



SMARTCAP Industrial Value Fund 3

Fund Investors receive 50% Profit Share
from Institutional Joint Venture
Partnerships

100% INDUSTRIAL FOCUS

\$25MM - \$30MM EQUITY RAISE

Target 20% + IRR OVER
LIFETIME OF FUND



Value Fund 3 Update

Identified Projects

- SMARTCAP has identified the first two projects within VF3. Both deals will be speculative developments and utilize the same Institutional JV Partner. The JV partner will be an 80% equity partner, solidifying the institutional profit-sharing strategy inside Value Fund 3.

Pipeline

- SMARTCAP has made the best and final round of offers for a lightly marketed industrial acquisition near the Port of Tacoma (Tacoma, WA). The estimated equity commitment for the potential acquisition is \$13.0MM - \$14.0MM.
- If we are the selected buyer, it would likely be the last asset in the Fund. This transaction is a sale lease back with a future development opportunity. The acquisition would be a great complement to the Fund as it is underwriting to 12%-15% IRR with 4%-5% annual yield.

JV Partnership

- SMARTCAP is finalizing a Joint Venture Agreement with our selected capital partner for VF3. The partnership will be formally announced once the agreement is completed, which is anticipated to be February 2022. Over the last 12 months, SMARTCAP vetted dozens of potential partners and are thrilled to finally be moving forward with a reputable, well-capitalized partner whose goals align with ours.

Target Raise

- As of January 2022, Value Fund 3 has raised just over \$22MM. The fund will be open until March 31st, 2022, or until we achieve our final equity raise requirement which is projected to be \$30MM.

SMARTCAP Industrial Value Fund 3 Terms

SMARTCAP INDUSTRIAL FUND 3 TERMS

Target Equity Raise
\$25MM - \$30MM

Raised to Date
(January 2022)
\$22.0MM

TARGET INVESTMENT PERIOD
5 YEARS

TOTAL PROJECTED RETURNS
20% - 25% IRR

Target Net Annual Return From Cash Flow &
Appreciation

Core Focus

- 100% Industrial Focused: Acquisitions and Development

Term

- 5 Years

Institutional Promote Share

- 50% of promote from Institutional joint venture partners added to investor waterfall.

Advisor Performance Allocation

- An 8% investor preferred return followed by a full return of equity.
- Thereafter, 70% of profit will be paid to investors and 30% will be paid to sponsor (SMARTCAP). Investors who invest \$500k or greater will receive 80% of profits.

Geographic Diversification

- Greater NW Market as primary target
- (Seattle & Portland Metro markets as key targets).

One-time Startup Fees

- Estimated \$100,000

Annual Asset Mgmt. Fees

- 1.5% on equity raised

Acquisition Costs and Commissions

- Est. 1.5% of acquisition purchase price or development land cost.

Development Fee

- 3.00% (estimated)
- Calculated on final development cost.

Value Fund 3 – Business Plan and Strategy

Target Assets

- ❖ Value Fund 3 (VF3) is a discretionary fund that will target both industrial acquisitions and industrial developments in the Pacific Northwest.
- ❖ VF3, managed by SMARTCAP, will focus on functional and flexible industrial assets in infill and growth-oriented locations. Targeting Core, Value, Opportunistic, and Development investments.

Competitive Advantage: Profit Share Model

- ❖ Within Value Fund 3, SMARTCAP will pursue projects with a Joint Venture Institutional Partner. If a specific project utilizes a JV Partner (JV), SMARTCAP will share 50% of the profits with VF3.
- ❖ Learn more on the next page!

Blended Risk Profile (Acquisitions and Development)

- ❖ VF3 will target 2 -3 developments utilizing an Institutional JV Partner, allowing investors to take advantage of the profit-sharing model offered by SMARTCAP.
- ❖ Developments typically target a 20% IRR to the JV. With the profit-sharing strategy offered in VF3, a 20% IRR to the JV generally results in a 32% IRR to VF3, inclusive of profit sharing.
- ❖ For the remaining funds in VF3, SMARTCAP will add 1-2 acquisitions, targeting a 12%-15% IRR for these respective transactions.
- ❖ The profit-sharing model allows us to blend the return profiles of higher risk development projects and lower risk existing assets, while still targeting a 20+% blended IRR across all acquisitions and developments.

