



**NORTHERN NEW JERSEY FEDEX FREIGHT
20 YEAR LEASE
100% LEASED TO FEDEX FREIGHT, INC
133,958 SF, 162 DOORS, 45.6 ACRES
INFILL INDUSTRIAL TRUCK TERMINAL CAMPUS**

The newly constructed Northern New Jersey FedEx Freight truck terminal campus located at 38 Porete Avenue, North Arlington, NJ (the “Property” or “NNJ FedEx Freight Truck Terminal”) is a build-to-suit urban infill asset that will be home to one of the largest FedEx Freight terminals in the nation by acreage. Located in immediate proximity to Liberty International Airport Terminals, the Port of Newark/Elizabeth, Manhattan (7.5 miles) and the Hudson River waterfront region of New Jersey. This mission critical addition to the FedEx Freight network can serve the 1 million businesses in the Newark-New York MSA for the ‘Less-than Truck Load’ (LTL) deliveries and reach over 14 Million people in a 45 minute drive time for last mile delivery. FedEx Freight Inc. has signed a 20 year net lease backed by an investment grade guarantee from FedEx Corporation (S&P: BBB; Moody’s: Baa2).



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Executive Summary



NORTHERN NEW JERSEY FEDEX FREIGHT

OFFERING SUMMARY

The Northern New Jersey FedEx Freight truck terminal campus (the “Property” or “NNJ FedEx Freight”) is located on 46.5 acres, boasting 560 equipment parking spaces, 162 revenue doors (expandable by 35), on-site Truck Maintenance Shop and Fueling Station. NNJ FedEx Freight has more equipment parking spaces and revenue doors than any other “close in” truck terminal in the New York-New Jersey area. The site achieves Class A notoriety upon DOT approval of traffic signal access onto Route 7 (Belleville Turnpike), providing direct connection to Manhattan (7.5 miles) and to I-280 and I-95 (New Jersey Turnpike). The Newark-New York MSA spends approximately \$17 billion annually on manufacturing shipments, supports over 1,000,000 businesses and has one of the highest population densities in the nation at 5,500 people/mi². Within a 30 minute drive time of the Property the density increases to an astounding 14,500 people per square mile. With almost no developable land of this size, the high barrier to enter most municipalities with new truck terminal development, and proximity to the CBD and key transportation nodes, this truck terminal is of inestimable value geographically.

The Property is in the Northern New Jersey (NNJ) Industrial Market which is one of the strongest in the country, at 4.9% vacancy as of 2Q 2017. The Northern New Jersey market has averaged 1.5 million square feet of net absorption over the last 18 quarters. NNJ FedEx Freight is embedded between two of the most sought after Industrial Submarkets in New Jersey, the Meadowlands and Port Newark/Elizabeth submarkets. Together they make up the largest in Northern New Jersey and have a combined vacancy rate of 3.9% as of 2Q17. The Meadowlands remains strong through downturns thanks to its unparalleled access to one of the largest consumer markets in the world, never hitting double digit vacancy during the last recession.

Location:	38 Porete Avenue North Arlington, (Bergen County) NJ 07031
Market:	Northern New Jersey (Meadowlands/Port Submarkets)
Building Areas:	133,958 Square Feet (expandable by 24,480 SF)
Revenue Doors:	162 (expandable by 35 doors)
Campus Acreage:	45.6 Acres
Equipment Parking:	Van: 36 spaces Relay: 38 spaces Tractor: 166 spaces Pup: 320 spaces Total: 560 spaces <i>Doesn't include the 162 spaces at dock doors</i>
Auto Parking:	258 spaces
Occupancy:	100%
Tenant:	FedEx Freight Inc. (single tenant)
Guarantor:	FedEx Corporation, a Delaware Corporation (parent company)
Rent Commencement Date:	6/16/2018
Term:	20 years
Base Rate:	Initial Annual Base Rent - \$5,000,000, \$2,572.02 per door/month Year 13 through Year 16 - \$6,272,000, \$3,226.34 per door/month Year 17 through Year 20 - \$7,212,800, \$3,710.29 per door/month

NORTHERN NEW JERSEY FEDEX FREIGHT

INVESTMENT HIGHLIGHTS



PROXIMITY TO MAJOR TRANSPORTATION NODES

> Class I Rail Intermodals

- Norfolk Southern Croxton Intermodal Terminal – 5.3 miles
- CSX South Kearny Yard Intermodal Terminal – 4.3 miles
- Port Newark Elizabeth Port Terminal and Auto Terminal – 11.4 miles
- Norfolk Southern E-Rail Intermodal Terminal – 12.6 miles

> Airports

- Newark Liberty Int. Airport - FedEx Ship Center – 12.5 miles

> Port

- Port Newark-Elizabeth – 11.1 miles

NORTHERN NEW JERSEY FEDEX FREIGHT

INVESTMENT HIGHLIGHTS



PROXIMITY TO MAJOR TRANSPORTATION NODES

> Major Arteries

- Route 3 - 3.3 miles
- Route 17 - 3.3 miles
- I-280 - 3.6 miles
- I-95 (New Jersey Turnpike)
 - » Western Spur - 4.6 miles
 - » Eastern Spur - 4.8 miles
- I-78
 - » West - 8.0 miles
 - » East - 5.5 miles

> Manhattan - 7.5 miles

NORTHERN NEW JERSEY FEDEX FREIGHT

INVESTMENT HIGHLIGHTS

UNMATCHED FUNCTIONALITY, UNPARALLELED ACCESS

- › NNJ FedEx Freight offers the most revenue doors, truck parking, and acreage of any truck terminal in the area
 - 162 revenue doors (expandable by 35)
 - 165'-170' truck courts with a 60' concrete apron
 - 19,518 square foot maintenance shop (6 bays)
 - On-site fueling station
 - 560 equipment parking spaces
 - 258 auto parking spaces
 - 35.4 acres of developed land
 - Fully fenced with gated guard house
- › Traffic light controlled access with new curb cut onto the Bellville Turnpike/Route 7 providing connection to Manhattan 7.5 miles away
- › 3.46 equipment parking spaces per revenue door, more than any other truck terminal in the area

