



# NES Financial Opportunity Zone Trends

April 30, 2019



# Investment Programs with Little Regulation Are Open to Abuses



# Now is the Time to Establish Best Practices

- Risk Mitigation
  - Third-party oversight and controls
- Transparency
  - Visibility at the Investor, Fund and Investment Levels
- Compliance
  - IRS, Treasury, State and Local requirements



# What Makes Opportunity Funds Unique – A Comparison

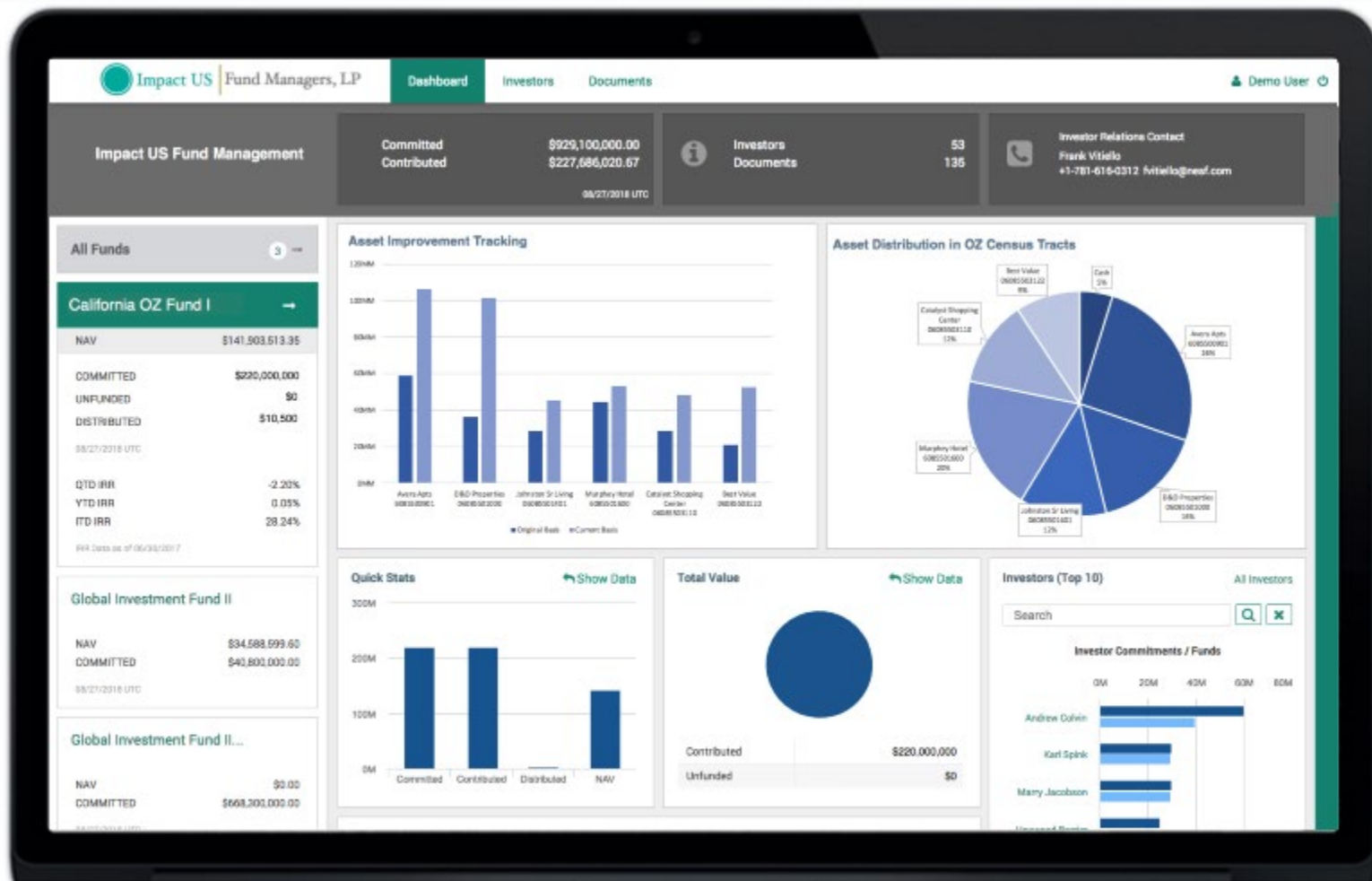
## OZ Investment and OZ Fund

- Social Purpose
- Investor Motivation:
  - Tax Saving + ROI
- Worst Case Investor Risk
  - 100% Loss of Investment + Tax Liability
- Fund Holds Investment Capital
  - Up to 30 months
- Unique Regulations & Reporting Requirements
  - Financial
  - Tax
  - Social
- Regulations Continue to Evolve
  - Even State by State

