

VASA FITNESS

SINGLE TENANT ABSOLUTE NNN

Offering Memorandum

13400 South 5600 West | Herriman, Utah 84096



PRESENTED BY

Tyson Moore
+1 801 453 6815
tyson.moore@colliers.com

Rob Moore, CCIM
+1 801 947 8370
rob.moore@colliers.com

Dan Moore
+1 801 947 8365
dan.moore@colliers.com

Colliers International
6440 S Millrock Dr | Suite 500
Salt Lake City, UT 84121
P: +1 801 947 8300



Disclaimer

Colliers International (the “Agent”) has been engaged as the exclusive sales representative for the sale of the VASA Fitness Property located at 134000 S 5600 W, Herriman, UT (the “Property”) by Armstrong Herriman, LLC or ‘Ownership’ (the “Seller”).

The Property is being offered for sale in an “as-is, where-is” condition, and the Seller and the Agent make no representations or warranties as to the accuracy of the information contained in this Offering Memorandum. The enclosed materials include confidential information and are being furnished solely for the purpose of review by prospective purchasers (“Purchasers”) of the interest described herein for which it shall be fully and solely responsible. Neither the enclosed materials, nor any information contained herein, are to be used for any other purpose, or made available to any other person without the express written consent of the Seller. Each recipient, as a prerequisite to receiving the enclosed information, should be registered with the Agent as a “Registered Potential Investor” or as a “Buyer’s Agent” for an identified “Registered Potential Investor”.

The material contained herein is based on information and sources deemed to be reliable, but no representation or warranty, express or implied, is being made by the Agent or the Seller or any of their respective representatives, affiliates, officers, employees, shareholders, partners, and directors, as to its accuracy or completeness. Summaries contained herein of any legal or other documents are not intended to be comprehensive statements of the terms of such documents, but rather only outlines of some of the principal provisions contained therein. Neither the Seller nor the Agent shall have any liability whatsoever for any other written or oral communication or information transmitted, or made available, or any action taken, or decision made by the recipient with respect to the Property.

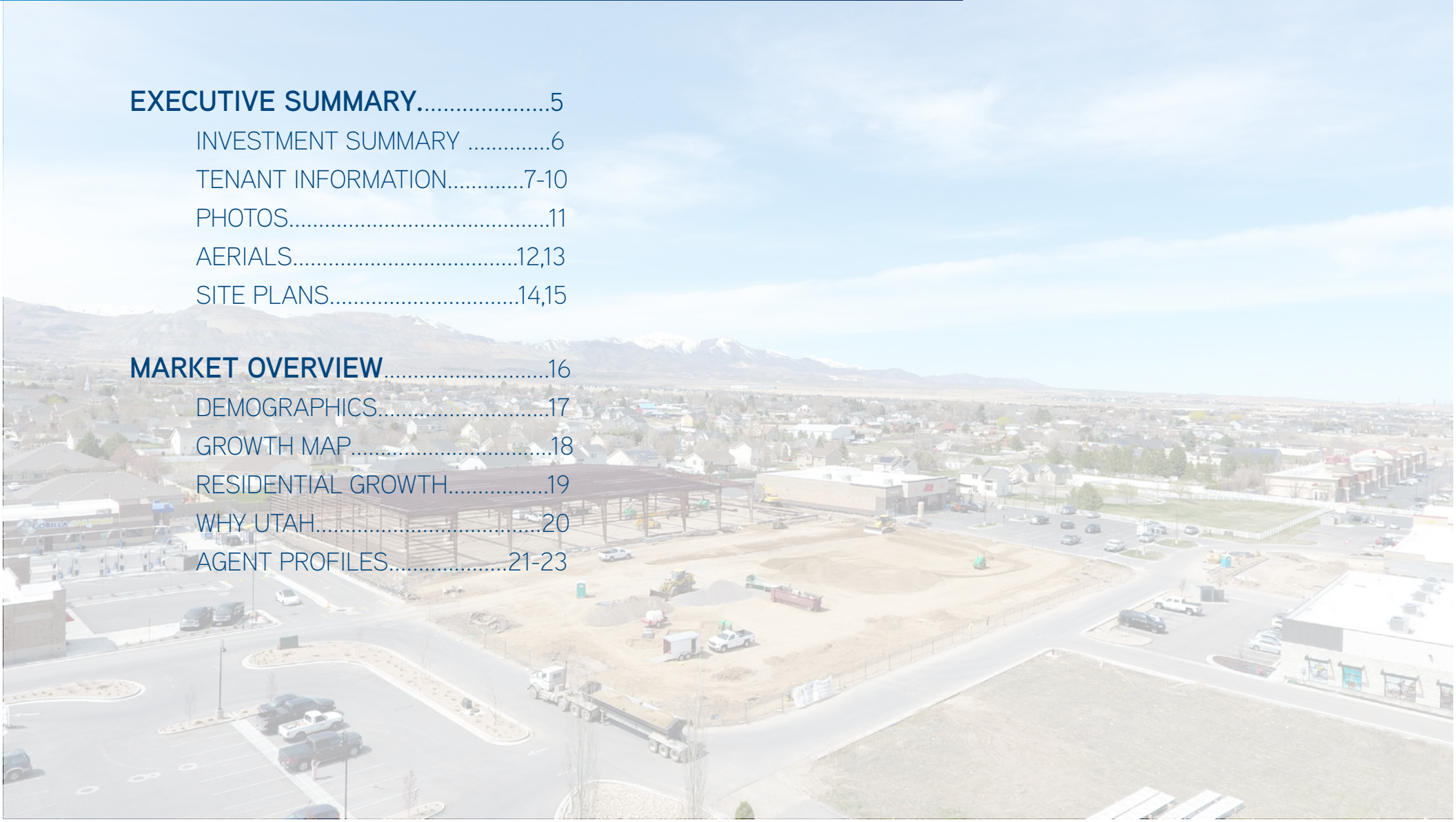
The Seller reserves the right, at its sole and absolute discretion, to withdraw the Property from the market for sale at any time and for any reason without notice, to reject any and all expressions of interest or offers regarding the Property, and/or to terminate discussions with any entity at any time, with or without notice. This Offering Memorandum is made subject to omissions, correction of errors, change of price or other terms, prior sale or withdrawal from the market without notice. The Agent is not authorized to make any representations or agreements on behalf of the Seller. The Seller shall have no legal commitment or obligation to any recipient reviewing the enclosed materials, performing additional investigation, and/or making an offer to purchase the Property unless and until a binding written agreement for the purchase of the Property has been fully executed, delivered, and approved by Seller and any conditions required under the contract for title to pass from the Seller to the buyer have been satisfied or waived.

