We promise to *know you* and *help you.*

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

OPPORTUNITY ZONES

Disclaimers

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Housekeeping

- If you are experiencing technical difficulties, please dial: **800-422-3623**.
- **Q&A session will be held at the end of the presentation.**
  - Your questions can be submitted via the **Questions Function at any time during the presentation.**
- The **PowerPoint presentation**, as well as the **webinar recording**, will be sent to you within the next 10 business days.
- For future webinar invitations, subscribe at CLAconnect.com/subscribe.
- Please complete our online survey.

About CliftonLarsonAllen

- A professional services firm with three distinct business lines
  - Wealth Advisory
  - Outsourcing
  - Audit, Tax, and Consulting
- More than 5,400 employees
- Offices coast to coast

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC.

Speaker Introductions

Luke Pope is a principal in CLA's St. Louis office with more than 13 years of experience including a heavy focus in the real estate industry. His real estate experience includes consulting related to Opportunity Zone Incentives, New Market Tax Credits, Historic/Rehabilitation Tax Credits, tax incentives and like-kind exchanges.

Matt Drinen is a director in CLA's tax group. Matt brings experience and knowledge in analyzing, underwriting, managing, restructuring, and compliance requirements for Opportunity Zone incentives as well as New Market and Historic Tax Credit Investments.

Tony Hallada is a principal with CliftonLarsonAllen Wealth Advisors. In his 27 years in the financial services business, Tony has a broad range of experience, with a core strength in capital markets. Tony is focused on advancing the firm's private investment, family office, and capital markets platforms.

Learning Objectives

At the end of this session, you will be able to:

- Explain the basics of the Opportunity Zone program
- Define the benefits of the program for investors and projects
- Identify how both investors and projects can qualify for the program
- Recognize issues that need to be addressed by the Department of the Treasury
- Discuss the administration of an Opportunity Zone Fund

Opportunity Zones - Benefits

- Deferral of capital gains
- Reduction of deferred gain over time
- Permanent gain exclusion on appreciation of investment

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Opportunity Zone Tax Incentives

Opportunity Zones - Benefits

- Capital Gain Deferral Period
  - Deferred until investment is sold, or
  - Dec. 31, 2026 whichever comes earlier
  - If investment is not sold before Dec. 31, 2026 any remaining deferred gain is recognized at that time

Opportunity Zones - Benefits

- Permanent Reduction of Deferred Gain
  - Investments held less than 5 years result in 100% deferred gain recognition
  - Investments held > 5 years, < than 7 years result in recognition of 90% of deferred gain
  - Investments held > 7 years results in 85% deferred gain recognition

Opportunity Zones – Benefits

- Permanent exclusion for investments held for at least 10 years
  - At sale of investment, election made to step up basis in investment to FMV
  - Election results in a permanent exclusion from income of any post-acquisition capital gain
  - Results in permanent benefit for depreciation deductions
  - Taxpayers can recognize losses by not making the permanent exclusion election