## Traditional PE Investment & Fund

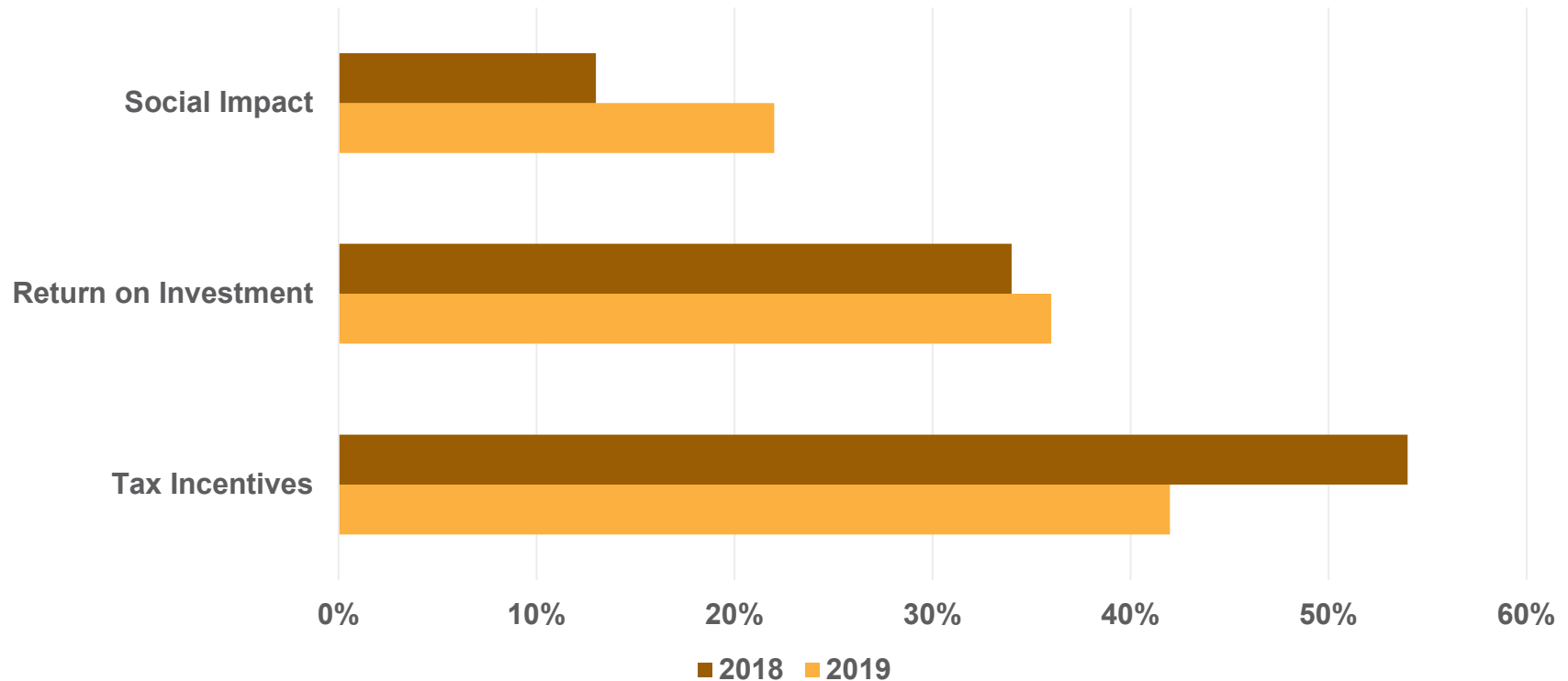
- No Social Purpose Required
- Investor Motivation:
  - ROI Only
- Worst Case Investor Risk
  - 100% Loss of Investment
- Fund “Calls” for Investment Capital
- No Unique Regulations & Reporting Requirements
  - Financial
- Regulations are Fully Established

