

BLACK PEARL INVESTMENTS

Qualified Opportunity Zone Fund

**New York City
2018**

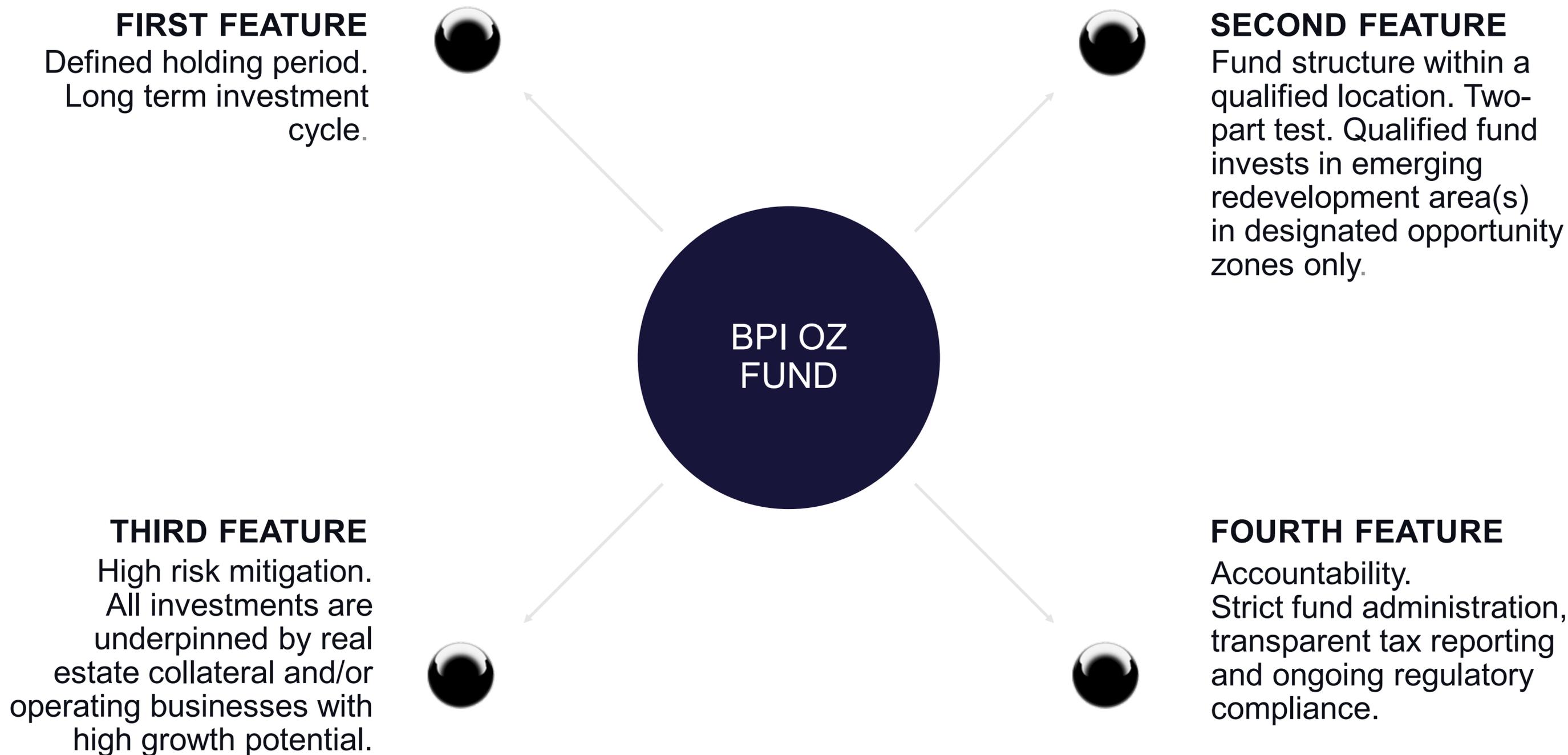
Qualified Opportunity Zone (QOZ) Fund Program

The U.S. Department of the Treasury and the Internal Revenue Service (IRS) in 2019 designated Opportunity Zones in 18 States. The Tax Cuts and Jobs Act created Opportunity Zones to spur investment in distressed communities throughout the country. New investments in Opportunity Zones can receive preferential tax treatment.

