

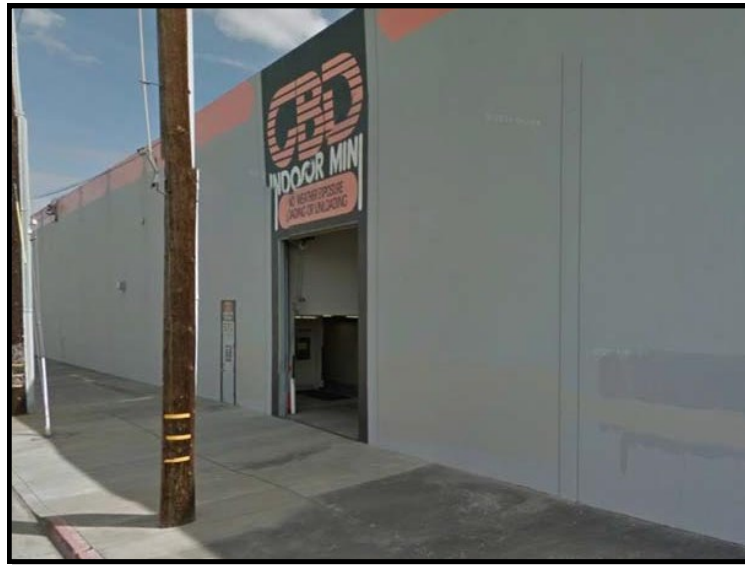


SELF STORAGE SALES NETWORK

CBD Indoor Storage and J. Lohr Winery Warehouse

566-570 Cinnabar Street

San Jose, CA 95110



OFFERING MEMORANDUM

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The Argus Self Storage Sales Network (Argus) is not the listing agent for this property. Offers to buy or sell this property can only be made through the listing agent identified herein. Argus is a marketing consultant that provides certain marketing assistance to the listing broker and is not a party to the listing agreement or any other agreement relating to the property. The Seller is the owner or the authorized agent of the owner, of the property offered for sale and the subject of the listing agreement between Broker and Seller.

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For further information, please contact:

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OFFERING SUMMARY

Property is centrally located to downtown San Jose, however it is located in an industrial area with limited traffic and visibility. This site will rely heavily on internet and mobile search marketing to target new tenants. Given its proximity to downtown and the number of new residential units recently completed and currently under construction coupled with the lack of new self-storage properties coming on-line within the Downtown sub-market this property should show significant improvements in occupancy and rental income with a more aggressive marketing platform in-place.

The warehouse space currently occupied by J. Lohr Winery will be vacated within the next 2-4 years and will provide an excellent opportunity to expand the self-storage capacity, optimize the unit mix and add modern facility amenities such as elevators, individual door alarms, enhanced security features, etc.

- Opportunity to improve marketing. When searching self storage in San Jose or downtown San Jose this site does not appear on first page of search result in google.
- Optimize unit mix. Facility has 373 units smaller than 5x10, which account for the majority of vacancies.
- Expand mini-storage in warehouse space once J. Lohr Winery vacates the warehouse (47,114 SF with 28' clear height).

FINANCIAL DATA

Price	\$13,500,000
Terms	Cash
Cap Rate-Current Year	Blended CAP rate between storage and warehouse 5.4%
NOI-Current Year	\$441,211 (storage)
Cap Rate-Pro Forma	6.5%
NOI-Pro Forma	877,500
Total Units	957
Rentable Square Feet	71,779 SF storage on 2 floors <u>47,114 SF warehouse</u>
Total Square Feet (Gross)	105,000 SF
Year Built	1950s, with self storage conversion in 1984
NOI-Current Year	\$728,845 (Storage= \$442,863; Warehouse= \$285,982)



PROPERTY DETAILS

PROPERTY

NAME	CBD Indoor Storage and J. Lohr Winery Warehouse
Address	566-570 Cinnabar Street, San Jose, CA
County	Santa Clara
Parcel Numbers	259-27-017
Parcel Size	2.686 acres (117,002 SF)
Zoning	Light Industrial
Property Type	Concrete tilt, big-box warehouse
Year Built	1950s, converted to current use in 1984
Total Square Feet	105,000 SF
Rentable Square Feet	71,779 NRSF of storage on 2 floors and 47,114 SF of warehouse space
Land for Expansion	No, however may expand storage in warehouse space once tenant vacates
Surrounding Land for Purchase	No