# Purpose-built approach is optimal

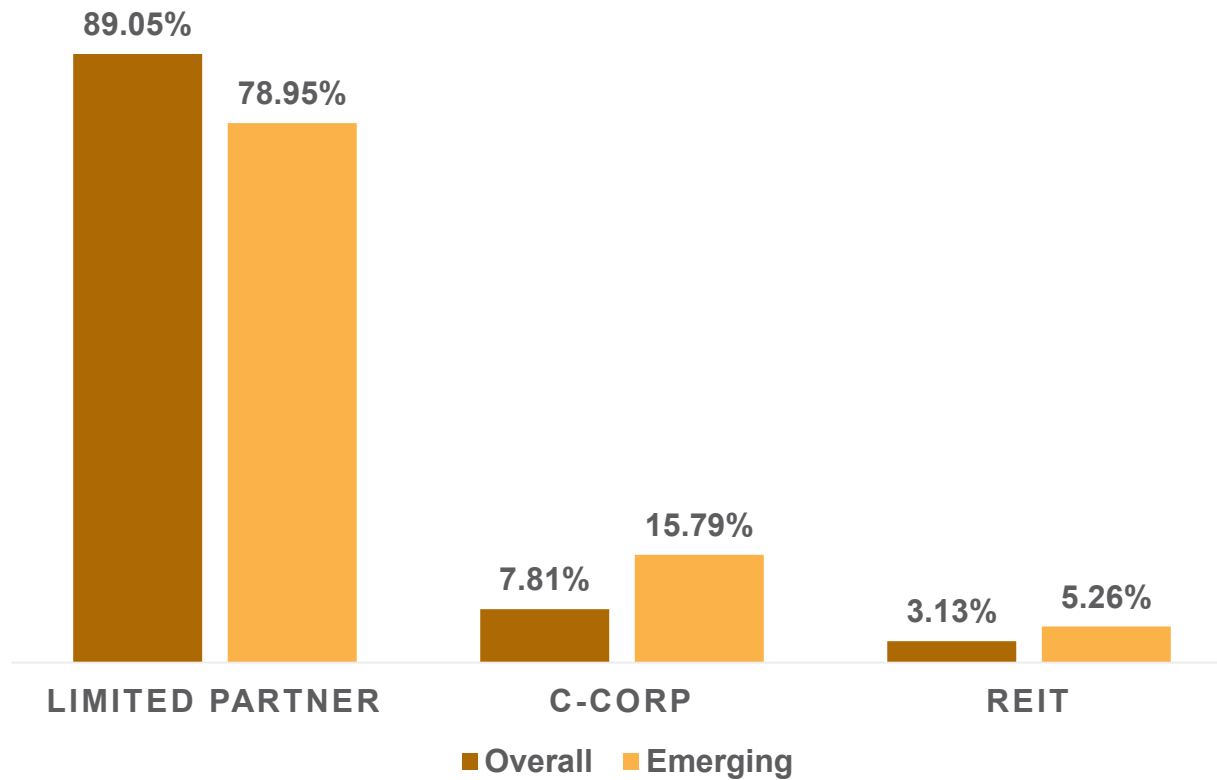


# Investor Motives

Which of the following best describes your primary motivation as an Opportunity Zone investor?

