

PARK VIEW

Opportunity Zone Tax Incentives with Park View OZ

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Park View OZ's SEC filings may be found at: [EDGAR Search Results \(sec.gov\)](#)

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The Purpose of OZs

- Unlocking warehoused capital.
- Incentivize reinvestment of this capital into Opportunity Zone communities.
- Concentrating investment to break the cycle of poverty.

What Capital is Eligible for QOF Benefits?

Only the capital gain portion of the sales proceeds is eligible for the tax incentives.

Almost any type of capital gain is eligible.

- Capital which was not at risk does not qualify such as carried interest.
- Real estate, stocks, collectibles, bitcoin, selling a business etc., are all eligible.

The capital gain (not including principal) must be reinvested in a QOF within 180 days. The rules governing the starting date of the 180 days can be generous.

Why QOF Tax Incentives are Important

- Broadly applicable: Any recent capital gain is eligible.
- “Roth-like” tax-free compound growth for 30 years without income or annual contribution restrictions.
- Deferral strategies are a “Swiss Army Knife” for tax planning.

What is a Qualified Opportunity Fund (QOF)?

QOFs are the entity through which the Internal Revenue Service oversees opportunity zone compliance.

You must invest through a QOF to be eligible for opportunity zone tax incentives.

QOFs must invest 90% of their assets in Qualified Opportunity Zone Property (QOZP).



What is an Opportunity Zone?

OZs are census tracts that qualify as low-income communities.

Census tracts are typically 2,000 to 8,000 in population.

Across the country, there are more than 8,764 opportunity zones. (Approximately 11% of the country's census tracts).



Opportunity Zone Business Property (QOZBP)

Must be tangible commercial property, such as real estate or equipment, acquired from an unrelated party, that meet one of two criteria.

- **Original use:** Not yet placed in service.

or

- **Substantially improved:** Improved by at least as much as the purchase price of the building not including the land.

During substantially all of the QOF's holding period (90%) at least 70% of all tangible property must be QOZBP.

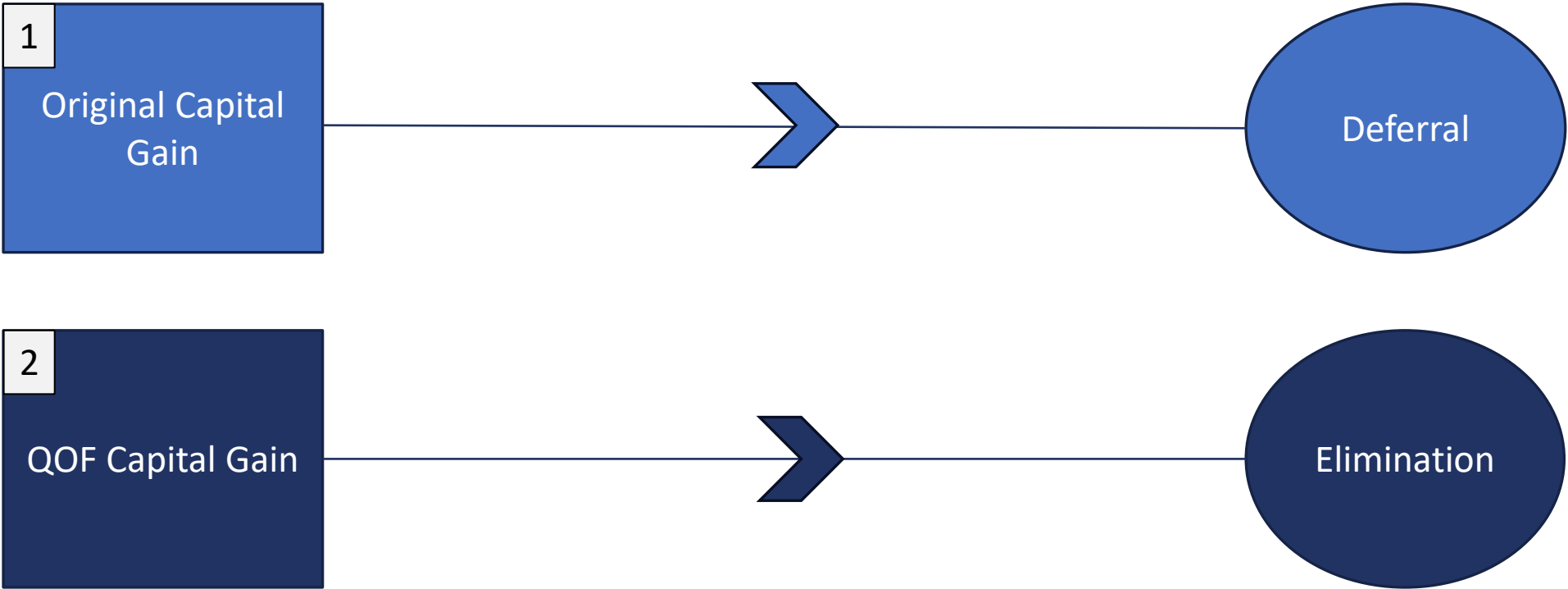
Who is Eligible for QOF Benefits?

