

Nationwide Opportunity Zones

The Roadmap

To Shared

Prosperity





CALIFORNIA'S OPPORTUNITY ZONES

- Opportunity Zone-Ready California could generate hundreds of millions in economic activity
- More than three million Californians live in some 879 federally designated Opportunity Zones in disadvantaged communities throughout the state.
- California has more Opportunity Zones than any other state.

Opportunity Zones

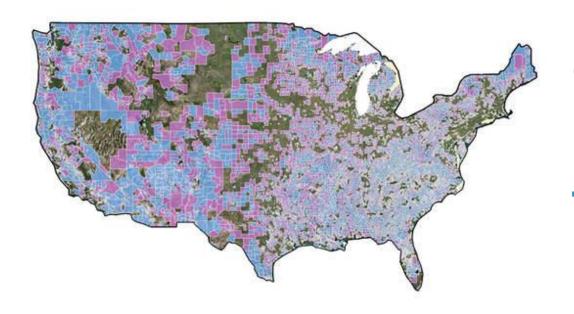
Overview, Background and Description

Tax Cuts & Jobs Act*

- Public Law 115-97, also known as the Tax Cuts and Jobs Act of 2017, provides for the governor of each state to nominate certain census tracts as "Opportunity Zones".
 - Designation as an Opportunity Zone allows for the creation of a new class of investment vehicle with tax advantages authorized to aggregate and deploy private investment located in Opportunity Zones.
 - The purpose of these tax advantages is to attract capital investment into economically distressed areas.

Deferral & Eventual Abatement*

- The Jobs Act provides for tax advantages (and eventual abatements) of unrealized capital gains for investing in low-income communities.
 - Jobs Act has tax benefits that has the potential to lower the cost to finance projects as well as bolster the longterm return.
 - It can put Capital back to work that is on the sidelines or looking for the next investment opportunity
 - This new investment can help us grow local economies through Opportunity Zones



Opportunity Zones Across The Nation

Nationwide Opportunity Zones

- ► Twelve percent of US census tracts are Opportunity Zones (8,762 tracts). Governors of the 50 states and 4 territories and the mayor of Washington, DC, nominated the zones, which were officially designated by the US Department of the Treasury. The statute contains no provision to change which communities are classified as Opportunity Zones.
- Urban Institute research finds that the designated zones have lower incomes, higher poverty rates, and higher unemployment rates than eligible non-designated tracts. However, analysis shows minimal targeting of the program toward disinvested communities.
- ▶ Urban ranked Opportunity Zone investment on a 1 to 10 scale, standardized across eligible tracts state by state, with 10 being the highest score. Just under one-third of Opportunity Zones are located in the three tracts that have the least investment, while 28% are in the three tracts attracting the most investment. This pattern is roughly similar to non-designated tracts, with only very slight targeting toward lower-investment areas.

Designated Qualified Opportunity Zones esignated Qualified Opportunity Zones

CALIFORNIA DESIGNATED OPPORTUNITY ZONES

2019

2024

2026

2029

2020 2021 2022 2023

2025

2027

2028

Investment in QOF

January 1, 2019: Taxpayer sells asset generating \$100 of <u>capital gain</u>.

June 30, 2019 (within 180 days of sale of asset): Taxpayer invests entire \$100 capital gain in QOF.

- QOF invests the \$100 in QOZ property.
- Taxpayer deemed to have \$0 basis in its investment in the QOF.

5 years after investment in QOF

June 30, 2024: Taxpayer's basis in the deferred capital gain investment in QOF increases from \$0 to \$10 (10%).

7 years after investment in QOF

June 30, 2026: Taxpayer's basis in the deferred capital gain investment in QOF increases from \$10 to \$15 (15%).

December 31, 2026: \$85 of the deferred \$100 capital gain is taxed.

10 years after investment in QOF

June 30, 2029: Taxpayer sells investment in the QOF for \$200. Basis in taxpayer's investment in the QOF is deemed to be fair market value and thus, no tax is due on the appreciation in the QOF investment.

