Many Types of Investors Can Invest in Qualified Opportunity Zone Funds

Qualified Opportunity Zone Funds ("QOZF") may provide significant tax incentives for investors with capital gains. These tax incentives are available if an investor timely invests the realized capital gain (short or long) or part thereof, that would otherwise be recognized for federal income tax purposes, if it is not derived from a transaction with a related person. Investors that have consummated or are considering the following transactions may be particularly interested in investing the resulting capital gain into a QOZF to derive the associated benefits:

Securities Sale: Investors with highly appreciated securities may want to rebalance their portfolios to be more consistent with their stated risk tolerance. By selling securities and reinvesting all or a portion of the realized gains into a QOZF, the investor can defer and reduce their tax liability as well as generate potential tax-free growth[1] on their QOZF investment while reallocating the remaining capital (the investor's basis and any gain not otherwise invested in the QOZF) to a more diversified asset allocation.

Business Sale: A QOZF may provide an efficient means by which an investor can defer and reduce capital gains from a business sale while generating potential tax-free growth[1] and, in some QOZF strategies, future tax-advantaged income from their investment in a QOZF. Generally, when an owner sells a business that is structured as a partnership, S-corporation or other pass-through entity, they have a longer time horizon to invest in a QOZF (extended look-back period).[2]

Retirement Planning: Clients near retirement may lock in gains in taxable accounts and invest those gains into a QOZF strategy in order to generate significant tax benefits and provide both potential income and additional diversification when they retire. Because most QOZF real estate strategies focus on development followed by a stabilized holding period, target return profiles generally include both tax-advantaged growth and potential income.[3]

Sale of Real Estate: Investors with gains from the sale of real estate are able to defer and reduce their tax liability with respect to all capital gains from the sale, including amounts attributable to accumulated depreciation that are classified as unrecaptured 1250 gains. In addition, a QOZF only requires reinvestment of the gains from a real estate sale, as opposed to a 1031 exchange which requires reinvestment of both the gains and basis from the sold property.

(1). Provided there is a gain in the QOZF investment and is held for at least 10 years. There is no guarantee of a positive gain in any QOZF investment.
(2). This does not constitute as tax advice. Please consult with your tax professional.
(3). There are no guarantees the development properties in a QOZF will be completed, stabilized, and generate any income.

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THIS IS NEITHER AN OFFER TO SELL NOR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES. AN OFFERING IS MADE ONLY BY A PRIVATE PLACEMENT MEMORANDUM. THIS LITERATURE MUST BE READ IN CONJUNCTION WITH A PRIVATE PLACEMENT MEMORANDUM IN ORDER TO UNDERSTAND FULLY ALL OF THE IMPLICATIONS AND RISKS OF SECURITIES TO WHICH IT RELATES. A COPY OF A PRIVATE PLACEMENT MEMORANDUM MUST BE MADE AVAILABLE TO YOU IN CONNECTION WITH AN OFFERING. THIS MATERIAL DOES NOT CONSTITUTE TAX ADVICE TO ANY PERSON. A PERSON MUST CONSULT WITH HIS OR HER OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES TO THEM OF ACQUIRING AND OWNING AN INVESTMENT IN MULTIFAMILY PROPERTIES.

Not all investors are suitable or qualify to invest into a QOZF. You should always read the offering memorandum of any QOZF and consult with your financial professional before investing into a QOZF.

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 acquisition of interests in a Qualified Opportunity Zone Fund may not qualify under Section 1031 of the Internal Revenue Code of 1986, as amended (the "Code") for tax-deferred exchange treatment.
- 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.
- Disruptions in the financial markets and challenging economic conditions, including as a result of a pandemic such as the outbreak of COVID-19, could adversely affect a Qualified Opportunity Zone Fund.

Before purchasing interests, prospective investors should review a fund's offering memorandum, as may be supplemented from time to time, for a more complete description of the risks and other disclosure related to participating in the offering.