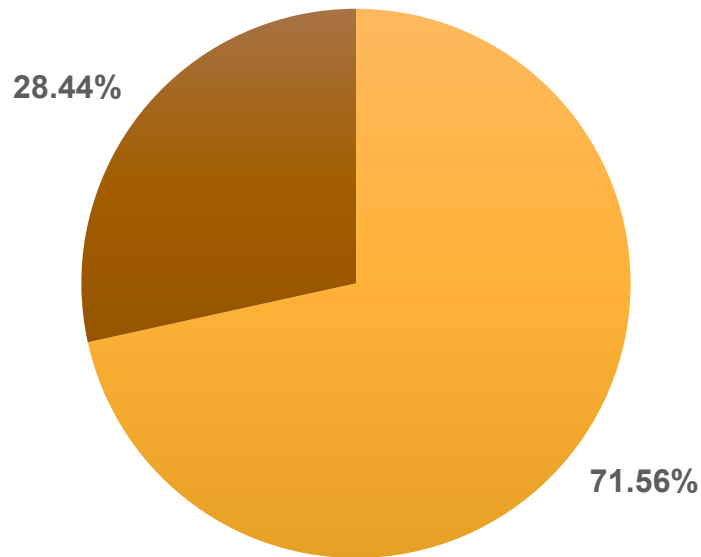


## OZ Entity Type



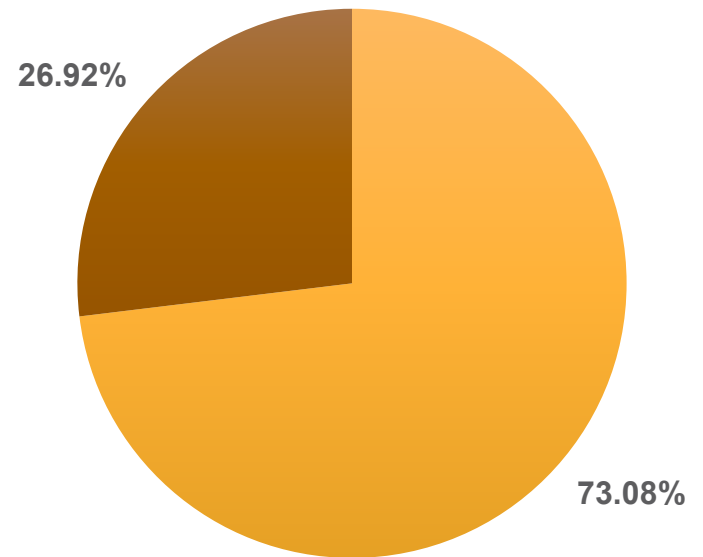
## Project Location

Overall



■ Single State ■ Multi-State

Emerging

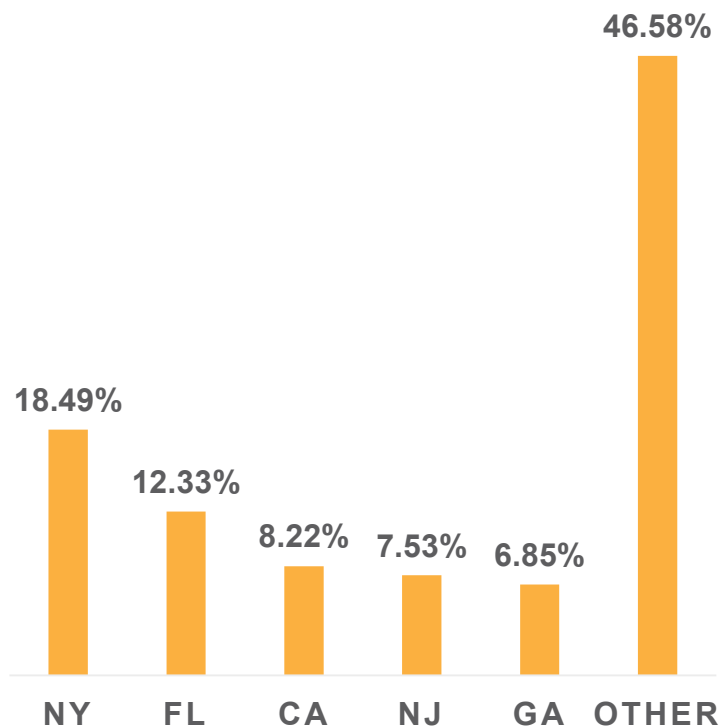


■ Single State ■ Multi-State

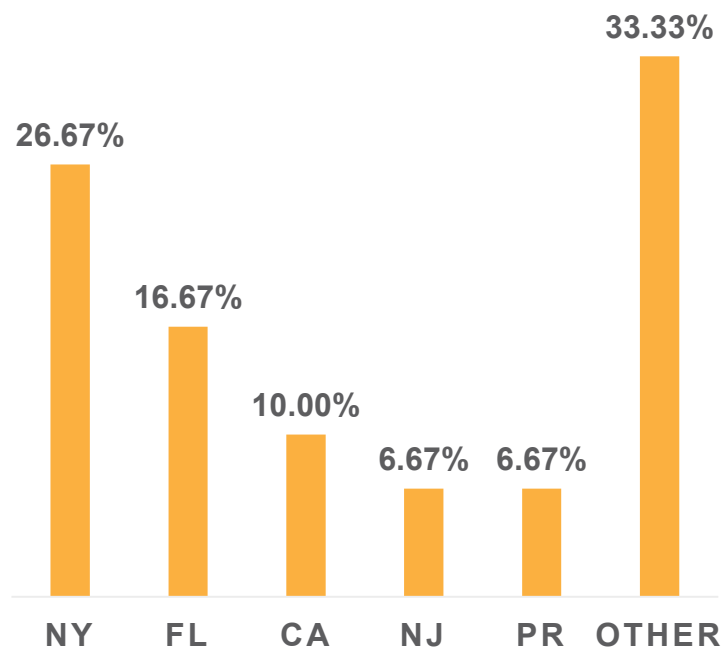


# Fund Manager Location

Overall

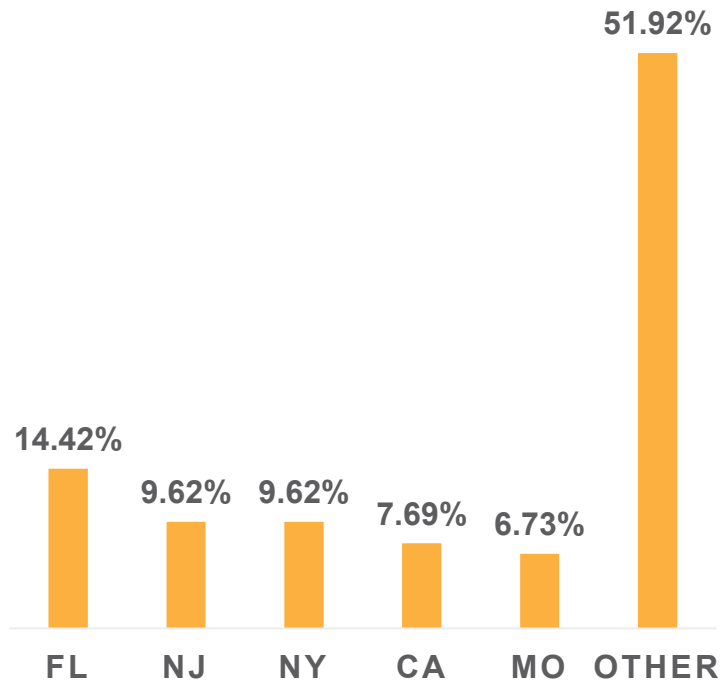


Emerging

