

Distribution Center Opportunity Zone Fund by SMARTCAP, Inc

Up to 308,000 SF, Class A Industrial Development
Estimated 14%-16% IRR | 2.40x-2.60x multiple | 10-Year Hold



SMARTCAP Opportunity Zone Fund III Offering

(Image, example rendering)

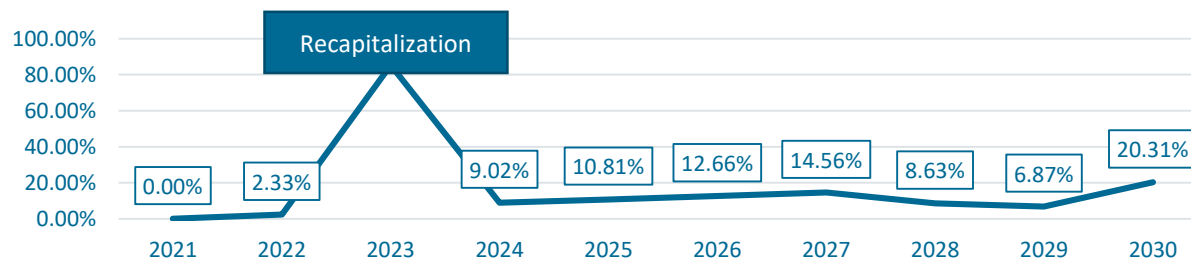
Investment Overview – info@smartcapgroup.com for additional details

- SMARTCAP, Inc is acquiring two neighboring sites totaling 23.09-acres in Marysville, WA, the Pacific Northwest's Premier Industrial Market.
- The project will be SMARTCAP's third designated Opportunity Zone investment and will include the development of **SC 152nd St. Logistics Park East & West**, two Class A industrial assets, totaling 308,000 SF (pending final site plan). Intended use for both assets will be distribution.
- SMARTCAP has entered a Joint Venture Agreement with a local high net-worth Family Trust, which is contributing \$10mm of the capital stack for the larger distribution building, to be located on the East Site. All additional investor proceeds (The Fund Investment) will be utilized to complete the remaining raise for Park East and 100% of Park West

Return Expectations

	Hold Period	Sale CAP	Exit Price	Price/SF	IRR
Conservative	10 Years	5.25%	\$67.5MM - \$68.9MM	\$219-\$224	11.0%-13.0%
Expected	10 Years	5.00%	\$70.8MM - \$72.4MM	\$230-\$235	14.00%-16.00%
Stretch	10 Years	4.75%	\$74.5MM - \$76.1MM	\$242-\$247	16.00%+

Estimated Cashflow



*Large return in 2023 due to projected recapitalization of stabilized investment. Remaining year cash flow yield calculated on unreturned capital and based on the Fund Investment only.

Investment	
Est. Total Development Cost (Total)	\$39,304,729
Est. Total Development Cost (PSF)	\$128
Estimated Capital Raise	\$19,550,000
Investment - JV/Family Trust (Limited Partner)	\$10,000,000
Fund Investment - SMARTCAP (General Partner)	\$9,550,000
<i>Final investor raise will vary depending on final development bids and debt terms.</i>	
Investment Returns, SMARTCAP investors only	
Estimated Investor Return	2.40x - 2.60x
Estimated Investor Return	14.00%-16.00%
Projected Stabilized Cashflow (on unreturned capital starting 2024)	10.00% - 12.00%



Business Plan

- SMARTCAP is master planning the two neighboring sites to accommodate up to 236k SF Logistics Center and a smaller 72k SF light distribution building.
- The two buildings will help offset each other's risk as they will target different tenant requirements due to their overall size and ability to break down into smaller tenant suites as needed.
- A speculative development for the entire project is the desired course of action. The development site is one of the best located sites in Marysville's "path of progress", supported by direct access to the future On / Off ramp to Interstate 5.
- Marysville is development-friendly and encouraging development along 152nd St corridor. The off-ramp will help accommodate the increased flow in truck traffic and provide better access for future tenants. UPS is currently under construction on their new 100K SF facility just north of 152nd St., set to be delivered in the next 12 months. The City of Marysville improving site access with a new freeway ramp & UPS already developing along the 152nd St. corridor are evidence of this being an up and coming industrial area and support the investment.
- Once both properties are completed & stabilized, SMARTCAP will look to refinance the assets up to an estimated 60%-65% Loan to Value, returning proceeds pro-rata back to investors. The project will then be held for the remainder of the investment period (est. 10 years) as a stabilized cash-flowing investment.

