

FedEx Ground

**Windsor (Santa Rosa), California
San Francisco North Bay Area**

A 64,689 Sq Ft Ground Facility on 6.90 acres

Joint Venture or Sale



Erik Lederman

Ph: 213-280-3812

This information has been secured from sources we believe to be reliable, but we make no representations or warranties expressed or implied, as to the accuracy of the information. Buyer must verify the information and bears all risk for any inaccuracies.

LOCATION	The property is located in the Shiloh Oaks Commercial Center at 500 Caletti Avenue, south of Shiloh Road on the west side of U.S. Highway 101 in Windsor, Sonoma County, California								
LOT SIZE	Approximately 6.90 acres – or 300,564 square feet								
IMPROVEMENTS	Construction completed in September 2008, an approximately 64,689 square foot distribution facility for FEDEX GROUND consisting of 4,345 square feet of office space and 60,344 square feet of distribution warehouse space. The building consists of a steel framed curtain wall structure. The exterior surfaces of the panels are finished with a textured “stucco” coating and are painted above masonry wainscoting that extends 4 feet above finish grade. The building can be expanded by up to 13,260 square feet. (See “Expansion Option”).								
CLEAR CEILING HEIGHT	The ceiling reaches a height of approximately 22 feet.								
LOADING FACILITIES	There are 19 dock doors and 9 drive-in doors.								
PARKING	There are approximately 117 designated parking spaces.								
LEASE	Leased to FEDEX GROUND PACKAGING SYSTEMS, INC., for ten years from September 16, 2008, to September 15, 2018, at an annual rent of \$1,047,962. There are two five-year options to renew. The rent increases by 7% at the commencement of the first renewal term and by 4% at the commencement of the second renewal term. The lease is net with tenant responsible for taxes, insurance and maintenance except for roof (25 year warranty), structure and underground utilities which are the landlord’s responsibility.								
ANNUAL INCOME	<table border="1"> <thead> <tr> <th>YEARS</th> <th>ANNUAL RENT</th> </tr> </thead> <tbody> <tr> <td>1-10</td> <td>\$1,047,962</td> </tr> <tr> <td>11-15 (Option 1)</td> <td>\$1,121,319</td> </tr> <tr> <td>16-20 (Option 2)</td> <td>\$1,166,172</td> </tr> </tbody> </table>	YEARS	ANNUAL RENT	1-10	\$1,047,962	11-15 (Option 1)	\$1,121,319	16-20 (Option 2)	\$1,166,172
YEARS	ANNUAL RENT								
1-10	\$1,047,962								
11-15 (Option 1)	\$1,121,319								
16-20 (Option 2)	\$1,166,172								
PRICE	\$13,000,000 - 8.06 % CAP								

EXPANSION OPTION

FedEx Ground has a right to expand the building by up to 13,260 square feet at any time during the lease term. If FedEx exercises the option, the rent for the existing building and expansion area will be negotiated by the landlord and tenant. If an agreement cannot be reached, THE LANDLORD IS NOT OBLIGATED TO EXPAND THE FACILITY. The tenant has the right to forego the expansion, or build the expansion space at no additional cost to the landlord. If the tenant builds the expansion, the rent would not increase, but the landlord would own the expansion improvements (excluding the tenant's own fixtures).

POSSIBLE LOAN

The property will be delivered free and clear of permanent financing. We have been quoted a possible loan from a local bank in the amount of \$7,860,000 at an interest rate of 6.25%, amortization of 25 years due in 10 years, with a reset after 5 years, and annual debt service payments of \$615,438.

CASHFLOW ANALYSIS

		YEARS 1-5	
Price:	\$13,000,000	Net Income:	\$1,047,962
Loan:	< 7,860,000 >	Debt Service:	< 615,438 >
Cash Required:	\$ 5,140,000	Cash Flow:	\$ 432,524
		Cash-on-Cash Return	8.4%

ABOUT THE TENANT

FEDEX GROUND is the second-largest of four business segments within FEDEX CORPORATION. Ground handles small package ground delivery, small parcel consolidation, and contract logistics. For the second quarter ending November 30, 2009, FedEx Ground reported revenue of \$1.84 billion, up 3% from last years \$1.79 billion and an operating income of \$238 million.

