

SMARTCAP CRE Value Fund 3

Outsized investor returns: Up to 50% of institutional joint-venture profit added to investor waterfall!

INDUSTRIAL FOCUS

\$50MM EQUITY RAISE

6-8% YEARLY STABILIZED CASH
FLOW

15% IRR OVER LIFETIME OF
INVESTMENT



Increased Returns With Reduced Risk

SMARTCAP INVESTORS SHARE IN INSTITUTIONAL PROFITS

- ◇ Targeting 15% or higher IRR paid to investors (net of fees).
- ◇ SMARTCAP will utilize up to 50% of profits from institutional joint-venture partners to increase SMARTCAP investor returns.
- ◇ SMARTCAP and investors are aligned as SMARTCAP provides profits from institutional equity stack to increase investors returns.

Higher-Quality Assets

- ◇ By utilizing institutional equity to increase SMARTCAP investor returns, you experience reduced risk and an increase in asset quality.
- ◇ Higher-quality assets provide greater growth potential with lower vacancy risk.

Improved Diversification

- ◇ The additional institutional equity will allow SMARTCAP investors to invest in a highly-diversified fund.
- ◇ Access to multiple deals inside a fund provides a risk-adjusted investment platform that outproduced single-deal investment strategies.
- ◇ Focus on industrial assets, though office assets will be considered on a limited and opportunistic basis as the office market continues to recover.

