

Qualified Opportunity Zones*

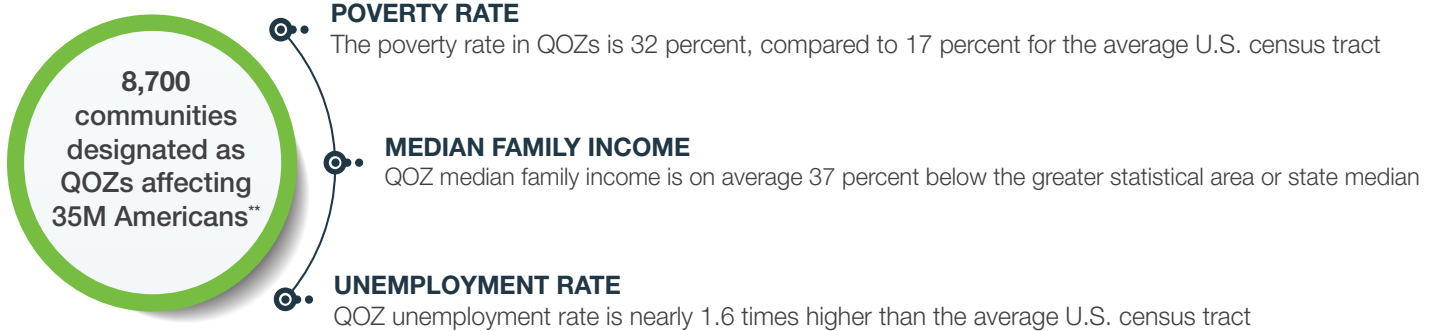
A Tax-Advantaged Investment Solution Potentially Delivering Both Social and Financial Benefits



The Opportunity Zone program was created to revitalize economically distressed communities using private investments rather than taxpayer dollars. In return, investors participating in the opportunity zones may receive potentially significant tax benefits subject to the satisfaction of certain conditions.

What are Qualified Opportunity Zones?

Defined under the 2017 Tax Cuts and Jobs Act, qualified opportunity zones (QOZs) are census tracts (permanent statistical subdivisions of a county) composed of economically disadvantaged communities, including a small percentage of tracts contiguous to low-income census tracts. With more than 8,700 QOZs identified, this source of untapped capital to revitalize underserved communities has attracted significant attention.



Qualified Opportunity Funds Invest in Qualified Opportunity Zones

A qualified opportunity fund (QOF) is an investment vehicle typically organized as a corporation or a partnership which must hold at least 90 percent of its assets in QOZ businesses and assets. **From the date of sale of an appreciated asset that triggers taxable gains, an investor has 180 days to invest up to the amount of those gains in a QOF in order to reap the potential tax advantages of the Opportunity Zone Program.**

Investors with taxable gains from the sale or exchange of virtually any type of property, including the following, may potentially defer gains by reinvesting the proceeds in a QOF within 180 days of the sale or exchange.

- Stocks
- Mutual Funds
- Bonds
- Real Estate
- Business
- Jewelry
- Art
- Cars

Potential Tax Benefits of Qualified Opportunity Funds

An individual who invests in a QOZ is eligible for favorable tax treatment in the form of both deferral and forgiveness. The potential tax benefits are summarized below.

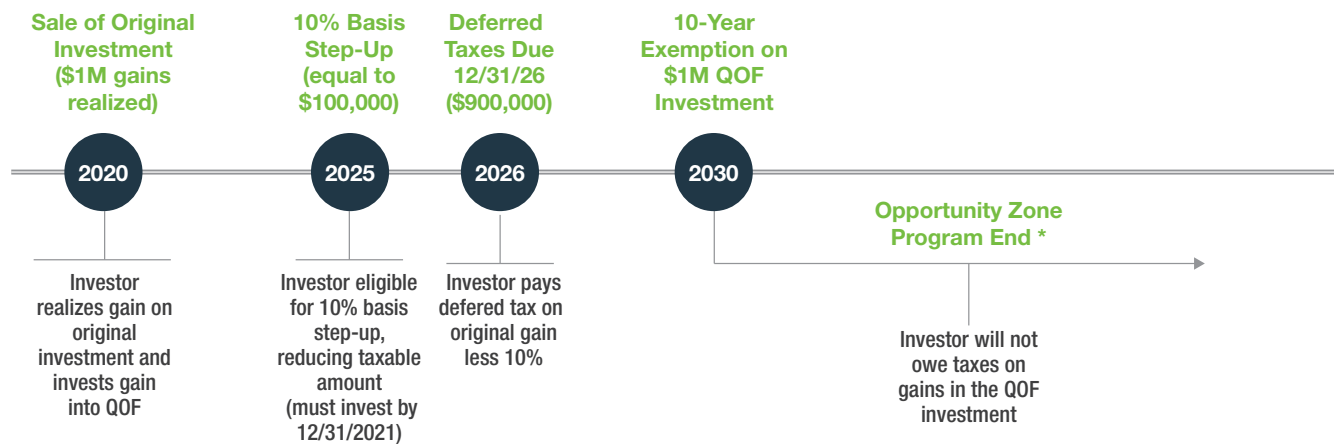
| DEFER TAXES | REDUCE TAX LIABILITY | ELIMINATES TAXES |
|---|--|--|
| <ul style="list-style-type: none">• QOF interest must be acquired on or before 12/31/2021• Must hold QOF investment for 5 years• Receive 10% step-up in basis on the gain | <ul style="list-style-type: none">• Pay tax on gain which includes the 10% step-up in basis, thus reducing tax amount that has been deferred to 12/31/2026 | <ul style="list-style-type: none">• Hold QOF for 10 years or more will allow for tax elimination |