By taking possession of and reviewing the information contained herein, the recipient agrees that (a) the enclosed materials and their contents will be held and treated in the strictest of confidence; and (b) the recipient shall not contact tenants, employees, contractors, sub-contractors or lien-holders of the property directly, or indirectly regarding any aspect of the enclosed materials or the Property, without the prior written approval of the Seller or the Agent; and (c) no portion of the enclosed materials may be copied or otherwise reproduced without the prior written authorization of the Seller or the Agent or as otherwise provided in the Confidentiality Agreement executed and delivered by the recipient(s) to Agent.

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EXECUTIVE SUMMARY

VASA FITNESS

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This offering is a tremendous opportunity to own a newly constructed 55,000 square foot VASA Fitness property in one of the highest growth areas in the country. VASA Fitness is the most dominant and recognizable fitness center in Utah with over 65% market share. VASA is headquartered in Utah and has over 45 locations in eight states. This ground-up Herriman location will be their newest site to open in Utah, which will service their members in the fast-growing cities of Herriman and South Jordan. Herriman and South Jordan are consistently the top two cities in Salt Lake County for new residential permits pulled. Additionally, this trade area boasts high income levels with large household sizes.

The property is located at the intersection of 13400 South and 5600 West, which has great traffic and retail synergy with very little vacancy. Smith's Food and Drug (Kroger), Walgreens, Mountain America Credit Union, Wendy's, Café Rio, Kentucky Fried Chicken, and Golden West Credit Union are all located at the intersection. 13400 South is the main east-west corridor for this part of Salt Lake County, and has several strong national retailers on it such as WalMart, CVS, Burlington, Ross, TJ Maxx, Ulta, Old Navy, Burlington, Michaels, Kirklands, etc. 13400th South is easily accessed by Mountain View Corridor and Bangerter Highway. Likewise, 5600 West is the primary north-south commercial corridor for the southwest quadrant of Salt Lake County. This property is ideally situated at the intersection of both streets. The VASA location is both convenient to the residents while also being at the dominant intersection for the Herriman market.

The VASA primary lease term is 15 years with three 5-year options to extend. The rent will increase 10% every 5 years throughout the primary lease term and the option periods. The lease is guaranteed by VASA Corporate. Furthermore, the lease is triple net with all maintenance, replacement, repair, and upkeep of the property the responsibility of the Tenant. This investment offering provides a Buyer with a hassle-free, single tenant, newly-constructed, corporate-guaranteed property that is very well positioned in the market for continual success.