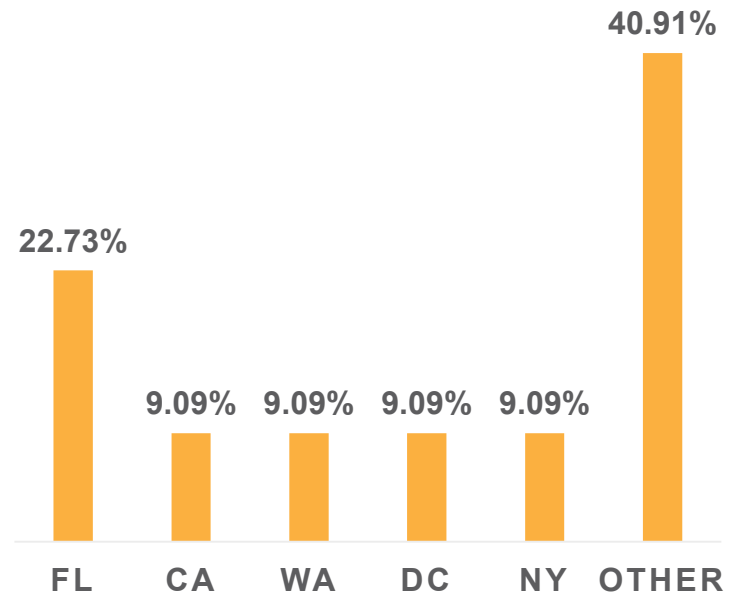


# Project Location

Overall

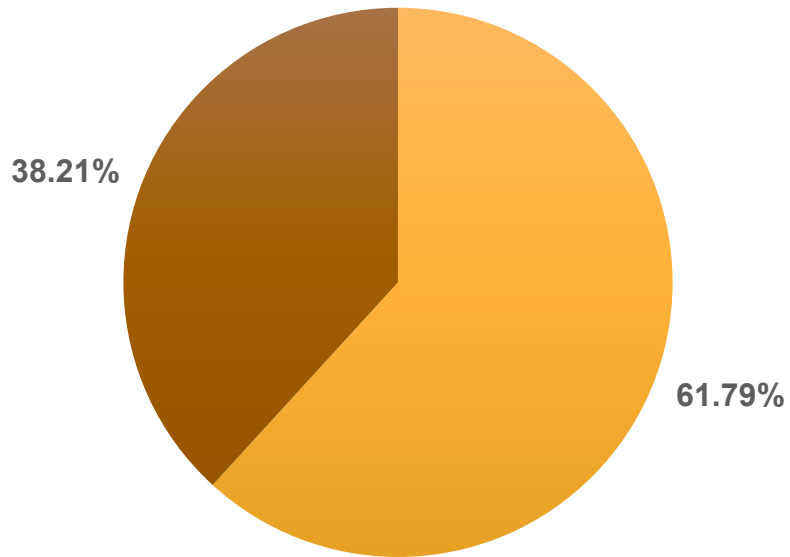


Emerging



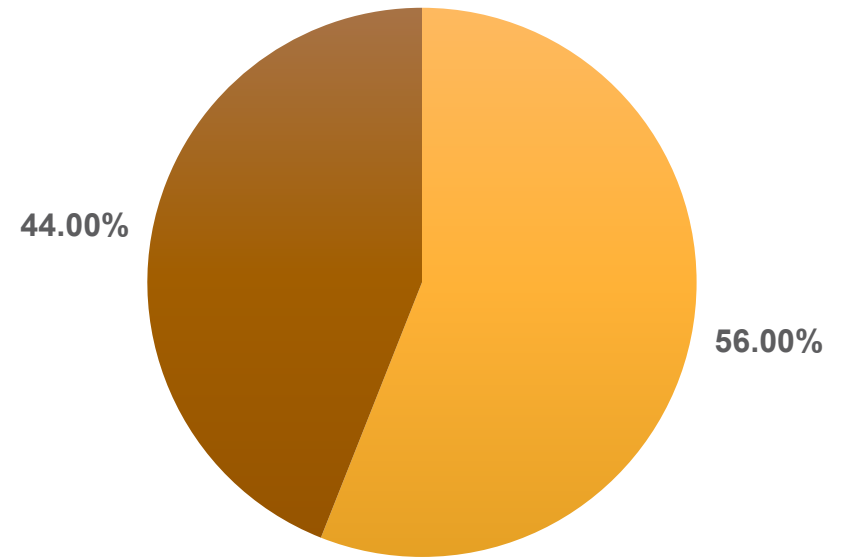
## Fund Structure – Asset

Overall



■ Single Asset ■ Multi-Asset

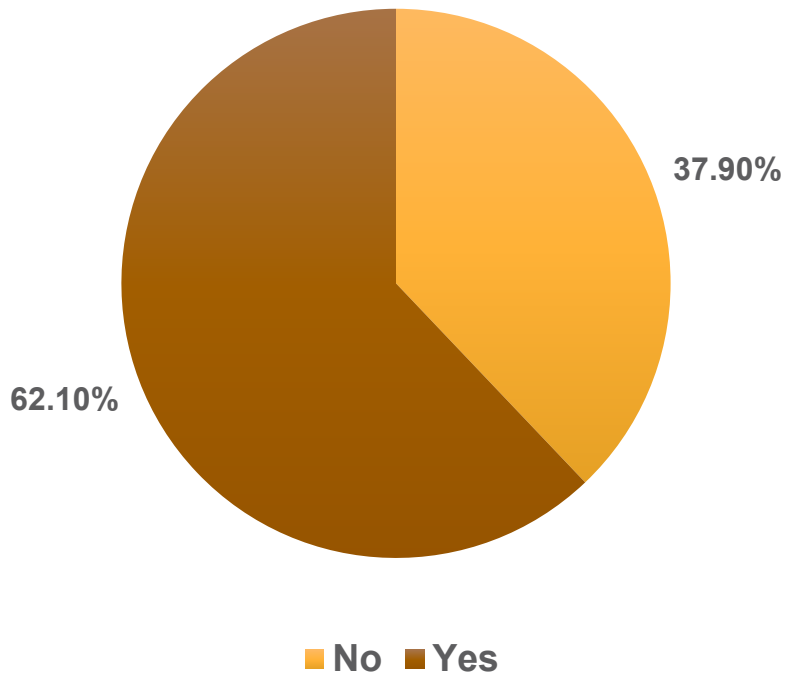
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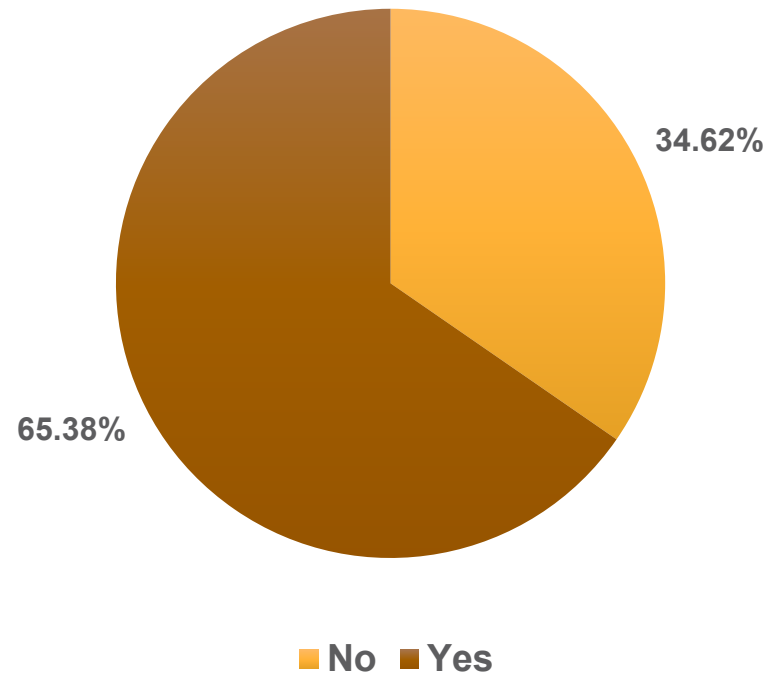
■ Single Asset ■ Multi-Asset

