

CONFIDENTIAL MEMORANDUM

A shovel-ready, single-asset alternative to blind-pool QOZ funds.

OPPORTUNITY ZONE FOUR

Arlington Air North | Class A Industrial Opportunity Zone Development



POST-TAX IRR 18%-19% **POST-TAX MULTIPLE** 3.00x-3.20x

Building 30% Pre-Leased | \$50k Minimum | Targeted Closing July-Aug

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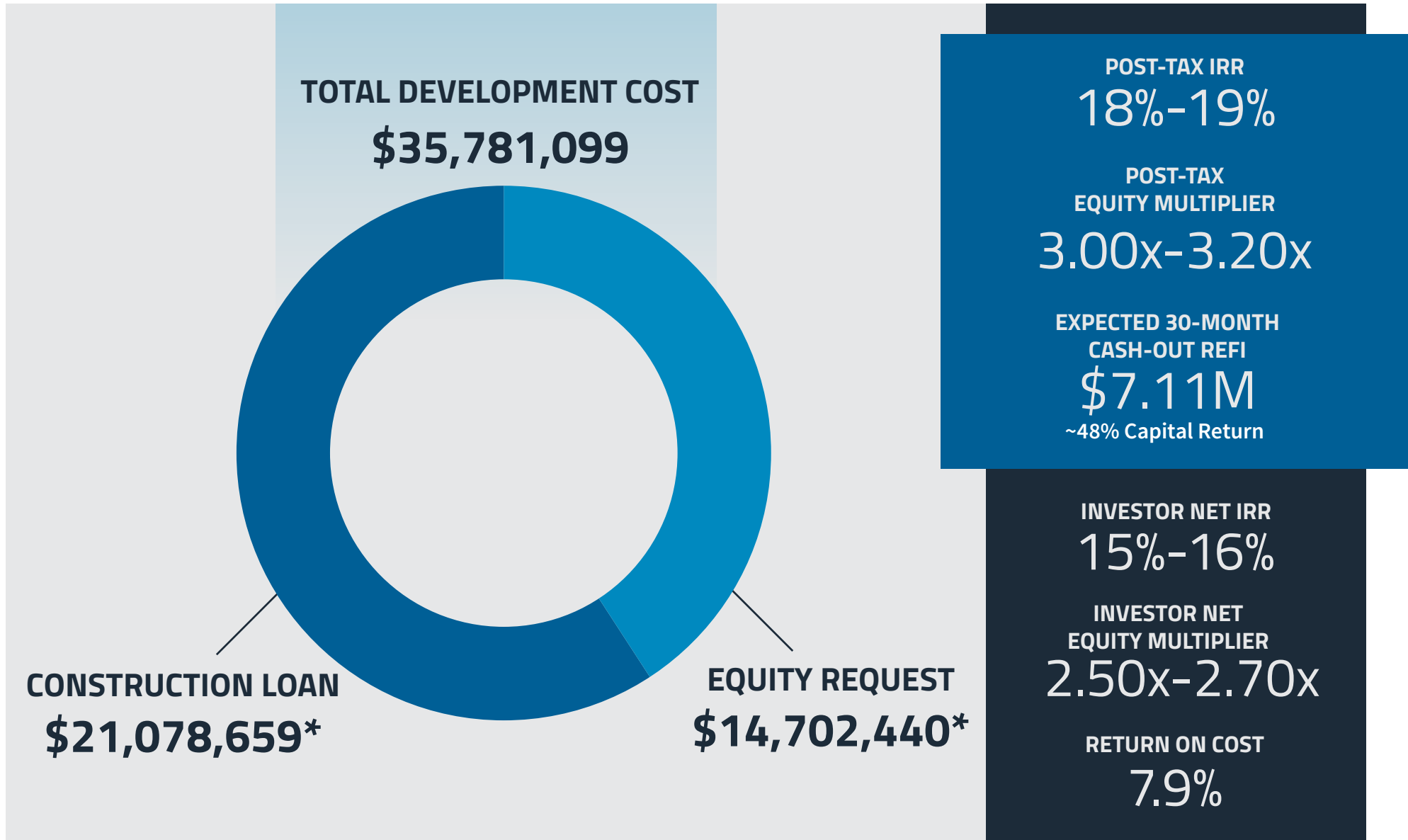
Project Summary

HIGHLY DEMISABLE, DOWN TO ~20K SF TO MEET MARKET DEMAND.

Building No.	Building 3
Address	TBD 174th Rd, Arlington, Wash.
Total Square Feet	203,922
Warehouse Breakdown¹	92%
Office Breakdown¹	8%
Clear Height	24'
Gross Land Size (Acres/SF)	10.51 acres/ 457,644 SF
Coverage Percentage	44.56%
Total Auto Stalls	292
Dock High Doors	36
Grade Level Doors	16
Zoning	General Industrial (GI)
Demising	Flexible Mid-Bay Design
Construction Start	Q3 2026
Expected Completion	Q2/Q3 2027

1. Approximate ratio based on current underwriting.

Project Economics



*Equity raise projections are between \$14M-\$15M, depending on final bids.

Projected returns are estimates based on current assumptions and are not guaranteed. Actual performance may differ materially. Investors should conduct their own due diligence.

Property Cash Flow

YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
For the Month Ending	7/26-7/27	8/27-7/28	8/28-7/29	8/29-7/30	8/30-7/31	8/31-7/32	8/32-7/33	8/33-7/34	8/34-7/35	8/35-7/36
Net Operating Income	\$0	\$565,324	\$2,545,782	\$2,876,941	\$2,979,399	\$3,085,489	\$2,809,340	\$3,257,451	\$3,367,203	\$3,164,564
Total Leasing Costs	\$0	\$0	\$0	\$0	\$0	\$0	(\$446,556)	(\$171,359)	(\$75,615)	(\$192,146)
Total Capital Improvements &	\$0	\$0	(\$30,588)	(\$30,588)	(\$30,588)	(\$30,588)	(\$30,588)	(\$30,588)	(\$30,588)	(\$30,588)
Cash Flow Before Debt	\$0	\$565,324	\$2,515,194	\$2,846,353	\$2,948,811	\$3,054,900	\$2,332,197	\$3,055,503	\$3,260,999	\$2,941,830
Cash Flow After Debt	\$0	(\$43,117)	\$8,055,852	\$1,133,862	\$1,037,427	\$1,001,451	\$278,747	\$1,002,053	\$1,207,550	\$888,381
Cash Flow After SCG Fees	(\$225,606)	(\$268,877)	\$7,829,933	\$907,779	\$811,176	\$775,025	\$52,143	\$775,264	\$980,571	\$661,206
Cash Flow After Buffer Usage	\$0	\$54,865	\$7,875,981	\$907,779	\$811,176	\$775,025	\$0	\$908,183	\$988,234	\$885,672
Property Cash Flow	\$0	\$54,865	\$7,875,981	\$907,779	\$811,176	\$775,025	\$0	\$908,183	\$988,234	\$885,672

HYPOTHETICAL \$1M INVESTMENT EXAMPLE										
YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
For the Month Ending	7/26-7/27	8/27-7/28	8/28-7/29	8/29-7/30	8/30-7/31	8/31-7/32	8/32-7/33	8/33-7/34	8/34-7/35	8/35-7/36
Investment	(\$1,000,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property Cashflow	\$0	\$3,523	\$22,170	\$58,298	\$52,094	\$49,772	\$0	\$40,630	\$63,465	\$49,565
Refinance Proceeds	\$0	\$0	\$483,627	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sale Proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,698,639
TOTAL	-\$1,000,000	\$3,523	\$505,797	\$58,298	\$52,094	\$49,772	\$0	\$40,630	\$63,465	\$1,748,205
Cash On Cash		0.35%	2.22%	11.29%	10.09%	9.64%	0.00%	7.87%	12.29%	9.60%

**Note: Illustrative approximation of a hypothetical \$1M investment. Year 7 reflects \$0 cash flow due to anticipated lease rollover periods.*

HYPOTHETICAL \$1M INVESTMENT RETURNS	
Initial Investment	-\$1,000,000
Property Cashflow	\$339,517
Refinance Proceeds	\$483,627
Sale Proceeds	+ \$1,698,639
Total Investor Profit	\$1,521,783
Average Cash on Cash Post Refi	8.68%

Built for performance. Designed for tax efficiency.