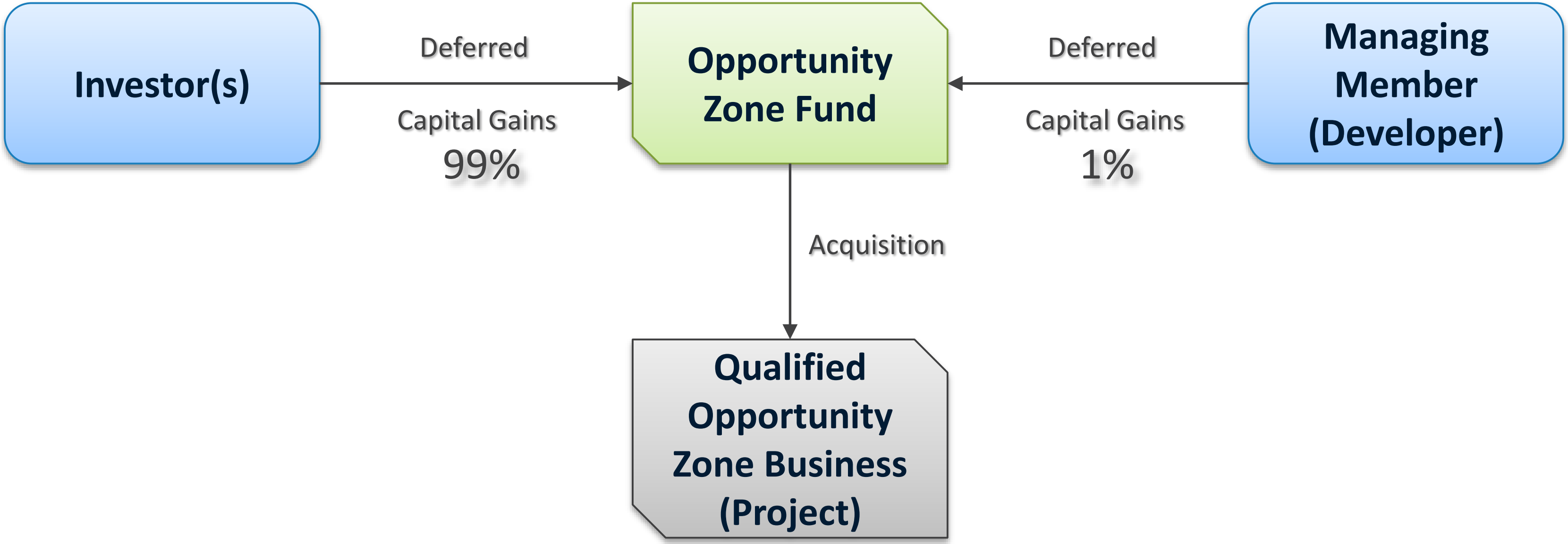
Opportunity Zone Timeline

Year 0	$40MM Invested into Opp. Zone
Year 1	
Year 2	
Year 3	
Year 5	10% Step-Up Basis on original $40MM Capital Gains ($4,000,000)
Year 4	
Year 6	
Year 7	Additional 5% Step-Up Basis ($2,000,000). $6,000,000 Step Up Total
Year 8	
Year 9	
Year 10	Opp. Zone Fund exits structure with $60MM Buyout. $20MM in Capital Gains recognized and not taxable