Newark-Port Elizabeth Truck Terminals								Distance from Manhattan		
Address	Facility	Estimated Improved Surface SF	Building SF	Equipment Parking*	Revenue Doors	Equipment Parking per Door	% better parking at Porete	Geodesic	Truck	Accessibility Index**
38 Porete Ave North Arlington, NJ	FedEx Freight	1,543,766	161,824	560	162	3.46	-	6.8 miles	7.5 miles	0.25
1-71 North Ave E Elizabeth, NJ	New England Motor Freight	871,200	71,495	370	114	3.25	7%	8.4 miles	14.1 miles	2.04
68-72 2nd St Kearny, NJ	YRC Freight	722,660	67,000	203	104	1.95	77%	5.1 miles	6.2 miles	0.41
300 Port St Newark, NJ	XPO LTL	622,908	75,000	200	114	1.75	97%	6.9 miles	10.5 miles	1.29
75 Avenue L Newark, NJ	FedEx Freight	554,083	55,000	204	83	2.46	41%	7.0 miles	8.9 miles	0.68
100 3rd Ave Elizabeth, NJ	FedEx Freight	485,532	78,600	134	117	1.15	202%	10.5 miles	16.4 miles	2.11
474 Wilson Ave Newark, NJ	Multi-Tenant	475,575	35,579	20	53	0.38	816%	7.0 miles	9.0 miles	0.73
550 Delancy St Newark, NJ	FedEx Freight	409,664	42,450	200	99	2.02	71%	6.9 miles	9.5 miles	0.93
335 Delancy St Newark, NJ	Cablevision	237,838	41,650	129	58	2.22	55%	7.5 miles	9.1 miles	0.57

*Excludes autoparks

**Accessibility Index is a score of how direct the route is in a truck vs the geodesic distance, the lower the score the better the access.

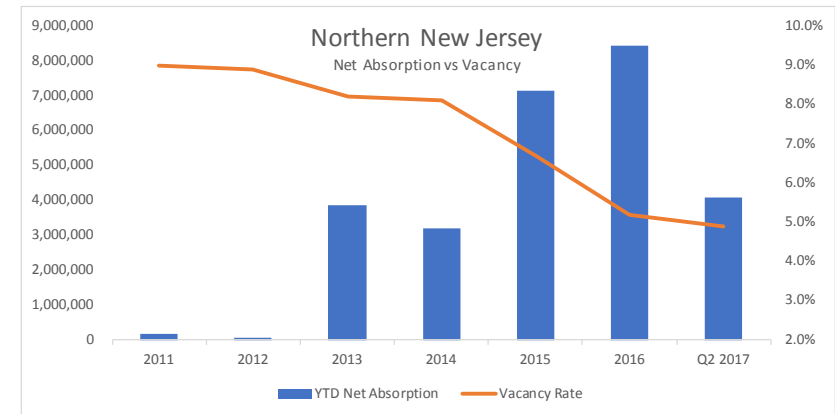
*** All figures shown here are to our best knowledge but are estimates and have not been independently verified

NORTHERN NEW JERSEY FEDEX FREIGHT

INVESTMENT HIGHLIGHTS

INVESTMENT GRADE TENANCY IN MISSION CRITICAL LOCATION

- › FedEx Freight Inc. is the tenant on the Lease
 - 20 year lease term
 - \$2,572.02 per door/month
 - Net lease structure
- › FedEx Corporation is the guarantor (S&P: BBB; Moody's: Baa2)
- › One of the closest FedEx Freight Facilities to Manhattan, Newark, and Jersey City
- › FedEx Freight is the #1 LTL delivery company in the nation
- › 30 minute drive time from facility to:
 - 700,000 businesses for 'Less-than Truck Load' delivery
 - 9 million people for last mile delivery
 - Over 14,000 people per sq. mi., one of the highest population densities in the world



