



Creating Value  
Through  
Light Industrial  
Real Estate

# **IC** Berkeley Partners IV, L.P.

Employees' Retirement System of Rhode Island State Investment Commission  
February 24, 2016

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# IC Berkeley Partners – Strategic Overview

- Committed ~90% of IC Berkeley Partners III, LP; expect to be fully committed by March 2016
  - State of Rhode Island committed \$18mm of \$125mm of total committed capital
  - 30 investments totaling over \$199 million of gross asset value to date<sup>(1)</sup>
  - \$91 million called to date; we expect to call approximately \$20 million in Q1 2016 and commit/reserve the remaining unfunded capital
  - Sold seven properties and five sales are pending
  - \$6.8 million distributed to date; we expect to make a \$15+ million distribution in Q1 2016
  - Acquisitions to date projected to outperform fund target returns
- Began marketing IC Berkeley Partners IV, L.P. January 2016 targeting \$250 million with \$300 million hard cap
  - Continuation of longstanding value add light industrial strategy
  - 11-13% net IRR (13-16% gross) target, utilizing leverage of 50-65% per property
- Continue to grow and develop Berkeley Properties as a best in class operating company to add value across all platforms
  - Platform has grown to 65+ dedicated Industry Capital and Berkeley Properties' employees

(1) Represents 4Q2015 FMV plus purchase price of assets acquired post 12/31/2015.

# Company Overview

## Focused on Light Industrial

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- Own and manage a portfolio totaling over 5 million SF of light industrial real estate across nine markets in five states
- The light industrial sector comprises over 50% of the total U.S. multi-tenant industrial real estate market and commands the highest occupancy and rental rates of overall industrial market<sup>(1)</sup>
- Core management team members have worked together since 2005

## Operator Focus

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- Vertically integrated operator of small bay light industrial real estate
- On-site property management team works to maintain high occupancy levels
- Operational efficiencies have been created through aggregation of local and regional portfolios

## Competitive Advantage

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- Vertical integration may optimize performance – integrated leasing, management, facility and construction teams create operating efficiency
- Customized innovative technology platform – promotes business scale and team efficiency and supports operational stability
- Add institutional quality management to an inefficient asset class
- Proprietary in-house sourcing database – 2/3 of deals off market

(1) Source: CBRE-EA Peer Select, Q2 2015

# Small Bay Light Industrial – Market Overview

- Large Market Size – 3-4 billion SF<sup>(1)</sup>
  - Approximately the same size as the total U.S. suburban office market
- Light Industrial/Service Center/Office Warehouse Specifications:
  - All units have grade and/or roll-up doors.
  - Average unit is 80% warehouse/20% office.
  - Clear heights generally 16'-20''
  - Flexible configuration appeals to broad base of U.S. small and mid-size businesses
  - Tenants have a warehouse component to their use – this is not office flex
  - Infill locations – Close to city centers and housing
- Simple Building Construction:
  - Most buildings are single-story concrete tilt, CMU and some metal
  - Major capital improvements tends to be limited to roof, parking lots, and HVAC units



(1) Source: CBRE-EA, Q2 2015

# Market Opportunity – Small Bay Light Industrial

## Sponsor's Sector – Light Industrial Buildings <120,000 SF:

- Comprises 56% of the total U.S. light industrial real estate market
- Maintains the highest occupancy level of overall industrial market
- Attracts the highest rental rates of overall industrial market

## Light Industrial Market Comparison – All U.S. Markets

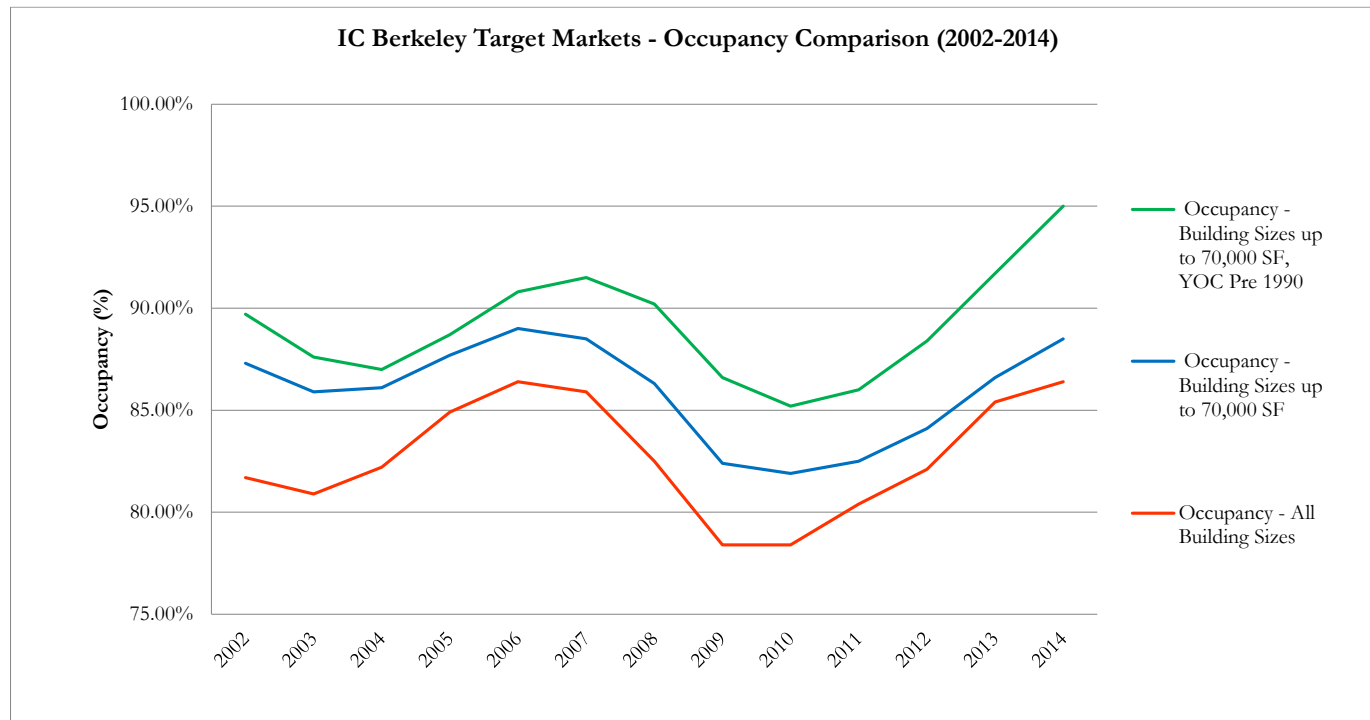
Light Industrial Building Size (SF)	Number of Buildings	Total Stock (SF x 1,000)	Availability Rate (%)	Net Asking Rent
Up to 70,000 (IC Berkeley Market)	122,836	3,106,692	10.1%	\$6.38
70,001-120,000 (IC Berkeley Market)	12,405	1,133,226	13.0%	\$5.24
120,001-200,000	6,426	979,512	14.0%	\$4.91
200,001-400,000	4,221	1,146,535	14.9%	\$4.40
400,001+	1,941	1,247,678	14.2%	\$3.85
Total	147,829	7,613,643	13.2%	\$4.96

