0%	5%	30%
Gross Adjustment	0.00%	5.00%	10.00%	5.00%	30.00%
Range		$84,500	to	$96,900	
Mean Value			**$89,798**		

Explanation of Adjustments	The benchmark value for these proposed lots is based on the assumption of an average lot size of approximately 6,000 square feet.
Property Rights, Conditions, Market Time	No adjustments are indicated.
Location	The proposed subject lots are considered to have excellent linkages, with I-15 located within a few hundred yards. Sales 1 is considered to be similar to the subject in this regard, with no adjustment indicated. Sales 2, 3 and 4, on the other hand, are considered to be slightly inferior, being located about five miles from I-15. As such, 5 percent upward adjustments are indicated. Sale 5 is substantially inferior, being located further south in Utah County, with inferior surroundings. Comparative sales analysis indicates a 30 percent upward adjustment.
Size	As noted above, these proposed subject lots are assumed to have an average size of about 6,000 square feet. Sales 1, 2, 4 and 5 are similar to this size, with no adjustments indicated. Sale 3 is slightly larger, indicating a downward adjustment of 5 percent.
Amenities	It is assumed that the proposed subject lots will have amenities such as parks, trails and recreational facilities. All five sales offer these types of amenities, with no adjustments indicated.
Views	The subject lots are assumed to offer moderate views of the valley and mountains. All five sales are similar to the subject in this regard, with no adjustments indicated.
Conclusion	The adjusted values of the sales range from $84,500 to $96,900 with a mean of $89,798 per lot. Consideration is given to each of the comparable lot sales. After careful consideration of the above presented information, an appropriate benchmark value for the subject proposed lots is established at $90,000.

7,000 - 9,999 SQUARE FOOT LOTS

Based on the highest and best use analysis, this type of product would represent 40 percent of the single family lots, or 650 units. The following sales are representative of this type of product.

Vacant Lot Adjustment Grid					
Summary of Comparables	Bluffdale Heights 112 Bluffdale	Rosecrest 27 Herriman	Rosecrest 3 Herriman	Spring Creek 1 Lehi	Summerhill 231 Saratoga Sprgs
	1	2	3	4	5
Date of Sale	7/13	5/13	5/13	8/13	2/13
Size (SF)	9,147	9,600	10,000	8,700	10,000
Price/Lot	$102,900	$95,370	$110,000	$79,000	$69,900
Adjustments					
Property Rights	0%	0%	0%	0%	0%
Adjusted Price/lot	$102,900	$95,370	$110,000	$79,000	$69,900
Conditions/Terms	0%	0%	0%	0%	0%
Adjusted Price/lot	$102,900	$95,370	$110,000	$79,000	$69,900
Market (Time) Adj.	0%	0%	0%	0%	0%
Adjusted Price/lot	$102,900	$95,370	$110,000	$79,000	$69,900
Location	0%	5%	5%	30%	50%
Size	-5%	-5%	-10%	0%	-10%
Amenities	0%	0%	0%	0%	0%
Views	0%	0%	0%	0%	0%
Other	0%	0%	0%	0%	0%
Adj. Price/lot	**$97,755**	**$95,370**	**$104,500**	**$102,700**	**$97,860**
Net Adjustment	-5%	0%	-5%	30%	40%
Gross Adjustment	5.00%	10.00%	15.00%	30.00%	60.00%
Range		$95,370	to	$104,500	
Mean Value			**$99,637**		

Explanation of Adjustments	The benchmark value for these proposed lots is based on the assumption of an average lot size of approximately 8,500 square feet.
Property Rights, Conditions, Market Time	No adjustments are indicated.
Location	The proposed subject lots are considered to have excellent linkages, with I-15 located within a few hundred yards. Sales 1 is considered to be similar to the subject in this regard, with no adjustment indicated. Sales 2 and 3, on the other hand, are considered to be slightly inferior, being located about five miles from I-15. As such, 5 percent upward adjustments are indicated. Sale 4 and 5 are substantially inferior, being located further south in Utah County. Sale 4 is located in Lehi, about one mile west of I-15. Sale 5 is located in Saratoga Springs, at a distance of over 12 miles from I-15. Comparative sales analysis indicates a 30 percent upward adjustment for sale 4 and a 50 percent upward adjustment for sale 5.
Size	As noted above, these proposed subject lots are assumed to have an average size of about 8,500 square feet. Sale 4 is similar to this size, with no adjustments indicated. Sales 1 and 2 are slightly larger, indicating downward adjustments of 5 percent. Sales 3 and 5 are at the high end of the range, indicating downward adjustments of 10 percent.
Amenities	It is assumed that the proposed subject lots will have amenities such as parks, trails and recreational facilities. All five sales offer these types of amenities, with no adjustments indicated.
Views	The subject lots are assumed to offer moderate views of the valley and mountains. All five sales are similar to the subject in this regard, with no adjustments indicated.
Conclusion	The adjusted values of the sales range from $95,370 to $104,500 with a mean of $99,637 per lot. Consideration is given to each of the comparable lot sales. As such, an appropriate benchmark value for the subject proposed lots is established at $100,000.

10,000 - 14,999 SQUARE FOOT LOTS

Based on the highest and best use analysis, this type of product would represent 25 percent of the single family lots, or 405 units. The following sales are representative of this type of product.

Vacant Lot Adjustment Grid					
Summary of Comparables	Juniper Point Q46B Herriman	Rosecrest 32 Herriman	Spring Creek 173 Lehi	Cove @ H 268 Herriman	Cove @ H 465 Herriman
	1	2	3	4	5
Date of Sale	6/13	2/13	3/13	10/12	9/12
Size (SF)	10,900	17,860	12,600	13,068	14,375
Price/Lot	$110,000	$135,500	$80,000	$115,000	$103,000
Adjustments					
Property Rights	0%	0%	0%	0%	0%
Adjusted Price/lot	$110,000	$135,500	$80,000	$115,000	$103,000
Conditions/Terms	0%	0%	0%	0%	0%
Adjusted Price/lot	$110,000	$135,500	$80,000	$115,000	$103,000
Market (Time) Adj.	0%	0%	0%	0%	0%
Adjusted Price/lot	$110,000	$135,500	$80,000	$115,000	$103,000
Location	5%	5%	40%	10%	10%
Size	10%	-15%	0%	0%	-5%
Amenities	0%	0%	0%	0%	0%
Views	0%	0%	0%	0%	0%
Other	0%	0%	0%	0%	0%
Adj. Price/lot	**$126,500**	**$121,950**	**$112,000**	**$126,500**	**$108,150**
Net Adjustment	15%	-10%	40%	10%	5%
Gross Adjustment	15.00%	20.00%	40.00%	10.00%	15.00%
Range		$108,150	to	$126,500	
Mean Value			**$119,020**		

Explanation of Adjustments	The benchmark value for these proposed lots is based on the assumption of an average lot size of approximately 12,500 square feet.
Property Rights, Conditions, Market Time	No adjustments are indicated.
Location	The proposed subject lots are considered to have excellent linkages, with I-15 located within a few hundred yards. Sales 1 and 2 are considered to be slightly inferior, being located about five miles from I-15. As such, 5 percent upward adjustments are indicated. Sales 4 and 5 are somewhat more inferior, being located about eight miles from I-15. As such, 10 percent upward adjustments are indicated. Sale 3 is substantially inferior, being located further south in Utah County. It is noted that smaller lots in this subdivision were adjusted upward by 30 percent. A larger upward adjustment is considered reasonable for larger lots, due to the fact that this area is less able to support upscale homes. Hence, a 40 percent upward adjustment is indicated.
Size	As noted above, these proposed subject lots are assumed to have an average size of about 12,500 square feet. Sales 3 and 4 are similar to this size, with no adjustments indicated. Sale 1 is slightly smaller, indicating an upward adjustment of 10 percent. Sale 5 is slightly larger and sale 2 is substantially larger, indicating downward adjustments of 5 and 15 percent.
Amenities	It is assumed that the proposed subject lots will have amenities such as parks, trails and recreational facilities. All five sales offer these types of amenities, with no adjustments indicated.
Views	The subject lots are assumed to offer moderate views of the valley and mountains. All five sales are similar to the subject in this regard, with no adjustments indicated.
Conclusion	The adjusted values of the sales range from $108,150 to $126,500 with a mean of $119,020 per lot. Consideration is given to each of the comparable lot sales. As such, an appropriate benchmark value for the subject proposed lots is established at $120,000.

TOWNHOME AND CONDOMINIUM PADS

Due to the abundance of improved pad inventories through the recession, very few land or improved townhome and condominium pad acquisitions have been made in recent years. As such, properly addressing the significant market breadth that applies to a large and diverse development such as the proposed subject requires analyzing data regarding the pricing and performance of attached housing projects and allocating values to the pads.

Conversations with local developers and builders, including Patrick Holmes of Holmes Homes, Gordon Jones of Edge Homes and Nate Shipp of DAI indicate that townhome and condominium pads are currently being allocated into home prices at rates ranging from about 22 to 28 percent. As such, it is considered reasonable to allocate pad values at 25 percent. Using this methodology, the following developments are considered to be relevant to the values of the proposed pads:

Comparable #1

Ivory Garden Park
11151 Tydeman Way
South Jordan
Salt Lake County

Market Data

Unit #	Date of Sale	Size of Unit	Home Price	Pad Value
102	08/22/13	937	$178,492	$44,623
104	08/02/13	932	$176,953	$44,238
108	08/16/13	1,095	$180,000	$45,000
194	03/14/13	1,535	$197,900	$49,475

Site & Sales Information

Utilities & improvements:	Fully improved
Sales period:	July 2011 to Present
Financing terms:	Cash Equivalent
Property rights conveyed:	Fee Simple
Conditions of sale:	Arm's Length
Amenities:	Daybreak amenities
Unit size range:	932 to 1,746 SF
Average unit size:	1,120 SF
Unit price range:	$175,000 to $199,900
Average unit price:	$185,000
Total number of Units:	N/A
Units sold to date:	N/A
Overall Units sold per month:	N/A
Units sold 7/10 to Present:	16.00
Verification:	WFMLS by Roland Robison

Comments

This is an active adult project developed by Ivory Homes in Daybreak.

Comparable #2

Summerlane at North District
11200 South 3700 West
South Jordan, Utah
Salt Lake County

Market Data

Unit #	Date of Sale	Size of Unit	Home Price	Pad Value
#34-7	02/28/13	1,305	$160,659	$40,165
#11-5	03/28/13	1,218	$169,900	$42,475
#31-1	04/05/13	1,352	$198,000	$49,500
#22-11	04/23/13	1,184	$171,250	$42,813
#34-9	08/28/13	1,305	$169,900	$42,475

Site & Sales Information

Utilities & improvements:	Fully improved
Sales period:	October 2008 to Present
Financing terms:	Cash Equivalent
Property rights conveyed:	Fee Simple
Conditions of sale:	Arm's Length
Amenities:	Clubhouse
Unit size range:	721 to 1,775 SF
Average unit size:	1,248 SF
Unit price range:	$119,000 to $225,462
Average unit price:	$172,000
Total number of Units:	250
Units sold to date:	225
Overall Units sold per month:	5.71
Units sold/month last 12 months:	5.25
Verification:	WFMLS by Roland Robison

Comments

This is at Bangerter Highway near Daybreak. There are 15 different floor plans in this development.

Comparable Subdivision #3

Hillcrest Condominiums
Hillcrest Road
Saratoga Springs, Utah
Utah County

Market Data

Unit#	Date of Sale	Size of Unit	Home Price	Pad Value
1971	05/30/13	1,300	$151,900	$37,975
1979	07/26/13	1,300	$151,000	$37,750
1981	08/02/13	1,300	$152,000	$38,000
147	08/05/13	1,213	$136,900	$34,225

Site & Sales Information

Utilities & improvements:	Fully improved
Sales period:	2006 to present
Financing terms:	Cash Equivalent
Property rights conveyed:	Fee Simple
Conditions of sale:	Arm's Length
Amenities:	clubhouse, exercise room, pool
unit size range:	1,275 SF
Average lot size:	1,275 square feet
Lot price range:	$129,900 to $129,900
Average lot price:	$129,900
Total number of units:	110
Units sold to date:	110
Units sold per month 2012:	2.00
Verification:	Gary Webb, agent (801-836-8411), by Bryan Free

Comments

This is a relatively low-end condominium project in northern Saratoga Springs.

Comparable Subdivision #4

Market Data

	Unit #	Date of Sale	Size of Unit	Unit Sales Price	Pad Values
Belle Monet					
Monet Dr and Sam White Lane	#302	01/23/13	1,114	$110,000	$27,500
Pleasant Grove, Utah	#301	05/14/13	1,270	$125,000	$31,250
Utah County	#101	08/19/13	1,168	$135,000	$33,750
	#201	08/30/13	1,276	$129,000	$32,250

Site & Sales Information

Utilities & improvements:	Fully improved
Sales period:	April 2005 - April 2011
Financing terms:	Cash Equivalent
Property rights conveyed:	Fee Simple
Conditions of sale:	Arm's Length
Amenities:	Clubhouse, pool, hot tub, theater room
Unit size range:	1,168 SF
Average unit size:	1,168 SF
Unit price range:	$133,900 to $147,900
Average unit price:	$140,900
Total number of units:	256
Units sold to date:	256
Units sold per month:	3.56
Verification:	With Gina Allen, agent (801-671-7931), by Bryan Free

Comments

The above information is for sales of the existing 256 units within Belle Monet Condominiums. Building stopped after 2010 when there was a dispute with the HOA because of guidelines they had which prohibited future building of the same unit types. The project has room for approximately 8-10 more buildings if the dispute is ever settled.

