KPMG

CHICAGO PARKING METERS, LLC

(A Delaware Limited Liability Company)

Financial Statements and Schedule

February 28, 2010

(With Independent Auditors' Report Thereon)

CHICAGO PARKING METERS, LLC
(A Delaware Limited Liability Company)

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KPMG

KPMG LLP
303 East Wacker Drive
Chicago, IL 60601-5212

Independent Auditors' Report

The Board of Directors
Chicago Parking Meters, LLC:

We have audited the accompanying balance sheet of Chicago Parking Meters, LLC (the Company) as of February 28, 2010, and the related statements of income, changes in members' equity and cash flows for the period February 13, 2009 (concession start date) to February 28, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chicago Parking Meters, LLC as of February 28, 2010, and the results of its operations and its cash flows for the period February 13, 2009 (concession start date) to February 28, 2010 in conformity with U.S. generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedule I is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

June 30, 2010

CHICAGO PARKING METERS, LLC
(A Delaware Limited Liability Company)

Balance Sheet

February 28, 2010

Assets

Current assets:		
Cash and cash equivalents	$	11,387,868
Interest rate swaps		19,670,327
Other current assets		499,289
Total current assets		31,557,484
Fixed assets net of accumulated depreciation of $2,428,572		32,721,940
Intangible assets net of accumulated amortization of $15,920,211		1,130,334,975
Prepaid rent		2,299,113
Total assets	$	1,196,913,512

Liabilities and Members' Equity

Liabilities:		
Current liabilities:		
Accounts payable	$	1,172,180
Due to affiliate		1,445,209
Other current liabilities		1,052,073
Total current liabilities		3,669,462
Total liabilities		3,669,462
Members' equity		1,193,244,050
Total liabilities and members' equity	$	1,196,913,512

See accompanying notes to financial statements.

CHICAGO PARKING METERS, LLC
(A Delaware Limited Liability Company)

Income Statement

Period February 13, 2009 (concession start date) to February 28, 2010

Income:	
Parking meter revenues	$ 56,364,393
Total income	56,364,393
Cost of goods sold:	
Credit card fees	2,422,528
Parking tax	119,745
Total cost of goods sold	2,542,273
Gross profit	53,822,120
Expenses:	
Administrative management costs	8,245,382
General administrative costs	3,993,433
Operating expenses	8,033,511
Amortization of intangible assets	15,920,211
Depreciation	6,380,607
Start-up expenses	3,209,467
Management fees – affiliate	788,388
Total expenses	46,570,999
Net operating income	7,251,121
Other income:	
Gain on interest rate swaps	19,670,327
Gain on sale of fixed assets	175,479
Other income	29,936
Total other income	19,875,742
Net income	$ 27,126,863

See accompanying notes to financial statements.

CHICAGO PARKING METERS, LLC
(A Delaware Limited Liability Company)

Statement of Changes in Members' Equity

Period February 13, 2009 (concession start date) to February 28, 2010

		Deeside, Inc.	MS Infrastructure Investors LP	MS Infrastructure Partners LP	MS Infrastructure Partners A Sub LP	Total
Members' equity – February 13, 2009	$	—	—	—	—	—
Contributions		596,449,520	7,763,892	135,719,489	452,184,286	1,192,117,187
Distributions		(12,974,000)	(169,780)	(2,967,900)	(9,888,320)	(26,000,000)
Net income		13,536,305	177,138	3,096,532	10,316,888	27,126,863
Members' equity – February 28, 2010	$	597,011,825	7,771,250	135,848,121	452,612,854	1,193,244,050

See accompanying notes to financial statements.

CHICAGO PARKING METERS, LLC
(A Delaware Limited Liability Company)

Statement of Cash Flows

Period February 13, 2009 (concession start date) to February 28, 2010

Operating activities:	
Net income	$ 27,126,863
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	6,380,607
Amortization of intangible assets	15,920,211
Gain on interest rate swaps	(19,670,327)
Gain on sale of fixed assets	(175,479)
Changes in assets and liabilities:	
Prepaid rent	(2,299,113)
Other current assets	(499,289)
Due to affiliate	1,445,209
Accounts payable	1,172,180
Other current liabilities	1,052,073
Net cash provided by operating activities	30,452,935
Investing activities:	
Purchase of fixed assets	(39,102,547)
Proceeds from sale of fixed assets	175,479
Acquired intangible assets	(1,146,255,186)
Net cash used in investing activities	(1,185,182,254)
Financing activities:	
Contributions	1,192,117,187
Distributions	(26,000,000)
Net cash provided by financing activities	1,166,117,187
Net increase in cash and cash equivalents for period	11,387,868
Cash and cash equivalents, beginning of period	—
Cash and cash equivalents, end of period	$ 11,387,868

See accompanying notes to financial statements.