INVESTOR UPSIDE THROUGH SHARING INSTITUTIONAL PROFITS



**INSTITUTIONAL INVESTOR
Bring 90% of Equity**

**SMARTCAP INVESTORS
Invest 10% of Equity**

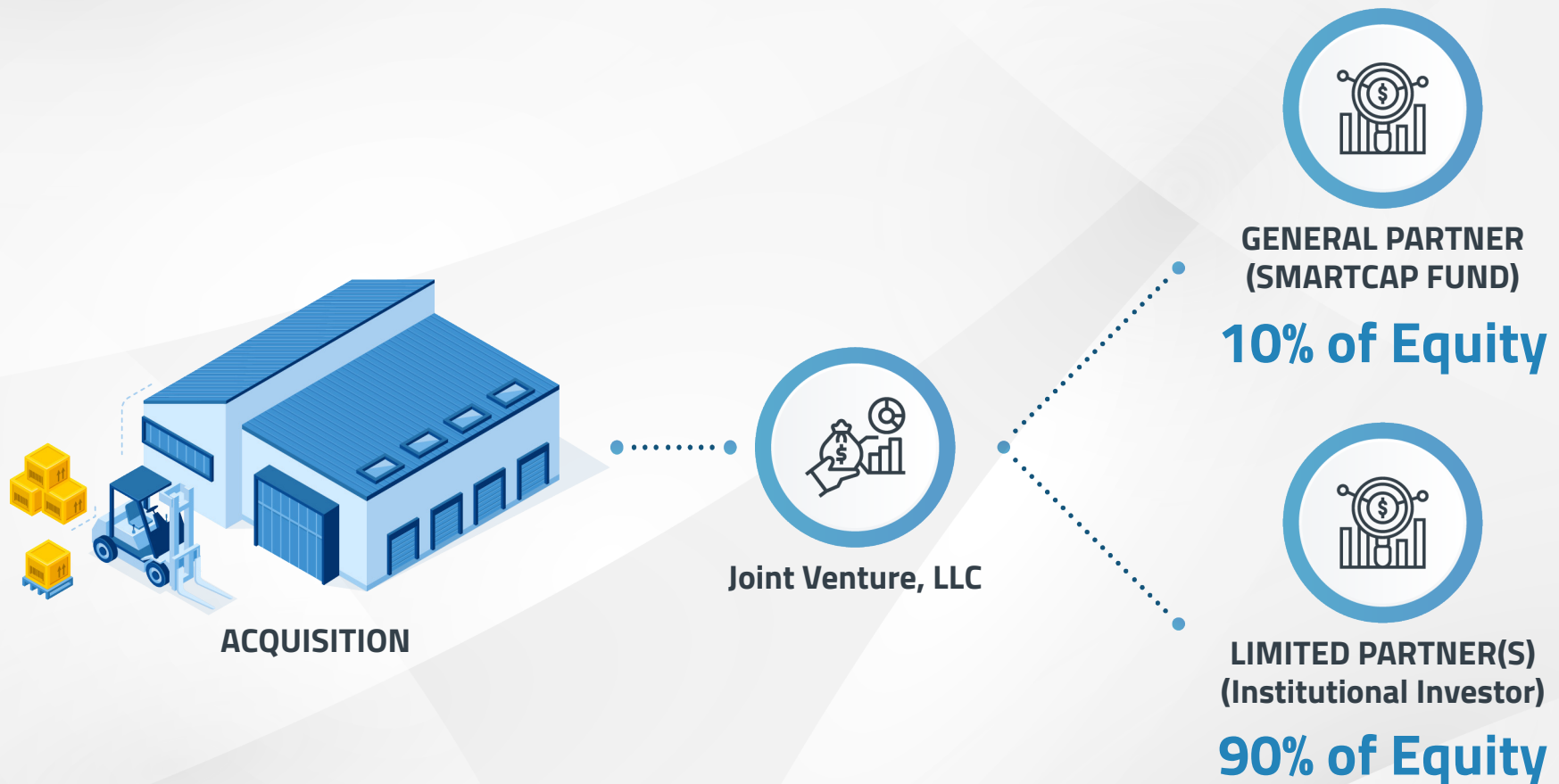


**SMARTCAP Investors share in
up to 50% of the profits from
the institutional investor profit
which increases SMARTCAP
investors' total return**



**SMARTCAP investors enjoy
more diversification, have
reduced risk and more
consistent returns**

Insitutional Partnership Profit Share



If a specific deal is less than 15% IRR paid back to General Partners (SMARTCAP Fund Investors), then up to 50% of profits paid from the promote by the Limited Partners is added into the SMARTCAP CRE Value Fund investor profits.

SMARTCAP CRE Value Fund 3 Terms

SMARTCAP INDUSTRIAL FUND 3 TERMS

Geographic Diversification	Greater N.W. Market as primary target (Seattle & Portland Metro markets as key targets).
Term	5 Years
One-time Startup Fees	Estimated \$100,000
Annual Asset Management Fees	1.5% on equity raised
One-time Acquisition Fees	1.0% of purchase price
Advisor Performance Allocation	30.0% (20% for greater than \$500K investment) after 8.0% preferred return.
Institutional Promote Shares	Up to 50% of promote from Institutional joint venture partners added to investor waterfall.
Total Equity Raise	\$50,000,000
Core Focus	Core focus is industrial. SMARTCAP will analyze office on an opportunistic basis or as the office market recovers.

TARGETED STABILIZED CASH FLOW

6-8%

Target Net Annual Yield, Paid Quarterly, Growing Over Time

FIXED-LENGTH INVESTMENT

5 YEARS

TOTAL PROJECTED RETURNS

15% + IRR

Target Net Annual Return From Cash Flow & Appreciation

SMARTCAP CRE Investment Approach

Thesis

- ◇ We acquire and own functional, flexible industrial assets in infill and growth-oriented locations.
- ◇ We allow for a mix of Core, Value, Opportunistic, and Development investments.
- ◇ We acquire in top-tier markets, at or below replacement cost.
- ◇ We will analyze office assets on an opportunistic basis or as the office market recovers.

Operating Approach

- ◇ Increased cash-on-cash return, and net asset value within the fund.
- ◇ Acquiring and developing in core markets with limited leasing risk drives value while significantly increasing long-term yield.