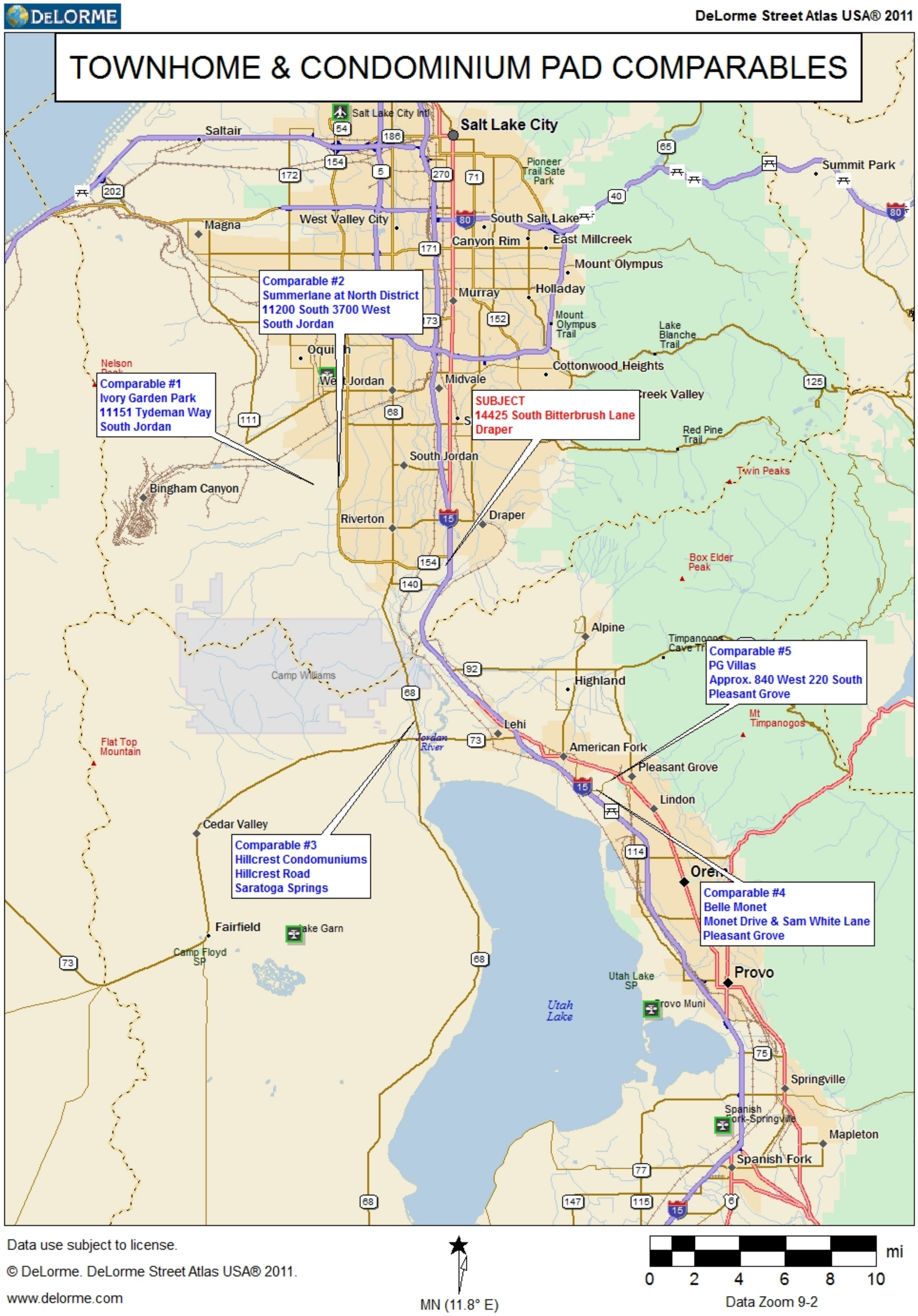
Comparable Subdivision #5	Market Data				
	Unit#	**Date of Sale**	**Size of Unit**	**Unit Sales Price**	**Pad Value**
PG Villas	263	05/17/13	1,430	$165,000	$41,250
Approximately 840 West 220 South	745	07/17/13	1,430	$171,000	$42,750
Pleasant Grove, Utah	733	07/23/13	1,607	$183,250	$45,813
Utah County	309	07/30/13	1,430	$169,900	$42,475

Site & Sales Information

Utilities & improvements:	Fully improved
Sales period:	Spring 2005 to current
Financing terms:	Cash Equivalent
Property rights conveyed:	Fee Simple
Conditions of sale:	Arm's Length
Amenities:	Clubhouse, pool, hot tub, fitness center, playground
unit size range:	1,164 SF to 1,350 SF
Average lot size:	1,310 square feet
Unit price range:	$130,000 to $156,500
Average unit price:	$152,200
Total number of units:	252
Units sold to date:	222
Lots sold per month:	2.31
Verification:	Kimberly Patterson, agent (801-589-1697), by Bryan Free

Comments

The total number of units includes two 12 plex buildings not yet marketed and three four plex buildings with half already pre sold.


DeLorme
DeLorme Street Atlas USA® 2011
TOWNHOME & CONDOMINIUM PAD COMPARABLES
Comparable #1
Ivory Garden Park
11151 Tydeman Way
South Jordan
Comparable #2
Summerlane at North District
11200 South 3700 West
South Jordan
SUBJECT
14425 South Bitterbrush Lane
Draper
Comparable #3
Hillcrest Condomuniums
Hillcrest Road
Saratoga Springs
Comparable #4
Belle Monet
Monet Drive & Sam White Lane
Pleasant Grove
Comparable #5
PG Villas
Approx. 840 West 220 South
Pleasant Grove
Salt Lake City
Saltair
Magna
West Valley City
South Salt Lake
Canyon Rim
East Millcreek
Mount Olympus
Murray
Holladay
Cottonwood Heights
Midvale
South Jordan
Bingham Canyon
Riverton
Draper
Alpine
Highland
Lehi
American Fork
Pleasant Grove
Lindon
Cedar Valley
Fairfield
Camp Williams
Utah Lake
Provo
Springville
Spanish Fork
Mapleton
Summit Park
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TOWNHOMES PADS

Based on the highest and best use analysis, this type of product would represent 30 percent of the entire product line, or 750 units. The following sales are representative of this type of product.

Townhome Pad Adjustment Grid					
Summary of Comparables	Ivory Garden Park #108 South Jordan	Summerlane #34-9 South Jordan	Hillcrest #1979 Saratoga Springs	Belle Monet #201 Pleasant Grove	PG Villas #309 Pleasant Grove
	1	2	3	4	5
Date of Sale	8/13	8/13	7/13	8/13	7/13
Price/Pad	$45,000	$42,475	$37,750	$32,250	$42,475
Adjustments					
Property Rights	0%	0%	0%	0%	0%
Adjusted Price/pad	$45,000	$42,475	$37,750	$32,250	$42,475
Conditions/Terms	0%	0%	0%	0%	0%
Adjusted Price/pad	$45,000	$42,475	$37,750	$32,250	$42,475
Market (Time) Adj.	0%	0%	0%	0%	0%
Adjusted Price/pad	$45,000	$42,475	$37,750	$32,250	$42,475
Location	0%	0%	10%	10%	5%
Product	10%	0%	10%	25%	10%
Amenities	-5%	5%	5%	5%	5%
Views	0%	0%	0%	0%	0%
Other	0%	0%	0%	0%	0%
Adj. Price/pad	**$47,250**	**$44,599**	**$47,188**	**$45,150**	**$50,970**
Net Adjustment	5%	5%	25%	40%	20%
Gross Adjustment	15.00%	5.00%	25.00%	40.00%	20.00%
Range		$44,599	to	$50,970	
Mean Value			**$47,031**		

Explanation of Adjustments	The benchmark value for these proposed pads is based on the assumption that these would be equivalent to townhomes.
Property Rights, Conditions, Market Time	No adjustments are indicated.
Location	The proposed subject lots are considered to have excellent linkages, with I-15 located within a few hundred yards. Sales 1 and 2 are immediately accessible to I-215 and are considered to be similar to the subject in this category. Sale 5 is located approximately one mile from I-15, but has excellent access from Pleasant Grove Blvd. indicating a 5 percent upward adjustment. Sales 3 and 4 are considered to be inferior to the subject in access and influences. Hence, 10 percent upward adjustments are indicated.
Product	The product being evaluated is townhome pads and it is assumed that the units built in the subject development will be of good quality. Conversations with local builders Gordon Jones of Edge Homes and Patrick Holmes of Holmes Homes indicate that townhome pads versus "stacked flat" pads usually sell for 10 to 15 percent more. Inasmuch as sales 1, 3 and 5 are stacked flats, we have applied 10 percent upward adjustments. Sale 4 was the resale of an existing unit, which tends to sell for substantially less. As such, 25 percent upward adjustments are indicated. No adjustments are indicated on Sale 2.
Amenities	It is assumed that the proposed subject lots will have amenities such as parks, trails and recreational facilities. Sale 1 is in Daybreak, which includes water features that cannot be duplicated on the subject. Hence, a 5 percent downward adjustment is indicated. The remaining sales are not located in master planned communities and do not offer the extent of amenities that will be possible in the subject. Hence, 5 percent upward adjustments are indicated.
Views	The subject lots are assumed to offer moderate views of the valley and mountains. No adjustments are indicated.
Conclusion	The adjusted values of the sales range from $45,150 to $50,970 with a mean of $47,186 per pad. Consideration is given to each of the comparable sales. As such, an appropriate benchmark value for the subject proposed pads is established at $47,000.

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Based on the analyses conducted in this section, the concluded values of the individual hypothetical improved lots and pads are as follows:

CONDOMINIUM PADS

SUMMARY OF CONCLUSIONS

Based on the highest and best use analysis, this type of product would represent 5 percent of the entire product line, or 125 units. Referencing the previously noted conversations with experienced developers in the market area, a 15 percent downward adjustment is applied to the townhome pad value of $47,000, resulting in a value of $40,000 for the condominium pads

PRODUCT	VALUE
Under 5,000 sf Detached Lots	$85,000
5,000 – 6,999 sf Detached Lots	$90,000
7,000 – 9,999 sf Detached Lots	$100,000
10,000 – 14,999 sf Detached Lots	$120,000
Townhome Pads	$47,000
Condominium Pads	$40,000

IMPROVEMENT COSTS

As noted, the values on the previous page relate to improved lots and pads. Hence, in order to arrive at "papered" values it becomes necessary to deduct the development costs and associated entrepreneurial profit from these figures. To identify appropriate costs, we consulted nationally recognized *Marshall Valuation Service (MVS)*. According to Section 66, Page 1 of *MVS*, the cost (including profit) to complete typical double-loaded street and utility improvements ranges from $250 to $335 per front foot of lot. To maintain sufficient depth to comply with setback requirements and provide an adequate building envelope, typical frontages of the products in this analysis are as follows:

PRODUCT	FRONTAGE
Under 5,000 sf Detached Lots	40 Feet
5,000 – 6,999 sf Detached Lots	50 Feet
7,000 – 9,999 sf Detached Lots	70 Feet
10,000 – 14,999 sf Detached Lots	100 Feet
Townhome Pads	30 Feet
Condominium Pads	10 Feet

Assuming a cost and profit of $300 per front foot and applying these factors to the above typical frontages suggests the following development costs for each product:

PRODUCT	FRONTAGE	$/FOOT	DEVELOPMENT COSTS
Under 5,000 sf Detached Lots	40 Feet	$300	$12,000
5,000 – 6,999 sf Detached Lots	50 Feet	$300	$15,000
7,000 – 9,999 sf Detached Lots	70 Feet	$300	$21,000
10,000 – 14,999 sf Detached Lots	100 Feet	$300	$30,000
Townhome Pads	30 Feet	$300	$9,000
Condominium Pads	10 Feet	$300	$3,000

Verification

Recognizing that development costs fluctuate significantly from area to area, we correlated these figures with costs of projects developed by local companies such as Edge Homes, Holmes Homes, McArthur Homes and DAI. We found a strong correlation in these figures and believe them to be highly relevant and reliable.