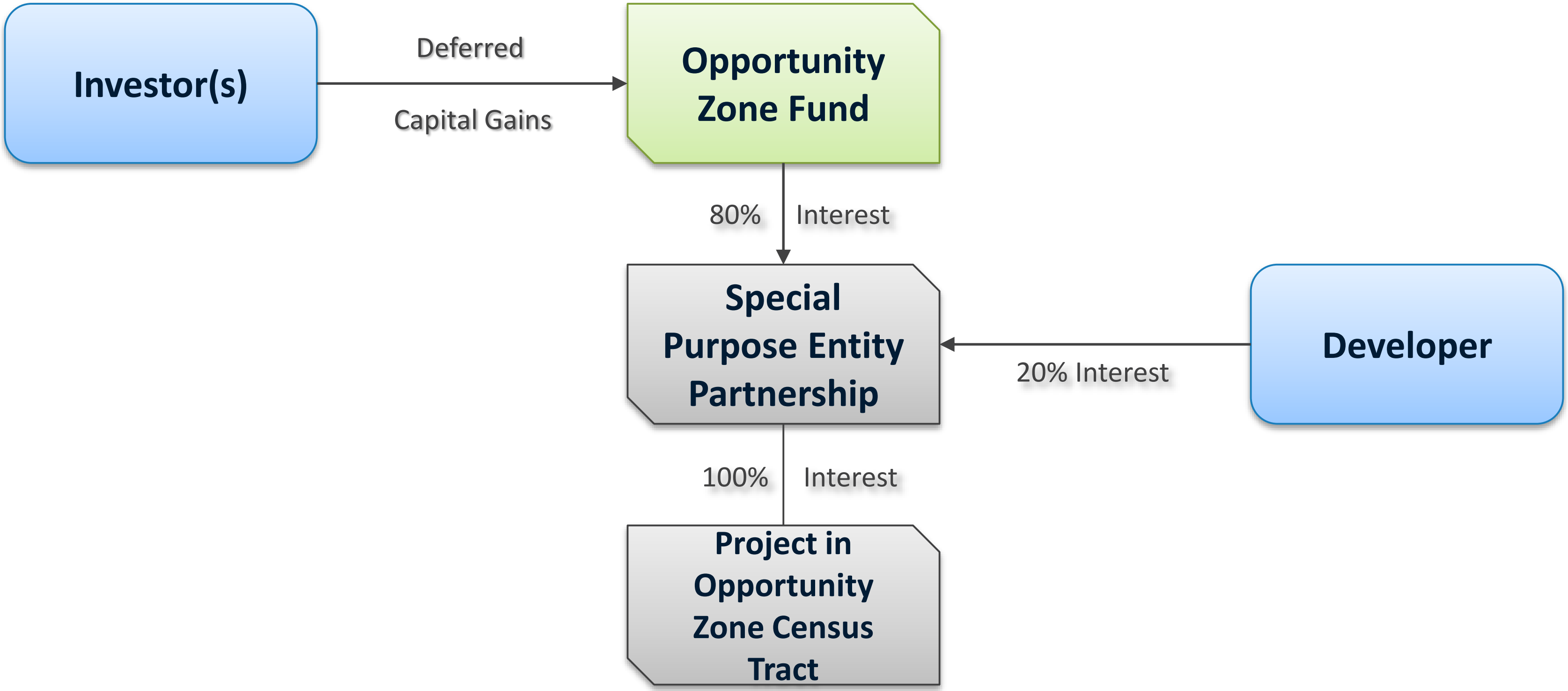
Qualified Opportunity Zone

- Low-income community population census tract, and
- Nominated by the chief executive officer of the State
- Number of zones:
  - Limited to 25% of low-income communities in a state
  - If state has less than 100 low-income communities can choose 25 QOZ's
- Contiguous Tracts
  - Contiguous tracts not in a low-income community may be designated QOZ's if:
    - ◊ Contiguous with a low-income community designated as a QOZ, and
    - ◊ Median family income of the tract does not exceed 125% of the contiguous low-income community
  - Contiguous tracts cannot make up more than 5% of census tracts designated in the state as QOZ's

Investment Structure – Direct Investment



Investment Structure – Indirect Investment



Qualified Opportunity Zone Fund

- Fund can be any partnership or partnership that holds at least 90% of assets in QOZ property
- Must follow guidelines outlined by statute and the Treasury
- Require self certification, no approval required by IRS
  - Complete a form and submit with Federal income tax return

What Kind of Gains Can be Invested

- Appears **may** be limited to LTCG from sale of:
  - Real Estate
  - Business
  - Stock (private or publicly traded)

What Can Opportunity Zones Invest In?

- Real Property
  - Original use must be with fund or must be substantially improved
- Operating Businesses
  - Equity investments or stock purchase
- Equipment

Treasury Regulations

- Expected to be released soon

How Can CLA Help?