SMARTCAP Development Projects

SMARTCAP 188th St. Ind. Park

- Opportunity Zone Project
- 99,555 SF, speculative development
- Delivery, Sept. 2020 (81% Pre-Leased)

SCG 180th St. Ind. Park

- 98,003 SF, speculative development
- Delivered Q3 2019 (100% occupied).

SMARTCAP Arlington Airport Ind. Park

- Two Phased Opportunity Zone Project.
- Will target light manufacturing tenants.
- Broke Ground August 10th 2020.
- Phase I Delivery, Q3/Q4 2021



Future Interstate 5
On/Off Ramp



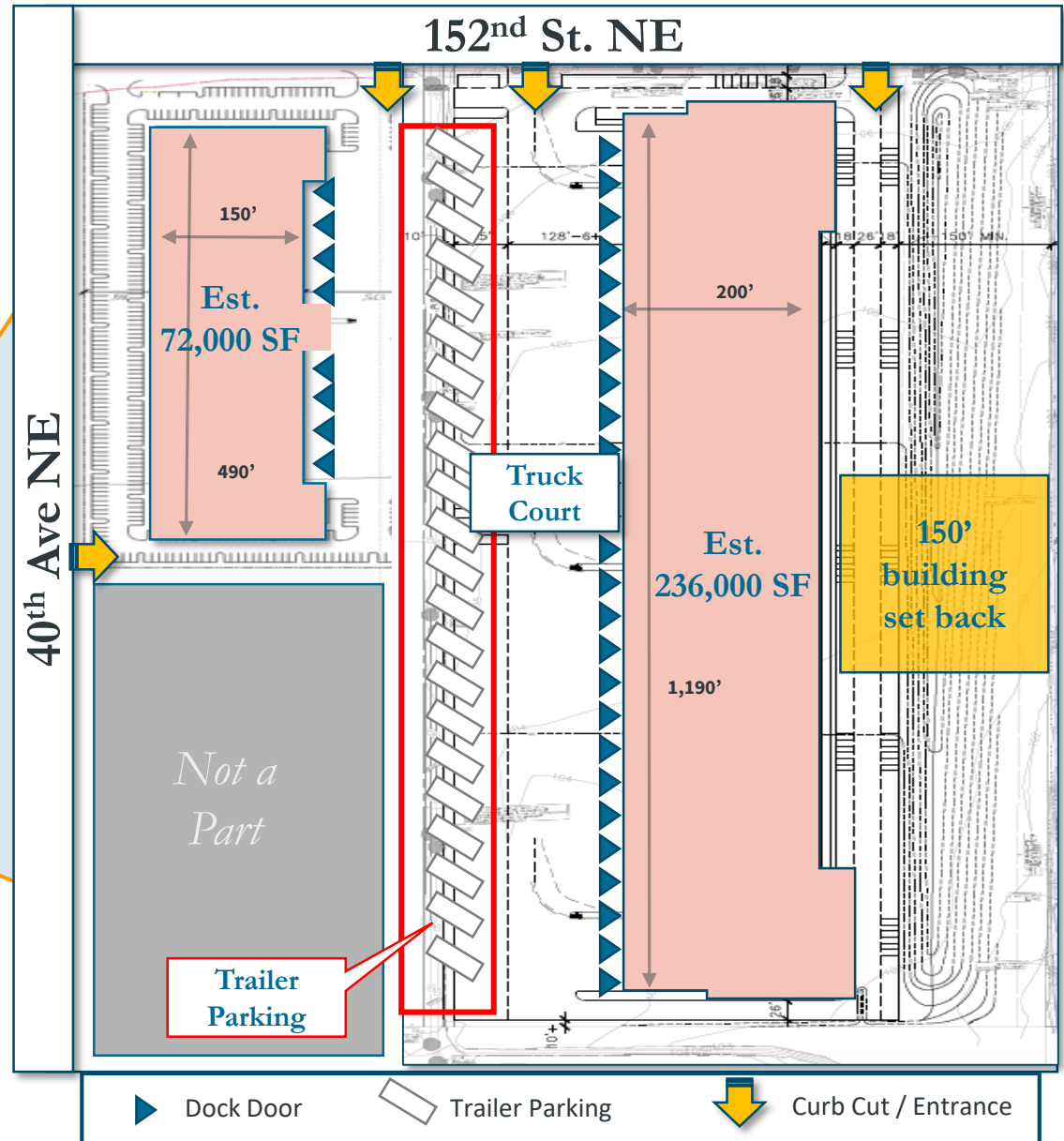
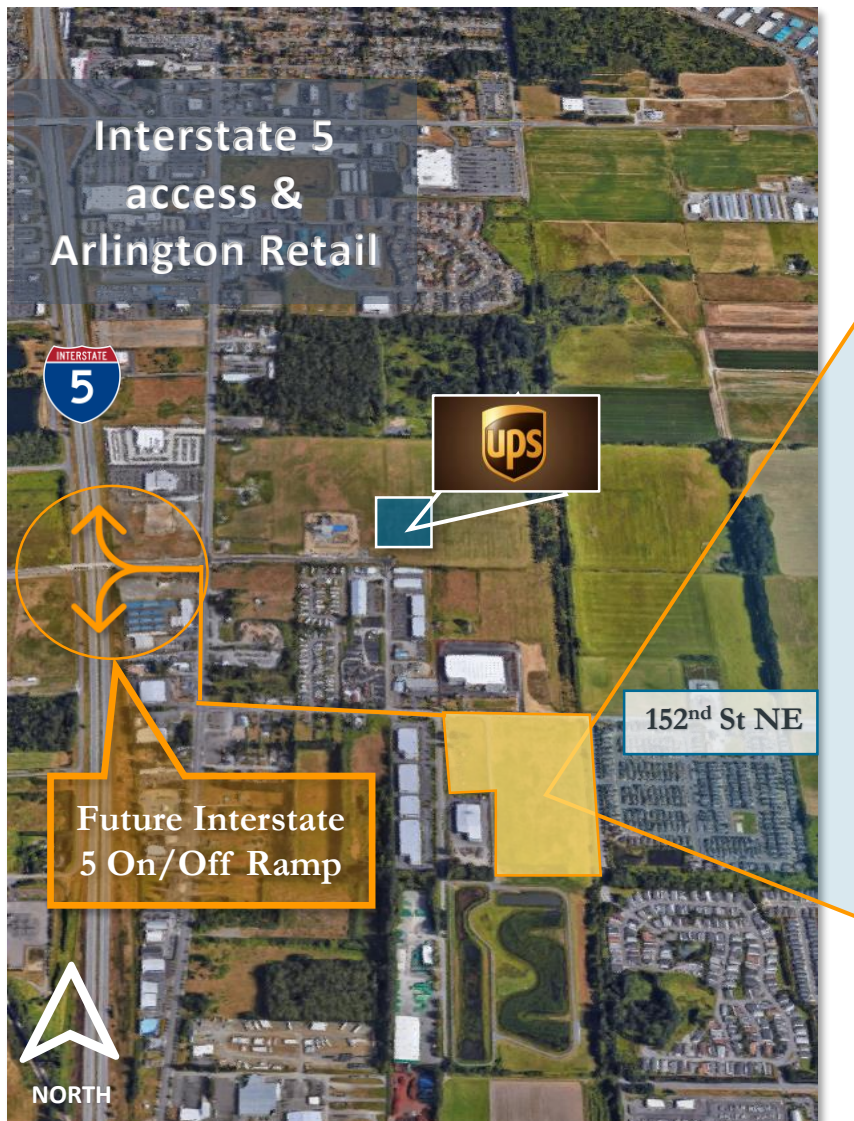
152nd St NE