Hence, based on the above conclusions, the "papered" values of these lots are estimated as follows:

PRODUCT	IMPROVED VALUES	DEVELOPMENT COSTS	ROUNDED “PAPERED” VALUES
Under 5,000 sf Detached Lots	$85,000	$12,000	$73,000
5,000 – 6,999 sf Detached Lots	$90,000	$15,000	$75,000
7,000 – 9,999 sf Detached Lots	$100,000	$21,000	$79,000
10,000 – 14,999 sf Detached Lots	$120,000	$30,000	$90,000
Townhome Pads	$47,000	$9,000	$38,000
Condominium Pads	$40,000	$3,000	$37,000

GROSS SELLOUT

It’s important for the reader to understand that the gross sellout is not the market value of the subject property, since market value is defined as one buyer and the gross sellout involves multiple buyers. In the scenario of the development approach the lots and pads will not all be sold concurrently to one buyer. They will be purchased by builders over time as demand warrants. Hence discounting must be done to account for carrying costs and the time value of money. This will be done in the next section of this report.

The gross sellout is calculated by multiplying the number of units in each product type times the “papered” values and totaling them. This is done as follows:

PRODUCTS	MIX	VALUES	TOTAL
Under 5,000 SF	283	$73,000	$20,659,000
5,000 – 6,999 SF	377	$75,000	$28,275,000
7,000 – 9,999 SF	754	$79,000	$59,566,000
10,000 – 14,999 SF	471	$90,000	$42,390,000
Townhomes	870	$38,000	$33,060,000
Condominiums	145	$37,000	$5,365,000
TOTAL	2,900		$189,315,000
Rounded Value per Unit			$65,281

Hence, the gross sellout of the residential component totals $189,315,000, before projected price increases. As identified in the discounted cash flow analysis, it comes to $201,288,987 including projected price increases.

Discounting

In the appraisal of real estate, it is recognized that values are typically higher when units are sold individually than when they are sold in multiples. This is commonly referred to as the "value to one buyer" or wholesale value. This is a result of holding costs, retail profit potential, and risks during the absorption period. Another way to look at it is to identify the value of the fully developed property to another entrepreneur. To identify appropriate discounting, we have utilized two techniques, 1) market extracted data regarding current discounting practices in Utah's housing markets and, 2) yield capitalization techniques.

Discount Data

In an effort to identify an appropriate discounting level for the subject, we spoke with several builders and developers in the subject's market regarding their current practices.

Developer's Name	Comments	Concluded Discount Rate
Nate Shipp **Development Associates (DAI)** **●Developer in Salt Lake, Utah, Davis, Wasatch and Washington counties**	Mr. Shipp specializes in large scale development. He indicated that DAI has typically sold units to builders on a bulk sale basis at an annual discount rate ranging from 0 to 10 percent. He reported that based on current market softness, the discount would likely be at the higher extreme of this range.	10 %
Gordon Jones **Edge Homes** **●Builder and developer in Utah and Salt Lake counties**	Mr. Jones has developed properties throughout Utah and Salt Lake counties. He said that while discounting in previous years was very minimal, current market discounts ranging from 5 to 10 percent are justified.	5% to 10 %
Patrick Holmes **Holmes Homes** **●Builder and developer in Salt Lake, Davis and Utah counties**	Mr. Holmes said that although in the past he purchased lots on a bulk sale basis at an annual discount of about 5 percent, the today's market justifies a 10 percent discount.	10 %
Don Brady, Terramerica	Developer Don Brady, with Terramerica indicated that he anticipates a 9.0 to 10.0 percent discount rate on a subdivision he plans to develop early summer 2013. This is a discount rate excluding entrepreneurial profit as a line item.	9% to 10%
Brad Reynolds, Reynolds Construction	Developer Brad Reynolds, with Reynolds Construction, is currently involved in multifamily development. His Pro-forma's include an anticipated discount rate from 10 to 12 percent, excluding profit.	10% to 12%

It is also noted that in addition to the discount rate, a profit figure is included in the discounted cash flow analysis. The reader is reminded that this profit factor pertains only to the marketing phase of the proposed development. Based on conversations with local market participants (see next page), profit expectation for this function ranges from 5 to 10 percent. Considering the above information, the following range of rates is evident:

Discount Rate	Profit	Total
8%	9%	17%
10%	7%	17%
12%	5%	17%
14%	3%	17%

Based on the above market input and analysis we have selected a 10 percent discount rate and a 7 percent profit. Given current economic factors, it seems reasonable that a total IRR of 17 percent would certainly be attractive to investors and very representative of today's financial realities.

<u>However, as previously noted this approach also includes master planning the subject parcel. This infers full entitlements, which includes planning, engineering and city approval costs. Due to the significant costs and risks associated with this process, it carries a significant level of profit. From our data base of literally hundreds of developments, coupled with input from experienced developers such as Patrick Holmes, Gordon Jones and Dave McArthur, the entitlement process typically carries profits of 30 to 60 percent, depending on conditions. With a mean of 45 percent, it is considered reasonable to add this to the above 7 percent profit associated with development. Hence, a rounded profit of 50 percent is considered reasonable. It is noted that the combined profit for the residential and mixed-use components comes to a rounded $117,000,000 (see Discounted Cash Flow analysis).</u>

Marketing Expenses	The marketing of the improved lots is an expense that must be accounted for. The typical cost to sell lots is 3 to 6 percent of the retail price. This is based on interviews with several local developers and agents. Current activity in the marketplace indicates that marketing expenses, including advertising and sales commissions, would likely be in the area of <u>5 percent</u>. We therefore conclude 5 percent as a marketing expense for the subject property.
Holding Expenses	Taxes and closing costs represent additional expenses. Based on recent conversations with Ms. Julie Sorenson of Backman Title Services (801-224-9020), the Closing Costs are estimated to be $50 per lot.
Taxes	**Annual taxes are normally calculated and deducted from revenues. However,** inasmuch as the state is exempt from paying taxes, no tax expenses are indicated.
HOA Fees	HOA fees will become payable as the Home Owners Associated is organized. It is impossible to know what the HOA fees will be until the community is designed and

costs are identified. However, it is typical that monthly HOA fees for master planned communities run $50 to $100 per unit. As such, it is considered reasonable to project them at $75 per unit, for a yearly cost of $900.

Price Increase

Lot values have been increasing at aggressive rates in recent months. Economists are projecting higher interest rates as the federal government decreases their "quantitative easing" policies in future months. While this will have a negative effect on demand, current tight market conditions are expected to continue into the foreseeable future. As such, it is likely that upward pressures on values will continue to be felt. Hence, lot prices are projected to increase at an average annual rate of at least 3 percent.

PLANNING, ENGINEERING AND BACKBONE INFRASTRUCTURE COSTS

Costs

Taking the subject property to "papered" status will require costs in the following areas:

- Master Planning
- Engineering
- Installation of backbone infrastructure

These costs must be considered in arriving at a net value for the "papered" value approach. To identify these costs we spoke with Dan Cable of regional planning firm, EDA Land Planning, Bob Thorpe of Seattle-based, RW Thorpe Planning and Matt Brown of MW Brown Engineering, headquartered in Orem, Utah.

Master Planning

Mr. Thorpe indicated that up front master planning for a project of this magnitude will typically range from $60,000 to $100,000 and that complete design can range upward to $300,000. Mr. Cable indicated that they have master planned many similar projects throughout the west and found that projects such as the subject requires in the neighborhood of $60,000. Based on this input, we have estimated master plan design costs of $75,000.

Engineering

According to Mr. Brown, engineering residential uses will typically range from $1,500 to $2,000 per lot for single family lots and $700 to $1,000 per pad for high density pads. Again using to the lower end of the range, due to the subject's relatively few planning problems, the 1,885 single family lots at $1,650 each would total approximately $3,110,250 and the 1,015 townhome and condominium pads at $750 each would total $761,250. Based on the above estimates, total master planning and engineering costs are projected as follows:

Description	Cost
Master Planning	$75,000
Engineering – Single Family Lots	$3,110,250
Engineering – Townhouse & Condo Pads	$761,250
TOTAL	$3,946,500

Master planning and engineering cost are estimated at a rounded $4,000,000.

Backbone Infrastructure	“Papered” status infers that access and utilities are provided to the subject parcels being purchased. This is the expectation of the market and the basis of valuation for the residential and mixed-use parcels valued in this report. With no planning or engineering conducted as of this valuation, it is observably not possible to pinpoint the costs associated with providing access and back-bone infrastructure. However, conversations with Mr. Thorpe, Mr. Cable and Mr. Brown indicate that it is likely that this will require in the neighborhood of eight miles of primary artery, including utilities, curb, gutter and sidewalk. Mr. Thorpe indicated that such street will range in cost from $250 to $350 per lineal foot. The reader is reminded that Marshall Valuation Services estimated the cost per lineal foot of lot frontage to range from $250 to $350 and that we applied $300 to account for the cost of neighborhood streets. Marshall estimates the cost per lineal foot of street (vs. cost per lineal foot of lot frontage) to range from $395 to $480 per linear foot. Considering that this will be a primary traffic artery, portions of which may be more than two lanes, it is considered reasonable to project the average costs at $450 per lineal foot. Applying this to eight miles, or 42,240,400 lineal feet, totals $19,008,000, rounded to $19,000,000. Under the assumption of approximately 580 acres, the residential component represents approximately 85 percent of the entire 680.6 acres. Allocating 85 percent of the $19,000,000 equates to $16,150,000.
Total Costs	With planning and engineering costs projected at about $4,000,000 and backbone infrastructure at $16,150,000, total planning, engineering and backbone infrastructure costs are projected as follows:

Planning & Engineering	$4,000,000
Backbone Infrastructure	$16,150,000
TOTAL	$20,150,000

The total of $20,150,000 divided by the 2,900 papered lots and pads comes to $6,948 per unit. This figure will be incorporated into the discounted cash flow analysis.

ABSORPTION

Absorption Estimate

In order to determine the discounted retail value or Investment Value as if Master Planned to one buyer, an appropriate absorption rate must be concluded. We have reviewed sale histories of several subdivision developments in the market area and have spoken to various real estate agents in order to estimate the most probable absorption rate for the subject property. This search included interviews with marketing agents, developers, and banks involved with major subdivisions that are considered to be similar to the subject in market positioning. The following pages include summaries of the most pertinent and comparable subdivisions in the subject's market area.

Master Planned Communities

To accurately project absorption of the proposed master plan, it's important to analyze the absorption rates of other master planned communities. To accomplish this, we will analyze the absorption rates of other active master plan communities in the subject's primary market area and draw conclusions as to the probable absorption for the proposed subject.

Traverse Mountain

Similar to the subject property, Traverse Mountain enjoys close proximity to I-15. Unlike the subject property, however, this site has severe topographical issues which were intensified by the Union Pacific railway easement. This elevated track line also presented significant access issues, creating physical and psycho-graphic barriers between the residential and commercial elements that significantly weakened the connectivity of the development.

Regardless of these challenges, at its peak in 2006 and 2007 Traverse Mountain was absorbing between 400 and 500 units per year. With most of the prime parcels now built out, the project is on the downward side of its performance curve.

The highest absorbing product is now Cresthaven Townhomes, which are well located near the entrance of the community and close to the retail element. With prices ranging from $185,000 to $200,000, they're also in a good price range to appeal to townhome buyers. The remaining phases are winding down, with builders selling homes of some remaining scattered lots that had not sold in the initial stages of development. As such, Traverse Mountain's current absorption rate is far below the potential of the subject site.

TRAVERSE MOUNTAIN ANNUAL CLOSINGS					
Subdivision	Product Type	Home Price Range		Lot Size Range	Annual Closings
Traverse Mtn / Cresthaven Towns	Townhouse	$185	$200	100-1,125	22
Traverse Mtn / Eagle Summit	Single Family	$340	$570	8,500	7
Traverse Mtn / Heather Moor	Single Family	$200	$265	5,000	9
Traverse Mtn / Hunter Chase	Single Family	$200	$330	4,950-8,250	7
Traverse Mtn / Vista Ridge	Single Family	$300	$1300	9,975-17,250	6
Traverse Mtn / Winter Haven	Single Family	$255	$280	3,600-4,200	8
TOTAL					59

Rosecrest

Rosecrest does not offer direct access from I-15 and in fact, until the recent extension of the Mountain View corridor, suffered from relatively poor transportation linkages.

Because of a lack of product diversity, the community has resulted in intense competition between builders who have tended to gravitate to the same target markets. As a result, the project's overall absorption has been lower than others, which has also led to lower prices for Rosecrest lots than may have otherwise been possible.

Despite these issues, the mere fact that Rosecrest offers large inventories of lots in a market that is rapidly becoming very supply-restricted is leading to significant activity. As noted below, the top two projects in the community are absorbing well, at 93 and 61 closings per year. Unfortunately, the remaining projects are experiencing low absorption in a market that should be seeing much better performances.

Because of the above factors, Rosecrest is considered to be significantly inferior to the subject site, performing at much lower levels than expected for the subject, assuming it is well planned and managed.

ROSECREST ANNUAL CLOSINGS					
Subdivision	Product Type	Home Price Range		Lot Size Range	Annual Closings
Rosecrest / Rosecrest	Single Family	$195	$725	6,000-12,150	93
Rosecrest / Village Town Homes	Townhouse	$180	$215	700-1,125	61
Rosecrest / Juniper Point	Single Family	$250	$500	6,375	10
Rosecrest / Village Cluster	Single Family	$200	$235	1,125-2,500	8
TOTAL					172

Daybreak
Over the past five years, Daybreak has maintained a market share of about 15 percent, accounting for almost one out of every six new homes sold in the Salt Lake Valley. More people have moved to Daybreak than to any other new-home community in Utah. Even through the recession, Daybreak's absorption continued at relatively stable rates.