OCCUPANCY

Total Units	957
Unit Occupancy	736 (76.9%) as of 12/31/13
Physical Occupancy	60,234 SF (83.9%) as of 12/31/13
Economic Occupancy	82.7% (as of 12/31/13)

PHYSICAL

Foundation	Concrete
Exterior Construction	Concrete tilt
Interior Construction	Mostly wood framed
Roof Structure	Tar
Partitions	Wood
Site Access Controls	Single entrance with entry alert system
Office	200+/- SF
Security	Access limited by single entry point
Accounting Software	SiteLink
Fire Protection	Sprinklers throughout
Doors/ Access	1
Number of Buildings	1
Land to Building Ratio	90%
Parking	None
Traffic Exposure	Limited
Power	Yes
Warehouse Lighting	Yes
Office Hours	8am-7pm Mon-Sat; 10am-6pm Sun



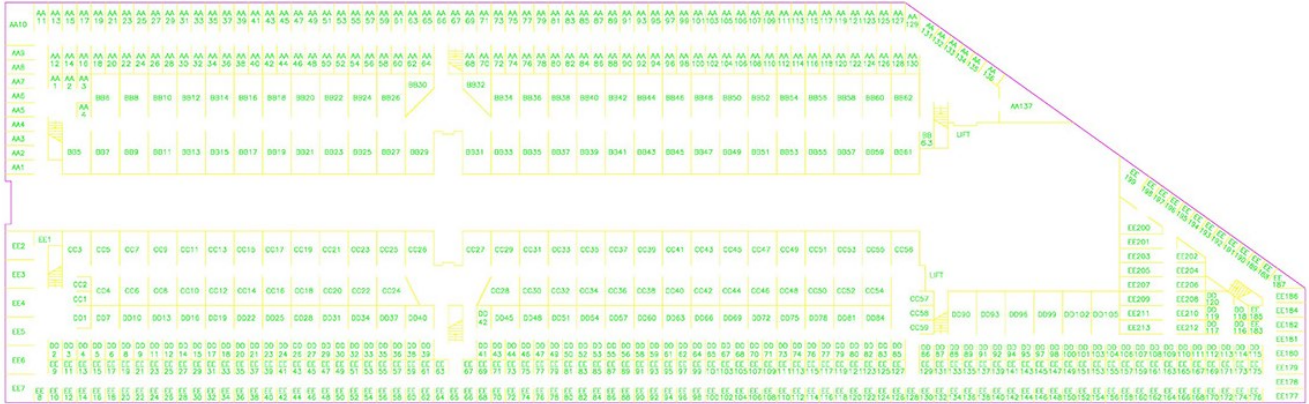
UNIT MIX & OCCUPANCY SCHEDULE

Unit Size (feet)	Total # of Units	Rentable SF / Unit	Rentable Square Feet	Rental Rate *	Monthly Rent Square Foot	Annual Rent Square Foot	Potential Revenue	
							Monthly	Annual
UNITS								
4 x 4	1	16	16	\$ 50.00	\$ 3.13	\$ 37.50	\$ 50	\$ 600
5 x 5	299	25	7475	\$ 55.00	\$ 2.20	\$ 26.40	\$ 16,445	\$ 197,340
5 x 6	3	30	90	\$ 57.00	\$ 1.90	\$ 22.80	\$ 171	\$ 2,052
5 x 7	58	35	2030	\$ 50.00	\$ 1.43	\$ 17.14	\$ 2,900	\$ 34,800
6 x 6	1	36	36	\$ 50.00	\$ 1.39	\$ 16.67	\$ 50	\$ 600
5 x 8	9	40	360	\$ 55.00	\$ 1.38	\$ 16.50	\$ 495	\$ 5,940
6 x 7	2	42	84	\$ 65.00	\$ 1.55	\$ 18.57	\$ 130	\$ 1,560
5 x 10	204	50	10200	\$ 68.00	\$ 1.36	\$ 16.32	\$ 13,872	\$ 166,464
6 x 9	1	54	54	\$ 65.00	\$ 1.20	\$ 14.44	\$ 65	\$ 780
5 x 11	1	55	55	\$ 65.00	\$ 1.18	\$ 14.18	\$ 65	\$ 780
6 x 10	3	60	180	\$ 90.00	\$ 1.50	\$ 18.00	\$ 270	\$ 3,240
7 x 10	2	70	140	\$ 90.00	\$ 1.29	\$ 15.43	\$ 180	\$ 2,160
5 x 15	9	75	675	\$ 90.00	\$ 1.20	\$ 14.40	\$ 810	\$ 9,720
10 x 8	26	80	2080	\$ 100.00	\$ 1.25	\$ 15.00	\$ 2,600	\$ 31,200
5 x 20	1	100	100	\$ 90.00	\$ 0.90	\$ 10.80	\$ 90	\$ 1,080
10 x 10	99	100	9900	\$ 145.00	\$ 1.45	\$ 17.40	\$ 14,355	\$ 172,260
10 x 12	32	120	3840	\$ 125.00	\$ 1.04	\$ 12.50	\$ 4,000	\$ 48,000
10 x 13	2	130	260	\$ 120.00	\$ 0.92	\$ 11.08	\$ 240	\$ 2,880