CHICAGO PARKING METERS, LLC
(A Delaware Limited Liability Company)

Notes to Financial Statements

February 28, 2010

(1) Organization

Chicago Parking Meters, LLC (the Company) was formed on November 18, 2008, for the purpose of owning the concession for the Chicago Metered Parking System (the System) in Chicago, Illinois. On December 4, 2008 and February 3, 2009, the Company entered into a concession agreement and a side letter (collectively, the Agreements), respectively, pursuant to which, effective February 13, 2009 (the Concession Start Date), it leased the System for a 75-year term from the City of Chicago (the City) for a purchase price of $1,151,355,186. The Company has an exclusive right and franchise for and during the lease term to operate and collect revenues from the System.

The members of the Company (Members) are Morgan Stanley Infrastructure Investors LP (MSII), Morgan Stanley Infrastructure Partners LP (MSIP), Morgan Stanley Infrastructure Partners A Sub LP (MS A Sub), (collectively with MSII and MSIP, the MSIP Partnerships), and Deeside Investments, Inc. (Deeside); the Members own 0.653%, 11.415%, 38.032%, and 49.900%, respectively, of the Company. The General Partner of the MSIP Partnerships (which own 50.1% of the Company in total) is Morgan Stanley Infrastructure GP LP, an affiliate of Morgan Stanley & Co Inc. (Morgan Stanley). Deeside is owned by two infrastructure investors who are not related to the MSIP Partnerships.

The Company's net income or net loss and each item of income, gain, loss, deduction, or expense included in the determination of such net income or net loss shall be allocated among the members in proportion to each member's percentage interests. The Company does not have a defined dissolution date.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). In June 2009, the Financial Accounting Standards Board (FASB) issued new accounting guidance, which recodified accounting guidance within the hierarchy of GAAP (the Codification). The Codification has become the exclusive source of authoritative GAAP for nongovernmental entities. All content in the Codification will carry the same level of authority, essentially modifying the GAAP hierarchy to include only two levels of GAAP: authoritative and nonauthoritative. This guidance was effective for the Company for the period ended February 28, 2010. The Company adopted the guidance for this financial statement period.

(b) Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions have been made with respect to the initial purchase price allocation and useful lives of assets and fair value of derivatives. Actual results could differ from those estimates.

(Continued)

(c) *Acquisition of Parking Meters*

The fair values of the assets acquired pursuant to the Agreements were recorded as follows:

Equipment	$ 5,100,000
Intangible assets	1,146,255,186
Purchase price	$ 1,151,355,186

The Company used an income method, specifically the excess earnings method, to value the Agreements, which are recorded as intangible assets. Under the excess earnings method, the Company examined the expected economic returns contributed by the System's fixed assets and the rights obtained under the Agreements (Rights), and then isolated the excess return, which were attributable to the Agreements. The cost approach was used in the valuation of the equipment.

(d) *Cash and Cash Equivalents*

Cash and cash equivalents include all cash and liquid investments with an initial maturity of three months or less. Throughout the year, the Company may have cash balances in excess of federally insured amounts on deposit with various financial institutions.

Amounts received by parking meters but not yet deposited into the bank account are treated as cash (deposits in transit) and are included in the cash and cash equivalents balance as of February 28, 2010.

(e) *Cost of Goods Sold*

Cost of goods sold consists primarily of costs associated with credit card interchange, and assessment fees, and parking taxes.

(f) *Fixed Assets*

Fixed assets are stated at cost, and primarily consist of parking meters. The Company's fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying values of such assets may not be recoverable. The Company's fixed assets are considered impaired when their estimated future undiscounted operating cash flows are less than the carrying values of such assets. To the extent impairment has occurred, the excess of carrying values of the Company's fixed assets over their estimated fair values will be charged to operations. Since the Agreement commenced, the Company has been replacing the original meters acquired with newer equipment. In October 2009, the Company sold some of the original meters for reuse for $150,000 and sold other meters for scrap for $25,479.