Daybreak's success can be attributed to the fact that it is a well-managed, state-of-the-art master plan incorporating what is known as neo-traditional, "new urbanism" design concepts into a fully integrated and demographically diverse community. This type of community offers much more than homes and includes businesses, parks, shops, restaurants, schools, etc. The community's large water features have also created a large draw to the community. However, its success is related more to the development philosophy behind new urbanism. Today's consumers see it as a smarter, healthier way of thinking about community.

New Urbanism arose in the United States in the early 1980s, and has gradually transformed many aspects of real estate development, urban planning, and municipal land-use strategies. It is strongly influenced by urban design standards that were prominent until the rise of the automobile in the mid-20th century; it encompasses principles such as traditional neighborhood design (TND), "walkability" and transit-oriented development (TOD).[1] It is also closely related to regionalism, environmentalism and the broader concept of smart growth. The movement also includes a more pedestrian-oriented variant known as New Pedestrianism.

The below absorption figures reflect a much broader and more successful market approach than other communities, with strong absorption for multiple product types ranging in price from $160,000 to $450,000.

DAYBREAK ANNUAL CLOSINGS					
Subdivision	Product Type	Home Price Range		Lot Size Range	Annual Closings
Daybreak / North Shore Village	Single Family	$195	$565	2,100-12,000	125
Daybreak / Village Townhomes	Townhouse	$160	$225	1,100-2,975	98
Daybreak / Eastlake Village	Single Family	$215	$450	2,800-11,000	24
Daybreak / Cottage Courts Village	Duplex	$215	$265	1,400-2,500	21
Daybreak / South Station	Single Family	$195	$340	4,000	20
Daybreak / Garden Park Village	Single Family	$240	$460	2,500-5,400	16
Daybreak / Condominiums	Condominium	$130	$275	100	14
Daybreak / Garden Park TH	Townhouse	$175	$225	1,125	12
Daybreak / Creekside Village	Single Family	$220	$500	4,000-8,000	5
Total Annual Closings					335

Absorption

With the subject properties positive topographical features and very strong linkage relative to its competition, it is considered reasonable to project that its market capture rate would be from 15 to 25 percent of the PMA. With the PMA currently absorbing approximately 2,600 homes per year, absorption is projected begin at 400 to 500 homes per year in the first years, rising as to as high as 750 homes per year at its peak, then winding back down to 400 to 500 homes. This is slightly higher than the current absorption rates at Daybreak, which is considered appropriate, given the superior I-15 location which provides immediate access into both Salt Lake and Utah counties. The overall absorption period for the projected 2,900 units is expected to span about five years.

DISCOUNTED CASH FLOW ANALYSIS

(value to one buyer)

PRISON SITE- 2,900 UNIT RESIDENTIAL COMPONENT

	Period 0 Presales	Period 1	Period 2	Period 3	Period 4	Period 5	
INCOME							
Number of Units Sold:	0	400	600	750	750	400	
Price Per Unit:	$ 65,281	$ 65,281	$ 67,239	$ 69,257	$ 71,334	$ 73,474	
Total Sales:	**$ -**	**$ 26,112,400**	**$ 40,343,658**	**$ 51,942,460**	**$ 53,500,733**	**$ 29,389,736**	**$ 201**
EXPENSES							
Marketing / Commisions:	$ -	$ 1,305,620	$ 2,017,183	$ 2,597,123	$ 2,675,037	$ 1,469,487	$
Closing Costs:	$ -	$ 20,000	$ 30,000	$ 37,500	$ 37,500	$ 20,000	$ 145,00
Backbone Infrastructure Costs	$ -	$ 2,779,200	$ 4,168,800	$ 5,211,000	$ 5,211,000	$ 2,779,200	$
Real Estate Taxes:	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Misc. Expenses:	$ -	$ 2,610,000	$ 2,250,000	$ 1,710,000	$ 1,035,000	$ 360,000	$
Total Expenses	**$ -**	**$ 6,714,820**	**$ 8,465,983**	**$ 9,555,623**	**$ 8,958,537**	**$ 4,628,687**	**$ 38**
Expense Ratio	*0%*	*26%*	*21%*	*18%*	*17%*	*16%*	
Net Income before Profit:	**$ -**	**$ 19,397,580**	**$ 31,877,675**	**$ 42,386,837**	**$ 44,542,197**	**$ 24,761,049**	**$ 162**
Profit & Return on Capital:	$ -	$ 13,056,200	$ 20,171,829	$ 25,971,230	$ 26,750,367	$ 14,694,868	$
NET INCOME (after profit)	**$ -**	**$ 6,341,380**	**$ 11,705,846**	**$ 16,415,607**	**$ 17,791,830**	**$ 10,066,181**	**$ 62**

PRESENT VALUE of NET INCOME **$46,174,798** **Rounded To:** **$46,200,000**

Assumptions:

Number of Units in Project:	2900	Marketing/Commissions:	5.0%
Number of Presales:	0	Closing Costs per Unit:	$50
Number of Units Sold/Period:	*See Above	Est. Annual Taxes per Unit:	$0
Term of Period	1	Misc. Monthly Expenses per Unit:	$75
(1 = annual, 2 = Semi-annual, 4 = Qtr.)		Profit/Return on Capital:	50.0%
Initial Selling Price:	$65,281	Backbone Infrastructure Costs	$6,948
Est. Annual Price Increase:	3.0%		
DISCOUNT RATE:	10.00%		

Summary	**Total**	**Per Unit**
Gross Retail Value	$2,540,000	$876
Discounted Value	$46,200,000	$15,931
Discount in Dollars	-$43,660,000	-$15,055
Discount as % of Gross	-1719%	

Conclusion

Based on this analysis, the Investment Value as if Master Planned of the residential element of the proposed master plan, in fee simple title, as of August 20, 2013, which is the date of inspection, is:

$46,200,000 (Rounded)

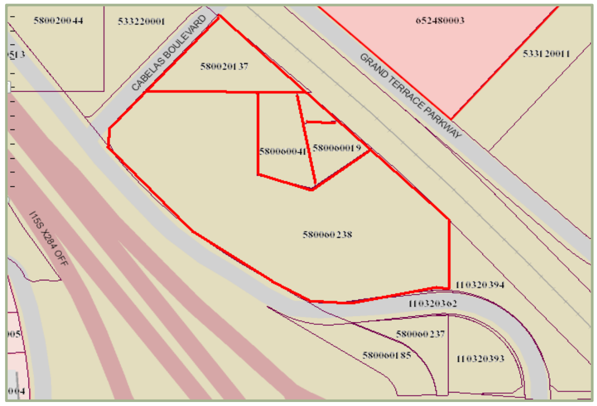
"FORTY-SIX MILLION TWO HUNDRED THOUSAND DOLLARS"

RETAIL AND OFFICE "MIXED-USE" PARCELS

Proposed Uses	With no planning or engineering in place as of the date of valuation, it is impossible to segregate uses into separate categories and identify individual parcels. As identified in the highest and best use analysis, residential, retail and office are uses that are not only compatible, but often complimentary. In fact, it is not uncommon in master planned communities that some areas actually include all three elements, mixing retail uses on the ground floor with office and/or high-density residential uses on the upper floors. Given the conditions explained above, the values of these uses tend to merge to some degree, suggesting that the best way to establish value estimates is through blended values. Hence, the values identified in this section will consist of a combination of retail, office and high density residential values. This is considered appropriate since these are all high-intensity uses yielding similar values.
Pod Sizes	The "back-bone infrastructure" approach tends to yield maximum values, providing buyers with access and the flexibility to incorporate specialized uses. Given this scenario, property lending itself to these high intensity uses tends to sell in components or "pods" of 20 to 30 acres in size. Hence, we will establish a value for 25-acre pods. This size parcel is large enough for strip centers, "big box" retail, grocery stores, high density housing or small business campuses such as Adobe. After the pod values are established we will research absorption projections and holding costs, applying them to a discounted cash flow analysis to arrive at an Investment as if Master Planned value.

Comparable # 1

3750 North Frontage Road
Lehi, Utah
Utah County



Site Data

Highest & Best Use:	Commercial
Tax ID:	(See below)
Size (AC):	19.65
Size (SF):	855,954
Shape:	Irregular
Topography:	Slight slope
Access:	Adequate
Zoning:	PC, C
Utilities:	All available
Corner:	No
Improvements:	Asphalt paved road

Sales Data

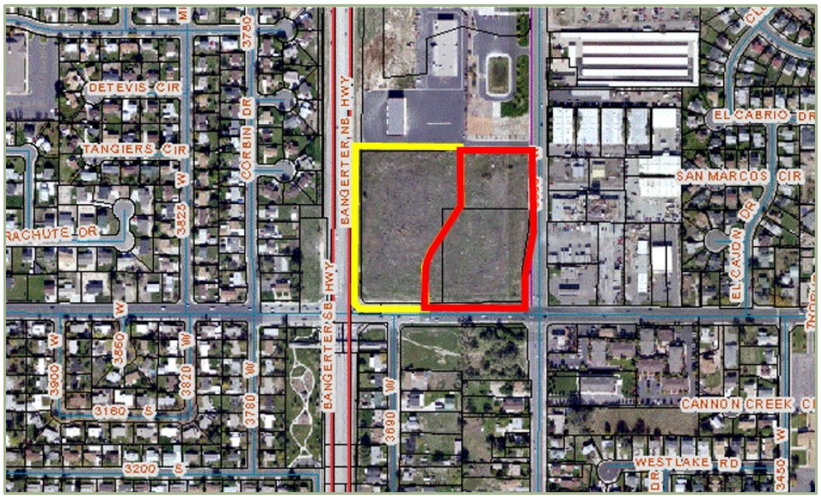
Closing Date:	June 18, 2010
Seller or Grantor:	Triumph Commercial Investment
Buyer or Grantee:	Adobe Systems Inc.
Property Rights:	Fee simple
Conditions of Sale:	Arm's length
Confirmed With:	Real Estate Purchase contract by Shanna Thatcher

Sales Price

Contract Price:	$6,419,655
Financing Terms:	Cash equivalent
Cash Equivalent Price:	$6,419,655
Price per Acre:	$326,700
Price per Square Foot:	$7.50

Comments

This property is located along the Frontage Road, near Cabela's. The buyer, Adobe Systems Inc., purchased the site to construct a technology facility/campus. The facility is planned to be 230,000 square feet and construction is scheduled to start in 2011. Topography has a slight slope from east to west. Parcel Numbers include 58-002-0137, 58-006-0183, 58-006-0041, 58-006-0040 and 58-006-0019.



Comparable Land Sale #2

3100 South 3600 West
West Valley City, Utah
Salt Lake County

Value Indicators

Price per SF:	$8.50
Price per Acre:	$370,260

Site Data

Tax ID:	15-29-179-003 and 004 (portion)
Zoning:	C-2, General Commercial
Size (SF):	435,600
Size (Acres):	10.00
Frontage:	Adequate on 3600 W, 3100 S.
Shape:	Mainly Rectangular
Topography:	Level
Utilities:	All available
Access:	Average
Corner:	Yes
Entitlements:	N/A
Improvements:	Asphalt paved street, sidewalks

Sales Data

Sale Date:	December 30, 2010
Sales Price:	$3,702,600
Financing Terms:	Cash Equivalent
Cash Equivalent Price:	$3,702,600
Grantor or Seller:	Northwest Land and Dev. LLC
Grantee or Buyer:	UCA Properties II
Property Rights Conveyed:	Fee Simple
Conditions of Sale:	Arm's length
Verification:	With Spencer Knight, agent (801-580-4947)

Comments

This is the sale of a 5.00 acre site that is located at the corner of the 3600 West and 3100 South, a few hundred feet east of Bangerter Highway. The property was purchased for construction of a charter school. This 5.00 acres was paid for in an all cash deal. An adjacent 5.00 acres with frontage along 3600 South and Banger Highway was purchased for an additional $1,851,300, with the seller financing this portion.