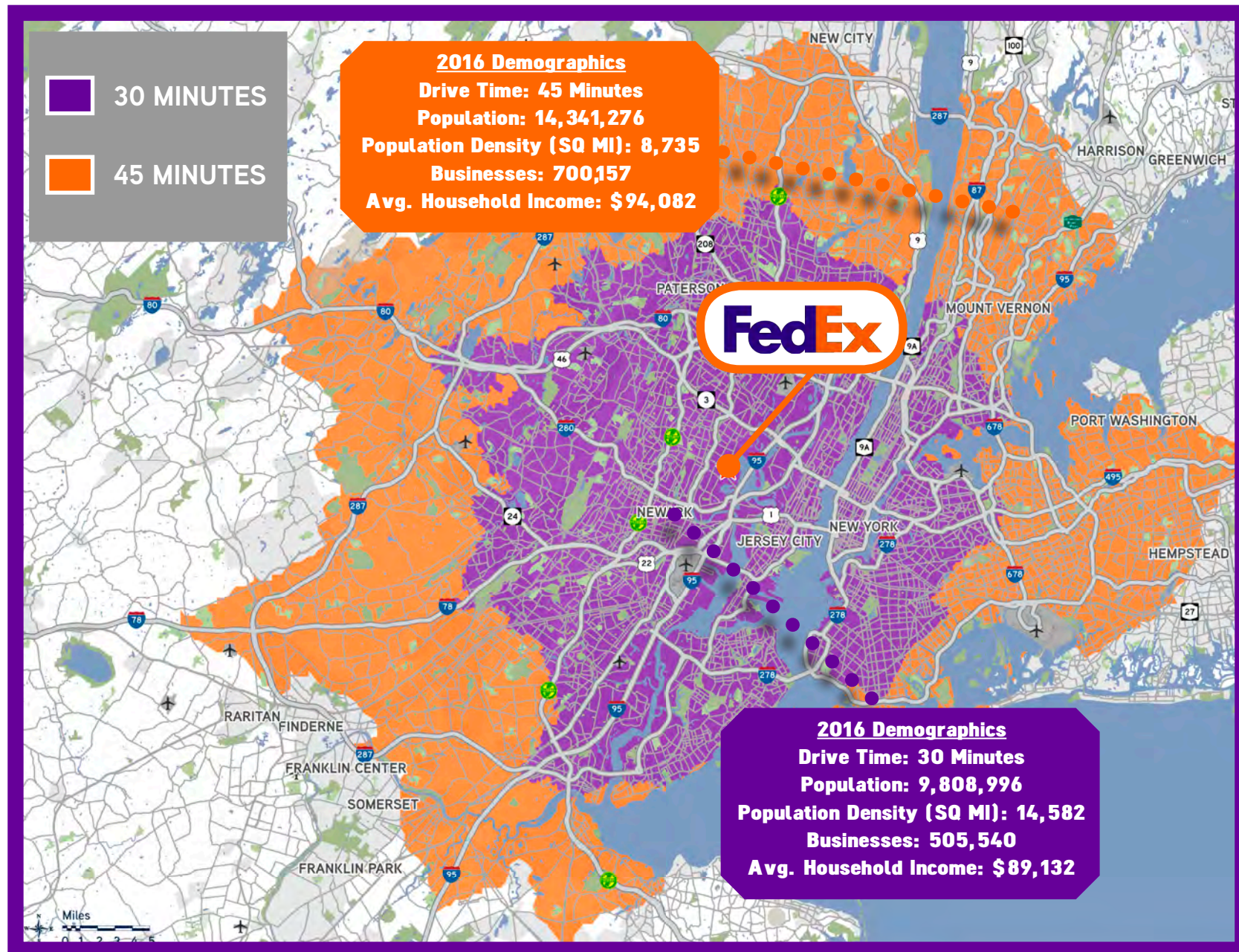
STRONG MARKET FUNDAMENTALS

- › The Northern New Jersey (NNJ) Industrial market has averaged almost 1.5mm SF of positive net absorption per quarter over the last 18 quarters.
- › The NNJ vacancy rate has dropped 400 basis points since 2012 to 4.9% as of Q2 2017.
- › Vacancy rates haven't reached double digits over the last 10 years for the NNJ Industrial market
- › Asking rental rates for NNJ have increased 11% YOY as of Q2 2017 and Class A rates are at a 44% premium to the rest of the supply.
- › The Meadowlands, NNJ's 2nd largest submarket, has a vacancy rate of only 2.8% as of Q2 2017, the lowest of any NNJ submarket.
- › The Meadowlands submarket is located in the largest consumer zone in the country, offering unparalleled access to one of the largest consumer markets in the world.

2Q 2017	Meadowlands	Port Market
# of Properties	845	1183
Total Inventory	75,639,256	109,526,734
Vacancy Rate	2.8%	4.7%
Industrial Asking Rent	\$7.87	\$6.93
Net Absorption	788,859	335,787

NORTHERN NEW JERSEY FEDEX FREIGHT

DRIVE TIME MAP



Property Overview

The FedEx logo is displayed in white on a dark blue background. The logo consists of the word "FedEx" in a stylized, sans-serif font. The "E" is uniquely designed with a white arrow pointing to the right, integrated into its structure. The background appears to be a dark blue fabric or material, possibly a uniform or bag, with some visible texture and stitching. There are also some yellowish circular elements visible on the left side of the image, which might be buttons or rivets.

FedEx

NORTHERN NEW JERSEY FEDEX FREIGHT

PROPERTY PROFILE

FEDEX FREIGHT, INC.

Address:	38 Porete Avenue North Arlington, (Bergen County) NJ 07031	Buildings:	
Market:	Northern New Jersey (Meadowlands/Port Submarkets)	Truck Terminal Facility:	114,440 square feet (expandable by 24,840 square feet)
Tenant:	FedEx Freight Inc.	Terminal Space:	102,200 square feet (expandable by 23,000 square feet)
Occupancy:	100%	Main Office:	8,000 square feet Roof Mounted HVAC
Building Size:	133,958 square feet (expandable by 24,840 sf)	Dispatch Pod/Break Area:	4,240 square feet (expandable by 1,840 square feet) Roof Mounted HVAC
Year Built:	2017	Vehicle Maintenance Facility:	19,518 square feet Infared Tube Heating (Gas Fired)
Minimum Clear Height:	13'6" in Truck Terminal at Perimeter Wall	Total Building Areas:	133,958 square feet (expandable by 24,840 square feet)
Sprinkler:	Dry in Truck Terminal Warehouse Wet in all Office/Pod areas and Maintenance Facility	Car Parking:	258 employee spaces (10' x 20')
Lot Size:	45.6 acres	Van Parking:	36 spaces (11' x 50')
Loading:	162 dock high doors (expandable by 35 doors) 2 fork lift ramps	Relay Parking:	38 spaces (11' x 40')
Truck Court Depth:	165'-170' with a 60' concrete apron (7" concrete with rebar reinforcement & granular base)	Pup Parking:	303 spaces (11' x 30') 17 spaces (11' x 37.5')
		Tractor Parking:	7 spaces (11' x 30') 159 spaces (12' x 25')