Tier 1 Markets

- ◇ Focused on markets with a high barrier to entry for new development. Limited supply increases long-term demand.
- ◇ Seattle and Portland metros have consistently outperformed national growth models.
- ◇ Coastal cities with access to deep-water ports decrease risk with reduced vacancy and higher rents.
- ◇ Local sponsor with intimate knowledge and a strong reputation, have a key advantage over our competitors in our target markets.



SMARTCAP Advantage

We have the expertise, resources, and connections you need to break into the industrial market.

Discover more of what sets our company apart in the Seattle and Portland markets.



100% FOCUS ON **LOCAL** MARKETS

Our local focus and expertise gives us a competitive advantage over other investing firms in the Seattle and Portland markets.



HIGHEST DEGREE OF LOCAL KNOWLEDGE

You can trust in our inside insight generated from years of successful purchasing to acquire only income-producing assets that outperform time and time again.



SUPERIOR MARKET ANALYSIS

Our research capability and expertise work synergistically to support our acquisitions phase.



BEST BROKERAGE RELATIONSHIP

Our connection with local brokers allows us to acquire off-market opportunities ahead of the competition—leading to better returns for investors.



DATA DRIVEN

We only move in the market when our decisions are backed by hard data and research to ensure we're bringing the best industrial value-add to our investors.



SMARTCAP Historical Track Record



EQUITY RAISED
(with over 450 investors)
\$120,000,000



TOTAL TRANSACTIONS
\$320,245,000



TOTAL SF CURRENT
1,600,000+ SF



Total Deals
25 DEALS



TOTAL ROUND TRIPS
12



INVESTOR NET IRR
(if all remaining assets sold today)
23.4% IRR

Industrial Properties Investment Strategy



Focus on Top Tier Markets

– Primary Targets Include Seattle & Portland

Supply of new industrial product is limited due to physical and regulatory constraints. When combined with strong demand, and generators such as population growth, and proximity to ports, the Seattle and Portland markets have continually generated superior returns.



High-Quality Industrial Real Estate

We invest in functional, flexible industrial real estate that meets our customers' needs. Our target markets are in areas with growing demand and limited supply.



Three-Pronged Strategy

Combining direct acquisitions, ground-up development, and the highest-quality relationships in our markets, we provides great opportunity for portfolio growth and increased investor value.

PORTFOLIO STRATEGY

Real Estate Types	Manufacturing and Distribution Logistics Industrial Real Estate Focus, with opportunistic focus on suburban office assets
Geographic Diversification	Northwest, with primary focus on Seattle and Portland
Property Types	Flexible Designs for multiple tenants, adjacent to transportation infrastructure, catered to submarket tenant demand
Value Creation Opportunities	Emphasis on rental growth over hold period and opportunity for higher and better use over time
Submarket Focus	Focus on submarkets with limited new industrial supply where older buildings present opportunities for redevelopment, as well as submarkets with new supply potential
Lending Strategy	Utilize low-to-moderate leverage in the 50%-65% LTV range to increase yield.

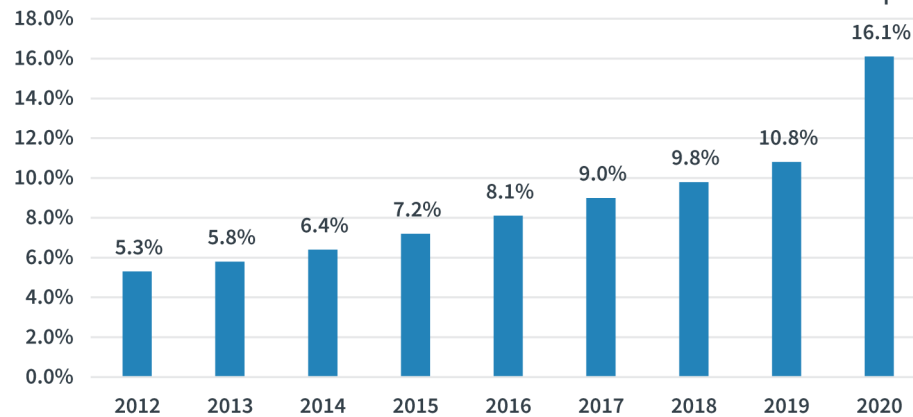
MIDDLE MARKET / LOCAL OPERATOR ADVANTAGE

SMARTCAP targets middle-market assets in the \$5MM - \$30MM range where larger institutions are less competitive, and smaller investors cannot buy.