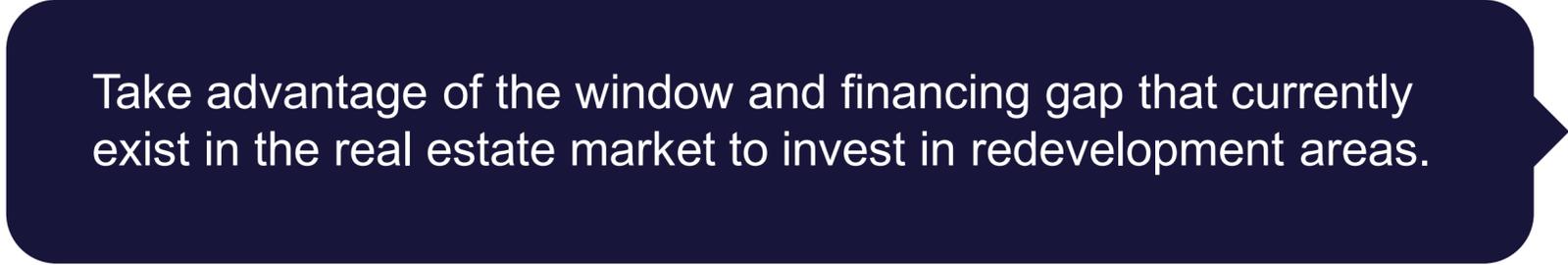
Under the Tax Cuts and Jobs Act, States, D.C., and U.S. possessions nominate low-income communities to be designated as Qualified Opportunity Zones, which are eligible for the tax benefit.

The qualified Opportunity Zones is designed to incentivize long-term capital investments in low-income communities nationwide. All of the underlying incentives relate to the tax treatment of capital gains, and all are tied to the longevity of an investor's stake in a qualified Opportunity Fund, providing the most upside to those who hold their investment for 10 years or more.

Key Investment Aspects of the QOZ Fund



QOZ Fund's Main Objectives

-  Take advantage of the window and financing gap that currently exist in the real estate market to invest in redevelopment areas. **1** 
-  **2**  Provide both solid financial and liquidity solutions to new commercial real estate development projects and businesses.
-  Investment niche within the mezzanine and co-sponsor tranches of the capital stack of real estate and businesses. **3** 
-  **4**  Provide above market investment rate of returns to qualified Investors and/or tax incentives and/or tax credits.

Key QOZ Fund Benefits

Interacts well with federal, state and local tax incentive or subsidy programs:

- EB-5 Program
- New Markets Tax Credits
- Section 42 (LIHTC)
- ITC (Solar)
- State
- County/City

Can be leveraged with various government-sanctioned financing:

- Brownfields cleanup (EPA- federal, state and local)
- Infrastructure bonds (IDB)
- Net leased financing
- GSE loans (FHA, Fannie Mae, Freddie Mac)
- Tax-exempt bonds
- SBA business loans

Case Examples with Operating Businesses

Technology company

A technology company has large amounts of unrealized capital gains due to market appreciation of their stock post-IPO:

- Create O-Fund corporation for the purpose of investing in technology and company growth within an O-Zone
- Harvest gains and roll over into O-Fund via purchase of O-Fund stock tax due on capital gain deferred
- O-Fund uses 90% of its assets to finance new data center or set up spinoff technology business located in O-Zone
- Sell O-Fund stock in year 6, which is before 2026
- O-Fund sale year: Pay tax on the deferred capital gain with benefit of 10% tax bill reduction
- O-Fund sale year: Pay tax on the profits of sale of O-Fund stock

Financial service industry – bank

A bank has created a large amount of capital gains due to trading desk activities:

- Identify a properly created O-Fund corporation
- Harvest gains and roll over into O-Fund via purchase of O-Fund stock tax due on capital gain deferred
- O-Fund uses 90% of its assets (cash only) to purchase stock in a domestic corporation that has substantially all of its tangible property located/ used within O-Zone
- Sell O-Fund stock in year 9, which is after 2026
- 2026: Pay tax on the deferred capital gain with benefit of 15% tax bill reduction
- O-Fund sale year: Pay tax on the profits of sale of O-Fund stock

Family fund – e.g., large estate, trust, personal holdings

A family recently sold company stock which they acquired at near zero basis, triggering large capital gains tax due:

- Create O-Fund partnership for purpose of investing in mixed-use developments within O-Zones
- Use capital gain from sale of company stock to purchase O-Fund partnership interest tax due on capital gain deferred
- O-Fund uses 90% of its assets (cash only) to buy an existing building that will be substantially improved
- Exchange O-Fund partnership interest in year 10, which is after 2026
- 2026: Pay capital gains tax on deferred gain with benefit of 15% tax bill reduction
- Exchange year: Pay no tax on proceeds from O-Fund partnership interest exchange

QOZ Addresses Gaps in Today's Market

GREAT PIPELINE

- Infill development projects valued at over US \$2 Billion
- Maiden project located in So. Williamsburg, Brooklyn, New York
- Other, identified master planned development projects in Shreveport LA, Sacramento CA
- All projects are “as of right”, approved MOU and/or infrastructure in place
- New- The Bronx NY project will be its own unique project requiring its own qualified OZ fund

SOUND STRATEGY

- Joint venture development with Landowner and/or Developer >>> Secured LOI
- Land basis should be at or below the market or startup businesses
- Many sites requiring brownfield remediation >>> Sponsor works with experienced CM firms
- Business owner or tenant relocation >>> Work with major CRE brokerage firms
- Structured finance >>> Large institutional investor for debt and mezzanine capital

SPONSOR IS A NATURAL FIT

- Leveraging top tier contacts and strategic relationships for solid project execution
- MD has over US \$5 Billion in origination, acquisition and development project experience
- Taping the opportunity zone fund program for higher leverage and lower cost of capital
- Multi-tranche layering of additional financing (HUD, LIHTC, NMTC, EB-5, ITC)
- Implement LEED/Green building and sustainability to optimize building performance

A Private Fund built on Value with Tax Incentives

TOP TIER



Focus on huge market potential (US \$6 Trillion) of unlocked long-term capital assets.

ACCESS



Identified sponsored projects on key deals with the decision makers.

ZERO RISK



Fully structured financing underwritten by an experienced team on a pre-commitment basis.

Who is the Fund Sponsor?

Since 2009, Black Pearl Investments (“BPI”) is an experienced investment company focused on the acquisition and development of institutional quality affordable and workforce housing and its associated commercial real estate assets, providing superior risk-adjusted returns through its various entities utilizing private-public partnerships as a powerful catalyst to effect revitalization and economic change.

BPI is a capital advisory and financial intermediary firm involved as a fund administrator and correspondent Lender involved in arranging debt, mezzanine and equity including agency loans, tax credits and bond financing.

BPI has been involved in over US \$5B in assignments, loans and development projects.

Over 125 years of banking, finance and fund experience



JR Chantengco

**ACQUISITIONS, DEVELOPMENT,
FINANCE & BANKING**



Joseph Maree

**BANKING, RISK &
PORTFOLIO MANAGEMENT**



George Arau

ORIGINATIONS & FINANCE



Mike Strug

FUND ADVISOR

The Team

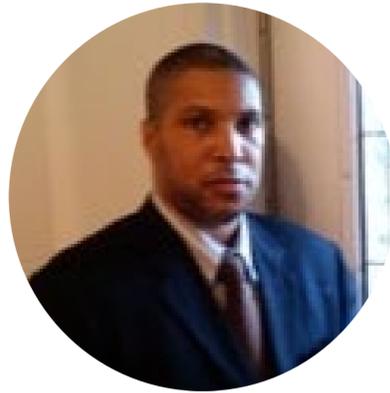


JOHN RICHARD CHANTENGCO

MANAGING DIRECTOR

Mr. Chantengco oversees business development for Black Pearl Investments. He runs Triwest Capital Management, a family office with over US \$150M AUM and Black Pearl Investments, a private capital advisory firm to family offices, high net worth individuals and foreign investors with over US \$500M AUM. He was Director of University and State Employees Credit Union, VP of Wells Fargo Bank and Associate Broker for CBRE and HKS Capital Partners. Mr. Chantengco was appointed by Governors Gray Davis and Arnold Schwarzenegger to the California Housing Partnership and was a Housing Commissioner for the City of Chula Vista. He is President-elect in 2019 for the New York Metro CCIM Chapter. He finished Postgraduate studies in Finance at Stanford Business School and holds an MBA degree with distinction from University of Phoenix Sperling School of Management and Bachelors degrees in Biochemistry & Cell Biology at the University of California San Diego.