- Consulting/Due Diligence
- Structuring
  - Developers
  - Investors
  - Non-Profits
  - Governmental Entities (local, state)
- Modelling
- Compliance
- Fund Management/Administration

CLAconnect.com

Opportunity Zone Contacts

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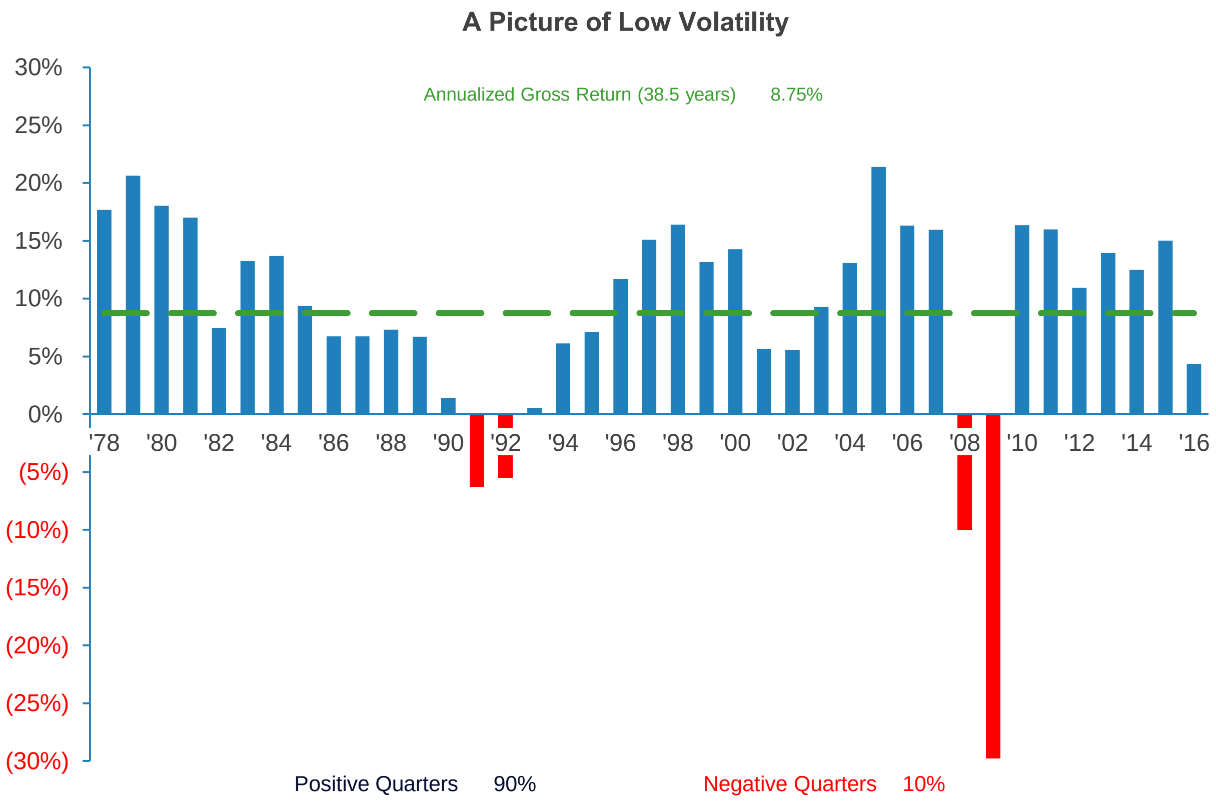
Qualified Opportunity Zone Investing 101

