Investment Programs with Little Regulation Are Open to Abuses

Bernie Madoff’s $50 Billion Ponzi Scheme

The Promise of Millions EB-5 Brought to Vermont is Dead

Business Owner Sentenced to 100 Years for His Role in Scheme to Defraud Clients of Funds Allegedly Held in Trust

Breaking News
LandAmerica's Collapse Leaves Investors Looking for Cash

Madoff Ponzi Scheme, Five Years Later

Accused EB-5 Visa Fraud Organizer Reaches $84 Million SEC Settlement
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?

- Social Impact
- Return on Investment
- Tax Incentives

Source: NES Financial Database

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OZ Entity Type

Source: NES Financial Database
Project Location

Overall

- Single State: 28.44%
- Multi-State: 71.56%

Emerging

- Single State: 26.92%
- Multi-State: 73.08%

Source: NES Financial Database
Fund Manager Location

Overall

- NY: 18.49%
- FL: 12.33%
- CA: 8.22%
- NJ: 7.53%
- GA: 6.85%
- OTHER: 46.58%

Emerging

- NY: 26.67%
- FL: 16.67%
- CA: 10.00%
- NJ: 6.67%
- PR: 6.67%
- OTHER: 33.33%

Source: NES Financial Database

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Project Location

Overall

- FL: 14.42%
- NJ: 9.62%
- NY: 9.62%
- CA: 7.69%
- MO: 6.73%
- OTHER: 51.92%

Emerging

- FL: 22.73%
- CA: 9.09%
- WA: 9.09%
- DC: 9.09%
- NY: 9.09%
- OTHER: 40.91%

Source: NES Financial Database
Fund Structure – Asset

Overall

- Single Asset: 61.79%
- Multi-Asset: 38.21%

Emerging

- Single Asset: 56.00%
- Multi-Asset: 44.00%

Source: NES Financial Database

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Asset Owner

Overall

No: 62.10%
Yes: 37.90%

Emerging

No: 34.62%
Yes: 65.38%
Public-Private Partnership

Overall

No: 84.43%
Yes: 15.57%

Emerging

No: 64.00%
Yes: 36.00%

Source: NES Financial Database
Fund Type Distribution

Overall
- Real Estate: 74.80%
- Business: 12.20%
- Both: 13.01%

Emerging
- Real Estate: 61.54%
- Both: 11.54%
- Business: 26.92%

Source: NES Financial Database
Primary Asset Type

Overall

- Public Works: 4.00%
- Hotels: 4.80%
- Manufacturing: 5.60%
- Mixed Use/Office: 13.60%
- Housing: 56.00%

Emerging

- Mixed Use/Office: 7.69%
- Manufacturing: 7.69%
- Energy: 7.69%
- Public Works: 11.54%
- Housing: 53.85%

Source: NES Financial Database
Housing Subcategories

Overall
- Multi-family Market Rate: 70.00%
- Student Housing: 4.00%
- Single-family Affordable: 2.00%

Emerging
- Multi-family Affordable Rate: 53.64%
- Multi-family Market Rate: 40.36%
- Single-family Affordable: 2.00%

Source: NES Financial Database
Target Fund Size Distribution

Source: NES Financial Database