

SUMMIT COUNTY / PARK CITY

Over the past year the Summit County commercial real estate market can be characterized as steady and stable. As a smaller, pocket market to Salt Lake County driven by the tourism industry, the commercial real estate market is slowly growing its year round businesses and workforce.

OFFICE MARKET INDICATORS

| | |
|----------------------|-------------------|
| Total Inventory (SF) | 1,114,410 |
| Lease Rates PSF-NNN | \$10.00 - \$20.00 |
| Vacancy | 14.25% |

MARKET TRENDS

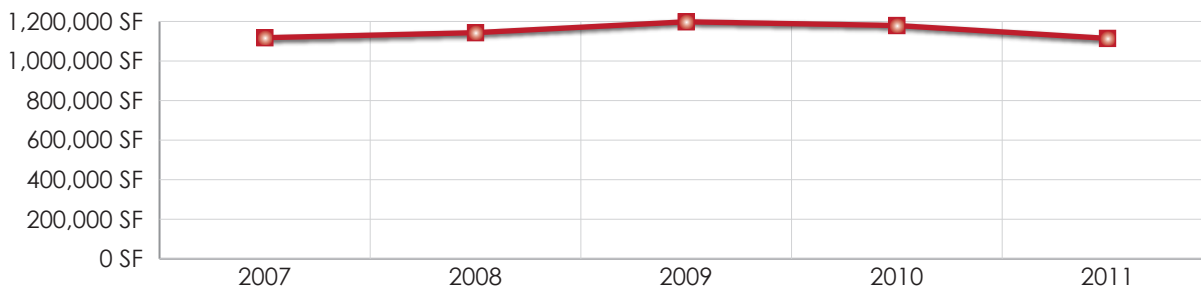
Office: The Park City office market shows signs of improvement this year with the vacancy rate declining from 18.75% at the end of 2010 to a 2011 year-end rate of 14.25%. This is the first time in three years that vacancy rates have dropped, marking an encouraging turn in the economy. Asking lease rates remained the same from mid-year to year-end ranging from \$10 per square foot (sf) NNN to \$20 per sf

NNN. Office rents in Park City proper continue to trail the Kimball Junction area where there is less vacancy in newer Class A office product.

For the first time in several years, two new office buildings are scheduled to come online. The Boyer Company has broken ground on the first 30,000 sf office building in the Park City Tech Center at Kimball Junction with completion projected for May 2012. The Park City Chamber Bureau and Visitors Center will occupy a portion of the first building with a few other tenants representing 90% of pre-sale/leasing. The Park City Tech Center is a long-term project with a total square footage of 800,000 to 1,200,000 at build-out capacity.

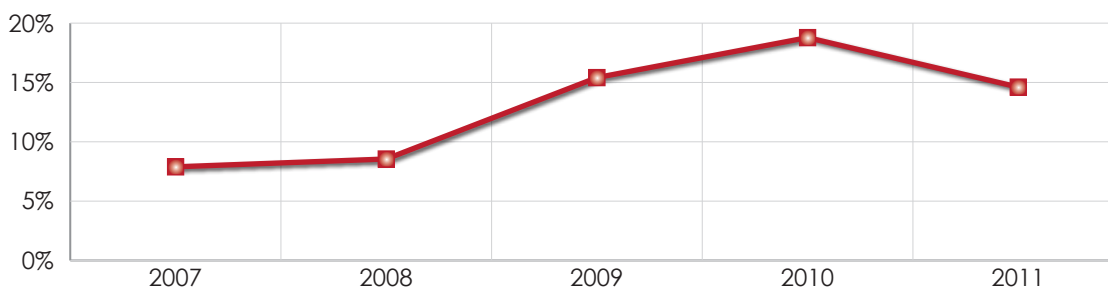
Cottonwood Partners has purchased a site in Newpark at Kimball Junction and plans to build a 62,000 sf office building. At the time of this report, none of the space is pre-leased; however, the new building will provide expansion space for current tenants within the development, as well as provide much needed office product in a tight submarket. This will be the third Class A office building developed by Cottonwood Partners in the Newpark development.

