

Update to Opportunity Zone Investment Deadlines

Qualified Opportunity Zone Funds (“QOFs”) can provide significant tax benefits to clients. But it is important clients invest their capital gains into a QOF before key deadlines to take advantage of the benefits provided by the Qualified Opportunity Zone (“QOZ”) legislation. On January 19, 2021, the Internal Revenue Service released Notice 2021-10 (the “Notice”), **offering further extension to QOF investment deadlines. Thus, an investor may still engage in strategic tax planning for both the 2019 and 2020 tax years.**

The Notice stipulates that if an investor’s 180-day investment requirement falls on or after April 1, 2020 and before March 31, 2021, the last day of that 180-day period has been postponed to March 31, 2021.

For most investors, therefore, the timeline for investing eligible capital gains into a QOF are as follows:

Capital Gains Recognized by Individuals

- Capital Gains Realized
Between October 4, 2019 and October 1, 2020:
- Capital Gains Realized
After October 1, 2020:

The deadline to reinvest those gains is now **March 31, 2021.**

The deadline to reinvest those gains is 180 days after the gain is realized.

Capital Gains Recognized and Distributed Through a Pass-Through Vehicle (e.g., partnership or limited liability company)

- Capital Gains Realized
At any time in 2019:
- Capital Gains Realized
At any time in 2020:

The deadline to reinvest those gains is now **March 31, 2021.**

The deadline to reinvest those gains is **September 11, 2021** (180 days following the entity tax return filing date of March 15, 2021).

This information should not be construed as tax advice. Investors should consult with their own tax advisors to determine their individual benefits in a QOF Investment.



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IMPORTANT RISK FACTORS

An investment in a Qualified Opportunity Zone Fund is subject to various risks, including but not limited to:

- No public market currently exists, and one may never exist, for the interests of any Qualified Opportunity Zone Fund. Qualified Opportunity Zone Funds are not liquid.
- Qualified Opportunity Zone Funds offer and sell interests pursuant to exemptions from the registration provisions of federal and state law and, accordingly, those interests are subject to restrictions on transfer.
- There is no guarantee that the investment objectives of any particular Qualified Opportunity Zone Fund will be achieved.
- Investments in real estate are subject to varying degrees of risk, including, among other things, local conditions such as an oversupply of space or reduced demand for properties, an inability to collect rent, vacancies, inflation and other increases in operating costs, adverse changes in laws and regulations applicable to owners of real estate and changing market demographics.
- The actual amount and timing of distributions paid by a Qualified Opportunity Zone Fund is not guaranteed and may vary. There is no guarantee that investors will receive distributions or a return of their capital.
- Qualified Opportunity Zone Funds depend on tenants for their revenue and may suffer adverse consequences as a result of any financial difficulties, bankruptcy or insolvency of their tenants.
- Disruptions in the financial markets and challenging economic conditions could adversely affect a Qualified Opportunity Zone Fund.