
LEASED INVESTMENT FOR SALE

Build-to-Suit Development for
FEDEX GROUND PACKAGE SYSTEM, INC.
31,538 Square Foot Facility (Expandable to 38,812 SF)
Home Delivery Co-Location
Gaylord, Michigan



February 2007

Developer:

McMahon Development Group, LLC
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FEDEX GROUND PACKAGE SYSTEM, INC.
Co-Location Facility
Gaylord, Michigan

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Co-Location Facility
Gaylord, Michigan

SECTION 1.
PROJECT SUMMARY

FEDEX GROUND PACKAGE SYSTEM, INC.
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PROJECT SUMMARY

INTRODUCTION

McMahon Development Group, LLC (MDG) was awarded the development of a build-to-suit for lease project for FedEx Ground Package System, Inc. in Gaylord, Michigan. The 31,538 square foot building (expandable to 40,200 SF) is located on approximately 6.85 acres of land at 1748 Wolverine Parkway in the Gaylord Industrial Park.

FedEx Ground Package System, Inc. is a \$5.3 billion wholly owned subsidiary of the Federal Express Corporation. The company expects to double over the next five years and has embarked on an aggressive facility expansion program.

This project is an outgrowth of the work MDG and its affiliated companies have been doing during the past ten years for similar companies like Consolidated Freightways, Conway Western Express, Fed Ex, Emery Worldwide and others. We are very excited about the ongoing opportunities with FedEx Ground all across the country as they continue to grow rapidly.

This package represents basic information regarding the project. Further detail can be provided upon request.

SITE ACQUISITION

MDG Gaylord, LLC, a Delaware limited liability company, is current owner of approximately 6.85 gross acres located at 1748 Wolverine Parkway in Gaylord, Michigan.

PROJECT DESCRIPTION

The gross building size of 31,538 square feet was constructed as a home delivery co-location facility and includes 2,884 square feet of office area and 28,654 square feet of warehouse area.

The building is a pre-engineered metal building structure with a minimum clear height ranging from 15 feet to 21.6 feet.

The site improvements provide excellent truck circulation and back up area in front of all the loading doors. The actual parking provided for automobiles far exceeds normal industrial use requirements.

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PROJECT USE

FedEx Ground Package System, Inc. intends to use the premises for a small package sorting and distribution facility. The primary function of the sort facility is to handle critical, time sensitive packages for business to business services. Containerized material and/or packages are unloaded onto powered conveyor equipment and sorted into delivery vehicles. Outbound material is handled daily in the reverse. Other operational functions include temporary package holding, indoor-overnight storage of vehicles and supporting office functions.

All major conveyor equipment, security system, telephone system and furnishings are the responsibility of the Tenant and are to be installed by Tenant at its cost.

ZONING

The site is zoned Industrial which allows for the intended industrial warehouse/distribution use within its defined uses.

PROJECT SCHEDULE

Site work started in October 2006 and building construction began November 2006. The warehouse is scheduled for turn over to FedEx July 15, 2007. Certificate of Occupancy is scheduled for September 1, 2007 and rent commencement September 1, 2007.

OUTLINE OF OFFERING PRICE / TERMS

1. Price: \$2,605,000 (7.0% cap) all cash
2. Commission: 1.5% of sale price
3. Closing: Available for immediate close.
4. Deposits: Initial deposit of \$100,000, applicable to the purchase price, to be non-refundable at the end of the Inspection Period - 30 days from receipt of due diligence information including:
 - A. Tenant Lease
 - B. Preliminary Title Report and copies of exceptions
 - C. Survey
 - D. Plans and Specifications
 - E. Permits, licenses, agreements with Governmental Agencies, if any
 - F. Engineering, Soil, Environmental and similar reports, studies and maps