QOZ Investing Timeline

To clearly illustrate the tax benefits of a QOF, the hypothetical timeline example on the back page shows how an investor triggered capital gains by selling an asset and invests their gains into a QOZ, receiving temporary deferral. A significant reduction of their capital gains tax is recognized as the investment is held for certain time periods.

* <https://www.irs.gov/newsroom/opportunity-zones-frequently-asked-questions>

** <https://eig.org/opportunityzones/facts-and-figures>



Note: On a \$1 million QOF investment, basis step-up would be \$100,000 (\$1M x 10%); deferred taxes paid on 12/31/2026 are \$900,000.

Source: <https://www.nar.realtor/infographics/qualified-opportunity-zone-investors-timeline>

*QOF investment ends per terms outlined in the specific fund

Investments in offerings sponsored by Inland Private Capital Corporation (IPC) involve certain risks including but not limited to tax risks, general real estate risks, risks relating to the financing on the applicable property, if any, risks relating to the ownership and management of the property, risks relating to private offerings and the lack of liquidity, and risks relating to the QOZ and QOF structure. In addition, IPC can give no assurance that it will be able to pay or maintain distributions, or that distributions will increase over time.

QOZ-Specific Risks to Consider

There are substantial risks associated with the U.S. federal income tax aspects of a purchasing interests in a qualified opportunity fund. The following risk factors summarize some of the tax risks to an investor. All prospective investors are strongly encouraged to consult with and rely on their own tax advisors. The tax discussion here is not intended, and should not be construed, as tax advice to any potential investor.

- There is a lack of precedent and limited guidance related to qualified opportunity funds.
- A program intended to qualify as a qualified opportunity fund may not constitute a qualified opportunity fund for a variety of reasons, including a failure to substantially improve the property within the first 30 months of its operation. If a fund does not qualify as a qualified opportunity fund, then no deferral or elimination of taxable gain will be available to the its members.
- An investor must acquire his or her interest in a qualified opportunity fund on or before December 31, 2021 in order to receive a step-up in basis equal to 10% of the gain deferred by reason of the investment in the fund.
- Investors who hold interests in a qualified opportunity fund through December 31, 2026, and who have deferred gain through that time by acquiring such interests, will automatically recognize some or all of the federal income tax gain that they deferred on December 31, 2026.
- The state, local and other tax implications of a qualified opportunity zone investment are unclear.

This communication includes a brief and general description of certain QOZ and QOF guidelines. Prospective investors should consult their own tax advisor regarding investment in an IPC-sponsored program.

Important Risk Factors to Consider

An investment in an IPC-sponsored program is subject to various risks, including but not limited to:

- No public market currently exists, and one may never exist, for the interests of any IPC-sponsored program. The purchase of interests in any IPC-sponsored program is speculative and is suitable only for persons who have no need for liquidity in their investment and who can afford to lose their entire investment.
- IPC-sponsored programs offer and sell interests pursuant to exemptions from the registration provisions of federal and state law and, accordingly, those interests are subject to restrictions on transfer.
- There is no guarantee that the investment objectives of any particular IPC-sponsored program will be achieved.
- The actual amount and timing of distributions paid by IPC-sponsored programs is not guaranteed and may vary. There is no guarantee that investors will receive distributions or a return of their capital.
- Investments in real estate are subject to varying degrees of risk, including, among other things, local conditions such as an oversupply of space or reduced demand for properties, an inability to collect rent, vacancies, inflation and other increases in operating costs, adverse changes in laws and regulations applicable to owners of real estate and changing market demographics.
- IPC-sponsored programs depend on tenants for their revenue, and may suffer adverse consequences as a result of any financial difficulties, bankruptcy or insolvency of their tenants.
- IPC-sponsored programs may own single-tenant properties, which may be difficult to re-lease upon tenant defaults or early lease terminations.
- Continued disruptions in the financial markets and challenging economic conditions could adversely affect the ability of an IPC-sponsored program to secure debt financing on attractive terms and its ability to service that indebtedness.
- The prior performance of other programs sponsored by IPC should not be used to predict the results of future programs.
- Various tax risks, including but not limited to the uncertainty surrounding the qualification of the investment program as a "qualified opportunity fund", and the operation of the investment program and its subsidiaries in a manner consistent with Section 1400Z-2 of the Internal Revenue Code.
- Certain of the programs previously sponsored by IPC have experienced adverse developments in the past.

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