Anyone with a realized capital gain owed to the IRS.

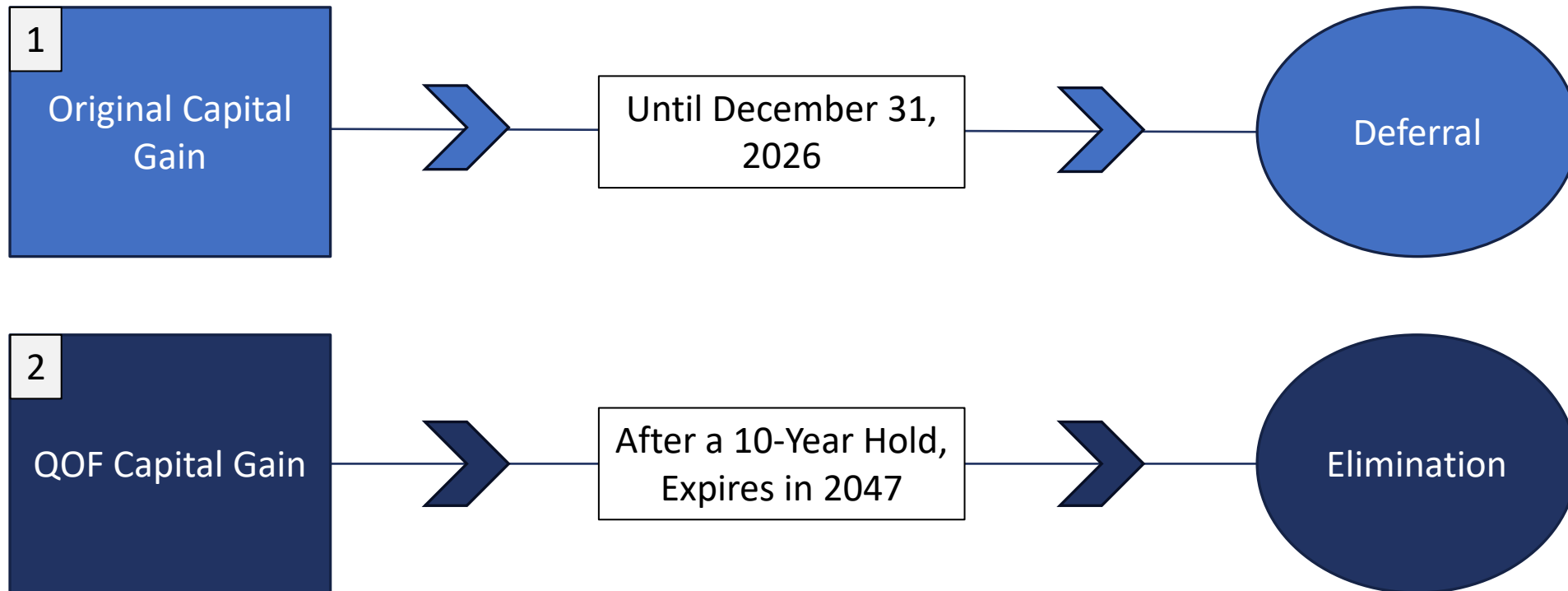
- Foreign or domestic
- Could be an individual, corporation, a REIT, trust or partnership

Mixed assets - Only the capital gain investment qualifies for the tax benefits, but investing non-capital gains funds is allowed.