OFFICE MARKET TOTAL INVENTORY – FIVE YEAR HISTORY



| | 2007 | 2008 | 2009 | 2010 | 2011 |
|--------------------|-----------|-----------|-----------|-----------|-----------|
| Square Feet | 1,117,886 | 1,143,371 | 1,198,362 | 1,176,517 | 1,114,410 |

OFFICE VACANCY RATES – FIVE YEAR HISTORY



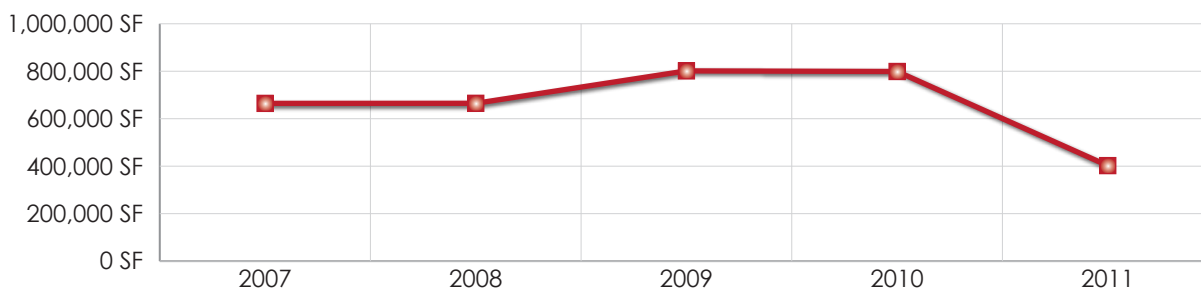
| | 2007 | 2008 | 2009 | 2010 | 2011 |
|----------------|-------|-------|--------|--------|--------|
| Vacancy | 7.89% | 8.55% | 15.41% | 18.78% | 14.25% |

INDUSTRIAL MARKET INDICATORS

| | |
|-----------------------|-------------------|
| Total Inventory (SF) | 251,500 |
| Lease Rates PSF - NNN | \$10.00 - \$16.00 |
| Vacancy | 7.59% |

Industrial: The size of the industrial market in Park City is limited and does not experience much change year-over-year as seen by the 7.59% vacancy at year end, down just slightly from mid-year 2011 of 8.12%. The Park City Business Center had one new build-to-suit this year. The Summit County industrial market relies heavily on construction industry tenants. With the contraction of the second home market, many local construction related companies have retracted or exited the market. We do not expect to see much in the way of new industrial space until construction starts making a comeback.

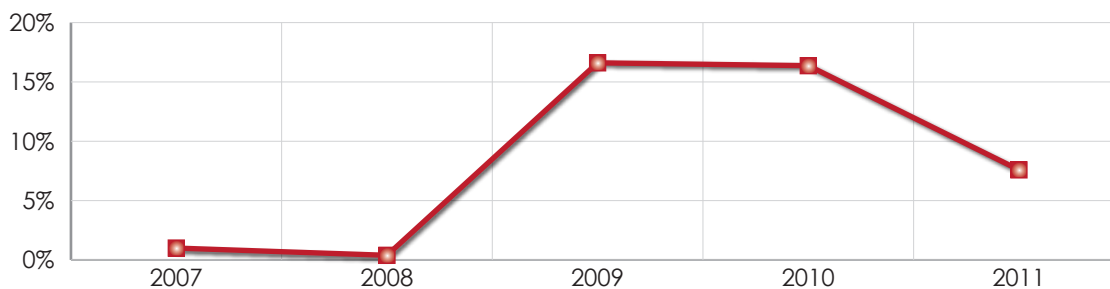
INDUSTRIAL MARKET TOTAL INVENTORY – FIVE YEAR HISTORY



| | 2007 | 2008 | 2009 | 2010 | 2011 |
|--------------------|---------|---------|---------|---------|----------|
| Square Feet | 664,610 | 664,910 | 801,491 | 798,991 | 402,377* |

*Self storage square footage was removed from the inventory in 2011.

INDUSTRIAL VACANCY RATES – FIVE YEAR HISTORY



| | 2007 | 2008 | 2009 | 2010 | 2011 |
|----------------|------|-------|--------|--------|-------|
| Vacancy | 1.0% | 0.39% | 16.61% | 16.37% | 7.59% |

RETAIL MARKET INDICATORS

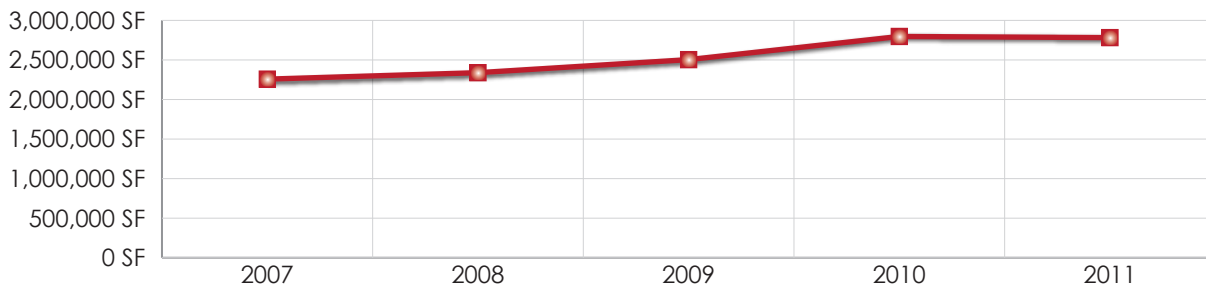
| | |
|-----------------------|-------------------|
| Total Inventory (SF) | 2,782,462 |
| Lease Rates PSF - NNN | \$16.00 - \$45.00 |
| Vacancy | 10.07% |