INVESTOR UPSIDE THROUGH SHARING INSTITUTIONAL PROFITS



**INSTITUTIONAL INVESTOR
Bring 80% of Equity**

**SMARTCAP INVESTORS
Invest 20% of Equity**



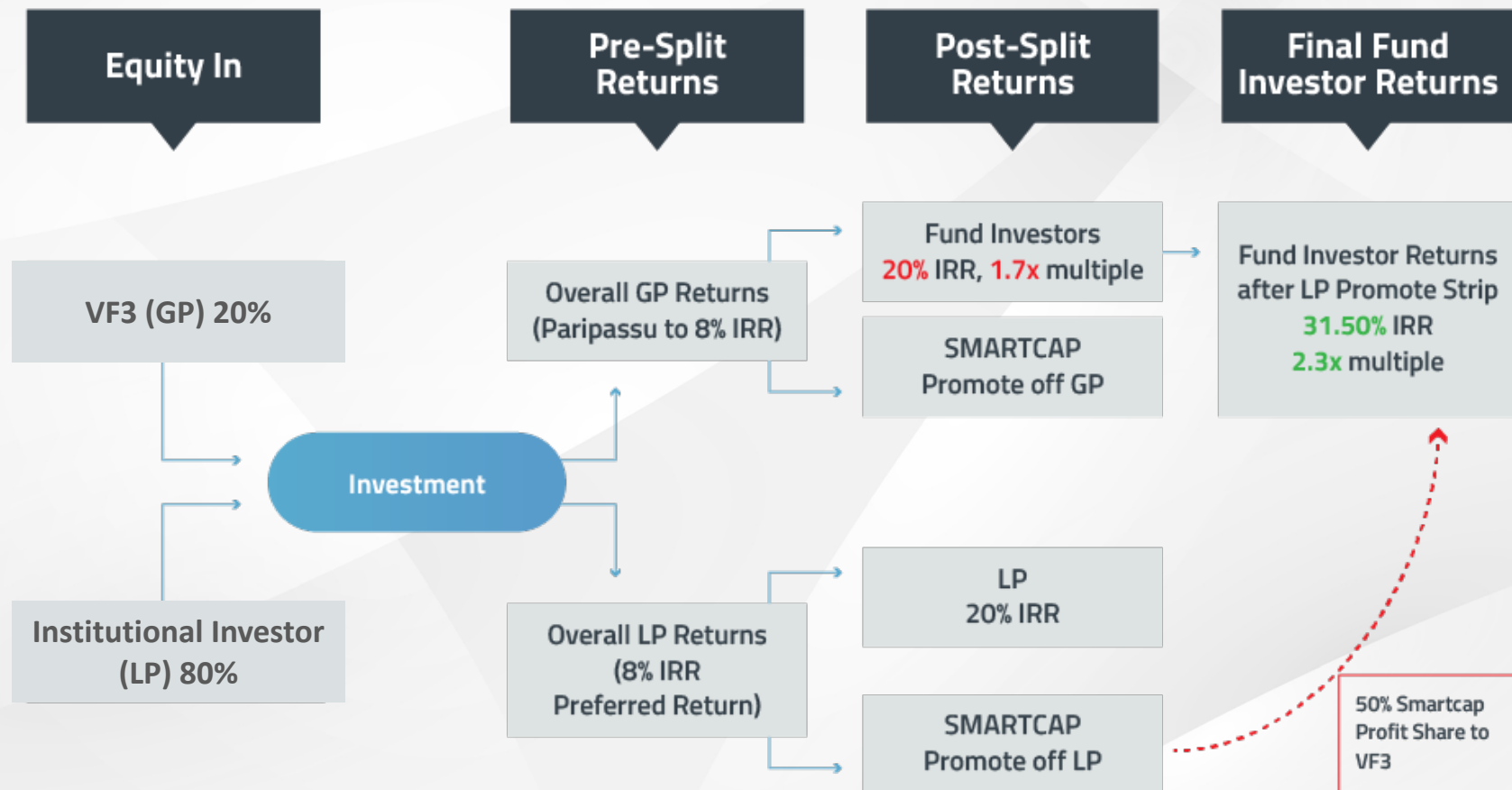
**SMARTCAP Private Fund
Investors share in 50% of the
profits from the institutional
Joint Venture Partnerships.**