**ABOUT THE TENANT
(CONTINUED)**

FedEx Ground has an S & P investment grade credit rating of “BBB.” FedEx Corporation provides customers and businesses worldwide with the broadest portfolio of transportation, e-commerce and business services. With annual revenues of \$25 billion, the Company offers integrated business applications through operating companies competing collectively and managed collaboratively, under the respected FedEx brands. FedEx Ground is North America’s second-largest provider of business-to-business ground small-package delivery. FedEx Ground has a network of more than 500 distribution hubs and local pickup-and-delivery terminals throughout the United States and Canada. On average, FedEx Ground ships 3126 packages per day. In 2006, CIO Magazine ranked FedEx Ground among the top 100 places to work. Furthermore, FedEx Ground is well positioned to take advantage of the growth in online retail sales. The Wall Street Journal reported December 28, 2007, that 2008 online retail sales were expected to be \$29.5 billion, 19% higher than the previous year’s record high.

For the fiscal year ended May 2009, FedEx Corporation reported revenue of \$35.5 billion, a net income of \$98 million and FedEx has total stockholder’s equity of \$13.6 billion.

FedEx Corporation does not guarantee the lease.

SITE INFORMATION

The property is located within the 98 acre master planned Shiloh Oaks Commercial Center on the west side of Highway 101 between Shiloh Road to the north and Aviation Boulevard to the south. The property has good access to Highway 101 using Shiloh Road on-ramp 1/2 mile to north of the property.

The Airport Business Center is located just to the south and west of the property. It is within the Sonoma County Airport Industrial Area Specific Plan which will ultimately accommodate 603 acres of industrial development, 5 acres of retail commercial and 140 acres of agricultural and open space. There is an assortment of tenants in the park from the county courthouse to a number of wineries. Kendall Jackson winery occupies half dozen buildings in the park for their headquarters, with uses ranging from their marketing office to wine storage for their different labels.

There are a number of large warehouse buildings that surround the property to the west and south. These buildings are mostly used for wine storage for the neighboring wineries.

ABOUT THE AREA

Windsor, California, in Sonoma County, is located immediately adjacent to Highway 101, 5 miles north of Santa Rosa, 6 miles south of Healdsburg and just 63 miles north of San Francisco, and 32 miles east of the Pacific Ocean. The town is located inside the Santa Rosa metropolitan area and has an estimated population of 25,294 people as of 2006.

The town of Windsor and the FedEx Ground property are located in the Russian River Valley wine growing appellation, famous for its Pinot Noir and Chardonnay production among numerous other varietals grown there. The region is home to scores of wineries, including very well known producers such as Kendall-Jackson, Rodney Strong, Merry Edwards, Siduri, Joseph Swan, Lynmar, Martin Ray, La Crema, Littorai, Chalk Hill Estate, Dutton Estate, and Hanna, to name a few.

Charles M. Schultz Sonoma County Airport is the local airport that serves the Santa Rosa metro area and is located less than 2 miles from the site.

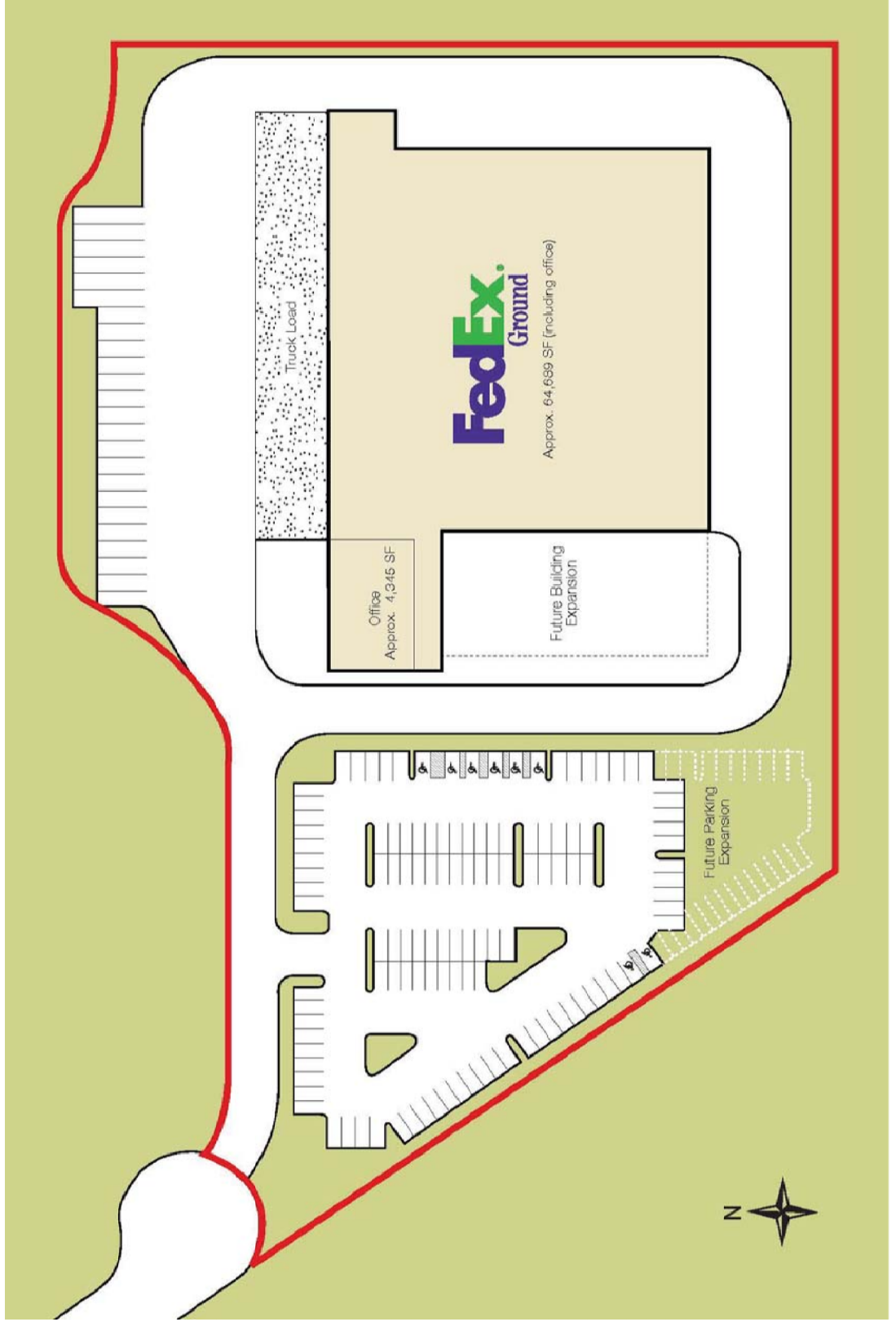
There are 4 major international airports near Windsor, California:

- Oakland International Airport (“OAK”) located 65 miles from Windsor
- Sacramento International Airport (“SMF”) located 67 miles from Windsor
- San Francisco International Airport (“SFO”) located 76 miles from Windsor
- San Jose Muni-Midpoint (“SJC”) located 95 miles from Windsor

DEMOGRAPHICS

2008 ESTIMATE	10-Mile	15-Mile	20-Mile
Population	255,909	347,823	396,154
Average HH Income	\$88,016	\$89,730	\$92,844

SITE PLAN



UPDATED SUMMARY REPORT (%)
JULY 13, 2009

Coordinates Longitude: -122.792804

Latitude: 38.520286

10.0 Mile
Ring
314.16 sq/mi

15.0 Mile
Ring
706.86 sq/mi

20.0 Mile
Ring
1256.64 sq/mi

POPULATION

1990 Total Population	202,178	286,843	326,805
2000 Total Population	247,482	340,296	387,301
2008 Total Population	255,909	347,823	396,154
2013 Total Population	259,017	347,792	396,957
% Population Change 1990-2000	22.41%	18.63%	18.51%
% Population Change 2000-2008	3.41%	2.21%	2.29%
% Population Change 2008-2013	1.21%	-0.01%	0.20%

HOUSEHOLDS

1990 Total Households	77,365	110,394	124,905
2000 Total Households	90,925	127,364	144,721
2008 Total Households	102,018	140,555	160,063
2013 Total Households	107,906	147,562	168,251
% Households Change 1990-2000	17.53%	15.37%	15.86%
% Households Change 2000-2008	12.20%	10.36%	10.60%
% Households Change 2008-2013	5.77%	4.99%	5.12%

2008 RACE

% 2008 White Population	77.14%	78.49%	79.09%
% 2008 Black Population	1.87%	1.79%	1.73%
% 2008 American Indian/Alaska Native	1.06%	0.95%	0.90%
% 2008 Asian/Hawaiian/Pacific Islander	4.30%	4.43%	4.46%
% 2008 Other Population (Incl 2+ Races)	15.63%	14.33%	13.82%
% 2008 Hispanic Population	24.73%	22.86%	22.26%
% 2008 Non-Hispanic Population	75.27%	77.14%	77.74%

INCOME

2008 Per Capita Income	\$35,087	\$36,260	\$37,513
2008 Median Household Income	\$64,649	\$65,072	\$65,958
2008 Average Household Income	\$88,016	\$89,730	\$92,844
% 2008 Household Income < \$10,000	3.45%	3.45%	3.44%
% 2008 Household Income \$10,000-\$14,999	3.42%	3.34%	3.28%
% 2008 Household Income \$15,000-\$19,999	3.34%	3.33%	3.40%