QOF Benefits Illustration



TCJA QOF Benefits Illustration



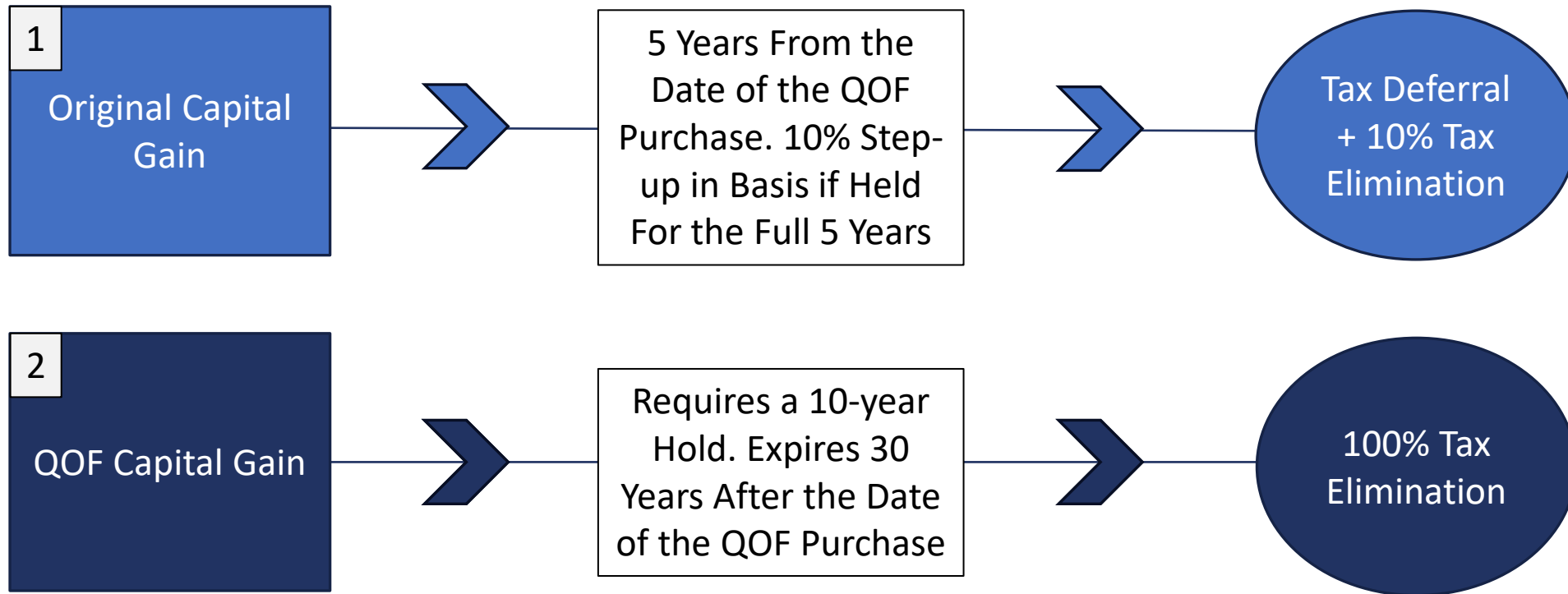
QOF investments made *prior to* January 1, 2027



Three Big OZ Changes - One Big Beautiful Bill (OB3)

- The opportunity zone program is now a permanent part of the U.S. tax code.
- The tax deferral benefit has been extended to last for 5 years from the date of the QOF investment. Additionally, if you hold the QOF for the full 5 years, 10% of the capital gain liability will be eliminated.
- The tax elimination benefit has been enhanced and now has a duration of 30 years from the date of the QOF investment.