Marysville
Development Site



NORTH

Potential Site Plan



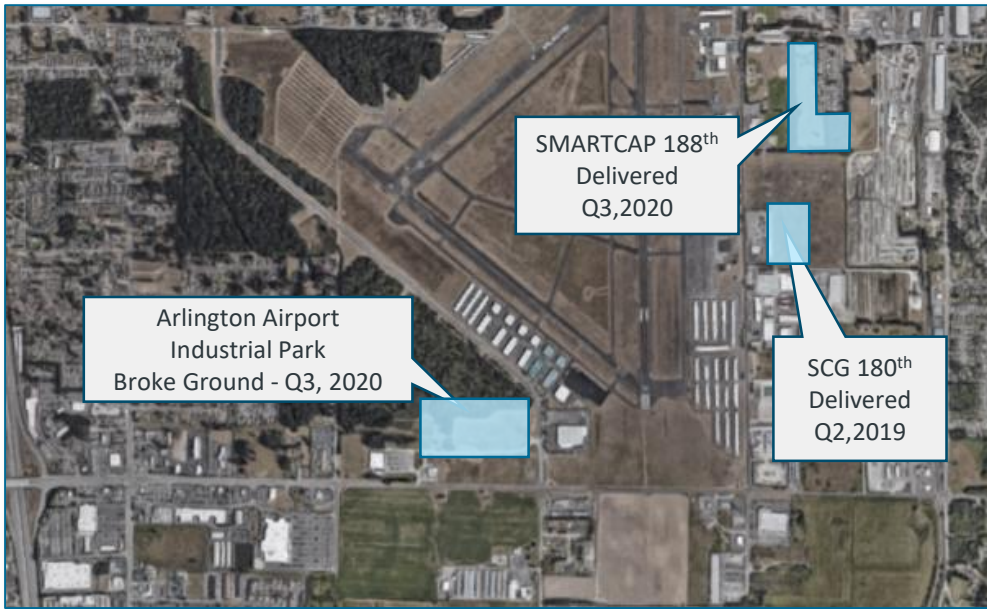
Projected \$100,000 Investor Cashflow

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Investment	(\$100,000.00)										
Cashflow			\$2,334	\$6,771	\$1,933	\$2,317	\$2,713	\$3,121	\$1,848	\$1,473	\$4,352
Refinance / Recapitalization				\$78,571							
Sale Proceeds											\$129,534
Total	(\$100,000.00)	\$0	\$2,334	\$85,342	\$1,933	\$2,317	\$2,713	\$3,121	\$1,848	\$1,473	\$133,886
Percentage		0.00%	2.33%	85.34%	1.93%	2.32%	2.71%	3.12%	1.85%	1.47%	133.89%
IRR	14.29%										

- Table shows a projected return based on SMARTCAP's assumptions demonstrating a \$100,000 investment.
- Refinance is assumed to happen in year 3, when the buildings are stabilized. Subject to change based on market conditions.
- Cashflow percentage is based on original \$100,000 investment. Other cash flow projection in this investment package are calculated on un-retained capital.

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SMARTCAP Management Team and Vision



- SMARTCAP is a Washington State company who has been building in the Arlington / Marysville submarket since 2017. During this time, SMARTCAP has delivered two successful investments: SCG 180th St. Industrial Park (98,003 SF) and SMARTCAP 188th St. Industrial Park (99,555 SF) . SMARTCAP self-performs as the General Contractor and has recently broken ground on our third project, the Arlington Airport Industrial Park (est. delivery Q3/Q4 2021).
- **Long Term Goal** – SMARTCAP is the leading developer in the Arlington / Marysville Industrial Market and has a long-term strategy of building / delivering Class A Industrial assets. A growing portfolio will allow SMARTCAP the ability to offer readily available space requirements to land perspective tenants, have better control over rental rates and maximize asset value with the potential of exiting the portfolio in the future to a single investor who is looking to enter the market at scale.

SMARTCAP MANAGEMENT



Tim Shoultz

Founder and CEO

- ◇ Responsible for finding, curating, and analyzing properties and development projects.
- ◇ Expertise from 16 years of real estate and business management experience.
- ◇ Successful real estate syndicator completing over \$250MM in deals.
- ◇ A tech and business leader with 15 years of “big data” analytics experience creating a data driven approach to real estate investment.



Joe Ollis

Founder and President

- ◇ Responsible for operations, project conception, and data analysis.
- ◇ Focuses on financial fundamentals with emphasis on execution and defensible risk/ reward profile.
- ◇ Offers a decade of experience in successful commercial real estate investment and management completing nearly \$250MM in transactions.
- ◇ 15 years of product and leadership experience at Microsoft and other technology companies, along with in-depth software design experience.

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