8 x 17	1	136	136	\$ 140.00	\$ 1.03	\$ 12.35	\$ 140	\$ 1,680
10 x 15	131	150	19650	\$ 185.00	\$ 1.23	\$ 14.80	\$ 24,235	\$ 290,820
10 x 17	1	170	170	\$ 200.00	\$ 1.18	\$ 14.12	\$ 200	\$ 2,400
10 x 18	1	180	180	\$ 200.00	\$ 1.11	\$ 13.33	\$ 200	\$ 2,400
10 x 20	68	200	13600	\$ 212.50	\$ 1.06	\$ 12.75	\$ 14,450	\$ 173,400
12 x 19	1	228	228	\$ 150.00	\$ 0.66	\$ 7.89	\$ 150	\$ 1,800
10 x 24	1	240	240	\$ 205.00	\$ 0.85	\$ 10.25	\$ 205	\$ 2,460
TOTALS	957	97	71,779		\$ 1.34	\$ 16.03	96,368	1,156,416

* Blended rate between upstairs and ground floor asking rates
 Reported Potential Rents from Sitelink is \$90,591 (\$1,087,092 per annum)

UNIT MIX LAYOUT

SECOND FLOOR



FIRST FLOOR



FINANCIAL OVERVIEW-STORAGE

	2013 ACTUAL	2013 Adjusted	
TOTAL SF AVAILABLE	71,779		
TOTAL UNITS AVAILABLE	957		
TOTAL POTENTIAL RENTS/Month	90,591		
Average ACTUAL Occupancy (by UNIT)	736		
Average ACTUAL Occupancy (by SF)	60,304		
% UNIT Occupancy	76.9%		
% Physical Occupancy (SF)	84.0%		
Economic Occupancy	85.2%		
Revenues			
Rental Income	\$ 772,877	\$ 772,877	
Late Fees and Auction Income	\$ 21,718	\$ 21,718	
Retail / Other Income	\$ 1,747	\$ 1,747	
Total Income	\$ 796,342	\$ 796,342	
LESS: Adjusted Expenses			
Payroll / Payroll taxes	\$ 129,803	\$ 100,000	
Management Fee @ 5%	\$ 39,817	\$ 39,817	
Lease Union Pacific **	\$ 393	\$ 750	
Insurance	\$ 13,192	\$ 12,000	
Bank Fees & Service Charges	\$ 6,591	\$ 6,000	
Maintenance & Repairs	\$ 17,050	\$ 17,050	
Computers and Service	\$ 589	\$ 589	
Utilities, Telephone, Garbage	\$ 26,499	\$ 26,499	
RE Taxes *	\$ 83,531	\$ 83,531	
Advertising	\$ 17,001	\$ 17,001	
Outsourced Services	\$ 1,023	\$ 1,023	
Professional Services	\$ 2,222	\$ 2,222	
Postage	\$ 4,429	\$ 4,429	
Office Supplies	\$ 8,121	\$ 8,121	
Misc.	\$ 3,217	\$ 3,217	
Total Adjusted Expenses	ACTUAL > \$ 353,479	44% \$ 322,251	40%
Net Operating Income	\$ 442,863	\$ 474,092	

* RE Taxes based on 55% of total amount at 1.125% and \$13,500,000 acquisition cost