Investment Summary

INVESTMENT SUMMARY - PROFORMA RENT

Purchase Price	\$12,492,308
Cap Rate	6.50%
Starting Annual Rent	\$812,000.00
Starting Monthly Rent	\$67,666.67
Primary Lease Term	15 years and 6 months
Extensions	Three 5-year renewal options
Rental Increases	10% every 5 years including option periods
Building Size	55,000 SF
Parcel Size	3.65 acres
Building Type	New Construction
Lease Type	Absolute NNN
Tenant	VASA Fitness
Projected Opening	Late Summer 2020

RENT SCHEDULE

Annual/Monthly Base Rent:

Years 1-5	\$812,000/yr \$67,666.67/month
Years 6-10	\$893,200/yr \$74,433.33/ month
Years 11-15	\$982,520/yr \$81,876.67/month

Annual/Monthly Base Rent during Extension Period:

Extension 1 (Years 16-20)	\$1,080,772/yr \$90,064.33/month
Extension 2 (Years 21-25)	\$1,188,849.20/yr \$99,070.77/month
Extension 3 (Years 26-30):	\$1,307,734.00/yr 108,977.83 /month



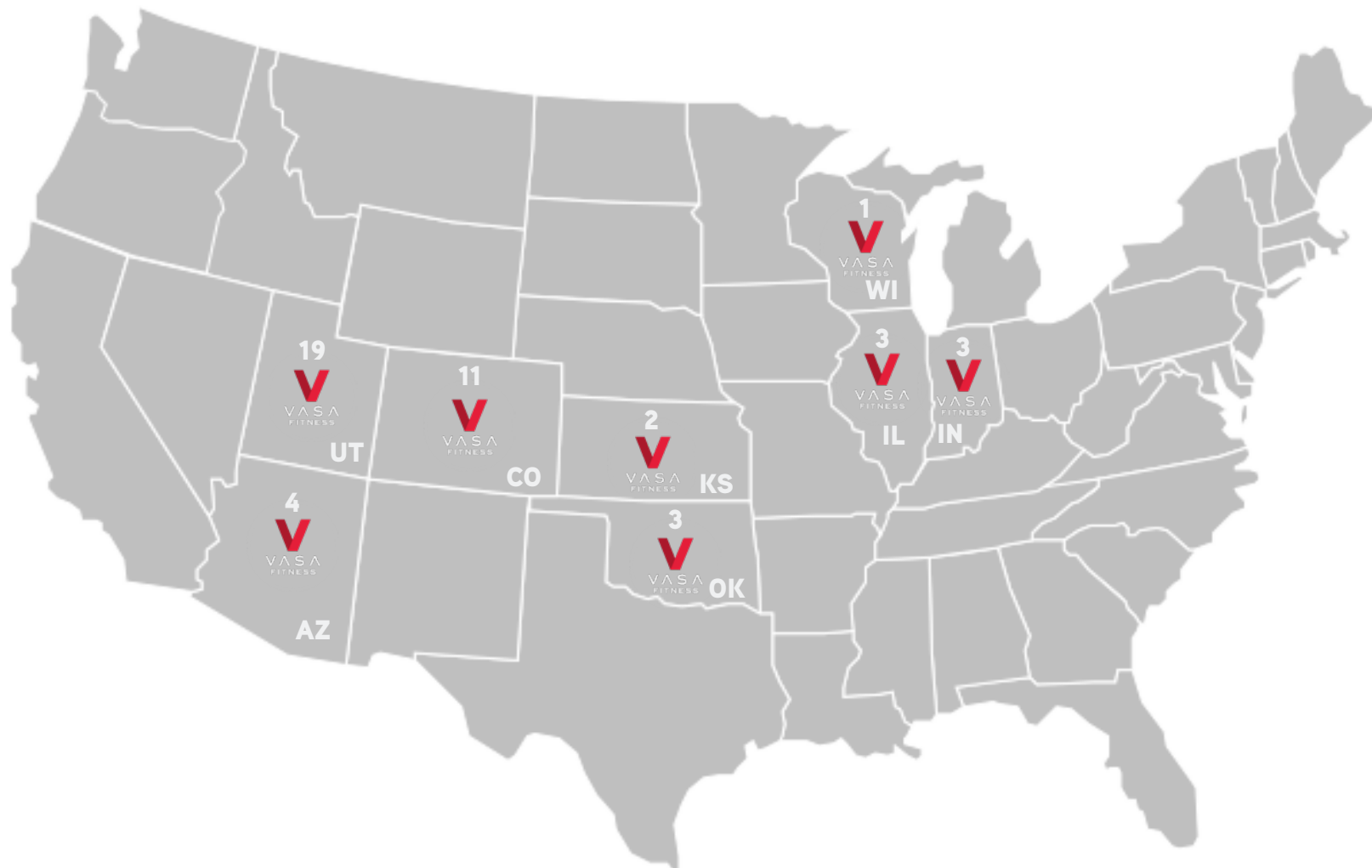
Tenant Information



"Driven by a passion for fitness, we've created a gym with everything – for everyone. A place for all personalities, abilities, body types and genders. We're your people – a community that welcomes, encourages and motivates, with no judgement or intimidation. And with our limitless variety of amenities, equipment and classes, your workouts are always just what you want. Personal training? Yoga? HIIT? Basketball? Pool? KidCare? Yep, we've got all of that and more."