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SECTION 2.
LEASE SUMMARY

FEDEX GROUND PACKAGE SYSTEM, INC.
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LEASE SUMMARY

Tenant:	FedEx Ground Package System, Inc., a wholly owned subsidiary of Federal Express	
Current Owners:	MDG Gaylord, LLC a Delaware limited liability company	
Premises:	A 31,538 square foot distribution building built on approximately 6.85 acres	
Location:	Gaylord, Michigan	
Primary Lease Term:	10 years	
Options to Renew	Two (2) five year options	
Rental Rate:	Primary Term: Years 1 – 10	\$182,355/yr
	1 st Option: Years 11-15	\$200,591/yr
	2 nd Option: Years 15-20	\$220,650/yr
Credit/Guarantee:	FedEx Ground Package System, Inc. is an approximately \$5.3 billion dollar company and signed the lease on its own behalf. Neither FedEx nor FDX Corporation signed or guaranteed the lease. FedEx Ground Package System, Inc. does not have, nor publish financials other than that shown in the FDX Corporation Annual Report and periodic SEC filings.	
Lease Commencement & Completion of Construction	Completion of Construction and Occupancy: September 1, 2007. Rent Commencement: September 1, 2007	
Landlord Responsibilities:	Landlord shall perform during the term of the Lease, all necessary maintenance and repairs with respect to all of the following portions of the Premises: (A) The structure and exterior of Landlord's Building including, without limitation, the roof and roof membrane, walls, floors, foundations, supports and the skylights, roof vents, drains and downspouts associated with the foregoing structural elements; (B) The above-ground and above-Landlord's Building slab, mechanical and utility systems serving the Premises, including without limitation, heating, ventilating, air conditioning, lighting, electrical, plumbing, gas, water supply, sanitary sewers, storm sewers and storm water drainage systems, sprinkler systems, exterior telephone and communications lines and circuits and underground or overhead electrical supply (sometimes collectively	

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LEASE SUMMARY
(cont.)

Landlord Responsibilities
(cont.)

referred to herein as the "Mechanical and Utility Systems"), the Routine Maintenance described in Section 12 of the Lease, the windows, pedestrian doors, overhead doors, and replacement of those plantings which die for reasons not attributable to a failure on Tenant's part to routinely water the same; and
(C) The underground and under-Landlord's Building slab Mechanical and Utility Systems as well as the substructure.
(D) Only during the initial twelve (12) months following the Tenant Possession Date, the parking lot, drive, yard, and other hard-surfaced areas of the Premises, together with the curbs and walkways, and patching and pothole maintenance.

Tenant Responsibilities

Maintenance and Repairs by Tenant: Tenant, at its sole cost and expense, during the Term of this Lease shall keep the Premises in a clean and orderly condition, shall remove snow as necessary from the Premises and shall perform all maintenance and repair to the Premises occasioned by Tenant's negligence or misconduct. After the first twelve (12) months after the Tenant Possession Date, Tenant shall also do the following: bear the cost to replace light bulbs, ballasts, furnace filters, belts, A/C refrigerant, fuses, circuit breakers, broken glass, window and door hardware and shall perform similar tasks of routine maintenance and repair (the repair items in this sentence being referred to collectively as "Routine Maintenance"), shall maintain and repair the windows, pedestrian doors, overhead doors, pre-engineered metal walls, the Mechanical and Utility Systems, and shall perform periodic repaving and patching and pothole maintenance to the yard and drive areas of the Premises, subject to the provisions of Section 11.1(C). After the first three (3) months of the Term of the Lease, Tenant shall also maintain the landscaping, subject to Landlord's obligation to replace any plantings which die during the first Lease year unless caused by Tenant's failure to water the same. If Tenant fails to perform its maintenance and repair obligations within (15) days after Landlord's delivery to Tenant of notice of the need therefor, then Landlord shall have the right, upon delivery of three (3) business days' notice to Tenant, to perform all or part of such maintenance and repairs, at the sole cost and expense of Tenant, and Tenant shall reimburse Landlord for such costs and expenses within thirty (30) days after Landlord's delivery to Tenant of an invoice therefor.