## Asset Owner

Overall

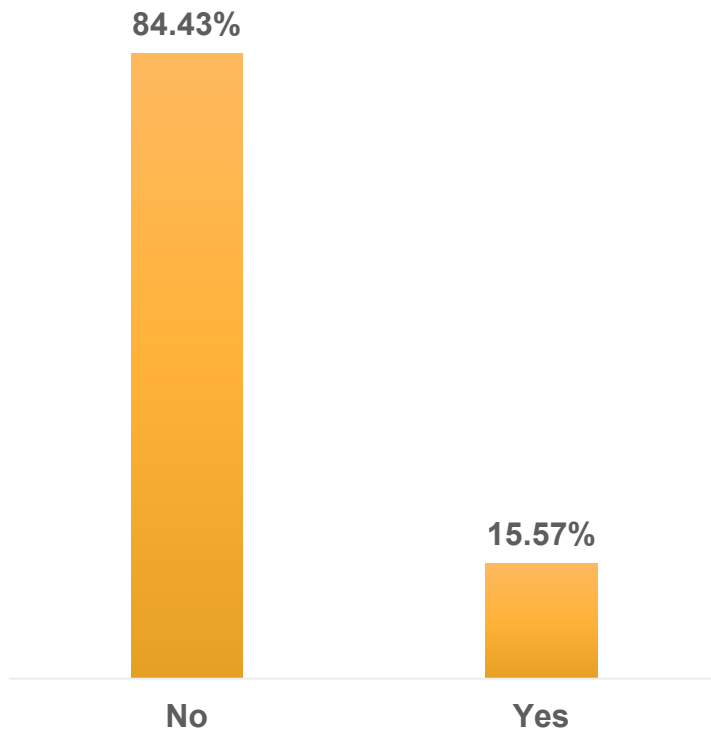


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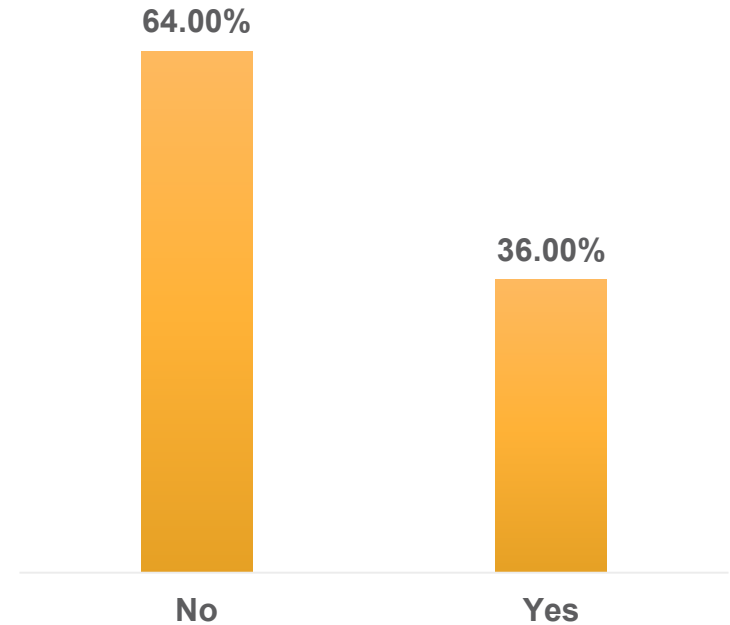


