



Representative Photo

FedEx Ground Package System, Inc.
2325 Air Park Way | Montrose, Colorado

Exclusive Offering Memorandum



Stan Johnson Company | THE NET LEASE AUTHORITY®

Atlanta Chicago Houston Los Angeles New York Phoenix San Francisco Tulsa

Confidential Disclaimer

This Confidential Memorandum has been prepared by Stan Johnson Company ("SJC") and is being furnished to you solely for the purpose of your review of the commercial property located at 2325 Air Park Way, Montrose, Colorado (the "Property"). The material contained in this Offering Memorandum shall be used for the purposes of evaluating the Property for acquisition and shall not be used for any purpose or made available to any other person without the express written consent of Stan Johnson Company ("Broker").

By accepting the Confidential Memorandum, you acknowledge and agree that: (1) all of the information contained herein and any other information you will be receiving in connection with this transaction, whether oral, written or in any other form (collectively, the "Materials"), is confidential; (2) you will not reproduce the Confidential Memorandum in whole or in part; (3) if you do not wish to pursue this matter, you will return this Confidential Memorandum to SJC as soon as practicable together with all other materials relating to the Property which you may have received from SJC; and (4) any proposed actions by you which are inconsistent in any manner with the foregoing agreements will require the prior written consent of SJC.

This Confidential Memorandum has been prepared by SJC, based upon certain information pertaining to the Property and any information obtained from SJC to assist interested parties in making their own evaluation of the Property is offered on a no representation or warranty provision other than customary warranties of title and is sold on an "as-is, where-is" basis and with all faults. The material and transaction does not purport to be all inclusive. This Confidential Memorandum contains descriptive materials, financial information and other data compiled for the convenience of parties interested in the Property. The Materials are being delivered by SJC to prospective investors with the understanding that it is not all inclusive and that it is qualified in its entirety by independent investigation by prospective investors of those matters which they deem appropriate in evaluating this offering without reliance upon SJC, the Broker or any of their respective affiliates or any of the information set out in the Materials. Neither SJC, the Broker, nor any of their respective affiliates have independently verified any of the information contained herein or in any of the Materials, and no representations or warranties as to the accuracy or completeness thereof or of any other kind whatsoever are made or intended and none should be inferred.

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Subject Property Construction



Representative Photo

Purchase Price: \$3,881,248

Cap Rate: 6.25%

Investment Highlights

Ten Year Term – Ten (10) Year Initial Base Lease Term Commencing in June 2015

Highly Passive Lease – Highly Passive Lease Structure with Landlord Responsibilities Limited to Repair and Replacement of Roof and Structure

Logistics Location – Located midway between Grand Junction (61 miles to the North) and Telluride (66 miles to the South) at the convergence of State Highways 50 and 550; The location offers direct proximity to Montrose Regional Airport

Long-Term Commitment – Property is Built-to-Suit for the Tenant with Increasing Service to this Particular Region in Mind

Best-in-Class Tenant – Highest Yielding and Most Profitable Segment of a Global Commerce Brand with Investment Grade Credit and Over \$45 Billion in Sales

Stan Johnson Company is pleased to offer for sale to qualified investors, the opportunity to purchase a 100% fee-simple interest in the FedEx Ground Package System, Inc.-leased property located at 2325 Air Park Way in Montrose, Colorado (the "Property"). The Property boasts an excellent logistics location as it is situated near the intersection of State Highway 50 and 550, and offers direct proximity to the Montrose Regional Airport. Its southwestern location allows FedEx Ground to provide service to Southwestern Colorado, Southeastern Utah, Northwestern New Mexico and Northeastern Arizona.

Located on 5.69 acres, the 22,840 square foot Property is being built-to-suit for the Tenant and is scheduled to be completed and rent will commence in June 2015. The base lease term is for ten (10) years and landlord responsibility is limited to roof and structure. Annual rent at commencement will be \$242,578 with approximately five percent (5%) rental increases occurring in conjunction with the exercise of each of its two (2), five (5) year options. FedEx Ground Package System, Inc., the Tenant, will occupy the Property upon commencement and it will utilize the Property as a package sorting and distribution facility servicing Southern Colorado and surrounding states. FedEx Ground Package System, Inc. is the highest yielding and most profitable segment of the FedEx Corp. and it accounts for nearly \$46 million in revenue generation per day.