Source: CBRE-EA Peer Select, Q2 2015

# Market Opportunity – Small Bay Light Industrial

## Sponsor's Portfolio – Infill Multi-Tenant Industrial Experiences Higher Occupancy Levels

- Older buildings located in infill locations experience higher long term occupancy levels
- Limited new supply and steady demand drive occupancy and rent levels, further driven by the generational shift towards office and multi-family development in infill locations
- Average year of construction for Sponsor's portfolio is 1988

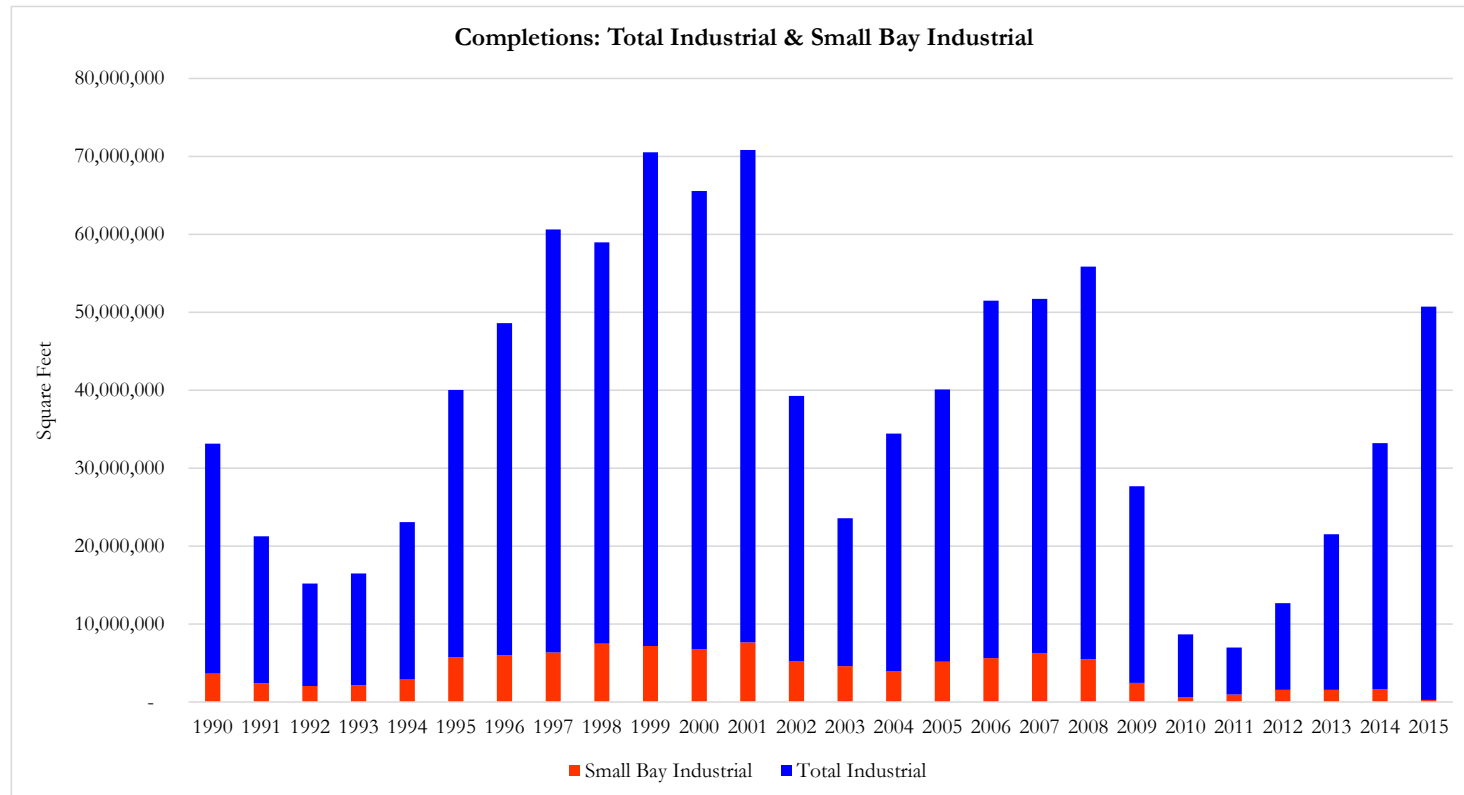


Source: CBRE-EA Peer Select, Q2 2015

# Market Opportunity – Small Bay Light Industrial

## Sponsor's Markets – Limited New Supply of Small Bay Light Industrial

- Majority of new construction has been distribution and large unit projects
- Smaller unit properties have higher per unit build costs and compete with higher value-add infill developments (multifamily, strip retail, etc.) for land



Source: CBRE-EA Peer Select, Q2 2015

“Small Bay” defined as units 5,000 SF or less in buildings 70,000 SF or less. Included markets: Atlanta, Austin, Dallas, Fort Worth, Houston, Nashville, Orlando and Sacramento



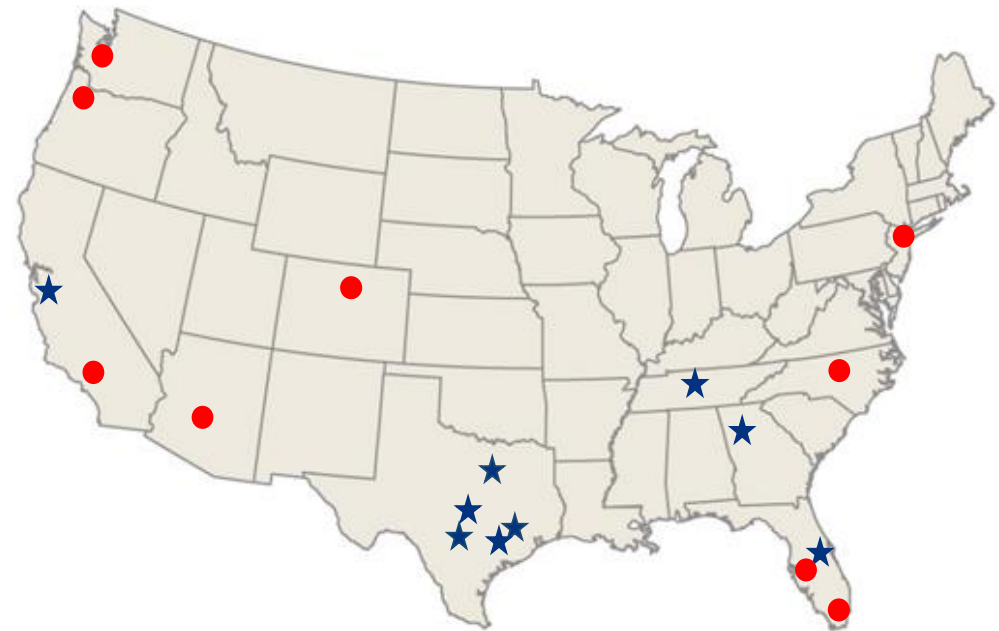
# Market Opportunity – Small Bay Light Industrial

## Current and Target Markets

All current markets are top 20 fastest growing markets<sup>(1)</sup>

## Market Highlights

- Population Growth / Job Growth
- Economic Growth / Recovery Prospects
- Diversification of Demand Drivers
- Liquidity Due to Market Depth
- Business and Tax Friendly Governments