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

Value Fund 3 Investor Profit Share Model

20% IRR Example to Show Impact of Profit Share



Both identified development projects will share profits with VF3 investors



Hypothetical \$100,000 Investment Example

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Investment	(\$100,000)					
Cashflow		\$0	\$2,174	\$4,849	\$6,101	\$2,230
Sale Proceeds				\$15,788	\$77,121	\$77,247
Value Fund 3 Profit Share				\$5,334	\$24,786	
Total	(\$100,000)	\$0	\$2,174	\$25,971	\$108,008	\$79,477
IRR (WITH PROFIT SHARE)	23.32%					
Equity Multiple	2.16x					

- Table shows a hypothetical return modeling two developments with a 20% equity commitment from Value Fund 3 and one acquisition of an existing asset.
- Developments are modeled to be sold in Years 3 & 4 with the stabilized asset being sold in Year 5.
- Both development opportunities share in 50% of profits with SMARTCAP.
- IRR represented in table reflects a more exact XIRR calculation, which is based on more detailed monthly cashflows. Calculating a simplified IRR with the values in the table will result in a different IRR.

NOTE REGARDING PROJECTED FINANCIAL INFORMATION: THE FINANCIAL INFORMATION SET FORTH IN THIS DOCUMENT INCLUDES UNVERIFIED THIRD PARTY VALUATIONS AND FORWARD LOOKING STATEMENTS THAT INVOLVE RISKS AND UNCERTAINTIES. THE PROJECTIONS OF EXPECTED VALUE AT DISPOSITION IN THE CASE OF PROPERTIES THAT HAVE NOT YET SOLD, TOTAL RETURN IF SOLD TODAY, AND SIMILAR PROJECTIONS INCLUDED IN THE PROJECTED FINANCIAL INFORMATION ABOVE AND BELOW IS BASED UPON ESTIMATES MADE BY SMARTCAP. SMARTCAP HAS COMPILED AND PROVIDED THE PROJECTED FINANCIAL INFORMATION BASED ON A METHODOLOGY OF ITS CHOOSING, WHICH IS NEITHER AUDITED NOR REVIEWED BY AN INDEPENDENT ACCOUNTING FIRM. THERE MAY BE OTHER VALUATION METHODOLOGIES THAT WOULD PRODUCE DIFFERENT RESULTS. THE PROJECTIONS OF VALUE, RETURN AND SIMILAR PROJECTIONS INCLUDED IN THE PROJECTED FINANCIAL INFORMATION HEREIN ARE BASED UPON ESTIMATES MADE BY SMARTCAP AND NOT UPON ANY ACTUAL OPERATING RESULTS OF SMARTCAP OR THE PROPERTIES. THERE IS NO ASSURANCE OR GUARANTEE THAT THE ACTUAL OPERATIONS OF SMARTCAP OR THE VALUATION OF THE PROPERTIES WILL EQUAL ANY OF THE PROJECTIONS. YOU SHOULD NOT RELY ON THE PROJECTED FINANCIAL INFORMATION CONTAINED IN THIS SUMMARY IN EVALUATING SMARTCAP'S FINANCIAL CONDITION AND PERFORMANCE.

Allocation of \$100,000 (Hypothetical)

- Below table shows an estimation of how a \$100,000 investment would be allocated between multiple acquisitions and development projects within VF3. Dollar amounts below were used in five-year return example on prior page.

Deal	Total VF3 Equity Committed	Allocation of a \$100k Investor	% Allocation
Example Acquisition: 12%-15% IRR	\$12,523,475	\$45,862	45.86%
South Everett (Baker View) Dev.	\$2,506,175	\$9,178	9.18%
Arlington Air North Development	\$12,277,201	\$44,960	44.96%
Total Size of Fund	\$27,306,851	\$100,000	100%

Fund Ownership with \$100,000 Investment

- Assuming the equity commitments above, a \$100,000 investment would result in a fixed ownership of 0.3662% of VF3.