- vasafitness.com

Tenant Information



45 LOCATIONS IN 8 STATES AND COUNTING



Tenant Information



Passionate about Fitness

VASA is the realization of one woman's dream – a single mother who started teaching aerobics to make ends meet. Her passion for fitness kept her going and growing her business while powering through seemingly never-ending obstacles and setbacks. After years of blood, tears and lots of sweat, VASA Fitness was born and has expanded to include dozens of gyms in several states.



Growing Rapidly

30% increase in clubs in 2020



Market Dominance

VASA Fitness is the most dominant and recognizable fitness center in Utah with over 65% market share



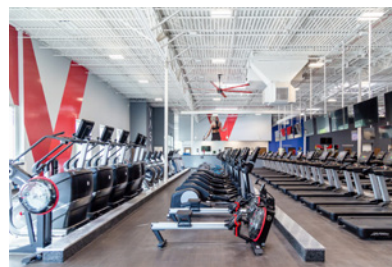
Unmatched Amenities

From certified group fitness, yoga and KidCare programs to high-energy cycle rooms, swimming pools, and basketball courts, no one can match the dynamic variety of spaces, amenities, classes and equipment VASA has to offer.



Affordable

Plans start at only \$9.99/month



Tenant Information

Silver Oak Service Partners acquired a majority share of VASA Fitness in November 2014. Silver Oak Services Partners is a lower-middle market private equity firm focused exclusively on service businesses. We seek to partner with exceptional management teams to build industry leading business, consumer and healthcare service companies.

Silver Oak utilizes a proactive, research-led investment process to identify attractive services sectors and seek out the best potential management teams and investment opportunities. We bring extensive services industry expertise and relationships to our investments and work closely with our management teams to drive long-term value creation.

Silver Oak has a long history of services private equity investing. Our team of investment professionals possesses in excess of seventy-five years of combined private equity experience and has demonstrated an ability to navigate through varying economic and market conditions. Our diverse backgrounds and long tenures in services investing make us an ideal partner for business owners and management teams seeking a creative, value-added capital partner.