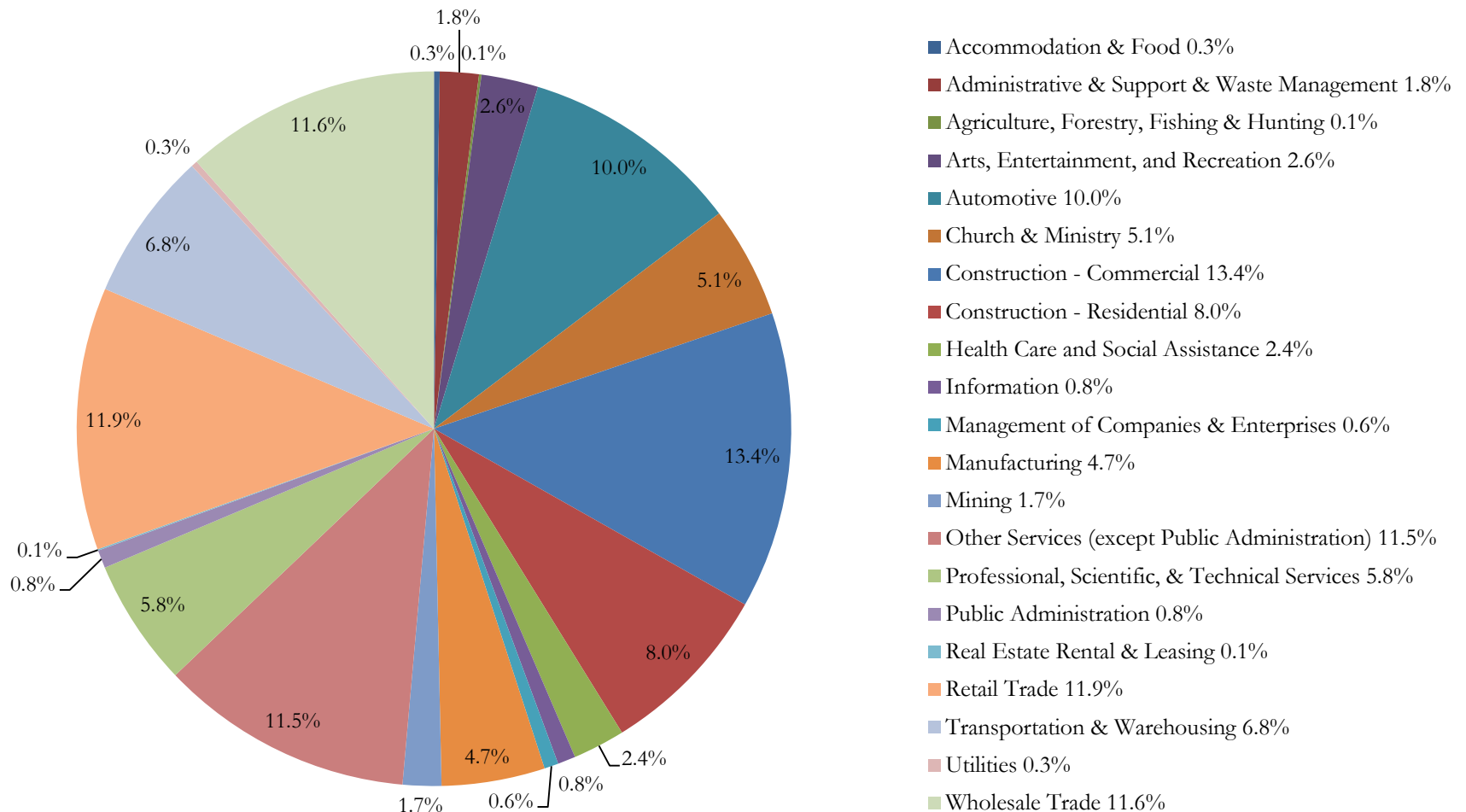


★ Current Portfolio Markets  
● Potential Target Markets

(1) Source: Forbes - America's Fastest Growing Cities, 2015; rankings based on combination of population, employment, and unemployment as determined by Forbes

# Diversified Tenant Roster

- Current