Depreciation is provided on a straight-line basis over seven years for newly purchased equipment and approximately seven months for equipment acquired in connection with the Agreements. Maintenance and repairs are charged to expense when incurred. Expenditures for significant betterments and improvements that extend the economic lives of the fixed assets are capitalized.

(Continued)

(g) ***Intangible Assets***

Intangible assets are stated at cost and consist of the Rights ($1,146,255,186), which are amortized on a straight-line basis over 75 years. The Company expects the annual amortization of the Agreements for the next 5 years to be $15,283,402 each year. The Company evaluates the recoverability of intangible assets on an annual basis or if events or circumstances have occurred in the period, which indicate that it is more likely than not an impairment loss has occurred. No intangible asset impairment losses were recognized for the period ended February 28, 2010.

(h) ***Leases***

Base rent associated with operating leases is recorded monthly on a straight-line basis over the term of the respective lease. Leased property and equipment meeting capital lease criteria are capitalized at the lower of the present value of the related lease payments or the fair value of the leased asset at the inception of the lease and are recorded as a component of fixed assets on the balance sheet. Depreciation is calculated on the straight-line method based on the shorter of the estimated economic useful life of the assets or lease term.

(i) ***Revenue Recognition***

Parking revenues from transient parking at the Company's parking meters are recognized as cash is received. Parking revenues from monthly parking permit sales are recognized as cash is received.

The Company has an agreement with the City, whereby, the Company receives compensation from the City in accordance with the Agreements in the event that the City implements changes to the System, which reduces the Company's revenues (True-up Revenue). The True-up Revenue is recognized when earned. For the period ended February 28, 2010, the Company recognized $533,330 of True-up Revenue and is included in parking meter revenues on the income statement.

(j) ***Income Taxes***

No provision has been made for federal or state income taxes, as the liability for such taxes, if any, is that of the members rather than the Company. No uncertain tax positions were identified as of February 28, 2010.

(k) ***Derivative Instruments***

The Company accounts for derivatives in accordance with applicable accounting literature, which requires that all derivatives be recognized as either an asset or liability in the balance sheet and be measured at fair value. The accounting for changes in the fair value of derivative instruments is dependent upon whether the applicable instrument has been formally designated. Derivative instruments that are designated and qualify as hedging instruments must be designated, based upon the exposure being hedged, as a fair value or a cash flow hedge.

(l) ***Start Up Expenses***

Start-up expenses consist primarily of legal costs and due diligence costs associated with executing the Agreements. Start-up expenses are expensed as incurred.

(3) Fair Value of Financial Instruments

In some instances, certain of the Company's assets and liabilities are required to be measured or disclosed at fair value according to a fair value hierarchy pursuant to relevant accounting literature. This hierarchy ranks the quality and reliability of the inputs used to determine fair values, which are then classified and disclosed in one of three categories. The three levels of the fair value hierarchy are:

Level 1 – quoted prices in active markets for identical assets or liabilities;

Level 2 – quoted prices in active markets for similar assets or liabilities; quoted prices in markets that are not active; and model-derived valuations whose inputs are observable; and

Level 3 – model-derived valuations with unobservable inputs that are supported by little or no market activity.

Assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their classifications within the fair value hierarchy levels.

The following is a description of the valuation techniques used for assets and liabilities measured at fair value:

In October 2009, the Company entered into a 20-year interest rate swap with five third-party counterparties. The total notional amount of the swaps is $400,000,000, and the effective date of the swaps is in October 2011. The Company entered into these swaps to lock in a fixed interest rate in anticipation of obtaining future financing in 2011. Under these swaps, the Company will make or receive quarterly payments to the extent its contracted fixed interest rates are greater than or less than the variable rate agreed to by the swaps' counterparties. At February 28, 2010, the Company's interest rate swaps were valued using Level 2 inputs using assumptions about the appropriate credit rating for the Company and the swaps' counterparties and the interest rate spread to be applied to the discount factors associated with the credit ratings calculated. These discount factors were then applied to published interest rate tables that management deemed most appropriate to the terms of the swaps.