NORTHERN NEW JERSEY FEDEX FREIGHT

SITE PLAN



114,440 SF TRUCK TERMINAL

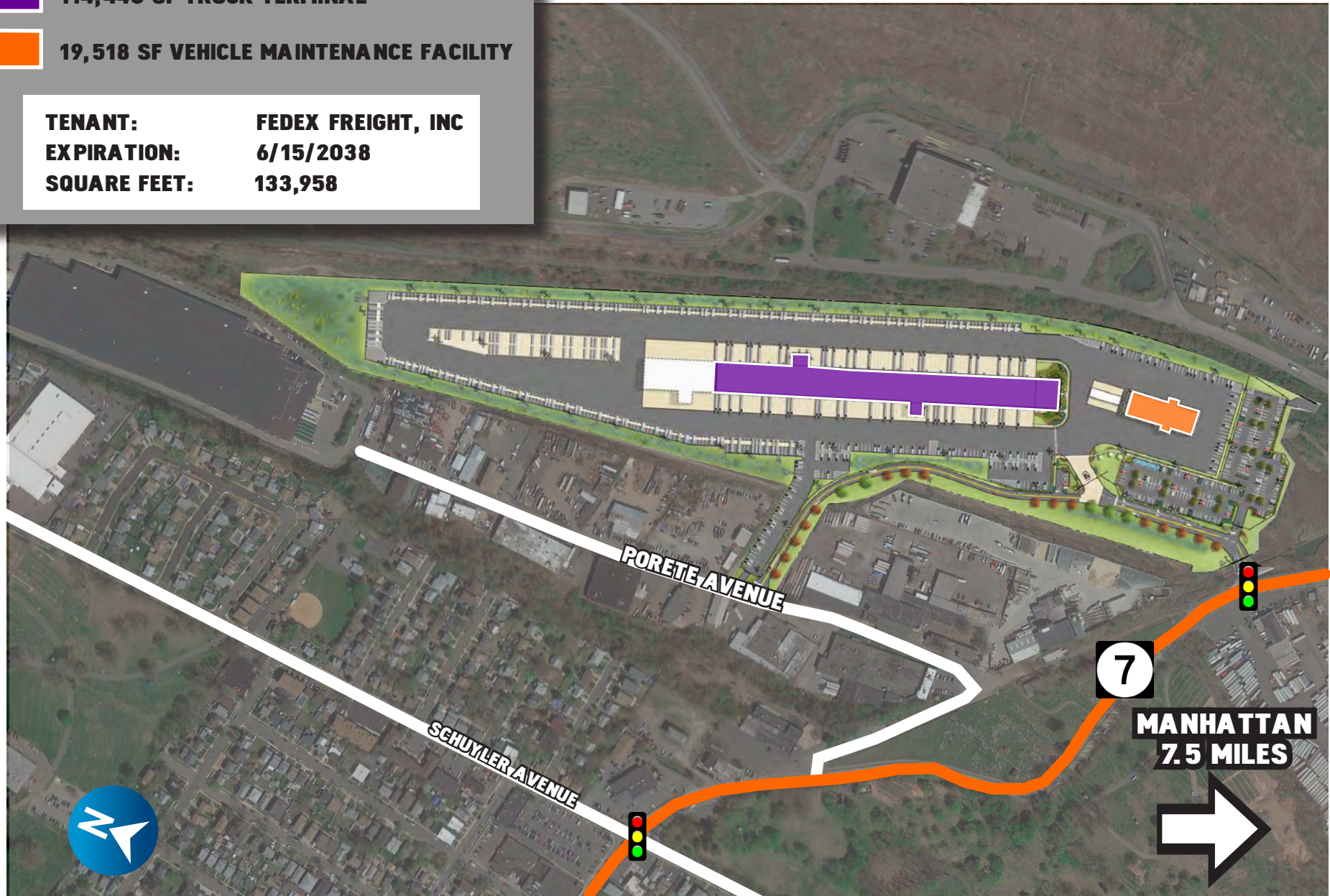


19,518 SF VEHICLE MAINTENANCE FACILITY

TENANT: FEDEX FREIGHT, INC

EXPIRATION: 6/15/2038

SQUARE FEET: 133,958



NORTHERN NEW JERSEY FEDEX FREIGHT

PROPERTY PHOTOS (AS OF SEPTEMBER 5, 2017)



Financial Overview



NORTHERN NEW JERSEY FEDEX FREIGHT

LEASE OVERVIEW

FROM	TO	ANNUAL BASE RENT	MONTHLY BASE RENT	\$ PER DOOR
11/1/2017	6/15/2018	\$0.00	\$0.00	\$0.00
6/16/2018	6/15/2019	\$5,000,000.00	\$416,666.67	\$2,572.02
6/16/2019	6/15/2020	\$5,000,000.00	\$416,666.67	\$2,572.02
6/16/2020	6/15/2021	\$5,000,000.00	\$416,666.67	\$2,572.02
6/16/2021	6/15/2022	\$5,000,000.00	\$416,666.67	\$2,572.02
6/16/2022	6/15/2023	\$5,000,000.00	\$416,666.67	\$2,572.02
6/16/2023	6/15/2024	\$5,000,000.00	\$416,666.67	\$2,572.02
6/16/2024	6/15/2025	\$5,000,000.00	\$416,666.67	\$2,572.02
6/16/2025	6/15/2026	\$5,000,000.00	\$416,666.67	\$2,572.02
6/16/2026	6/15/2027	\$5,000,000.00	\$416,666.67	\$2,572.02
6/16/2027	6/15/2028	\$5,000,000.00	\$416,666.67	\$2,572.02
6/16/2028	6/15/2029	\$5,000,000.00	\$416,666.67	\$2,572.02
6/16/2029	6/15/2030	\$5,000,000.00	\$416,666.67	\$2,572.02
6/16/2030	6/15/2031	\$6,272,000.00	\$522,666.67	\$3,226.34
6/16/2031	6/15/2032	\$6,272,000.00	\$522,666.67	\$3,226.34
6/16/2032	6/15/2033	\$6,272,000.00	\$522,666.67	\$3,226.34
6/16/2033	6/15/2034	\$6,272,000.00	\$522,666.67	\$3,226.34
6/16/2034	6/15/2035	\$7,212,800.00	\$601,066.67	\$3,710.29
6/16/2035	6/15/2036	\$7,212,800.00	\$601,066.67	\$3,710.29
6/16/2036	6/15/2037	\$7,212,800.00	\$601,066.67	\$3,710.29
6/16/2037	6/15/2038	\$7,212,800.00	\$601,066.67	\$3,710.29

OPTION TERM

FROM	TO	ANNUAL BASE RENT	MONTHLY BASE RENT	\$ PER DOOR
6/16/2038	6/15/2039	\$7,500,000.00	\$625,000.00	\$3,858.02
6/16/2039	6/15/2040	\$7,500,000.00	\$625,000.00	\$3,858.02
6/16/2040	6/15/2041	\$7,500,000.00	\$625,000.00	\$3,858.02
6/16/2041	6/15/2042	\$7,500,000.00	\$625,000.00	\$3,858.02
6/16/2042	6/15/2043	\$7,500,000.00	\$625,000.00	\$3,858.02

LEASE SUMMARY

- As of June 16, 2018, Tenant's Base Rent will be \$5,000,000/year
- Tenant shall be able to access the property beginning November 1, 2017 (the "Early Entry Date")
- Net Lease; Tenant pays for taxes and insurance directly
- Tenant has one (1) option to extend the lease for five (5) years with twelve months' prior notice at the predetermined base rent of \$7,500,000 per annum.
- The Lease is guaranteed by the parent company, FedEx Corporation

Square Feet:	133,958
Doors:	162
Percent of GLA:	100%
Early Entry Date:	November 1, 2017
Commencement Date:	June 16, 2018
Expiration Date:	June 15, 2038
Guarantor:	FedEx Corporation

UTILITIES AND REPAIRS AND MAINTENANCE

Utilities: Tenant shall contract directly with the providers thereof and pay such providers directly for all water, gas, heat, light, power, telephone, trash disposal, sewer and other utilities and services supplied to the Premises during the Term, together with any taxes thereon.