Comparable Land Sale #3

13175 South 3600 West
Riverton, Utah
Salt Lake County

Value Indicators

Price per SF:	$6.60
Price per Acre:	$287,660

Site Data

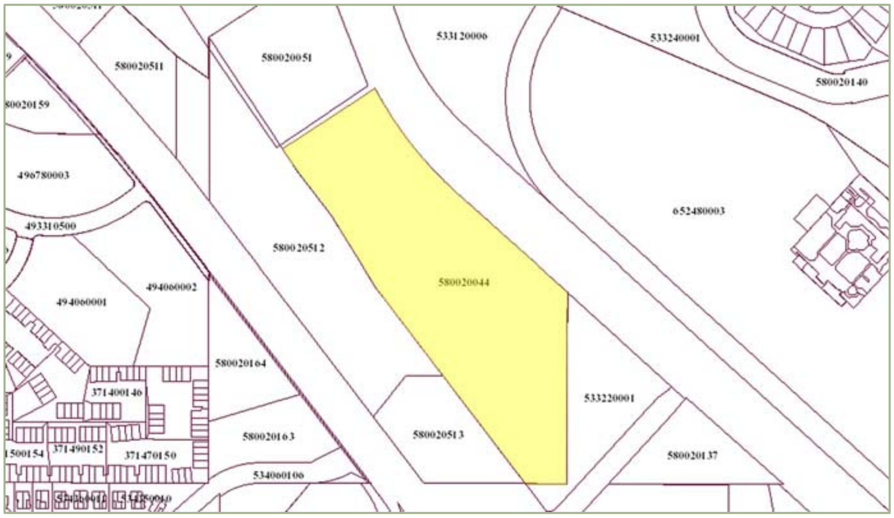
Tax ID:	27-32-328-003 and 004
Zoning:	C-PO
Size (SF):	323,215
Size (Acres):	7.42
Frontage:	On 3600 West and 3740 West
Shape:	Irregular
Topography:	Mostly level with detention basin
Utilities:	All Available
Access:	Adequate
Corner:	Yes, minor
Entitlements:	N/A
Improvements:	Asphalt paved street, curb, gutter, and sidewalk

Sales Data

Sale Date:	March of 2010
Sales Price:	$2,134,440
Financing Terms:	Cash Equivalent
Cash Equivalent Price:	$2,134,440
Grantor or Seller:	Office Complex LLC
Grantee or Buyer:	LDS Church
Property Rights Conveyed:	Fee simple
Conditions of Sale:	Arm's length
Exposure Time:	N/A
Verification:	With Dustin Holt, agent (801-573-9054), by Randy Whiting

Comments

The two parcels above total 9.63 acres; however, parcel 004 is a regional detention basin that is not usable and was given no value in this transaction. The 7.42 acre size above represents parcel 003 only.



Comparable Land Sale #4

3800 North Frontage Road
Lehi, Utah
Utah County

Value Indicators

Price per SF:	$8.75
Price per Acre:	$381,150

Site Data

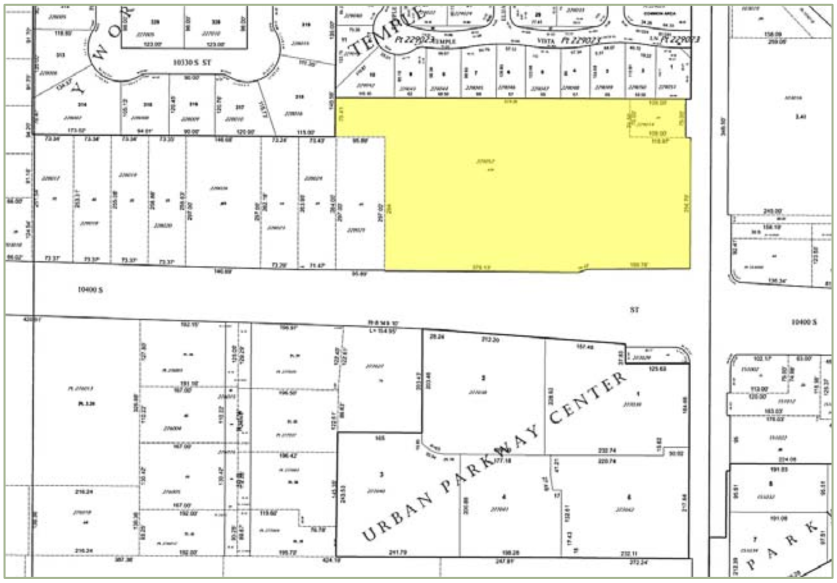
Tax ID:	58-002-0044
Zoning:	PC (mixed commercial & res.)
Size (SF):	648,434
Size (Acres):	14.89
Frontage:	1,523 ft on Frontage Road
Shape:	Irregular
Topography:	Slight upward going east
Utilities:	All available
Access:	Adequate
Corner:	No
Entitlements:	N/A
Improvements:	Asphalt paved road

Sales Data

Sale Date:	September 29, 2010
Sales Price:	$5,673,798
Financing Terms:	Cash Equivalent
Cash Equivalent Price:	$5,673,798
Grantor or Seller:	Marian Fox
Grantee or Buyer:	Adobe Systems
Property Rights Conveyed:	Fee simple
Conditions of Sale:	Arm's length
Exposure Time:	125 days
Verification:	With Robert Green, agent, by Eric Leonhardt and Randy Whiting

Comments

Located within a quarter mile of Highway 92 and within 100 feet of Interstate 15. The listing price was $8,500,000 over a period of 125 days. Discount to the listing price is 33.2 percent. The northeast line borders railroad.



Comparable Land Sale #5

1350 West 10400 South
South Jordan, Utah
Salt Lake County

Value Indicators

Price per SF:	$6.00
Price per Acre:	$261,506

Site Data

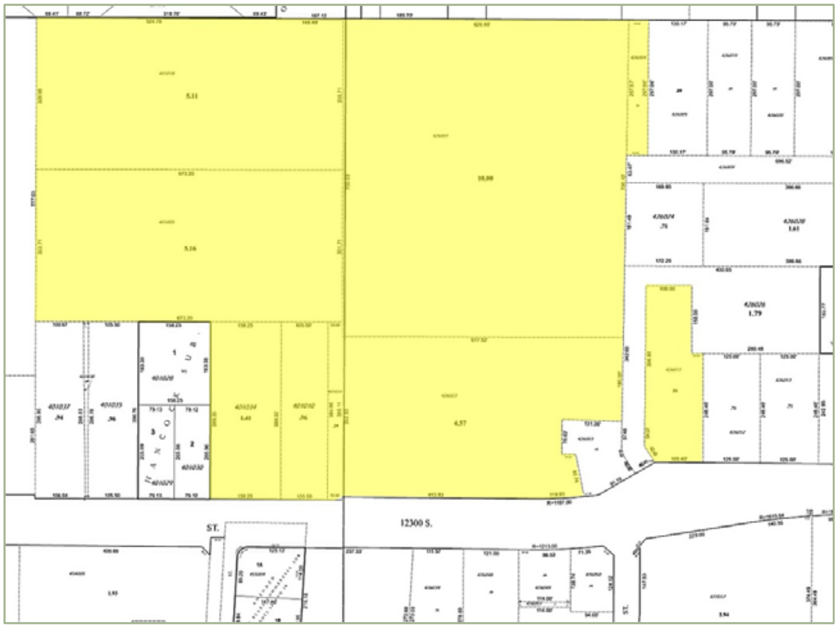
Tax ID:	27-15-229-052, 014
Zoning:	C-C
Size (SF):	208,217
Size (Acres):	4.78
Frontage:	On 10400 S. and 1300 W.
Shape:	Rectangular
Topography:	Mostly level
Utilities:	All available
Access:	Adequate
Corner:	Yes
Entitlements:	N/A
Improvements:	Asphalt paved street, curb, and gutter

Sales Data

Sale Date:	September 16, 2010
Sales Price:	$1,250,000
Financing Terms:	Cash Equivalent
Cash Equivalent Price:	$1,250,000
Grantor or Seller:	Barnes Banking Company
Grantee or Buyer:	Fred Lampropoulos
Property Rights Conveyed:	Fee simple
Conditions of Sale:	Arm's length
Exposure Time:	N/A
Verification:	Fred Barth, agent, and county records by Jeff Atwood

Comments

The site is improved with a depreciated elementary school and single-family residence. Razing costs are included in the sale price and no additional adjustment is warranted. The site is located on a major corner; however, nearby supporting commercial is limited.



Comparable Land Sale #6

450 East 12300 South
Draper, Utah
Salt Lake County

Value Indicators

Price per SF:	$8.60
Price per Acre:	$374,508

Site Data

Tax ID:	28-30-401-010
Zoning:	[RA-1, A-5, CR, M-1, CC] Mixed Use
Size (SF):	1,247,994
Size (Acres):	28.65
Frontage:	935 ft on 12300 South
Shape:	Irregular
Topography:	Mostly level
Utilities:	All available
Access:	Adequate
Corner:	No
Entitlements:	N/A
Improvements:	Asphalt paved road, curb, gutter, and sidewalk

Sales Data

Sale Date:	January 5, 2010
Sales Price:	$10,729,642
Financing Terms:	Cash Equivalent
Cash Equivalent Price:	$10,729,642
Grantor or Seller:	US Bank
Grantee or Buyer:	SA Group Properties Inc
Property Rights Conveyed:	Fee simple
Conditions of Sale:	Arm’s length
Exposure Time:	N/A
Verification:	With Costar and county records, by Jeff Atwood

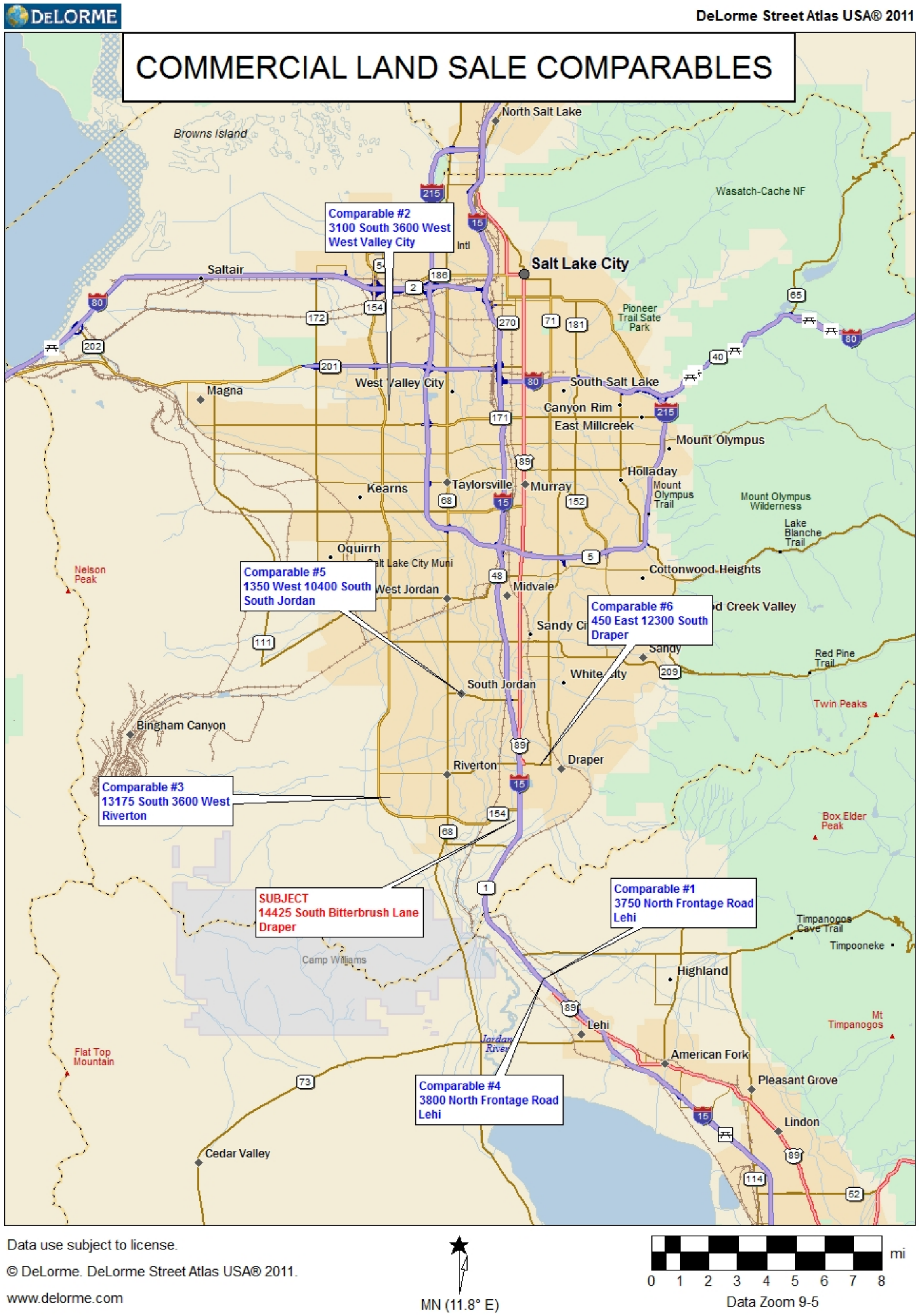
Comments

This sale is located in a commercial area near Interstate 15. The property was foreclosed by US Bank and was sold at an auction. The sale price appears to be in line with market value. The property is comprised of several different county parcels. These parcels are located in different zones that range from agricultural to commercial; however, the property is most likely to be developed as a mixed use or commercial development. There are some minor improvements that need to be razed; however, the cost of razing these improvements is insignificant and requires no adjustment. The land is vacant with no visible signs of development.

As indicated earlier, the designated 100 acres of property set aside for commercial use have been divided into four 25-acre pods. The comparable sales are adjusted to the 25-acre size. To evaluate these sales, we have developed an adjustment grid which can be found on the following page of this report. An explanation of the adjustments is included on the subsequent page to each grid.

