

INTRODUCTION TO BRIDGETON'S OPPORTUNITY ZONES

OZ OVERVIEW

- **Opportunity Zones (OZs)**, created by the 2017 Tax Cuts and Jobs Act, were designed to drive long term capital into distressed communities throughout the country through tax incentives.
- Investors may defer tax on almost any capital gain up to Dec. 31, 2026 by making an appropriate investment in an opportunity zone.
- Tiered tax benefits are tied to investments at 5, 7 and 10 year periods- offering the option for temporary deferral, reduced and/or exemption of capital gains tax.
- Each state could recommend a certain number of census tracts be designated as Opportunity Zones

BENEFITS OF OPPORTUNITY ZONES

- An investor incentive that pertains exclusively to capital gains
- It is designed to concentrate capital vs diffusing it
- Rewards patient capital, incentives tied to long term investments
- It unlocks scarce equity capital
- It provides upfront subsidies
- It moves at the speed of the market
- It is designed with startups in mind
- It gives investors a stake in the community-
investments are tied to community success

IRS PROPOSED REGULATIONS

- Proposed regulations were introduced on October 19th- offer maximum flexibility for investors. A 2nd set of regulations will come out in the new year (2019 first quarter), but does not impact ability to create funds now
- The proposed regulations clarify that almost all capital gains qualify for deferral. This includes S & C corporations and estates & trusts and their beneficiaries
- The amount of a capital gain to be deferred must be invested in a Qualified Opportunity Fund (QOF)
- The QOF must hold at least 90 percent of its assets in qualified Opportunity Zone property (investment standard)

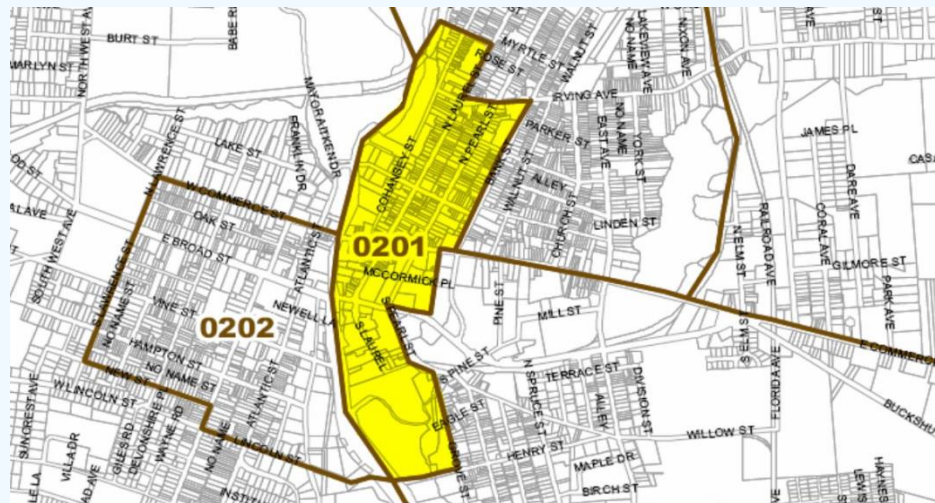
IRS PROPOSED REGULATIONS

- The new guidelines include clarity on the 70-30 rule, which lets businesses qualify if 70% of their property is within an Opportunity Zone, and allow developers an additional 30 months to hold working capital
- In addition to the proposed regulations, Treasury and the IRS issued an additional piece of guidance to aid taxpayers in participating in the qualified Opportunity Zone incentive
- Rev. Rul. 2018-29 provides guidance for taxpayers on the “original use” requirement for land purchased after 2017 in qualified opportunity zones
- They also released Form 8996, which investment vehicles will use to self-certify as Qualified Opportunity Funds

BRIDGETON'S OPPORTUNITY ZONES

The City of Bridgeton has two (2) census tracts in the community that are qualified Opportunity Zones; Census Tract 201 and Census Tract 205.3