Investing in Qualified Opportunity Funds, 83 Fed. Reg. 54279-54296 (Oct. 29, 2018)

Opportunity Zones The Roadmap to Prosperity

- The challenge is clear: Rising income inequality, a growing sense of economic insecurity, and a dramatic decline in upward mobility—are at the heart of the existential crisis facing California today: While millions of people in this state are prospering, millions more do not have a clear path to the California Dream—or the confidence that they can hold on to it if they reach it.
- "Elevate CA" promote rural economic development and make every California community more resilient. The state will need to set an explicit target for promoting economic mobility—and measure progress toward achieving it. A place to start with is the proposed new "California Dream Index".
- The Roadmap to Shared Prosperity outlines the California Economic Summit's plans for comprehensive agenda to address with a triple bottom line approach to solving the state's biggest challenges:
 - Creating the California Dream Index, a new scorecard for tracking the state's progress toward improving economic mobility.
 - Developing a poverty prescription through innovative "two generation" strategies and system change efforts that can improve results with adequate investments in a smarter safety net and put the CA Dream within reach of every child.
 - Encourage early childhood strategies that support community, regional, and state efforts to coordinate and expand high quality learning and nurturing for all children age 0 to 5 through system change strategies, partnerships, and adequate investments.
 - Continuing the Summit's "One Million Challenges," ongoing initiatives to close gaps in skilled workers, livable communities, and well-paying jobs.

California Enterprise Zone Qualified Group

Group A CalWorks Group B WIA enrolled client Group C OTC – Federal \

WOTC – Federal Work Opportunity Tax Credit Eligible individual Group D

An economically disadvantages individual 14 years of age or older with low household family income

Group E

A qualified dislocated worker

Group F

- * A disabled individual enrolled in/completed a state rehabilitation plan
- * A service-connected disabled veteran

Group H

An ex-offender convicted of a felony or misdemeanor punishable by incarceration or probation

Group I

An eligible recipient of SSI, AFDC, Food Stamp, State and Local General Assistance

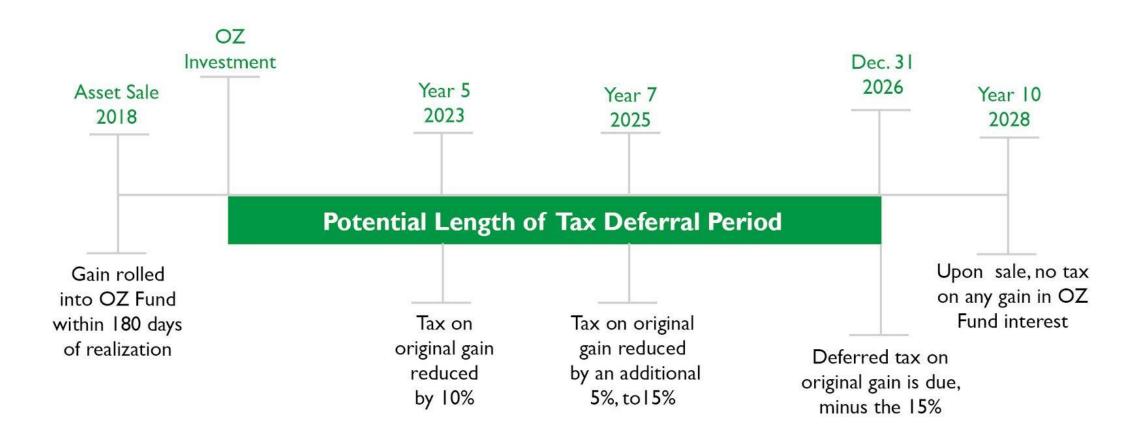
Group J

Native American Indian/Samoan/Hawaii an or other Native American Descent

Group K

A resident of a Targeted Employment Area (TEA) at the time of hire

CA Dept. of Finance: http://www.dof.ca.gov/Forecasting/Demographics/opportunity_zones



OZ INCENTIVES

The federal Opportunity Zone incentive allows investors to defer federal taxation on capital gains by investing the proceeds through a qualified opportunity fund into a designated Opportunity Zone.

✓ To be eligible for the full benefit, investments must be long-term (at least 10 years) and meet a set of rules designed to ensure these investments create additional economic activity in Opportunity Zone communities.





INVESTING

BENEFITS OF OPPORTUNITY ZONES

What are the benefits of investing in an opportunity zone?

- Opportunity zone investing offers tax incentives, not credits. Those who invest in qualified opportunity funds, known as QOFs, can defer taxes on prior capital gains, if those gains are invested in a qualifying fund within 180 days.
- ▶ The length of the tax deferral is until Dec. 31, 2026 or when the Investor's interest in the QOF is sold or exchanged. If the investment is owned more than five years, 10 percent of the gain is excluded from taxes. If it's held longer than seven years, the exclusion amount jumps to 15 percent.
- ► The greatest benefit goes to investors who hold their QOF investment for at least 10 years. At that point, an investor's capital gains can be eliminated from selling their investment.

What qualifies as an opportunity zone investment?

- Opportunity zone funds must be certified by the U.S. Treasury Department and hold at least 90% of its assets in a QOZ property.
- To invest in the distressed properties in urban and rural areas, a fund must be organized as a corporation or partnership. Opportunity funds are limited to equity investments in businesses, real estate and assets that are located in a qualified opportunity zone.
- Loans are excluded from the tax incentives. The real estate in the fund must also need substantial rehabilitation.