# Public-Private Partnership

Overall

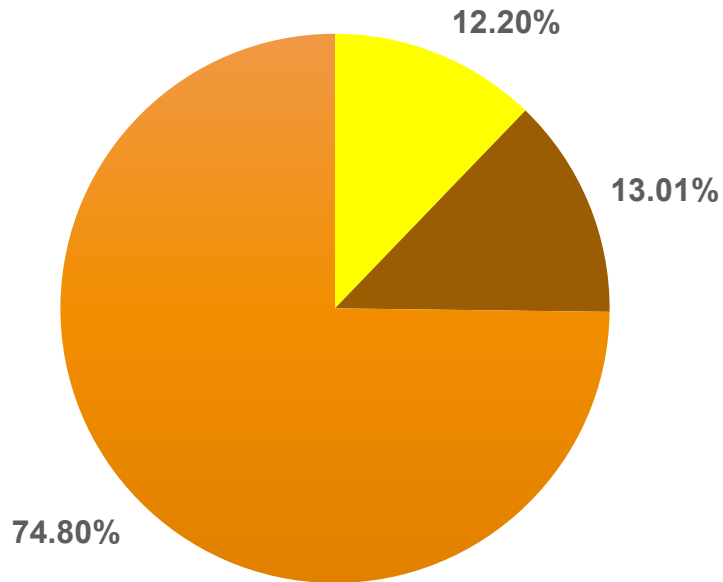


Emerging



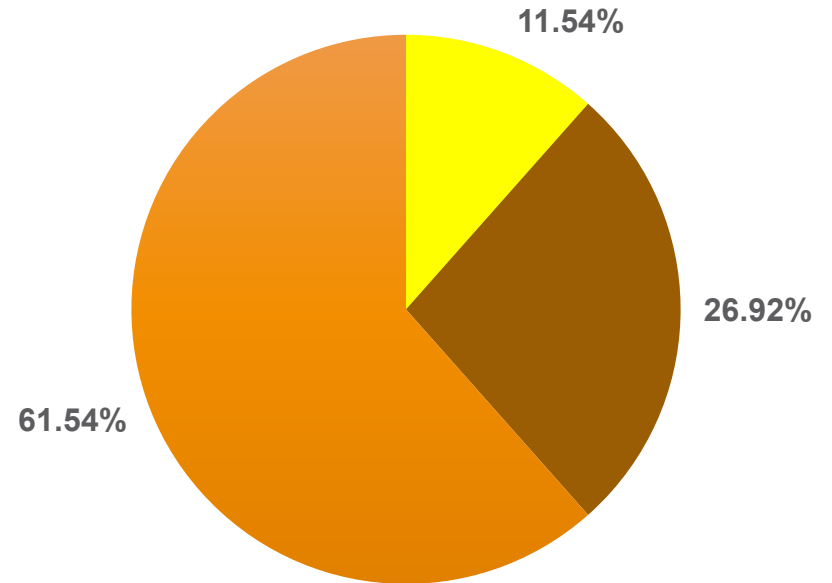
# Fund Type Distribution

**Overall**



■ Business ■ Both ■ Real Estate

**Emerging**

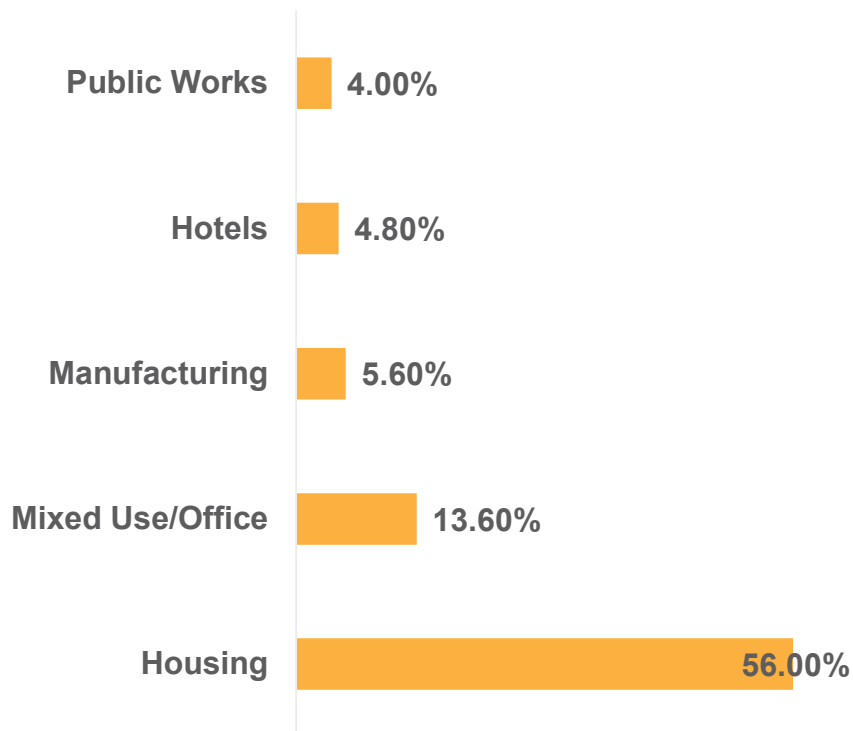


■ Business ■ Both ■ Real Estate

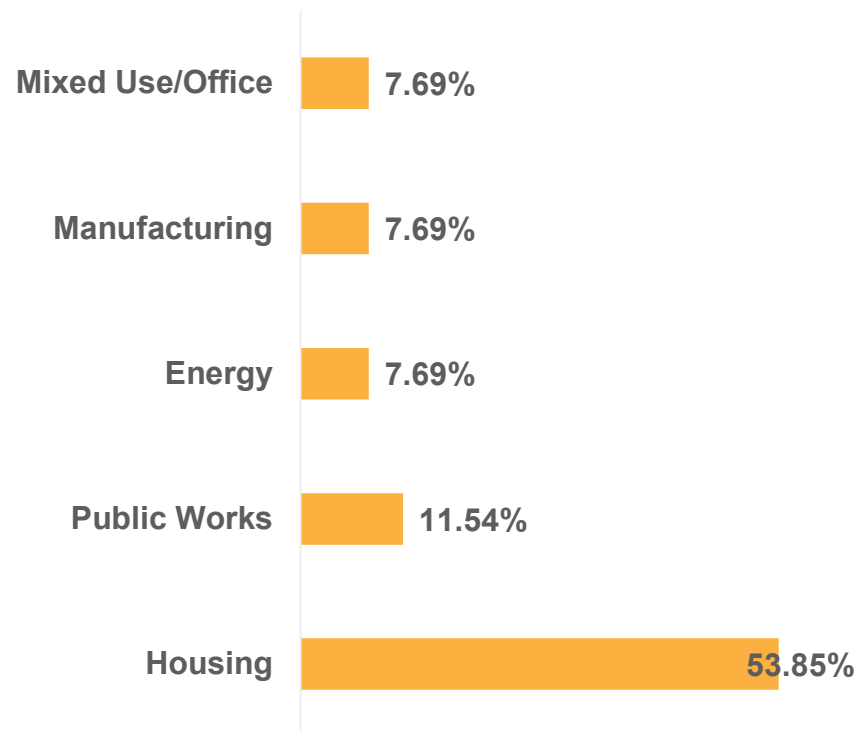