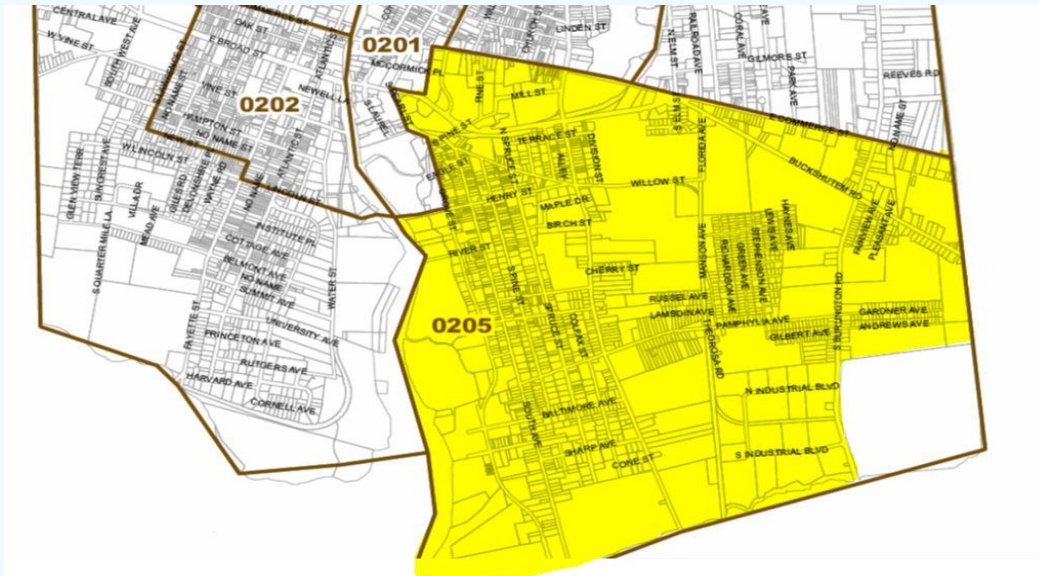
Census Tract 201 consists of the downtown Central Business District and surrounding mixed-use commercial neighborhoods. The CBD with its mix of merchants, downtown-upstairs living and retail opportunities, offers a menu of diverse investment opportunities adjacent to the 350 acre Bridgeton City Park and Cohanzick Zoo.



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Census Tract 205 includes the Florida Ave Food Business Park (Rutgers Food Innovation Center & Food Specialization Center), Phoenix Redevelopment Area & Port District Redevelopment Area

The City of Bridgeton, Rutgers University, Workforce Development Board, CCIA, and others developing a Center for Smart Food Manufacturing in Florida Avenue Industrial Park as part of NJ EDA Innovation Challenge



BRIDGETON'S OPPORTUNITY ZONES

Bridgeton's Opportunity Zones also include a number of designated redevelopment areas as defined under New Jersey Municipal Land Use Law.

Redevelopment Areas allow for the granting of Long Term Tax Exemptions (LTTE) and the use of other redevelopment tools and provisions to further expedite and support projects and investments in Bridgeton's Opportunity Zones.

Taken together, the deferral of federal taxes on capital gains reinvested in Qualified Opportunity Funds within Bridgeton's zones combined with Long Term Tax Exemptions make Bridgeton's Opportunity Zones a unique investment.

OPPORTUNITY ZONE RESOURCES

Opportunity Zones Frequently Asked Questions

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

IRS Rules for capital gains invested in opportunity zones

<http://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title26-section1400Z-2&num=0&edition=prelim>

IRS Proposed Rules for Investing in Qualified Opportunity Funds

<https://www.irs.gov/pub/irs-drop/reg-115420-18.pdf>

Guidance on the “original use” requirement for land purchased after 2017

<https://www.irs.gov/pub/irs-drop/rr-18-29.pdf>