OB3 QOF Benefits Illustration



QOF investments made *on or after* January 1, 2027



Question #1

A Once In a Generation Tax Incentive

- Powerful, versatile, and broadly applicable
- More than 100 billion dollars have been invested in QOFs
- Only a narrow base of investors have participated – private equity and family offices primarily

Project-Specific OZs

- The majority of QOFs are single-project private equity deals
- Effective tax strategy for the investor
- All investors stay for the same period of roughly 10 years and exit together
- Delays compensation for the developer / manager



For Tax Planning QOFs = A.I.V.

- K-1 (partnership) tax forms are notoriously difficult and often late
- Accreditation requirements
- Partnership Minimums: Only recent capital gains get the benefits
- Illiquidity/Inflexibility: 10-year capital commitment periods followed by planned exit

Publicly Traded for Investor Flexibility and Ease of Access

Buy and Sell when it makes sense for your unique financial needs.

Simple 1099-DIV tax forms.

No Minimums Investment: Only recent capital gains are eligible.

No Investor accreditation requirements.

Park View OZ (Stock Symbol: PVOZ) Created for Tax Planners

Easy to implement in a financial plan.

Holding period control - tailor the benefit to suit the taxpayer's unique financial needs.

Align the interests of the manager with the investor.

- No carried interest or promote fees.



Example OZ Investment

2209 N. Boulevard, Tampa Heights

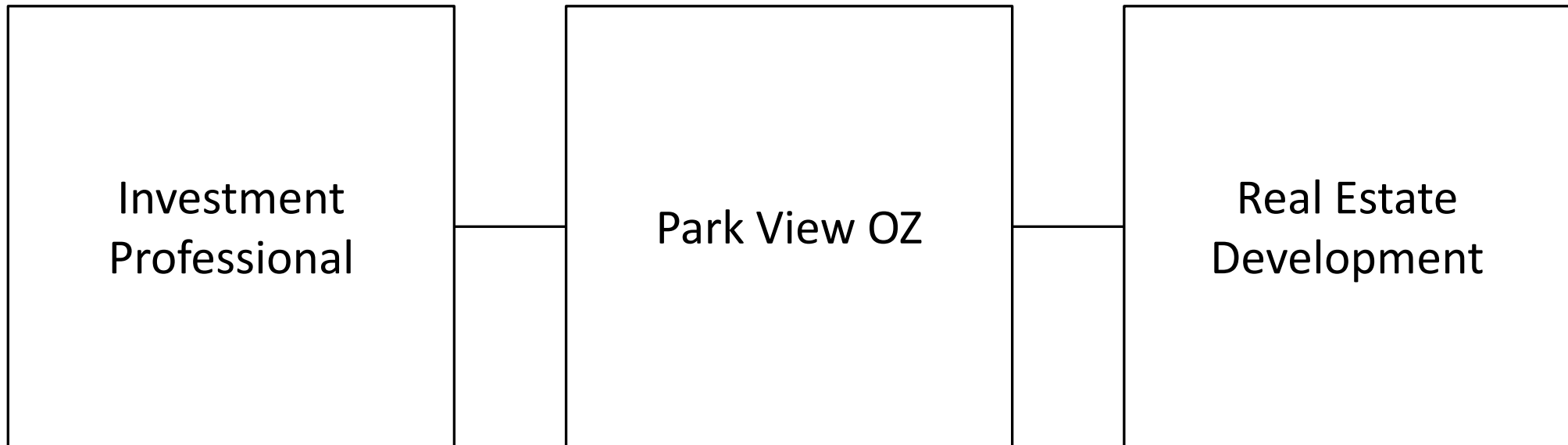


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Tampa Heights Armature Works / Riverwalk



Positioned as a Preferred Partner



Question #2

180 Day Investment Period Partnerships

A partnership investor may choose to begin their 180-day investment period:

- On the date the partnership realizes the gain.
- At the partnership's year end – Typically December 31st.
- When the partnership's taxes are due without extensions – Typically March 15th.

- Kiplinger Article

180 Day Investment Period Installment Sales

The capital gain proceeds for an installment sale are considered a new capital gain in the year they are received.

The reinvestment period can start either when the payment is received or at year end.

If you are receiving monthly installment payments, you can aggregate them to year end.

180 Day Investment Period

1231 Gain

1231 gains and losses do not have to be netted.

