

NASSAU COUNTY INDUSTRIAL DEVELOPMENT AGENCY

APPLICATION FOR FINANCIAL ASSISTANCE (Straight Lease)

APPLICATION OF:

PPF SS 6000 Sunrise Highway LLC d/b/a Safeguard Self Storage

APPLICANT NAME

Please respond to all questions in this Application for Financial Assistance (the "Application") by, as appropriate:

- filling in blanks;
checking the applicable term(s);
attaching additional text (with notation in Application such as "see Schedule H, Item # 1", etc.); or
writing "N.A.", signifying "not applicable".

All attachments responsive to questions found in this Application should be clearly labeled and attached as Schedule H to the Application. If an estimate is given, enter "EST" after the figure. One signed original and 9 copies of the Application (including all attachments) must be submitted.

The following amounts are payable to the Nassau County Industrial Development Agency (the "Agency") at the time this Application is submitted to the Agency: (i) a \$1,000 non-refundable application fee (the "Application Fee"); (ii) a \$3,500 expense deposit for the Agency's Transaction Counsel fees and expenses (the "Counsel Fee Deposit"), (iii) a \$2,500 expense deposit for the cost/benefit analysis with respect to the project contemplated by this Application (the "Cost/Benefit Deposit"), and (iv) a \$500 expense deposit for the real property tax valuation analysis, if applicable, with respect to the project contemplated by this Application (the "Valuation Deposit"). The Application Fee will not be credited against any other fees or expenses which are or become payable to the Agency in connection with this Application or the project contemplated herein (the "Project"). In the event that the subject transaction does not close for any reason, the Agency may use all or any part of the Counsel Fee Deposit, the Cost/Benefit

Deposit and/or the Valuation Deposit to defray the cost of Transaction Counsel fees and expenses, the cost of obtaining a cost/benefit analysis and/or the cost of obtaining a real property tax valuation with respect to the Project. In the event that the subject transaction does close, the Counsel Fee Deposit, the Cost/Benefit Deposit and the Valuation Deposit shall be credited against the applicable expenses incurred by the Agency with respect to the Project.

Every signature page comprising part of this Application must be signed by the Applicant or this Application will not be considered complete or accepted for consideration by the Agency.

The Agency's acceptance of this Application for consideration does not constitute a commitment on the part of the Agency to undertake the proposed Project, to grant any Financial Assistance with respect to the proposed Project or to enter into any negotiations with respect to the proposed Project.

Information provided herein may be subject to disclosure under the New York Freedom of Information Law (New York Public Officers Law § 84 et seq.) ("FOIL"). If the Applicant believes that a portion of the material submitted with this Application is protected from disclosure under FOIL, the Applicant should mark the applicable section(s) or page(s) as "confidential" and state the applicable exception to disclosure under FOIL.

_____4-3-14_____

DATE

PART I. APPLICANT

A. APPLICANT FOR FINANCIAL ASSISTANCE (If more than one applicant, copy application and complete for each applicant):

Name: PPF SS 6000 Sunrise Highway LLC d/b/a Safeguard Self Storage

Address: 105 Maxess Road, Ste 125, Meville, NY 11747

Primary Contact: James Goonan

Phone: 631-539-0200 Fax: 631-539-0206

E-Mail: jgoonan@safeguardit.com

NY State Dept. of Labor Reg #: Federal Employer ID #:

NAICS Code #: 531130

B. BUSINESS TYPE (Check applicable status. Complete blanks as necessary):

Sole Proprietorship General Partnership Limited Partnership

Limited Liability Company X Privately Held Corporation

Publicly Held Corporation Exchange listed on

Not-for-Profit Corporation

Income taxed as: Subchapter S Subchapter C
501(c)(3) Corporation Partnership X

State and Year of Incorporation/Organization: Delaware, 2004

Qualified to do Business in New York: Yes X No N/A

C. ANY ENTITY PROPOSED TO BE A USER OF THE PROJECT:

Name: Safeguard Operations LLC

Relationship to Applicant: Operating entity for all Safeguard entities

*Payroll costs are incurred under Safeguard Operations LLC and this number is registered to that entity.

D. APPLICANT COUNSEL (subject to Agency approval):

Firm name: Sahn Ward Coschignano & Baker, PLLC

Address: The Omni Bldg. 333 Earle Ovington Blvd., Ste. 601 Uniondale, NY 11553

Primary

Contact: Chris J. Coschignano

Phone: 516-228-1300

Fax: 516-228-0038

E-Mail: ccoschignano@swcblaw.com

E. Principal stockholders, members or partners, if any (i.e., owners of 10% or more of equity/voting rights in Applicant):

Name	Percentage owned
<u>Prime Property Fund LLC</u>	_____ %
_____	_____ %
_____	_____ %

F. If any of the persons described in the response to the preceding Question, or a group of said persons, owns more than a 50% interest in the Applicant, list all other entities which are related to the Applicant by virtue of such persons having more than a 50% interest in such entities:

PPF SS 6000 Sunrise Highway, LLC

(12)

~~Safeguard Properties II LLC~~ is 100% owned by Prime Property Fund LLC. Prime Property Fund LLC is 100% owned by numerous entities, the beneficial owners of such entities comprise more than 5,000 individual owners, of which no single owner holds more than a 5% beneficial interest in Prime Property Fund LLC.

G. Is the Applicant related to any other entity by reason of more than 50% common ownership? If YES, indicate name of related entity and relationship:

YES ___

NO X

H. List parent corporation, sister corporations and subsidiaries, if any:

None

I. Is the Applicant (including any parent company, subsidiary or related entity or person) or any principal(s) of the Applicant or its related entities involved in any litigation or aware of any threatened litigation that would have a material adverse effect on the Applicant's financial condition or the financial condition of said principal(s)? If YES, attach details.

YES ___

NO X

J. Has the Applicant (or any parent company, subsidiary or related entity or person) or any principal(s) of the Applicant or its related entities, or any other business or concern with which such entities, persons or principal(s) have been connected, ever been involved, as debtor, in bankruptcy, creditors rights or receivership proceedings or sought protection from creditors? If YES, attach details.

YES ___

NO X

K. Has the Applicant (or any parent company, subsidiary or related entity or person) or any principal(s) of the Applicant or its related entities, ever been charged with or convicted of any felony or misdemeanor (other than minor traffic offenses), or have any such related persons or principal(s) held positions or ownership interests in any firm or corporation charged or convicted of a felony or misdemeanor (other than minor traffic offenses)? If YES, attach details.

YES ___

NO X

L. Has the Applicant (or any parent company, subsidiary or related entity or person) or any principal(s) of the Applicant or its related entities, or any other business or concern with which such entities, persons or principal(s) have been connected, been cited for (or is there pending proceeding or investigation with respect to) a violation of federal, state or local laws or regulations with respect to labor practices, hazardous wastes, environmental pollution, taxation, or other operating practices? If YES, attach details.

YES ___

NO X

M. Is the Applicant (or any parent company, subsidiary or related entity or person) or any principal(s) of the Applicant or its related entities, or any other business or concern with which such entities, persons or principal(s) have been connected, delinquent or have any of the foregoing persons or entities been delinquent on any New York State, federal or local tax obligations within the past five (5) years? If YES, attach details.

YES ___

NO X

N. Complete the following information for principals (including, in the case of corporations, officers and members of the board of directors and, in the case of limited liability company, members and managers) of the Applicant:

<u>Name</u>	<u>Title</u>	<u>Other Business Affiliations</u>
See attached report regarding Prime Property Fund		
_____	_____	_____
_____	_____	_____
_____	_____	_____

Do any of the foregoing principals hold elected or appointive public positions? If YES, attach details.

YES ___

NO X

Are any of the foregoing principals employed by any federal, state or local municipality or any agency, authority, department, board, or commission thereof or any other governmental or quasi-governmental organization?

YES ___

NO X

O. Operation at existing location(s) (Complete separate Section O for each existing location):

1. (a) Location: See attached
- (b) Number of Employees: Full-Time: _____ Part-Time: _____
- (c) Annual Payroll, excluding benefits: _____
- (d) Type of operation (e.g. manufacturing, wholesale, distribution) and products or services: Self Storage Facilities
- (e) Size of existing facility real property

Section O

Location	Full Time Employees	Annual Payroll	Acreage	Bldg. Gross S.F.	R E Taxes	Taxes per S.F.	Ownership
New Hyde Park	2	\$63,793	1.3	63,804	\$247,048	\$3.87	Fee Simple
Baldwin	2	\$75,134	3.17	89,227	\$255,079	\$2.86	Fee Simple
Hewlett	2	\$72,044	1.24	80,700	\$216,358	\$2.68	Fee Simple
West Hempstead	2	\$75,847	1.2	68,325	\$197,960	\$2.90	Fee Simple

Safeguard Self Storage

190101	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	2013
512101 Salaries n Wages	7,023	3,077	1,473	4,535	4,133	4,657	3,999	3,996	6,478	4,571	4,346	5,482	53,771
512102 Salaries n Wages - Vacation	361	45	89	-	194	43	43	166	49	71	64	49	1,175
512103 Salaries n Wages - Sick	-	23	-	-	-	-	-	-	-	-	-	-	23
512104 Salaries n Wages - Training	-	-	2,240	-	-	-	-	-	-	-	2,181	-	4,421
512106 S n W Severance	(140)	(140)	(140)	(140)	(140)	(140)	(210)	(210)	(210)	(210)	(210)	(210)	(2,101)
512107 S & W Reimbursement - TRS	(393)	799	799	(729)	708	715	(127)	812	961	52	718	91	4,404
512202 Facility Bonuses	777	1,502	614	546	478	313	252	389	648	362	741	884	7,485
512301 Payroll Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
512403 Workers Compensation	207	435	173	225	176	304	193	180	396	273	316	412	3,288
512321 Payroll Processing Fees	31	65	57	46	56	29	53	41	17	66	30	57	548
512503 Forgivable Loans	-	-	-	-	-	-	-	-	-	-	-	-	-
512701 Payroll Accrual	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Total On-Site Management	8,441	6,692	5,965	5,132	6,229	16,551	4,800	6,071	9,007	5,868	8,864	7,464	81,085

Safeguard Self Storage

180102

	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	2013
512101 Salaries n Wages	6,478	4,417	4,335	5,016	5,016	6,410	5,957	5,230	5,465	5,721	5,165	6,125	65,334
512102 Salaries n Wages - Vacation	371	213	440	213	277	119	119	236	166	238	229	128	2,748
512103 Salaries n Wages - Sick	234	-	256	-	-	-	-	173	-	-	-	173	837
512104 Salaries n Wages - Training	-	-	-	-	-	-	-	-	-	-	-	-	-
512106 S n W-Severance	(176)	(176)	(176)	(176)	(176)	(176)	(264)	(264)	(264)	(264)	(264)	(264)	(2,641)
512107 S & W Reimbursement - TRS	632	642	973	300	539	720	539	461	539	293	723	172	6,531
512202 Facility Bonuses	991	1,413	700	405	534	482	541	489	505	490	458	716	7,723
512301 Payroll Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
512403 Worker's Compensation	255	524	218	314	291	350	339	253	406	342	256	419	3,968
512321 Payroll Processing Fees	31	65	57	46	56	29	53	41	17	66	30	57	548
512503 Forgivable Loans	-	-	-	-	-	-	-	-	-	-	-	-	-
512701 Payroll Accrual	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Total On-Site Management	9,488	8,058	7,741	6,894	7,291	8,693	8,014	7,530	7,636	7,696	7,404	8,353	94,799

Safeguard Self Storage
190104

	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	2013
512101 Salaries n Wages	5,151	2,732	6,151	4,680	4,595	5,456	4,836	4,181	5,253	4,512	4,852	4,686	57,287
512102 Salaries n Wages - Vacation	192	(125)	274	166	217	145	145	278	145	171	162	166	1,935
512103 Salaries n Wages - Sick	-	95	-	149	33	83	112	132	112	132	-	188	1,035
512104 Salaries n Wages - Training	560	-	-	-	-	-	-	-	-	-	-	-	560
512106 S n W-Severance	2,480	(134)	(134)	(134)	(134)	(134)	(201)	(201)	(201)	(201)	(201)	(201)	2,480
512107 S & W Reimbursement - TRS	(134)	988	868	808	710	1,066	622	868	795	631	725	853	(2,006)
512202 Facility Bonuses	(229)	-	-	-	-	-	-	-	-	-	-	-	8,747
512301 Payroll Taxes	1,266	1,628	840	350	415	507	468	438	464	489	430	802	8,137
512403 Worker's Compensation	329	441	277	309	208	342	323	209	367	348	235	429	3,817
512321 Payroll Processing Fees	31	65	57	46	56	29	53	41	17	66	30	57	548
512503 Forgivable Loans	-	-	-	-	-	-	-	-	-	-	-	-	-
512701 Payroll Accrual	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Total On-Site Management	10,227	6,551	9,073	7,103	6,769	8,164	7,028	6,793	7,693	6,905	6,983	7,948	91,237

(i.e., acreage of land): _____

(f) Buildings (number and square footage of each): _____

(g) Applicant's interest in the facility.

FEE TITLE (i.e. own) LEASE OTHER (describe below)

(h) If Applicant leases, state annual rent and lease expiration date: _____

2. If any of the facilities described above are located within the State of New York, is it expected that any of the described facilities will be closed or be subject to reduced activity? If YES, complete the attached Anti-Raiding Questionnaire (Schedule D).

YES ___ NO X

P. Has the Applicant considered moving to another state or another location within New York State? If YES, explain circumstances.

(P) YES ~~___~~ NO X

(P) _____

Q. Does any one supplier or customer account for over 50% of Applicant's annual purchases or sales, respectively? If YES, attach name and contact information for supplier and/or customer, as applicable:

YES ___ NO X

R. Does the Applicant (including any related entity or person) or any principal(s) of the Applicant or its related entities, or any other business or concern with which such entities, persons or principal(s) have been connected, have any contractual or other relationship with the Agency or the County of Nassau? If YES, attach details.

YES ___ NO X

S. Attach a brief history of the Applicant and its business/operations.

By signing this Application, the Applicant authorizes the Agency to obtain credit reports and other financial background information and perform other due diligence on the Applicant and/or any other entity or individual related thereto, as the Agency may deem necessary to provide the requested financial assistance.

PART II. PROPOSED PROJECT

A. Description of proposed Project (check all that apply):

- New Construction
- Addition to Existing Facility
- Renovation of Existing Facility
- Acquisition of Facility
- New machinery and equipment
- Other (specify): _____

B. Briefly describe the proposed Project, the reasons why the Project is necessary to the Applicant and why the Agency's financial assistance is necessary, and the effect the Project will have on the Applicant's business or operations:

The Project proposes demolition of the existing vacant 22,000 Health and Racquet Club and complete new construction of a three story 82,000 g.s.f. self storage facility with 61,825 net rentable s.f. and 766 individual units. Safeguard is a developer, owner and operator of premium self storage facilities. Our mission is to grow through development. Without any tax benefit, this project would not be economically feasible, and therefore we would not be able to deploy the retirement funds of the pensions we represent.

C. If the Applicant is unable to obtain financial assistance for the Project, what will be the impact on the Applicant and Nassau County? Would the Applicant proceed with the Project without Agency financial assistance? Describe.

_____ No, the project would not proceed without the benefit of the financial assistance being granted _____

D. Location of Project (attach map showing the location):

Street Address:

_____ 6000 Sunrise Highway and E. Chestnut Street (no number) – Lot 17 _____

City/Village(s):

_____ Massapequa _____

Town(s):

_____ Oyster Bay _____

School District(s):

_____ Amityville 306 _____

Section: 53 Block: 30 Lot: 16 & 17

Census Tract Number:

Size of proposed facility real property:

The Project proposes demolition of the existing vacant 22,000 Health and Racquet Club and complete new construction of a three story 82,000 g.s.f. self storage facility with 61,825 net rentable s.f. and 766 individual units on 1.34 acres.

If exact street address is not available, please provide a survey and the most precise description available.

E. Describe the present use of the Project site: Vacant Health and Racquet Club

F. (a) What are the current real estate taxes on the Project site? \$126,000 (If amount of current taxes is not available, provide assessed value for each):

Land: \$ Building(s): \$

(b) Are tax certiorari proceedings currently pending with respect to the Project real property? If YES, attach details including copies of pleadings, decisions, etc.

YES

NO unknown

G. Describe Project ownership structure (*i.e.*, Applicant or other entity):

Applicant

H. To what purpose will the building or buildings to be acquired, constructed or renovated be used by the Applicant? (Include description of goods to be sold, products to be manufactured, assembled or processed and services to be rendered.)

Self Storage Facility

I. If any space in the Project is to be leased to or occupied by third parties, or is currently leased to or occupied by third parties who will remain as tenants, provide the names and contact information for each such tenant, indicate total square footage of the Project to be leased to each tenant, and describe proposed use by each tenant:

N/A

J. Provide, to the extent available, the information requested, in Part I, Questions A, B, E and O, with respect to any party described in the preceding response.

N/A

K. List principal items or categories of equipment to be acquired as part of the Project:

New construction of a self storage facility

L. Will Project meet zoning/land use requirements at proposed location?

YES

NO

1. Describe present zoning/land use: Light Industry

2. Describe required zoning/land use, if different: Light Industry

3. If a change in zoning/land use is required, please provide details/status of any request for change of zoning/land use requirements:

N/A

M. Does the Applicant, or any related entity or person, currently hold a lease or license on the Project site? If YES, please provide details and a copy of the lease/license.

YES

NO

N. Does the Applicant, or any related entity or person, currently hold fee title to (i.e. own) the Project site?

YES

NO (contract vendee)

If YES, indicate:

(a) Date of purchase: _____

(b) Purchase price: \$ _____

(c) Balance of existing mortgage, if any: \$ _____

(d) Name of mortgage holder: _____

(e) Special conditions: _____

If NO, indicate name of present owner of Project site: South Shore Health & Racquet Club LLC

O. Does the Applicant or any related person or entity have an option or a contract to purchase the Project site and/or any buildings on the Project site?