SILVER OAK
SERVICES PARTNERS

PHOTOS



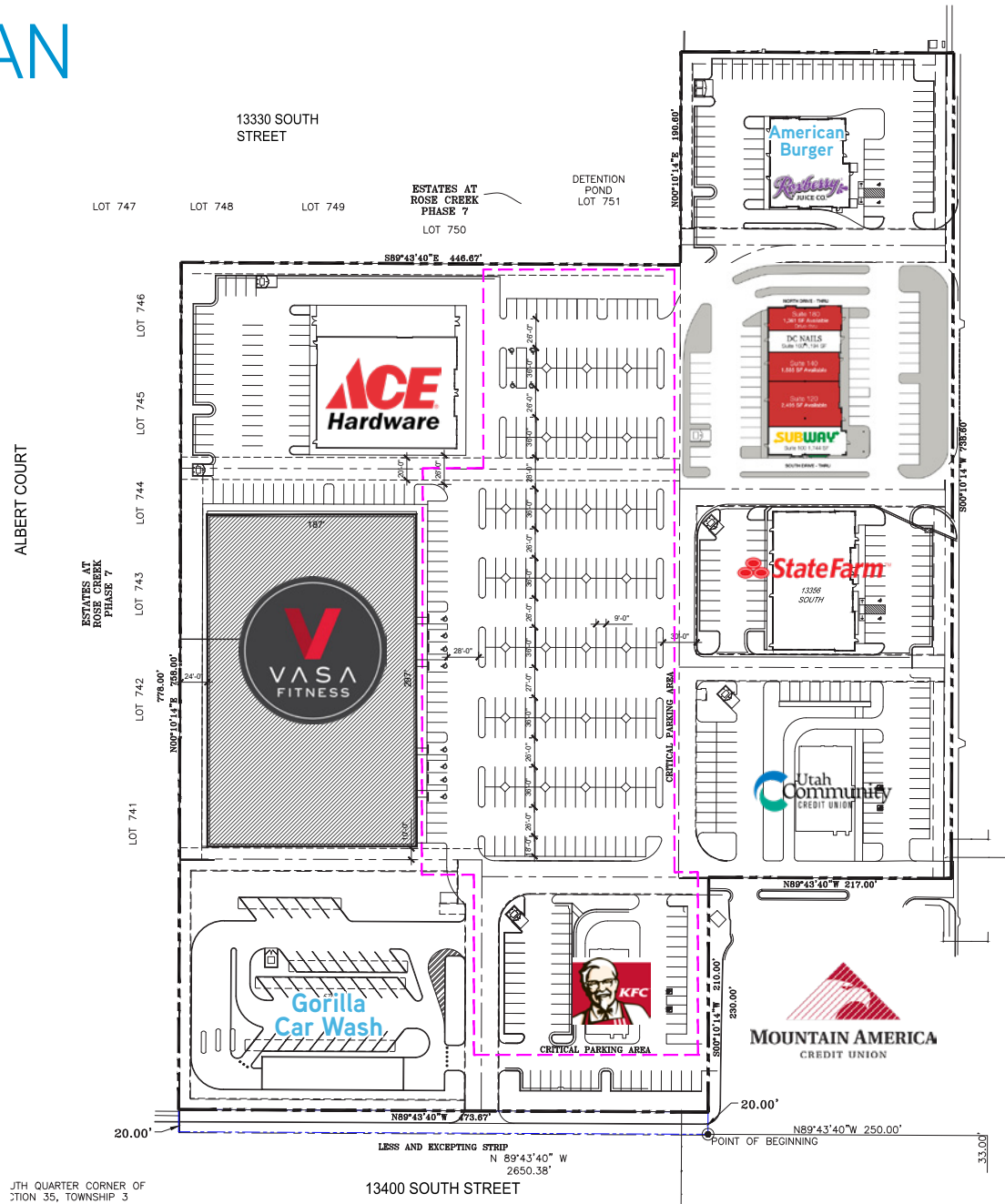
AERIAL



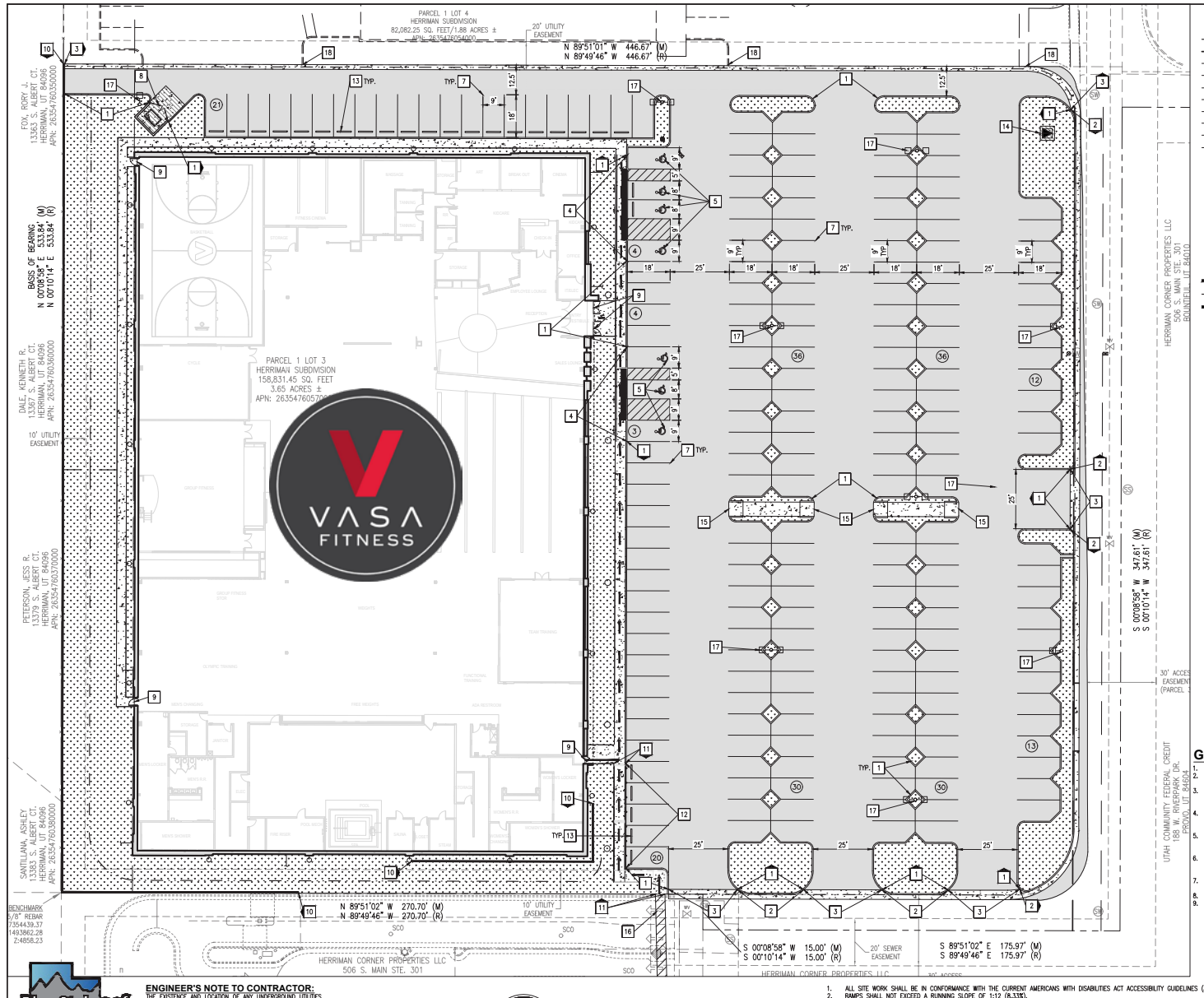
AERIAL



