



CapZone Opportunity Zone Overview

October 2023

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Notice to All Opportunity Zone Stakeholders

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What Are Opportunity Zones?

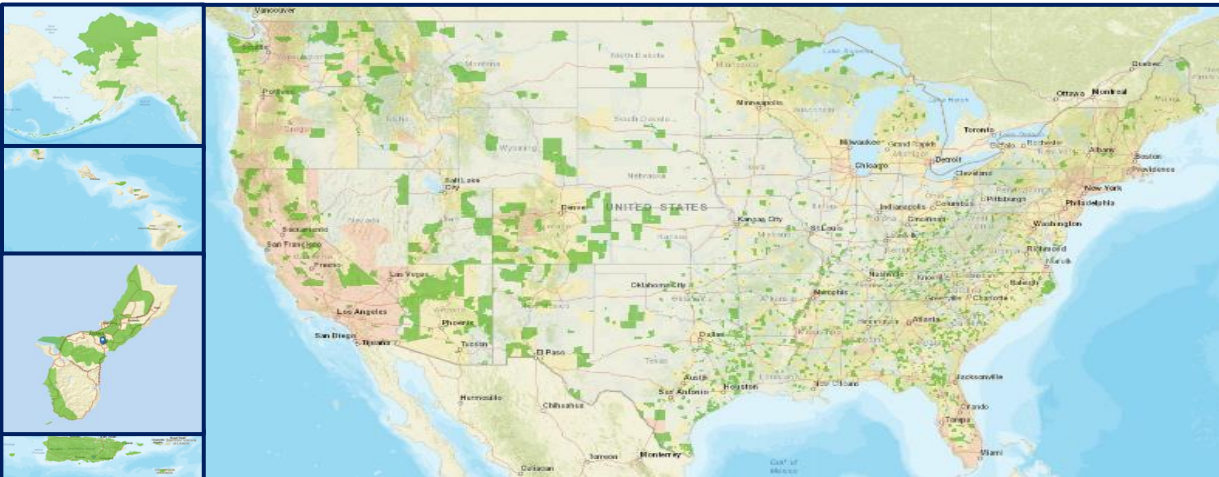
WHAT ARE OPPORTUNITY ZONES?

- Designated **8,766 Census Tracts** in **Low Income Communities**,
- Encompassing approximately **1400 universities** and **200 military bases**
- **10 percent** of the US population lives in an Opportunity Zone
- **8 percent** of adults in certified Opportunity Zones aren't working
- **56.9%** of minorities live in Opportunity Zones
- The **Median Family Income** of residents in Opportunity Zones is **\$49,000**

OZ INVESTMENTS NEED LEADERSHIP

CapZone Impact Investments is an investment management company, the cornerstone company of CapZone Group, founded in May 2018 to connect profits to purpose by bringing together financial, intellectual and human capital to benefit deserving communities and generate impact investing at scale. CapZone Group includes CapZone Analytics, the premier tech enabled Opportunity Zone compliance, monitoring, and reporting platform.

OZ bipartisan legislation passed in 2017 permits tax advantaged Opportunity Zone investments across all sectors and stages. CapZone is a leader in this new asset class due to our rigorous due diligence, strong partnerships with the leading local stakeholders and other investors, and proprietary robust investment pipeline. CapZone provides maximum OZ diversification along with positive impact investing and compliance through exit. CapZone delivers the connection from capital to community.