portfolio<sup>(1)</sup> comprises a diversified tenant base with varying lease tenures, which is typical for light industrial real estate assets



(1) Includes all assets in BCPI, BCPII, BCT and ICBPIII. Subject to change.

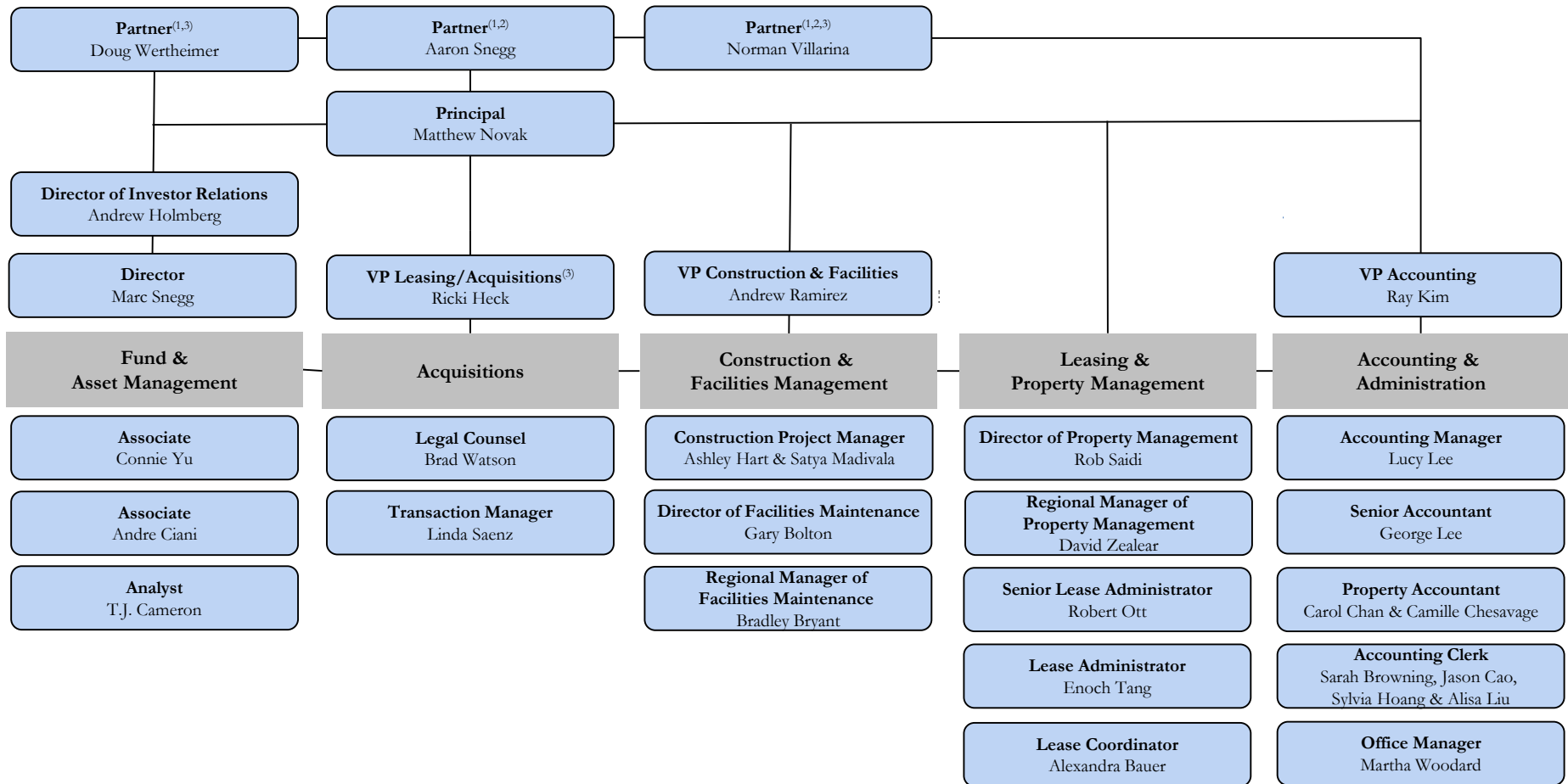
# Operator Culture – Leasing and Property Fiduciaries