THE DEAL

How much	SMARTCAP is seeking approximately \$14.7M in equity to develop Building 3 at Arlington Air North Industrial Park (AAN) in Arlington, WA.
What	Building 3 is a high-power, manufacturing-oriented industrial facility with highly demisable suite configurations. The building will be part of a phased, five-building development with the remaining buildings to be funded through future investment vehicles.
Where	SMARTCAP has secured a favorable 75-year ground lease with the City of Arlington, featuring annual rent increases capped at the lower of CPI or 2.50% and 25-year revaluations capped at 3.00% compounded.
When	Construction is expected to start in Q3 2026 with delivery anticipated in Q2/Q3 2027 (timed for market recovery).
Why	SMARTCAP's Building 3 leverages deep local expertise to target strong North End demand for smaller, flexible industrial spaces, offering adaptable suites down to 19,440 SF with a strategy aligned to tenant needs and enhanced leasing control.

THE TERMS

Investment Profile	Ground-up industrial development.
Hold period	10 years
Preferred Return & Promote Split	An 8% investor preferred return, followed by a full return of equity. Thereafter, profits will be split 70/30 with 70% of profits going to the investor and 30% to the sponsor.
Minimum Investment	\$50,000
Annual Asset Management Fees	1.5% on equity raised
One-Time Acquisition Fee	1% acquisition fee calculated on the market value of the leased land.

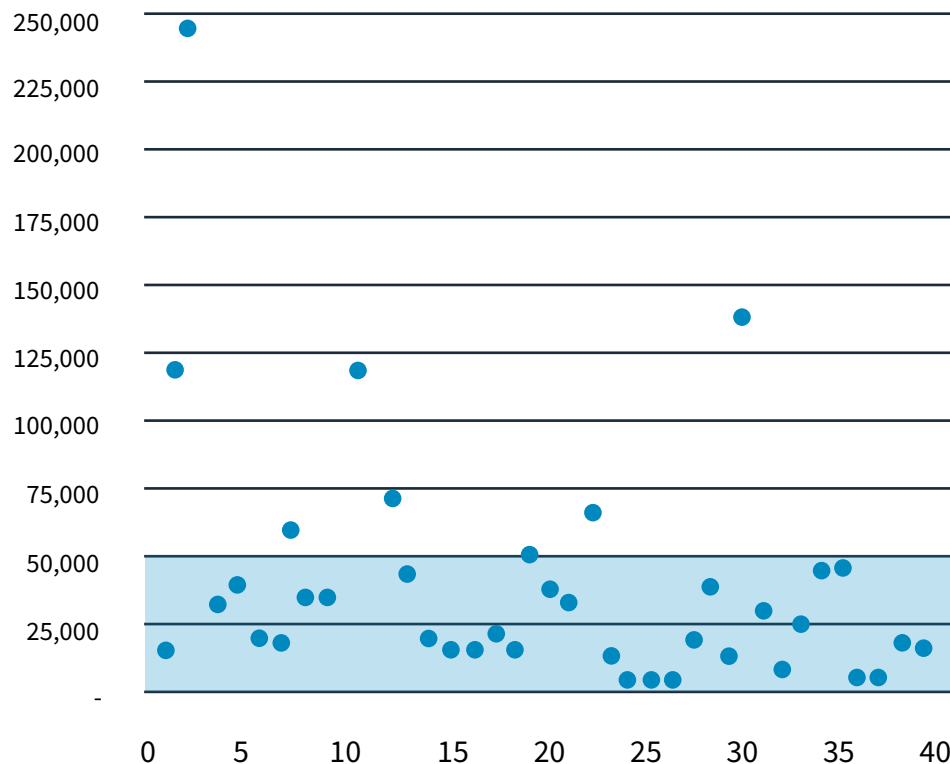


Unique Business Plan for Flexible Leasing

- **Proven local expertise:** SMARTCAP has delivered seven buildings in the submarket and understands leasing dynamics deeply
- **North End demand skews small:** ~75% of active tenant requirements seek ≤50,000 SF spaces
- **Targeting an underserved niche:** Building 3 is designed to meet demand for smaller, flexible industrial spaces
- **Flexible suite sizing:** Can accommodate suites as small as 19,440 SF
- **Market-aligned strategy:** Space offerings tailored to current tenant demand trends
- **Operational advantage:** Designed and budgeted for flexibility, enabling greater efficiency than institutional developers
- **Leasing control:** Flexibility allows SMARTCAP to select tenants more strategically

HISTORICAL INDUSTRIAL DEVELOPMENT AND LEASING IN THE NORTH END

Tenants by size in spec developments from 2018 to present



SMARTCAP SPEC PROJECT HISTORICAL LEASE UP¹

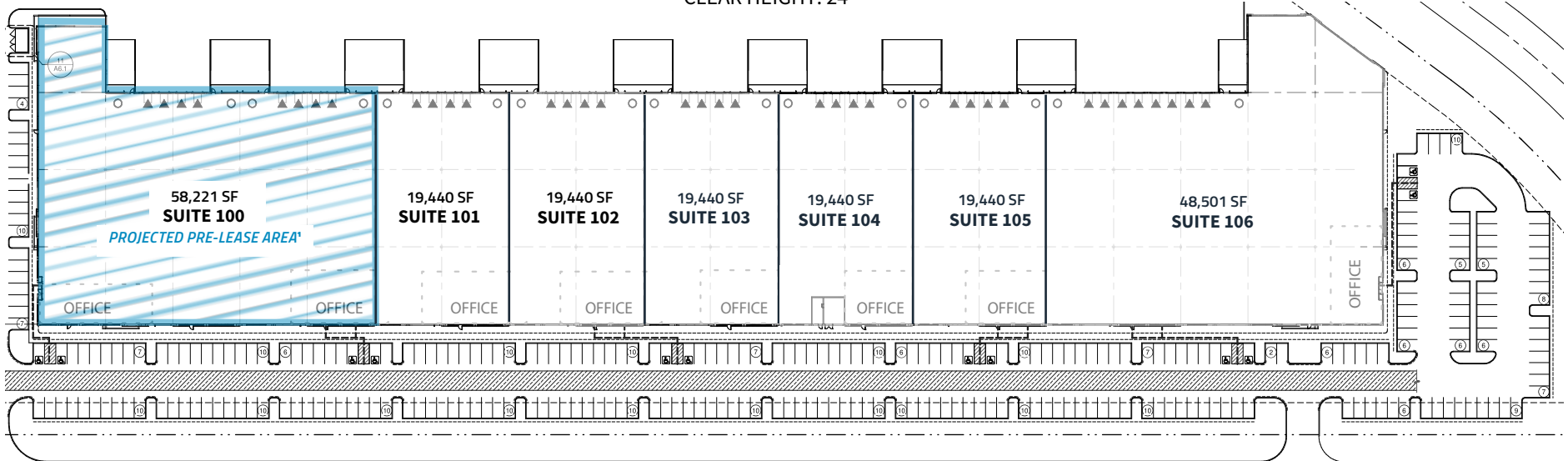
Year	# Tenants	Combined SF	Avg SF
2019	5	98,061	19,612
2020	6	143,214	23,869
2021	13	372,264	28,636
2022	5	333,619	66,724
2023	8	568,117	71,015
2024	1	32,256	32,256
2025	1	15,476	15,476
Totals	39	1,563,007	

1. Leasing data reflects SMARTCAP speculative industrial projects only and is not representative of the broader market.

82% of SMARTCAP's historical spec leases (by tenant count) have been under 50k SF.

Highly Demisable Suites Designed for Demand

FOOTPRINT: 203,922 SF
CLEAR HEIGHT: 24'



1. Final pre-lease square footage to be determined based on tenant space planning requirements.

Flexible Suite Design

SMARTCAP is underwriting the property to meet the proven market demand with the ability to demise suites down to 19,440 SF -- enhancing leasing agility and appeal to a wider tenant base.

Capturing Underserved Demand

This strategy targets the high-demand segment under 50,000 SF, where tenants are more active and supply is limited, positioning the asset for faster lease-up.

Accretive Lease Strategy

Smaller suite configurations can command rental rates approximately 20% higher than traditional large-bay space, driving outsized returns and strengthening long-term asset value.

