

Investing in Qualified Opportunity Funds



Central Illinois Opportunity Fund, LLC is a Qualified Opportunity Fund

What is a Qualified Opportunity Zone?

Qualified Opportunity Zones (QOZs) were created as a part of the 2017 Tax Cuts and Jobs Act. QOZs are designated as low-income population census tracts that are identified as areas in need of growth. There are over 8,700 QOZs in the United States and its territories; they account for up to 25% of designated census tracts in any given state. QOZs consist of urban, rural, and suburban areas zoned as commercial, residential, and industrial.

What is a Qualified Opportunity Fund?

A Qualified Opportunity Fund (QOF) is an investment vehicle that specifically invests in QOZ assets and enterprises. To receive the tax incentives, an investor must generate a capital gain, then allocate the gain to a QOF within 180 days of realizing the gain. Investors can also invest non-capital gains and receive some of the QOZ benefits. The QOF purchase an QOZ property and substantially improve it within 30 months of the investment. You can defer tax on capital gains invested in an QOF until December 31, 2026.

Investment Timeline

A basic outline of the QOF investment process for capital gains

Investor has a Capital Gain

Investor has a capital gain from the sale of real estate, stock, or other asset.

Place Gain in a QOF

Within 180 days, investor places gains in a Qualified Opportunity Fund.

QOF Buys QOZ Real Estate

Fund purchases real estate in a Qualified Opportunity Zone.

QOZ Improvement

Fund substantially improves property within 30 months of purchase.

Investor Gains Tax Benefit

Holding equity in a Qualified Opportunity Fund qualifies investor for capital gains tax benefits.

Capital Gains Tax Benefits

The length of time that an investor holds their QOF investment determines their benefit.



5 Years

If the investor holds the QOF investment for at least five years, the basis of the QOF investment increases by 10% of the deferred gain. In order to qualify for the 10% deferral, eligible gains must be invested before January 1, 2022.



10 Years

If the investor holds the investment in the QOF for at least 10 years, the investor is eligible to elect to adjust the basis of the QOF investment to its fair market value on the date that the QOF investment is sold or exchanged. In order to be eligible, the gain must be invested prior to January 1, 2027.

Opportunity Zone Investment Example

Below is a breakdown of the tax benefits of investing capital gains into an OZONE Fund.

Shown are examples of investing a \$1,000,000 gain with the current tax rate, the proposed increased rate, and in an OZONE Fund with a 3x value increase over 10 years.

	10 YEAR HOLD STANDARD 23.8% TAX	10 YEAR HOLD PROPOSED 43.4% TAX	10 YEAR HOLD OPPORTUNITY ZONE
CAPITAL GAINS	\$1,000,000	\$1,000,000	\$1,000,000
TAX PAYABLE	\$238,000	\$434,000	\$0
CAPITAL TO INVEST	\$762,000	\$566,000	\$1,000,000
VALUE AFTER 10 YEARS	\$2,286,000	\$1,698,000	\$3,000,000
APPRECIATION TAX ON INVESTMENT	\$362,712	\$491,288	\$0
DEFERRED CAPITAL GAIN TAX	N/A	N/A	\$202,300
FINAL FUNDS AVAILABLE	\$1,923,288	\$1,206,712	\$2,797,700
EQUITY MULTIPLE	1.92x	1.21x	2.80x

Central Illinois Opportunity Fund, LLC



Central Illinois Opportunity Fund, LLC focuses on real estate development in Opportunity Zones located in Central Illinois. It makes strategic investments in communities where our local presence and experience provide a unique advantage in determining both the value of a proposed project and the project's execution. We can produce attractive returns based on our ability to leverage national and local incentives and expertise through all phases of real estate development.

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