SMARTCAP is a boots-on-the-ground, local operator with top relationships in the market.

Ecommerce Demand projected to be 25% or retail sales by 2030

E-COMMERCE AS A % OF TOTAL RETAIL SALES

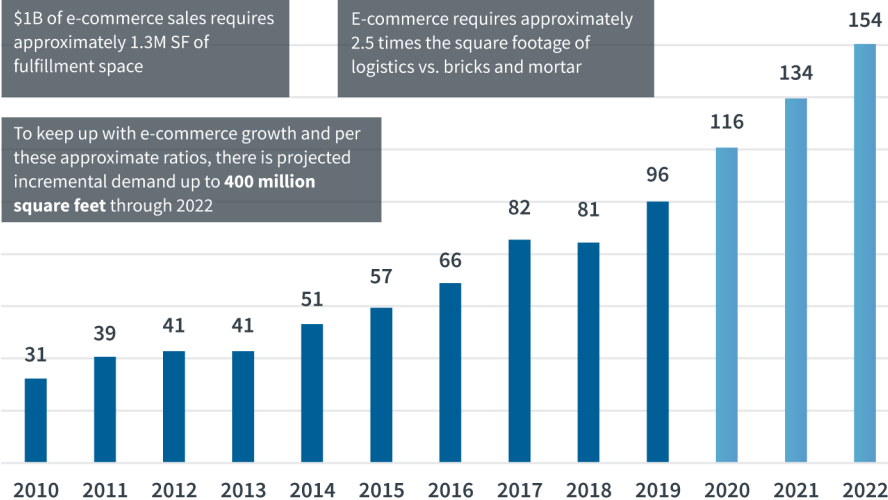


SIGNIFICANT INCREMENTAL DEMAND FOR SPACE

\$1B of e-commerce sales requires approximately 1.3M SF of fulfillment space

E-commerce requires approximately 2.5 times the square footage of logistics vs. bricks and mortar

To keep up with e-commerce growth and per these approximate ratios, there is projected incremental demand up to **400 million square feet** through 2022



The Pandemic is further accelerating E-Commerce and the necessity for resilience across the domestic supply chain

- ◇ Ecommerce as a percentage of total retail sales are accelerating. An expected 400 million SF of new logistics warehouses are needed through 2022.
- ◇ Supply chain bottlenecks from the economic shutdown and a spike in e-commerce demand likely to increase inventory-to-sales ratio, subsequently increasing required inventory storage space.
- ◇ Expanded purchase categories notably experiencing a spike in e-commerce adoption (e.g. grocery, furniture).
- ◇ Online returns rate frequently up to 30% of purchases. Post-pandemic trends should expand this already significant driver of modern facility space.
- ◇ 35% of it's industrial leasing activity was related to e-commerce pre-Covid. This has increased to 50% post-Covid (JLL).
- ◇ Re-shoring of manufacturing to North America should create need for more resources on-hand domestically.