SMARTCAP'S North End Industrial Portfolio



SC 180th Industrial Park

Address: 6015 180th St., Arlington, WA
Square Feet: 98,539
Final Cost: \$13,230,405
Delivery Date: Q2 2019
Current Occupancy: 100%
Number of Tenants: 5
Industries: Manufacturing, Distribution, Hospitality
Opportunity Zone: No



SC 188th Industrial Park

Address: 6108 188th St., Arlington WA
Square Feet: 100,449
Final Cost: \$15,928,800
Delivery Date: Q3 2020
Current Occupancy: 100%
Number of Tenants: 7
Industries: Manufacturing, Distribution, Maritime
Opportunity Zone: Yes



SC Arlington Air Industrial Park

Address: 17212 51st Ave, Arlington, WA
Square Feet: 305,199
Final Cost: \$52,247,400
Delivery Date: Q1 2022 & Q2 2023
Current Occupancy: 100%
Number of Tenants: 12
Industries: Manufacturing, Distribution, Hospitality
Opportunity Zone: Yes



SC Dist. Center North Building A

Address: 4100 152nd St. NE, Marysville, WA
Square Feet: 230,977
Final Cost: \$40,270,800
Delivery Date: Q1 2023
Current Occupancy: 50%
Number of Tenants: 2
Industries: Distribution, Manufacturing, Aerospace
Opportunity Zone: Yes



SC Dist. Center North Building B

Address: 15101 40th Ave NE, Marysville, WA
Square Feet: 68,458
Final Cost: \$15,007,400
Delivery Date: Q1 2023
Current Occupancy: 100%
Number of Tenants: 2
Industries: Last-Mile Distribution
Opportunity Zone: Yes



Baker View Logistics Park - SOLD

Address: 1215 80th St., Everett, WA
Square Feet: 166,590
Final Cost: \$39,000,000
Delivery Date: Q4 2024
Current Occupancy: 100%
Number of Tenants: 1
Industries: Distribution
Opportunity Zone: No

Ground Lease Terms

The Ground Lease for Building 3 was strategically negotiated to maximize long-term value and underwriting stability. Key features include a 75-year term, capped annual rent increases, fixed revaluation limits, and lender subordination provisions designed to support long-term asset performance and financing flexibility

KEY HIGHLIGHTS INCLUDE:

- **75-Year Term:** The longest ground lease currently available in Washington State.
- **Capped Annual Rental Rate Increases:** Limited to the lower of CPI or 2.50%.
- **Capped Revaluations:** Occurs every 25 years and is capped at 3.00% compounded.
- **Subordination to Lender:** Structured to subordinate to lenders, allowing access to the broadest range of financing options.
- **Rent Commencement:** 18 months after construction start, allowing stabilization before costs are incurred.

Term & Commencement

- 75-Year term.
- Ground lease for the project is specific to Building 3 and does not encompass the entire development site.
- Each future building or phase of permitted work will have its own 75-year ground lease. Ground lease commencement to begin 18 months from the date of all approved/issued permits.

Ground Lease

- Building 3 will sit on approximately 10.51 gross acres. Current assumption uses 90% of the gross SF as “usable,” which is inline with past Arlington ground leased projects.
- Final ground lease payment is still an estimate and TBD based on final usable square feet calculations.

Accretive Lease Strategy

- Estimated \$.39 per usable SF.
- Annual revaluation of base rent to increase by the lower of CPI or capped at 2.50% per year.
- Subordination: Ground Lessor’s ability to collect rent from tenant shall be subordinate to any of SMARTCAP’s lenders.
- \$.38 per SF in rental rate (+\$.04879 per SF in excise tax).

Ground Lease Growth & Revaluation

- Every 25 years, a fair market revaluation of the land will occur subject to market appraisal but capped at 3.00% compounded annual growth.
- SMARTCAP negotiated the reset cap to allow for predictable underwriting and next buyer analysis. This capped provision maximizes the future value of the asset.

Industrial Sale Comparables



Woodinville Distribution Center

Address: 8131 W Bostian Rd, Woodinville
Vintage: 2019
Square Feet: 412,444
Sale Date: Oct-25
Buyer: Ares Real Estate Income Trust, Inc.
Sale Price: \$115,250,000
Price PSF: \$279
Cap Rate: 5.28%



Underwood Gartland 64

Address: 815 Sievers Duecy Blvd., Everett
Vintage: 2023
Square Feet: 26,666
Sale Date: Apr-25
Buyer: RSD (Refrigeration Supplies Distribution)
Sale Price: \$8,270,000
Price PSF: \$310
Cap Rate: N/A (Owner-User)



Glacier Peak Industrial Park

Address: 607 Riverside Rd., Everett
Vintage: 2019
Square Feet: 200,642
Sale Date: Mar-25
Buyer: Pine Forest Properties
Sale Price: \$51,000,000
Price PSF: \$254
Cap Rate: 5.4%



4680 Campus Pl

Address: 4680 Campus Pl, Mukilteo
Vintage: 2000
Square Feet: 117,752
Sale Date: Dec-24
Buyer: TA Realty
Sale Price: \$26,500,000
Price PSF: \$221
Cap Rate: 5.7%



Gateway Business Park

Address: 20101 67th Ave NE
 & 7123 197th PL NE, Arlington
Vintage: 2020-2024
Square Feet: 365,397
Sale Date: May-24
Buyer: EQT Exeter
Sale Price: \$70,600,000
Price PSF: \$193
Cap Rate: 5.61%



The Reserve at Woodinville

Address: 15902 Woodinville-Redmond Rd. NE,
 Woodinville
Vintage: 2018
Square Feet: 159,528
Sale Date: Dec-23
Buyer: CapRock
Sale Price: \$35,233,000
Price PSF: \$221
Cap Rate: 4.7%

Industrial Lease Comparables



Merrill Creek Center

Address: 6300 Merrill Creek Pkwy, Everett
Vintage: 1998
Square Feet: 59,972
Commencement Date: Dec-26
Term: 120 Months
Shell \$1.10 Office: \$2.10 Blend: \$1.28
Free Rent: None
Rent Bumps: 3.5%
Notes: Renewal, as is



Marysville I-5 Industrial Center

Address: 4000 156th St NE, Marysville
Vintage: 2020
Square Feet: 30,155
Commencement Date: Oct-26
Term: 24 Months
Shell \$1.15 Office: \$2.50 Mezzanine: \$0.85 Blend: \$1.37
Free Rent: None
Rent Bumps: 4.0%
Notes: 2,956-SF mezzanine



Soundview Center @ Seaway

Address: 5901 23rd Dr, Everett
Vintage: 2009
Square Feet: 20,843
Commencement Date: Aug-26
Term: 63 Months
Shell \$1.20 Office: \$2.10 Blend: \$1.32
Free Rent: 3
Rent Bumps: 3.5%
Notes: Landlord to charge \$1.20 on 400 SF of office; \$180k buyout from previous tenant



Marysville Corp. Cntr. Bldg. 102

Address: 15908 47th Ave NE, Marysville
Vintage: 2024
Square Feet: 24,211
Commencement Date: Jul-26
Term: 80 Months
Shell \$1.15 Office: \$2.50 Blend: \$1.35
Free Rent: 4
Rent Bumps: 3.5%
Notes: Landlord built out 3,500 SF of office free of charge to tenant



PowderMill Bus. Cntr. Bldg. D

Address: 6311 36th Ave W, Everett
Vintage: 2015
Square Feet: 40,081
Commencement Date: Nov-25
Term: 60 Months
Shell \$1.23 Office: \$2.10 Blend: \$1.30
Free Rent: None
Rent Bumps: 2.75%
Notes: As is



Pacific Industrial Park

Address: 14900 40th Ave NE, Marysville
Vintage: 1999
Square Feet: 7,291
Commencement Date: May-25
Term: 60 Months
Shell \$1.13 Office: \$2.25 Blend: \$1.40
Free Rent: 2
Rent Bumps: 4.0%
Notes: Landlord to perform various office improvements for the space and add paint to office



SCG 180th St. Industrial Park

Address: 6015 180th St., Arlington
Vintage: 2019
Square Feet: 8,275
Commencement Date: Mar-25
Term: 37 Months
Shell \$1.15 Office: \$2.50 Blend: \$1.19
Free Rent: None
Rent Bumps: 4.0%
Notes: SMARTCAP asset



Marysville Corp. Cntr. Bldg. 102

Address: 15908 47th Ave NE, Marysville
Vintage: 2024
Square Feet: 15,476
Commencement Date: Jan-25
Term: 64 Months
Shell \$1.15 Office: \$2.50 Blend: \$1.41
Free Rent: 4
Rent Bumps: 4.0%
Notes: Turnkey office

OPPORTUNITY ZONE FOUR



Financial Overview

[Click to Join the Interested List](#)