- Vertically integrated Leasing, Property Management, Facilities and Construction Management team that work exclusively for IC Berkeley Funds
- Quarterly conferences focused on team building and developing skills
- Managers are taught to be fiduciaries for our LPs
- “Raising rents helps retired teachers pay bills”



# Organizational Chart

As of 12/31/2015



- (1) Investment Committee Member
- (2) Have worked together since 1999
- (3) Have worked together since 2003

# Areas of Focus – How We Stay Ahead Of The Curve

## Hiring/Staffing as Portfolio Grows

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- Focus on hiring and training talented people
- Maintain low employee turnover

## Defensive Investing

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- Buy below replacement cost and comparable trades
- Trade lease-up in approximately 12 months
- Preference for in-place cash flow
- Conservative debt strategy
  - Low LTV
  - No DSCR tests
- Maintain strong tenant relationships

## Competitive Advantage

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- Sponsor has engaged a 3<sup>rd</sup> party SEC advisory firm, MGL Consulting, to ensure proper compliance

# IC Berkeley Partners III, LP – Dispositions

(\$ in millions)

## Recent and Near Term Dispositions

As of 02/15/2016

Asset	Region	SQFT	Status	# of Properties	Acquisition Date	Purchase Price	Actual/Estimated Sale Date	Sales Price	Initial Capital Invested	Potential Net Proceeds	Levered IRR	Levered Equity Multiple	Unlevered IRR	Unlevered Equity Multiple
1. Salt Lake City Industrial Portfolio	Salt Lake City	198,056	Closed	2	12/30/2013	\$6.70	7/30/2015	\$11.80	\$2.25	\$7.61	74.4%	3.4 x	41.4%	1.8 x
2. Peachtree Corporate Center	Atlanta	199,036	Closed	1	8/21/2014	\$8.50	11/24/2015	\$12.20	\$3.21	\$6.58	57.8%	2.0 x	29.6%	1.4 x
3. Dildo Warehouse	Dallas	60,000	Closed	1	11/20/2013	\$1.57	11/13/2015	\$2.90	\$0.56	\$1.59	35.1%	2.8 x	24.4%	1.6 x
4. Austin Light Industrial Portfolio <sup>(1)</sup>	Austin	162,358	Closed	2	6/28/2013	\$8.84	1/22/2016	\$13.45	\$2.79	\$6.90	39.3%	2.5 x	18.3%	1.5 x
5. Welch Road	Dallas	40,000	Closed	1	12/10/2015	\$1.50	1/22/2016	\$2.10	\$1.50	\$2.10	1639.4%	1.4 x	1639.4%	1.4 x
6. Pleasantdale Center	Atlanta	86,792	In Contract	1	1/13/2015	\$4.13	3/31/2016	\$4.60	\$1.46	\$2.06	22.9%	1.4 x	13.2%	1.1 x
7. International & Pacific Business Ctr.	Atlanta	100,742	Listing	2	Oct-Nov 2014	\$3.35	3/31/2016	\$5.02	\$2.20	\$3.13	28.0%	1.4 x	16.0%	1.2 x
8. Airport Industrial Center	Orlando	63,000	Listing	1	2/12/2015	\$3.71	3/31/2016	\$4.50	\$1.26	\$1.95	36.2%	1.5 x	17.3%	1.2 x
9. Parkway Business Center <sup>(2)</sup>	Dallas	73,395	Listing	1	9/27/2013	\$3.10	3/31/2016	\$4.00	\$1.08	\$1.80	17.2%	1.7 x	10.4%	1.3 x
<b>Total<sup>(3)</sup></b>		<b>983,379</b>		<b>12</b>		<b>\$41.39</b>		<b>\$60.57</b>	<b>\$16.31</b>	<b>\$33.71</b>	<b>43.3%</b>	<b>2.1 x</b>	<b>23.0%</b>	<b>1.4 x</b>

- Plan to list for sale an additional 15 properties in 2016 and 7 in 2017
- Expect to return all investor capital by the first half of 2017

(1) Includes yield maintenance prepayment penalty at sale.

(2) Includes 2% prepayment penalty fee.

(3) Total return calculations exclude Welch Road.