Example Investor Fund Ownership	
Example Investment Amount	\$100,000
% Ownership of VF3	0.3662%



SMARTCAP Value Fund 3 Identified Projects



Arlington Air North



Everett

Baker View



First Two Opportunities in Value Fund 3

- ❖ SMARTCAP is excited to announce that Value Fund 3 controls two development sites in the North End Industrial Market!
- ❖ In addition to selecting its first two projects, VF3 has come to terms and selected an Institutional Capital Partner. The partnership will be officially announced once the Joint Venture Agreement (JVA) is finalized, anticipated to be February / March 2022.
- ❖ The JV partner will be an 80% equity partner for both of VF3's identified development projects, solidifying the institutional profit-sharing strategy inside VF3.
- ❖ Both developments will commence in summer of 2022 and will be a "merchant" style development targeting a sale shortly after stabilization to maximize investor IRR.
- ❖ See high-level detail for both projects on the following pages.

Seattle

Baker View Logistics Center Identified Project

Investment	Estimated Totals
Est. Project Cost (Total)	\$32MM - \$33MM
Total Sq. Feet	166,590
Est. Total Development Cost (PSF)	\$190 - \$195
Estimated Capital Raise	\$12,500,000
Institutional / Limited Partner 80.00%	\$10,000,000
General Partner 20.00%	\$2,500,000
Projected Return	
Institutional Partner	22.00% - 25.00% IRR
Target IRR / Equity Multiple.	1.6x - 1.9x EQX
Value Fund 3	*35.00% - 40.00% IRR
Target IRR / Equity Multiple.	2.3x - 2.50x EQX
Investment Period	2 - 3 Years

**VF3 return calculated using a 75%/25% split after 8% pref and return of equity and is inclusive profit share.*

- ❖ VF3 acquired the 13.0 - acre development site in December 2021, ensuring a summer 2022 construction start.
- ❖ Due to the lack of available inventory in Seattle's North End industrial market (current vacancy rate of sub 4%), pursuing a speculative development is the desired course of action by SMARTCAP.
- ❖ Just a few months into ownership of the site, leasing demand has been strong with multiple groups already reaching out for tours and estimated delivery timelines. The development project is expected to be delivered late in Q1 2023.