Sources and Uses

SOURCES	Total Funding	% of Total Costs	\$/SF
Senior Loan	\$21,078,659	58.91%	\$103
Equity	\$14,702,440	41.09%	\$72
TOTAL SOURCES	\$35,781,099	100%	\$175
USES			
Land Pursuit Commissions & Fees	\$140,000	0.39%	\$1
Soft Costs	\$2,812,168	7.86%	\$14
Hard Costs	\$22,442,337	62.72%	\$110
Tenant Buildout Costs	\$5,050,646	14.12%	\$25
Leasing Commissions	\$1,238,905	3.46%	\$6
SMARTCAP Development Fee	\$1,081,894	3.02%	\$5
Contingency on Development Costs	\$606,103	1.69%	\$3
Interest Reserve Estimate	\$1,084,592	3.03%	\$5
Operating Buffer	\$650,000	1.82%	\$3
Legal Fees	\$286,451	0.80%	\$1
Loan Fees	\$388,003	1.08%	\$2
TOTAL USES	\$35,781,099	100.00%	\$175

Sensitivity Analysis			
Cap Rate Sensivity Table			
Return Expectations	Exit CAP Rate	IRR	Eq. Multiple
Conservative	6.25%	14.26%	2.51x
Base Case	6.00%	15.15%	2.58x
Upside	5.75%	16.15%	2.62x
Rental Rate Sensivity Table			
Return Expectations	Starting Rent	IRR	Eq. Multiple
Conservative	\$1.16	12.73%	2.32x
Base Case	\$1.26	15.15%	2.58x
Upside	\$1.36	17.59%	2.81x

Project Details

INVESTMENT

Property Type	Raw Acquisition / Industrial Development	Estimated Project Commencement	Summer / Fall 2026
Investment Type	Development	Estimated Hold Period	Long Term – 10 Years
Investment Strategy	Opportunity Zone Development	Deal Structure	Syndication

BUILDING AND LAND SUMMARY

Site (Acres / SF)	(Est.) 10.51 / 457,644	Stories	1
Zoning	General Industrial (GI)	Class	A
Jurisdiction	City of Arlington	Total SF	203,922
Land Condition	Vacant with no dwellings or structures	Total Doors	52 (1 Door / 3,921 SF)
Utilities	Available from 174th & Airport Way	Dock High Loading Doors	36
Access	Available from 174th & Airport Way	Grade Level Loading Doors	16
Environmental	No Recs (2022)	Clear Height	24'
Water Retention	On-Site Percolation	Parking Spaces	292
Column Spacing	54'/60'	Rent Type	Market + NNN
Power	4,000 Amps	Construction	Concrete Tilt
Minimum Size Suite	19,440 SF	Metering	Individually Metered
Slab Thickness	6" minimum	Roof	TPO

Project Assumptions

TIMING ASSUMPTIONS	
Purchase Date	N/A -- Ground Lease
Hold Period	120 Months
Construction Start Date	Q3 2026
Construction End Date	Q2/Q3 2027
Construction Period	10-12 Months
Occupancy Begins	8/1/27
Stabilized Occupancy	6/1/28
Lease-Up Period	12 months

LEASING ASSUMPTIONS	
WALT	75 Months
Average Free Rent	3 Months
New Lease Tenant Improvements	Turnkey

PROFORMA CASH FLOW ASSUMPTION	
Annual Rent Growth	3.00%
Operating Vacancy Factor	5.00%
Annual Expense Growth	3.00%

RATE ASSUMPTIONS	
Income	\$/SF/Month
Office	\$2.50
Warehouse	\$1.15
Blended Rate	\$1.26

STABILIZED EXPENSE ASSUMPTIONS		
Expense	\$/SF/Year	Total
Real Estate Taxes	\$1.42	\$244,632
Insurance	\$0.20	\$42,958
Admin	\$0.17	\$34,831
CAM	\$1.20	\$105,474
Management Fee	Market	Market

Untrended Proforma

	CASH FLOW	\$/SF/YEAR
Commercial Rental Income	\$2,968,019	\$14.55
CAM Reimbursements	\$701,450	\$3.44
Gross Rental Income	\$3,669,470	\$17.99
Less Market Vacancy (5%)	(\$183,473)	-\$0.90
Effective Gross Revenue	\$3,485,996	\$17.09
Operating Expenses		
Real Estate Taxes	(\$289,057)	(\$1.42)
CAM	(\$244,706)	(\$1.20)
Admin	(\$34,831)	(\$0.17)
Insurance	(\$40,664)	(\$0.20)
Management Fee (% of EGI)	(\$92,192)	(\$0.45)
Total Operating Expenses	(\$701,450)	(\$3.44)
Ground Lease Expense	(\$156,236)	-\$0.77
Net Operating Income	\$2,628,310	\$12.89

KEY UNDERWRITING RATIOS	
Loan Amount	\$21,078,659
Loan to Value	48.12%
Debt Yield	12.47%

UNTRENDED STABILIZED VALUE	
Value	\$43,805,175
Value Per Sq. Ft.	\$215

UNTRENDED YIELD METRICS	
Untrended Yield on Cost	7.49%
Assumed Cap Rate	6%
Development Spread	1.49%

10-Year Cash Flow

YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
For the Month Ending	7/26-7/27	8/27-7/28	8/28-7/29	8/29-7/30	8/30-7/31	8/31-7/32	8/32-7/33	8/33-7/34	8/34-7/35	8/35-7/36
Rental Revenue										
Potential Base Revenue	\$3,080,436	\$3,080,436	\$3,130,522	\$3,240,090	\$3,353,493	\$3,470,866	\$3,655,832	\$3,848,810	\$3,956,270	\$4,067,703
Absorption & Turnover Vacancy	(\$3,080,436)	(\$1,649,417)	\$0.00	\$0.00	\$0.00	\$0.00	(\$212,259)	(\$125,404)	(\$63,631)	(\$230,168)
Free Rent Given	\$0.00	(\$601,479)	(\$232,673)	\$0.00	\$0.00	\$0.00	(\$237,541)	(\$61,809)	(\$124,542)	(\$225,825)
Total Rental Revenue	\$0.00	\$829,540	\$2,897,849	\$3,240,090	\$3,353,493	\$3,470,866	\$3,206,032	\$3,661,598	\$3,768,097	\$3,611,710
Expenses Reimbursement										
Expenses Reimb. Income	\$0	\$161,620	\$786,101	\$820,066	\$845,490	\$871,706	\$827,812	\$894,723	\$936,750	\$917,321
Potential Gross Revenue	\$0	\$991,160	\$3,683,949	\$4,060,156	\$4,198,984	\$4,342,572	\$4,033,844	\$4,556,321	\$4,704,847	\$4,529,031
Vacancy and Credit Loss										
5% Cash Flow Risk Adjustment	\$0	(\$14,371)	(\$195,831)	(\$203,008)	(\$209,949)	(\$217,129)	(\$170,609)	(\$198,712)	(\$204,805)	(\$210,377)
Effective Gross Revenue	\$0	\$976,790	\$3,488,118	\$3,857,148	\$3,989,035	\$4,125,443	\$3,863,236	\$4,357,610	\$4,500,043	\$4,318,654
Operating Expenses										
Management Fee	\$0	(\$21,369)	(\$141,690)	(\$156,160)	(\$161,499)	(\$167,022)	(\$155,437)	(\$175,426)	(\$181,059)	(\$174,467)
CAM	\$0	(\$301,182)	(\$252,295)	(\$259,863)	(\$267,659)	(\$275,689)	(\$283,960)	(\$292,479)	(\$301,253)	(\$310,291)
Admin	\$0	\$0	(\$37,465)	(\$38,604)	(\$39,779)	(\$40,989)	(\$42,235)	(\$43,520)	(\$44,844)	(\$46,208)
Insurance	\$0	\$0	(\$43,739)	(\$45,069)	(\$46,440)	(\$47,852)	(\$49,308)	(\$50,808)	(\$52,353)	(\$53,945)
Tax	\$0	\$0	(\$310,912)	(\$320,369)	(\$330,113)	(\$340,154)	(\$350,500)	(\$361,161)	(\$372,146)	(\$383,465)
Non-Recoverable Ground Lease	\$0	(\$88,915)	(\$156,236)	(\$160,141)	(\$164,145)	(\$168,249)	(\$172,455)	(\$176,766)	(\$181,185)	(\$185,715)
Total Expenses	\$0	(\$411,466)	(\$942,336)	(\$980,207)	(\$1,009,635)	(\$1,039,954)	(\$1,053,895)	(\$1,100,159)	(\$1,132,840)	(\$1,154,090)
Net Operating Income	\$0	\$565,324	\$2,545,782	\$2,876,941	\$2,979,399	\$3,085,489	\$2,809,340	\$3,257,451	\$3,367,203	\$3,164,564

OPPORTUNITY ZONE FOUR



Sponsor Snapshot

[Click to Join the Interested List](#)



**Opp Zone Only
Projected Returns**

*Underwritten returns at time of purchase

2.55x | 13.50%



**Opp Zone Only
Actual Returns**

*Actual and Projected Returns

2.50x | 14.17%



**Total Equity
Raised**

OZ and Non-OZ Investments

\$172,733,402



Investor Net IRR

*Realized & Projectable
Investments

1.77x | 20.42%



**Assets Under
Management**

\$460,000,000



**SF Under
Management**

1,768,796



**Assets Lost
During Last Cycle**

0



**Total Transaction
Volume**

\$478,270,390

About SMARTCAP

SMARTCAP has established itself as a leader in industrial real estate investment, boasting a robust track record that underscores its commitment to delivering exceptional returns. With over \$460 million in assets under management and more than \$478 million in total transactions, SMARTCAP has consistently demonstrated its ability to identify and capitalize on lucrative investment opportunities in the Pacific Northwest.