YES NO

If YES, attach copy of contract or option and indicate:

(a) Date signed: 1/27/14

(b) Purchase price: \$2,500,000

(c) Closing date: TBD-contingent on outcome of IDA financial assistance.

Is there a relationship legally or by virtue of common control or ownership between the Applicant (and/or its principals) and the seller of the Project (and/or its principals)?

If YES, describe:

YES NO

P. Will customers personally visit the Project site for either of the following economic activities? If YES with respect to either economic activity indicated below, complete the attached Retail Questionnaire (Schedule E).

Retail Sales: YES NO Services: YES NO

Q. Describe the social and economic conditions in the community where the Project site is or will be located and the impact of the proposed Project on the community (including impact on infrastructure, transportation, fire and police and other government-provided services):

A vacant 22,000 gross square foot health and racquet facility and parking will be demolished and replaced by a 82,000 gross square foot self storage building housing 766 units with a net rentable square footage of 61,825 which will produce extremely minimal traffic, will not impact the school system nor the utility systems or any other government-provided services.

R. Identify the following Project parties (if applicable):

Architect: NF Architectural Designs

9.	Financial Fees (incl. lender legal fees)	\$ <u>0</u>
10.	Other Professional Fees	\$ <u>50,000</u>
11.	Furniture, Equipment & Machinery (not included in 3. above)	\$ <u>500,000</u>
12.	Other Soft Costs (describe)	\$ <u>492,000 (Due Diligence)</u>
13.	Other (describe)	\$ <u>0</u>
	Total	\$ <u>9,392,000</u>

B. Source of Funds for Project Costs:

a.	Bank Financing:	\$ _____
b.	Equity	\$ <u>100%</u>
	TOTAL	\$ <u>9,392,000</u>

C. Have any of the above costs been paid or incurred (including contracts of sale or purchase orders) as of the date of this application? If YES, describe particulars on a separate sheet.

YES initial Legal & due diligence fees NO

D. Has the Applicant made any arrangement for the provision of third party financing? If YES, indicate with whom (subject to Agency approval) and provide a copy of any term sheet or commitment letter issued with respect to such financing.

YES NO N/A

E. Construction Cost Breakdown:

Total Cost of Construction: \$ 5,150,000 (sum of 3 and 11 in Question A above)

Cost for materials: \$3,862,500 _____

% Sourced in County: 50 %

% Sourced in State: 75 % (incl. County)

Cost for labor: \$1,287,500 _____

% Sourced in County: 50 %

% Sourced in State: 75 % (incl. County)

Cost for "other": \$ 492,000
 % Sourced in County: 100%
 % Sourced in County: _____% (incl. County)

PART IV. COST/BENEFIT ANALYSIS

A. If the Applicant presently operates in Nassau County, provide the current annual payroll, excluding benefits. Estimate payroll, excluding benefits, in First Year, Second Year and Third Year after completion of the Project.

	<u>Present</u>	<u>First Year</u>	<u>Second Year</u>	<u>Third Year</u>
Full-time:	\$ <u>0</u>	\$90,000	\$92,700	\$95,481
Part-time:	<u>0</u>	26,141	61,048	81,925
Seasonal:	<u>0</u>	<u> </u>	<u> </u>	<u> </u>
Total Annual Payroll:	\$ <u>0</u>	\$116,141	\$153,748	\$177,406

What are the average wages of employees (excluding benefits) presently employed by the Applicant in Nassau County? \$ 33,917 per employee

What is the average annual value of employee benefits paid per job, if any, for the employees presently employed by the Applicant in Nassau County? \$4,916

What are the estimated average wages of the jobs (excluding benefits) to be created by the Applicant upon completion of the Project? \$101,747 total annual wages

What is the estimated average annual value of employee benefits per job, if any, for jobs to be created upon completion of the Project? \$4,916 per employee

Estimate the percentage of jobs to be created by the Applicant upon completion of the Project that will be filled by County residents: 100%

Please note that the Agency may utilize the foregoing employment projections and the projections set forth in Schedule C, among other things, to determine the financial assistance that will be offered by the Agency to the Applicant. The Applicant acknowledges that the transaction documents may include a covenant by the Applicant to retain the number of jobs, types of occupations and amount of payroll with respect to the Project set forth in this Application.

B. (i) Will the Applicant transfer current employees from existing location(s)? If YES, describe, please describe the number of current employees to be transferred and the location from which such employees would be transferred:

YES _____ NO X

(ii) Describe the number of estimated full time equivalent construction jobs to be created as a result of undertaking the project, to the extent any:

60

C. What, if any, is the anticipated increase in the dollar amount of production, sales or services rendered as a result of the Project?

\$396,031 year one

What percentage of the foregoing amount is subject to New York sales and use tax?

1%

----- Describe any other municipal revenues that will result from the Project (excluding the above and any PILOT payments): -----

N/A

D. What is the estimated aggregate annual amount of goods and services to be purchased by the Applicant for each year after completion of the Project and what portion will be sourced from businesses located in the County and the State (including the County):

	<u>Amount</u>	<u>% Sourced in County</u>	<u>% Sourced in State</u>
Year 1	\$24,715	<u> 50% </u>	<u> 100% </u>
Year 2	\$31,715	<u> 50% </u>	<u> 100% </u>
Year 3	\$32,525	<u> 50% </u>	<u> 100% </u>

E. Describe, if applicable, other benefits to the County anticipated as a result of the Project, including a projected annual estimate of additional sales tax revenue generated, directly and indirectly, as a result of undertaking the project:

A vacant 22,000 gross square foot health and racquet facility and parking will be demolished and replaced by a 82,000 gross square foot self storage building housing 766 units with a net rentable square footage of

61,825 which will produce extremely minimal traffic, will not impact the school system nor the utility systems or any other government-provided services. The project will generate ancillary sales of packing and other related material of approximately \$12,000 annually which is subject to sales tax.

F. Costs to the County and affected municipalities:

Estimated Value of Sales Tax Exemption: \$333,140.63 _____

Estimated Value of Mortgage Tax Exemption: \$ 0 _____

Estimated Property Tax Exemption: \$ TBD _____

Existing Property Tax paid on the Land and/or Building: (please provide current tax bills) \$ _____

Estimated new Real Property Tax Revenue if the Project did **not** receive Real Property Tax exemption: \$ _____

Estimated new Real Property Tax Revenue if the Project does receive Real Property Tax exemption: \$ _____

G. Describe any other one-time municipal revenues (not including fees payable to the Agency) that the Project will create:

Planning, zoning, building department / permit fees

PART V. PROJECT CONSTRUCTION SCHEDULE

A. Has construction work on the Project begun? If YES, indicate the percentage of completion:

- | | | | | |
|----|-------------------------------|---------|-------------|------------------|
| 1. | (a) Site clearance | YES ___ | NO <u>X</u> | _____ % complete |
| | (b) Environmental Remediation | YES ___ | NO <u>X</u> | _____ % complete |
| | (c) Foundation | YES ___ | NO <u>X</u> | _____ % complete |
| | (d) Footings | YES ___ | NO <u>X</u> | _____ % complete |

- (e) Steel YES ___ NO ___X_ ___% complete
- (f) Masonry YES ___ NO ___X_ ___% complete
- (g) Interior YES ___ NO ___X_ ___% complete
- (h) Other (describe below): YES ___ NO ___X_ ___% complete

2. If NO to all of the above categories, what is the proposed date of commencement of construction, renovation or acquisition of the Project?

_____ TBD – contingent on the outcome of the IDA application for financial assistance _____

B. Provide an estimate of time schedule to complete the Project and when the first use of the Project is expected to occur (attach additional sheet if necessary):

_____ The project should be completed in one year from commencement _____

PART VI. ENVIRONMENTAL IMPACT

- A. What is the expected environmental impact of the Project? (Complete the attached Environmental Assessment Form (Schedule G)).

We do not believe there will be an environmental impact, but we will comply with any mitigation remedies necessary. _____

- B. Is an environmental impact statement required by Article 8 of the N.Y. Environmental Conservation Law (i.e., the New York State Environmental Quality Review Act)?

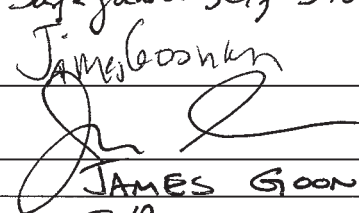
YES ____

NO X__

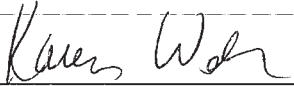
- C. Please be advised that the Agency may require at the sole cost and expense of the Applicant the preparation and delivery to the Agency of an environmental report in form and scope satisfactory to the Agency, depending on the responses set forth in the Environmental Assessment Form. If an environmental report has been or is being prepared in connection with the Project, please provide a copy.
-

D. The Applicant authorizes the Agency to make inquiry of the United States Environmental Protection Agency, the New York State Department of Environmental Conservation or any other appropriate federal, state or local governmental agency or authority as to whether the Project site or any property adjacent to or within the immediate vicinity of the Project site is or has been identified as a site at which hazardous substances are being or have been used, stored, treated, generated, transported, processed, handled, produced, released or disposed of. The Applicant will be required to secure the written consent of the owner of the Project site to such inquiries (if the Applicant is not the owner), upon request of the Agency.

THE UNDERSIGNED HEREBY CERTIFIES that the answers and information provided above and in any statement attached hereto are true, correct and complete.

Name of Applicant: Safeguard Self Storage
Signature: 
Name: JAMES GOONAN
Title: SVP
Date: 4-3-14

Sworn to before me this 3
day of April, 2014


Notary Public

KAREN WEBER
Notary Public, State of New York
No. 01WE6014857
Qualified in Suffolk County
Commission Expires October 19, 2014

**RULES AND REGULATIONS OF THE NASSAU COUNTY
INDUSTRIAL DEVELOPMENT AGENCY**

The Nassau County Industrial Development Agency (the "Agency"), in order to better secure the integrity of the projects it sponsors, declares that it is in the public interest (i) to ensure the continuity of such projects and the jobs created by such projects, (ii) to prevent the conversion of the use of the premises upon which a sponsored project is to be constructed or renovated and (iii) to limit and prevent unreasonable profiteering or exploitation of a project, and does hereby find, declare and determine as follows:

FIRST:

Upon the approval of a sponsored project, the Agency shall take title to, or acquire a leasehold or other interest in, all premises upon which an Agency sponsored project is to be constructed or renovated, and shall lease, sublease, license, sell or otherwise transfer the premises to the Applicant for a term to be determined by the Agency.

At such time as, among other things, the Applicant fails to retain or create the jobs as represented in the Application or changes the use of the project or ownership of the project or the Applicant during the life of the project in a manner inconsistent with the Application, and such employment default or change of use or ownership does not meet with the prior written approval of the Agency, a recapture of benefits may be required to be paid by the Applicant to the Agency. The amount and sufficiency (with respect to a particular applicant) of the applicable recapture of benefits payment shall be determined by the Agency and shall be set forth in the straight lease documents.

SECOND:

At such time as a proposed Project is reviewed, the members of the Agency must disclose any blood, marital or business relationships they or members of their families have or have had with the Applicant (or its affiliates). The Applicant represents that no member, manager, principal, officer or director of the Applicant has any such relationship with any member of the Agency (or any member of the family of any member of the Agency).

THIRD:

All applicants must disclose whether they have been appointed, elected or employed by New York State, any political division of New York State or any other governmental agency.

FOURTH:

All proposed lenders, title companies and their respective attorneys must be satisfactory to and approved in writing by the Agency.

Understood and Agreed to:

Name of Applicant: Safeguard Self Storage
James Coonan

By: [Signature] SUP
Name/Title:

**CERTIFICATION AND AGREEMENT
WITH RESPECT TO FEES AND COSTS**

The undersigned deposes and says: that I am an authorized representative of the Applicant named in the attached application for financial assistance ("Application") and that I hold the office specified below my signature at the end of this Certification and Agreement, that I am authorized and empowered to deliver this Certification and Agreement and the Application for and on behalf of the Applicant, that I am familiar with the contents of said Application (including all schedules and attachments thereto), and that said contents are true, correct and complete to my knowledge. Capitalized terms used but not otherwise defined in this Certification and Agreement shall have the meanings assigned to such terms in the Application.

The grounds of my belief relative to all matters in the Application that are not based upon my own personal knowledge are based upon investigations I have made or have caused to be made concerning the subject matter of this Application, as well as upon information acquired in the course of my duties and from the books and records of the Applicant.

As an authorized representative of the Applicant, I acknowledge and agree on behalf of the Applicant that the Applicant hereby releases the Nassau County Industrial Development Agency, its members, officers, servants, attorneys, agents and employees (collectively, the "Agency") from, agrees that the Agency shall not be liable for and agrees to indemnify, defend (with counsel selected by the Agency) and hold the Agency harmless from and against any and all liability, damages, causes of actions, losses, costs or expenses incurred by the Agency in connection with: (A) examination and processing of, and action pursuant to or upon, the Application, regardless of whether or not the Application or the financial assistance requested therein are favorably acted upon by the Agency, (B) the acquisition, construction and/or installation of the Project by the Agency, and (C) any further action taken by the Agency with respect to the Project; including, without limiting the generality of the foregoing, (i) all fees and expenses of the Agency's general counsel, transaction counsel, economic development consultant, real property tax valuation consultant and other experts and consultants (if deemed necessary or advisable by the Agency), and (ii) all other expenses incurred by the Agency in defending any suits, actions or proceedings that may arise as a result of any of the foregoing. If, for any reason whatsoever, the Applicant fails to conclude or consummate necessary negotiations or fails within a reasonable or specified period of time to take reasonable, proper or requested action or withdraws, abandons, cancels, or neglects the Application or is unable to secure third party financing or otherwise fails to conclude the Project, then upon presentation of an invoice by the Agency, its agents, attorneys or assigns, the Applicant shall pay to the Agency, its agents, attorneys or assigns, as the case may be, all fees and expenses reflected in any such invoice.

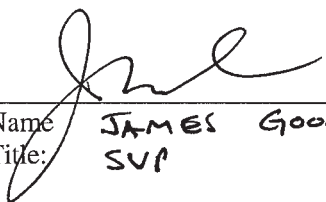
As an authorized representative of the Applicant, I acknowledge and agree on behalf of the Applicant that each of the Agency's general counsel, transaction counsel, economic development consultant, real property tax valuation consultant and other experts and consultants is an intended third-party beneficiary of this Certification and Agreement, and that each of them may (but shall not be obligated to) enforce the provisions of the immediately preceding paragraph, whether by lawsuit or otherwise, to collect the fees and expenses of such party or person incurred by the Agency (whether or not first paid by the Agency) with respect to the Application.

Upon successful closing of the "straight lease" transaction, the Applicant shall pay to the Agency an administrative fee set by the Agency (which amount is payable at closing) in accordance with the following schedule:

- (A) Six-tenths (6/10) of one percent (1%) for the first twenty million dollars (\$20,000,000) of total project costs and, if applicable, two-tenths (2/10) of one percent (1%) for any additional amounts in excess of twenty million dollars (\$20,000,000) of total project costs.
- (B) General Counsel Fee – One-tenth (1/10) of one percent (1%) of total project costs, with a minimum fee of \$2,000.
- (C) Two Thousand Five Hundred Dollars (\$2,500) closing compliance fee payable at closing and One Thousand Dollars (\$1,000) per year (or part thereof) administrative fee, payable in advance, at the closing for the first year (or part thereof) and on January 1st of each year for the term of the financing. The annual service fee is subject to periodic review and may be adjusted from time to time in the discretion of the Agency.
- (D) Refinancings – The Agency fee shall be determined on a case-by-case basis.
- (E) Assumptions – The Agency fee shall be determined on a case-by-case basis.
- (F) Modifications – The Agency fee shall be determined on a case-by-case basis.

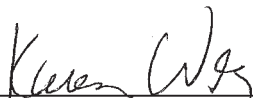
Transaction counsel fees and expenses are payable at closing and are based on the work performed in connection with the Project.

Upon the termination of the Project, Applicant agrees to pay all costs in connection with any conveyance by the Agency to the Applicant of the Agency's interest in the Project and the termination of all related Project documents, including the fees and expenses of the Agency's general counsel, transaction counsel, and all applicable recording, filing or other related fees, taxes and charges.



Name: JAMES GOONAN
 Title: SVP

Sworn to before me this 3
 day of April, 2014



 Notary Public

KAREN WEBER
 Notary Public, State of New York
 No. 01WE6014857
 Qualified in Suffolk County
 Commission Expires October 19, 2014

TABLE OF SCHEDULES:

<u>Schedule</u>	<u>Title</u>	<u>Complete as Indicated Below</u>
A.	Intentionally omitted	
B.	New York State Financial and Employment Requirements for Industrial Development Agencies	All applicants
C.	Guidelines for Access to Employment Opportunities	All applicants
D.	Anti-Raiding Questionnaire	If Applicant checked "YES" in Part I, Question Q.2. of Application
E.	Retail Questionnaire	If Applicant checked "YES" in Part II, Question P of Application (See Page 11)
F.	Applicant's Financial Attachments, consisting of:	All applicants
	1. Applicant's audited financial statements for the last two fiscal years (unless included in Applicant's annual reports).	
	2. Applicant's annual reports (or Form 10-K's) for the two most recent fiscal years.	
	3. Applicant's quarterly reports (Form 10-Q's) and current reports (Form 8-K's) since the most recent Annual Report, if any.	
	4. In addition, attach the financial information described above in items F1, F2, and F3 of any anticipated Guarantor of the proposed transaction, if different than the Applicant, including the personal financial statement of any anticipated Guarantor that is a natural person.	
	5. Dun & Bradstreet report.	
G.	Environmental Assessment Form	All applicants
H.	Other Attachments	As required

Schedule A

Intentionally omitted

**NEW YORK STATE FINANCIAL AND EMPLOYMENT REPORTING
REQUIREMENTS FOR INDUSTRIAL DEVELOPMENT AGENCIES**

- A. Pursuant to applicable law, the Agency requires the completion of an Initial Employment Plan (see Schedule C) and a year-end employment plan status report, both of which shall be filed by the Nassau County Industrial Development Agency (the "Agency") with the New York State Department of Economic Development on January 15. The Project documents will require the Applicant to provide such report to the Agency on or before January 1 of each year, together with such employment verification information as the Agency may require.