Favorable Tailwinds Support Industrial Demand In Seattle

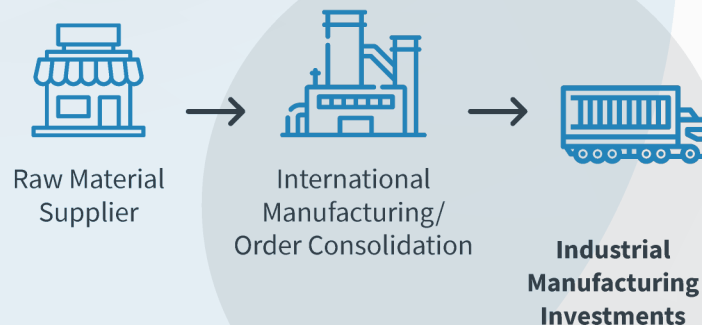
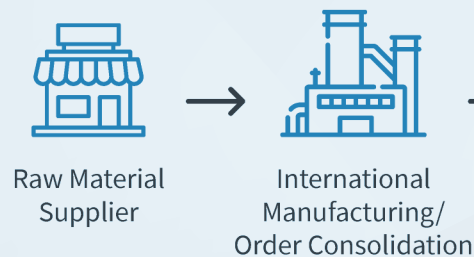
“Each 100 bps of share shift from bricks and mortar to online translates to 46 MSF of net demand in the U.S.”

[Listen to Will O'Donnell, Director of Prologis Ventures Here.](#)

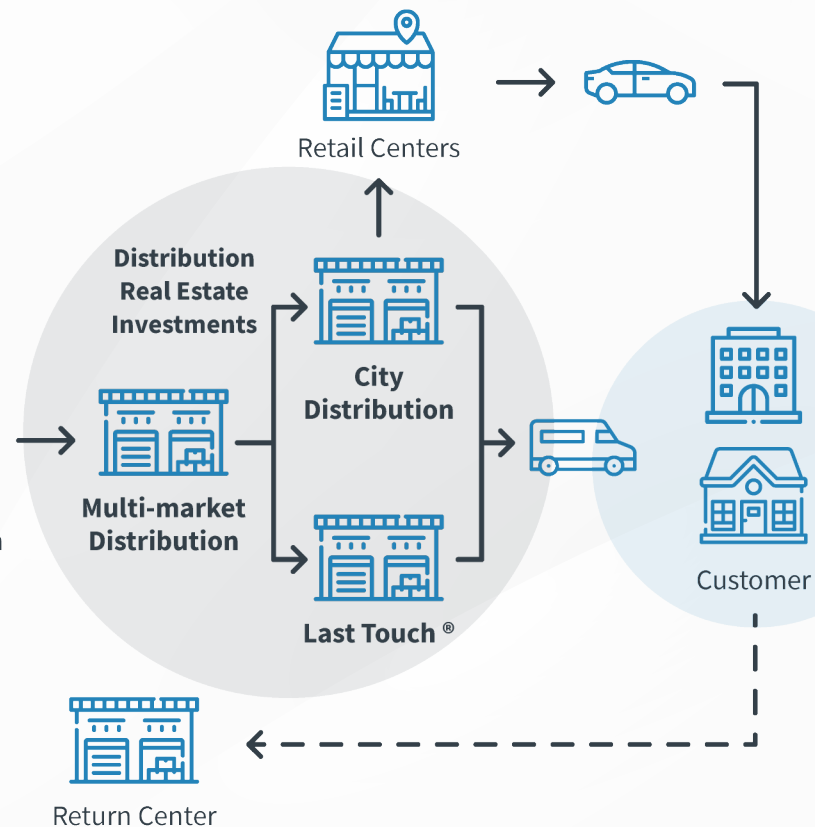
With the penetration rate already rising by 100-150 bps annually, March through mid-April's e-commerce growth of 30%+ suggests that the rate could rise by 300-400 bps in 2020, generating an incremental 140-185 MSF of net demand (accounting for cannibalization of brick and mortar).

SMARTCAP Industrial Fund will focus on logistics, multi-market distribution, last-mile distribution, and manufacturing assets.