The company's strategic approach focuses on minimizing investment risk through acquiring assets at value-add pricing, maintaining conservative debt-to-equity ratios, and strategically locating properties for long-term growth and appreciation. This methodology has resulted in a portfolio-wide internal rate of return (IRR) exceeding 20% for investors, net of fees and expenses.

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.

BEST COMMUNICATION

Best in class communication and transparency.

DATA DRIVEN

Deep local market knowledge and hyper data driven.

RELATIONSHIP FOCUSED

Highly focused on long-term relationships with investors, lenders, and partners.

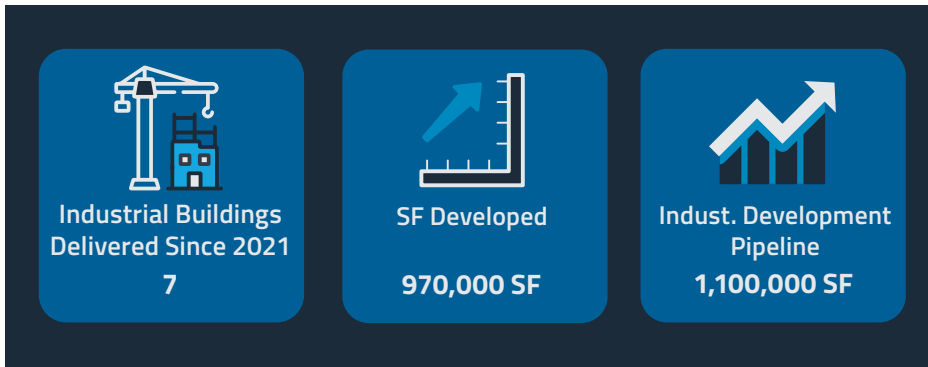
DISCIPLINED

Disciplined underwriting, analysis and conservative use of leverage to manage risk / return.

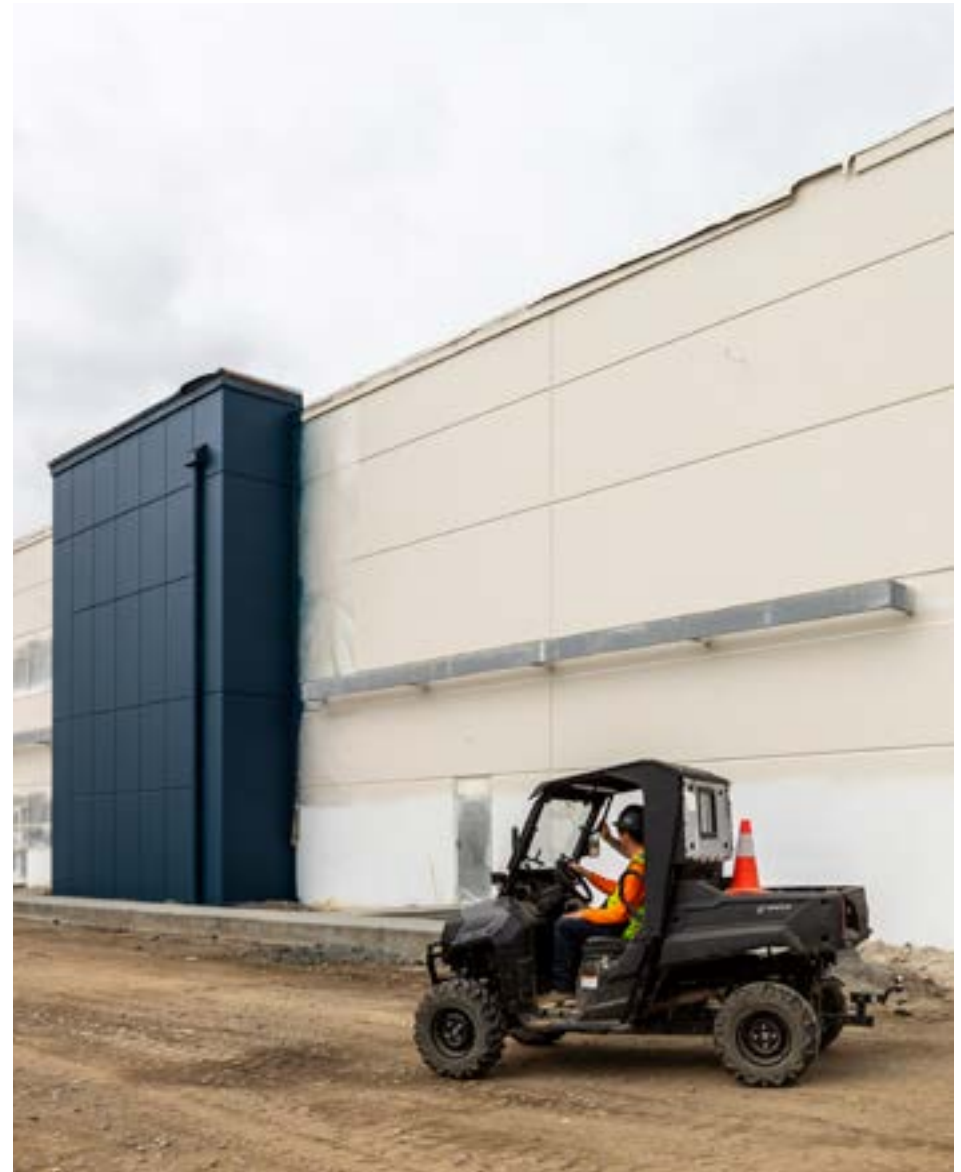
Development Track Record

SMARTCAP is a commercial real estate development and investment firm located in Bellevue, Washington. Founded in 2014, SMARTCAP has developed numerous sites across the greater Puget Sound region, specializing in a flexible and demisable product type geared toward manufacturing-focused tenants. The firm has proven development expertise in the market, having completed seven industrial deliveries totaling one million square feet and securing over \$70 million in equity placement.

With over \$45.2 million of Qualified Opportunity Zone capital across three distinct funds and seven industrial building deliveries, SMARTCAP is highly active in Opportunity Zone Investment Management. The team



has demonstrated success in executing multiple on-time and on-budget building projects simultaneously and effectively phasing development initiatives. The Washington state-based developer has also had a great working relationship with the City of Arlington since 2017 and is currently the largest developer there.

