

## Daybreak Transition Frequently Asked Questions

### **Q: Is Kennecott selling Daybreak?**

**A:** Yes; Kennecott has made the decision to sell its land and associated assets in Daybreak. The sale includes approximately 500 finished home sites, 2,500 acres of undeveloped land, the Glass House Information Center, the SoDa Row Retail District, Oquirrh Lake and associated secondary water assets.

### **Q: Why is Kennecott selling Daybreak?**

**A:** After more than 10 years of development, many key elements of the Daybreak vision have come to fruition. It is one of the country's premier master-planned communities incorporating sustainable development principles, intelligent design choices and community-based amenities. As such, this is an opportune time to work with a buyer that can continue to execute the Daybreak vision by ensuring the continued delivery of the community's vision and positioning it for the next chapter of development as expansion begins in the town center and west of Mountain View Corridor.

The decision to divest Daybreak was made to benefit Daybreak residents, commercial tenants, South Jordan City, Rio Tinto Kennecott and associated stakeholders.

### **Q: What part of Daybreak is being sold?**

**A:** The sale includes approximately 500 finished home sites, 2,500 acres of undeveloped land, the Glass House Information Center, the SoDa Row Retail District, Oquirrh Lake and associated secondary water assets.

### **Q: How will the sale impact the future of Daybreak?**

**A:** The Daybreak transition will be positive for the community. It will ensure that Daybreak can be developed without constraints resulting from Rio Tinto's investment focus on mining, and it ensures the continued delivery of the community's vision while positioning it for the next chapter of development as expansion begins in the town center and west of Mountain View Corridor.

### **Q: How was the buyer selected?**

**A:** Several criteria were established for evaluating the selected buyer including a proven track record of supporting and developing communities similar in scale and quality to Daybreak, alignment with Daybreak's vision and sufficient long-term capital to perform.

### **Q: Who is the buyer?**

**A:** Rio Tinto Kennecott has reached an agreement with Värde Partners, a leading investment firm. Värde Partners already has a significant presence in Utah, including investments in the Canyon's portion of Park City Mountain Resort, ownership of Oakwood Homes, and investments in other homebuilding businesses and land developments along the Wasatch Front.

### ***About Värde Partners***

Värde Partners is a global alternative investment adviser focused on investing capital and resources across multiple segments and markets that includes corporate assets and sovereign debt, residential mortgages, real estate, specialty finance, transportation, infrastructure and logistics. Värde sponsors and manages a family of private investment funds with a global investor base that includes foundations and endowments, pension plans, insurance companies, other institutional investors, and private clients. [www.varde.com](http://www.varde.com)

**Q: Will an investment adviser have the capability to develop Daybreak?**

**A:** Yes. Värde Partners is well capitalized and has experience investing in large-scale, high-quality developments like Daybreak. Key members of the Kennecott Land management team will transition over to a newly formed development company, Daybreak Communities, which will manage the development on behalf of the new owners and continue developing Daybreak consistent with the Master Plan.

**Q: Will this sale impact HOA fees?**

**A:** The Daybreak HOA is self-sustaining without receiving subsidy from Kennecott. While the new owners will assume the role of Declarant under the Association governing documents, it is anticipated that the HOA will continue with its present levels of revenue and expenditure, providing adequate funds to maintain and operate the community and its various parks and facilities going forward.

**Q: How does this sale impact final ownership of Oquirrh Lake?**

**A:** Ownership of Oquirrh Lake will transition to Daybreak's new owners. By design, the lake is not intended to be solely a private amenity for Daybreak residents. It has been intended to transition to South Jordan City as part of South Jordan's parks and open space with the HOA retaining some opportunities, such as the boat check out, that are exclusive to Daybreak residents. South Jordan City, the Daybreak community and the new owners will continue to work together to further define terms of the transfer.

**Q: How will the sale of Daybreak impact residents?**

**A:** Transaction-related agreements have been structured to facilitate a smooth transition and minimize impacts to Daybreak residents and the broader community. It was important that the selected buyer appreciate Daybreak's unique character and community design, and be committed to executing the Daybreak vision.

Day-to-day operations and management of the community will continue through the existing home owners association and community management company, CCMC.

**Q: How will the sale impact businesses at Daybreak?**

**A:** This sale should not cause any disruption to businesses within Daybreak including homebuilders operating within the community. We are working with all parties to ensure a seamless transition.

**Q: How will the sale of Daybreak impact the Jordan School District?**

**A:** This sale should not cause any disruption to the schools operating within Daybreak or to future plans to construct additional schools in the community. We are working with all parties to help ensure a seamless transition.

**Q: How will the sale of Daybreak impact South Jordan City?**

**A:** South Jordan City is a valuable partner and significant contributor in the development of Daybreak, as a premier master-planned community. City officials have been given updates at key junctures throughout the process. We have reinforced with City officials that the decision to divest Daybreak was made with an emphasis that the transition will benefit the Daybreak community and South Jordan City.

**Q: How will the sale of Daybreak impact homebuilders and any homes currently under contract to be purchased?**

**A:** We consider Daybreak homebuilders a critical partner and significant contributor in the development of Daybreak as a premier master-planned community. Transaction-related agreements have been structured to facilitate a smooth transition and minimize impacts to existing builder contracts.

**Q: What is the future of Rio Tinto Kennecott?**

**A:** Despite the challenges the business has faced in recent years with the historic landslide in 2013 and the recent deterioration of metals prices, the fundamentals of Kennecott's business are solid as is the long-term outlook for copper and other metals.

Kennecott has proactively worked to streamline the business by cutting costs, reducing bottlenecks and making strategic decisions to ensure the business will remain successful. These decisions will allow Kennecott to focus on the future of mining in Utah, and selling Daybreak will provide flexibility and fund mine life extension work.