PRODUCTION



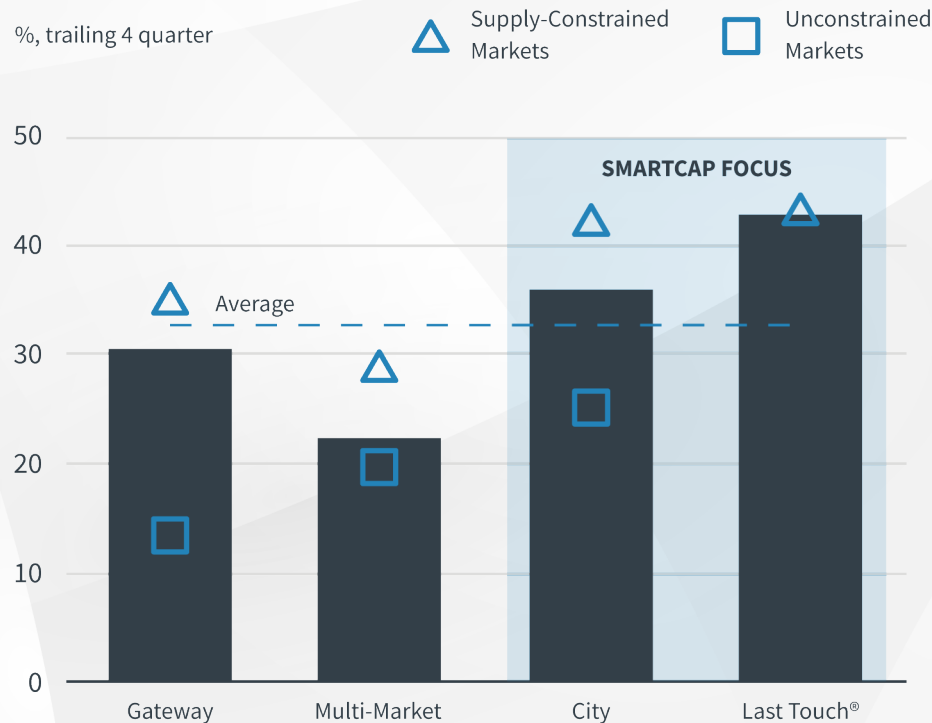
CONSUMPTION



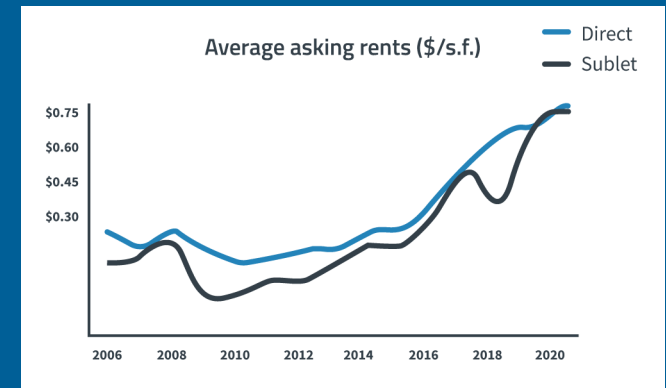
A Supply Deficit of Industrial Space in Seattle Will Prop up Prices & Rent

Seattle and Portland are supply-constrained markets, with significant growth, which results in higher rental rates. Rental rates in these markets have cumulatively grown by 12% more than the national average since 2012, and vacancy rates have been consistently lower.

RENT CHANGE ON ROLLOVER BY PROPERTY CATEGORY, PROLOGIS

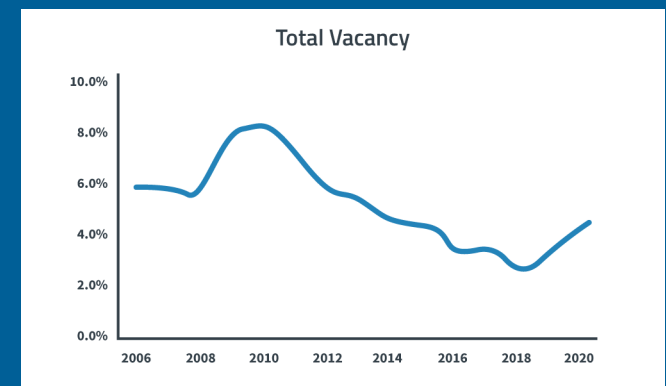


POSITIVE TRENDS IN PUGET SOUND INDUSTRIAL



E-commerce and third-party logistics will continue to be the driver of the market as online orders will accelerate the demand for warehousing.