The investor can choose to begin the 180 day investment period starting:

- on the date of the inclusion event,
- at the taxable year end of the entity or
- on the date the entities taxes are due without extension.

180 Day Investment Period RICs and REITs

The investor can choose to begin their investment period:

- When the capital gain is distributed.
- At the regulated investment company (RIC) or REIT's financial year end.

Part 3: Roth-Like Benefits

Know Your Spendable Assets in Retirement

OZ Tax Free Benefit

Taxable

Brokerage
Bank

Tax-Deferred

IRAs and 401Ks, 1031s

Tax-Free

Roth IRAs and 401Ks
Some Insurance
QOFs up to 30 years

Tax-Free = Better Clarity and Confidence

- The government can unilaterally decide which assets it has a claim on and how the ownership is divided.
- What will tax rates be in 2035 or 2055? Today's rates are historically low, but debt is high.
- Tax-free vehicles can provide greater clarity to estimate spendable savings.

Better Together: Roth IRAs and QOFs

- Roth IRAs are an amazing way to create wealth through tax-free growth, but contributions are currently capped at \$7,500 annually or \$8,600 if you are age 50 or older.
- Tax-free compound growth is difficult to achieve.
- QOFs can be a great way to catch up, or accelerate, retirement goals.

How It Works:

Eliminate Capital Gains Income

- The election to step up the asset's cost basis to fair market value is important. It is better than just eliminating capital gains tax.
- It protects against current and future taxes targeting capital gains income. NIIT is an example.
- Any tax rate times zero is zero.

Running a QOF for Roth IRA-“like” Benefits

Only the appreciation of the QOF eliminated by the cost basis step up.

Any taxes created by the fund are taxable, nullifying QOF tax elimination benefit completely.

Buy and hold strategy is key. Carried interest (AKA “a Promote”) should be avoided. Alignment between the fund manager and investor is critical.



Elimination Benefit – “Snowball”

- Tax-free compound growth is a great way to build wealth.
- The key is to let the compounding continue as long as is practical.
- Just like a snowball rolling down hill, the last few revolutions pick up the most snow.