Except as otherwise provided by collective bargaining agreements, the Applicant agrees to list any new employment opportunities with the New York Department of Labor Community Services Division and the administrative entity of the service delivery area created by the Federal Job Training Partnership Act (P.L. 97-300), or any successor statute thereto (the "JTPA Entities"). In addition, except as otherwise provided by collective bargaining agreements, the Applicant, where practicable, will first consider persons eligible to participate in JTPA programs who shall be referred by the JTPA Entities for such new employment opportunities.

- B. The Applicant will be required to file annually a statement with the New York State Department of Taxation and Finance and the Agency of the value of all sales or use tax exemptions claimed in connection with the Project by reason of the involvement of the Agency.
- C. Please be advised that the New York State Industrial Development Agency Act imposes additional annual reporting requirements on the Agency, and the Applicant will be required to furnish information in connection with such reporting, as follows:

The following information must be provided for straight-lease transactions entered into or terminated during the year:

Name, address and owner of the project; total amount of tax exemptions granted (broken out by state and local sales tax, property taxes, and mortgage recording tax); payments in lieu of taxes made; total real estate taxes on the Project prior to exemption; number of jobs created and retained, and other economic benefits realized.

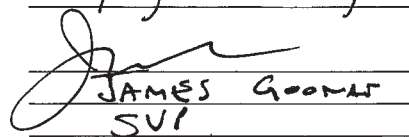
Failure to provide any of the aforesaid information will be constitute a DEFAULT under the Project documents to be entered into by the Agency and the Applicant in connection with the proposed Project.

Please sign below to indicate that the Applicant has read and understood the above and agrees to provide the described information on a timely basis.

Name of
Applicant:

Safeguard Self Storage

Signature:



Name:

JAMES GOONAR

Title:

SVP

Date:

4-3-14

GUIDELINES FOR ACCESS TO EMPLOYMENT OPPORTUNITIES**INITIAL EMPLOYMENT PLAN**

Prior to the granting of financial assistance, the Applicant shall complete the following employment plan:

Applicant Name: Safeguard Self Storage
 Address: 105 Maxess Road, Suite 125, Melville, NY 11747
 Type of Business: Self Storage
 Contact Person: Jim Goonan Tel. No.: 631-539-020

Please complete the following table describing the Applicant's projected employment plan following receipt of financial assistance:

Current and Planned Occupations (provide NAICS Code for each)	Current Number Full Time Equivalent Jobs Per Occupation		Estimated Number of Full Time Equivalent Jobs in the County After Completion of the Project:		
	County	Statewide	1 year	2 years	3 years
<u>2</u> (531130)	<u>8</u>	<u>54</u>	<u>10</u>	<u>10</u>	<u>10</u>

Please indicate the number of temporary construction jobs anticipated to be created in connection with the acquisition, construction and/or renovation of the Project: 60

Please indicate the estimated hiring dates for the new jobs shown above and any special recruitment or training that will be required:

TBD – dependant on being accepted into the IDA financial assistance program

Are the Applicant's employees currently covered by a collective bargaining agreement?

YES _____

NO X

IF YES, Union Name and Local: _____

Please note that the Agency may utilize the foregoing employment projections, among other things, to determine the financial assistance that will be offered by the Agency to the Applicant. The Applicant acknowledges that the transaction documents may include a covenant by the Applicant to retain the above number of jobs, types of occupations and amount of payroll with respect to the proposed project.

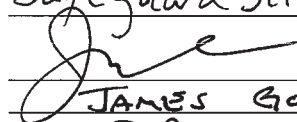
Attached hereto is a true, correct and complete copy of the Applicant's most recent Quarterly Combined Withholding, Wage Reporting, and Unemployment Insurance Return (Form NYS-45-MN) (first page only). Upon request of the Agency, the Applicant shall provide such other or additional information or documentation as the Agency may require with respect to the Applicant's current employment levels in the State of New York.

The UNDERSIGNED HEREBY CERTIFIES that the answers and information provided above and in any statement attached hereto are true, correct and complete.

Name of Applicant:

Safeguard Self Storage

Signature:



Name:

JAMES GOONAR

Title:

SVP

Date:

4-3-14

ANTI-RAIDING QUESTIONNAIRE

(To be completed by Applicant if Applicant checked "YES" in Part I, Question O.2 of the Application for Financial Assistance)

A. Will the completion of the Project result in the removal of a plant or facility of Applicant, or of a proposed occupant of the Project, from an area in New York State (but outside of Nassau County) to an area within Nassau County?

YES ____ NO X

If the answer to Question A is YES, please provide the following information:

Address of the to-be-removed plant or facility: _____

Names of all current occupants of the to-be-removed plant or facility: _____

B. Will the completion of the Project result in the abandonment of one or more plants or facilities of the Applicant, or of a proposed occupant of the Project, located in an area of the State of New York other than in Nassau County?

YES ____ NO X

If the answer to Question B is YES, please provide the following information:

Addresses of the to-be-abandoned plants or facilities: _____

Names of all current occupants of the to-be-abandoned plants or facilities:

C. Has the Applicant contacted the local industrial development agency at which its current plants or facilities in New York State are located with respect to the Applicant's intention to move or abandon such plants or facilities?

YES ____ NO N/A

If the answer to Question C is YES, please provide details in a separate attachment.

IF THE ANSWER TO EITHER QUESTION A OR B IS "YES", ANSWER QUESTIONS D AND E.

D. Is the Project reasonably necessary to preserve the competitive position of the Applicant, or of a proposed occupant of the Project, in its industry?

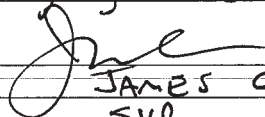
YES _____ NO _____

E. Is the Project reasonably necessary to discourage the Applicant, or a proposed occupant of the Project, from removing such plant or facility to a location outside of the State of New York?

YES _____ NO _____

IF THE ANSWER TO EITHER QUESTION D OR E IS "YES", PLEASE PROVIDE DETAILS IN A SEPARATE ATTACHMENT.

THE UNDERSIGNED HEREBY CERTIFIES that the answers and information provided above and in any statement attached hereto are true, correct and complete.

Name of Applicant: Safeguard Self Storage
Signature: 
Name: JAMES GOONAR
Title: SVP
Date: 4-3-14

RETAIL QUESTIONNAIRE

(To be completed by Applicant if Applicant checked either "YES" in Part II, Question P of the Application for Financial Assistance)

A. Will any portion of the Project (including that portion of the cost to be financed from equity or other sources) consist of facilities or property that are or will be primarily used in making retail sales to customers who personally visit the Project?

YES X NO

For purposes of Question A, the term "retail sales" means (i) sales by a registered vendor under Article 28 of Tax Law of the State of New York (the "Tax Law") primarily engaged in the retail sale of tangible personal property (as defined in Section 1101(b)(4)(i) of the Tax Law), or (ii) sales of a service to customers who personally visit the Project.

B. If the answer to Question A is YES, what percentage of the cost of the Project (including that portion of the cost to be financed from equity or other sources) will be expended on such facilities or property primarily used in making retail sales of goods or services to customers who personally visit the Project?

1.34 %

C. If the answer to Question A is YES, and the amount entered for Question B is greater than 33.33%, indicate whether any of the following apply to the Project:

1. Will the Project be operated by a not-for-profit corporation?

YES NO

2. Is the Project likely to attract a significant number of visitors from outside the economic development region (i.e., Long Island) in which the Project is or will be located?

YES NO

3. Would the Project occupant, but for the contemplated financial assistance from the Agency, locate the related jobs outside the State of New York?

YES NO

4. Is the predominant purpose of the Project to make available goods or services which would not, but for the Project, be reasonably accessible to the residents of the city, town or village within which the Project will be located, because of a lack of reasonably accessible retail trade facilities offering such goods or services?

YES NO

5. Will the Project be located in one of the following: (a) an area designed as an economic development zone pursuant to Article 18-B of the General Municipal Law; or (b) a census tract or block numbering area (or census tract or block numbering area contiguous thereto) which, according to the most recent census data, has (i) a poverty rate of at least 20% for the year in which the data relates, or at least 20% of the households receiving public assistance, and (ii) an unemployment rate of at least 1.25 times the statewide unemployment rate for the year to which the data relates?

YES _____

NO _____

If the answer to any of the subdivisions 1 through 5 of Question C is YES, attach details.

- D. If the answer to any of the subdivisions 3 through 5 of Question C is YES, will the Project preserve permanent, private sector jobs or increase the overall number of permanent, private sector jobs in the State of New York? If YES, attach details.

YES _____

NO _____

- E. State percentage of the Applicant's annual gross revenues comprised of each of the following:

Retail Sales: _____%

Services: _____%

- F. State percentage of Project premises utilized for same:

Retail Sales: _____%

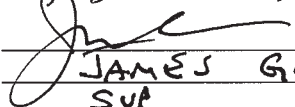
Services: _____%

The UNDERSIGNED HEREBY CERTIFIES that the answers and information provided above and in any statement attached hereto are true, correct and complete.

Name of Applicant:

Safeguard Self Storage

Signature:



Name:

JAMES GOMAR

Title:

SVP

Date:

4-3-14

APPLICANT'S FINANCIAL ATTACHMENTS

<u>Property Assumptions</u>		<u>Project Cost</u>		<u>Project Returns</u>	
Average Rate per Unit:	\$ 181	Predevelopment Costs:	\$ 742,000	Return on Cost:	8.85%
Potential Rent Income:	\$ 138,335	Land Cost:	\$ 2,500,000	Unlevered IRR:	11.13%
Potential Rents per Foot:	\$ 26.85	Premarketing Signage:	\$ 25,000	Facility Value Year Five:	\$ 16,265,692
Leasable Sq. Ft.:	61,825	Construction Cost:	\$ 7,602,500	Reversion Cap Rate:	7.00%
Gross Square Feet:	82,000	Equity Carry:	\$ 1,218,671	Hold Period for IRR Calc:	83 Mos
Efficiency Ratio:	75.40%	Reserve Expense:	\$ 141,773	Sales price per sq foot:	\$ 263.09
Total Number of Units:	766	Total:	\$ 12,229,944		
Expense Growth Non RE Tax:	3.00%	Total Project Cost (TPC):	\$ 12,229,944		
Replacement Reserves/SF:	\$ 0.30	Total Costs per LSF:	\$ 197.82		
				<u>Absorption Assumptions (s)</u>	
				Lease-Up Monthly Rentals:	41.00
				Stabilized Monthly Rentals:	36.00
				Lease-Up Duration:	41
				Average Unit Size:	81
				Vacate Ratio:	4.90%
				Vacancy at Stabilization:	12.00%
				6 Year Proforma Rate Growth:	12.50%
				<u>Absorption Comp Info</u>	<u>Unit Size</u>
				Projected Net Mithly Absorption:	1,327 81
				Historical Net Absorption LI:	1,398 93

		<u>Operating Years</u>					<u>SSS Comps</u>
		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>12 Months Trailing</u>
<u>Revenues</u>							
Average SF Occupancy		28%	62%	81%	88%	88%	
Rent Income	\$	448,150	\$ 1,010,412	\$ 1,331,546	\$ 1,504,111	\$ 1,610,305	
Other Income	7.8%	\$ 34,956	\$ 78,812	\$ 103,861	\$ 117,321	\$ 125,604	
Promotional specials		\$ (87,075)	\$ (71,750)	\$ (69,990)	\$ (67,964)	\$ (72,103)	
Total	\$	396,031	\$ 1,017,474	\$ 1,365,416	\$ 1,533,468	\$ 1,663,806	
<u>Expenses</u>							
Administration	\$	19,600	\$ 20,188	\$ 20,794	\$ 21,417	\$ 22,060	\$ 19,538
Marketing	\$	21,000	\$ 21,630	\$ 22,279	\$ 22,947	\$ 23,636	\$ 20,958
Capital Reserves	\$	24,600	\$ 25,338	\$ 26,098	\$ 26,881	\$ 27,688	
Insurance	\$	5,300	\$ 5,459	\$ 5,623	\$ 5,791	\$ 5,965	\$ 5,328
Maintenance	\$	20,000	\$ 27,000	\$ 27,810	\$ 28,644	\$ 29,504	\$ 26,253
Off-Site Management	\$	26,141	\$ 61,048	\$ 81,925	\$ 93,208	\$ 99,828	
On-Site Management	\$	90,000	\$ 92,700	\$ 95,481	\$ 98,345	\$ 101,296	\$ 89,160
Real Estate Taxes	\$	150,000	\$ 154,500	\$ 159,135	\$ 163,909	\$ 168,826	\$ 229,111
Utilities	\$	51,000	\$ 52,530	\$ 54,106	\$ 55,729	\$ 57,401	\$ 51,403
Total Expenses	\$	407,641	\$ 460,393	\$ 493,250	\$ 516,873	\$ 536,203	
Net Operating Income	\$	(11,611)	\$ 557,081	\$ 872,166	\$ 1,036,595	\$ 1,127,603	

ENVIRONMENTAL ASSESSMENT FORM

**Full Environmental Assessment Form
Part 1 - Project and Setting**

Instructions for Completing Part 1

Part 1 is to be completed by the applicant or project sponsor. Responses become part of the application for approval or funding, are subject to public review, and may be subject to further verification.

Complete Part 1 based on information currently available. If additional research or investigation would be needed to fully respond to any item, please answer as thoroughly as possible based on current information; indicate whether missing information does not exist, or is not reasonably available to the sponsor; and, when possible, generally describe work or studies which would be necessary to update or fully develop that information.

Applicants/sponsors must complete all items in Sections A & B. In Sections C, D & E, most items contain an initial question that must be answered either "Yes" or "No". If the answer to the initial question is "Yes", complete the sub-questions that follow. If the answer to the initial question is "No", proceed to the next question. Section F allows the project sponsor to identify and attach any additional information. Section G requires the name and signature of the project sponsor to verify that the information contained in Part 1 is accurate and complete.

A. Project and Sponsor Information.

Name of Action or Project: PPF SS 6000 Sunrise Highway, LLC d/b/a Safeguard Self Storage		
Project Location (describe, and attach a general location map): 6000 Sunrise Highway, South/West corner E. Chestnut Street,/Sunrise Highway		
Brief Description of Proposed Action (include purpose or need): Proposed to construct a new 3 story self storage building. Demolish one story and cellar, new drainage, new landscaping.		

Name of Applicant/Sponsor: PPF SS 6000 Sunrise Highway, LLC d/b/a Safeguard Self Storage		Telephone: (631) 539-0200
		E-Mail: jgoonan@safeguardit.com
Address: 105 Maxess Road, Suite 125		
City/PO: Melville	State: NY	Zip Code: 11747
Project Contact (if not same as sponsor; give name and title/role):		Telephone:
		E-Mail:
Address:		
City/PO:	State:	Zip Code:
Property Owner (if not same as sponsor): South Shore Health & Racquet Club LLC		Telephone: (516) 317-6193
		E-Mail: tjsrealty@optonline.net
Address: 7 Hollow Way		
City/PO: Glen Cove	State: NY	Zip Code: 11542

B. Government Approvals

B. Government Approvals, Funding, or Sponsorship. ("Funding" includes grants, loans, tax relief, and any other forms of financial assistance.)		
Government Entity	If Yes: Identify Agency and Approval(s) Required	Application Date (Actual or projected)
a. City Council, Town Board, <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No or Village Board of Trustees	Town Board	
b. City, Town or Village <input type="checkbox"/> Yes <input type="checkbox"/> No Planning Board or Commission		
c. City Council, Town or <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Village Zoning Board of Appeals	Town of Oyster Bay Zoning	
d. Other local agencies <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Town DPW Road Opening Permit	
e. County agencies <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Health Dept. Back of Flows	
f. Regional agencies <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
g. State agencies <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	NYS DOT 239 F Review	
h. Federal agencies <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
i. Coastal Resources.		
i. Is the project site within a Coastal Area, or the waterfront area of a Designated Inland Waterway?		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
ii. Is the project site located in a community with an approved Local Waterfront Revitalization Program?		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
iii. Is the project site within a Coastal Erosion Hazard Area?		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

C. Planning and Zoning

C.1. Planning and zoning actions.	
Will administrative or legislative adoption, or amendment of a plan, local law, ordinance, rule or regulation be the only approval(s) which must be granted to enable the proposed action to proceed?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<ul style="list-style-type: none"> • If Yes, complete sections C, F and G. • If No, proceed to question C.2 and complete all remaining sections and questions in Part 1 	
C.2. Adopted land use plans.	
a. Do any municipally- adopted (city, town, village or county) comprehensive land use plan(s) include the site where the proposed action would be located?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If Yes, does the comprehensive plan include specific recommendations for the site where the proposed action would be located?	<input type="checkbox"/> Yes <input type="checkbox"/> No
b. Is the site of the proposed action within any local or regional special planning district (for example: Greenway Brownfield Opportunity Area (BOA); designated State or Federal heritage area; watershed management plan; or other?)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If Yes, identify the plan(s):	

c. Is the proposed action located wholly or partially within an area listed in an adopted municipal open space plan, or an adopted municipal farmland protection plan?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If Yes, identify the plan(s):	

C.3. Zoning

a. Is the site of the proposed action located in a municipality with an adopted zoning law or ordinance. Yes No
If Yes, what is the zoning classification(s) including any applicable overlay district?
Light Industrial zone.

b. Is the use permitted or allowed by a special or conditional use permit? Yes No

c. Is a zoning change requested as part of the proposed action? Yes No
If Yes,
i. What is the proposed new zoning for the site? _____

C.4. Existing community services.

a. In what school district is the project site located? Amityville 360

b. What police or other public protection forces serve the project site?
Nassau County 7th Precinct

c. Which fire protection and emergency medical services serve the project site?
Massapequa

d. What parks serve the project site?
Massapequa

D. Project Details

D.1. Proposed and Potential Development

a. What is the general nature of the proposed action (e.g., residential, industrial, commercial, recreational; if mixed, include all components)? Commercial - Self Storage facility.

b. a. Total acreage of the site of the proposed action? 1.31 acres
b. Total acreage to be physically disturbed? 1.24 acres
c. Total acreage (project site and any contiguous properties) owned or controlled by the applicant or project sponsor? 1.31 acres

c. Is the proposed action an expansion of an existing project or use? Yes No
i. If Yes, what is the approximate percentage of the proposed expansion and identify the units (e.g., acres, miles, housing units, square feet)? % _____ Units: _____

d. Is the proposed action a subdivision, or does it include a subdivision? Yes No
If Yes,
i. Purpose or type of subdivision? (e.g., residential, industrial, commercial; if mixed, specify types) _____

ii. Is a cluster/conservation layout proposed? Yes No

iii. Number of lots proposed? _____
iv. Minimum and maximum proposed lot sizes? Minimum _____ Maximum _____

e. Will proposed action be constructed in multiple phases? Yes No
i. If No, anticipated period of construction: 18 months
ii. If Yes:
• Total number of phases anticipated _____
• Anticipated commencement date of phase 1 (including demolition) _____ month _____ year
• Anticipated completion date of final phase _____ month _____ year
• Generally describe connections or relationships among phases, including any contingencies where progress of one phase may determine timing or duration of future phases: _____

f. Does the project include new residential uses? Yes No
 If Yes, show numbers of units proposed.