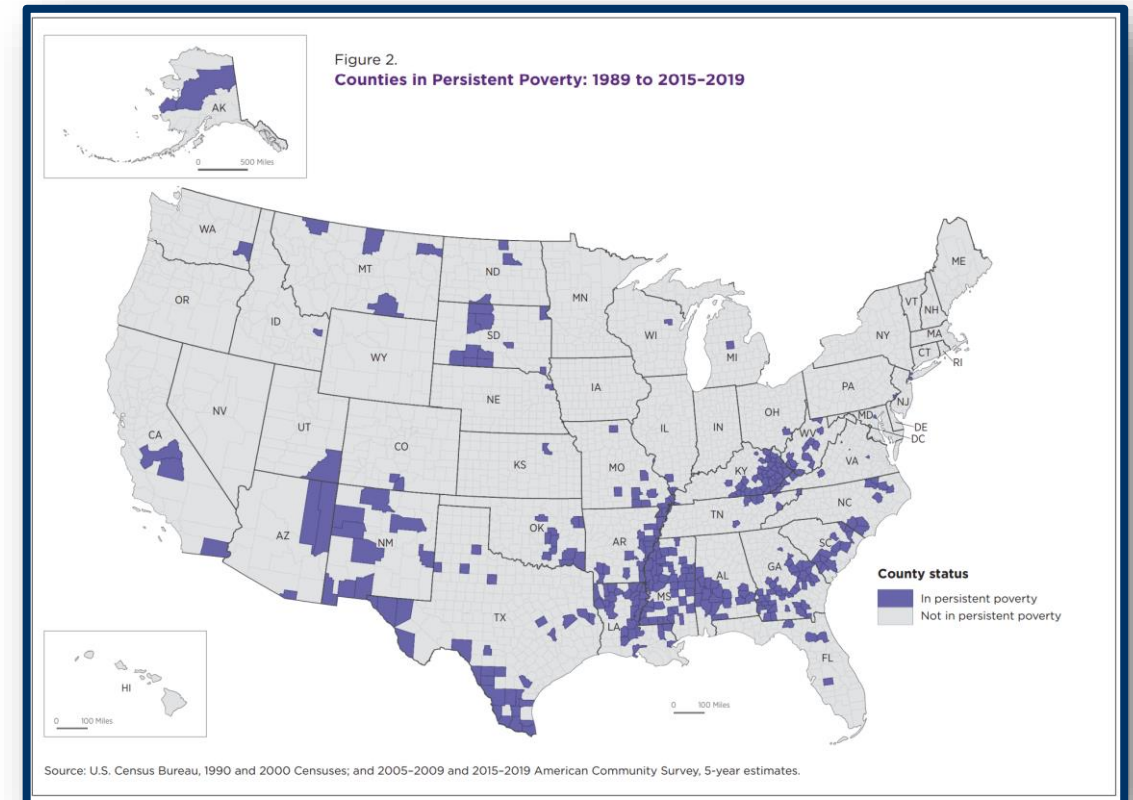


What Are Rural Opportunity Zones?

WHAT ARE RURAL OPPORTUNITY ZONES?

- In June 2023, the House Ways and Means Committee passed its first package of tax legislation in the 118th Congress. Included in it are provisions related to the Opportunity Zones (OZ) tax incentive for qualifying investments in low income and high poverty communities, which was originally enacted as part of the 2017 tax reform effort.
- The proposed legislation would extend OZ designation to any rural persistent poverty census tract nationwide. To qualify, a census tract would need to a) be in a county in which at least 50 percent of census blocks are considered rural and b) meet a persistent poverty threshold of 20 percent or greater poverty rate over the past 30 years based on a recent Census Bureau analysis.
- 1,926 rural census tracts meet the definition outlined in the proposed legislation. Of the census tracts that qualify, more than one-third (684) are already designated as OZ communities. In both cases, the structure of the tax incentive remains identical and provides for capital gains tax exclusion extends to 2047.

WHERE ARE RURAL OPPORTUNITY ZONES



What is a Qualified Opportunity Zone Fund?

- QOFs are *certified* by the IRS to invest in Qualified Opportunity Zones, the low-income census tracts (or certain contiguous areas) that were nominated by all the U.S. states' governors and approved by the IRS.
- To qualify and remain *compliant*, the QOFs must invest 90% of their assets in Qualified Opportunity Zones, either in directly-held property or equity interests in corporations or partnerships, in each case, acquired after 2017. U.S. Treasury Regulations provide guidance to investors to ensure continued compliance with the tax law and permit them to enjoy the significant tax benefits.

What is a Qualified Opportunity Zone Business?

- Substantially all of business tangible property (owned/leased) is located in an Opportunity Zone
- 50% of total gross income is derived from active conduct of its business in QOZ
- Substantial portion of intangible property is used in active conduct of business in QOZ
- Less than 5% of average of its aggregated unadjusted basis is attributable to non-qualified financial property (other than cash for “reasonable working capital”)
- No portion used for “vice businesses,” e.g., golf courses, country clubs, massage parlors, hot tub facilities, suntan facilities, racetrack or gambling facilities or liquor stores

What are the Tax Benefits of Investing in Opportunity Zones?