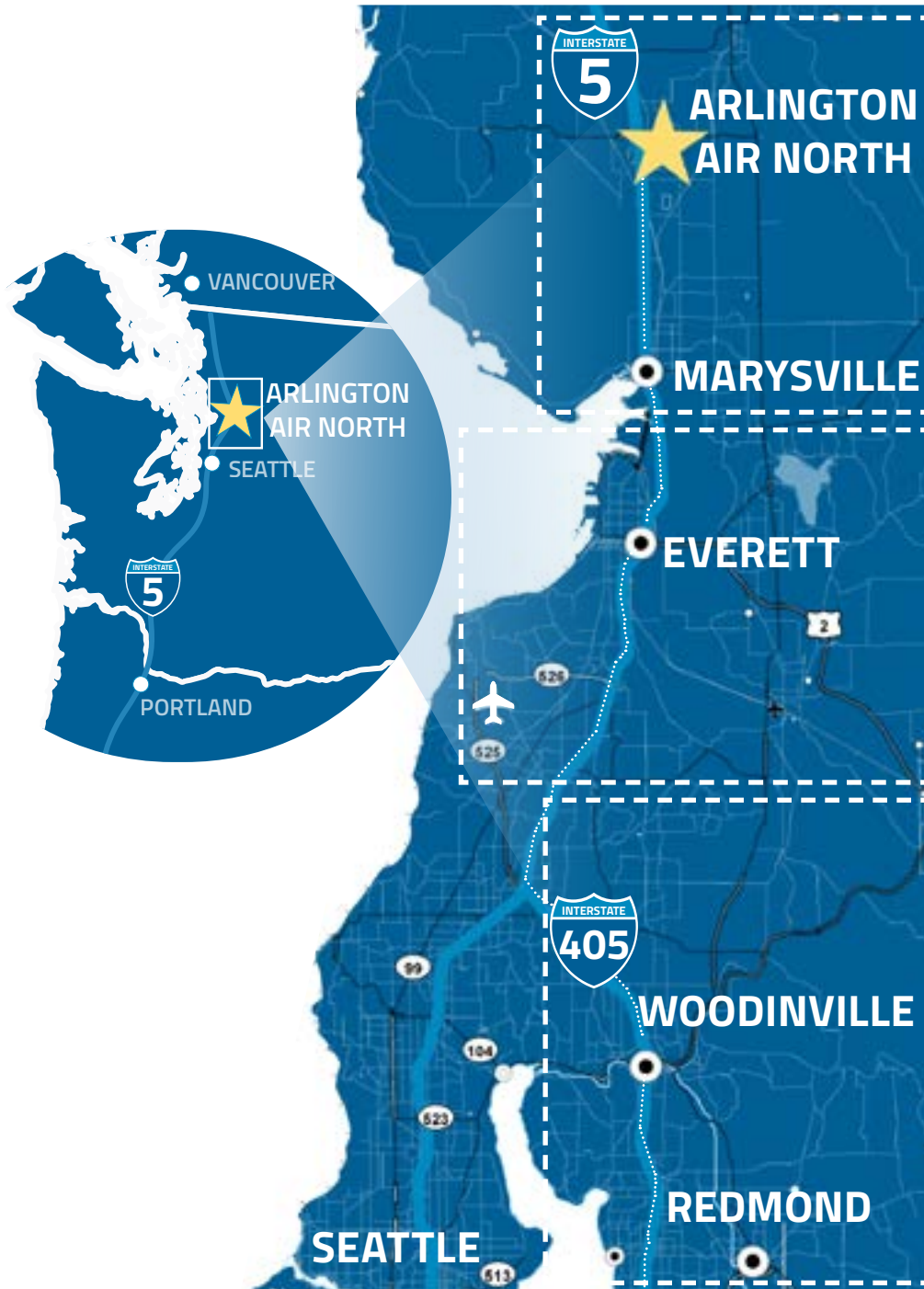


OPPORTUNITY ZONE FOUR



Market Overview

[Click to Join the Interested List](#)



Seattle Submarket Stats

DISCOUNT TO NEIGHBORING INDUSTRIAL HUBS

North Snohomish County provides tenants with meaningful rent savings relative to Seattle’s South End industrial hubs, without exhibiting the elevated vacancy currently affecting broader Puget Sound industrial markets.

	Total SF	Vacancy Rate	Vacant SF	Industrial Rents
Arlington / Marysville	13.1M	4.16%	1.19M	\$1.15 / \$2.50
Everett	34.4M	4.46%	1.53M	\$1.35 / \$2.50
Redmond / Woodinville	17.0M	4.82%	821K	\$2.00 / \$2.50

*Existing Arlington/Marysville projects (excluding subject) total 547,286 SF with 9.78% vacancy.

KEY ACCESS TO LOGISTICS HUBS

Arlington Air North offers connectivity to key regional logistics infrastructure, providing tenants with efficient access to major transportation and distribution hubs throughout the Pacific Northwest, supporting both regional and international freight movement while enhancing its appeal for manufacturing, distribution and logistics-oriented users seeking cost-effective alternatives to core Seattle industrial markets.

Mileage to Logistics Hubs	
Arlington Airport	1.2
Port of Everett	14.0
Paine Field Airport	22.5
SEA International Airport	55.1
Port of Tacoma	74.3
Port of Vancouver	105.0



N. Snohomish County Industrial Market Summary

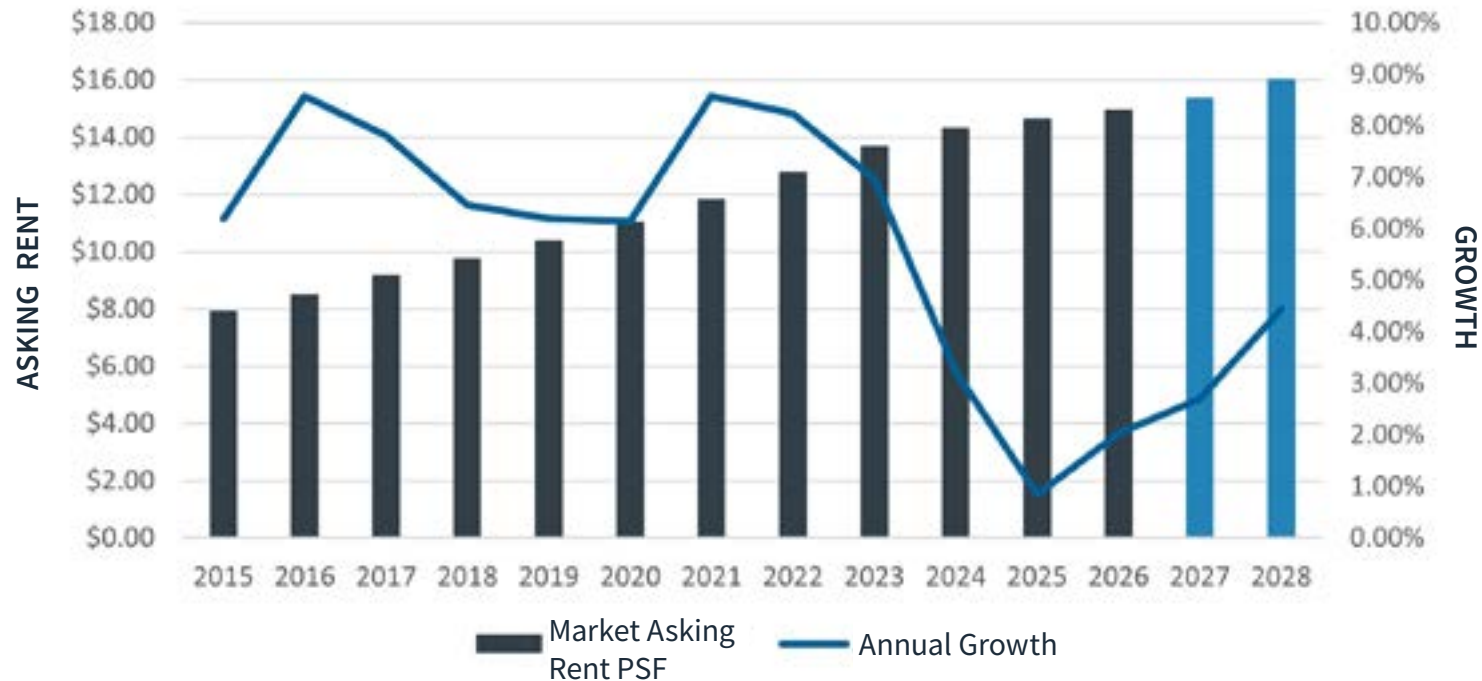
	CURRENT QUARTER	PRIOR QUARTER	PRIOR YEAR	FORECAST
TOTAL INVENTORY	13.5M	13.5M	13.2M	↑
VACANCY RATE	10.2%	9.90%	10.30%	↓
QUARTERLY NET ABSORPTION	185k	200k	(102k)	↑
AVERAGE ASKING RENT/SF	\$14.04	\$13.99	\$13.68	↑
UNDER CONSTRUCTION (SF)	272K	272K	308K	↑





Greater Puget Sound Industrial Market Summary

	CURRENT QUARTER	PRIOR QUARTER	PRIOR YEAR	FORECAST
TOTAL INVENTORY	369M	368M	364M	↑
VACANCY RATE	9.70%	9.40%	7.90%	↑
QUARTERLY NET ABSORPTION	(1.9M)	(1.7M)	1.5M	↓
AVERAGE ASKING RENT/SF	\$14.93	\$14.90	\$14.58	↑
UNDER CONSTRUCTION (SF)	3M	4.5M	7M	↓



*Note: Data included on this page is inclusive of the greater Seattle, WA Industrial Market

Property Benefits



Traffic Restrictions Benefiting the Subject Property

STRATEGIC ACCESS ADVANTAGE OVER MARYSVILLE SITES

Most competing industrial developments are located in Marysville, where trucks are prohibited from using

172nd St (Hwy 531)—the primary arterial to I-5. This forces detours onto slower, two-lane roads with limited capacity. In contrast, our AAN Site offers direct truck access to 172nd, saving an estimated three to five minutes per trip and significantly improving last-mile logistics and tenant efficiency.