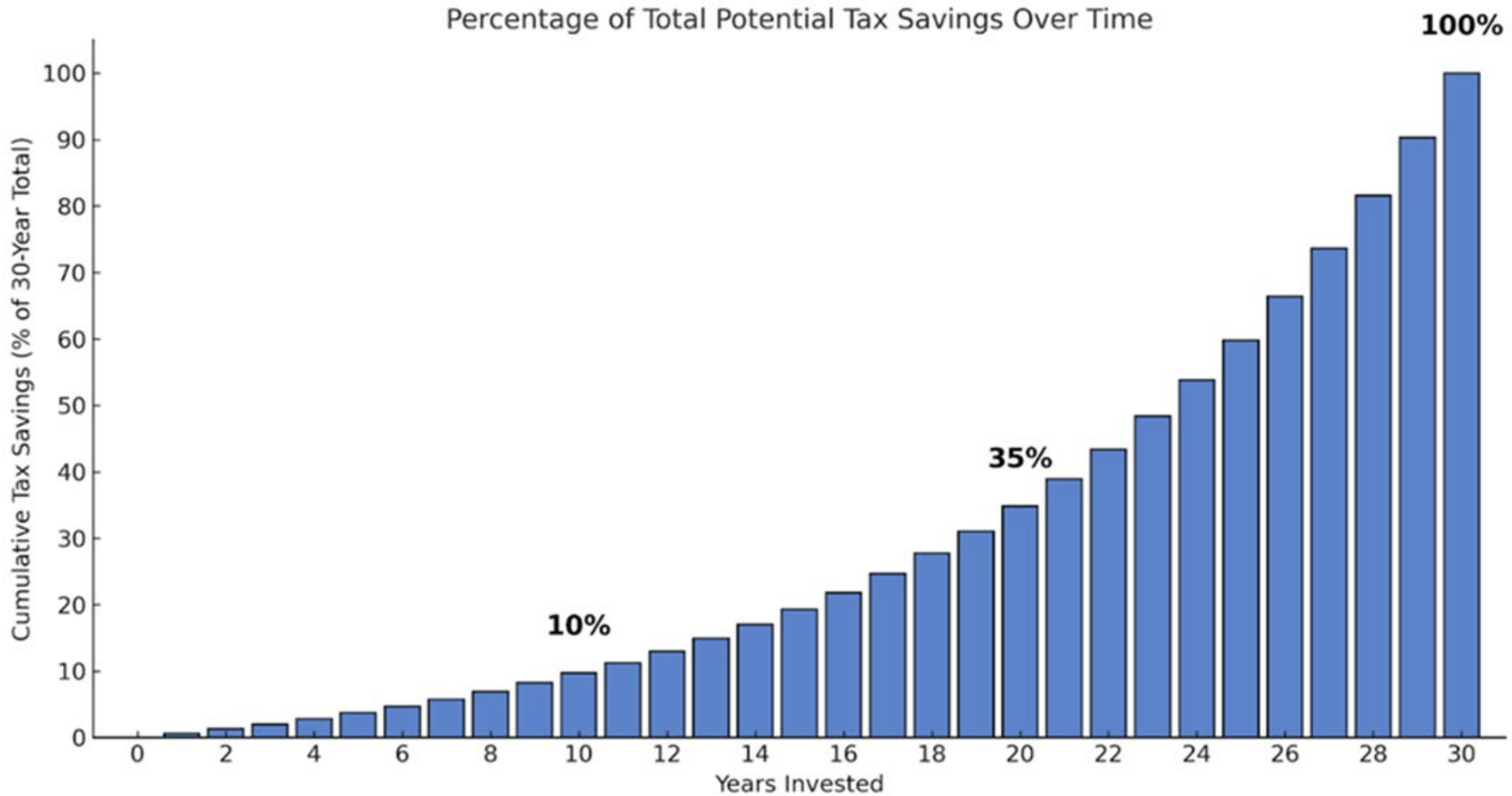


Chart: Percentage of total potential tax savings realized over time with a QOF investment, assuming a 10% growth rate and a 23.8% tax rate (20% capital gains + 3.8% NIIT).

Tax-Free Summary

Max out the Roth IRA contribution.

Consider QOFs for any realized capital gains.

Stay invested in tax free as long as you can.

QOF Tax Optimization Checklist

- ✓ The investor must be able to control their holding period.
- ✓ The fund needs to be run with a perpetual life as a goal.
- ✓ Buy and hold strategy is essential – no carried interest or promote fees.
- ✓ Low fees.

Question #3

Deferral Benefit: A Swiss Army Knife for Tax Planning

New Legislation Inadvertently Creates a “Dead Zone” Problem

Many investors will pause OZ investments waiting for the new benefits to become available on January 1, 2027.

Stops the flow of capital into OZ neighborhoods.

This is opposite to the intent of the OZ legislation.

Current OZ Program

OZ 2.0

Timing of eligible investments	QOF investments from capital gains realized on or prior to December 31, 2026.	QOF investments made after January 1, 2027.
Capital eligible for QOF tax incentives	Capital is eligible up to the amount of capital gains realized within the last 180 days.	Capital is eligible up to the amount of capital gains realized within the last 180 days.
Deferral benefit on the original capital gain	Until December 31, 2026.	5 years from the date of the QOF investment. Eliminates 10% of the tax liability if the QOF is held for the full 5-year period.
Capital gain elimination benefit on the QOF investment	Eliminates 100% of capital gains. This benefit expires December 31, 2047.	Eliminates 100% of capital gains. This benefit expires 30 years from the date of purchase.

Sale and Re-deferral of a QOF

Selling a QOF, during or at the end of the deferral period, triggers the realized of the original capital gain. Only the date of realization has changed.

180 days to re-invest and re-defer the gain by making another QOF investment

Each time you buy a QOF the 5-year deferral, 10-year hold for 100% elimination eligibility, and 30-year end of eligibility clocks reset.

<https://www.tafttaxinsights.com/2025/07/did-you-know-that-you-can-defer-gain-on-the-sale-of-your-qualified-opportunity-fund-investment-by-reinvesting-in-another-qof/>

Bridge Strategy

Keep current capital gains eligible for enhanced QOF incentives

Bridge strategy: hold through 2026, cross the Eligibility Gap by selling in Jan 2027, and reinvest within 180 days to capture OZ 2.0 benefits.