SITE PLAN



SITE PLAN



MARKET OVERVIEW

VASA FITNESS

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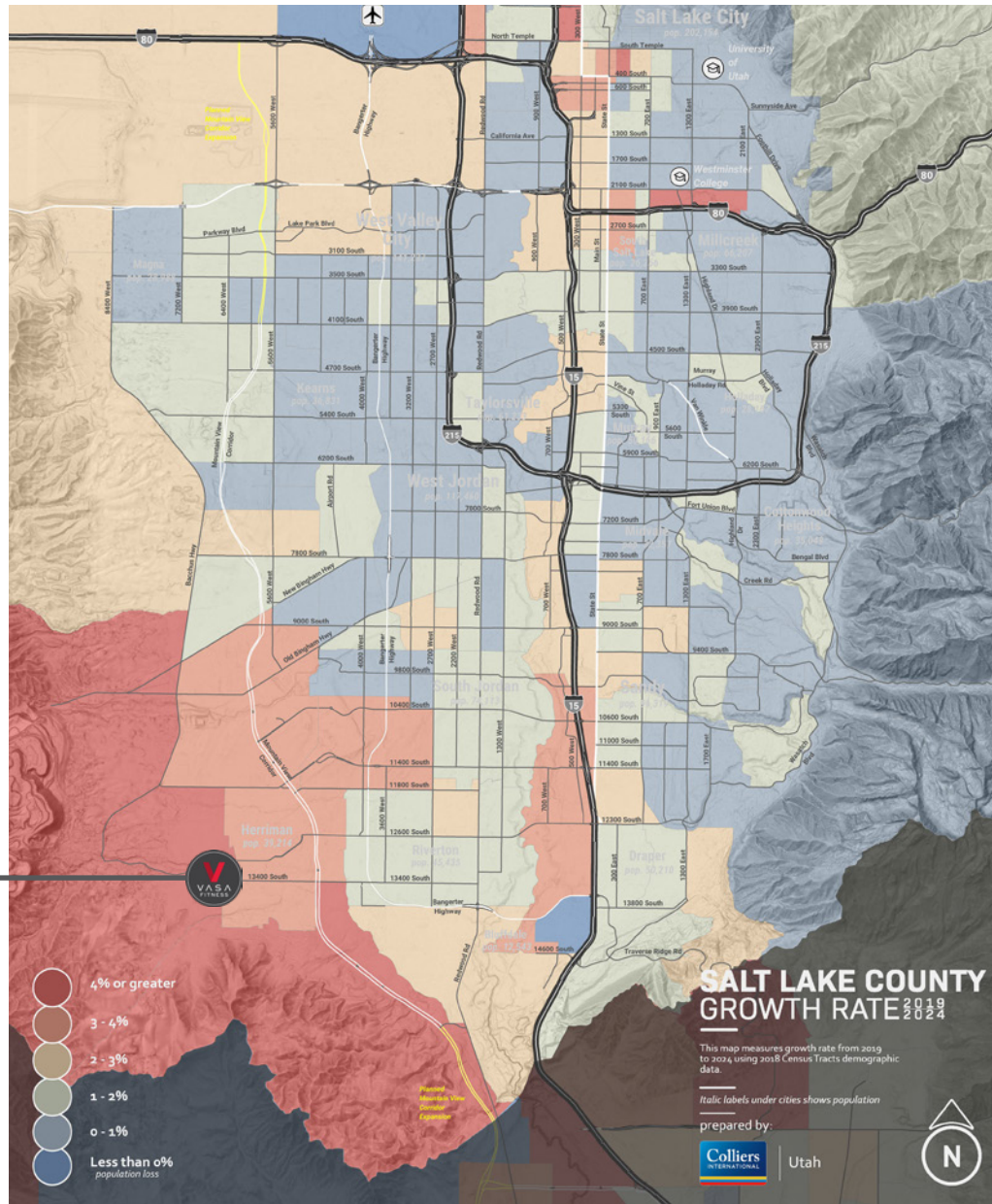