Investment Education on Real Estate

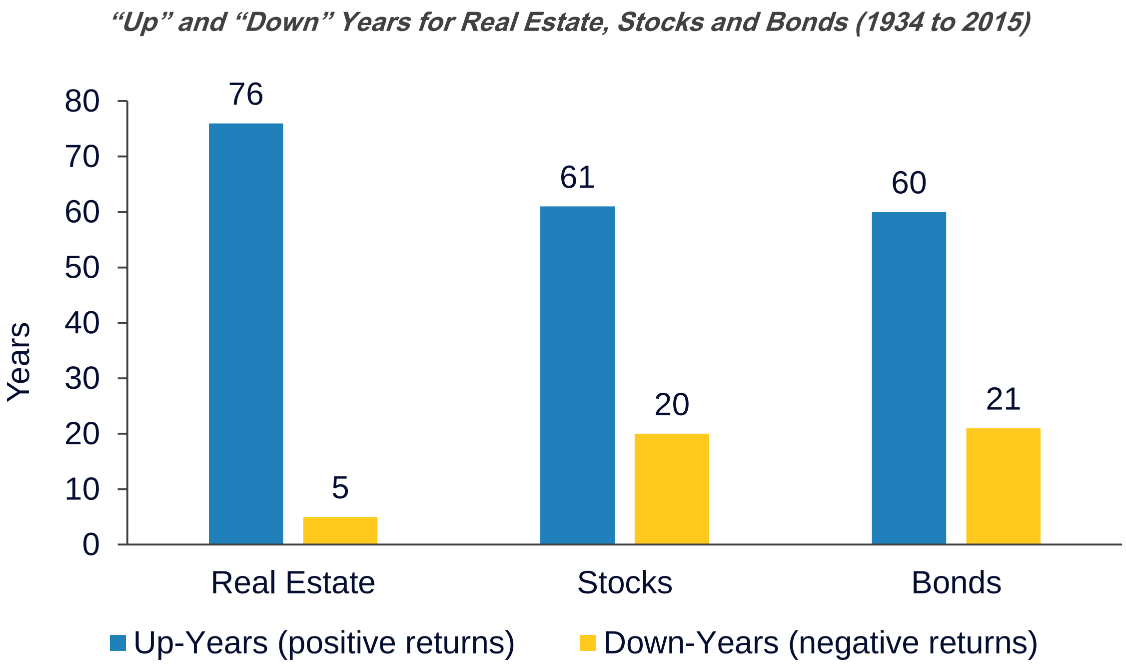
Commercial Real Estate as an asset class has demonstrated strong durability and safety over long periods of time.

NCREIF ODCE[1] Index Returns



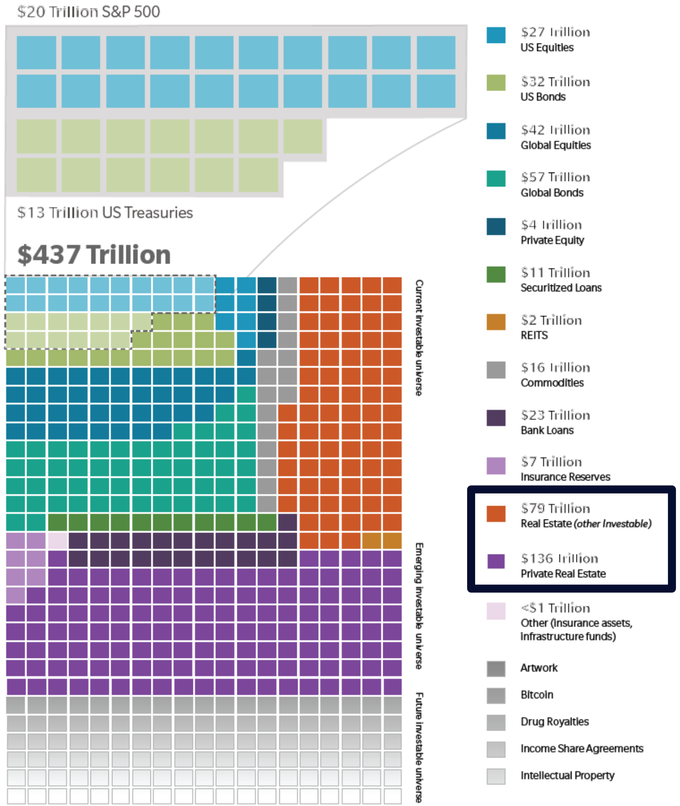
[1]*Open-End Diversified Core Equity (Cap-Weighted)*