UPCOMING INFRASTRUCTURE ENHANCEMENTS

Highway 531 is being expanded to five lanes with

multiple roundabouts in the next one to three years, further improving site access and long-term logistical advantages.

BEST-IN-CLASS LOCATION

Unlike developments relying on narrow, indirect routes like Smokey Point Blvd., our AAN shares prime I-5 proximity with Amazon—ensuring faster travel times and superior tenant convenience.

Cascade Industrial Center Market Overview

Arlington Air North is located within the Cascade Industrial Center (CIC), one of the only manufacturing industrial centers in the Puget Sound region and one of two in Snohomish County. The master-planned industrial community is a long-term joint effort between the cities of Marysville and Arlington to spur economic development in Snohomish County.

The area spans over 4,000 acres of manufacturing and industrial zoned land with more than 1,700 developable acres. The CIC sits at the epicenter of manufacturing innovation in Snohomish County with an excess of qualified advanced manufacturing workers, smart manufacturing practices and access to emerging platform technologies. The county is expected to add over 20,000 family wage jobs to the area over the next decade, allowing residents to work close to home and boosting the local economy.

The Cascade Industrial Center allows companies a business-friendly environment to conduct manufacturing with generous tax incentives, an efficient permitting process, and an overall industry-friendly climate. Its location also allows convenient access to multiple modes of transportation including the BNSF mainline, the municipal airport and an international deep-water seaport. The creation of the CIC has prompted county infrastructure investment, working to promote the industrial center and to create a manufacturing hub in the North End.

6.2 MILLION SF DELIVERED SINCE 2020	11,600 NEW JOBS PROJECTED IN CIC BY 2040	\$24 MILLION IN CAPITAL RAISED SINCE 2019
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Cascade Industrial Center

MORE THAN \$270M IN CIC INFRASTRUCTURE IMPROVEMENTS

156th St. NE Freeway Interchange	\$42M	
Cascade Industrial Center Road Grid	\$70M	
SR 531 Widening	\$39M	
I-5/4th St. & 88th St. NE Improvements	\$35M	
I-5/SR 529 Interchange and Northbound Corridor Improvements	\$84M	

Cascade Industrial Center Market Overview

Many major companies, including Amazon, Coca-Cola, and Frito Lay, are investing in the CIC with major developments underway and more industry leaders announcing plans for the future. More than 2,000 high-tech manufacturing, packaging, and distribution jobs were filled in 2021, and nearly 12,000 new jobs will be ready by 2040.



Cascade Industrial Center

TAX INCENTIVES ATTRACTING BUSINESSES TO THE CASCADE INDUSTRIAL CENTER

- City and county property tax exemption for eligible businesses.
- No city business and occupation (B&O) tax for qualifying industries.
- Opportunity Zones.
- Washington State tax incentives.
- Tax incentives most frequently used by: aerospace firms, technology firms, agriculture and food processing, and job training financial support.

MULTINATIONAL COMPANIES WITH A PRESENCE IN THE CIC



Leading Employers



- Employs over 30,000 people in Snohomish County (Everett).
- Boeing's Everett facility is the largest building in the world by volume.
- Located in Everett, the \$1B Composite Wing Center for Boeing 777X, added over 8,000 jobs.



- Employs over 3,000, with over 1,000 physicians
- Ranked #5 in Washington by U.S. News & World Report's Best Hospitals rankings
- Over 60,000 annual visits
- Only adult Level II trauma center in Snohomish County



- Amazon's PAE2 Fulfillment Center in Arlington is the company's largest fulfillment center in the Pacific Northwest at 2.8M SF
- Capacity for 2,500 employees.
- \$356M long-term investment.

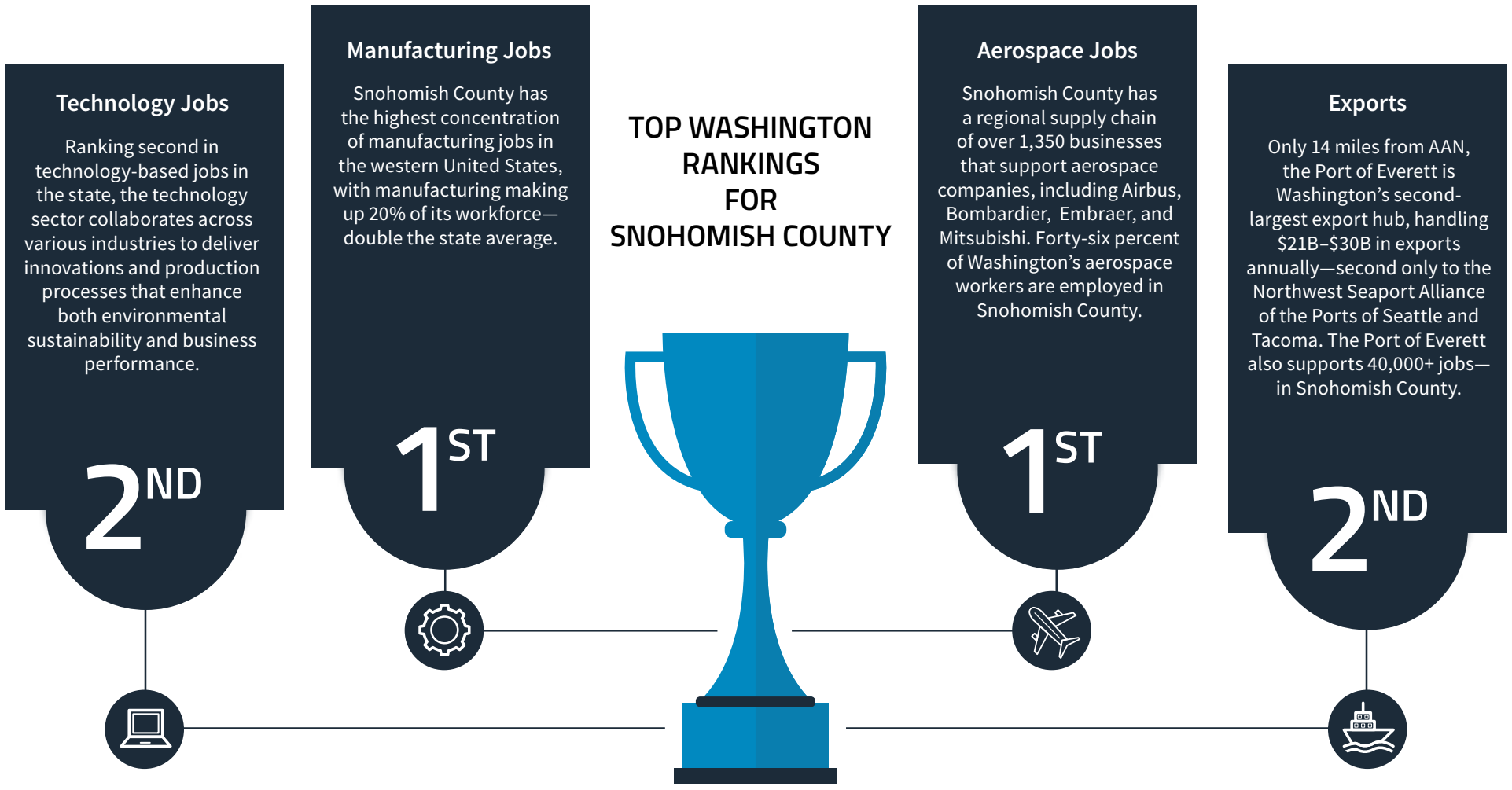
North End Economic Drivers



Boeing and Paine Field, the main economic driver for the Northern Puget Sound, are only 22 miles away from Arlington Air North. Less than a decade ago, the North End was predominantly a manufacturing submarket, but its access to Paine Field, I-5, and the Port of Everett has attracted some of the biggest names in distribution,

biotechnology, alternative energy, logistics, and aerospace in recent years including Amazon, FedEx, XPO Logistics, Collins Aerospace, Rolls Royce, Safran, Seagen, AGC Biologics, and Fluke.