	One Family	Two Family	Three Family	Multiple Family (four or more)
Initial Phase	_____	_____	_____	_____
At completion	_____	_____	_____	_____
of all phases	_____	_____	_____	_____

g. Does the proposed action include new non-residential construction (including expansions)? Yes No
 If Yes,

i. Total number of structures one

ii. Dimensions (in feet) of largest proposed structure: 33' height; 96' width; and 285' length

iii. Approximate extent of building space to be heated or cooled: 82,000 square feet

h. Does the proposed action include construction or other activities that will result in the impoundment of any liquids, such as creation of a water supply, reservoir, pond, lake, waste lagoon or other storage? Yes No
 If Yes,

i. Purpose of the impoundment: _____

ii. If a water impoundment, the principal source of the water: Ground water Surface water streams Other specify: _____

iii. If other than water, identify the type of impounded/contained liquids and their source. _____

iv. Approximate size of the proposed impoundment. Volume: _____ million gallons; surface area: _____ acres

v. Dimensions of the proposed dam or impounding structure: _____ height; _____ length

vi. Construction method/materials for the proposed dam or impounding structure (e.g., earth fill, rock, wood, concrete): _____

D.2. Project Operations

a. Does the proposed action include any excavation, mining, or dredging, during construction, operations, or both? Yes No
 (Not including general site preparation, grading or installation of utilities or foundations where all excavated materials will remain onsite)
 If Yes:

i. What is the purpose of the excavation or dredging? Excavation for foundations, and storm detention

ii. How much material (including rock, earth, sediments, etc.) is proposed to be removed from the site?

- Volume (specify tons or cubic yards): 3,200 cubic yards
- Over what duration of time? 6 months

iii. Describe nature and characteristics of materials to be excavated or dredged, and plans to use, manage or dispose of them.
Removal of site excavated materials.

iv. Will there be onsite dewatering or processing of excavated materials? Yes No
 If yes, describe. _____

v. What is the total area to be dredged or excavated? _____ .91 acres

vi. What is the maximum area to be worked at any one time? _____ .91 acres

vii. What would be the maximum depth of excavation or dredging? _____ 6 feet

viii. Will the excavation require blasting? Yes No

ix. Summarize site reclamation goals and plan: To export excavated materials to be used as clean fill.

b. Would the proposed action cause or result in alteration of, increase or decrease in size of, or encroachment into any existing wetland, waterbody, shoreline, beach or adjacent area? Yes No
 If Yes:

i. Identify the wetland or waterbody which would be affected (by name, water index number, wetland map number or geographic description): _____

ii. Describe how the proposed action would affect that waterbody or wetland, e.g. excavation, fill, placement of structures, or alteration of channels, banks and shorelines. Indicate extent of activities, alterations and additions in square feet or acres:

iii. Will proposed action cause or result in disturbance to bottom sediments? Yes No

If Yes, describe: _____

iv. Will proposed action cause or result in the destruction or removal of aquatic vegetation? Yes No

If Yes:

- acres of aquatic vegetation proposed to be removed: _____
- expected acreage of aquatic vegetation remaining after project completion: _____
- purpose of proposed removal (e.g. beach clearing, invasive species control, boat access): _____
- proposed method of plant removal: _____
- if chemical/herbicide treatment will be used, specify product(s): _____

v. Describe any proposed reclamation/mitigation following disturbance: _____

c. Will the proposed action use, or create a new demand for water? Yes No

If Yes:

i. Total anticipated water usage/demand per day: _____ 375 gallons/day

ii. Will the proposed action obtain water from an existing public water supply? Yes No

If Yes:

- Name of district or service area: New York American Water District
- Does the existing public water supply have capacity to serve the proposal? Yes No
- Is the project site in the existing district? Yes No
- Is expansion of the district needed? Yes No
- Do existing lines serve the project site? Yes No

iii. Will line extension within an existing district be necessary to supply the project? Yes No

If Yes:

- Describe extensions or capacity expansions proposed to serve this project: _____
- Source(s) of supply for the district: _____

iv. Is a new water supply district or service area proposed to be formed to serve the project site? Yes No

If Yes:

- Applicant/sponsor for new district: _____
- Date application submitted or anticipated: _____
- Proposed source(s) of supply for new district: _____

v. If a public water supply will not be used, describe plans to provide water supply for the project: _____

vi. If water supply will be from wells (public or private), maximum pumping capacity: _____ gallons/minute.

d. Will the proposed action generate liquid wastes? Yes No

If Yes:

i. Total anticipated liquid waste generation per day: _____ 150 gallons/day

ii. Nature of liquid wastes to be generated (e.g., sanitary wastewater, industrial; if combination, describe all components and approximate volumes or proportions of each): sanitary

iii. Will the proposed action use any existing public wastewater treatment facilities? Yes No

If Yes:

- Name of wastewater treatment plant to be used: Cedar Creek
- Name of district: District 3 Massapequa Park S.C.D.
- Does the existing wastewater treatment plant have capacity to serve the project? Yes No
- Is the project site in the existing district? Yes No
- Is expansion of the district needed? Yes No

<ul style="list-style-type: none"> • Do existing sewer lines serve the project site? _____ • Will line extension within an existing district be necessary to serve the project? _____ <p>If Yes:</p> <ul style="list-style-type: none"> • Describe extensions or capacity expansions proposed to serve this project: _____ _____ 	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>iv. Will a new wastewater (sewage) treatment district be formed to serve the project site? _____</p> <p>If Yes:</p> <ul style="list-style-type: none"> • Applicant/sponsor for new district: _____ • Date application submitted or anticipated: _____ • What is the receiving water for the wastewater discharge? _____ <p>v. If public facilities will not be used, describe plans to provide wastewater treatment for the project, including specifying proposed receiving water (name and classification if surface discharge, or describe subsurface disposal plans): _____ _____</p> <p>vi. Describe any plans or designs to capture, recycle or reuse liquid waste: _____ _____</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>e. Will the proposed action disturb more than one acre and create stormwater runoff, either from new point sources (i.e. ditches, pipes, swales, curbs, gutters or other concentrated flows of stormwater) or non-point source (i.e. sheet flow) during construction or post construction? _____</p> <p>If Yes:</p> <p>i. How much impervious surface will the project create in relation to total size of project parcel? <u>39,50</u> Square feet or _____ acres (impervious surface) _____ Square feet or _____ acres (parcel size)</p> <p>ii. Describe types of new point sources. <u>Storm water collected from building roof 27,581, and parking lot area of ± 11,919 sq. ft.</u></p> <p>iii. Where will the stormwater runoff be directed (i.e. on-site stormwater management facility/structures, adjacent properties, groundwater, on-site surface water or off-site surface waters)? <u>On site stormwater storage and recharge facilities.</u></p> <ul style="list-style-type: none"> • If to surface waters, identify receiving water bodies or wetlands: _____ _____ 	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<ul style="list-style-type: none"> • Will stormwater runoff flow to adjacent properties? _____ <p>iv. Does proposed plan minimize impervious surfaces, use pervious materials or collect and re-use stormwater? _____</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>f. Does the proposed action include, or will it use on-site, one or more sources of air emissions, including fuel combustion, waste incineration, or other processes or operations? _____</p> <p>If Yes, identify:</p> <p>i. Mobile sources during project operations (e.g., heavy equipment, fleet or delivery vehicles) _____</p> <p>ii. Stationary sources during construction (e.g., power generation, structural heating, batch plant, crushers) _____</p> <p>iii. Stationary sources during operations (e.g., process emissions, large boilers, electric generation) _____</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>g. Will any air emission sources named in D.2.f (above), require a NY State Air Registration, Air Facility Permit, or Federal Clean Air Act Title IV or Title V Permit? _____</p> <p>If Yes:</p> <p>i. Is the project site located in an Air quality non-attainment area? (Area routinely or periodically fails to meet ambient air quality standards for all or some parts of the year) _____</p> <p>ii. In addition to emissions as calculated in the application, the project will generate:</p> <ul style="list-style-type: none"> • _____ Tons/year (short tons) of Carbon Dioxide (CO₂) • _____ Tons/year (short tons) of Nitrous Oxide (N₂O) • _____ Tons/year (short tons) of Perfluorocarbons (PFCs) • _____ Tons/year (short tons) of Sulfur Hexafluoride (SF₆) • _____ Tons/year (short tons) of Carbon Dioxide equivalent of Hydrofluorocarbons (HFCs) • _____ Tons/year (short tons) of Hazardous Air Pollutants (HAPs) 	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No

h. Will the proposed action generate or emit methane (including, but not limited to, sewage treatment plants, landfills, composting facilities)? Yes No

If Yes:

i. Estimate methane generation in tons/year (metric): _____

ii. Describe any methane capture, control or elimination measures included in project design (e.g., combustion to generate heat or electricity, flaring): _____

i. Will the proposed action result in the release of air pollutants from open-air operations or processes, such as quarry or landfill operations? Yes No

If Yes: Describe operations and nature of emissions (e.g., diesel exhaust, rock particulates/dust): _____

j. Will the proposed action result in a substantial increase in traffic above present levels or generate substantial new demand for transportation facilities or services? Yes No

If Yes:

i. When is the peak traffic expected (Check all that apply): Morning Evening Weekend
 Randomly between hours of _____ to _____.

ii. For commercial activities only, projected number of semi-trailer truck trips/day: _____

iii. Parking spaces: Existing _____ Proposed _____ Net increase/decrease _____

iv. Does the proposed action include any shared use parking? Yes No

v. If the proposed action includes any modification of existing roads, creation of new roads or change in existing access, describe: _____

vi. Are public/private transportation service(s) or facilities available within ½ mile of the proposed site? Yes No

vii. Will the proposed action include access to public transportation or accommodations for use of hybrid, electric or other alternative fueled vehicles? Yes No

viii. Will the proposed action include plans for pedestrian or bicycle accommodations for connections to existing pedestrian or bicycle routes? Yes No

k. Will the proposed action (for commercial or industrial projects only) generate new or additional demand for energy? Yes No

If Yes:

i. Estimate annual electricity demand during operation of the proposed action: _____

ii. Anticipated sources/suppliers of electricity for the project (e.g., on-site combustion, on-site renewable, via grid/local utility, or other): _____

iii. Will the proposed action require a new, or an upgrade to, an existing substation? Yes No

l. Hours of operation. Answer all items which apply.

<p>i. During Construction:</p> <ul style="list-style-type: none"> • Monday - Friday: _____ 7:30 a.m. to 4:30 p.m. _____ • Saturday: _____ • Sunday: _____ • Holidays: _____ 	<p>ii. During Operations:</p> <ul style="list-style-type: none"> • Monday - Friday: _____ • Saturday: _____ • Sunday: _____ • Holidays: _____
---	---

m. Will the proposed action produce noise that will exceed existing ambient noise levels during construction, operation, or both? Yes No
 If yes:
 i. Provide details including sources, time of day and duration:

ii. Will proposed action remove existing natural barriers that could act as a noise barrier or screen? Yes No
 Describe: _____

n.. Will the proposed action have outdoor lighting? Yes No
 If yes:
 i. Describe source(s), location(s), height of fixture(s), direction/aim, and proximity to nearest occupied structures:
 Parking lot light fixtures, and wall pack fixtures in compliance with Town regulations 150' - 0".

ii. Will proposed action remove existing natural barriers that could act as a light barrier or screen? Yes No
 Describe: _____

o. Does the proposed action have the potential to produce odors for more than one hour per day? Yes No
 If Yes, describe possible sources, potential frequency and duration of odor emissions, and proximity to nearest occupied structures: _____

p. Will the proposed action include any bulk storage of petroleum (combined capacity of over 1,100 gallons) or chemical products 185 gallons in above ground storage or any amount in underground storage? Yes No
 If Yes:
 i. Product(s) to be stored _____
 ii. Volume(s) _____ per unit time _____ (e.g., month, year)
 iii. Generally describe proposed storage facilities: _____

q. Will the proposed action (commercial, industrial and recreational projects only) use pesticides (i.e., herbicides, insecticides) during construction or operation? Yes No
 If Yes:
 i. Describe proposed treatment(s):

ii. Will the proposed action use Integrated Pest Management Practices? Yes No

r. Will the proposed action (commercial or industrial projects only) involve or require the management or disposal of solid waste (excluding hazardous materials)? Yes No
 If Yes:
 i. Describe any solid waste(s) to be generated during construction or operation of the facility:
 • Construction: _____ 2,920 tons per duration of demolition (unit of time) /and construction
 • Operation : _____ 1.5 tons per _____ month (unit of time)
 ii. Describe any proposals for on-site minimization, recycling or reuse of materials to avoid disposal as solid waste:
 • Construction: _____

 • Operation: _____

 iii. Proposed disposal methods/facilities for solid waste generated on-site:
 • Construction: Private carting company

 • Operation: Private carting company

s. Does the proposed action include construction or modification of a solid waste management facility? Yes No

If Yes:

i. Type of management or handling of waste proposed for the site (e.g., recycling or transfer station, composting, landfill, or other disposal activities): _____

ii. Anticipated rate of disposal/processing:

- _____ Tons/month, if transfer or other non-combustion/thermal treatment, or
- _____ Tons/hour, if combustion or thermal treatment

iii. If landfill, anticipated site life: _____ years

t. Will proposed action at the site involve the commercial generation, treatment, storage, or disposal of hazardous waste? Yes No

If Yes:

i. Name(s) of all hazardous wastes or constituents to be generated, handled or managed at facility: _____

ii. Generally describe processes or activities involving hazardous wastes or constituents: _____

iii. Specify amount to be handled or generated _____ tons/month

iv. Describe any proposals for on-site minimization, recycling or reuse of hazardous constituents: _____

v. Will any hazardous wastes be disposed at an existing offsite hazardous waste facility? Yes No

If Yes: provide name and location of facility: _____

If No: describe proposed management of any hazardous wastes which will not be sent to a hazardous waste facility: _____

E. Site and Setting of Proposed Action

E.1. Land uses on and surrounding the project site

a. Existing land uses.

i. Check all uses that occur on, adjoining and near the project site.

Urban Industrial Commercial Residential (suburban) Rural (non-farm)

Forest Agriculture Aquatic Other (specify): _____

ii. If mix of uses, generally describe: _____

b. Land uses and covertypes on the project site.