Boeing

526

Development Site

Paine Field Airport

Seller

Est.
166,590 SF

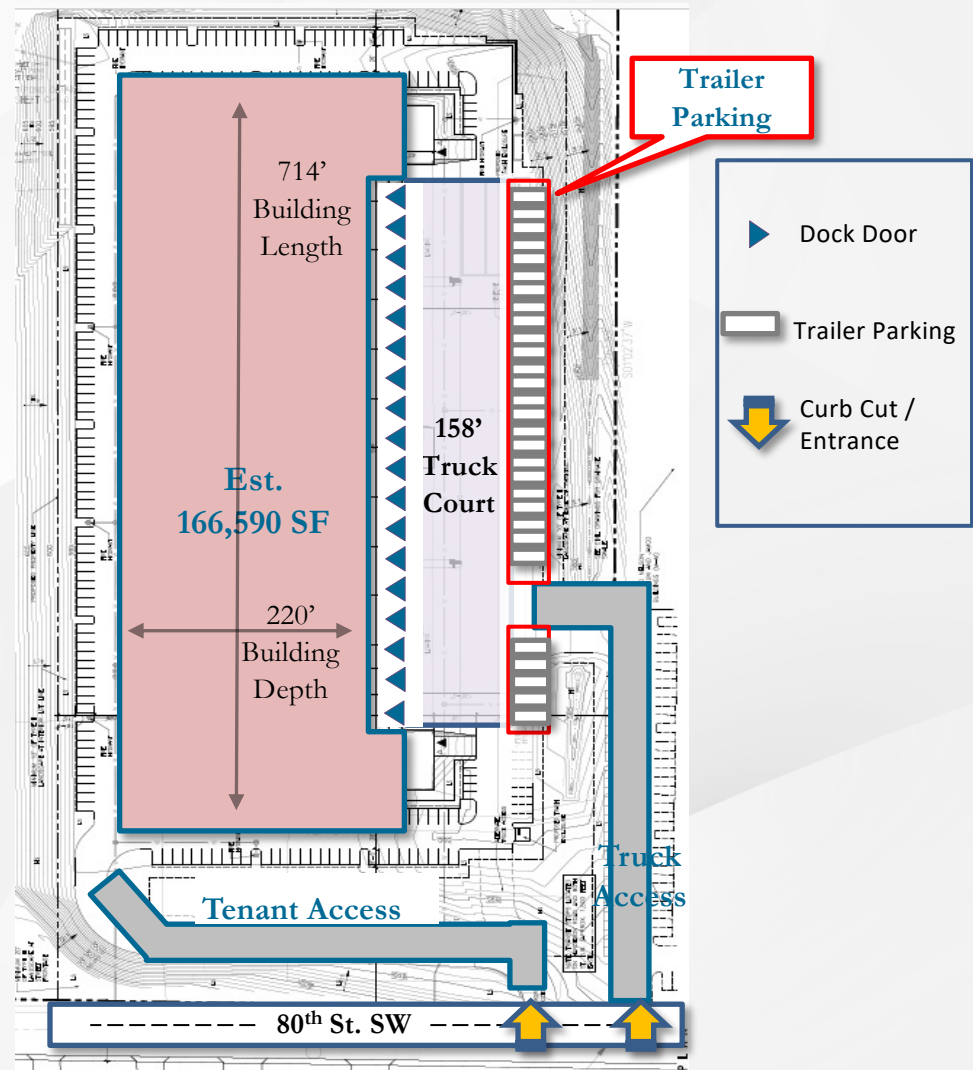
80TH ST SW



Site Plan – Baker View Logistics Center



- ❖ Baker View will be distribution-focused and offer 36' clear heights to maximize the interior racking needs of prospective tenants.
- ❖ Additionally, the project will offer trailer parking and ample truck maneuverability, both highly desirable tenant amenities.



An aerial rendering of the SMARTCAP Arlington Air North Industrial Park. The image shows several large, white industrial buildings with blue and yellow accents, arranged in a U-shape. The buildings have multiple loading docks with trucks parked. The park is surrounded by greenery, trees, and a road with cars and trucks. In the background, there are mountains and a body of water.

SMARTCAP

Arlington Air North Industrial Park Rendering

Arlington Washington

SMARTCAP Development Projects

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Arlington Air North Industrial Park Identified Project

Investment

Est. Project Cost (Total)	\$159MM - \$161MM
Total Sq. Feet	923,000
Est. Total Development Cost (PSF)	\$170-\$175
Estimated Capital Raise	\$61,500,000
Institutional / Limited Partner 80.00%	\$49,200,000
General Partner 20.00%	\$12,300,000

Projected Return

Institutional Partner	20.00% - 22.00% IRR
Target IRR / Equity Multiple.	1.5x - 1.8x EQX

Value Fund 3	*30.00% - 32.00% IRR
Target IRR / Equity Multiple.	1.8x - 2.00x EQX

Investment Period	3 - 5 Years
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**VF3 return calculated using a 75%/25% split after 8% pref and return of equity and is inclusive profit share.*