**Lease for service access between building and UPRR rail spur.



FINANCIAL OVERVIEW-WAREHOUSE

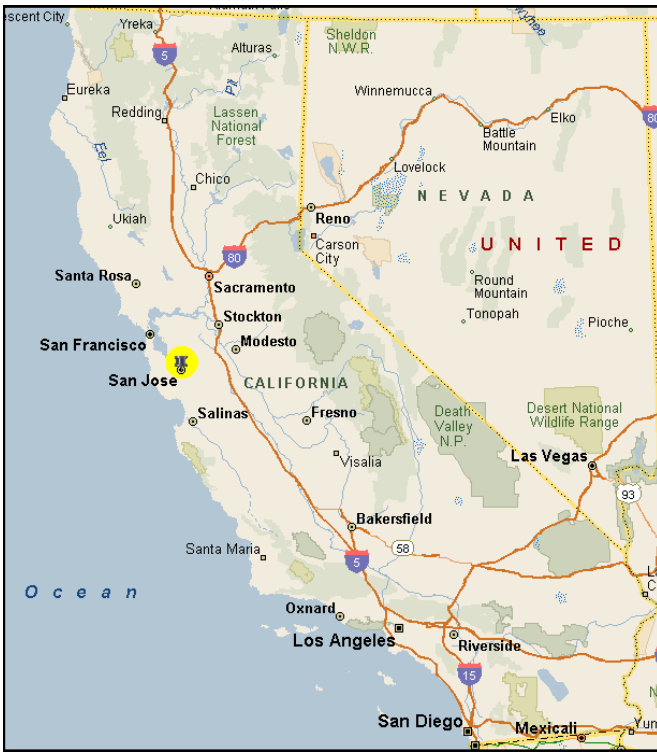
	2014
	Estimated
TOTAL SF AVAILABLE	47,113
Revenues	
NNN Rental Income (\$0.49/SF NNN)	\$ 285,982.44
Total Income	\$ 285,982.44

Value based on NNN lease of \$23,185.60, per owner.
Lease has annual CPI adjustments and tenant is responsible for expenses related to its prorata share of the building and grounds.