Retail: The retail market in Park City was relatively stable during 2011, with no large tenants entering or leaving the market. Vacancy in the retail market inched upward with a year-end rate of 10.07%, just slightly higher than the 2010 year-end of 9.32%. Asking lease rates ranged from \$16 to \$45 per sf NNN with the latter representing much of the prime, store front Main Street market. The owners of the mostly vacant Newpark Retail Center in Kimball Junction are working on signing a high-end outlet mall to take the balance of their vacant space. This 90,000 sf of vacant space contributes to roughly 3% of the overall retail vacancy rate.

The Village at Kimball Village is proposing 50,000 sf of additional commercial pads. This is a Smith's Grocery anchored development that includes national tenants T.J. Maxx, Michael's, and World Market. Proposed uses include a credit union, fast food restaurant, Smith's fuel center and an affordable housing component. The expansion is in the planning stages pending County approvals and may come online as early as 2012.

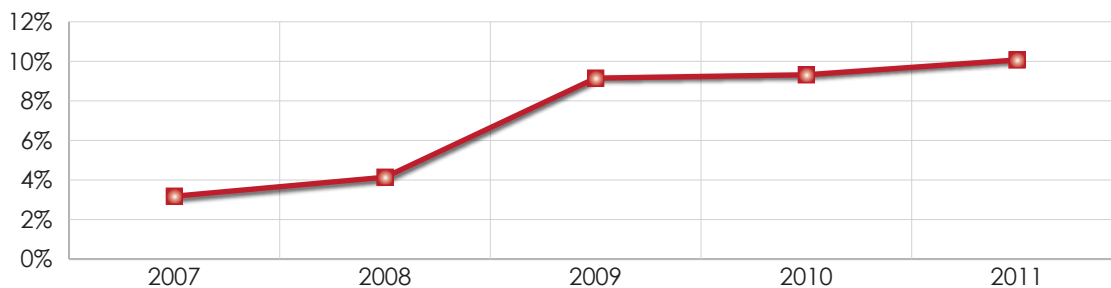
Demand for restaurant and retail space in the Main Street Historic District remains strong, as indicated by low vacancy. The historic Claimjumper Hotel and Main Street Mall properties remain mostly vacant, pending redevelopment plans. Preleasing and financing are key factors in the pace of these projects.

RETAIL MARKET TOTAL INVENTORY – FIVE YEAR HISTORY



| | 2007 | 2008 | 2009 | 2010 | 2011 |
|--------------------|-----------|-----------|-----------|-----------|-----------|
| Square Feet | 2,257,632 | 2,339,152 | 2,504,138 | 2,797,139 | 2,782,462 |

RETAIL VACANCY RATES – FIVE YEAR HISTORY



| | 2007 | 2008 | 2009 | 2010 | 2011 |
|----------------|-------|-------|-------|-------|--------|
| Vacancy | 3.18% | 4.14% | 9.15% | 9.32% | 10.07% |

MARKET FORECAST

The 2012 market for Park City and Summit County is expected to remain stable in all sectors. Financing will play a large role in projects that have been sidelined. The office

market will see some growth in the Park City area with two new significant buildings, but it may take a couple of years to absorb the new space. Overall, we expect to see a slight improvement during 2012 in terms of lower vacancy rates and stable lease rates.

WASATCH COUNTY / HEBER VALLEY

Wasatch County has seen a dramatic increase in the number of multi-family units that have come on line in the past six months. On the North End of Heber City, Wasatch Commons, a 168 unit apartment complex developed by Johansen Thackeray Company, was completed in September 2011 with 103 units leased and occupied by year end. A 72-unit affordable housing project development by Pentalon Construction is anticipated to come to market by May 2012.

Heber City's retail market saw its largest retail development in history become reality with the addition of Valley Station, a 300,000 sf, Super Walmart anchored retail center.

Additional mid-box, pad sites, and inline spaces will be constructed in 2012, which will continue to attract national tenants to this market, including the current addition of Petco, Famous Footwear, Dollar Tree, Rue 21, Maurices and Kneaders.

Office demand remains soft; however, some projects are reporting over 80% occupancies. Land prices are very reasonable with a wide asking price range from \$2 to \$12 per sf. Industrial product is limited with rates around \$0.50 per sf NNN.

Research provided by Tyler Dustman, director with Cushman & Wakefield Valuation Services.