# IC Berkeley Partners III, LP – Value Creation

- Value enhancement strategies are generally ahead of schedule across the 3.2 million square foot portfolio
  - Occupancy has increased from 64% at acquisition to 71% as of 12/31/2015
  - Annual Gross Revenue is up over 17% from acquisition through 12/31/2015
- Occupancy and revenue growth driven by operator culture
  - Berkeley Properties' employees lease units that leasing brokers and large institutional owners ignore
- \$10-15 million of capital projects to be completed for existing portfolio
  - Capital projects underway include upgrades and unit demising
  - Focus on turning high percentage office flex business parks back to original industrial use

# Summary of Terms

<b>The Fund</b>	Industry Capital Berkeley Partners IV, L.P., a Delaware limited partnership, and any parallel partnerships
<b>Target Fund Size</b>	\$250 million, with \$300 million hard cap
<b>Sponsor Commitment</b>	Industry Capital and/or its affiliates and certain employees will commit 2% of the Fund's aggregate capital commitments, up to \$5 million
<b>Minimum Commitment</b>	\$5 million
<b>Investment Period</b>	3 years after the final closing
<b>Term</b>	10 years from the final closing, with two one-year extensions at the sole discretion of the General Partner
<b>Leverage Limit</b>	65% at the fund-level
<b>Preferred Return</b>	8% compounded annually
<b>Distributions</b>	Distributable proceeds will be distributed as follows: (a) First, 100% to the Limited Partners until they receive their capital contributions plus an 8% preferred return; (b) Second, 80% to the Limited Partners and 20% to the General Partner as carried interest
<b>Asset Management Fee</b>	(a) During the Investment Period, 1.5% per annum of the Capital Commitments; (b) After the Investment Period, 1.5% per annum of the Capital Contributions
<b>BP Services and Fees</b>	(a) Property Management: 4% of gross revenue (b) Construction Management: Charged at BP's cost (c) Leasing: Charged at BP's cost (d) Development: Charged at BP's cost
<b>Limitations</b>	No more than 10% of the aggregate Capital Commitments may be invested in a single investment; however, for a portfolio, each underlying investment within such portfolio will be considered a separate investment; provided, further, that this 10% limitation shall not apply with respect to a particular target investment until the second anniversary of the initial acquisition date of such investment





# APPENDIX I – Case Studies

## Select Transactions

Investment	Fund	Location
Salt Lake Industrial Portfolio	ICBP III	Salt Lake City, UT
Peachtree Corporate Center	ICBP III	Atlanta, GA
Austin Light Industrial Portfolio	ICBP III	Austin, TX
Strickland Saunders Portfolio	BCP II	Fort Worth, TX

The investment examples included herein were chosen to show recent, demonstrative transactions in the Sponsor's portfolio. They do not represent an actual portfolio, are shown for illustrative purposes only and there can be no assurances that these or similar deals will be in the Fund's portfolio. Past performance is not necessarily indicative of future results, and there can be no assurance that an investment offered by the Fund will achieve comparable results to any of the prior performance information contained herein or that targeted returns or other measuring standards will be met. Please see important disclosures regarding projected IRRs and assumptions regarding leverage in disclaimers and cautionary statements on page 28.

# Select Transactions – Salt Lake Industrial Portfolio

2850 South Redwood Road & 3607-3667 West 1987 South, West Valley City & Salt Lake City, UT 84119 & 84104

<b>Acquisition Date</b>	December 2013
<b>Status</b>	Realized; July 2015
<b>Year of Construction</b>	1977 & 1990
<b>Total SF</b>	198,056
<b>Purchase Price</b>	\$6.7m or \$33.8 PSF

<b>Initial Invested Equity</b>	\$2.3m
<b>Net Asset Value<sup>(1)</sup></b>	N/A
<b>LTV / LTC<sup>(2)</sup></b>	64.8% / 38.9%
<b>Gross IRR<sup>(1)</sup></b>	74.4%
<b>Gross Multiple<sup>(1)</sup></b>	3.4x

## Overview

- Two undervalued properties with a going-in occupancy rate of 68.3%, which is well below the average occupancy level of the Salt Lake City industrial market of 91.9%<sup>(3)</sup>
- The Salt Lake City industrial market continues to recover; lack of both new supply and positive net absorption is pushing availability rates to its lowest level since 2008<sup>(3)</sup>
- Total purchase price represented approximately a 30% discount to replacement cost

## Opportunity

- Former owner used a third party operator; by placing a manager onsite, Sponsor would be able to effectively lease up the properties and implement operating expense control measures

## Value-Add Initiatives

- Terminated and lowered the snow removal, security and trash services by an average of \$0.15 PSF
- Increased occupancy from 68.3% at acquisition to 92.2% at exit
- Increased monthly rent PSF by 11.6% or \$0.06 from \$0.53 PSF to \$0.59; Sponsor originally underwrote rents to increase to \$0.59 PSF by the fourth year after closing



(1) Based on actual sale which occurred in July 2015, and was completed in October 2015 resulting from Sponsor provided seller financing

(2) As of date of sale on July 30, 2015

(3) Source: CBRE-EA, Q3 2013

# Select Transactions – Peachtree Corporate Center

6649-6699 Peachtree Industrial Boulevard, Peachtree Corners, GA 30092

<b>Acquisition Date</b>	August 2014
<b>Status</b>	Realized: Nov 2015
<b>Year of Construction</b>	1979
<b>Total SF</b>	199,036
<b>Purchase Price</b>	\$8.5m or \$42.7 PSF

<b>Initial Invested Equity</b>	\$3.7m
<b>Net Asset Value<sup>(1)</sup></b>	\$5.8m
<b>LTV / LTC<sup>(2)</sup></b>	49.3% / 64.3%
<b>Gross IRR<sup>(1)</sup></b>	71.5%
<b>Gross Multiple<sup>(1)</sup></b>	1.9x