Result of Bridge Strategy

- Keeps capital flowing to OZ communities.
- Investor needs to stay invested longer in these communities to claim the 100% elimination benefit.
- Potentially keeps current gains eligible for enhanced OZ 2.0 benefits.

Deferral Benefit on the Original Gain

- The character of the gain does not change.
 - Short- or long-term, from collectibles etc.
- What does change is the realization date.

Tax Solutions

Matching Future Losses with Current Gains

Investors may want use a QOF to defer their capital gain realization date. If they then have a loss anytime during the deferral period, they can trigger a matching gain in the same tax year by selling the appropriate amount of QOF stock.

Without this strategy the investor would pay the tax and the have a tax loss carry forward.

For example:

- Gain of \$1 million in 2025
- Loss of \$1 million in a later year during the deferral period
- Either pay no tax or pay 20% capital gain + 3.8% NIIT = 23.8% = \$238,000

Using QOFs to Match Gains and Losses

The order you pay gains and losses matters

PAY AS YOU GO STRATEGY

	Current Year	Future Year
Gains	\$1,000,000	
Losses		\$1,000,000
20% Capital Gains 3.8% NIIT	Taxes Owed \$238,000	Tax Loss Carry Forward \$238,000

QOF DEFERRAL STRATEGY

	Current Year	Future Year
Gains	\$1,000,000 Deferred with QOF →	\$1,000,000 Now Realized with Sale of the QOF
Losses		\$1,000,000
20% Capital Gains 3.8% NIIT		Taxes Owed \$0

Would you rather have \$238,000 in cash or \$238,000 in a tax loss carry forward?



Selling a Business and Retiring

Carol and her husband are selling their business with a 700K capital gain and retiring. Their substantial income has them in the 20% capital gains bracket and subject to the 3.8% NIIT so they face a tax bill of 166K. Assuming their taxable income drops to zero after this year.

How would you help this client reduce the 166K tax bill?



Capital Gains

Married Filing Jointly – 94K Annually at 0% Tax Rate plus standard deduction of \$31,500

Tax Year 0 600k Cap Gain	Tax Year 1	Tax Year 2	Tax Year 3	Tax Year 4	Tax Year 5	Tax Year 5 Remainder
600k Deferred with a QOF	Sell a Portion of QOF Stock	Sell a Portion of QOF Stock	Sell a Portion of QOF Stock	Sell a Portion of QOF Stock	Sell a Portion of QOF Stock	None
Deferred 700K Capital Gain Income	Realize 125K Capital Gain Income	Realize 125K Capital Gain Income	Realize 125K Capital Gain Income	Realize 125K Capital Gain Income	Realize 100K Capital Gain Income	
Zero Tax Owed	Zero Tax Owed	Zero Tax Owed	Zero Tax Owed	Zero Tax Owed	Zero Tax Owed	Zero LTCG tax rate