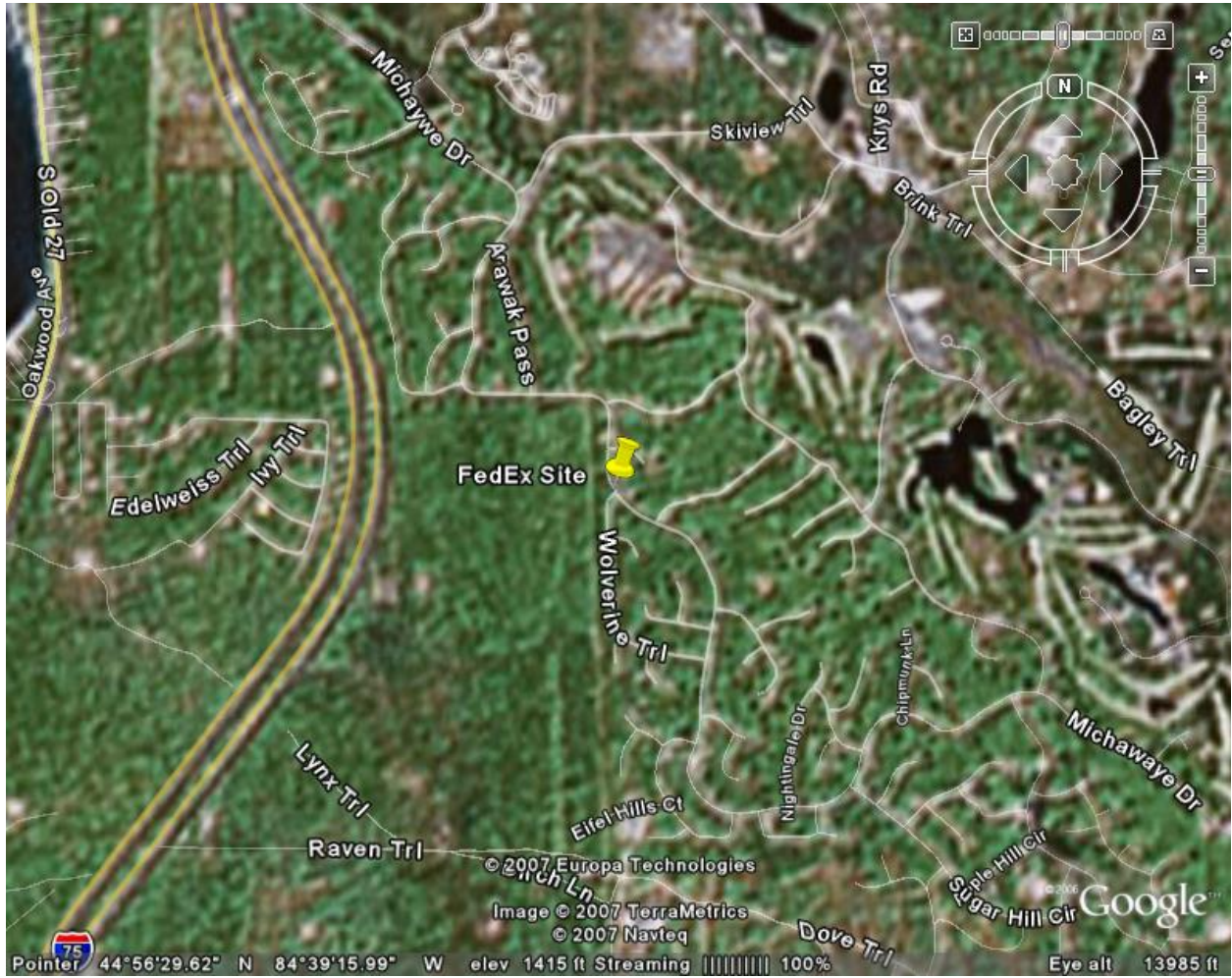
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SECTION 3.
LOCATION MAPS & AERIAL

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SECTION 4.
PROJECT PLANS