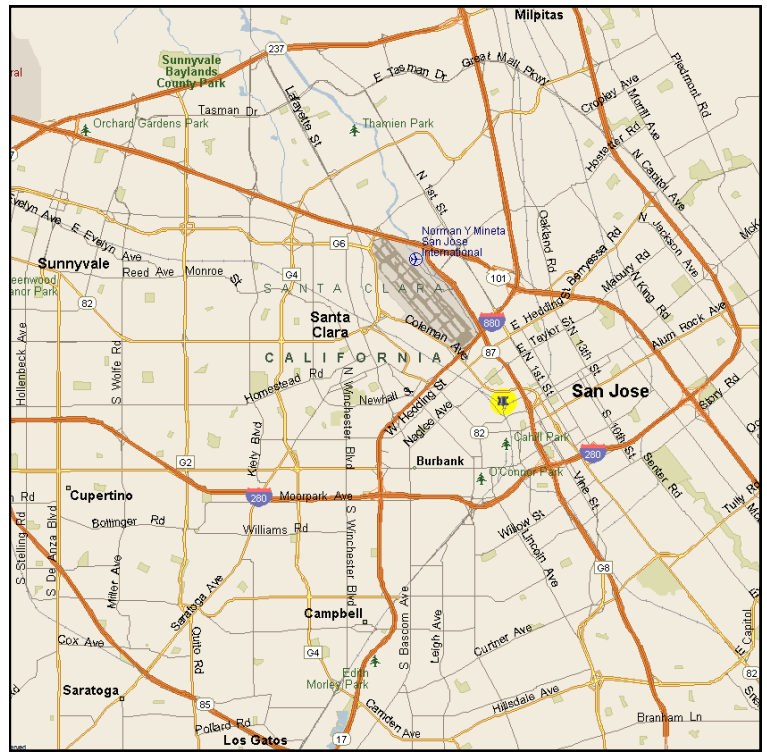


MAPS

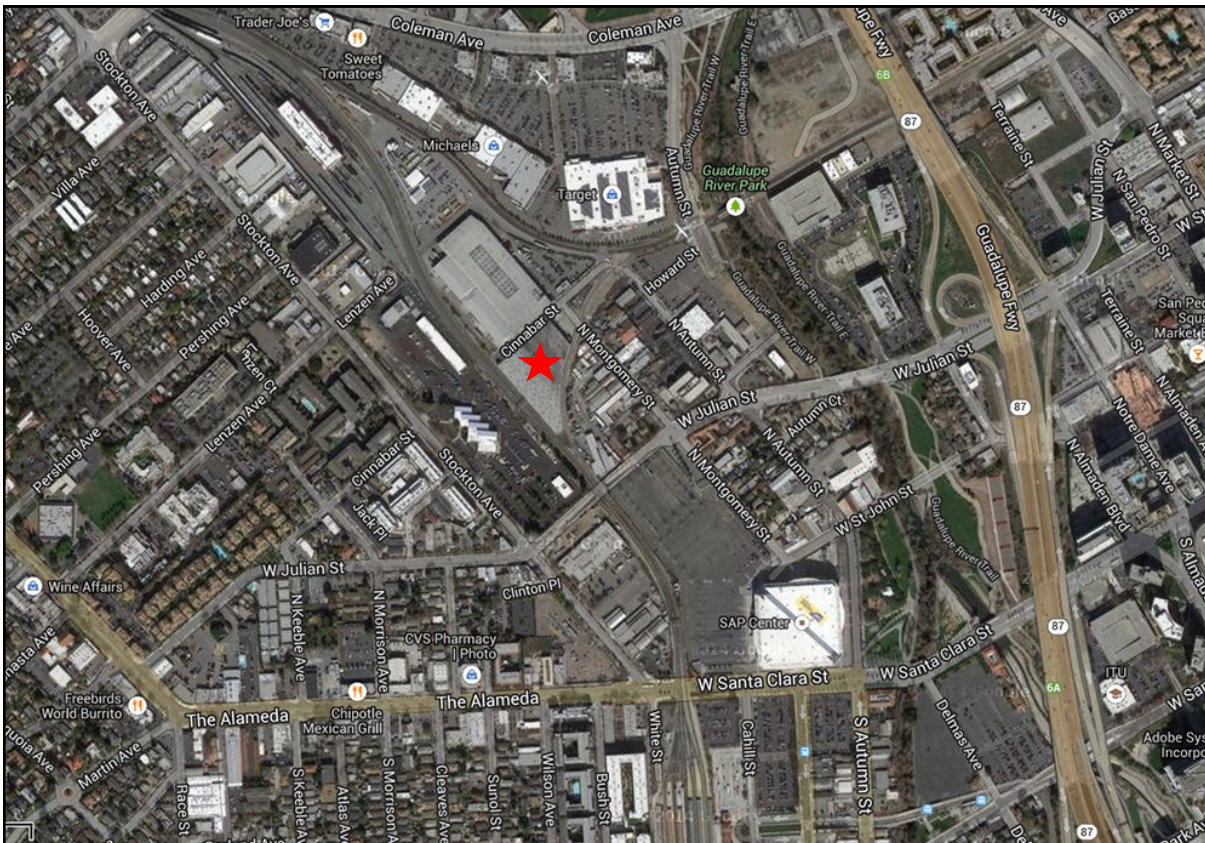
State Map



Area Map



Aerial Map

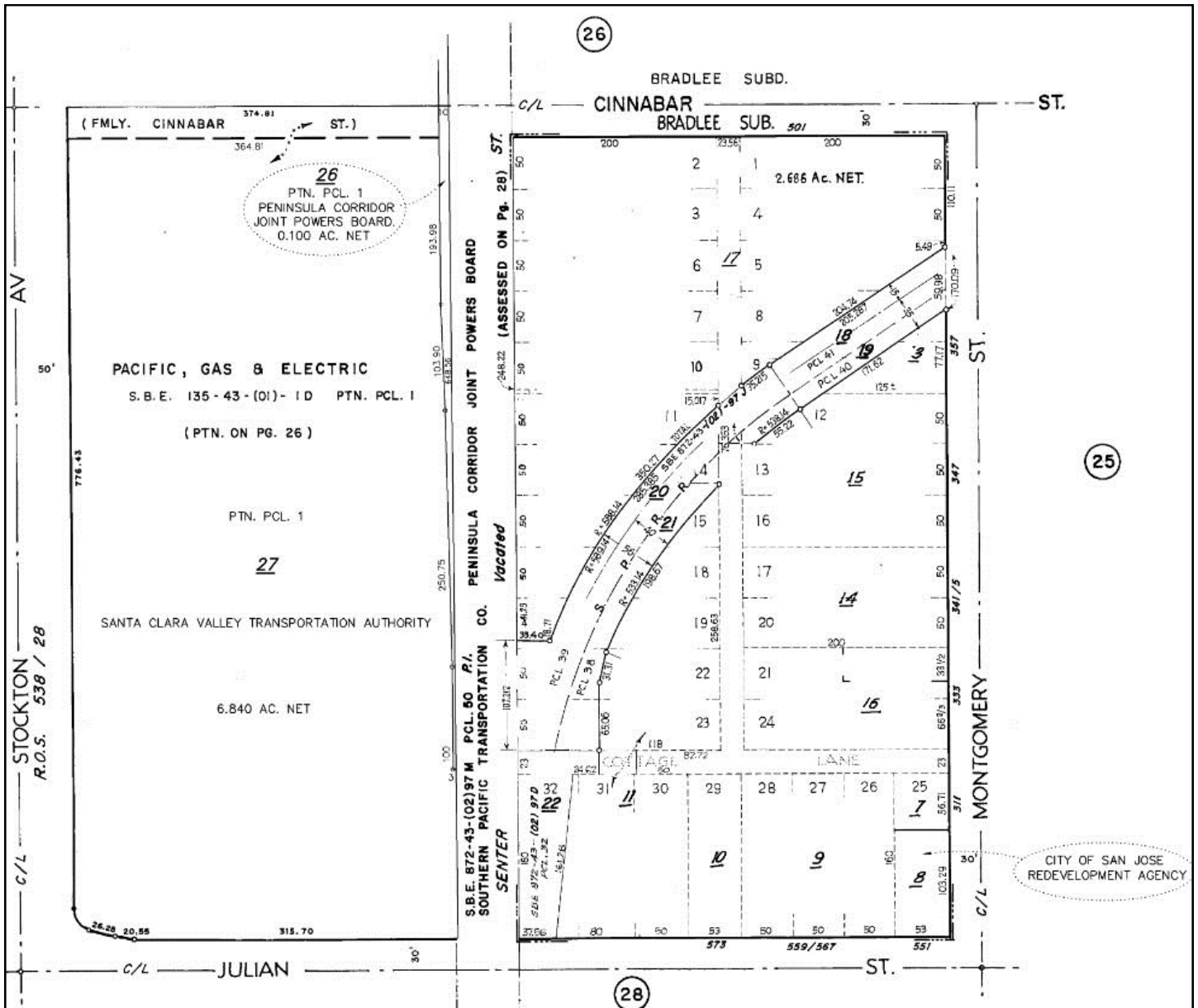


SELF STORAGE SALES NETWORK

This information is subject to the Identification of the Parties, Disclaimer and Confidentiality statements on the second page of this document. If you do not have such a page, call 1-800-55-STORE and a replacement page will be provided.

MAPS

Parcel Map



PHOTOS



MARKET OVERVIEW

SAN JOSE, CA

San José is located in Santa Clara County at the southern edge of the San Francisco Bay, about 50 miles south of San Francisco, 390 miles north of Los Angeles. The current population is 1,000,536 persons (California Department of Finance 2014). San José is the third largest city in California, following Los Angeles and San Diego. It is the tenth largest city in the U.S. The City is the center of the Silicon Valley, one of the most dynamic real estate markets in the country. Within downtown there are currently two high-rise and one mid-rise residential projects under construction, with several additional in various stages of permitting.

With all of the amenities of a large city and the charm of a small town, San José is a great place to live, work, and raise a family. San José residents enjoy an unparalleled quality of life, with great weather year round to enjoy expansive open spaces, beautiful parks, trails, and local and regional attractions. It's an easy day trip to some of the best destinations in northern California, including San Francisco (one hour), Santa Cruz and the Monterey Bay (45 minutes), Oakland / Berkeley (50 minutes), the renowned Napa Valley wine region (two hours), the renowned Paso Robles wine region (2 hours), and Yosemite National Park (four hours). There's also plenty to enjoy right here in San José.

The San José area is home to the largest concentration of technology expertise in the world with more than 6,600 technology companies employing more than 254,000 people.