Selling and Retiring

Pain Points of Income + Capital Gain Year

IRMAA - Medicare Surcharge

Senior Bonus Standard Deduction

NIIT - Net Investment Income Tax

Child Tax Credit, Tax on SS, Education Credits

AMT - Alternative Minimum Tax

Capital Gains – Higher Tax Brackets

Roth IRA – Contribution Eligibility

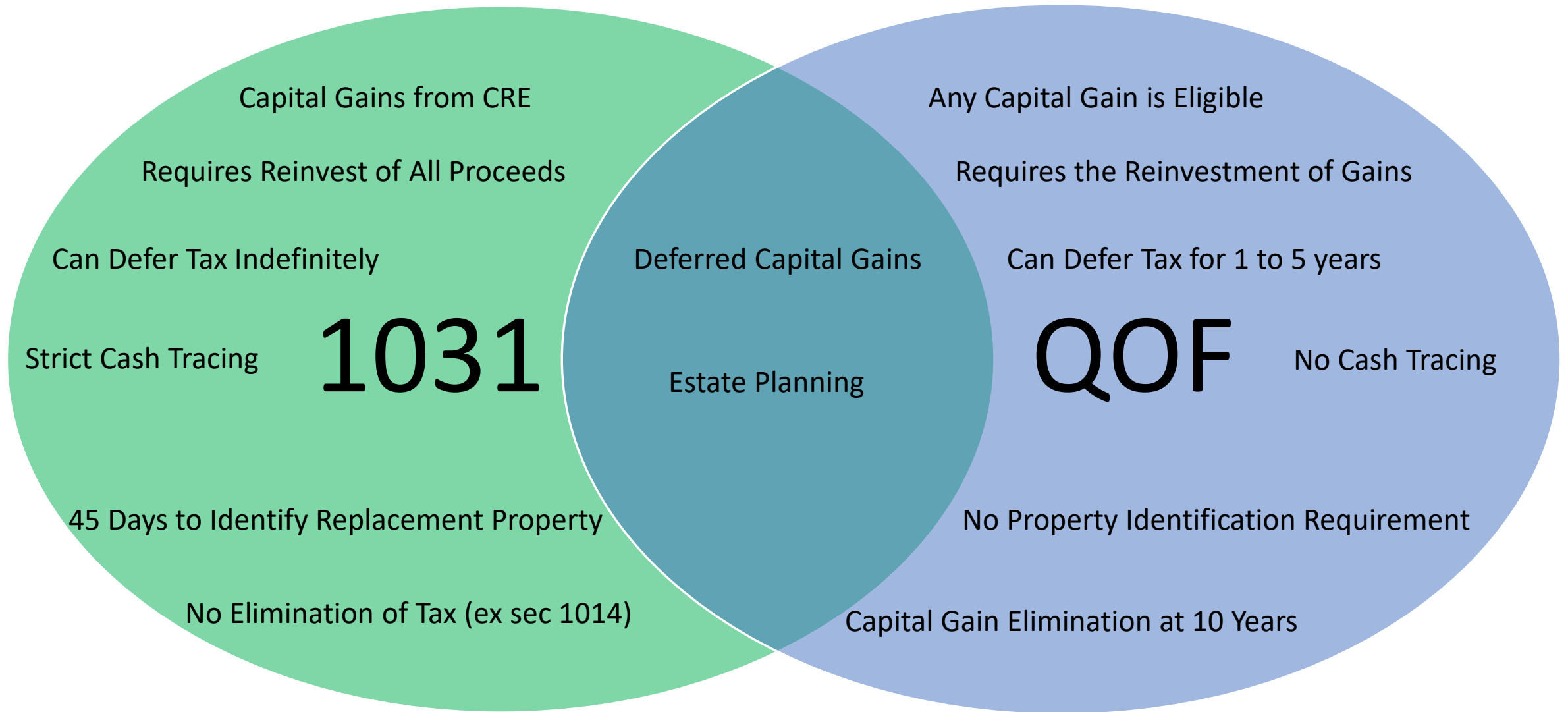
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Tax Solutions

Making Cash QOF Eligible

- QOFs have no cash tracing requirement. You can trigger an unrealized gain elsewhere in the portfolio and buy the asset back immediately.
- The cash now is eligible for QOF benefits.
- Wash sale rules do not apply on gain harvesting.
- The asset now has a market basis

How Do They Compare?



Question # 4

Key Points

- ▶ QOF incentives are broadly applicable. Almost all investors will have a capital gain over time.
- ▶ QOF incentives can significantly increase after-tax returns.
- ▶ Stock ownership greatly increases access to QOF incentives.
- ▶ Control of the QOF holding period is key to maximizing QOF tax incentives.

Next Steps

- Schedule a call with me or leave me a message in the comments.
calendly.com/mikefkelly/30min
- Our tax information page aggregates the resources you need to file for QOF tax incentives - including “how to” videos.
parkviewozreit.com/qof-tax-form-information
- Our website has a lot of information including articles, blog posts, and our offering document and electronic subscription agreement.
parkviewozreit.com
- Shares can also be purchase through a brokerage account.



Park View OZ Service Providers



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Stock Trading Symbol: PVOZ

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