The Team



JOSEPH MAREE

BANKING AND COMPLIANCE

Mr. Maree handles compliance and due diligence for Black Pearl Investments. He heads Champion Capital, a hedge fund in Wall St. involved with foreign investors, foreign corporations and sovereign wealth as well as domestic clients. He was a former credit analyst and compliance officer for Merrill Lynch. Mr. Maree graduated with a BA Degree in Economics from Rutgers University.

The Team



GEORGE ARAU

ORIGINATIONS

Mr. Arau handles loan originations and capital raising for Black Pearl Investments. He is head of production for Sabal Capital Partners, a Freddie Mac SBL lender. He was former VP for ING Clarion and PMG Real Estate. He graduated with an MS degree in Real Estate Finance cum laude at New York University Real Estate Institute and BS in Finance and Statistics at New York University Stern School of Business.

The Team



MIKE STRUG

ADVISOR

Mr. Strug handles fund advisory and risk analyses for Black Pearl Investments. He is VP for BlackRock, the largest asset manager with over US \$6.3T AUM. He was a former senior advisor for TIAA-CREF and AVP of IDB Bank. Mr. Strug graduated with an MBA Degree from Columbia University and BA Degree in Mathematical Economics from Tulane University.

Qualified OZ Fund Specifics

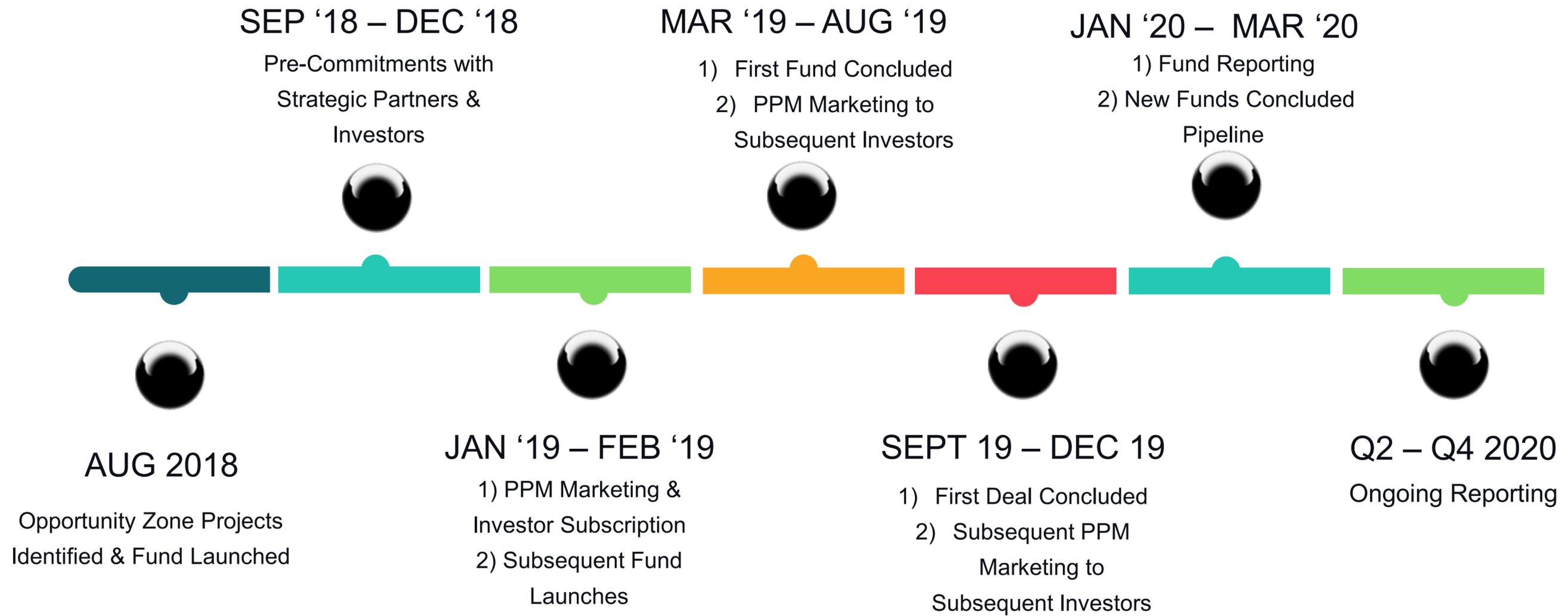
INVESTMENT FOCUS AND MODEL

- Fund sponsor headquartered in New York City
- Investments in key redevelopment markets in NYC and throughout the U.S.
- A premier opportunity zone fund dedicated to real estate projects with huge potential
- Leveraging top-tier contacts and strategic relationships for robust execution
- Stable and solid investment returns and after-tax incentives for the right investors