Derivative transactions give rise to varying degrees of market and credit risk dependent upon the counterparties used, strategies employed, and fluctuations in the underlying market conditions. The credit risk associated with derivative instruments arises from possible counterparty nonperformance and is limited to the aggregate unrealized loss of instruments in an unrealized loss position. The Company seeks to mitigate these risks by executing these transactions with major financial institutions.

(Continued)

The following fair value hierarchy table presents information about the Company's interest rate swaps measured at fair value on a recurring basis as of February 28, 2010:

	Fair value measurements at reporting date using			
	Balance as of February 28, 2010	Quoted prices in active markets for identical assets (Level 1)	Significant other observable assets (Level 2)	Significant unobservable assets (Level 3)
Description:				
Interest rate swaps	$ 19,670,327	—	19,670,327	—

The interest rate swaps do not qualify as cash flow hedges for accounting purposes. However, the Company did not enter into these derivative instruments for any purpose other than cash flow hedging purposes. The gain on interest rate swaps is included in other income in the income statement.

The carrying values of cash and cash equivalents, accounts receivable, and accounts payable approximate their fair values due to the short-term nature of these financial instruments.

The Company has utilized market information as available or present value techniques to estimate the fair values of financial instruments required to be disclosed. Since such values are estimates, there can be no assurance the fair value of any financial instrument would be realized upon immediate settlement of the instrument.

(4) Risks and Uncertainties

The economy in the City of Chicago, as in most other domestic and foreign economies, has experienced significant challenges through 2009, and these conditions are expected to continue through 2010. Such conditions could have a negative impact on the Company's parking customers, and as a result, the Company may experience declines in revenues and cash flows from operations if economic conditions do not improve.

(5) Operating Agreement

The System is managed by LAZ Parking Chicago, LLC (LAZ) pursuant to the terms of a management agreement. LAZ is paid a management fee equal to 0.5% of net operating income over the entire term of the management agreement, as defined in the Operations and Maintenance Agreement between LAZ and the Company (the LAZ Agreement). There is a guarantee of fees during the first year of the LAZ Agreement. The management fees charged by LAZ for the period ended February 28, 2010 were $378,060.

(6) Transactions with Related Parties

The Company is managed by Chicago Parking Services, LLC (Services), an entity that is also owned by the MSIP Partnerships. Services charges the Company for the costs of its services plus a fee equal to 10% of such costs. The Company incurred costs and fees totaling $788,388 for the period ended February 28,

(Continued)

2010, and owes Services $130,548 at February 28, 2010. This amount is included in due to affiliate on the balance sheet.

The Company owes Morgan Stanley $1,314,661 for costs it paid on behalf of the Company as of February 28, 2010. This amount is included as due to affiliate on the balance sheet.

On July 17, 2009, the Company entered into a sublease (the Sublease) with Chicago Loop Parking, LLC (Loop), a company wholly owned by the MSIP Partnerships, in which the Company rents a warehouse with related office space on 17,417 square feet of the Loop's property (the Rental Space) for a ten-year period beginning with the Company's initial occupancy of the Rental Space (the Commencement Date). The construction of the Rental Space was paid by the Lessor, Loop. The sublease is for a ten-year term subject to two extension options of five years each. Rent is payable as follows: i) $2,500,000 in sublease rent is payable by the Company upon execution of the Sublease, ii) $481,390 of annual basic rent is payable by the Company in monthly installments starting on the Commencement Date, iii) $2,500,000 of additional sublease rent is payable by the Company upon the first anniversary of the Commencement Date, and iv) starting upon the first anniversary of the Commencement Date, the annual basic rent (including basic rent during the extended lease term, if the options are exercised) will increase in accordance with the United States Consumer Price Index, but in no event by less than 3%. On November 1, 2009, the Company was notified by Loop that the Rental Space was available for the Company's use, thereby establishing the Commencement Date as of November 1, 2009. As a result, the Company expects to record in its financial statements, beginning November 1, 2009, annual rent expense of approximately $1,050,000 from the Sublease before consideration of any increases in the Consumer Price Index in excess of 3%. Rent expense for the period ended February 28, 2010 was $350,250. Rent paid by the Company and deferred until future periods is $2,299,113 as of February 28, 2010 and is included as prepaid rent on the balance sheet.