Demographics



	1 Mile	3 Miles	5 Miles
Population			
2019 Estimate	16,504	73,523	146,127
2024 Projected	19,144	90,282	173,436
Households			
2019 Estimate	4,306	18,435	36,379
2024 Projected	4,984	22,876	40,900
Income			
2019 Median Household Income	\$101,368	\$101,587	\$103,289
2019 Average Household Income	\$111,530	\$117,951	\$121,922
Daytime Demographics			
Total Businesses	199	773	4,858
Total Employees	1,832	9,897	22,907

Salt Lake County Growth Map



Herriman City is the fastest growing city in Salt Lake County

Residential Growth

Construction Monitor Permits

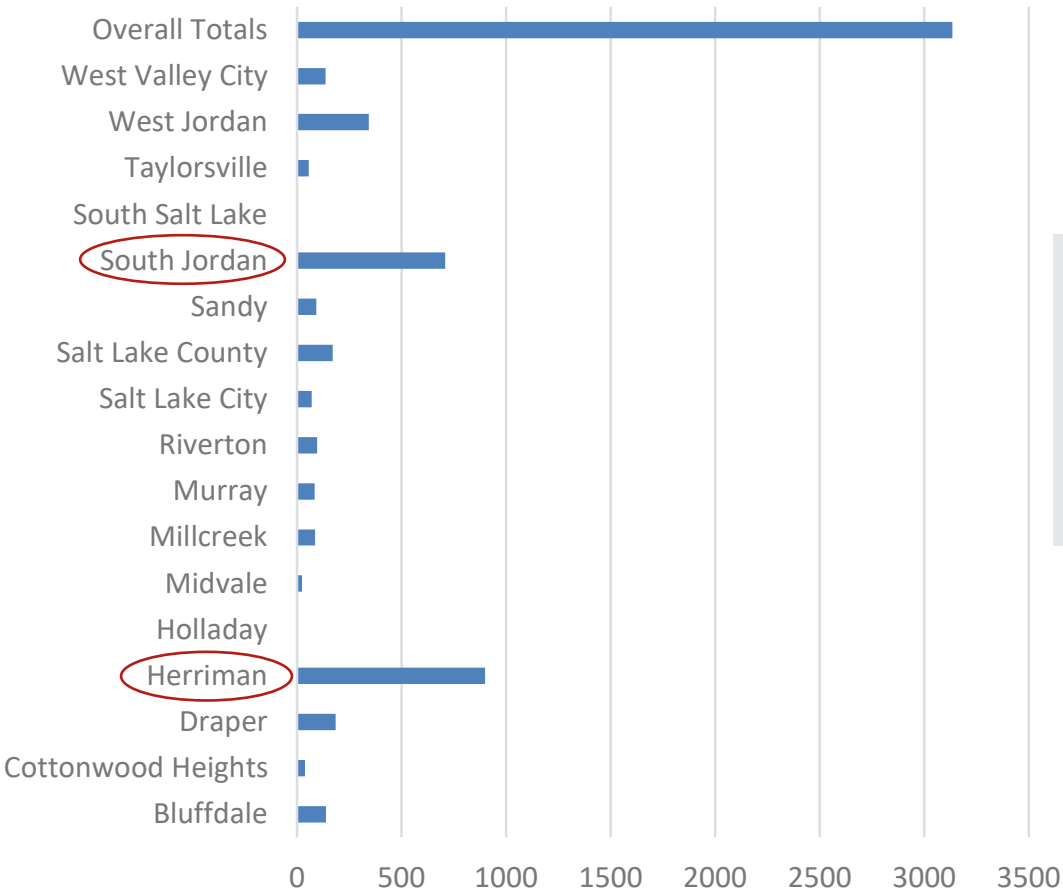
SALT LAKE COUNTY

4th Quarter 2019



Accelerating success.

Single Family



Herriman City and South Jordan City are the two fastest growing cities in Salt Lake County with over 1,500 single family permits in the 4th quarter of 2019 alone!

Why Utah?

› UTAH TOP RANKS

- Utah is a national leader in job growth, unemployment, low cost of doing business, and talented labor. Utah regularly tops rankings for best states for business, careers, living, health, and quality of life.
- Utah Named #10 Among Best Places to Live - U.S. News and World Report
- Utah Ranked #3 Best Economy - WalletHub
- Salt Lake Among Top 15 Cities Where Millennials are Moving - Time Magazine
- Salt Lake City (and the Wasatch Front) Ranked #1 Among Cities Poised to Become Tomorrow's Tech Meccas - Forbes
- Two Utah Cities (Provo-Orem and Logan) Voted among the Best in America for "Successful Aging" - Milken Institute
- America's 25 Best Cities For Young Professionals in 2017 - Forbes
- Salt Lake City Named #1 City Where Young People Want to Be - realtor.com
- Utah the Best Place in the Country to Find a Job - U.S. News
- Utah Tops the List of Happiest States in America 2016 - WalletHub