Landlord Responsibilities: Landlord shall (i) keep in good condition and repair and replace as necessary the utility hookups from publicly dedicated streets to the outside of the Building, (ii) keep in good condition and repair and replace as necessary the structural walls, roof and foundation, and all paved areas (iii) repair any damage or destruction to the Premises resulting from the act or omission of Landlord or as the result of the breach by Landlord of any of Landlord's obligations under this Lease, and (iv) repair and replace as necessary any item covered by the unexpired manufacturer's or contractor's warranties if for any reason such manufacturer or contractor does not perform the work required by the applicable warranty after Tenant's written demand to do so.

Tenant Responsibilities: Tenant shall, at Tenant's sole expense, keep the Premises in good order, condition and repair (whether or not the portion of the Premises requiring repairs, or the means of repairing the same, are reasonably or readily accessible to Tenant, and whether or not the need for such repairs occurs as a result of Tenant's use, the elements or the age of such portion of the Premises), including, but not limited to, all equipment or facilities, such as plumbing (other than pipes inside the walls, under the floors or underground), HVAC, electrical, lighting facilities, boilers, pressure vessels, fire protection system, fixtures, interior non-structural walls, ceilings, floor coverings, windows, doors, plate glass, skylights, septic tanks, storage tanks, pumping system, storm drains, dock levelers, overhead doors dock shelters, dock ladders, fire sprinkler system, scales, security system, gates and control devices, compressors, landscaping, driveways, parking lots, fences located around the perimeter of or wholly inside the boundaries of the Premises and signs located on the Premises. Tenant's obligation to maintain the Premises in good order, condition and repair shall only extend to that work which is necessary to keep the Premises in the same working order and condition that existed on the Commencement Date, reasonable wear and tear excepted.

Tenant shall, during the Term of this Lease, keep the exterior appearance of the Building in a condition consistent with the exterior appearance of other similar facilities of comparable age and size in the vicinity, including, when necessary, the exterior repainting of the Building. Tenant shall cause periodic roof maintenance to be performed. Notwithstanding the foregoing, Tenant shall not be responsible for the maintenance, repair or replacement of any of the items set forth in this Paragraph to the extent the need for such maintenance, repair, or replacement is the result of the negligence or intentional acts of Landlord or its Agents (in which event the performance and cost of such maintenance, repair or replacement shall be the responsibility of the Landlord).

Landlord Warranty: Landlord shall deliver the Premises to Tenant broom clean and free of debris on the Early Entry Date. In addition to any warranties set forth in the Construction Rider, Landlord warrants that, as of the Early Entry Date and for twelve (12) months thereafter, the electrical, plumbing, fire sprinkler, lighting, HVAC, loading doors, and all other such elements in the Premises, other than those constructed by Tenant, shall be in good operating condition. Landlord warrants that all subgrade material, sub-base, asphalt and concrete paving, joint sealants, and fillers provided under this Lease shall be installed in a workmanlike manner and be free from defects and failure in material and workmanship for the first five (5) years immediately following the Early Entry Date. During the first five (5) years immediately following the Early Entry Date, Tenant is under no obligation to repair, or replace any asphalt or concrete paved areas.



NORTHERN NEW JERSEY FEDEX FREIGHT

LEASE OVERVIEW

TAXES AND INSURANCE:

Taxes: Tenant shall pay such Real Property Taxes directly to the Hudson/Essex County Tax Collector (and/or other taxing authority) not less than twenty (20) days prior to the delinquency date for such payment and provide written evidence of such payment to Landlord not less than ten (10) days prior to such delinquency date.

Insurance: Tenant shall directly and timely obtain and pay for all insurance required under this Paragraph 8. Premiums for policy periods commencing prior to or extending beyond the Lease Term shall be prorated to correspond to the Lease Term. Such insurance may be carried under blanket policies covering other properties as well, provided the coverage for the Premises is no less than that required hereunder. Landlord and its Lenders shall be named as additional insureds as specified below.

ADDITIONAL TERMS AND OPTIONS:

Renewal Options: Tenant shall have one (1) option to extend the lease for five-years (5) with twelve months' prior notice at \$7,500,000 per annum.

Expansion Option: Tenant shall have the right to enlarge the floor area and associated parking of the Building up to an additional 35 doors (comprised of dock expansion of 23,200 square feet and a break room pod of 1,880 square feet), together with associated exterior loading, parking and drive areas; provided that such Expansion Option is exercised by Tenant on or before October 31, 2028 ("Expansion Cut off Date). Five of the initial build-out dock doors are "end-of-bay" that will be eliminated upon Expansion. If the option is delivered in writing to the Landlord prior to the Expansion Cut Off Date, then the parties will enter into an amendment to the Lease whereby the Landlord will agree to construct the Expansion Premises and increase the rent on the premises by a mutually acceptable amount. If they cannot come to an agreement the Tenant shall have the option to complete the Expansion with its own funds.

Punch List Items Fund: Upon execution of the Operationally Complete Certificate, Landlord shall place into an escrow or bank control account, as elected by Landlord in its sole discretion, the sum of two percent (2%) (the "Fund") of the total bid costs of the Landlord Improvements. The Fund is for the purpose of securing the completion of any Punch list Items. Landlord shall have one (1) year from the date of the Schedule of Punch List Items. In the event that the Landlord does not complete the Punch List Items with the year, the Tenant may complete those remaining items, which will be paid from the Fund within thirty (30) days.

Storage Tanks: If after the Commencement Date Tenant installs any above-ground or below ground storage tanks on the Premises, together with related piping and equipment (hereafter "Storage Tanks"), then within thirty (30) days after the expiration or earlier termination of this Lease, or such later time as may be necessary to comply with any approval or authorization from the appropriate government agency, Tenant shall, at the Tenant's cost, remove the Storage Tanks and repair any damage to the Premises resulting from the installation or removal of the Storage Tanks. The provisions of this Paragraph 7.6(e) do not apply to any Storage Tanks which may be installed as part of Landlord's Improvements under the Construction Rider. Except as to any above-ground Storage Tanks, Tenant shall not install or add any Storage Tanks to the Premises without Landlord's express prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed.