Lease Abstract

2325 Air Park Way Montrose, Colorado	
Tenant:	FedEx Ground Package System, Inc. (DE)
Permitted Use:	Package Distribution Facility
Initial Term:	Ten (10) Years
Target Rent Commencement:	June 1, 2015
Current Expiration:	May 31, 2025
Term Remaining:	10 years
Renewal Options:	Two (2), Five (5) Year
Expense Structure:	NN Lease
Taxes:	* LL pays, T reimburses in full within 30 days after LL delivery of a paid tax statement or receipt
Utilities:	* T pays for all utilities; if billed, T shall reimburse LL within 30 days after LL's delivery of an invoice therefore
Insurance:	* T, at its sole cost and expense, shall cause the Premises to be fully and adequately insured with a customary policy of fire and extended coverage insurance in an amount not less than full replacement cost of the Premises. Such insurance policy shall name both LL and T as insureds, as their interests may appear, with loss payable to LL. * At all times during the Lease Term, T shall, at its expense, obtain and keep in full force and effect a general commercial liability insurance policy for the Premises with respect to T's negligence and with coverage limits of \$2,000,000 for bodily injury and \$250,000 for property damage. Such insurance policy shall name the LL as an additional insured with respect to T's negligence.
Estoppel Period:	* T shall use reasonable efforts to execute the Estoppel within thirty (30) days after LL's request.

Rent Schedule

Term	Start	End	Annual Base	Rent/SF	Change
Base	1-Jun-2015	31-May-2025	\$242,577.96	\$10.62	
Option 1	1-Jun-2025	31-May-2030	\$254,706.84	\$11.15	5.00%
Option 2	1-Jun-2030	31-May-2035	\$267,442.20	\$11.71	5.00%

Property Overview

Property:	FedEx Ground Montrose, Colorado
Parcel ID:	3767-201-15-901
Address:	2325 Air Park Way
City, State, Zip:	Montrose, CO 81401
County:	Montrose
Industrial Park:	Air Parkway, Airport Industrial Park
Land Area (Acres):	5.7
Land Area (SF):	247,856
Year Built:	2015
Type:	Package Distribution Facility
RBA:	22,840
Office:	1,923
Warehouse:	20,917
Construction:	Metal



Credit Overview

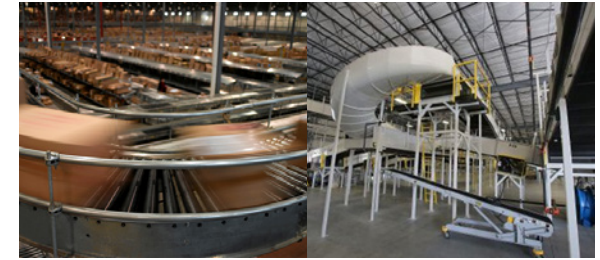


FedEx Ground Package System, Inc. ("FedEx Ground") is the leading North American provider of small-package ground delivery services and one of the four segment offerings which comprise the world's largest commerce provider, FedEx Corporation (NYSE: FDX).

FedEx Ground provides low-cost, day-certain service to every business address in the United States and Canada, as well as residential delivery to nearly 100% of U.S. residences through its FedEx Home Delivery service. FedEx Ground operates a multiple hub-and-spoke sorting and distribution system consisting of 528 facilities, including 33 hubs, in the United States and Canada. FedEx Ground conducts its operations primarily with approximately 35,640 owner-operated vehicles and approximately 38,100 company-owned trailers. With average daily package volume above 6.9 million, **FedEx Ground is the highest volume and highest yielding of the four FedEx Corp. segments** which accounts for more than \$11 billion in annual revenues and more than half of the Company's operating income. While margins for FedEx Freight and FedEx Express have dipped in recent years (currently 2.1% and 4.2% respectively), FedEx Ground's current operating margin is 16.8%. Revenue growth over the past year for FedEx Ground was 15.5% while the other two segments experienced minimal growth.