## Overview

- The Atlanta market has a population of 5.5 million and is the third-largest industrial market in the U.S. and the primary distribution market in the South<sup>(3)</sup>
- 69.1% going-in occupancy which is approximately 17.4% below the Atlanta industrial market occupancy of 86.5%<sup>(3)</sup>
- Purchase price represented a 53% discount to replacement cost

## Opportunity

- Off market opportunity strategically located with frontage along Hwy 141, which provides convenient access to Gwinnett County and downtown Atlanta

## Value-Add Initiatives

- Created 11 new suites averaging 4,000 SF and under, bringing the total number of suites from 62 to 73
- Increased occupancy to 89.7% currently<sup>(2)</sup>
- Increased monthly rent PSF by 0.8% from \$0.68 PSF at acquisition to \$0.69 currently<sup>(2)</sup>



(1) Gross property-level return based on hypothetical exit at 9/30/2015 fair market value

(2) As of September 30, 2015

(3) Source: CBRE-EA, Q2 2014

# Select Transactions – Austin Light Industrial Portfolio

5214 Burleson Road & 8900-8906 Wall Street, Austin, TX 78744 & 78754

<b>Acquisition Date</b>	June 2013
<b>Status</b>	Unrealized
<b>Year of Construction</b>	1981 & 1985
<b>Total SF</b>	162,358
<b>Purchase Price</b>	\$8.8m or \$54.4 PSF

<b>Initial Invested Equity</b>	\$2.8m
<b>Net Asset Value<sup>(1)</sup></b>	\$6.5m
<b>LTV / LTC<sup>(2)</sup></b>	46.1% / 60.6%
<b>Gross IRR<sup>(1)</sup></b>	43.1%
<b>Gross Multiple<sup>(1)</sup></b>	2.4x

## Overview

- Undermanaged assets acquired at 56% below replacement cost
- Going-in occupancy was 83.1%, which was 16.8% lower than the industrial market peer group average
- Contains 98 tenant suites ranging from 190 SF to 5,715 SF, which provides a range of spaces to market to a variety of businesses
- Austin, TX has experienced substantial population growth and net migration<sup>(3)</sup>

## Opportunity

- Value-add opportunity to increase rents and bring the asset to a stabilized occupancy

## Value-Add Initiatives

- Increased occupancy by 9.1% from 83.1% at acquisition to 92.2% currently<sup>(2)</sup>
- Increased monthly rent PSF by 16.4% or \$0.12 from \$0.73 PSF at acquisition to \$0.85 currently<sup>(2)</sup>; the face rental rate of \$0.85 is four years ahead of initial underwriting



(1) Gross property-level return based on hypothetical exit at 9/30/2015 fair market value

(2) As of September 30, 2015

(3) Source: U.S. News – Everything's Bigger, and Still Getting Bigger in Texas, May 2014

# Select Transactions – Strickland Saunders Portfolio

5041 David Strickland & 5021 Saunders, Fort Worth, TX 76119

<b>Acquisition Date</b>	September 2007
<b>Status</b>	Unrealized
<b>Year of Construction</b>	1996
<b>Total SF</b>	136,200
<b>Purchase Price</b>	\$3.2m or \$23.1 PSF

<b>Initial Invested Equity</b>	\$0.7m
<b>Net Asset Value<sup>(1)</sup></b>	\$2.5m
<b>LTV / LTC<sup>(2)</sup></b>	48.3% / 75.7%
<b>Gross IRR<sup>(1)</sup></b>	32.1%
<b>Gross Multiple<sup>(1)</sup></b>	5.5x

## Overview

- Fort Worth is the 16<sup>th</sup> largest city in the US and the fifth largest city in the state of Texas<sup>(3)</sup>
- Property was previously owned and managed by a local family who had limited knowledge of the real estate market
- Most of the tenants were on a month-to-month lease upon acquisition, which allows for an easy path to increasing rents

## Opportunity

- Although the property was 100% occupied at acquisition, the rents were significantly below market rent

## Value-Add Initiatives

- Increased monthly rent PSF by 78.8% or \$0.21 from \$0.27 PSF at acquisition to \$0.48 currently<sup>(2)</sup>
- An original 7,000 SF unit was demised into seven separate 1,000 SF units which commanded on average \$0.10 PSF more than the original unit
- Currently 92% occupied



(1) Gross property-level return based on hypothetical exit at 9/30/2015 fair market value

(2) As of September 30, 2015

(3) Source: United States Census Bureau – July 1, 2014



## **APPENDIX II – Senior Management Biographies**

# Senior Management Team Biographies

***Norman Villarina, Managing Partner.*** Mr. Villarina serves as Managing Partner of Industry Capital. In 1999, he co-founded Industry Ventures, a \$2.5 billion venture capital firm specializing in the secondary market, and served as a general partner from 1999 to 2003. Prior to that, he was a private and public equity portfolio manager at Eos Partners and Cassandra-Chase Partners in New York City from 1995 to 1999. Mr. Villarina has also held various officer positions in Wells Fargo Bank's commercial lending group and Lehman Brothers. Mr. Villarina holds a BA from the University of California at Berkeley and MBA from Columbia University.

***Aaron Snegg, Partner-Head of Real Estate.*** Mr. Snegg serves as the Partner-Head of Real Estate of Industry Capital and oversees its industrial real estate platform, IC Berkeley Partners. Mr. Snegg has also held various officer positions at Snegg & Snegg LP, his family's real estate holding Sponsor, and Workstream Inc. Mr. Snegg holds a BA from the University of California at Berkeley.