Accelerated population growth places the industrial market in a good position to hold strong in the Puget Sound.



We've Completed \$350 Million in Total Transactions

SMARTCAP is a direct real estate investment firm operating in the Puget Sound area, one of the top real estate markets in the world. Your risk is minimized by acquiring assets at value-add pricing. Our track record for our entire portfolio is over 23% IRR paid to investors, net of fees and expenses.

Smart, Transparent Real Estate Investment

Investors are our life-blood and appreciate our detailed monthly communication and financial reporting. Your questions are answered quickly and with honesty and transparency. You will receive monthly updates, including detailed property summaries and financial reporting, as well as monthly distributions.

Our Team



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 \$350MM in deals.



Leslie Neel
Finance Lead

- ◆ Responsible for all corporate and investment-level financials.
- ◆ Focus on financial fundamentals, cash flow modeling, and investor distributions.
- ◆ CPA with over 20 years' experience as CFO and Lead of Finance.



Robert Shipley
Development Lead

- ◆ Responsible for new development and construction projects.
- ◆ Focus on industrial development, tenant improvements, and pre-leasing.
- ◆ 23 years of experience in construction management.



Brian Burmester
Acquisitions Lead

- ◆ Responsible for finding, curating, and acquiring new assets as well as land for development.
- ◆ Focus on market analysis, asset underwriting, and diligence prior to acquisitions.
- ◆ Over 12 years' experience in finance and commercial real estate acquisitions.

SMARTCAP TOTAL TRANSACTIONS JULY 2020 (SOLD)

SPONSOR TRACK RECORD. ASSETS LISTED BELOW ARE NOT PART OF SMARTCAP INDUSTRIAL REIT.

PROPERTY	METRO	SQUARE FOOTAGE	DATE	PURCHASE PRICE	PROPERTY TYPE	ACQUISITION & CURRENT OCCUPANCY	CURRENT VALUE	CASH RETURN	IRR OR TOTAL RETURN
Capital Theatre Building	Olympia, WA	15,000 SF	April 2012	\$950,000	Retail	Sold	Sold 2016 \$1,560,000	322%	24.3% IRR
Sequim Retail Plaza	Sequim, WA	7,000 SF	Sept. 2013	\$1,100,000	Retail	Sold	Sold 2014 \$1,700,000	147%	45% IRR
6 & Orchard	Tacoma, WA	12,000 SF	June 2013	\$2,600,000	Retail	Sold	Sold 2016 \$3,700,000	253%	36.5% IRR
Navy Office Building	Silverdale, WA	41,901 SF	Oct. 2014	\$7,100,000	Office	Sold	Sold 2017 \$9,895,000	176%	25% IRR
Vintage Place, LLC	McMinnville, OR	33,395 SF	March 2014	\$3,600,000	Retail	Sold	Sold 2017 \$5,150,000	161%	16.5% IRR
DSHS Office Building	Tacoma, WA	30,000 SF	Oct. 2014	\$4,500,000	Office	Sold	Sold 2017 \$6,000,000	176%	25% IRR
Lake Plaza Retail	Denver, CO	40,778 SF	July 2015	\$6,150,000	Retail	Sold	Sold 2018 \$6,515,000	110.5%	3.5% IRR
Firgrove Business Park	Puyallup, WA	15,000 SF	April 2012	\$1,350,000	Retail	Sold	Sold 2018 \$2,560,000	184%	25% IRR
South Seattle Business Park	Seattle, WA	97,500 SF	May 2016	\$9,500,000	Office / Warehouse	Sold	Sold Aug. 2018 \$17,500,000	229%	46.3% IRR
Robinson Ranch Retail Center	Parker, CO	20,230 SF	Dec. 2015	\$5,000,000	Retail	Sold	Sold Oct. 2019 \$5,100,000	102%	1% IRR
Smokey Point, LLC	Smokey Point, WA	24,794 SF	March 2014	\$3,500,000	Retail	Sold	Sold Jan. 2019 \$4,880,000	153%	12% IRR