Summary of Land Sale Comparables

Comp	Location	Sales Date	Total Acres	Price p/ SF	Zoning
1	3750 N. Frontage Road Lehi	6/10	19.65	$7.50	PC, C
2	3100 S. 3600 W. West Valley City	12/10	10.00	$8.50	C-2
3	13175 S. 3600 W. Riverton	3/10	7.42	$6.60	C-PO
4	3800 N. Frontage Road Lehi	9/10	14.89	$8.75	PC
5	1350 W. 10400 S. South Jordan	9/10	4.78	$6.00	C-C
6	450 E. 12300 S. Draper	1/10	28.65	$8.60	MU


DeLorme
DeLorme Street Atlas USA® 2011
COMMERCIAL LAND SALE COMPARABLES
Comparable #2
3100 South 3600 West
West Valley City
Comparable #5
1350 West 10400 South
South Jordan
Comparable #6
450 East 12300 South
Draper
Comparable #3
13175 South 3600 West
Riverton
SUBJECT
14425 South Bitterbrush Lane
Draper
Comparable #1
3750 North Frontage Road
Lehi
Comparable #4
3800 North Frontage Road
Lehi
North Salt Lake
Browns Island
Wasatch-Cache NF
Salt Lake City
Saltair
Magna
West Valley City
South Salt Lake
Canyon Rim
East Millcreek
Mount Olympus
Holladay
Mount Olympus Trail
Mount Olympus Wilderness
Lake Blanche Trail
Kearns
Taylorsville
Murray
Oquirrh
West Jordan
Midvale
Cottonwood Heights
Nelson Peak
Red Pine Trail
South Jordan
Twin Peaks
Bingham Canyon
Riverton
Draper
Box Elder Peak
Camp Williams
Highland
Timpanogos Cave Trail
Timpooneke
Lehi
Mt Timpanogos
Jordan River
American Fork
Pleasant Grove
Flat Top Mountain
Lindon
Cedar Valley
Pioneer Trail State Park
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MN (11.8° E)
0 1 2 3 4 5 6 7 8 mi
Data Zoom 9-5

Vacant Land Adjustment Grid						
Comparable	**1**	**2**	**3**	**4**	**5**	**6**
Location	3750 N Frontage Rd	3100 S. 3600 W.	13175 S. 3600 W.	3800 N. Frontage Rd	1350 W. 10400 S.	450 E. 12300 S.
City	Lehi	WVC	Riverton	Lehi	S. Jordan	Draper
Acres	19.65	10.00	7.42	14.89	4.78	28.65
Sales Date	6/10	12/10	3/10	9/10	9/10	1/10
Price/ SF	$7.50	$8.50	$6.60	$8.75	$6.00	$8.60
Conditions/ Terms	0%	0%	0%	0%	0%	0%
Adjusted Price/ SF	$7.50	$8.50	$6.60	$8.75	$6.00	$8.60
Market(Time) Adust.	0%	0%	0%	0%	0%	0%
Market Price/ SF	$7.50	$8.50	$6.60	$8.75	$6.00	$8.60
Location	0%	0%	0%	0%	20%	-10%
Size	0%	-10%	-10%	-10%	-15%	0%
Access/ Utilities	0%	0%	0%	0%	0%	0%
Zoning/ Use	0%	0%	10%	0%	0%	0%
Topography	0%	0%	0%	0%	0%	0%
Frontage/Exposure	0%	0%	10%	0%	10%	0%
ADJUSTED PRICE PER ACRE	**$7.50**	**$7.65**	**$7.26**	**$7.88**	**$6.90**	**$7.74**
NET ADJUSTMENT	0%	-10%	10%	-10%	15%	-10%
GROSS ADJUSTMENT	0%	10%	30%	10%	45%	10%
MEAN/ AVERAGE			**$7.49**			

Explanation of Adjustments

Property Rights, Conditions, Market Time	No adjustments are indicated.
Location	The proposed subject lots are considered to have excellent linkages, with I-15 located within a few hundred yards. Sale 5 is inferior in surrounding influences with limited complementary commercial uses nearby. Sale 5 is adjusted up 20 percent. Sale 6 is superior in location with a good mix of commercial, retail and residential uses and is adjusted down 10%.
Size	As noted previously, the subject is divided into four 25-acre pods. Sales 2, 3 and 4 are adjusted down 10 percent, as they are smaller than the subject. Sale 5 is only 4.78 acres and is adjusted down 15 percent.
Access/utilities	It is assumed that the proposed subject pods will have utilities stubbed to each one. All the sales are similar with no adjustment necessary.
Zoning/Use	The subject pods are set aside for use of commercial and retail. According to city planners, this is a likely use for the subject pods. Sale 3 is inferior in zoning limited to only office use and is adjusted up 10 percent.
Topography	No adjustments are necessary.
Frontage/Exposure	The subject pods are proposed to be along the east boundary with exposure to I-15. Sales 3 and 5 are inferior in this regard and are adjusted up 10 percent.
Conclusion	The adjusted values of the sales range from \$6.90 to \$7.88 with a mean of \$7.49 per square foot. Consideration is given to each of the comparable lot sales. After careful consideration of the above presented information, an appropriate benchmark value for the subject proposed pods at 25 acres or 1,089,000 square feet each is established at \$7.50 per square foot. Lot Value Conclusion: 1,089,000 SF x \$7.50 = \$8,167,500

With the assumption of four pods, the gross sellout is projected at \$32,670,000. As previously noted, this does not represent market value, due to the fact that it involves multiple buyers.

Discounting

In the appraisal of real estate, it is recognized that values are typically higher when units are sold individually than when they are sold in multiples. This is commonly referred to as the "value to one buyer" or wholesale value. This is a result of holding costs, retail profit potential, and risks during the absorption period. Another way to look at it is to identify the value of the fully developed property to another entrepreneur. To identify appropriate discounting, we have utilized two techniques, 1) market extracted data regarding current discounting practices in Utah's housing markets and, 2) yield capitalization techniques.

Discount Data

In an effort to identify an appropriate discounting level for the subject, we spoke with several builders and developers in the subject's market regarding their current practices.

Developer's Name	Comments	Concluded Discount Rate
Nate Shipp Development Associates (DAI) ●Developer in Salt Lake, Utah, Davis, Wasatch and Washington counties	Mr. Shipp specializes in large scale development. He indicated that DAI has typically sold units to builders on a bulk sale basis at an annual discount rate ranging from 0 to 10 percent. He reported that based on current market softness, the discount would likely be at the higher extreme of this range.	10 %
Gordon Jones Edge Homes ●Builder and developer in Utah and Salt Lake counties	Mr. Jones has developed properties throughout Utah and Salt Lake counties. He said that while discounting in previous years was very minimal, current market discounts ranging from 5 to 10 percent are justified.	5% to 10 %
Patrick Holmes Holmes Homes ●Builder and developer in Salt Lake, Davis and Utah counties	Mr. Holmes said that although in the past he purchased lots on a bulk sale basis at an annual discount of about 5 percent, the today's market justifies a 10 percent discount.	10 %
Don Brady, Terramerica	Developer Don Brady, with Terramerica indicated that he anticipates a 9.0 to 10.0 percent discount rate on a subdivision he plans to develop early summer 2013. This is a discount rate excluding entrepreneurial profit as a line item.	9% to 10%
Brad Reynolds, Reynolds Construction	Developer Brad Reynolds, with Reynolds Construction, is currently involved in multifamily development. His Pro-forma's include an anticipated discount rate from 10 to 12 percent, excluding profit.	10% to 12%

Discount Rate	Based on the above information, a 10 percent discount rate is considered reasonable.
Marketing Expenses	The marketing of the improved lots is an expense that must be accounted for. The typical cost to sell lots is 3 to 6 percent of the retail price. This is based on interviews with several local developers and agents. Current activity in the marketplace indicates that marketing expenses, including advertising and sales commissions, would likely be in the area of 5 percent. We therefore conclude 5 percent as a marketing expense for the subject property.
Closing Costs	Conversations with local title companies indicate that closing costs for these types of parcels will be in the neighborhood of $2,500.
Taxes	As previously noted, due to the fact that the state is tax exempt, tax payments are not deducted from cash flows in the discounted cash flow analysis.
Entrepreneurial Profit	Entrepreneurial profit is anticipated at 7 percent for the commercial pod.
Price Increase	Commercial land values have been relatively stable compared to residential values and are projected to continue to be so. As such, we have not projected any price increase for the subject pods.

PLANNING, ENGINEERING AND BACKBONE INFRASTRUCTURE COSTS

Costs

As noted in the residential section, taking the subject property to "papered" status will require costs in the following areas:

- Master Planning
- Engineering
- Installation of backbone infrastructure

These costs must be considered in arriving at a net value for the "papered" value approach. To identify these costs we spoke with Dan Cable of regional planning firm, EDA Land Planning, Bob Thorpe of Seattle-based, RW Thorpe Planning and Matt Brown of MW Brown Engineering, headquartered in Orem, Utah.

Master Planning

Mr. Thorpe indicated that up front master planning for a project of this magnitude will typically range from $60,000 to $100,000 and that complete design can range upward to $300,000. Mr. Cable indicated that they have master planned many similar projects throughout the west and found that projects such as the subject requires in the neighborhood of $60,000. Based on this input, we have estimated master plan design costs of $75,000. However, as previously noted, these costs were totally accounted for in the residential section. Hence, no deduction is required for the mixed use property.

Engineering

Mr. Brown said that engineering commercial (mixed-use) properties will typically range from $5,000 to $6,000 per acre. He added that since the subject property has no significant topographical or soil problems, the cost would be near the lower side of this range. With approximately 100 acres projected for commercial development, this would total about $500,000.

Description	Cost
Master Planning	N/A
Engineering – Mixed Use	$500,000
TOTAL	$500,000

Backbone Infrastructure

Under the assumption of approximately 100 acres, the mixed use component represents approximately 15 percent of the entire 680.6 acres. Allocating 85 percent comes to to $2,850,000.

Total Costs

With planning and engineering costs projected at about $500,000 and backbone infrastructure at $2,850,000, total planning, engineering and backbone infrastructure costs are as follows:

Planning & Engineering	$500,000
Backbone Infrastructure	$2,850,000
TOTAL	$3,350,000

The total of $3,350,000 divided by the four papered pods comes to $837,500 per unit. This figure will be incorporated into the discounted cash flow analysis.

Absorption Estimate

In order to determine the discounted retail value or Investment Value as if Master Planned to one buyer, an appropriate absorption rate must be concluded. We have researched the commercial and retail demand for properties in the subject market area of southern Salt Lake County and Northern Utah County. There are notable developments of both office and retail characteristics that have been developed in recent years, including the Traverse Mountain, Thanksgiving Point and Draper area commercial sectors. Based on the demand established in the highest and best use, it is anticipated that the equivalent of one pod comprising 25 acres should absorb each year.

DISCOUNTED CASH FLOW ANALYSIS

(value to one buyer)

PRISON SITE: FOUR 25-ACRE MIXED USE PODS

	Period 0 Presales	Period 1	Period 2	Period 3	Period 4	
INCOME						
Number of Units Sold:	0	1	1	1	1	
Price Per Unit:	$ 8,167,500	$ 8,167,500	$ 8,167,500	$ 8,167,500	$ 8,167,500	$ -
Total Sales:	**$ -**	**$ 8,167,500**	**$ 8,167,500**	**$ 8,167,500**	**$ 8,167,500**	**$**
EXPENSES						
Marketing / Commisions:	$ -	$ 408,375	$ 408,375	$ 408,375	$ 408,375	$ -
Closing Costs:	$ -	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ -
Backbone Infrastructure Costs	$ -	$ 837,500	$ 837,500	$ 837,500	$ 837,500	$ -
Real Estate Taxes:	$ -	$ -	$ -	$ -	$ -	$ -
Misc. Expenses:	$ -	$ -	$ -	$ -	$ -	$ -
Total Expenses	**$ -**	**$ 1,248,375**	**$ 1,248,375**	**$ 1,248,375**	**$ 1,248,375**	**$**
Expense Ratio	*0%*	*15%*	*15%*	*15%*	*15%*	
Net Income before Profit:	**$ -**	**$ 6,919,125**	**$ 6,919,125**	**$ 6,919,125**	**$ 6,919,125**	**$**
Profit & Return on Capital:	$ -	$ 4,083,750	$ 4,083,750	$ 4,083,750	$ 4,083,750	$ -
NET INCOME (after profit)	**$ -**	**$ 2,835,375**	**$ 2,835,375**	**$ 2,835,375**	**$ 2,835,375**	**$**

PRESENT VALUE of NET INCOME	**$8,987,757**	**Rounded To:**	**$9,000,000**

Assumptions:

Number of Units in Project:	4	Marketing/Commissions:
Number of Presales:	0	Closing Costs per Unit:
Number of Units Sold/Period:	1	Est. Annual Taxes per Unit:
Term of Period (1 = annual, 2 = Semi-annual, 4 = Qtr.)	1	Misc. Monthly Expenses per Unit:
		Profit/Return on Capital:
Initial Selling Price:	$8,167,500	Backbone Infrastructure Costs
Est. Annual Price Increase:	0.0%	
DISCOUNT	10.00%	

RATE:

Summary	Total	Per Unit
Gross Retail Value	$2,540,000	$635,000
Discounted Value	$9,000,000	$2,250,000
Discount in Dollars	-$6,460,000	-$1,615,000
Discount as % of Gross	-254%	

Conclusion
Based on this analysis, the Investment Value as if Master Planned of the Commercial Pod element of the proposed master plan, in fee simple title, as of August 20, 2013, which is the date of inspection, is:

$9,000,000 (Rounded)

"NINE MILLION DOLLARS"

Marketing/Exposure Time: 12 months

COMBINED INVESTMENT VALUE AS IF MASTER PLANNED
Inasmuch as the residential and mixed-use components are not competing, but complementary in nature, they can be added without the need for further discounting. The Investment Value as if Master Planned of the residential and mixed-use elements of the hypothetical master plan combine to yield the following total value before accounting for planning, engineering and backbone infrastructure costs:

Residential Investment Value as if Master Planned	$46,200,000
Mixed-use Investment Value as if Master Planned	$ 9,000,000
TOTAL	$55,200,000

<u>Internal Investment Value</u>	<u>At your request, we have conducted additional research into a possible "internal investment value". This scenario would involve the state planning the project, installing backbone infrastructure and marketing the parcels. Inasmuch as no planning or engineering had been completed as of the date of valuation, this is a purely hypothetical approach. As such, this is highly speculative and subject to extraordinary assumptions regarding final design, engineering, soil conditions, the costs of backbone infrastructure and many more issues that cannot be defined until significant engineering and planning is completed.</u>

DISCOUNTED CASH FLOW ANALYSIS

(value to one buyer)

PRISON SITE- 2,900 UNIT RESIDENTIAL COMPONENT

	Period 0 Presales	Period 1	Period 2	Period 3	Period 4	
INCOME						
Number of Units Sold:	0	400	600	750	750	
Price Per Unit:	$ 65,281	$ 65,281	$ 67,239	$ 69,257	$ 71,334	$ 73,474
Total Sales:	**$ -**	**$ 26,112,400**	**$ 40,343,658**	**$ 51,942,460**	**$ 53,500,733**	**$ 29,3**
EXPENSES						
Marketing / Commisions:	$ -	$ 1,305,620	$ 2,017,183	$ 2,597,123	$ 2,675,037	$ 1,469,4
Closing Costs:	$ -	$ 20,000	$ 30,000	$ 37,500	$ 37,500	$ 20,000
Backbone Infrastructure Costs	$ -	$ 1,340,000	$ 2,010,000	$ 2,512,500	$ 2,512,500	$ 1,340,0
Real Estate Taxes:	$ -	$ -	$ -	$ -	$ -	$ -
Misc. Expenses:	$ -	$ 2,610,000	$ 2,250,000	$ 1,710,000	$ 1,035,000	$ 360,000
Total Expenses	**$ -**	**$ 5,275,620**	**$ 6,307,183**	**$ 6,857,123**	**$ 6,260,037**	**$ 3,**
Expense Ratio	*0%*	*20%*	*16%*	*13%*	*12%*	
Net Income before Profit:	**$ -**	**$ 20,836,780**	**$ 34,036,475**	**$ 45,085,337**	**$ 47,240,697**	**$ 26,2**
Profit & Return on Capital:	$ -	$ -	$ -	$ -	$ -	$ -
NET INCOME (after profit)	**$ -**	**$ 20,836,780**	**$ 34,036,475**	**$ 45,085,337**	**$ 47,240,697**	**$ 26,2**

PRESENT VALUE of NET INCOME **$129,479,451** **Rounded To:** **$129,500,000**

Assumptions:

Number of Units in Project:	2900	Marketing/Commissions:
Number of Presales:	0	Closing Costs per Unit:
Number of Units Sold/Period:	*See Above	Est. Annual Taxes per Unit:
Term of Period	1	Misc. Monthly Expenses per Unit:
(1 = annual, 2 = Semi-annual, 4 = Qtr.)		Profit/Return on Capital:
Initial Selling Price:	$65,281	Backbone Infrastructure Costs
Est. Annual Price Increase:	3.0%	
DISCOUNT RATE:	10.00%	

Summary	**Total**	**Per Unit**
Gross Retail Value	$2,540,000	$876
Discounted Value	$129,500,000	$44,655
Discount in Dollars	-$126,960,000	-$43,779
Discount as % of Gross	-4998%	

Conclusion

Based on this analysis, the Market Value of the residential element of the proposed master plan, in fee simple title, as of August 20, 2013, which is the date of inspection, is:

$129,500,000 (Rounded)

"ONE HUNDRED TWENTY-NINE MILLION FIVE HUNDRED THOUSAND DOLLARS"

DISCOUNTED CASH FLOW ANALYSIS

(value to one buyer)

PRISON SITE: FOUR 25-ACRE MIXED USE PODS

	Period 0 Presales	Period 1	Period 2	Period 3	Period 4	
INCOME						
Number of Units Sold:	0	1	1	1	1	
Price Per Unit:	$ 8,167,500	$ 8,167,500	$ 8,167,500	$ 8,167,500	$ 8,167,500	$ -
Total Sales:	**$ -**	**$ 8,167,500**	**$ 8,167,500**	**$ 8,167,500**	**$ 8,167,500**	**$**
EXPENSES						
Marketing / Commisions:	$ -	$ 408,375	$ 408,375	$ 408,375	$ 408,375	$ -
Closing Costs:	$ -	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ -
Backbone Infrastructure Costs	$ -	$ 837,500	$ 837,500	$ 837,500	$ 837,500	$ -
Real Estate Taxes:	$ -	$ -	$ -	$ -	$ -	$ -
Misc. Expenses:	$ -	$ -	$ -	$ -	$ -	$ -
Total Expenses	**$ -**	**$ 1,248,375**	**$ 1,248,375**	**$ 1,248,375**	**$ 1,248,375**	**$**
Expense Ratio	*0%*	*15%*	*15%*	*15%*	*15%*	
Net Income before Profit:	**$ -**	**$ 6,919,125**	**$ 6,919,125**	**$ 6,919,125**	**$ 6,919,125**	**$**
Profit & Return on Capital:	$ -	$ -	$ -	$ -	$ -	$ -
NET INCOME (after profit)	**$ -**	**$ 6,919,125**	**$ 6,919,125**	**$ 6,919,125**	**$ 6,919,125**	**$**

PRESENT VALUE of NET INCOME	**$21,932,695**	**Rounded To:**	**$21,950,000**

Assumptions:

Number of Units in Project:	4	Marketing/Commissions:
Number of Presales:	0	Closing Costs per Unit:
Number of Units Sold/Period:	1	Est. Annual Taxes per Unit:
Term of Period	1	Misc. Monthly Expenses per Unit:
(1 = annual, 2 = Semi-annual, 4 = Qtr.)		Profit/Return on Capital:
Initial Selling Price:	$8,167,500	Backbone Infrastructure Costs
Est. Annual Price Increase:	0.0%	
DISCOUNT RATE:	10.00%	

Summary	**Total**	**Per Unit**
Gross Retail Value	$2,540,000	$635,000
Discounted Value	$21,950,000	$5,487,500
Discount in Dollars	-$19,410,000	-$4,852,500
Discount as % of Gross	-764%	

Conclusion

Based on this analysis, the Market Value of the Commercial Pod element of the proposed master plan, in fee simple title, as of August20, 2013, which is the date of inspection, is:

$21,950,000 (Rounded)

"TWENTY-ONE MILLION NINE HUNDRED FITY THOUSAND DOLLARS"

COMBINED GROSS SELLOUT AND BULK SALE VALUES

The bulk sale values of the residential and mixed-use elements of the hypothetical master plan combine to yield the following total value before accounting for planning, engineering and backbone infrastructure costs:

Residential Bulk Sale Value	$129,500,000
Mixed-use Bulk Sale Value	$ 21,950,000
TOTAL	$151,450,000

PLANNING, ENGINEERING AND BACKBONE INFRASTRUCTURE COSTS

Costs

Taking the subject property to "papered" status will require costs in the following areas:

- Master Planning
- Engineering
- Installation of backbone infrastructure

These costs must be considered in arriving at a net value for the "papered" value approach. To identify these costs we spoke with Dan Cable of regional planning firm EDA Land Planning, Bob Thorpe of Seattle-based RW Thorpe Planning and Matt Brown of MW Brown Engineering, headquartered in Orem Utah.

Master Planning

Mr. Thorpe indicated that up front master planning for a project of this magnitude will typically range from $60,000 to $100,000 and that complete design can range upward to $300,000. Mr. Cable indicated that they have master planned many similar projects throughout the west and found that projects such as the subject requires in the neighborhood of $60,000. Based on this input, we have estimated master plan design costs of $75,000.

Engineering

Mr. Brown said that engineering commercial (mixed-use) properties will typically range from $5,000 to $6,000 per acre. He added that since the subject property has no significant topographical or soil problems, the cost would be near the lower side of this range. With approximately 100 acres projected for commercial development, this would total about $500,000.

According to Mr. Brown, engineering residential uses will typically range from $1,500 to $2,000 per lot for single family lots and $700 to $1,000 per pad for high density pads. Again using to the lower end of the range, due to the subject's relatively few planning problems, the 1,885 single family lots at $1,650 each would total approximately $3,110,250 and the 1,015 townhome and condominium pads at $750 each would total $761,500.

Based on the above estimates, total master planning and engineering costs are projected as follows:

Description	Cost
Master Planning	$75,000
Engineering – Mixed-use	$500,000
Engineering – Single Family Lots	$3,110,250
Engineering – Townhouse & Condo Pads	$761,500
TOTAL	$4,446,750

Hence, total master planning and engineering cost are estimated at a rounded $4,500,000.

Backbone Infrastructure

"Papered" status infers that access and utilities are provided to the subject parcels being purchased. This is the expectation of the market and the basis of valuation for the residential and mixed-use parcels valued in this report.

With no planning or engineering conducted as of this valuation, it is observably not possible to pinpoint the costs associated with providing access and back-bone infrastructure. However, conversations with Mr. Thorpe, Mr. Cable and Mr. Brown indicate that it is likely that this will require in the neighborhood of seven miles of primary artery, including utilities, curb, gutter and sidewalk.

Mr. Thorpe indicated that such street will range in cost from $250 to $350 per lineal foot. The reader is reminded that Marshall Valuation Services estimated the cost per lineal foot of lot frontage to range from $250 to $350 and that we applied $300 to account for the cost of neighborhood streets. Marshall estimates the cost per lineal foot of street (vs. cost per lineal foot of lot frontage) to range from $395 to $480 per linear foot. Considering that this will be a primary traffic artery, portions of which may be more than two lanes, it is considered reasonable to project the average costs at $435 per lineal foot. Applying this to seven miles, or 36,960 lineal feet, totals $16,077,600 rounded to $16,000,000.

Total Costs

With planning and engineering costs projected at about $4,500,000 and backbone infrastructure at $19,000,000, total planning, engineering and backbone infrastructure costs are projected as follows:

Planning & Engineering	$4,500,000
Backbone Infrastructure	$16,000,000
TOTAL	$20,500,000

INTERNAL INVESTMENT VALUE CONCLUSION

With a combined bulk sale value of $151,450,000, and total planning, engineering and backbone infrastructure costs of $20,500,000, the net value of the subject land is calculated as follows:

Combined Bulk Sale Value	$151,450,000
Planning, Engineering and Backbone Infrastructure Costs	-20,500,000
Net Value of Subject Land	$130,950,000

Based on this information, we conclude that the hypothetical "internal investment value" as of August 20, 2013, which was the date of inspection, is $130,000,000 (rounded).

"ONE HUNDRED THIRTY MILLION DOLLARS"

($130,000,000)

RECONCILIATION AND FINAL VALUE ESTIMATE

Description

Reconciliation is the final step in the valuation process of the appraisal report and value conclusions are analyzed to reach a final value estimate. A detailed description of the subject property, recommended master plan, improvements, and other factors concerning the subject property were discussed. A detailed market analysis was conducted to analyze the highest and best use. The sales comparison and development approaches to value were utilized to identify the value of the subject property "As Is" and hypothetical Investment Value "As if master planned".

The conclusions reached as of August 20, 2013, which was the date of inspection, are as follows:

"As Is" Value	$51,300,000
Hypothetical Investment Value "As If Master Planned and Improved with Backbone Infrastructure"	*$55,200,000

*Note: This approach includes a projected profit of approximately $117,000,000 (see Discounted Cash Flow analysis)

Conclusions

These conclusions were reached by applying the techniques and principles of appraisal theory. They were well supported by a good description of the improvements along with the market or environment.

Limited data was available for the sales comparison approach. However, through applying accepted appraisal methodologies the analysis and conclusions are considered to be reliable. In the development approach, recent sales were found and analyzed. Comments were made and adjustments used to make comparison to the subject. A Discounted Cash Flow value was then calculated to arrive at a Investment Value As If Master Planned.

The analysis clearly reveals that even after deducting the costs associated with bringing the subject to a "papered" status, including the costs planning, engineering, improvements, holding costs and present value calculations of future cash flow, the papered lot scenario yields far superior values.