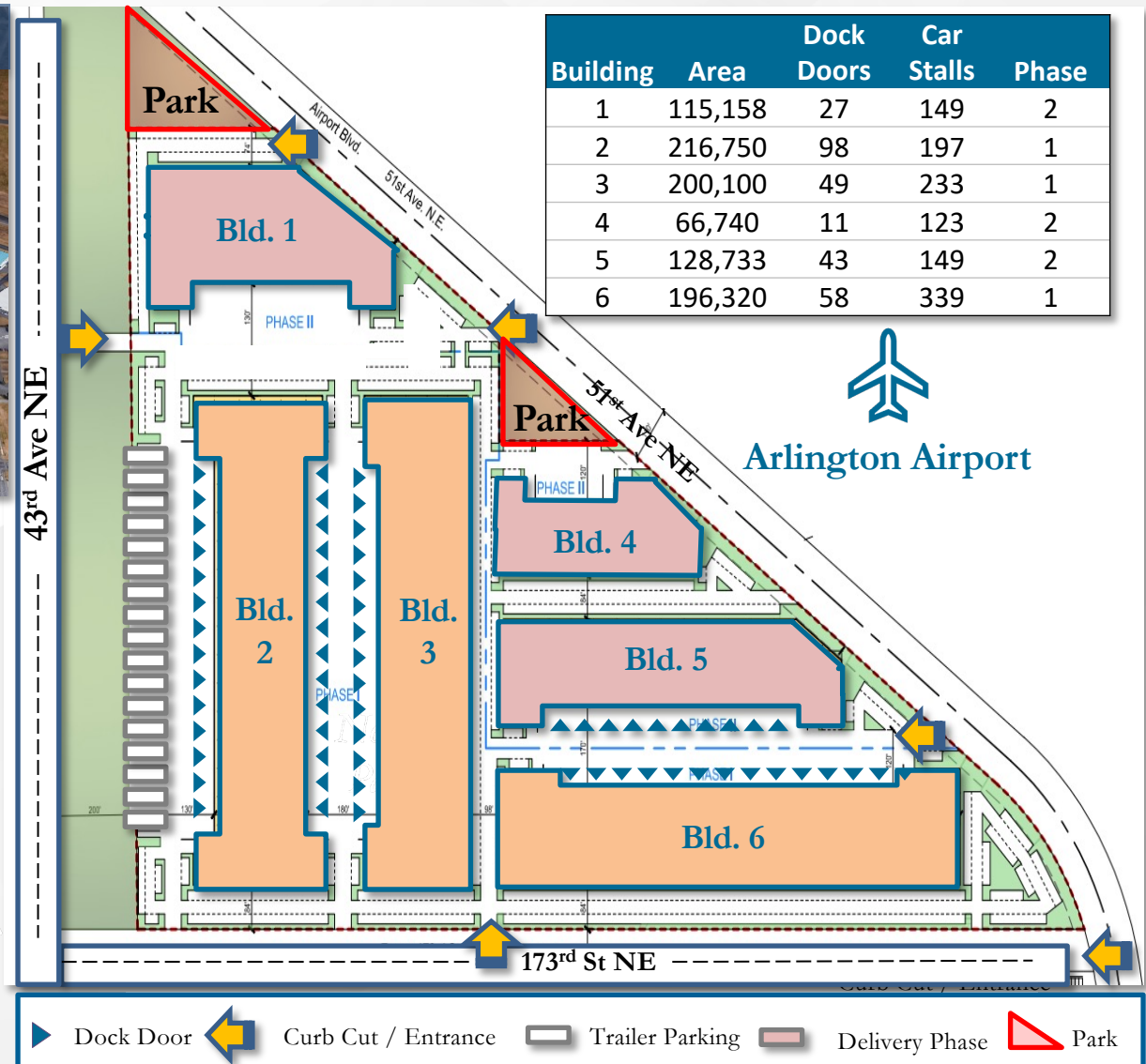
- ❖ Arlington Air North will be SMARTCAP's second ground lease development and fifth project in the Arlington / Marysville submarket.
- ❖ The +/- 48-acre site will accommodate up to six Class A industrial buildings and target both distribution and manufacturing uses.
- ❖ Arlington Air North will be a speculative development and is expected to be delivered over two phases, estimated to be 613k sq. ft. & 310k sq. ft. respectively.
- ❖ Once the entire development is delivered and stabilized, SMARTCAP will look to exit the project as a stabilized investment.



Proposed Site Plan – Arlington Air North



- ❖ 24'-36' clear heights provide a variety of building depths.
- ❖ Estimated 44% site coverage
- ❖ All buildings will utilize similar design and color schemes to create a uniform, campus-like feel.
- ❖ SMARTCAP to complete 173rd St. NE in Phase I to create a new thoroughfare for the city and help with leasing efforts.



Arlington Air North Industrial Park Summary

Estimated Project Cost

\$158,000,000

Total Land Used

47.79 Acres

Development Timeframe

3-4 YEARS

Delivery Projections

Phase I - Q2 2023

Phase II - Q3 2024

Phase I Detail

Size and Scope

Phase I Building SF: 613,170 SF

Phase I - Est. Site: 1,391,381 SF | 31.94 Acres

Coverage Ratio: 44.07%

Number of Buildings: 3

Estimated Cost: \$104,007,725

Estimated Delivery: 5/1/2023

Phase II Detail

Size and Scope

Phase II Building SF: 310,631 SF

Phase II- Estimated Site: 690,535 SF | 15.85 Acres

Coverage Ratio: 44.98%

Number of Buildings: 3

Cost: \$55,688,287

Estimated Delivery: Q3 2024

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 RELATIONSHIPS

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.