SMARTCAP TOTAL TRANSACTIONS JULY 2020 (NOT SOLD)

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PROPERTY	METRO	SQUARE FOOTAGE	DATE	PURCHASE PRICE	PROPERTY TYPE	ACQUISITION & CURRENT OCCUPANCY	CURRENT VALUE	CASH RETURN	IRR OR TOTAL RETURN
Richland State Professional Building	Richland, WA	57,935 SF	Sept. 2015	\$6,300,000	Office	86.82% / 100%	\$8,750,000	98%	203.54% TR Projected
Duke's Ruston Way Restaurant	Tacoma, WA	5,300 SF	Sept. 2016	\$3,900,000	Restaurant	100%	\$5,250,000	13.75%	139.65% TR Projected
Fund 1 - I5 Quadrant Office Building B	Everett, WA	70,464 SF	Sept. 2017	\$12,500,000	Office	88% / 95%	Combined Value \$35,000,000	6.2%	135% TR Projected
Fund 1 - I5 Quadrant Office Building A	Everett, WA	74,959 SF	Feb. 2018	\$14,400,000	Office	87% / 95%		6.2%	135% TR Projected
Fund 1 - 180th ST Industrial Building	Arlington, WA	95,150 SF	Delivery Jun. 2019	\$10,300,000	Industrial	100% Leased	\$13,995,000	6.2%	139% TR Projected
Fund 2 - Evergreen Office Building	Bellevue, WA	88,642 SF	May 2019	\$32,150,000	Office	95% Leased	\$35,250,000	2.42%	112% TR Projected
Fund 2 - Kirkland 405 Corporate Center Building B	Kirkland, WA	53,268 SF	May 2019	\$15,750,000	Office	100% Leased	\$15,750,000	2.42%	112% TR Projected
OZ Fund - 188th St Industrial Park	Arlington, WA	100,000 SF	Delivery Aug. 2020	\$13,500,000 Construction	Industrial	75% Leased	\$13,500,000	40%	New
818 S Dakota	Seattle, WA	23,397 SF	Sept. 2020	\$5,425,000	Industrial	New	New	New	New
Nike - Grey Oaks Industrial	Beaverton, OR	73,200 SF	Sept. 2020	\$12,200,000	Industrial	100% Leased	New	New	New

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PROPERTY	METRO	SQUARE FOOTAGE	DATE	PURCHASE PRICE	PROPERTY TYPE	ACQUISITION & CURRENT OCCUPANCY	CURRENT VALUE	CASH RETURN	IRR OR TOTAL RETURN
OZ Fund 2 – Arlington Air Industrial Park	Arlington, WA	Planned 300,000 SF	Delivery Aug. 2021	\$44,000,000 Construction	Industrial	New	New	New	New
OZ Fund 3 – 152nd Distribution Center	Marysville, WA	Planned 310,000 SF	Delivery Aug. 2021	\$39,000,000 Construction	Industrial	New	New	New	New

Total Purchases \$195,310,000	Total Sales \$64,560,000	Total Transactions \$245,000,000	Current Portfolio Value \$180,175,000	Investor Net IRR If All Remaining Assets Sold Today 23.4% IRR	Total Transaction SF 1,223,316 SF	Total SF Current 885,718 SF
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