World-Class Employment Hub



Snohomish County Jobs by the Numbers

- 337,000** Total employees in Snohomish County
- 60%** of Snohomish County jobs are associated with International trade
- 20,500** Total businesses in Snohomish County

OPPORTUNITY ZONE FOUR



Appendix

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2026.....

Invest capital gain into QOZ Fund (defer taxes on gain through 2026).

Construction start.

2027.....

Taxes payable on deferred capital gain.

2028.....

Stabilization.

2029.....

\$7.11M cash-out refi
~48% capital return

2036.....

All capital gains tax on profits from QOZ Fund investment are eliminated.

Property sale.

Put Your Capital Gains to Work

SMARTCAP Qualified Opportunity Zone Fund 4 will invest in, develop and manage this single-asset industrial project with long-term growth potential located in a designated Opportunity Zone. The Fund intends to qualify as a Qualified Opportunity Zone Fund, as defined in the Tax Cuts and Jobs Act of 2017, so that investors who invest capital gains in the Fund are eligible for the potential tax benefits offered by the QOZ program.

SAFE HARBOR

The IRS provides a 31-month “working capital safe harbor” for Qualified Opportunity Zone Businesses (QOZBs), allowing investors to deploy capital over time without jeopardizing the OZ tax benefits.

Tax Deferral

Investors will be able to defer federal income tax on eligible capital gains realized from the sale of a previous investment by reinvesting those capital gains into SMARTCAP Qualified Opportunity Zone Fund IV.

Tax Elimination

Investors will be able to pay zero federal taxes on the appreciation of the QOZ Fund IV investment by holding the investment for 10 or more years.

Tax Efficiency & Cash Flow

Once its assets are developed, the Fund will hold a portfolio of Class A cash-flowing properties. Taxable income from such property may be offset by depreciation, and if the investment is held for 10 years or more, the depreciation recapture tax is eliminated.

What is the Qualified Opportunity Zone Program?

The Qualified Opportunity Zone (QOZ) program offers tax-incentivized investing to maximize economic development in historically underserved communities.

The QOZ program was created under the Tax Cuts and Jobs Act of 2017 to incentivize investment and economic development in more than 8,000 designated communities, called qualified opportunity zones, throughout the United States. This program led to the creation of QOZ funds, a type of investment vehicle required to invest 90% or more of its assets in one or more of the designated QOZs.

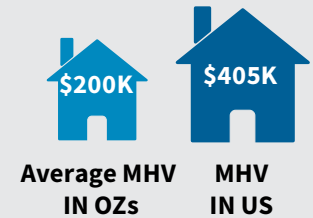
INVESTOR SUITABILITY

This investment is applicable for accredited investors facing a tax liability associated with the realization of capital gains from an investment or asset sale. While there is no “like-kind asset” requirement for investor eligibility, the QOZ investment must generally be made within 180 days of realizing the capital gain.

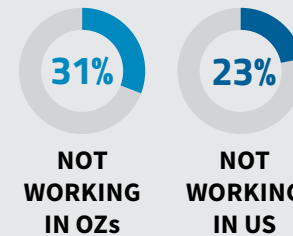
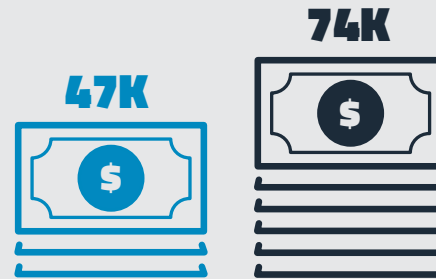
\$150B

Invested in QOZs
Since 2019

Opportunity Zone homes have a median home value (MHV) **\$205K below** the U.S. median.



The average **Median Family Income (MFI)** in an Opportunity Zone is nearly **two-thirds** the national MFI.



Nearly **a third** of prime working age adults in the average Opportunity Zone are **not working**.*

*This captures the unemployed and those who have left the labor force.

Half of the country's **persistent concentrated poverty*** census tracts are Opportunity Zones.



*Greater than 40 percent poverty rate in 1980 and 2018



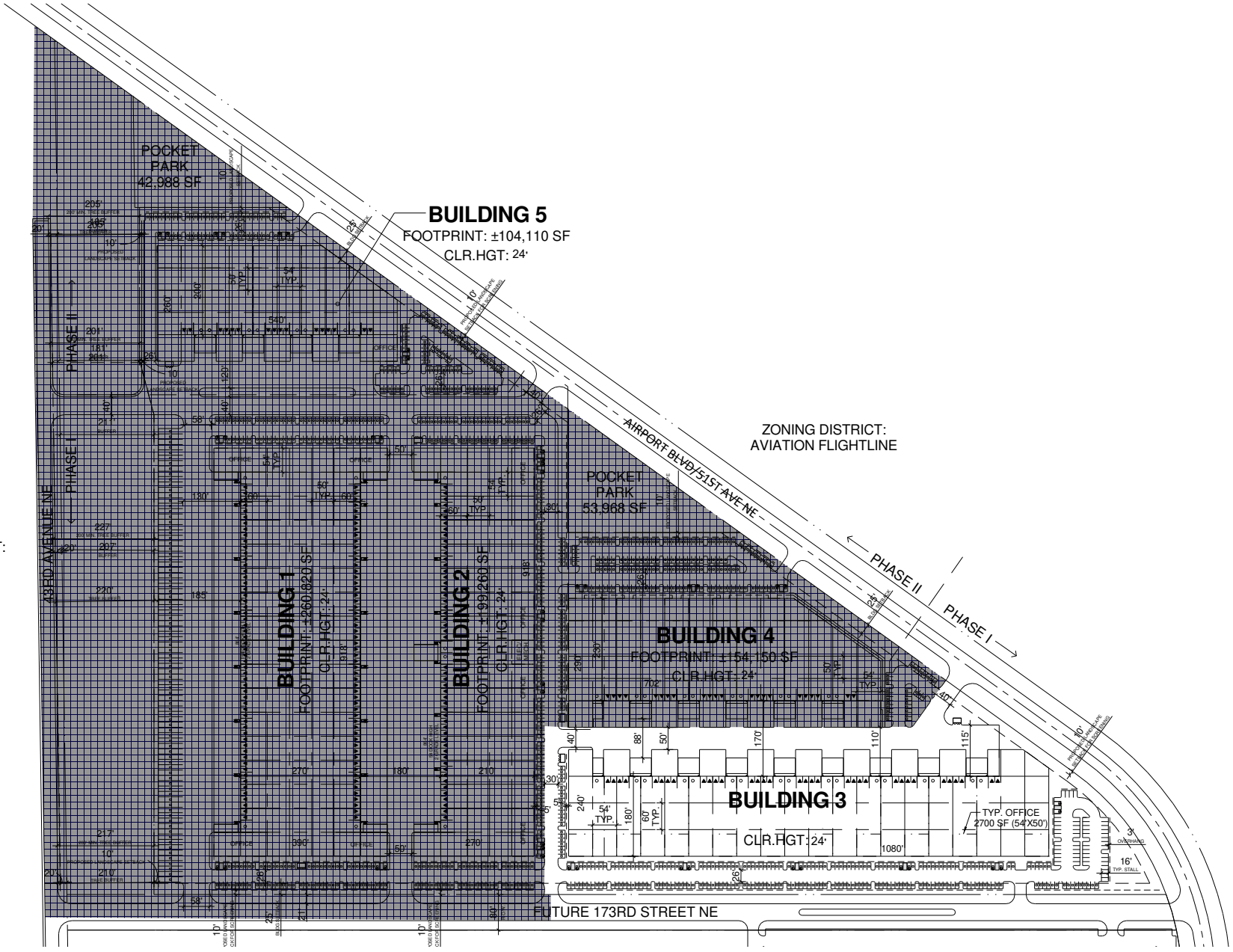
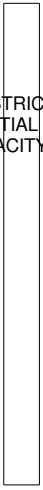
18-20% of adults in the average Opportunity Zone **lack a high school diploma**, compared to **11%** nationwide.

Source: Economic Innovation Group analysis of U.S. Census Bureau



Master Site Plan


ZONING DISTRICT:
RESIDENTIAL
LOW CAPACITY





Let's Work Together

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