S2A MODULAR

#S2A MODULAR TO REVITALIZE DISTRESSED AMERICAN CITIES, OFFERS MAJOR TAX BENEFITS FOR INVESTORS



SZA MODULAR SUSTAINABILITY ADVANCED Campaign revives areas in need of economic development by bringing electrically self-sustaining #S2AModular communities and smart commercial buildings to "Opportunity Zone" regions

The federal government's designated Opportunity Zones offer excellent tax benefits for investors

#S2AModular investor funds create high-quality, green and high-tech housing with lower costs of living, also eliminating utility bills

JOHN ROWLAND, PRESIDENT

S2A MODULAR



"The #S2AModular revolution is much more than just a slogan:



It's our passionate way of reimagining how society lives and works through safer, greener, stylish and smart-connected buildings that elevate quality of life while lowering the costs of living through electrical self-sustainability and leading technology.



These are the core values behind #S2AModular Opportunity Zones While other builders in Opportunity Zones may focus on cheap housing, we're spurring dramatic revitalization that will bring communities into the future.



Investors have a unique opportunity to have a hands-on role in awakening American cities, while reducing capital gains taxes. We look forward to welcoming people who are just as passionate about this cause as we are."

ABOUT S2A MODULAR

- ➤ The Future Is Here. Introducing the #S2AModular
- > The first electrically self-sustaining, custom luxury homes are changing the way the world understands residential buildings creating a new standard in stylish design, construction speed, tailor-made features with high-end materials, "surplus energy income" (Net Zero) and smart-connected living.
- From constructing the latest in solar Tesla Powerwall-charged designer homes, full communities, commercial buildings to world-class hotels, the stunning S2A Mega Factory is a one-of-a-kind manufacturing center, producing impeccable structures that usher in a new era in better building and living.
- No more energy bills. Faster construction. Immediately higher home value compared with traditional "site-built" structures.
- #S2AModular and join the #S2AModular revolution on Facebook, Twitter, Instagram and Pinterest.
- Visit: www.s2aModular.com



OPPORTUNITY ZONE FUND

S2A MODULAR HOME OPPORTUNITY ZONE FUND



S2A Modular

Creator of the first electrically self-sustaining, custom and smart-connected luxury residence.

S2A Modular - has announced the establishment of S2A [#S2A Opportunity Zone Fund GP, LLC], joining a national campaign to create jobs and spur economic development in distressed regions across the United States.

Investors now have a unique hands-on opportunity to drive the #S2A revolution, delivering higher quality green housing and commercial units to areas in need, while enjoying unprecedented tax benefits.

Unlike other Qualified Opportunity
Funds, [#S2A Opportunity Zone Fund GP,
LLC] fund provides full visibility on
where investor contributions are used.

S2A and its affiliates act as the builder, developer, fund manager and broker.

Investors may defer and/or reduce taxes on capital gains by investing into [#S2A Opportunity Zone Fund GP, LLC].

Investors can engage and benefit from deferral, basis step-up and/or elimination.



TAX BENEFITS



DRAMATIC REVITALIZATION THROUGH THE #S2AMODULAR REVOLUTION

- Regions will experience a dramatic transformation with the arrival of #S2AModular units and commercial buildings.
- Shattering conventional thought on what a home can be; high-end design and materials; faster construction speed; selfsustaining power that brings "surplus energy income" and eliminates utility bills; premium appliance features; superior long-term home value; and smartconnected living.
- World-class hotels and commercial buildings are now more cost-effective and efficient with higher quality finished structures, the best in sustainability and advanced technology through #S2AModular designs.

S2A MODULAR DISCLAIMER

S2A MODULAR PRESENTATION DISCLAIMER: This presentation is not an offer to sell securities of any investment fund or a solicitation of offers to buy any such securities.

Securities of S2A Opportunity Zone Fund, LP (the "Fund"), managed by S2A Opportunity Zone Fund GP, LLC (the "General Partner"), are offered to eligible investors only by means of a complete offering memorandum and related subscription materials which contain significant additional information about the terms of an investment in the Fund (such documents, the "Offering Documents"). Any decision to invest must be based solely upon the information set forth in the Offering Documents, regardless of any information otherwise furnished to investors, including this presentation.

There is the possibility of loss and all investment involves risk including the loss of principal. Securities of the Fund are not registered with any regulatory authority, are offered pursuant to exemptions from such registration, and are subject to significant restrictions. The information in this presentation was prepared by the General Partner and is believed by the General Partner to be reliable and has been obtained from public sources believed to be reliable.

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THANK YOU

For Opportunity Zone Investments

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