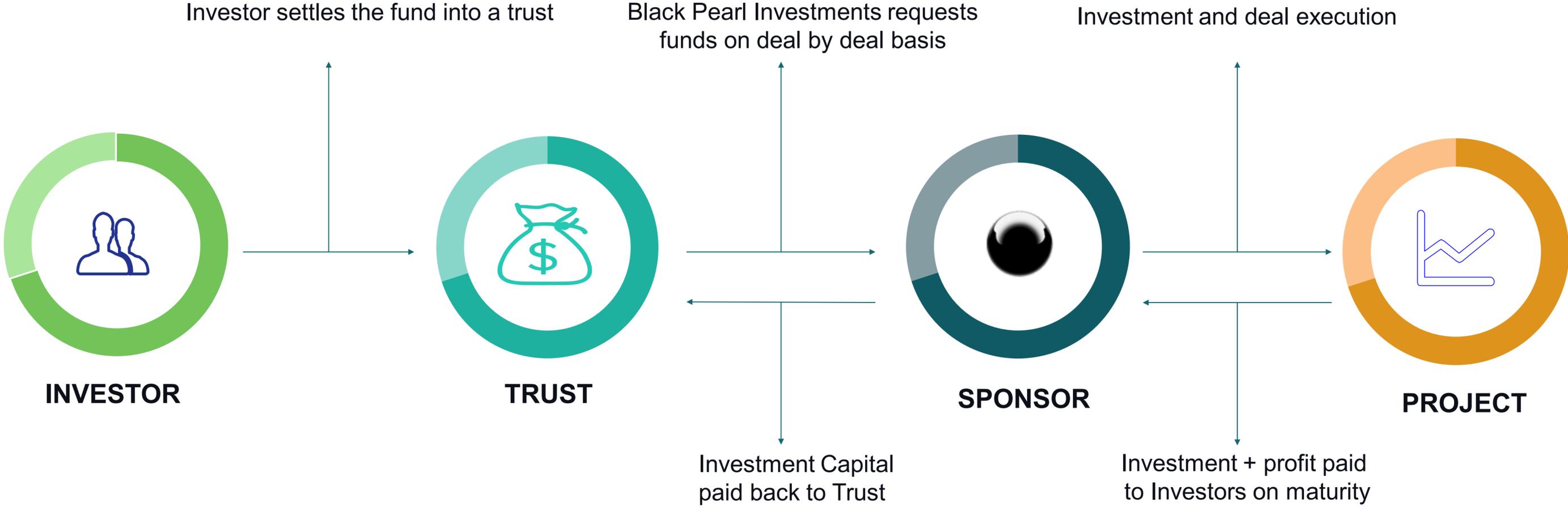
OVERVIEW OF FUND STRUCTURE

Total Fund Size	\$100M
First Close	\$50M (Jan. 2019)
Base Return	6.5%
Asset Management	2% fee
Performance Fee	20% above 6.5% delivered to Investors
Typical Commitment	\$25M - \$50M

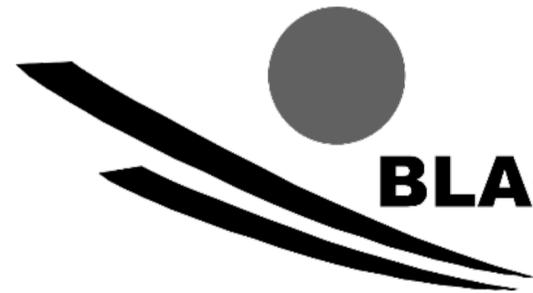
Project Milestones



QOZ FUND RECAP



CONTACT



BLACK PEARL INVESTMENTS

***FOR MASTER PLAN REDEVELOPMENT PROJECTS,
OPERATING COMPANIES AND STARTUP BUSINESSES***

QUALIFIED OPPORTUNITY ZONE FUND

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