NORTHERN NEW JERSEY FEDEX FREIGHT

TENANT DESCRIPTION

FedEx Corporation is the parent company to its subsidiary companies of delivery services which collectively operate under the FedEx brand. FedEx delivers over 12 million packages each business day to more than 220 countries and territories from about 1,800 FedEx Office shops. FedEx employs approximately 500,000 people, maintains a fleet of about 640 aircraft and operates more than 57,000 motor vehicles and trailers. Its flagship company, FedEx Express, is the world's #1 express transportation provider, delivering about 3.5 million packages daily. To complement the express delivery business, FedEx Ground provides small-package ground delivery in North America, and less-than-truckload (LTL) carrier FedEx Freight hauls larger shipments. FedEx Office stores offer a variety of document-related and other business services and serve as retail hubs for other FedEx units.

FedEx offers a broad portfolio of transportation e-commerce and business services through subsidiary companies which operate independently and are managed collaboratively under the FedEx brand. These companies are included in four business segments:

FedEx Express

The world's largest express transportation company. Its business operations include FedEx Trade Networks (international trade services), and FedEx SupplyChain Systems (supply chain solutions.) The company in 2016 added a new subsidiary to its operations through the purchase of TNT Express B.V., an international express transportation, small-package ground delivery and freight transportation company. TNT Express operates road transportation networks and delivers to over 200 countries.

FedEx Ground

A leading North American provider of small-package ground delivery services. This segment includes FedEx SmartPost, a business-to-consumer package delivery using the US Postal Service.

FedEx Freight

Less-than-truckload freight services. This unit's offerings include FedEx Freight Priority, FedEx Freight Economy. The FedEx Freight segment also offers freight delivery service throughout Canada and Mexico and includes FedEx Custom Critical, which offers time-specific, critical shipment services.

FedEx Services

Sales, marketing, information technology, communications and back-office support for other FedEx companies. This unit includes FedEx TechConnect, (US billings and collections support), and FedEx Office and Print Services (document and business services for FedEx Express and FedEx Ground shipping services.)

NORTHERN NEW JERSEY FEDEX FREIGHT

TENANT DESCRIPTION

FedEx Freight (private subsidiary)



The company, a subsidiary of delivery giant FedEx, provides less-than-truckload (LTL) transportation services throughout the US, Canada, and international points. LTL carriers consolidate freight from multiple shippers into a single truckload. Unlike traditional LTL carriers, FedEx Freight operates an integrated, nationwide pickup and delivery network for priority and economy, in all lengths of haul, through some 370 terminals. Sister company FedEx Custom Critical services time-specific, critical shipments.

Fedex Freight Corporation is primarily engaged in furnishing "over-the-road" trucking services or trucking services and storage services, including household goods either as common carriers or under special or individual contracts or agreements, for freight generally weighing more than 100 pounds. Such operations are principally outside a single municipality, outside one group of contiguous municipalities, or outside a single municipality and its suburban areas.

FedEx Freight provides service to all US zip codes (including Alaska and Hawaii). Internationally FedEx Freight offers FedEx Freight Priority and FedEx Freight Economy serving most points in Canada, as well as between Canada and the US.

Financial Performance

Fedex Corporation

FedEx has achieved six straight years of unprecedented growth. Revenues jumped 20% from \$50.4 billion in FY 2016 to \$60.3 billion in FY 2017 -- a historic milestone for the company. The 2017 financials include the integration and restructuring costs of acquiring TNT Express. Profits surged by 65% from \$1.8 billion in FY 2016 to \$3.0 billion in FY 2017. This was due to a major drop in fuel expenses primarily due to lower aircraft fuel prices. FedEx's cash flow from operating activities also decreased by 14% during 2017 due to acquisition costs of TNT Express.

FedEx Freight

FedEx Freight, with 17% market share, is the **#1 LTL delivery company in the nation**. The Freight division is the 3rd largest division of FedEx corporation accounting for over \$6.4 billion in revenue for the 2017 fiscal year ending 5/31/17.

Market Overview



NORTHERN NEW JERSEY FEDEX FREIGHT

NEW JERSEY OVERVIEW

New Jersey is one of the strongest performing and most sought after industrial markets in the Country, with an inventory totaling 676 million SF across 7,818 properties. Located in the middle of the Northeast Corridor, New Jersey also benefits from its proximity to New York City, the Port of NY/NJ and Newark Liberty International Airport, which makes it a preferred location for companies that need quick access throughout the New York Metro area.

Perfectly located in the heart of the Northeast Corridor, New Jersey gives companies access to one of the most concentrated and affluent consumer markets in the world. A business located in central New Jersey can gain access to and serve more than 22 million consumers, who collectively have nearly \$800 billion in disposable income and live within a two-hour drive. As online retailers continue to focus on one-day and same day delivery, the NJ Industrial market is poised to remain one of the healthiest markets in the nation. Submarkets, such as the Meadowlands and Port Market, that provide immediate Turnpike access, Class A warehouse product, and proximity to the consumer base, will continue to see improved market fundamentals.

New Jersey's industrial market continued to see positive movement in 2017, on the heels of record improvement in 2016. In line with the U.S. industrial market's consistent recovery, the second quarter represented another strong period of growth for New Jersey's industrial market. Net absorption continued to be positive, as the market absorbed 6.0 million square feet (MSF) this quarter. A significant share of this absorption came from speculative development delivered to the market this quarter, most of which was pre-leased. In total, 10 properties totaling 3.7 MSF were brought online, of which 3.5 MSF had already been leased. This, coupled with strong demand for existing product, improved the state's overall vacancy rate by 60 basis points (bps) year-over-year to 4.5%. At 10.3 MSF, leasing activity surpassed the 10 MSF mark for the 7th consecutive quarter, led by strong demand for Class A and new construction. Occupiers continued to show interest for speculative development, with three out of the top five transactions taking place in buildings currently under construction.