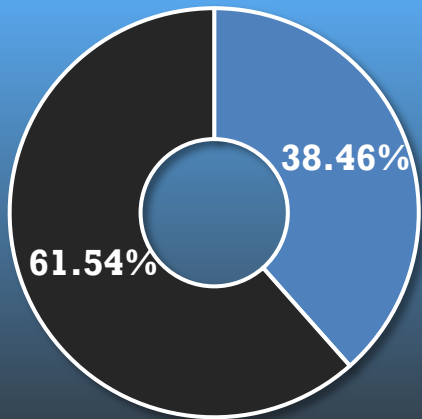


SMARTCAP Track Record

Equity Placed Trailing 5 Years

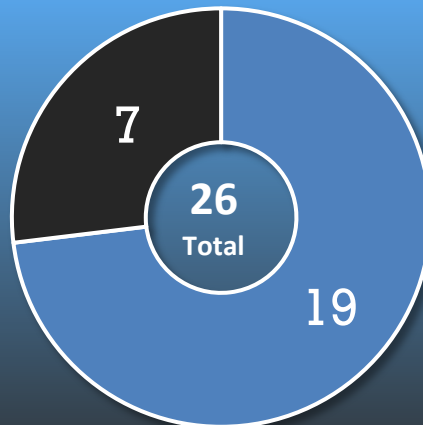


Historical Equity Allocation



■ Acquisition ■ Development

Total Number of Investments



■ Acquisition ■ Development



\$576,674,550

Assets Under Mgmt.



2,377,918

Sq. Ft. Under Mgmt.



\$159,860,000

Equity Under Mgmt.



\$199,565,000

Equity Place to Date



22.2% IRR

Investor Historical Net IRR

**Figures include equity placed in the VF3 Baker View & Arlington Air North Development projects*

Why Pacific Northwest Industrial?



– Primary Targets Include Seattle & Portland

The Pacific Northwest has a high barrier to entry due to physical and regulatory constraints. When combined with strong demand and generators such as population growth, the Seattle and Portland markets have continually generated superior returns.



- Access to Ports

Seattle and Portland are coastal cities with access to deep-water ports. Proximity to these ports has helped drive Pacific Northwest industrial assets to consistently outperform national growth models.



- Geographically Constrained

With the Puget Sound to the West and the Cascade Mountain Range to the East, there are natural limitations for areas of new development.

PORTFOLIO STRATEGY

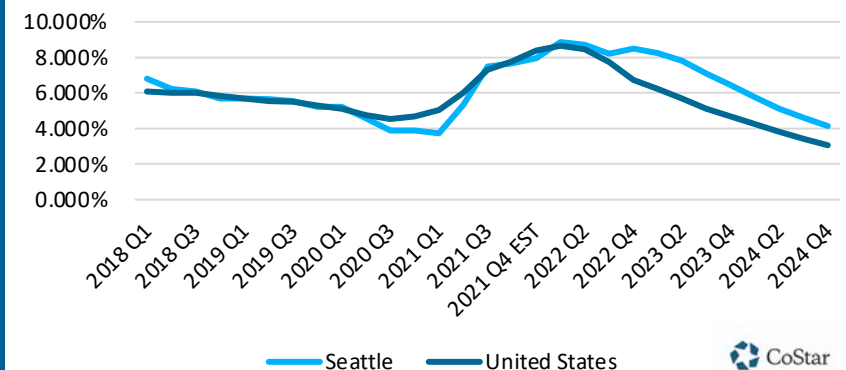
Real Estate Types	Manufacturing and distribution logistics industrial real estate focus.
Geographic Diversification	Northwest, with primary focus on Seattle and Portland
Property Types	Flexible designs for multiple tenants, adjacent to transportation infrastructure, catered to submarket tenant demand
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.