Positive and Negative Return Comparison



Sources: NCREIF (National Council of Real Estate Investment Fiduciaries) and Bloomberg. Past performance is not a guarantee of future results. Real estate is represented by the NCREIF Property Index (NPI), an index of quarterly returns reported by institutional investors on investment grade commercial properties owned by those investors. The NPI is used as an industry benchmark to compare an investor's own returns against the industry average. NCREIF data is based on institutional investments and is presented without leverage or fees. Institutional investors often invest on substantially different terms and conditions than individual investors, which may include lower fees, expenses or leverage. Stocks are represented by the S&P 500 Index, an unmanaged index of the 500 largest stocks (in terms of market value), weighted by market capitalization and considered representative of the broad stock market. Bonds are represented by the Barclay's Capital Aggregate Bond Index, an index of securities that are SEC-registered, taxable and dollar-denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis. The prices of securities represented by these indices may change in response to factors including: the historical and prospective earnings of the issuer, the value of its assets, general economic conditions, interest rates and investor perceptions. All indices are unmanaged and do not include the impact of fees and expenses. An investment cannot be made directly in any index.

Domestic equities (S&P 500) and bonds are a fraction of the investable universe



Sources: ACLI, AON, BIS, Bloomberg, CoreLogic, Federal Reserve Board, Guy Carpenter, NAIC, OECD, Oliver Wyman estimates, Preqin, Savills, SIFMA, SNL, TEFAF, Thomson Reuters, UN, University of St. Gallen, World Federation of Exchanges

Sample of Opportunity Zone Investments

- Multi-Family Housing
- Hospitality
- Self-Storage
- Industrial
- Office
- Other (mining facilities, solar, retail)

Investment Vehicles and Options

- Direct Project Investing

Pros	Cons
Likely to reduce costs and fees	Lack of diversification
Visibility of what one is going to own	Lack of third party due diligence
	Access could be difficult for smaller investors who cannot write a $5 million check

Investment Vehicles and Options

- Delaware Statutory Trust

Pros	Cons
Typically a strong and experienced sponsor vetting and underwriting sponsor and property	Fees will typically be a bit higher than a direct investment
Visibility of what you will own	Lack of diversification
Typically can invest smaller dollar amount to own a fractional interest in the project, i.e. $100,000 minimum, could be lower risk than direct project due to major sponsor underwriting.	

Investment Vehicles and Options

- Closed End Private Funds

Pros	Cons
Typically will own 5-15 investments within fund creating diversification	Will typically not have visibility of projects when making commitment to fund depending on timing of investment
Typically a strong sponsor with infrastructure and team to underwrite projects/developers and select geographies and property types	Fees may be higher than a direct investment

Advice

- Work with a partner/manager who has deep skills in real estate, tax and investing.
- Experience is KEY.
- There will be many "fly-by-night" sponsors trying to enter this space offering lucrative temptations to lure investors into what could be a bad investment experience.
- Go forward with caution.

CLA's Investment Platform

- CLA's goal is to be a national leader on advising real estate developers and operators on their opportunity zone projects and also to serve as the industry leader in advising investors on their tax situation, transactions and investments.

- CLA Wealth Advisors plans to have one of the most diverse and broad investment solutions for QOZ investors with planned options in all three scenarios above.

Investment Vehicles and Options

- Direct Project Investing
  - $5 million minimum investment
    - ◊ Institutions (QOZ funds, hedge funds)
    - ◊ Family offices
    - ◊ Large national real estate experts
    - ◊ Ultra affluent investors (over $25 million of investable assets)

Investment Vehicles and Options

- Delaware Statutory Trusts
  - High net worth investors
  - Family offices

Investment Vehicles and Options

- Closed End Private Funds
  - Family offices
  - High net worth and ultra affluent investors

**** All investments will be Reg D private investments and thus will require investors to be either accredited investors or qualified investors.

About CLA Wealth Advisors, LLC

- $5.2 billion registered investment advisory firm wholly owned by CLA LLP.
  - Deep private real estate investment experience on our platform with over $600 million of equity and $1 billion invested in private real estate.
  - Over 150 professionals located nationally covering our 135 national offices

Qualified Opportunity Zone Investment Contacts

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Questions?