***Doug Wertheimer, Partner.*** Mr. Wertheimer serves as a Partner of Industry Capital. Prior to joining Industry Capital in 2004, he was a successful entrepreneur with several well-known ventures in media and entertainment, consumer products and financial services. From 1999 to 2002, he was a founding executive with Size Technologies, an electronic payments Sponsor acquired by First Data Corporation in 2006. From 1995 to 1999, he was a Principal in Mark Burnett Productions, where he played a critical role in the development and sale of the successful reality TV franchises "Survivor" and "Eco-Challenge". In the early 1990's Mr. Wertheimer served as Director of Business Development for early interactive television mover, Interactive Network. He received his A.B. from Princeton University and J.D. from the UCLA School of Law.



## Senior Management Team Biographies (continued)

***Matthew Novak, Principal.*** Mr. Novak serves as a Principal at Industry Capital. Mr. Novak has over 14 years of real estate experience in asset management, acquisitions, dispositions, development, and construction. He started his career with Arthur Andersen in San Francisco in the Real Estate Valuation Group. He then spent over five years on the investment management team for National Office Partners (a partnership of CalPERS and Hines) focusing on portfolio and asset management for over \$1.0 billion of assets. Most recently, Mr. Novak worked as a developer in the Bay Area focusing on entitlements, project management, and construction of infill development projects. Mr. Novak holds a BA in Economics from Cornell University.

***Andrew Holmberg, Director of Marketing & Investor Relations.*** Mr. Holmberg serves as the Director of Marketing & Investor Relations at Industry Capital. He is responsible for client service and capital raising. He has worked in real estate capital raising, investor relations and as a principal investor his entire career. Previously, Mr. Holmberg was one of the primary, client-facing investor relations professionals at The Davis Companies, a Boston-based real estate investment, operating and development Sponsor. Prior to The Davis Companies, he worked at Long Wharf Real Estate Partners where he helped the Sponsor spin-out from Fidelity Investments to become an independent Sponsor. Mr. Holmberg also worked as an investment analyst at Landmark Partners, where he was involved with investing Landmark's series of discretionary real estate funds into a variety of real estate-related opportunities globally. He began his career in real estate investment banking at Silver Portal Capital. Mr. Holmberg holds a BA in Economics from Cornell University.



# APPENDIX III – Legacy Fund Performance

# Legacy Fund Performance

## Investment Performance Summary<sup>(1,2,3)</sup>

As of September 30, 2015 (\$ in millions)

Fund	Vintage	Total SF	No. of Assets	Occupancy	Total Committed Capital	Total Called Commitments <sup>(i)</sup>	Total Distributions <sup>(ii)</sup>	Net Asset Value <sup>(iii)</sup>	Gross IRR <sup>(iv)</sup>	Gross Multiple <sup>(v)</sup>	Net IRR <sup>(vi)</sup>	Net Multiple <sup>(vii)</sup>
Berkeley Capital Partners I, L.P. ("BCPI")	2006	905,089	13	92.8%	\$25.0	\$25.0	\$2.7	\$22.7	1.9%	1.17x	0.2%	1.01x
Berkeley Capital Partners II, L.P. ("BCPII")	2007	136,200	2	94.3%	1.4	1.3	0.9	2.2	15.0 %	2.43x	13.8%	2.33x
Berkeley Capital Trust ("BCT")	2008	980,131	10	90.7%	25.0	22.8	8.3	31.5	16.6%	1.94x	13.1%	1.74x

(1) Please refer to Endnotes to Investment Performance on slide 27

(2) Past performance is not necessarily indicative of future results, and there can be no assurance that an investment offered will achieve comparable results to any of the prior performance information contained herein or that targeted returns or other measured standards, which Industry Capital believes to be sound and reasonable under the circumstances, will be met

(3) BCPI, BCPII and BCT were retail / high net worth offerings and had higher offering costs and expenses as a percentage of capital raised compared to larger institutional offerings

# Endnotes to Investment Performance

- I. “**Total Called Capital**” represents the actual total capital called from investors as of 9/30/2015.
- II. “**Total Distributions**” represents the actual total distributions to investors as of 9/30/2015.
- III. “**Net Asset Value**” represents the fair market value of the properties as of 9/30/2015, based on internal calculations by Industry Capital, net of outstanding debt and any other liabilities. Performance information that includes Net Asset Value assumes, with respect to unrealized properties, a hypothetical liquidation of such properties at their Net Asset Values. Fair market values are audited on an annual basis.
- IV. “**Gross IRR**” is calculated based on the fund-level Called Capital and Distributions plus Net Asset Value, excluding fund-level management fees, and carried interest.
- V. “**Gross Multiple**” is the fund-level Distributions plus Net Asset Value, excluding fund-level management fees, and carried interest, divided by total fund-level Called Capital through 9/30/2015.
- VI. “**Net IRR**” is calculated based on the fund-level Called Capital and Distributions plus the Net Asset Value after taking into account a hypothetical deduction of fund-level management fees, carried interest, expenses and taxes as of 9/30/2015.
- VII. “**Net Multiple**” represents fund-level Distributions plus Net Asset Value (after taking into account a hypothetical deduction of fund-level management fees, carried interest, expenses and taxes as of 9/30/2015) divided by Called Capital as of 9/30/2015.

# Important Disclaimer Information

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