› UTAH TOP EMPLOYERS

- Intermountain Healthcare
- University of Utah
- State of Utah
- Brigham Young University
- Wal-Mart
- Hill Air Force Base
- Utah State University
- Davis County School District
- Granite School District
- Smith's Food and Drug

AGENT PROFILES



ROB MOORE, CCIM

Executive Vice President | Retail
rob.moore@colliers.com | 801-947-8370

Rob Moore is known in the commercial real estate community as a professional who can solve difficult challenges with creative and innovative ideas. He has many years of experience in leasing and tenant representation but is unique in that he has extensive experience in drafting successful and exciting retail projects from the ground up. His specialties include tenant representation, assemblage, zoning, leasing and sale of retail investment properties, including grocery-anchored shopping centers.

Before joining Colliers International, Rob moved to CBC Advisors from Prime Commercial, Inc., and previously from CB Commercial Real Estate Group, Inc., where he was sales manager and associate broker specializing in retail leasing and sales and tenant representation in the Western U.S. During his 30 years in real estate, he has been recognized by the Salt Lake Board of Realtors Commercial Real Estate Salesman of the Year Award and is a lifetime member of the Million Dollar Club.

EDUCATION

University of Utah, B.A. in
Accounting

AFFILIATIONS

Current ICSC Member
CCIM



Colliers is a leading global real estate services and investment management company. With operations in 68 countries, our 14,000 enterprising people work collaboratively to provide expert advice and services to maximize the value of property for real estate occupiers, owners and investors.

AGENT PROFILES



TYSON MOORE

Vice President | Retail
tyson.moore@colliers.com | 801-453-6815

Tyson Moore specializes in retail tenant and landlord representation and has 12+ years experience in expansion planning, real estate acquisition, lease negotiation, real estate disposition, sale versus lease analysis, sale leaseback analysis and much more. Tyson exclusively represents many notable national and local tenants in their expansion in the local market, including CVS Pharmacy, Kneader's Bakery & Cafe, Ulta Beauty, R&R BBQ, Swig, Mo Bettah's, Barbacoa, Honest Eatery, and others. Tyson has assisted in the multi-state expansion of several restaurant brands including Kneaders Bakery & Cafe, R&R BBQ, and Swig. Tyson has extensive experience working with tenants and developers on grocery anchored shopping centers, including Smith's, Harmon's, Target, Associated Foods, and Wal-mart.

Tyson also specializes in the investment sale of major-tenant-anchored shopping centers and single-tenant NNN retail-oriented properties. Examples include portfolios of sale leasebacks for Kneader's and Family Dollar. Additionally, Tyson has vast experience working on property listings and real estate transactions with notable developers, including Woodbury Corporation, Ball Ventures, Wadsworth Development Group, Raddon Development, Boyer Company, and Ivory. Tyson has consistently finished in the top 25 highest producing agents for Utah's largest and top-performing commercial real estate office.

Whether working with developers, landlords, investors or tenants, Tyson has an attitude of determination and loyalty to accomplish the goals of all individuals involved. His knowledge of the volatile real estate market greatly assists clients in making sound long-term decisions. Tyson's end goal is to create lasting business relationships through his solution-based attitude and amiable demeanor.

EDUCATION

Brigham Young University,
B.S. in Management

AFFILIATIONS

Current ICSC Member



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AGENT PROFILES



DAN MOORE

Vice President | Retail
dan.moore@colliers.com | 801-947-8365

EDUCATION

University of Utah, B.A. in
Marketing

AFFILIATIONS

Current ICSC Member

Dan Moore is a third generation professional from a family rooted in the commercial real estate industry. He has based his career on being a retail and investment specialist. Dan has been involved in many aspects of real estate, including tenant representation, leasing, development and investment sales.

Known for his detail-oriented focus, Dan makes certain that each client's unique business model is his primary focus. Whether it's working with tenants, landlords, developers or investors Dan brings to the table ambition and a strong work ethic in accomplishing the goals of all parties involved. Dan is proficient at assembling site information, demographic studies, competition analysis, state-of-the-art maps, market studies and other relevant marketing tools available. He can interpret and utilize the information to accomplish his client's goals.

Dan has worked with retailers and developers such as Smith's Food & Drug Stores, ULTA, CVS Pharmacy, Corner Bakery, Smashburger, Freebirds World Burrito, Johnny Rockets, Kneaders Bakery and Café, R&R Barbeque, Teri Yaki Grill, MoBettahs, Swig, Woodbury Corporation, Raddon Development, Craig Realty Group, Wadsworth Development Group, Ivory, The Boyer Company, Amsource Development, The Adams Company and Ball Ventures.

Establishing a reliable, working relationship with each client is always Dan's end goal. He holds active real estate licenses in Utah and Idaho. His personal interests include fly fishing, mountain biking and skiing.



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