<http://www.sanjoseca.gov/>

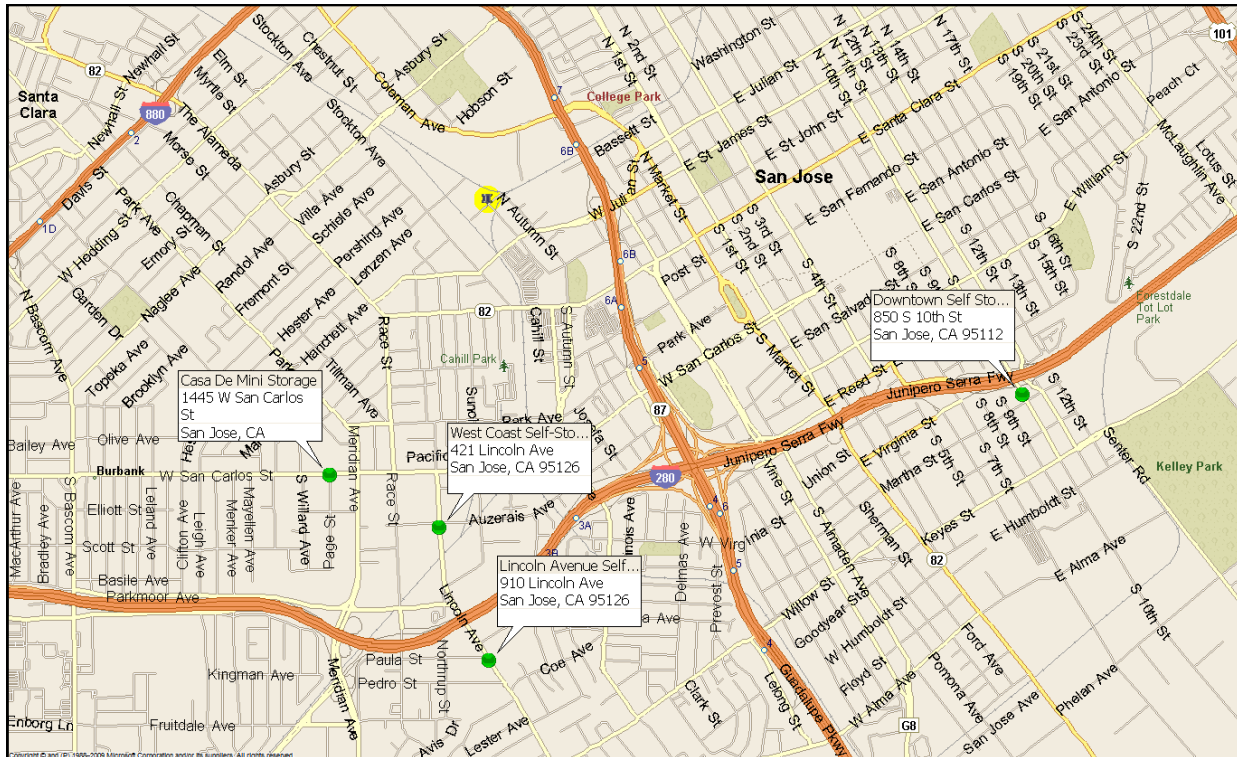


DEMOGRAPHICS

	0 - 1 mi		0 - 3 mi		0 - 5 mi	
		%		%		%
Population						
2023 Forecast	30,331		255,895		732,771	
2018 Projection	27,139		239,316		692,171	
2013 Estimate	23,054		221,082		651,815	
Households						
2023 Forecast	13,864		93,933		247,753	
2018 Projection	12,328		87,320		233,217	
2013 Estimate	10,363		79,940		218,480	
Current Year Estimated Households by Household Income	10,363		79,940		218,480	
Less than \$10,000	508	5%	4,194	5%	9,350	4%
\$10,000 to \$14,999	392	4%	3,860	5%	8,617	4%
\$15,000 to \$19,999	428	4%	4,007	5%	9,202	4%
\$20,000 to \$24,999	406	4%	3,594	4%	9,027	4%
\$25,000 to \$29,999	370	4%	3,367	4%	8,417	4%
\$30,000 to \$34,999	358	3%	3,136	4%	8,036	4%
\$35,000 to \$39,999	372	4%	3,435	4%	8,507	4%
\$40,000 to \$44,999	243	2%	2,984	4%	8,161	4%
\$45,000 to \$49,999	309	3%	2,946	4%	7,074	3%
\$50,000 to \$54,999	291	3%	2,915	4%	7,618	3%
\$55,000 to \$59,999	334	3%	2,670	3%	7,188	3%
\$60,000 to \$64,999	390	4%	2,591	3%	7,243	3%
\$65,000 to \$69,999	364	4%	2,486	3%	6,900	3%
\$70,000 to \$74,999	328	3%	2,216	3%	6,322	3%
\$75,000 to \$79,999	285	3%	2,154	3%	6,505	3%
\$80,000 to \$84,999	284	3%	2,168	3%	6,220	3%
\$85,000 to \$89,999	249	2%	2,013	3%	5,661	3%
\$90,000 to \$94,999	235	2%	1,952	2%	5,352	2%
\$95,000 to \$99,999	209	2%	1,750	2%	4,935	2%
\$100,000 to \$124,999	1,089	11%	7,580	9%	23,279	11%
\$125,000 to \$149,999	886	9%	4,837	6%	15,425	7%
\$150,000 to \$174,999	709	7%	4,370	5%	13,140	6%
\$175,000 to \$199,999	549	5%	3,505	4%	9,616	4%
\$200,000 to \$249,999	313	3%	2,101	3%	6,716	3%
\$250,000 to \$499,999	427	4%	2,867	4%	9,181	4%
\$500,000 or more	34	0%	242	0%	791	0%
Median Household Income	\$ 76,559		\$ 65,544		\$ 73,085	
Average Household Income	\$ 97,381		\$ 89,118		\$ 94,058	
2013 Estimated Per Capita Income	\$ 44,970		\$ 33,187		\$ 32,003	
2013 Estimated Housing Units by Tenure	11,641		85,068		228,654	
Vacant Housing Units	1,278	11%	5,128	6%	10,174	4%
Occupied Housing Units	10,363	89%	79,940	94%	218,480	96%
Owner-Occupied	3,840	33%	32,902	39%	106,141	46%
Renter-Occupied	6,523	56%	47,038	55%	112,339	49%