New Jersey Overall Quarterly Historical Overview

Overall	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
# Properties	7,858	7,836	7,832	7,830	7,816	7,807	7,807	7,810	7,818
Inventory	680,419,321	677,617,056	676,652,258	677,282,733	674,379,464	673,391,887	673,720,425	673,285,675	676,053,247
Vacancy Rate	7.1%	6.9%	6.2%	5.8%	5.1%	4.7%	4.8%	4.0%	4.5%
Average Asking Rent	\$6.15	\$6.12	\$6.13	\$6.26	\$6.41	\$6.55	\$6.91	\$6.98	\$7.14
Net Absorption	3,858,154	5,886,639	6,636,501	9,220,855	4,960,229	4,532,715	1,124,976	3,708,956	5,980,767
Leasing Activity	10,941,441	9,531,534	12,025,541	18,557,008	11,304,869	10,269,806	11,083,094	11,428,337	10,351,621

NORTHERN NEW JERSEY FEDEX FREIGHT

NEW JERSEY OVERVIEW

A new wave of industrial development has broken ground in the second quarter of 2017. Fueled by Class A leasing activity and robust occupier demand, construction activity reached historic levels this quarter as developers have accelerated their pipeline, attributable to a supply vs. demand imbalance. In total, 13 new projects totaling 4.5 MSF broke ground this quarter, bringing the total construction pipeline to 42 projects totaling 14 MSF. Most notably, Clarion began construction on a 444,940 SF warehouse at 3 Brick Yard Road in Cranbury, after achieving success on their other development at 2 Brick Yard Road where Amazon leased the entire 992,043 SF facility prior to its completion. Currently, 40% of the properties under construction are in the Exit 8A submarket, where the availability rate plummeted 400 basis points over the past 24 months, to 6.0%.

NORTHERN NEW JERSEY

As e-commerce grows, occupiers continue to demand warehouse space in the last mile of their distribution chain. As a result, market fundamentals in Northern New Jersey (NNJ) continued to post record improvement in every major statistical category, with the average asking rent, vacancy rate and construction activity all at historical levels.

Net absorption this quarter totaled positive 1.3 MSF, which drove the vacancy rate down to 4.9%. Over the last three years, NNJ recorded 23 MSF of positive absorption, lowering the vacancy rate from 8.2% to 4.9% during that span. This dynamic has led developers to break ground on new projects at an accelerated pace, with eight new projects totaling 1.9 MSF breaking ground this quarter, bringing NNJ's total construction pipeline to 20 projects totaling 5.8 MSF.

The industrial average asking rent continued to rise unabated this quarter, improving for the 21st consecutive quarter to \$7.21/SF – up 11.1% from the prior year. Strong leasing activity combined with demand for Class A space, NNJ's industrial market will remain tight, and the delivery of additional new construction will provide a benchmark for pricing, and should continue to push rental rates higher. At \$10.41/SF, Class A space in NJ is asking a significant 44.4% premium to the overall industrial market.

Northern New Jersey Overall Quarterly Historical Overview

Overall	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
# Properties	4,630	4,611	4,606	4,607	4,598	4,590	4,586	4,585	4,586
Inventory	365,413,002	362,256,423	361,253,625	361,390,420	360,093,500	359,384,603	359,044,839	358,821,839	359,228,654
Vacancy Rate	7.3%	7.2%	6.7%	6.3%	5.5%	5.3%	5.2%	4.5%	4.9%
Average Asking Rent	\$6.20	\$6.23	\$6.40	\$6.47	\$6.49	\$6.55	\$7.01	\$7.02	\$7.21
Net Absorption	1,304,031	2,239,457	2,762,869	2,739,931	2,739,751	2,110,357	839,697	2,783,117	1,305,997
Leasing Activity	4,382,807	3,787,782	5,966,255	7,718,771	4,531,277	3,976,976	4,376,688	3,541,732	4,491,644

NORTHERN NEW JERSEY FEDEX FREIGHT

MEADOWLANDS SUBMARKET OVERVIEW

The Meadowlands comprises an area within approximately 5 miles of NYC and is the State's third largest industrial submarket with 845 buildings totaling 74.0 million sq. ft. The submarket's vacancy rate as of 2Q 2017 is 2.8%. The submarket has experienced significant occupancy gains over the last two years, recording 4.1 million SF of positive net absorption during that span. As such, the average asking rent for industrial space is up a staggering 20% over the last two years to \$7.87/SF. Moreover, the average asking rent in Class A product closed the second quarter at \$10.53/SF, reflecting a 33.8% premium over the industrial average asking rent.

Typically tenants in the Meadowlands submarket are between 25,000 sq. ft. and 150,000 sq. ft. and are driven to the market mainly for accessibility to Manhattan. The submarket has also seen an influx of occupiers from NYC boroughs, predominantly from the Bronx and Brooklyn, who are attracted to comparatively affordable space and proximity to NYC.

The Meadowlands submarket is located in the largest consumer zone in the country, offering unparalleled access to one of the largest consumer markets in the world. This advantage will always serve to benefit this submarket.

									CLASS A WAREHOUSE/DISTRIBUTION					
Submarket	# of Prop	Total Inventory	Vacancy Rate	Flex Avg. Rent	Ind Rent	RBA Under Construction	Qtrly Net Absorption	Qtrly Leasing Activity	# of Prop	RBA	WH Avg Asking Rent	Avail. Rate	Vacancy Rate	Q2'17 Leasing Activity
Sussex County	46	1,984,935	11.5%	\$0.00	\$4.36	0	29,953	0	-	-	-	-	-	-
Northern Bergen	351	22,315,678	5.4%	\$10.44	\$8.83	0	180,975	252,248	-	-	-	-	-	-
Central Bergen	233	12,613,450	7.2%	\$10.99	\$7.57	0	121,793	292,751	-	-	-	-	-	-
Meadowlands	845	75,639,256	2.8%	\$11.64	\$7.87	1,070,036	788,859	1,184,432	17	4,276,963	\$10.53	9.7%	4.6%	
Route 80/46	1,057	74,026,274	4.5%	\$8.81	\$7.62	0	(409,993)	754,186	5	1,394,186	\$13.25	15.8%	0.0%	
Port Market	1,183	109,526,734	4.7%	\$9.00	\$6.93	4,538,652	335,787	1,256,757	32	8,802,400	\$9.29	8.3%	5.7%	348,283
West Essex	286	16,892,919	5.8%	\$8.77	\$6.47	0	(115,710)	45,700	-	-	-	-	-	-
Morris Region	493	39,493,737	7.8%	\$10.23	\$6.60	0	395,813	700,570	3	950,076		0.0%	0.0%	160,650
Route 23 North	18	695,480	9.5%	\$0.00	\$6.25	0	37,720	0	-	-	-	-	-	-
Warren County	74	6,040,191	9.6%	\$11.91	\$4.47	150,000	(59,200)	5,000	1	210,000		0.0%	0.0%	
NNJ	4,586	359,228,654	4.9%	\$10.13	\$7.21	5,758,688	1,305,997	4,491,644	58	15,633,625	\$10.41	8.7%	4.4%	508,933