The consolidated company, FedEx Corporation, offers a broad range of services and solutions which link 99 percent of the world's GDP. Over the past twelve months (as of May 31, 2014), FedEx Corporation generated over \$45.57 billion in revenues yielding over \$2.09 billion in net income. FedEx Corporation's net worth is greater than \$15.28 billion, more than \$12.49 billion tangible. The Company currently holds investment grade credit ratings. Standard & Poor's has issued it a BBB rating with a stable outlook and Moody's Investor Services has issued it a Baa1 rating with a stable outlook.

ttm Operating Income



FedEx Ground	Aug-14	Aug-13	Aug-12
Revenue (in Millions)	\$11,847	\$10,322	\$9,319
Margin	17.2%	17.2%	18.8%
Operating Income (in Millions)	\$2,032	\$1,776	\$1,750
Average Daily Revenue	\$42,694	\$39,033	\$34,848
FedEx Express	Aug-14	Aug-13	Aug-12
Revenue (in Millions)	\$27,378	\$27,212	\$26,240
Margin	4.8%	1.7%	5.2%
Operating Income (in Millions)	\$1,305	\$459	\$1,354
Average Daily Revenue (Domestic)	\$2,584	\$2,465	\$2,429
FedEx Freight	Aug-14	Aug-13	Aug-12
Revenue (in Millions)	\$5,942	\$5,344	\$5,230
Margin	6.7%	3.9%	2.4%
Operating Income (in Millions)	\$396	\$207	\$124



Location Overview

The City of **Montrose** is a Home Rule Municipality that is the county seat and the most populous city of Montrose County, Colorado. The United States Census Bureau estimates that the city population was 19,132 in 2010. The main road that leads in and out of Montrose is U.S. Highway 50.

In 1909 the US government completed construction of the Gunnison Tunnel, which provided irrigation water from the Gunnison River in the Black Canyon to the Uncompahgre Valley, helping turn Montrose into an agricultural hub. The Uncompahgre Project is one of the oldest of those in the area by the US Bureau of Reclamation.

Today the canal is also used for recreation: water rushing through the canal below the tunnel creates a kayak-surfing spot called the M-wave. Tourist and recreation opportunities are important to the regional economy. Montrose is a gateway to the Black Canyon of the Gunnison National Park to the east of town; in the winter, it is a transportation hub for ski areas of the San Juan Mountains to the south.

Montrose sits approximately 66 miles North of Telluride and 61 miles South of Grand Junction. Montrose Regional Airport serves the Montrose area with regional service to Denver. As the nearest major airport to the Telluride Ski Area, Montrose sees heavy seasonal service.



MONTROSE REGIONAL AIRPORT

FASTENAL COMPANY

NTOWNSEND AVE (26,161 VPD)



Jeep
GMC



GALISO INCORPORATED



Alamo

ROUTE 50 (14,396 VPD)



CUSTOM METAL WORKS



MONTROSE COUNTY FAIRGROUNDS



AutoZone



Allstate

SUBWAY



Best Western

DG



E MAIN ST (14,396 VPD)