Minimum future rentals under noncancelable operating leases as of February 28, 2010 are as follows:

2011	$	2,986,204
2012		500,790
2013		515,814
2014		531,288
2015		547,227
Thereafter		2,776,811
	$	7,858,134

(7) Leases

The Company entered into a vehicle lease agreement with Enterprise Fleet Management on August 27, 2009 with a lease term of 60 months. At the expiration of the lease term, the Company shall receive title to the applicable vehicles. This lease agreement is accounted for as a capital lease in the financial statements. Property under capital leases are included in fixed assets as follows:

Asset class:		
Vehicles	$	750,786
Less accumulated amortization		(43,796)
Total	$	706,990

The Company paid for the full cost of the lease upfront at the execution date.

(8) Commitments and Contingencies

(a) Litigation

The Company may be subject to litigation in the normal course of business. Management uses guidance from legal counsel relating to the potential outcome of any litigation when determining the need to record liabilities for potential losses and the disclosure of pending legal claims. In management's opinion, the liabilities, if any, that may ultimately result from such legal actions are not expected to have a materially adverse effect on the Company's financial position, results of operations, or liquidity.

(b) Insurance Reserves

The Company purchases comprehensive insurance for liability claims that may occur at the meters facilities the Company operates. In addition, the Company purchases umbrella/excess liability coverage. The Company's various liability insurance policies have deductibles that must be met before the insurance companies are required to reimburse the Company for costs incurred relating to covered claims. As a result, the Company is, in effect, self-insured for all claims up to the deductible levels.

The Company estimates the timing and amount of expense recognition associated with any claims that may be filed against the Company. The expense recognition is based upon the Company's determination of an unfavorable outcome of a claim being deemed as probable and capable of being reasonably estimated. This determination requires the use of judgment in both the estimation of probability and the amount to be recognized as an expense. The Company utilizes regular input from third-party insurance advisors in determining the required level of insurance reserves, if any. Management is not aware of any outstanding or potential liability against the Company as of February 28, 2010.

(c) Subsequent Events

The Company has evaluated events subsequent through June 30, 2010, the date of the financial statement issuance, for disclosure. The Company does not have any events that require a subsequent event disclosure.

Schedule 1

CHICAGO PARKING METERS, LLC
(A Delaware Limited Liability Company)

Schedule of Operating Income

Period February 13, 2009 (concession start date) to February 28, 2010

Income:	
Parking meter revenues	$ 56,364,393
Total income	56,364,393
Cost of goods sold:	
Credit card fees	2,422,528
Parking tax	119,745
Total cost of goods sold	2,542,273
Gross profit	53,822,120
Expenses:	
Administrative management costs:	
Subcontractor payroll costs	2,654,357
Management fee	378,060
Payroll processing fees	54,107
Supplemental staffing	5,079,661
Worker's compensation insurance	79,197
Total administrative management costs	8,245,382
General administrative costs:	
Bank service charges	6,741
Computer expense	628
Donation	8,524
Office expense	2,965
Office supplies	106,225
Professional fees	2,861,482
Property insurance	124,763
Rent	450,660
Travel and entertainment	431,445
Total general administrative costs	3,993,433
Operating expenses:	
Advertising and marketing	284,055
Armored car services	382,601
Call center operations	47,524
Closures	7,062
Enforcement	855,243
General liability insurance	503,685
Licenses	31,705
Meter maintenance	959,535
Operating supplies	3,562
Pay station solutions	2,315,445

(Continued)

Schedule 1

CHICAGO PARKING METERS, LLC
(A Delaware Limited Liability Company)

Schedule of Operating Income

Period February 13, 2009 (concession start date) to February 28, 2010

Penalties and fees	$	45,013
Repair and maintenance		715,911
Sanitation		249,644
Signage		84,759
Snow removal		157,312
Telephone and communication		169,188
Tickets		48,292
Uniforms		168,749
Utilities		49,196
Vehicle expense		955,030
Total operating expenses		8,033,511
Amortization of intangible assets		15,920,211
Depreciation		6,380,607
Start-up expenses		3,209,467
Management fees – affiliate		788,388
Total expenses		46,570,999
Net operating income	$	7,251,121

See accompanying independent auditors' report.