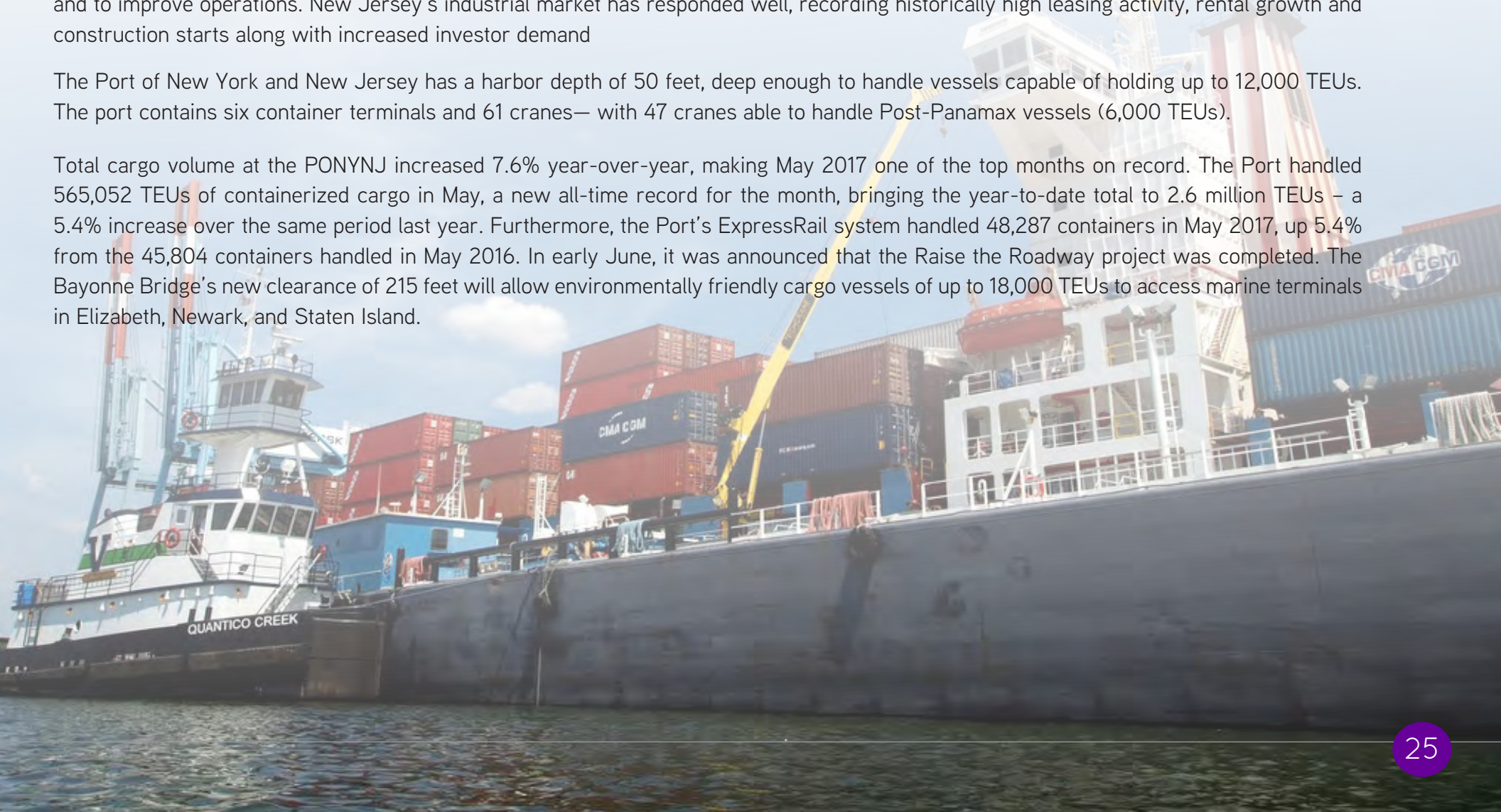
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PORT NEWARK/ELIZABETH SUBMARKET OVERVIEW

The Port of New York and New Jersey (PONYNJ) has the largest 250-mile radius population of any port in North America with 61 million people. This Port is where containerization first began with the sailing of the Ideal X from New Jersey to Houston in 1956. In Northern New Jersey, port-related users and e-commerce companies looking for same-day delivery to the New York City area have helped keep vacancy rates at historical lows, particularly in submarkets near the PONYNJ. As New Jersey continues to set new port volume records, demand for new construction has surged, evidenced by the 14 million square feet of industrial product under construction — up from 4 million square feet during this time last year. The Port of New York and New Jersey continues to invest in its operations to handle larger container ships and to improve operations. New Jersey's industrial market has responded well, recording historically high leasing activity, rental growth and construction starts along with increased investor demand.

The Port of New York and New Jersey has a harbor depth of 50 feet, deep enough to handle vessels capable of holding up to 12,000 TEUs. The port contains six container terminals and 61 cranes— with 47 cranes able to handle Post-Panamax vessels (6,000 TEUs).

Total cargo volume at the PONYNJ increased 7.6% year-over-year, making May 2017 one of the top months on record. The Port handled 565,052 TEUs of containerized cargo in May, a new all-time record for the month, bringing the year-to-date total to 2.6 million TEUs — a 5.4% increase over the same period last year. Furthermore, the Port's ExpressRail system handled 48,287 containers in May 2017, up 5.4% from the 45,804 containers handled in May 2016. In early June, it was announced that the Raise the Roadway project was completed. The Bayonne Bridge's new clearance of 215 feet will allow environmentally friendly cargo vessels of up to 18,000 TEUs to access marine terminals in Elizabeth, Newark, and Staten Island.



INFILL INDUSTRIAL TRUCK TERMINAL CAMPUS NORTHERN NEW JERSEY FEDEX FREIGHT



**38 Porete Avenue
North Arlington (Bergen County), NJ 07031**