Land use or Covertypes	Current Acreage	Acreage After Project Completion	Change (Acres +/-)
• Roads, buildings, and other paved or impervious surfaces	1.24	1.24	0
• Forested			
• Meadows, grasslands or brushlands (non-agricultural, including abandoned agricultural)			
• Agricultural (includes active orchards, field, greenhouse etc.)			
• Surface water features (lakes, ponds, streams, rivers, etc.)			
• Wetlands (freshwater or tidal)			
• Non-vegetated (bare rock, earth or fill)			
• Other Describe: _____			

c. Is the project site presently used by members of the community for public recreation? Yes No
i. If Yes: explain: _____

d. Are there any facilities serving children, the elderly, people with disabilities (e.g., schools, hospitals, licensed day care centers, or group homes) within 1500 feet of the project site? Yes No
If Yes,
i. Identify Facilities: _____

e. Does the project site contain an existing dam? Yes No
If Yes:
i. Dimensions of the dam and impoundment:
• Dam height: _____ feet
• Dam length: _____ feet
• Surface area: _____ acres
• Volume impounded: _____ gallons OR acre-feet
ii. Dam's existing hazard classification: _____
iii. Provide date and summarize results of last inspection: _____

f. Has the project site ever been used as a municipal, commercial or industrial solid waste management facility, or does the project site adjoin property which is now, or was at one time, used as a solid waste management facility? Yes No
If Yes:
i. Has the facility been formally closed? Yes No
• If yes, cite sources/documentation: _____
ii. Describe the location of the project site relative to the boundaries of the solid waste management facility: _____
iii. Describe any development constraints due to the prior solid waste activities: _____

g. Have hazardous wastes been generated, treated and/or disposed of at the site, or does the project site adjoin property which is now or was at one time used to commercially treat, store and/or dispose of hazardous waste? Yes No
If Yes:
i. Describe waste(s) handled and waste management activities, including approximate time when activities occurred: _____

h. Potential contamination history. Has there been a reported spill at the proposed project site, or have any remedial actions been conducted at or adjacent to the proposed site? Yes No
If Yes:
i. Is any portion of the site listed on the NYSDEC Spills Incidents database or Environmental Site Remediation database? Check all that apply: Yes No
 Yes – Spills Incidents database Provide DEC ID number(s): _____
 Yes – Environmental Site Remediation database Provide DEC ID number(s): _____
 Neither database
ii. If site has been subject of RCRA corrective activities, describe control measures: _____
Safeguard is currently in their due diligence phase and will identify any environmental issues at the site. If there is anything identified, Safeguard will report the issue and begin to remediate along with the current Owners.
iii. Is the project within 2000 feet of any site in the NYSDEC Environmental Site Remediation database? Yes No
If yes, provide DEC ID number(s): _____
iv. If yes to (i), (ii) or (iii) above, describe current status of site(s): _____
Safeguard is currently in their due diligence phase and will identify any environmental issues at the site. If there is anything identified, Safeguard will report the issue and begin to remediate along with the current Owners.

v. Is the project site subject to an institutional control limiting property uses? Yes No

- If yes, DEC site ID number: _____
- Describe the type of institutional control (e.g., deed restriction or easement): C&R's need to be amended to accommodate project.
- Describe any use limitations: Property to be used as a Health Club.
- Describe any engineering controls: _____
- Will the project affect the institutional or engineering controls in place? Yes No
- Explain: _____

E.2. Natural Resources On or Near Project Site

a. What is the average depth to bedrock on the project site? _____ N/A feet

b. Are there bedrock outcroppings on the project site? Yes No
 If Yes, what proportion of the site is comprised of bedrock outcroppings? _____ %

c. Predominant soil type(s) present on project site:

<u>Sand/Gravel</u>	_____	100 %
<u>Trace of silt</u>	_____	_____ %
_____	_____	_____ %

d. What is the average depth to the water table on the project site? Average: _____ 7' feet

e. Drainage status of project site soils: Well Drained: _____ % of site
 Moderately Well Drained: 100 % of site
 Poorly Drained _____ % of site

f. Approximate proportion of proposed action site with slopes: 0-10%: _____ 100 % of site
 10-15%: _____ % of site
 15% or greater: _____ % of site

g. Are there any unique geologic features on the project site? Yes No
 If Yes, describe: _____

h. Surface water features.

i. Does any portion of the project site contain wetlands or other waterbodies (including streams, rivers, ponds or lakes)? Yes No

ii. Do any wetlands or other waterbodies adjoin the project site? Yes No
 If Yes to either *i* or *ii*, continue. If No, skip to E.2.i.

iii. Are any of the wetlands or waterbodies within or adjoining the project site regulated by any federal, state or local agency? Yes No

iv. For each identified regulated wetland and waterbody on the project site, provide the following information:

- Streams: Name _____ Classification _____
- Lakes or Ponds: Name _____ Classification _____
- Wetlands: Name _____ Approximate Size _____
- Wetland No. (if regulated by DEC) _____

v. Are any of the above water bodies listed in the most recent compilation of NYS water quality-impaired waterbodies? Yes No
 If yes, name of impaired water body/bodies and basis for listing as impaired: _____

i. Is the project site in a designated Floodway? Yes No

j. Is the project site in the 100 year Floodplain? Yes No

k. Is the project site in the 500 year Floodplain? Yes No

l. Is the project site located over, or immediately adjoining, a primary, principal or sole source aquifer? Yes No
 If Yes:
 i. Name of aquifer: Magothy Aquifer

<p>m. Identify the predominant wildlife species that occupy or use the project site: _____ _____ _____</p>	
<p>n. Does the project site contain a designated significant natural community? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes:</p> <p style="margin-left: 20px;">i. Describe the habitat/community (composition, function, and basis for designation): _____</p> <p style="margin-left: 20px;">ii. Source(s) of description or evaluation: _____</p> <p style="margin-left: 20px;">iii. Extent of community/habitat:</p> <ul style="list-style-type: none"> • Currently: _____ acres • Following completion of project as proposed: _____ acres • Gain or loss (indicate + or -): _____ acres 	
<p>o. Does project site contain any species of plant or animal that is listed by the federal government or NYS as endangered or threatened, or does it contain any areas identified as habitat for an endangered or threatened species? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
<p>p. Does the project site contain any species of plant or animal that is listed by NYS as rare, or as a species of special concern? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
<p>q. Is the project site or adjoining area currently used for hunting, trapping, fishing or shell fishing? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, give a brief description of how the proposed action may affect that use: _____ _____</p>	
E.3. Designated Public Resources On or Near Project Site	
<p>a. Is the project site, or any portion of it, located in a designated agricultural district certified pursuant to Agriculture and Markets Law, Article 25-AA, Section 303 and 304? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, provide county plus district name/number: _____</p>	
<p>b. Are agricultural lands consisting of highly productive soils present? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p style="margin-left: 20px;">i. If Yes: acreage(s) on project site? _____</p> <p style="margin-left: 20px;">ii. Source(s) of soil rating(s): _____</p>	
<p>c. Does the project site contain all or part of, or is it substantially contiguous to, a registered National Natural Landmark? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes:</p> <p style="margin-left: 20px;">i. Nature of the natural landmark: <input type="checkbox"/> Biological Community <input type="checkbox"/> Geological Feature</p> <p style="margin-left: 20px;">ii. Provide brief description of landmark, including values behind designation and approximate size/extent: _____ _____</p>	
<p>d. Is the project site located in or does it adjoin a state listed Critical Environmental Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes:</p> <p style="margin-left: 20px;">i. CEA name: _____</p> <p style="margin-left: 20px;">ii. Basis for designation: _____</p> <p style="margin-left: 20px;">iii. Designating agency and date: _____</p>	

<p>e. Does the project site contain, or is it substantially contiguous to, a building, archaeological site, or district which is listed on, or has been nominated by the NYS Board of Historic Preservation for inclusion on, the State or National Register of Historic Places? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If Yes:</p> <p>i. Nature of historic/archaeological resource: <input type="checkbox"/> Archaeological Site <input type="checkbox"/> Historic Building or District</p> <p>ii. Name: _____</p> <p>iii. Brief description of attributes on which listing is based: _____</p>
<p>f. Is the project site, or any portion of it, located in or adjacent to an area designated as sensitive for archaeological sites on the NY State Historic Preservation Office (SHPO) archaeological site inventory? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>g. Have additional archaeological or historic site(s) or resources been identified on the project site? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If Yes:</p> <p>i. Describe possible resource(s): _____</p> <p>ii. Basis for identification: _____</p>
<p>h. Is the project site within five miles of any officially designated and publicly accessible federal, state, or local scenic or aesthetic resource? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If Yes:</p> <p>i. Identify resource: _____</p> <p>ii. Nature of, or basis for, designation (e.g., established highway overlook, state or local park, state historic trail or scenic byway, etc.): _____</p> <p>iii. Distance between project and resource: _____ miles.</p>
<p>i. Is the project site located within a designated river corridor under the Wild, Scenic and Recreational Rivers Program 6 NYCRR 666? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If Yes:</p> <p>i. Identify the name of the river and its designation: _____</p> <p>ii. Is the activity consistent with development restrictions contained in 6 NYCRR Part 666? <input type="checkbox"/> Yes <input type="checkbox"/> No</p>

F. Additional Information

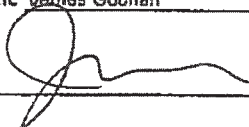
Attach any additional information which may be needed to clarify your project.

If you have identified any adverse impacts which could be associated with your proposal, please describe those impacts plus any measures which you propose to avoid or minimize them.

G. Verification

I certify that the information provided is true to the best of my knowledge.

Applicant/Sponsor Name James Goonan Date 4/21/14

Signature  Title SVP of Development

OTHER ATTACHMENTS

A few salient points

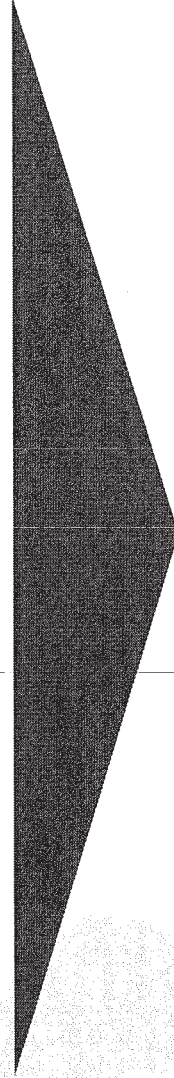


- Safeguard Storage Properties is wholly-owned by a fund managed by _____
- Safeguard's parent has assets under management of over _____ and shareholder equity of over _____
- Safeguard's parent has investable cash well in excess of what would be required for this transaction
- Safeguard has zero debt (no lender authorization or covenants to consider)



Company Overview

- Headquartered in Atlanta, Georgia, Safeguard is a national developer, acquirer and operator of premium-branded self storage facilities in major urban infill markets
 - The Company's facilities are located in underserved, densely-populated urban markets, including the New York metropolitan area, Chicago, Florida, Louisiana, Philadelphia and New Jersey
 - Safeguard's properties are strategically situated on major thoroughfares characterized by high traffic counts and excellent access
- Safeguard's portfolio totals over 3.2 million square feet of storage space, comprising 60 wholly-owned operating facilities and with seven facilities currently in various stages of development
- The Company has fully integrated in-house capabilities to operate, develop and acquire self storage properties
 - Safeguard's platform supports existing operations by employing industry best practices and customized information technology
 - The Company has the expertise and team in place to continue to execute an aggressive growth strategy through in-house development and through targeted acquisitions
- The Company's premium asset quality, amenities, security and branding strategy allow it to differentiate itself in a highly fragmented industry
- The executive team has combined experience of over 125 years in real estate.



Premium facility quality, best-in-class customer service and a focus on technology come together within a fully integrated platform to deliver superior operating results



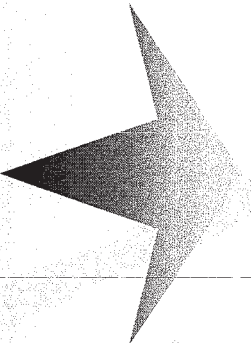
Integrated Platform

Proven, integrated and scalable platform



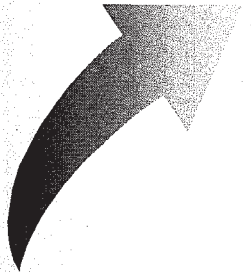
Operations

- Demonstrated historical revenue and operating income growth
- Properties located in high-barrier-to-entry urban markets with strong self-storage demand
- Significant brand awareness and customer loyalty
- Exceptional leadership at the executive, regional and store levels
- Customized information systems that optimize property performance
- Dedicated call center that allows for centralized customer service and leasing



Developments

- Experienced in-house development team
- Proven ability to deliver
- Expertise in urban locations with extensive land and building constraints
- Innovative and branded facility design



Acquisitions

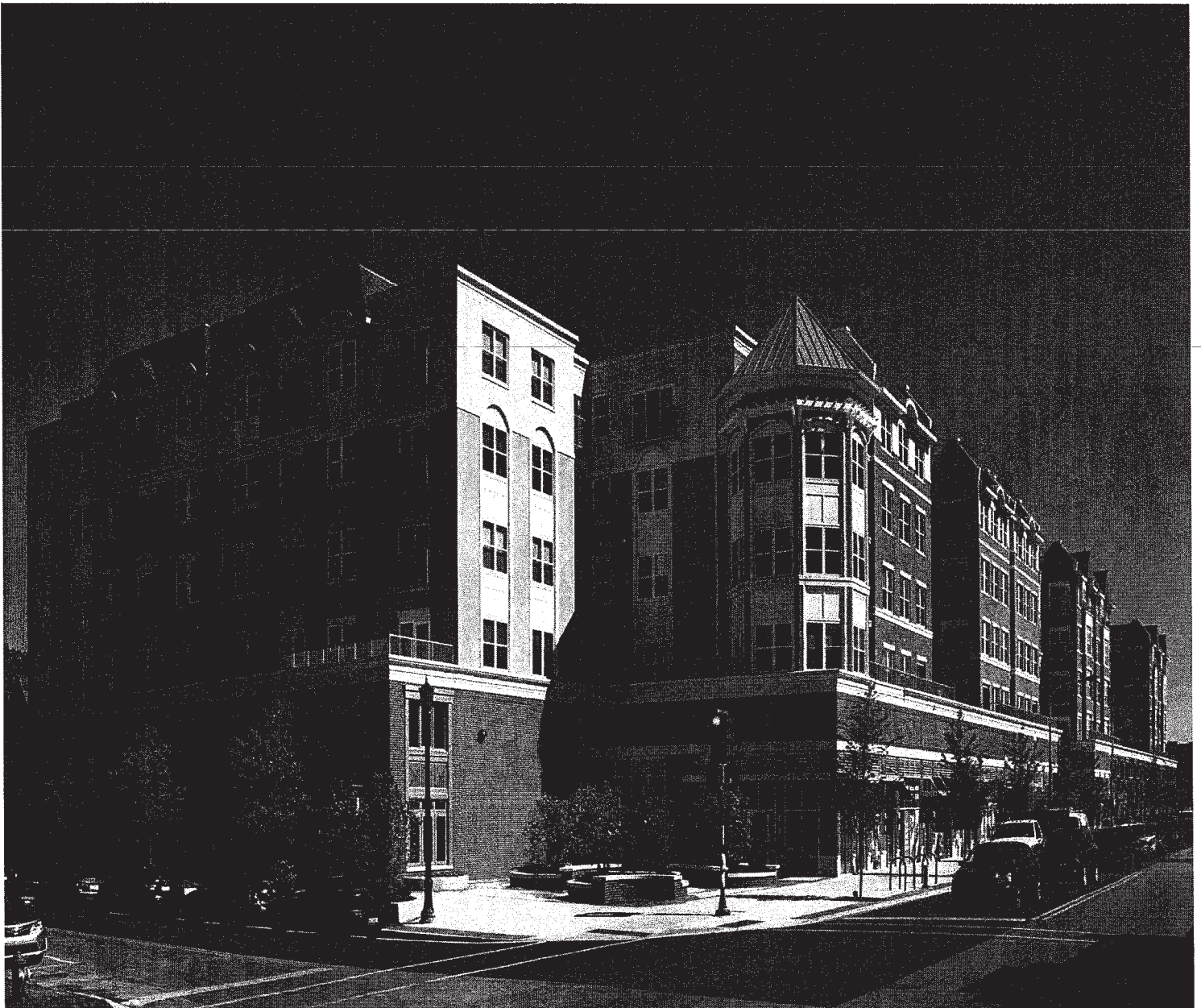
- Dedicated team with significant local market knowledge and sourcing capabilities
- Ability to close on deals quickly (ten days) with all-cash
- Strategy focused on individual and portfolio acquisitions of Class A properties in urban markets

REAL ESTATE

Morgan Stanley

Prime Property Fund[®]
Quarterly Report

FOURTH QUARTER 2013



AMLI Evanston, Evanston, IL

Important Notices and Risk Considerations

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- **Past Performance.** Past performance is not indicative of future results. Any projected or target returns contained herein are being provided for informational purposes only. Investments in real estate may result in the loss of principal. There can be no assurance that any projected or target returns, or any returns at all, will be achieved.
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- **Not an Offer; Qualified by Offering Memorandum.** These materials and the information contained herein have been prepared solely for informational purposes and do not constitute an offer, or a solicitation of an offer, to buy or sell any security, instrument or other interest in any current or future fund or investment vehicle, whether sponsored by MSREI or any other Morgan Stanley affiliate or otherwise. Any such offer or solicitation shall be made only pursuant to a final confidential private placement memorandum (the "Offering Memorandum") for such fund or investment vehicle, which will describe other important information about the sponsor and such fund or investment vehicle. In deciding whether to invest in a fund or investment vehicle, prospective investors should carefully review the Offering Memorandum for such fund or investment vehicle, including the sections regarding the risks and conflicts of interest associated with such an investment and the material terms of the relevant constituent documents. Prospective investors should rely solely on the Offering Memorandum in making an investment decision, and should not rely on any other materials, including these materials, or any oral information, if any, provided by MSREI in connection therewith.
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- **There are significant risk factors associated with an investment in PRIME.** An investment in PRIME will involve significant risks due to, among other things, the nature of the Fund's investments and potential conflicts of interest. There can be no assurance that PRIME will realize its rate of return objectives or return any investor capital. Investors should have the financial ability and willingness to accept the risks (including, among other things, the risk of loss of investment and the lack of liquidity). The value of an investment in the Fund may fluctuate. Past results do not guarantee future performance.