6



H&R BLOCK



CENTENNIAL MIDDLE SCHOOL



JACKSON HEWITT TAX SERVICE



SUBWAY

MONTROSE HIGH SCHOOL

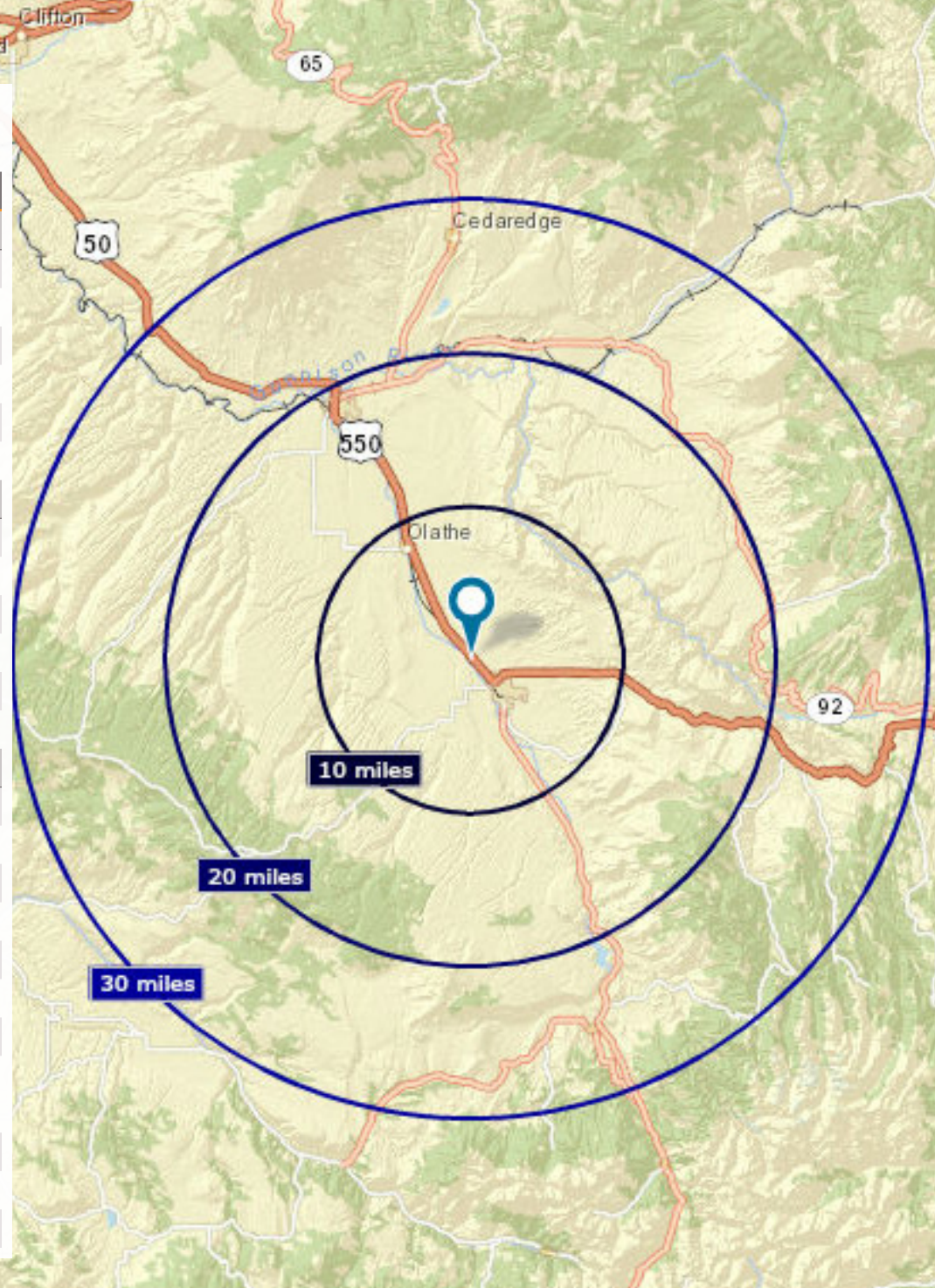


O'Reilly



Demographics

2325 Air Park Way Montrose, CO	0 - 10 mi.	0 - 20 mi.	0 - 30 mi.
Population			
2000 Population	28,222	42,180	57,614
2010 Population	35,575	51,903	68,979
2014 Population	35,991	52,305	69,732
2019 Population	36,216	52,496	70,222
2000-2010 Annual Rate	2.34%	2.10%	1.82%
Households			
2000 Households	10,990	16,170	22,536
2010 Households	14,127	20,405	27,754
2014 Total Households	14,358	20,659	28,203
2019 Total Households	14,483	20,793	28,495
2000-2010 Annual Rate	2.54%	2.35%	2.10%
"Race and Ethnicity"			
2014 White Alone	84.4%	84.4%	86.4%
2014 Black Alone	0.6%	0.7%	0.7%
2014 American Indian/Alaska Native Alone	1.3%	1.2%	1.1%
2014 Asian Alone	0.8%	0.8%	0.8%
2014 Pacific Islander Alone	0.1%	0.1%	0.1%
2014 Other Race	10.0%	9.9%	8.3%
2014 Two or More Races	2.9%	2.9%	2.7%
2014 Hispanic Origin (Any Race)	22.5%	21.7%	18.7%
2014 Median Household Income			
	\$43,728	\$43,329	\$42,873
2014 Average Household Income			
	\$57,302	\$56,178	\$55,585





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