COMPETITOR SURVEY



Unit Size			Type	On-Site Rates	PSF
Casa De Mini Storage					
10	x	12	Outside, Drive Up	\$219.00	\$1.83
10	x	17	Outside, Drive Up	\$299.00	\$1.76
6	x	16	Indoor, 2nd Floor	\$146.00	\$1.52
12	x	16	Indoor, 2nd Floor	\$263.00	\$1.37
7	x	17	Indoor, 2nd Floor	\$169.00	\$1.42
9	x	10	Indoor, 1st Floor	\$174.00	\$1.93
Lincoln Avenue Self Storage					
10	x	10	Indoor, Upper Level	\$165.00	\$1.65
10	x	20	Outside, Drive Up	\$275.00	\$1.38
Downtown Self Storage					
5	x	10	Indoor, 1st Floor	\$89.00	\$1.78
10	x	10	Indoor, 2nd Floor	\$139.00	\$1.39
10	x	10	Indoor, 1st Floor	\$149.00	\$1.49
West Coast Self Storage					
5	x	10	Climate Controlled	\$109.00	\$2.18
10	x	10	Climate Controlled	\$189.00	\$1.89
10	x	15	Climate Controlled	\$249.00	\$1.66
10	x	20	Climate Controlled	\$309.00	\$1.55



THE ARGUS ADVANTAGE

Since 1994, the Argus Self Storage Sales Network has been the only national network of commercial real estate brokers who specialize in self storage properties. The network assists buyers and sellers of self storage real estate by combining the knowledge and expertise of a local broker with the exposure of our national sales and marketing program. Through our National Network of Broker Affiliates, the Argus Self Storage Sales Network aims to assist buyers and sellers by helping complete real estate transactions in a timely manner and provide a best in class service to our clients. Since it's beginning, ASSSN has completed over 700 self storage transactions totaling over \$1 Billion.



Tom de Jong is Vice President with Colliers International in the Silicon Valley and has represented buyers, sellers and developers of investment, owner-user and self-storage assets in Northern California and Northern Nevada with over \$100 million in total consideration over the past seven years. Tom takes a results based approach to each representation or assignment, keeping the end-result in mind from the outset. Tom has a bachelor's degree from California State University East Bay and an MBA from Pepperdine and is licensed to practice real estate in California and Nevada.