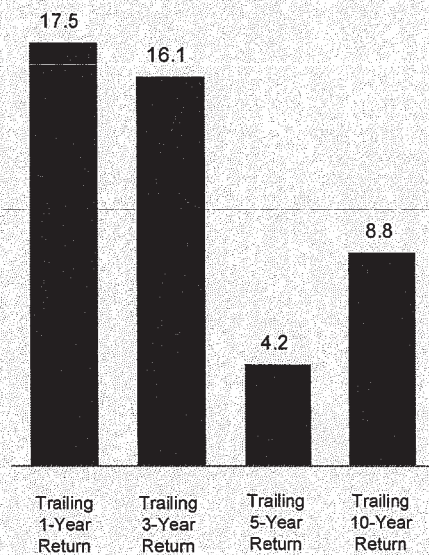
These risk factors include the following:

- Conflicts of interests between the Fund, its investors, the Adviser and other affiliates of Morgan Stanley
 - Tax considerations and regulatory matters
 - Lack of liquidity of investments
 - No or restricted transferability of, or market for, interests in the Fund
 - Competition
 - Leverage
 - Market risk; minority investments in companies
 - Interest rate risks
 - Risks of real estate investments, which may include the following: dependency on specialized management skills, lack of diversification, fluctuations in the value of underlying properties; defaults by borrowers or tenants; market saturation; changes in general and local economic conditions; decreases in market rates for rents; increases in competition, property taxes, capital expenditures or operating expenses; and other economic, political or regulatory occurrences affecting the real estate industry
-

Fourth Quarter 2013: PRIME at a Glance

PRIME generated a fourth-quarter total return of 3.6%, comprised of 1.2% income and 2.4% appreciation, and a 17.5% trailing 12-month return.⁽¹⁾

Investment Performance⁽¹⁾(%)



Gross Asset Value
\$13.0 billion

Net Asset Value
\$10.1 billion

Share Value
\$13,632

Lease Status⁽²⁾
94.0%

Consolidated Leverage⁽³⁾
25.9%

Number of Assets
309

Investors⁽⁴⁾
202

Notes

Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.

¹ Returns are presented on a before-fee basis. See page 7 for after-fee returns.

² Leased Status is value weighted (i.e., calculated using the asset values gross of debt) and adjusted for ownership share.

³ Includes all wholly-owned debt and PRIME's proportionate share of joint venture debt.

⁴ Excludes non-voting shareholders with investments of less than \$10,000; feeder fund investors are treated as a single investor.

Letter to Shareholders

PRIME is a core fund comprised of high-quality properties actively managed by Morgan Stanley to generate attractive performance.

The U.S. economic recovery continued in 2013 with GDP growth of 1.9% and improving employment growth. Real estate investors' focus has been on capital flows and interest rates but, behind the scenes, real estate fundamentals continue to steadily improve. Year-over-year net operating income was positive for all property types⁽¹⁾ in 2013 and, with the exception of apartments, new construction has remained limited despite these improving market conditions.

Much of the pronounced recovery real estate has experienced since the financial crisis has undoubtedly been driven by the recovery in the debt and equity markets, but as we look into 2014 and beyond, we believe that the rising tide will not lift all boats equally, and property-level execution will be the key to creating value for shareholders at this point in the cycle. While transaction activity increased in 2013, creating value through acquisitions has certainly become more challenging.

“PRIME continues to outperform its competitive set, driven in part by the efforts of a broad team of investment professionals committed to maintaining a thoughtful, disciplined approach to managing the portfolio and executing on the Fund's research-supported strategies.”

PRIME continues to outperform its competitive set, driven in part by the efforts of a broad team of investment professionals committed to maintaining a thoughtful, disciplined approach to managing the portfolio and executing on the Fund's research-supported strategies. PRIME produced a total return of 3.6% in the fourth quarter and 17.5% over the 2013 calendar year exceeding the NFI-ODCE index by 43 basis points in the fourth quarter and 360 basis points over the 2013 calendar year⁽²⁾. We are also continuing to outperform the index over the intermediate and long-term.

Notes

Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.

1. NCREIF, MSREI Strategy, data through December 31, 2013.
2. Returns are presented on a before-fee basis. See page 7 for after-fee returns.

Calendar-year performance was driven by, amongst other things, 7.0% same-store property-level net operating income⁽¹⁾ growth (versus the NPI index of 3.7%). The average cap rate for the Fund only dropped 5 basis points from prior year. Office, retail and self-storage produced the strongest returns over the calendar year and in the fourth quarter. All sectors, with the exception of hotel, produced quarterly total returns between 2.7% and 4.3%.

Our team remains discerning in regards to acquisitions, closing on \$727.5 million in 2013 representing only 5.6% of year-ending gross asset value. We continue to selectively prune our portfolio in 2013 with dispositions totaling \$581.1 million at a cumulative premium to appraised value of 5.6%. We have generally focused our use of capital on captive opportunities within our portfolio, such as acquiring partnership interests in current holdings, development on sites already under control, and expansions/redevelopments of existing assets.

Leverage remains at the low end of our targeted range at 25.9% at year end. PRIME called \$249.0 million of new capital commitments in the fourth quarter and had an incoming queue in the amount \$804.0 million at the end of quarter⁽²⁾. Cash at the end of the quarter stood at 5.0%.

The portfolio team, senior management and every professional supporting the product continue to work diligently on your behalf to mitigate risk and produce attractive risk adjusted returns for our shareholders. We appreciate your continued support.

Sincerely,



Scott A. Brown
Head of Prime Property Fund
212-761-3907
scott.brown@morganstanley.com

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Notes

Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.

1. To provide a more meaningful basis for comparison, net operating income includes income before debt service and includes only comparative months for properties held by the Fund.
2. The entry queue as of the end of January 2014 is \$603.0 million.

PRIME Report

Statement of Net Assets (\$000s)

Assets	December 31, 2013	December 31, 2012
Investments	\$ 11,699,316	\$ 9,904,380
Cash & Short-Term Investments	509,206	390,571
Other	90,665	82,071
Total Assets	12,299,187	10,377,022
Liabilities		
Debt	1,846,191	1,815,269
Other	225,579	222,887
Total Liabilities	2,071,770	2,038,156
Noncontrolling Interest	140,558	79,488
Net Assets	\$ 10,086,861	\$ 8,259,378
Consolidated Debt to Total Assets (%)	25.9	27.6
Cash to Net Assets (%)	5.0	4.7

Annualized Time-Weighted Rates of Return ⁽¹⁾(%)

%	4Q 2013	One Year	Three Year	Five Year	Seven Year	Ten Year	Since Inception (8/20/73) ⁽²⁾
Income	1.2	5.0	5.3	5.2	4.9	5.4	7.6
Appreciation	2.4	12.0	10.3	(1.0)	(0.2)	3.3	1.1
Total Before Fees	3.6	17.5	16.1	4.2	4.7	8.8	8.8
NFI-ODCE ⁽³⁾	3.2	13.9	13.6	3.7	3.3	7.2	8.5
Total PRIME After Fees	3.4	16.2	14.7	3.0	3.5	7.7	7.8

Property Type Returns ⁽¹⁾⁽⁵⁾(%)

%	Fourth Quarter			Trailing 12-Month		
	Income	Appreciation	Total	Income	Appreciation	Total
Office	1.3	2.7	4.0	5.7	11.7	18.0
Retail	1.5	1.1	2.7	5.9	14.7	21.4
Industrial	1.5	1.8	3.2	5.8	5.5	11.7
Self Storage	1.3	3.0	4.3	6.0	17.1	24.0
Apartment	1.0	2.3	3.3	4.2	10.1	14.7
Hotel	1.5	(0.6)	0.9	5.0	(5.3)	(0.5)

Geographic Returns ⁽¹⁾⁽⁵⁾(%)

%	Fourth Quarter			Trailing 12-Month		
	Income	Appreciation	Total	Income	Appreciation	Total
East	1.5	1.6	3.1	5.8	9.5	15.8
Midwest	1.1	2.5	3.6	4.3	10.6	15.2
South	1.3	1.7	3.0	5.7	10.9	17.1
West	1.1	2.9	4.1	4.9	11.3	16.7

Notes

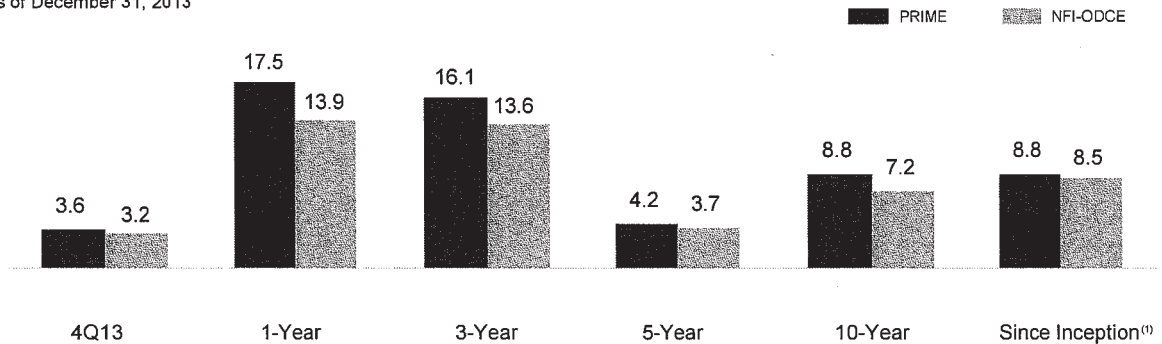
Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.

1. Period ending December 31, 2013. Except for "Total PRIME After Fees", management fees have not been deducted in calculating rates of return.
2. The NFI-ODCE begins as of the first quarter of 1978, inclusive. PRIME's inception was August 20, 1973.
3. The NCREIF Fund Index – Open-End Diversified Core Equity ("NFI-ODCE") is a fund-level, capitalization-weighted, time-weighted return index and includes property investments at ownership share, cash balances and leverage (i.e., returns reflect each fund's actual asset ownership positions and financing strategy). NFI-ODCE performance information is presented gross of fees.
4. See the Performance Notes for important information about the characteristics of the NFI-ODCE and other comparative indices in relation to PRIME and other factors relevant to such comparisons.
5. These returns include the Fund's proportionate share of joint venture debt. These returns do not reflect portfolio-level items (e.g., portfolio-level debt), and therefore the weighted average of the returns does not equal the Fund's overall return.

PRIME Report

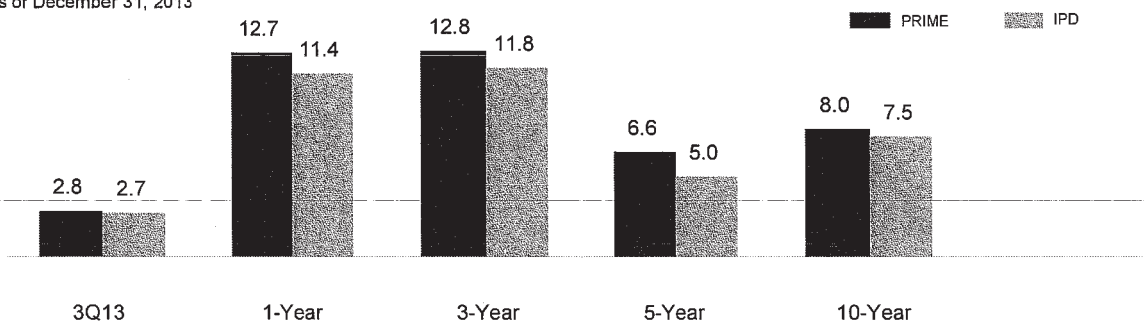
PRIME vs. NFI-ODCE ⁽³⁾ (%)

As of December 31, 2013



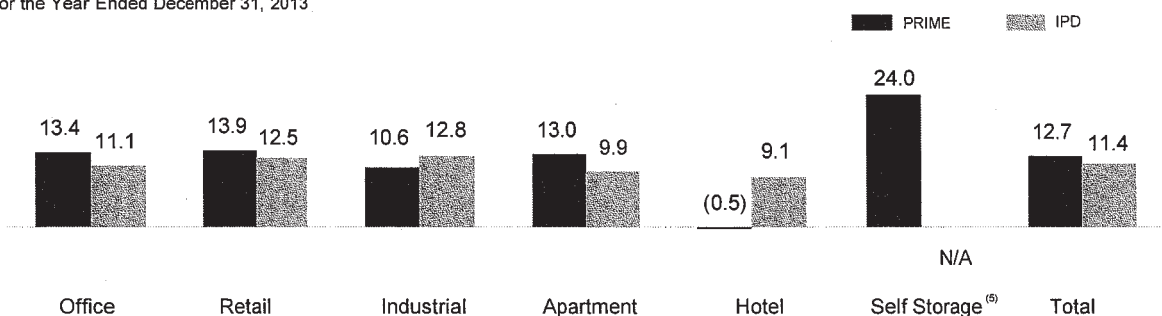
Unleveraged PRIME vs. IPD U.S. Core Open End Fund Benchmark (IPD) Annualized Rates of Return ⁽²⁾⁽³⁾⁽⁴⁾(%)

As of December 31, 2013



Unleveraged PRIME vs. IPD Property Type Sub-Index Returns ⁽²⁾⁽³⁾⁽⁴⁾(%)

For the Year Ended December 31, 2013



Notes

Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.

- The Fund's inception was August 20, 1973; however, to provide a more meaningful basis for comparison, returns for the Fund and the NFI-ODCE are shown for the period starting in the first quarter of 1978, inclusive, which represents all available return information for the NFI-ODCE since its inception.
- The IPD U.S. Core Open-End Fund Benchmark ("IPD Benchmark") is time-weighted return index peer group benchmark used by PRIME and includes all investments owned by the peer group including real estate, cash and other investments (mezzanine loans receivable, notes receivable, forward commitments, etc.). The IPD Benchmark is gross of fees and excludes the impact of leverage.
- See the Performance Notes for important information about the characteristics of the NFI-ODCE, IPD Benchmark and other comparative indices in relation to PRIME and other factors relevant to such comparisons.
- PRIME's unleveraged returns are calculated without the impact of property- and portfolio-level financing.
- IPD does not report on the self storage sector.

PRIME Report

Prime Property Fund — Net Investment Income (\$ in millions, except NII Per Share data)

For the year ended December 31, 2013

	2013	2012	Favorable / (Unfavorable) % Change
Apartment	\$113.6	\$108.4	4.8%
Office	229.0	211.4	8.3%
Retail	106.3	98.6	7.8%
Industrial	76.3	73.6	3.7%
Hotel	16.9	17.3	(2.3)%
Self Storage	36.6	31.6	15.8%
Total Property Level Net Operating Income⁽¹⁾	\$578.7	\$540.9	7.0%
Apartment Operating Company	(10.1)	(4.0)	(152.5)%
Self Storage Operating Company	(2.9)	(3.8)	23.7%
Total Net Operating Income⁽¹⁾	\$565.7	\$533.1	6.1%
Interest Income	2.3	4.4	(47.7)%
Interest Expense	(156.1)	(161.2)	3.2%
Adjustments ⁽²⁾	23.0	14.7	
Net Investment Income ("NII")⁽³⁾	\$434.9	\$391.0	11.2%
NII Per Share⁽⁴⁾	\$618.3	\$637.5	

- Same property net operating income increased 6.1% over 2012 (7.0% increase exclusive of operating companies).
- The favorable variance at the apartment sector was driven primarily by higher market rent in 2013 compared to 2012 at several properties. Lower real estate taxes also contributed to the variance.
- The office sector favorable variance was primarily due to increased occupancy at 155 N. Wacker, Two Park Avenue and Hills Plaza. Lower real estate taxes at 155 N. Wacker and expired rent concessions at 150 California Street also contributed to the variance. This is partially offset by higher rent concessions at One Maritime Plaza and 6500 Wilshire Boulevard as well as Dewey and LeBouf vacating 1101 New York Avenue.
- The retail sector favorable variance was primarily due to increased rental rates at Fashion Valley Mall, Dadeland Mall and Christiana Mall. Additionally, the lease-up of the expansion area at Dadeland Mall contributed to the variance. This is partially offset by increased real estate taxes and operating expenses at Rosedale Shopping Center.
- The industrial sector favorable variance was primarily due to expired rent concessions and increased occupancy across the portfolio. This is partially offset by a grade separation settlement received at Valley View in 2012. Also, occupancy decreased at 6930 San Tomas Road and 5800 Skylab Road in 2013.
- The self storage sector favorable variance was driven by increased rental rates and occupancy across the entire portfolio.
- The apartment operating company unfavorable variance was due to increased compensation expense and decreased promote income in 2013 compared to 2012.
- The favorable variance at the self storage operating company was driven by a lease termination payment made by the company in 2012 to terminate its office lease. Additionally, increased management fee revenue and reduced administrative expense contributed to the variance.
- The interest income unfavorable variance was primarily due to lower principal balances on loans to the AMLI Operating Company.
- The interest expense favorable variance is primarily due to \$186 million of unsecured bonds that matured in April 2012. Also, the repayment of several mortgage loans across the portfolio lowered interest expense. This was partially offset by the issuance of \$400 million of notes payable in August 2013.

Notes

Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.

1. To provide a more meaningful basis for comparison, net operating income includes income before debt service and includes only comparative months for properties held by the Fund.
2. Reflects the effects of properties that were sold/acquired during or prior to the period. Adjustments also include portfolio-level items, including fund-level litigation expenses and other non-operating income and expenses.
3. NII is before base management fees of \$75.9MM (2013) and \$63.3MM (2012) and incentive management fees of \$31.4MM (2013) and \$32.3MM (2012).
4. NII per share is calculated by dividing each month's NII by each month's beginning of period shares and summing the results for each month.

Portfolio Perspectives



Ocean View Hills, San Diego, CA

Apartment

PRIME's apartment portfolio delivered a fourth quarter total return of 3.3%, comprised of 1.0% income and 2.3% appreciation, and a calendar-year total return of 14.7%. The income return continues to be negatively impacted from the apartment development that is underway with the benefit of these activities supporting the appreciation component. Percentage leased across the portfolio stood at 92.7%. The average initial cap rate for the sector remained unchanged from last quarter at 5.2%⁽¹⁾.

Calendar year same-store net operating income increased 4.8% in 2013. Same-store total income growth was 5.3%⁽²⁾ with solid contribution across all AMLI markets with Atlanta, Houston, Denver, South Florida and Seattle continuing the trend of experiencing the strongest levels of income growth.