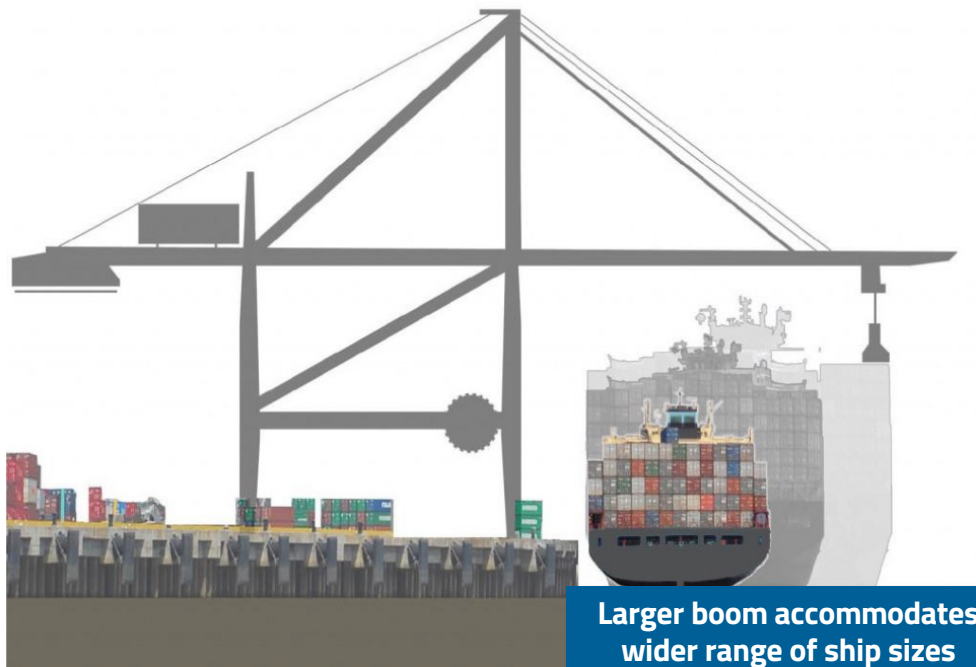
Seattle and Portland are supply-constrained markets with significant growth potential

“Supply continues to rise but cannot keep pace with demand. Robust demand, increasing replacement costs, and limited availabilities should push rent growth above 10% in 2021.”
- Prologis ([Link](#)).

Historical Industrial Rent Growth and Projections

2022 Seattle Industrial Projected Rent Growth, 8.57%





Recent Investment by Seattle Seaport Alliance Supports Continued Growth for Industrial Demand.

- ❖ The Port of Seattle received four new cranes in June 2021 (see image). Each crane stands 316 feet tall with a 240-foot boom. They are some of the largest on the entire West Coast and can handle the largest container vessels currently in operation. **The new cranes can accommodate larger vessels which have historically had to go to Southern California.**
- ❖ California's LA and Long Beach Ports have suffered from inefficiencies dating back to May of 2020. Shipping companies are frustrated with the amount of time it takes to unload their cargo and these companies are now looking for alternative routes, with the Port of Seattle being the leading choice as they've added the necessary infrastructure to accommodate larger ships.
- ❖ *"With a record vessel backup of 47 container ships waiting outside the ports of Los Angeles and Long Beach during the Aug. 28 and 29 (2021) weekend, the core problem facing container logistics — the slowdown in the circulation of ships." ([Link](#))*



Additional news of increased shipping volume coming to the Pacific Northwest. This time, by AIR!

Paine Field



- ❖ Located 20 miles from Seattle, Paine Field Airport has historically been the testing grounds for Boeing's primary production facility and home to many local flying enthusiasts (think small Cessna planes). Over the next 10 years, Paine Field is expected to minimize Cessna usage and grow the passenger terminal from 2 to 20 gates while also making freight a priority.
- ❖ To support this claim, FedEx has already backfilled recently vacated space at Paine Field, bolstering their air freight capacity and signing a ten-year lease. ([Link](#))

Boeing Field (King County Int'l Airport)



- ❖ UPS is nearing a deal with Washington State's largest county to construct a new air cargo handling and flight control facility. Total investment by UPS is expected to be more than \$100MM to support a 25-year lease and increase in air freight volume. ([Link](#))

We've Completed \$320 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 \$250MM in deals.



Leslie Neel
Director of Finance

- ◆ 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
Director of Development

- ◆ 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
Director of Acquisitions

- ◆ 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.



Kellanne Henry
Director of Asset Management

- ◆ Responsible for portfolio strategy, leasing, asset preservation, and cash management.
- ◆ 25 years of asset and portfolio management.
- ◆ Leased over 2MM square feet of office, industrial, and retail and has led and closed dispositions and acquisitions in excess of \$750MM.

Terms

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