Test of Reasonableness

The DCFs on the following pages demonstrate a combined value similar to the "As Is" value concluded of $51,300,000, with a 52 percent profit (versus the 50 percent profit concluded in the previous DCFs). The combined value of $51,500,000 is similar to the concluded “As Is” value of 51,300,000.

In conversations with experienced developers such as Patrick Holmes of Holmes Homes, Gordon Jones of Edge Homes and David McArthur of McArthur Homes, they indicated that fully entitled properties typically increase in value by 40 to as much as 80 percent, depending on location and circumstances. Hence, this analysis indicates that the concluded values are reasonable and prudent.

CERTIFICATION

We certify that, to the best of our knowledge and belief:

– The statements of fact contained in this report are true and correct.

– We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

– The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.

– We 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.

– We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

– Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

– Our 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.

– 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 & Standards of Professional Appraisal Practice of the Appraisal Institute.

– The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with 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.

– Roland D. Robison and Gary R. Free have made personal inspections of the property that is the subject of this report.

– No additional person provided significant real property appraisal assistance to the person signing this certification.

As of the date of this report, Gary R. Free has completed the continuing education program of the Appraisal Institute.

As of the date of this report, Roland D. Robison and Tyler A. Free have completed the standards and Ethics Education Requirement of the Appraisal Institute for Associate Members.

October 07, 2013	October 07, 2013	October 07, 2013
Date	Date	Date
GARY R. FREE, MAI, SRA	ROLAND D. ROBISON	TYLER A. FREE
Senior Managing Director	Senior Appraiser	Senior Appraiser
Utah State - Certified General Appraiser License # 5451769-CG00 (Exp. 6/30/15)	Utah State-Certified General Appraiser License #5452047-CG00 (Exp. 3/31/14)	Utah State-Certified General Appraiser License #6050225-CG00 (Exp. 12/31/14)

GENERAL ASSUMPTIONS

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

1. The legal description used in this report is assumed to be correct.

2. No survey of the property has been made by the appraiser and no responsibility is assumed in connection with such matters. Sketches in this report are included only to assist the reader in visualizing the property.

3. No responsibility is assumed for matters of a legal nature affecting title to the property nor is an opinion of title rendered. The title is assumed to be good and marketable, unless otherwise stated.

4. Information furnished by others is assumed to be true, correct and reliable. A reasonable effort has been made to verify such information; however, no responsibility for its accuracy is assumed by the appraiser.

5. All mortgages, liens, encumbrances, leases and servitudes have been disregarded unless so specified within the report. The property is appraised as though under responsible ownership and competent management.

6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover such factors.

7. Full compliance with all applicable federal, state and local environmental regulations and laws is assumed unless noncompliance is stated, defined and considered in the appraisal report.

8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless some nonconformance has been stated, defined and considered in the appraisal report.

9. It is assumed that all required licenses, certificates of occupancy, contents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

10. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

GENERAL LIMITING CONDITIONS

The appraisal report has been made with the following general limiting conditions:

1. The appraiser will not be required to give testimony or appear in court because of having made this appraisal, with reference to the property in question, unless arrangements have been previously made.

2. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event only with proper written qualification and only in its entirety.

3. The distribution of the total valuation in this report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.

4. Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the Appraisal Institute.

   Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or any reference to the Appraisal Institute or to the MAI designation) shall be disseminated to the public through advertising media, public relations media, sales media or any other public means of communication without the prior written consent and approval of the appraiser.

5. Acceptance of and/or use of this appraisal report constitutes acceptance of the stated general assumptions and limiting conditions.

SPECIAL LIMITING CONDITIONS

1. The liability of Valbridge/Free and Associates, Inc. is limited to the client only. Furthermore, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraiser is in no way to be responsible for any costs incurred to discover or correct <u>any</u> deficiencies of <u>any</u> type present in the property; physically, financially, and/or legally. In the case of limited partnerships or syndication offerings or stock offerings in real estate, client agrees that in case of lawsuit (brought by lender, partner or part owner in any form of ownership, tenant, or any other party), any and all awards, settlements of any type in such suit, regardless of outcome, client will hold appraiser completely harmless in any such action.

2. In this appraisal assignment, the existence of potentially hazardous material on or near the subject site and/or used in the construction or maintenance of any of the buildings, such as the presence of urea-formaldehyde foam insulation, and/or the existence of toxic waste, which may or may not be present on the property, was not observed by us, nor do we have any knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The existence of urea-formaldehyde foam insulation or other potentially hazardous waste material may have an effect on the value of the property. We urge the client to retain an expert in this field if desired.

Qualifications of Gary R. Free, MAI, SRA
Senior Managing Director
Valbridge Property Advisors | Free and Associates, Inc.

Independent Valuations for a Variable World

State Certifications

State of Utah
State of Idaho
State of Wyoming
State of Nevada

Education

Bachelor of Arts
Business Administration
University of Utah

Contact Details

801.262.3388 (phone)
800.747.0552 (toll-free)
801.262.7893 (fax)

gfree@valbridge.com

Valbridge Property Advisors | Free and Associates, Inc.
1100 East 6600 South
Suite 201
Salt Lake City, Utah 84121

www.valbridge.com
www.freeandassociates.com

Membership/Affiliations:

Member:
- Appraisal Institute - MAI Designation
- Appraisal Institute – SRA Designation
- International Right of Way Association
- Utah Self Storage Association

Leadership:
- Appraisal Institute – Past President, Utah Chapter
- Appraisal Institute – Past Regional Representative
- Appraisal Institute – Past Executive Board Member, Utah Chapter
- Appraisal Institute – Nonresidential Demonstration Report Grading Panel
- Appraisal Institute – Southwest Region Review and Counseling committee
- Utah Self Storage Association – Past President
- Society of Real Estate Appraisers – Past President, Salt Lake City Chapter
- Society of Real Estate Appraisers – Past Director, Salt Lake City Chapter
- Society of Real Estate Appraiser – Past Board Member, Salt Lake City Chapter
- University of Utah – Past Chairman of re-appraisal project for the Bureau of Economic Research

Courses Completed (partial list):

All required core classes for MAI & SRPA designation, and following continuing education:
Anatomy of an Acquisition
Appraisal and Real Estate Issues
Appraisal of Retail Properties
Appraiser as Expert Witness
Appraising the Appraisal: Appraisal Review - General
Business Practices and Ethics
Eminent Domain: New Tools & Strategies for Public Projects in Utah
Eminent Domain Update
Feasibility Analysis, Market Value & Investment Timing
Feasibility Analysis - Nonresidential
Forecasting Revenue
General Appraiser Market Analysis and Highest & Best Use

Courses Completed (partial list) - Cont'd:

Geological Concerns in Real Estate
Health Care Industry Trends & Real Estate
H.V.A.C. Systems in Commercial Buildings
Litigation Appraising: Specialized Topics and Applications
Litigation Skills for the Appraiser
Non-Residential Demo Report Writing
Partial Interests: Theory and Case Law
Property Title Concerns
Rates and Ratios: Making sense of GIMs, OARs and DCFs
Scope of Work: Expanding Your Range of Services
Self Storage: Looking at the Past – Are These Indicators
Small Hotel/Motel Valuation
Special Purpose Properties
Specialized Appraisal Issues
Subdivision Valuation
Successful Real Estate Investing
The Office Sub-Market
The Road Less Traveled: Special Purpose Properties
Using your HP 12C Financial Calculator
USPAP (at regular intervals)
Utah Department of Transportation Projects
Wasatch Front Real Estate Market

Experience:

Senior Managing Director
Valbridge Property Advisors | Free and Associates, Inc. (2013-Present)

President
Free and Associates, Inc. (1976 – Present)

President
Capital Land Management (1978 – 1980)

Appraiser (commercial & residential)
Commercial Security Bank (1974 – 1976)

Founder, in 1976 of Free and Associates, a full-service, real estate appraisal and consulting firm. Qualified, through obtaining appropriate education and experience, to complete appraisals and provide consulting service on all types of commercial and residential properties. Mr. Free has served in elected offices and on boards of professional organizations such as the Appraisal Institute and the Society of Real Estate Appraisers. He is licensed in Utah, Wyoming, Idaho and Nevada, and has provided expert testimony in U.S. and District Courts.

STATE OF UTAH
DEPARTMENT OF COMMERCE
DIVISION OF REAL ESTATE

ACTIVE LICENSE

DATE ISSUED: 06/06/2013

EXPIRATION DATE: 06/30/2015

LICENSE NUMBER: 5451769-CG00

LICENSE TYPE: Certified General Appraiser

ISSUED TO: GARY R FREE
1100 E 6600 S 201
SALT LAKE CITY UT 84121

SIGNATURE OF HOLDER

REAL ESTATE DIVISION DIRECTOR

Form #2

Qualifications of Roland R. Robison
Managing Director
Valbridge Property Advisors | Free and Associates, Inc.

Independent Valuations for a Variable World

State Certifications

State of Utah,

Education

Bachelor of
Business/Economics
Business Administration
Brigham Young University,

Contact Details

435-773-6300 (p)
800-747-0552 (toll-free)
435-773-6298 (f)

rrobison@valbridge.com

Valbridge Property Advisors |
Free and Associates Inc.
20 North Main
Suite 304
St. George, UT 84770

www.valbridge.com
www.freeandassociates.com

Membership/Affiliations:
Associate Member: Appraisal Institute

Appraisal Institute & Related Courses:
Comaparative Analysis
Business Ethics
Income Capitalization
G/R Eminent domain Condemnation
FHA Appraisals
Communicating Appraisers
Market Analysis/Highest and Best Use
1A2 – Basic Valuation Procedures
1A1 – RE Appraisal Principles
USPAP
Contractor's License
Real Estate License

Experience:
Managing Director
Valbridge Property Advisors|Free and Associates, Inc. (2013-Present)

Vice President
Free and Associates, Inc. (1991-2013)

Market Analyst
Metro West (1984-1991)

Appraisal/valuation and consulting assignments include: apartment buildings; retail buildings and shopping centers; office buildings; industrial buildings; car washes; self storage; master planned communities; condominium developments; hotels and motels; residential subdivisions; and vacant land. Assignments also include eminent domain, markets analysis, and litigation.

STATE OF UTAH
DEPARTMENT OF COMMERCE
DIVISION OF REAL ESTATE
ACTIVE LICENSE

DATE ISSUED:	04/05/2012
EXPIRATION DATE:	03/31/2014
LICENSE NUMBER:	5452047-CG00
LICENSE TYPE:	Certified General Appraiser
ISSUED TO:	

ROLAND D ROBISON
20 N MAIN STE 323
SAINT GEORGE UT 84770

THE GREAT SEAL OF THE STATE OF UTAH
INDUSTRY
1847
1896

SIGNATURE OF HOLDER

REAL ESTATE DIVISION DIRECTOR

Qualifications of Tyler R. Free
Senior Appraiser
Valbridge Property Advisors | Free and Associates, Inc.

Independent Valuations for a Variable World

Membership/Affiliations:
Member: Appraisal Institute -

State Certifications

State of Utah
State of Idaho

Education

Bachelor of Science
Economics
University of Utah

Contact Details

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800.747.0552 (toll-free)
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Valbridge Property Advisors |
Free and Associates, Inc.
1100 East 6600 South
Suite 201
Salt Lake City, Utah 84121

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Courses Completed (partial list):
15 Hour National USPAP
Appraisal
Residential Market Analysis and Highest and Best Use
Basic Income Capitalization
General Applications
General Market Analysis and Highest and Best Use
Business Practices and Ethics
Report Writing and Valuation Analysis
Advanced Income Capitalization
Advanced Sales Comparison & Cost Approaches
Advanced Applications

Experience:
Commercial Real Estate Appraiser
Valbridge Property Advisors|Free and Associates, Inc. (2013-Present)

Commercial Real Estate Appraiser
Free and Associates, Inc. (March 2004 – Present)

Appraisal/valuation and consulting assignments include: apartment buildings; retail buildings and shopping centers; existing/proposed office buildings; industrial buildings; churches; subdivisions; single family residential subdivisions; warehouse buildings; self storage units; and commercial and residential land. Assignments also include eminent domain.

STATE OF UTAH
DEPARTMENT OF COMMERCE
DIVISION OF REAL ESTATE
ACTIVE LICENSE

DATE ISSUED:	11/20/2012
EXPIRATION DATE:	12/31/2014
LICENSE NUMBER:	6050225-CG00
LICENSE TYPE:	Certified General Appraiser
ISSUED TO:	

TYLER A FREE
1100 EAST 6600 SOUTH
201
SALT LAKE CITY UT 84121

THE GREAT SEAL OF THE STATE OF UTAH 1896

SIGNATURE OF HOLDER

REAL ESTATE DIVISION DIRECTOR

SUBJECT PHOTOS

Subject

Entrance

Subject from north

View of subject from north

View to east

View to east

SUBJECT PHOTOS	
	
View to northeast	View to south
	
View to southeast	View to west
	
Canal on north boundary	UDOT Parcel

SUBJECT PHOTOS

UDOT Parcel

Gate to grazing area

Grazing area

Interior area

Security fence on east

Security fences on south

SUBJECT PHOTOS

FFSL Facility

Forestry Service building

Fuel Station

Frontage on Bangerter

View from Frontage Road