In the fourth quarter, PRIME sold four apartment holdings comprising 1,264 units. AMLI River Run and AMLI Kirkland Crossing, both located in suburban Chicago, were sold for \$44.0 million (\$214k/unit) and \$42.8 million (\$161k/unit), respectively. Both assets were 10 years old and the dispositions were consistent with our strategy of selling older, suburban properties and reducing our exposure to commodity product in the western Chicago suburbs. AMLI at Westcliff, a 372 unit

“In the largest office lease in downtown San Francisco last year, Google renewed in 375,000 square feet at the property, extending their lease into 2020 at a rate above their existing contract rental rate. Google occupies 54% of Hills Plaza as their San Francisco headquarters.”

11 year old property located in Westminster, CO, was sold for \$67.3 million (\$181k/unit) in the fourth quarter. As PRIME has increased its Denver exposure through both acquisitions and development, we believed a sale of this property was warranted given its age and position in the submarket. Lastly, PRIME sold AMLI Bryan Place in Dallas for \$26.4 million (\$131k/unit). This property was 15 years old and in need of a capital infusion and repositioning allowing for an attractive execution to motivated, leveraged, value-add buyers.

PRIME acquired land sites in the fourth quarter for three new apartment development joint ventures. AMLI Arts Center is in midtown Atlanta, a highly desirable submarket across from the Woodruff Arts Center. AMLI Cityplace, also in Atlanta, is in the Buckhead submarket just north of Lenox Mall and in close proximity to the Lenox MARTA Station. AMLI Deerfield is in north suburban Chicago in a submarket that has reasonable barriers to new supply.

AMLI's development summary is detailed on page 16. Over 5,600 units are under construction, with another 1,200 in lease-up, and just over 1,100 units recently completed and stabilized. Generally, the projects are being delivered on time and on budget. As of the end of fourth quarter 2013, the total appraised value in excess of cost for the current development pipeline was \$246 million representing a profit margin of over 30%.

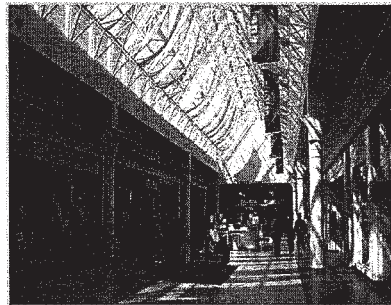
Notes

1. Data represents the weighted average summary assumptions used by third party appraisers in preparing individual asset appraisals. Assets are not appraised in the quarter they are acquired and the assumptions may differ from MSREI internal projections and underwriting.
2. Data provided by AMLI Residential Properties, LP.

Portfolio Perspectives



Ocean View Hills
San Diego, CA



Christiana Mall
Newark, DE



The Pointe
Burbank, CA

Office

PRIME's office portfolio produced a fourth quarter total return of 4.0%, comprised of 1.3% income and 2.7% appreciation. Calendar year 2013 total return for office was 18.0%. The average initial cap rate for the sector is 5.2%⁽¹⁾.

Calendar year 2013 net operating income growth for office was relatively impressive at 8.3%, generally driven by increasing rental rates and increased occupancy as the overall leased percentage for office increased from 94.7% to 96.2% over the course of the year.

Our team executed a number of large, attractive lease transactions in 2013 culminating in the extension of Google at Hills Plaza in downtown San Francisco. In the largest office lease in downtown San Francisco last year, Google renewed in 375,000 square feet at the property, extending their lease into 2020 at a rate above their existing contract rental rate. Google occupies 54% of Hills Plaza as their San Francisco headquarters.

Shortly after quarter end, Kaiser Healthcare renewed in over 440,000 square feet at 74 North Pasadena Avenue in Pasadena, CA on attractive terms given the tenant leases all or part of sixteen floors across two buildings under staggered leases. Our team also continues to diligently pursue additional entitlements within our Pasadena holdings.

PRIME consummated one office transaction in the fourth quarter. We provided up to a \$35 million mezzanine loan for an initial two-year term at LIBOR+825 on The Pointe, a 480,000 square foot, class A office building in Burbank, CA. The building was completed in 2009 and is 70% leased anchored by Warner Bros. Our initial last dollar loan basis is \$386/sf.

Retail

PRIME's retail portfolio delivered a fourth quarter total return of 2.7%, comprised of 1.5% income and 1.1% appreciation, and the calendar year 2013 total return was 21.4%. The average initial cap rate across our entire retail portfolio is 5.3%⁽¹⁾ with our five malls specifically ranging between 5.2% and 6.9%.

Calendar year 2013 same-store retail net operating income is up 7.8% over 2012. The percentage leased across the retail portfolio stands at 96.3% at quarter-end.

Sales growth across the mall portfolio was near 23.5% but, in fairness, this growth is skewed by the Apple store's tremendous productivity at Christiana Mall. Excluding Apple at Christiana, sales across our mall portfolio were generally flat.

Notes

¹ Data represents the weighted average summary assumptions used by third party appraisers in preparing individual asset appraisals. Assets are not appraised in the quarter they are acquired and the assumptions may differ from MSREI internal projections and underwriting.

Portfolio Perspectives

We closed on one small retail transaction in the fourth quarter. We acquired a 90% interest in over 78,000 square feet across eight buildings along four blocks within the Miracle Mile of Coral Gables, FL. The purchase price was \$31.8 million and the square footage was 88% leased at closing. We are aligned with a strong, local operating partner, and the investment offers not only a relatively attractive stabilized yield but also potential upside given existing below market rents.

Industrial

PRIME's industrial portfolio produced a fourth quarter total return of 3.2%, comprised of 1.5% income and 1.8% appreciation, while the calendar year 2013 total return was 11.7%.

Year-to-date industrial net operating income growth was 3.7%. Percentage leased across the industrial portfolio improved to its highest level in over a decade at 93.6%. The average initial cap rate across our industrial portfolio is 5.7%⁽¹⁾.

During the quarter, PRIME closed on an industrial site at 965 Cranbury S. River Road within the Exit 8A submarket of Northern New Jersey. The intention is to develop approximately 550,000 square feet with Matrix Companies in early 2014.

PRIME closed on the sale of Redlands Industrial Center in the East Inland Empire submarket of Los Angeles in the fourth quarter.

The sale price of \$39.3 million represented a 23% premium to our most recent appraised value.

Leasing highlights in the fourth quarter include Honeyville renewing in over 200,000 square feet at Rancho Cucamonga Distribution Center outside of Los Angeles, Express Messenger Systems taking 100,000 square feet at 1951 E. Carnegie in Santa Ana, CA, The Wheat Group renewing in 90,000 square feet at Ocean Views Hills in San Diego and Iron Mountain renewing at 9455 US Route 1 outside of Baltimore, MD.

Self Storage

PRIME's self storage portfolio delivered a fourth quarter total return of 4.3%, comprised of 1.3% income and 3.0% appreciation, with a calendar year 2013 total return of 24.0%. The average initial cap rate for the sector stands at 6.7%⁽¹⁾, including properties in lease-up.

Our Safeguard portfolio was 86.7% leased at the end of the year. Same-store net operating income growth in 2013 was 15.8%. Same store REVPAF in 2013 was 6.7% above 2012. Trailing twelve-month revenue for the same store portfolio increased 9.7% over the prior calendar year⁽²⁾.

Five stores remain under development in Miami, New York and Chicago. Total budgeted cost is \$48.8 million with \$18.1 million funded as of year end. Three stores in New York have recently been completed and are in lease-up with two of those nearing stabilization.

Notes

1. Data represents the weighted average summary assumptions used by third party appraisers in preparing individual asset appraisals. Assets are not appraised in the quarter they are acquired and the assumptions may differ from MSREI internal projections and underwriting.
2. Data provided by Safeguard Storage Properties, LLC.

Portfolio Perspectives

Hotel

PRIME's hotel portfolio delivered a fourth quarter total return of 0.9%, comprised of 1.5% income and (0.6)% appreciation, and a calendar year total return of (0.5)%.

Overall performance at the Marriott East Side continues to steadily improve; however, the hotel continues to under perform its peers due to significant renovations completed at competing hotels over the past two years, especially the newly opened Autograph hotel across the street. The hotel finished 2013 with a RevPAR index of 109.8%⁽¹⁾ compared to the comp set. 2013 Occupancy ended at 87.3%, up 0.5% from the prior year⁽¹⁾. Average daily rate was \$302.95 up 1.6% for the period with RevPAR up 2.0%⁽¹⁾. The improvement in performance is being driven by strong performance in the group segment compared to the prior year, a result of the recent meeting room renovation.

The Boston Harbor Hotel continues to outperform the competitive set. 2013 occupancy ended at 77.2%⁽¹⁾. This was an increase of 3.7% from the prior year and a 103.2%⁽¹⁾ index to the comp set. Average daily rate finished up 4.1% from the prior year at \$338.97, which was a 104.1% index to the comp set⁽¹⁾. Overall, the hotel's 2013 RevPAR is up 8.0% from last year and is a 107.4% index to the comp set⁽¹⁾. The improvement in performance is being driven primarily by strong transient segment performance compared to the prior year.

Other

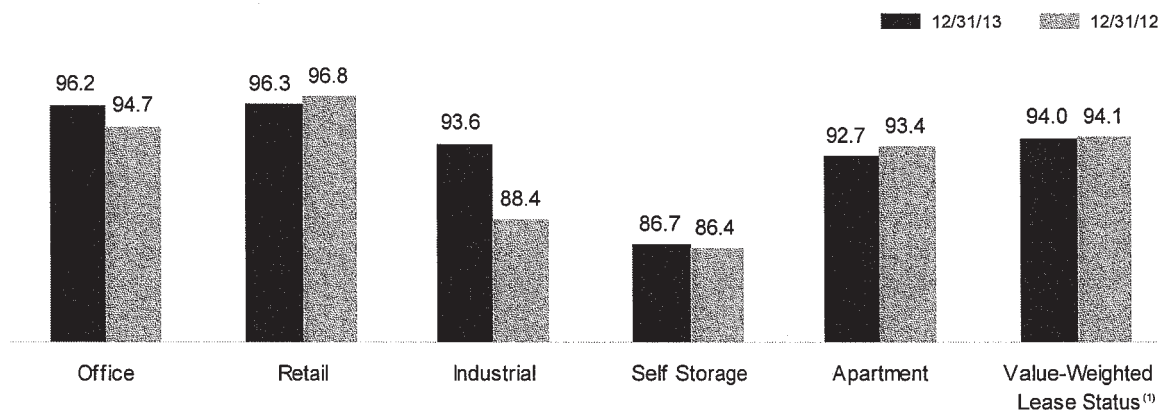
PRIME continues to employ best practices in marking debt to market. The Fund's fourth quarter impact of marking debt to market was 0.2% compared to the NFI-ODCE index at 0.6%. Over calendar year 2013, the Fund's impact of marking debt to market was 1.6% compared to the NFI-ODCE index at 1.0%.

Note

1. Source: Smith Travel Research December 2013 Report.

PRIME Report

Portfolio Lease Status (%)



Lease Expirations (%)

As of December 31, 2013

%	Total Sq. Ft. (MM)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Thereafter
Office	10.0	4.9	9.4	5.8	6.0	7.9	14.9	9.7	7.2	8.6	2.3	19.5
Retail	3.0	11.2	8.4	5.2	7.1	11.6	6.1	7.8	7.7	8.0	8.5	14.7
Industrial	24.9	12.2	20.3	16.6	10.6	11.8	7.7	6.1	1.3	1.9	2.3	2.8
Total⁽¹⁾	37.8	7.5	13.3	7.5	6.9	10.3	9.6	7.5	7.2	7.7	4.1	14.1

Note

1. Lease Status and Total Lease Expirations are value weighted (i.e., calculated using the asset values gross of debt) and adjusted for ownership share.

Summary of Transactions

4th Quarter 2013 Transaction Activity

Acquisitions

Date	Property Name	Type	Ownership	% Acquired	Location	Purchase Price at Ownership \$MM
10/11/13	Gables Miracle Mile	Retail	Joint Venture	90.0%	Coral Gables, FL	31.8
10/21/13	Mansell Land Tract	Land	Joint Venture	95.0%	Alpharetta, GA	2.3
11/21/13	AMLI Arts Center ⁽¹⁾	Land	Joint Venture	52.3%	Atlanta, GA	3.7
11/22/13	AMLI City Place - Phase I ⁽¹⁾	Land	Joint Venture	52.3%	Atlanta, GA	7.8
11/22/13	AMLI City Place - Phase II ⁽¹⁾	Land	Joint Venture	52.3%	Atlanta, GA	3.9
12/13/13	AMLI Deerfield ⁽¹⁾	Land	Joint Venture	19.8%	Deerfield, IL	1.2
12/19/13	965 Cranbury S. River Road ⁽²⁾	Land	Joint Venture	85.0%	South Brunswick Township, NJ	10.6
12/20/13	The Pointe ⁽³⁾	Office	Wholly-Owned	100.0%	Burbank, CA	29.5
12/20/13	West Rogers Park	Self-Storage	Wholly-Owned	100.0%	Chicago, IL	0.7
Total						\$91.5

Dispositions

Date	Property Name	Type	Ownership	Ownership Share %	Location	Last Appraised Value at Ownership \$MM	Sales Price at Ownership \$MM
10/15/13	AMLI River Run	Apartment	Wholly-Owned	100.0%	Naperville, IL	43.0	44.0
10/30/13	AMLI Kirkland Crossing	Apartment	Wholly-Owned	100.0%	Aurora, IL	42.7	42.8
11/13/13	AMLI at Westcliff	Apartment	Wholly-Owned	100.0%	Westminister, CO	67.7	67.3
12/09/13	Redland Industrial Center	Industrial	Wholly-Owned	100.0%	Redland, CA	31.8	39.3
12/18/13	509 W 38th Street ⁽⁴⁾	Land	Wholly-Owned	100.0%	New York, NY	13.6	13.6
12/20/13	AMLI Bryan Place	Apartment	Joint Venture	48.0%	Dallas, TX	26.3	26.4
Total						\$225.1	\$233.4

Notes

1. Acquired land for future apartment development.
2. Acquired land for future industrial development.
3. Mezzanine loan.
4. Note receivable.

Summary of AMLI Development Activity

AMLI Development and Leasing⁽¹⁾ (As of December 31, 2013)

Property Name	Market	% Ownership Share	# of Units	Budgeted Cost ⁽²⁾ \$MM	% Complete	% Leased	Cost to Date ⁽²⁾ \$MM	Current Value ⁽²⁾ \$MM
Under Construction								
AMLI Lex on Orange	So. California	95.0%	310	112.9	77%	0%	86.7	100.5
AMLI at Riverfront Park	Denver	95.0%	242	48.6	72%	0%	34.8	40.0
AMLI Mark24	Seattle	95.0%	304	82.4	63%	0%	51.6	63.3
AMLI Lofts	Chicago	50.4%	398	111.8	48%	0%	53.8	64.7
AMLI Lake Union	Seattle	95.0%	293	85.4	45%	0%	38.5	44.6
AMLI Miramar Park	South Florida	95.0%	300	54.2	40%	0%	21.9	25.5
AMLI Ponce Park	Atlanta	95.0%	305	41.8	36%	0%	15.1	21.5
AMLI Spanish Hills	So. California	95.0%	384	69.9	34%	0%	23.8	33.5
AMLI Urban Center	Dallas	52.3%	482	58.9	29%	0%	17.1	21.1
AMLI West Plano Village	Dallas	33.3%	264	35.6	25%	0%	8.9	11.5
AMLI Arista II	Denver	33.3%	168	27.1	24%	0%	6.5	11.1
AMLI Sawgrass Village	South Florida	95.0%	325	64.6	23%	0%	14.6	19.0
AMLI Mueller Town Center	Austin	95.0%	279	36.8	18%	0%	6.7	8.1
AMLI on Riverside	Dallas	95.0%	323	46.5	15%	0%	7.1	10.3
AMLI Deerfield	Chicago	19.8%	240	63.1	13%	0%	7.6	8.0
AMLI Uptown Orange	So. California	95.0%	334	99.7	12%	0%	12.0	15.1
AMLI at Covered Bridge	Austin	95.0%	360	51.9	9%	0%	4.9	8.0
AMLI at the Ballpark II	Dallas	52.3%	365	52.2	9%	0%	4.9	5.6
Total Under Construction			5,676	\$1,143.4			\$416.4	\$511.3
In Lease-Up								
AMLI Evanston	Chicago	33.3%	214	60.7	93%	57%	56.5	71.5
AMLI at River North	Chicago	95.0%	409	129.9	92%	41%	119.3	177.0
AMLI Interlocken	Denver	95.0%	343	61.0	90%	57%	55.0	66.4
AMLI Barrett	Atlanta	95.0%	238	27.7	78%	67%	21.5	28.1
Total In Lease-up			1,204	\$279.3			\$252.3	\$343.0
Total Under Construction & In Lease-Up			6,880	\$1,422.7			\$668.7	\$854.3
Recently Completed								
AMLI North Point (2013)	Atlanta	95.0%	366	49.9	100%	93%	49.9	68.3
AMLI Escena (2013)	Dallas	95.0%	440	41.0	100%	96%	41.0	69.4
AMLI at the Ballpark I (2013)	Dallas	52.3%	335	39.5	99%	98%	39.3	52.6
Total Recently Completed			1,141	\$130.4			\$130.2	\$190.6
Grand Total			8,021	\$1,553.1			\$798.9	\$1,044.9

Notes

- The Fund is also engaged in development in the self storage and industrial sectors with an aggregate budgeted cost of \$76.8 million. See the Supplement to the Confidential Offering Memorandum for additional detail.
- These amounts are provided at 100% ownership.