Estimated \$6 Trillion Embedded Capital Gains In Opportunity Zone Asset Class

Beginning in 2018, a taxpayer who sells *appreciated property* to a non-related person for CASH, and reinvests the gain in a Qualified Opportunity Fund ("QOF") within 180 days, is eligible to receive the following tax benefits:

Deferral of Gain
With no Dollar Limit

Through December
31, 2026

Reduction in Gain Via
Increases in Basis

10% to 15% if held
for 5 to 7 years

Permanent Exclusion of
Further Gain

If Investment in QOF
held for 10 years

OPPORTUNITY ZONE BENEFITS

TO THE COMMUNITY STAKEHOLDER

ACCESS TO CAPITAL

National Capital Looking For Actionable And Investable Opportunity Zone Compliant Projects

Long Term Financing (10+ Years)

Take Out Financing Available & Exit Strategies Available

ACCESS TO DEBT

Banks Incentivized To Lend To Opportunity Zone Compliant Projects For CRA Credit

*Banks Permitted To Make Equity Investments In Opportunity Zone Compliant Projects Per The Volker Rule Exception

FOLLOW ON PROJECTS

Opportunity Zone Projects Create Campus Effect And Attract Additional Opportunity Zone Projects Resulting In Maximum Positive Community Impact

Opportunity Zone Capital Supports Real Estate, Infrastructure, & Job Creating Businesses As Compliant Opportunity Zone Projects

CapZone : The Link Between Capital & Community

Opportunity Zone Investment Solutions

CapZone is a leader in Opportunity Zone community and investor outreach, working with local stakeholders to ensure projects are structured to be and remain compliant with the regulations, are welcomed by the community, and maximize the multi-faceted benefits to both investors and to the local community stakeholders.

Opportunity Zone Compliance Solutions

CapZone leads the Opportunity Zone asset class in aligning reporting and compliance services with the original intent of the law. Through our QOZB technology enabled analytics platform, CapZone Analytics drives the asset class toward optimal positive outcomes for all Opportunity Zone project stakeholders through portfolio monitoring, reporting, and analytics.

CapZone's Selected OZ Transaction Experience

Veterans Affairs Clinic



New VA facility in Minnesota to serve veterans and service members

U.S. Department of Veterans Affairs serving as long-term tenant

VA will provide primary care, physical therapy, mental and tele-health services

Residences @ Fort Trumbull



203-unit workforce housing development located in Connecticut

Development will serve General Dynamic/Electric Boat workers and service members

Largest Opportunity Zone real estate project announced in the state in 2021

Veteran's Victory



240-unit, ADA accessible multi-family development for veterans and service members located in Colorado

The development will also include a dedicated small business center to provide business and technology training for veterans

CapZone Analytics LLC: An Operating Company Located in an Opportunity Zone (QOZB founded by CZII)



CapZone offers a complete portfolio of tech-enabled services to meet the evolving needs of Qualified Opportunity Funds

<u>BEFORE INVESTMENTS ARE MADE</u>	<u>DURING THE INVESTMENT PROCESS</u>	<u>AFTER INVESTMENTS ARE MADE</u>
CapZone Analytics Diligence Services "Know Beforehand"	CapZone Fund Support "Co-GP By Invitation Only"	CapZone Analytics Compliance Services "Early Warning System"
<ul style="list-style-type: none"> • Location Analytics O Investment Fit • Stakeholder Engagement - Community Alignment • Impact Measurement - Provable ESG 	<ul style="list-style-type: none"> • Stakeholder Relations (Public, Private, Local) • Crystallizations / Waterfall Analysis • Vendor Management (Fund Admin, Legal, Accounting) 	<ul style="list-style-type: none"> • Monthly Fund Asset & Income Testing • Monthly QOZB Working Capital Safe Harbor Testing • Provable ESG / Impact Reporting
Front-End Advisory Services to Secure Long-Term Recurring Revenue Contracts		
<ul style="list-style-type: none"> • Vertical integration of standardized methodology all levels • Scalable across investment sectors 	<ul style="list-style-type: none"> • Supports existing manager workflows and advisors • Tracks ESG impact at the point of delivery 	

The CapZone Executive Team



- Al Puchala, Chief Executive Officer
- Opportunity Zone Fund Lead
- 40 Years of Investment & Advisory Experience (Morgan Stanley & Co, Lazard, Moelis, Capitol Peak Asset Management)



- Kimberly Lake, General Counsel & Chair
- Opportunity Zone Fund Formation & Management
- Experience Leveraging Corporate Finance with Public Sector Initiatives



- Charles Lake, Chief Financial Officer
- CFO of Client Funds and Infrastructure Finance
- 25+ Years Private Equity Experience



- Yvonne Peterson, Executive Vice President
- Community Stakeholder Outreach & Government Affairs
- 15+ Years Experience in Corporate, Legal, Community & Government Affairs



- Cody West, Senior Investment Associate
- Investment Strategy, Sourcing, Due Diligence & Execution
- Experience Includes Tax Attorney, Congressional Energy & Tax Fellow



www.capzoneimpactinvestments.com