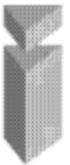


QOZ Definitions and Requirements



Qualified Opportunity Zone Fund

- Investors roll over capital gains from any asset sale into QOZ Fund within 180 days (only the gain portion is eligible for tax benefits)
- QOZ Fund chooses date of formation and self-certifies on Form 8896 at end of tax year
- 90% of QOZ Fund assets must be invested in QOZ property (QOZ stock, QOZ partnership interest or directly in QOZ Business Property)
- Compliance is tested on the 6th month and on the last day of the taxable year - on average, 90% of assets must be 'good QOZ assets' on these two dates, implying a 6-12 month period to commit available fund capital to deals

QOZ Business

- **Asset test** – 70% of the tangible property owned or leased by the QOZ Business must be in QOZB Property
- **Income test** - at least 50% of gross income derived from QOZ Property
- **Active conduct of business** - land leases, NNN likely do not qualify
- **No 'sin businesses'** – gambling, parlors, liquor stores etc.
- **Working capital safe harbor** – less than 5% of assets in cash or financial property, except for working capital held for up to 31 months for acquisition, construction, or substantial improvement (as evidenced by a written schedule)

QOZ Business Property



- Any tangible property located in a QOZ acquired after 2017 and held through the Fund's holding period
 - Acquired through unaffiliated purchase (affiliate share max 20%)
 - Either 'original use' of the QOZ property commences with the QOZ Fund
- or
- Property is substantially improved – QOZ Fund must invest more than the original basis of the property (excluding land) within 30 months