Capital Structure

Cost of Debt ⁽¹⁾

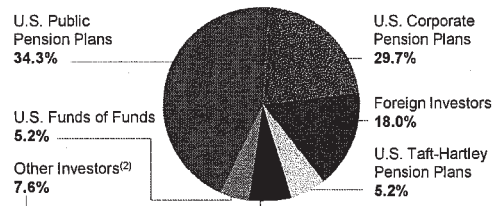
As of December 31, 2013

	All Debt
Weighted Average Cost of Debt	4.8%
Weighted Average Cost of Fixed-Rate Debt	4.9%
Weighted Average Cost of Floating-Rate Debt	3.0%
Consolidated Debt to Total Assets Ratio	25.9%

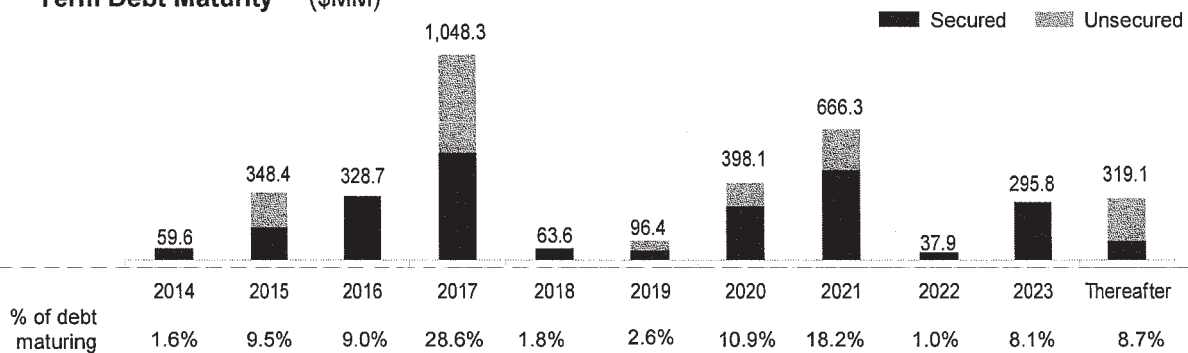
Equity Diversification

As of December 31, 2013

PRIME Client Type



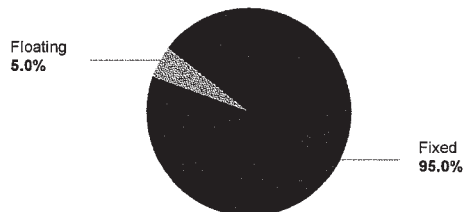
Term Debt Maturity ⁽¹⁾⁽³⁾ (\$MM)



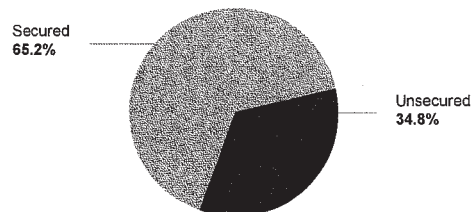
Debt Diversification ⁽¹⁾

As of December 31, 2013

Fixed Rate vs. Floating Rate (All Debt)



Secured vs. Unsecured (All Debt)



Notes

- Includes all wholly owned debt and PRIME's proportionate share of joint venture debt.
- Other Investors includes endowments and foundations, U.S. taxable investors and other investors.
- Maturity schedule reflects wholly owned and joint venture debt at ownership share. Excludes the Fund's \$500 million line of credit, which had \$0.0 million outstanding as of December 31, 2013 and the short-term borrowing facility which had \$0.0 million outstanding as of December 31, 2013. Information is as of December 31, 2013 and is subject to change at any time.

Debt Detail

Fund Level ⁽¹⁾

As of December 31, 2013

	Principal Outstanding \$MM	Maturity Date
PPF Funding, Inc.	177.0	Jun-15
PPF Funding, Inc.	199.5	Jan-17
Line of Credit	-	Feb-17
PPF Funding, Inc.	297.3	Apr-17
Prime Property Fund, LLC	50.0	Aug-19
Prime Property Fund, LLC	125.0	Aug-20
PPF Funding, Inc.	200.0	Jul-21
Prime Property Fund, LLC	225.0	Aug-25
PRIME Short-Term Borrowing Facility	-	N/A
AML Residential Properties, L.P. - Line of Credit	-	on demand
Total	1,273.8	

Property Level ⁽²⁾

As of December 31, 2013

Collateral Property Name	Principal Outstanding ⁽³⁾ \$MM	Maturity Date	Ownership
10015 Waples Court	5.1	May-14	Joint Venture
Fashion Valley - Neiman Marcus ⁽⁴⁾	2.8	May-14	Joint Venture
AML at Milton Park	4.8	May-14	Joint Venture
AML on Eldridge Parkway	27.6	Jun-14	Wholly-Owned
One & Three Montgomery Way	3.4	Sep-14	Joint Venture
PPF Ind. West Venture I - Schaefer	16.0	Nov-14	Joint Venture
AML at St. Charles	27.1	Jan-15	Wholly-Owned
AML at North Briarcliff	14.0	Jun-15	Wholly-Owned
1801 N Lynn	120.0	Jun-15	Wholly-Owned
McNab Business Park	6.0	Jul-15	Wholly-Owned
AML at Perimeter Gardens	4.2	Oct-15	Joint Venture
AML 5350	2.1	Feb-16	Joint Venture
600 Second Street	38.5	Feb-16	Joint Venture
AML at Danada Farms	8.7	May-16	Joint Venture
AML at Lowry Estates	15.6	May-16	Joint Venture
AML at Day Creek	6.8	May-16	Joint Venture
AML at Victoria Arbors	8.4	May-16	Joint Venture
AML on the Plaza	4.4	May-16	Joint Venture
Matrix	31.5	Jul-16	Joint Venture
AML on 2nd	29.2	Jul-16	Joint Venture
Matrix II	33.8	Jul-16	Joint Venture
Matrix II (45 Stults)	18.6	Jul-16	Joint Venture
120 - 126 Prince Street	12.0	Jul-16	Joint Venture
AML at the Medical Center	6.4	Sep-16	Joint Venture
74 North Pasadena Avenue	89.7	Sep-16	Joint Venture

Debt Detail

Property Level (cont'd)⁽²⁾

As of December 31, 2013

Collateral Property Name	Principal Outstanding ⁽³⁾ \$MM	Maturity Date	Ownership
PPF Industrial West Venture I ⁽⁵⁾	16.3	Oct-16	Joint Venture
PPF Ind. West Venture I - Rancho Cucamonga	6.7	Dec-16	Joint Venture
AML I at La Villita	17.5	Jul-17	Joint Venture
1101 New York Avenue	45.9	Jul-17	Joint Venture
AML I at Naperville	10.0	Sep-17	Joint Venture
One Market Plaza	420.0	Aug-17	Joint Venture
One Market Plaza - Credit Facility	21.6	Aug-17	Joint Venture
PPF Ind. West Venture I - Kilroy A - La Palma	9.8	Dec-17	Joint Venture
PPF Ind. West Venture I - Kilroy B - Towne-Center	11.3	Dec-17	Joint Venture
PPF Ind. West Venture I - Kilroy C ⁽⁶⁾	15.5	Dec-17	Joint Venture
AML I at Northwinds	22.1	Sep-18	Joint Venture
Gables Miracle Mile	20.7	Oct-18	Joint Venture
PPF Ind. West Venture I - Rancho Cucamonga	20.9	Dec-18	Joint Venture
PPF Industrial West Venture I ⁽⁷⁾	36.6	May-19	Joint Venture
PPF Industrial West Venture I ⁽⁷⁾	9.8	May-19	Joint Venture
AML I 900	32.5	Sep-20	Joint Venture
Christiana Mall	117.5	Sep-20	Joint Venture
AML I Lindbergh	4.5	Oct-20	Joint Venture
700 Second Street	70.4	Oct-20	Joint Venture
AML I at Seven Bridges	41.5	Oct-20	Wholly-Owned
AML I Eastside	6.6	Dec-20	Joint Venture
AML I Arista	3.8	Jan-21	Joint Venture
Fashion Valley ⁽⁸⁾	237.5	Jan-21	Joint Venture
Dadeland Mall	225.0	Dec-21	Joint Venture
103 Prince Street	31.8	Jan-22	Joint Venture
AML I Las Colinas	6.1	Aug-22	Joint Venture
155 N. Wacker	295.8	Mar-23	Joint Venture
100 F Street	85.6	Sep-25	Joint Venture
Rowes Wharf	6.4	Aug-27	Joint Venture
Boston Harbor Hotel	2.1	Aug-27	Joint Venture
Total	2,388.5		

Notes

- Total fair value of fund level debt as of December 31, 2013 was \$1,325.5 million.
- Total fair value of property-level debt at the Fund's ownership as of December 31, 2013 was \$2,397.2 million.
- Principal outstanding is shown at the Fund's ownership share.
- Debt is secured by Neiman Marcus store only.
- Debt is secured by 4501 West Valley Highway East and 6617 Associated Boulevard only.
- Debt is secured by 1951 East Carnegie Avenue, 2525 Pullman Street, 895 Beacon Street, 955 Beacon Street and 1125 Beacon Street.
- These are two tranches of the same loan. Debt is secured by 9120 Mason Avenue, 507 North Levee Road, 2650 North MacArthur Boulevard, 905 McLaughlin Avenue, 401 & 501 Nestle Way, 4550 Wineville Road, 4104 C Street and 5450 West Kiest Boulevard.
- Debt is secured by mall and land, excluding Neiman Marcus store which is subject to a separate mortgage loan.

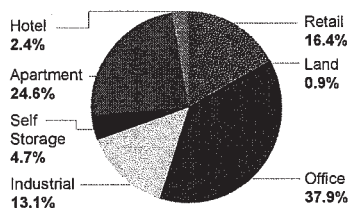
Fund Diversification and Appraisal Assumptions

Diversification

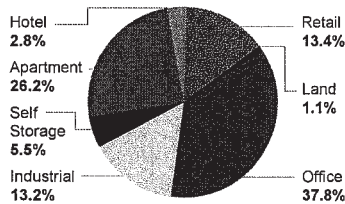
As of December 31, 2013

Property Sector Diversification

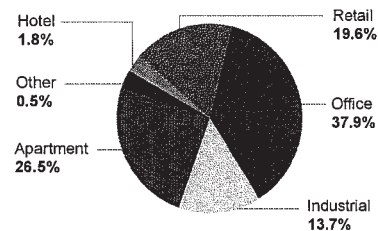
PRIME—Gross⁽¹⁾



PRIME—Net⁽¹⁾

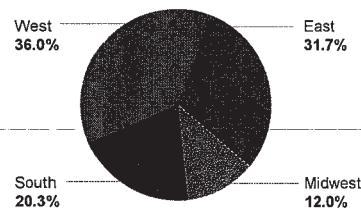


IPD⁽²⁾

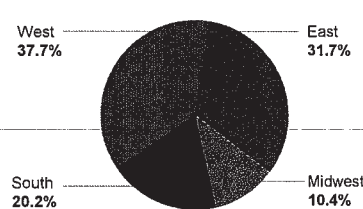


Geographic Diversification

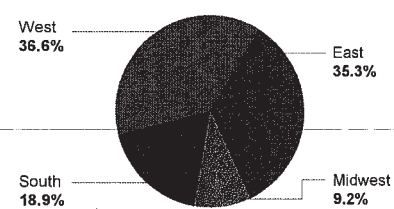
PRIME—Gross⁽¹⁾



PRIME—Net⁽¹⁾



IPD⁽²⁾



Appraisal Assumptions

As of December 31, 2013

%	Average Initial Cap Rate	Average 5-Year Cap Rate	Average Terminal Cap Rate	Average Discount Rate	Average Rent Growth	Average Expense Growth
Office	5.2	5.9	6.2	7.1	3.4	2.9
Retail	5.3	5.9	6.2	7.2	2.8	3.0
Industrial	5.7	6.3	6.7	7.4	3.2	2.9
Self Storage	6.7	7.2	7.8	8.5	3.0	3.0
Apartment	5.2	5.6	6.0	7.3	3.2	3.0
Hotel	5.9	7.7	7.4	9.6	3.4	3.2
Total Portfolio⁽³⁾	5.4	6.0	6.3	7.3	3.2	3.0

Notes

- Gross weighting calculated using PRIME's proportionate share of assets' appraised value. Net weighting calculated using PRIME's proportionate share of assets' appraised value net of debt.
- See the Performance Notes for important information about the characteristics of the IPD Benchmark and other comparative indices in relation to PRIME and other factors relevant to such comparisons.
- Appraisal reports for the Fund's real estate assets are prepared by independent third party appraisers based on a 100% fee interest in each asset regardless of the Fund's actual ownership interest. Appraisal assumptions by sector represent a weighted average based on the Fund's ownership interest of the individual asset appraisals. Total appraisal assumptions represent a weighted average of the appraisal assumptions for each property sector. Assets are not appraised in the quarter they are acquired. Cap rates provided above represent the assumptions used by the Fund's independent third party appraisers and may differ from the Adviser's internal projections and underwriting assumptions.

Performance Notes

Past performance is not indicative of future results. There can be no assurance that the Fund will achieve comparable, or any, returns. Losses, including a total loss of invested amounts, can result from investment in the Fund.

Unless otherwise noted, performance returns for the Fund contained herein:

- Are annualized (i.e., for periods of one year or greater, the performance returns represent average annual returns). Returns for periods less than one year are unannualized.
- Are time-weighted returns calculated using a “modified Dietz method.” In the absence of daily portfolio valuations, the modified Dietz method weights individual cash flows by the amount of time that those cash flows are held by (or absent from) the portfolio. The Adviser believes the modified Dietz method is a more appropriate way to measure the return on a portfolio than a simple geometric return method because the modified Dietz method identifies and accounts for the timing of all random cash flows while a simple geometric return does not.
- Are presented before (i.e., gross of) investment advisory fees—specifically, they do not reflect a deduction for asset management fees. Actual returns to an investor would be lower.
- Are presented on a levered basis.
- Are presented based on finalized interim unaudited financial results (or, if available, finalized audited financial statements) available as of the stated time in the return presentation. Such results as of the end of the applicable fiscal year are generally audited by a reputable outside firm within 90 days of the Fund’s fiscal year end.
- Include interest income from short-term investments.
- Include income which is based on accrual accounting.
- Include increases or decreases in net asset value arising from the Fund’s marking of its debt to market in accordance with Accounting Standards Codification 825-10-25.

The Fund’s inception date was August 20, 1973. Performance information for the Fund for the period in which it was advised by Lend Lease Real Estate Investments, Inc. or its predecessors (the period prior to December 2003) is included because it has been concluded that, given the substantial overlap of personnel and other factors, reporting such information would be helpful. On June 30, 2004, the Fund became the successor in interest of an open-end institutional real estate fund organized in 1973 as a statutory insurance company separate account (known as “Separate Account No. 8 – Prime Property Fund”) sponsored and maintained by The Equitable Life Assurance Society of the United States.

The sum of the income return and appreciation return components may not equal the gross return because of the time weighting (i.e., chain linking) of component monthly returns and/or quarterly returns.

Income return may or may not approximate distributed income to the investor, depending on the cash distribution policy or elections made by the investor.

As stated above, performance returns for the Fund contained herein are reported on an annualized, not cumulative, return basis. The cumulative, compounded effect of advisory fees on total returns can be significant. For example, assuming an 8% annual return to a portfolio, earned evenly over the period in question, and an annual advisory fee on equity equal to 1.15%, the total after-fee return to the client would nominally be 6.85%. Over one-, three-, five- and ten-year periods, however, cumulative actual returns would be 8.24% (gross) and 7.03% (net) for one year; 26.82% (gross) and 22.60% (net) for three years; 48.59% (gross) and 40.44% (net) for five years; and 120.80% (gross) and 97.23% (net) for ten years.

Comparable Indices and Benchmarks – Generally

For purposes of evaluating the Fund’s performance, the information contained herein includes certain comparisons to certain real estate and non-real estate indices and benchmarks. It is not possible to invest directly into an index or benchmark. Certain factors and the limited data available for such indices and benchmarks may make direct comparisons difficult, and such indices and benchmarks may have characteristics that are not fully applicable to the Fund and may be more or less volatile than the Fund. For example, indices (or particular funds contained therein) may have dissimilar asset concentrations, appraisal standards or policies on the reinvestment of dividends or other proceeds when compared to the Fund.

Performance Notes

Characteristics of certain indices and benchmarks commonly used in comparisons with the Fund are described below; however, the descriptions are not exhaustive. Thorough familiarity with the characteristics for each index and benchmark is advisable before one can fully understand such comparisons.

NCREIF Fund Index – Open-End Diversified Core Equity

The NCREIF Fund Index – Open-End Diversified Core Equity (“NFI-ODCE”) is a fund-level, capitalization-weighted, time-weighted return index and includes property investments at ownership share, cash balances and leverage (i.e., returns reflect each fund’s actual asset ownership positions and financing strategy). NFI-ODCE performance information is presented gross of fees. NFI-ODCE information is available beginning in the first quarter of 1978, inclusive.

IPD U.S. Core Open-End Fund Benchmark

The IPD U.S. Core Open-End Fund Benchmark (“IPD Benchmark”) is time-weighted return index peer group benchmark used by PRIME and includes all investments owned by the peer group including real estate, cash and other investments (mezzanine loans receivable, notes receivable, forward commitments, etc.). The IPD Benchmark is gross of fees and excludes the impact of leverage.

Other Indices

Comparisons to the performance returns of other indices (e.g., NAREIT Equity REIT Index, S&P 500, Barclays Capital U.S. Government/Credit Bond Index) are subject to similar considerations concerning component product mixes, weighting, etc. In particular, when comparing the performance of asset classes, readers should keep in mind that there are differences that make direct comparisons difficult. For example, due to the appraisal methods for valuing real estate, there may be inherent issues when comparing real estate to other asset classes; stocks are more volatile than bonds; and U.S. government bonds and fixed income investments are guaranteed by the issuer as to the timely payment of principal and interest and pay a fixed rate of interest.

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