# Primary Asset Type

## Overall

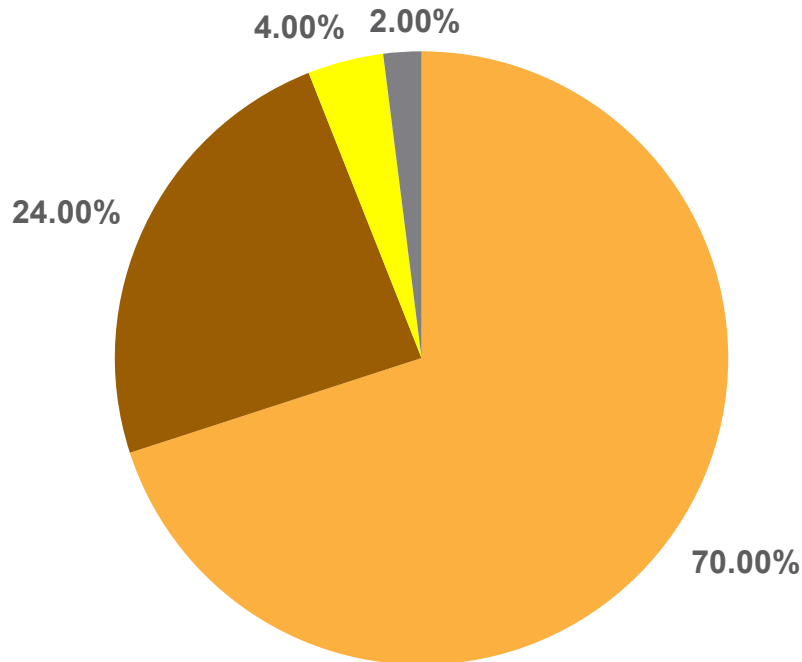


## Emerging

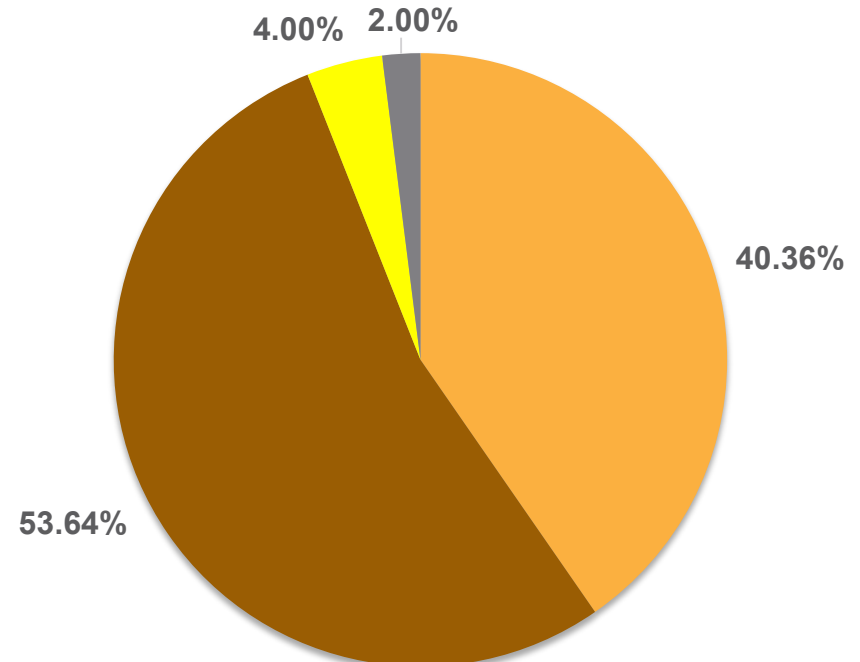


# Housing Subcategories

**Overall**



**Emerging**



■ Multi-family Market Rate     ■ Multi-family Affordable Rate  
■ Student Housing     ■ Single-family Affordable

## Target Fund Size Distribution

