



CBUS OZ FUNDS

FORWARD-LOOKING STATEMENTS

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A Qualified Opportunity Zone Fund specializing in urban redevelopment in Columbus Ohio. The fund has a long-term focus on delivering value to our investors while improving communities by providing desirable and attainable housing solutions throughout the urban core of Columbus.

In Collaboration With



A real estate investment partnership with a long-term focus on improving communities by providing desirable, safe, and attainable housing solutions.



Investment Strategy

Urban Redevelopment in Columbus, OH

Why Columbus?

- ◆ Fastest growing city in the Mid-West
- ◆ City of Columbus is one of 14 U.S. cities to add 100,000 residents since 2010.
- ◆ Population in the Columbus metro grew by 12.46% from 2010 to 2020 with 2,138,926 residents.
- ◆ Region is expected to add 1 million residents by 2050.
- ◆ Benefitting from COVID-19 migration patterns away from larger, more crowded cities.
- ◆ Benefitting from cost-of-living migration patterns away from more expensive coastal markets.

Why Urban?

- ◆ Residential population in downtown Columbus has more than doubled between 2010 and 2020.
- ◆ National & local patterns of population migration into walkable and affordable neighborhoods.
- ◆ Neighborhoods surrounding downtown are experiencing tremendous growth.
- ◆ Current housing stock in urban neighborhoods is inadequate in quantity and quality.
- ◆ Strong demand exists for vast revitalization of existing housing stock as well as construction of new housing, particularly in the workforce housing price category that appeals to the masses and is currently under supplied.



OHIO Opportunity Zone Tax Credit

- ◆ All investors in CBUS OZ FUNDS are eligible to receive an Ohio income tax credit certificate equal to 10% of the amount invested into Ohio opportunity zones, whether with eligible gains or ordinary after-tax cash.
- ◆ To be eligible for the Ohio OZ Tax Credit, a taxpayer must make an investment into an Ohio qualified opportunity fund (“Fund”) that holds 100% of its assets in qualified Ohio OZ projects.
- ◆ The tax credit certificates can be sold to other taxpayers to generate instant cash (this is very helpful for out of state investors who may not otherwise need an Ohio income tax credit).
- ◆ Example: \$100,000 investment in the CBUS Opportunity Zone Fund III LLC
= \$10,000 Ohio income tax credit which can be sold for cash!



Fund Sponsor

Background on the Partners

- ◆ CBUS OZ FUNDS is managed by brothers Brian, Chris, and Sean Knoppe
- ◆ Business partners since 2005 and co-founders of New City Homes 
- ◆ Participated in over 1,000 real estate transactions
- ◆ Extensive experience in new construction, remodeling, property acquisition, finance, and property management
- ◆ Specialize in residential and mixed-use redevelopment within the urban neighborhoods surrounding downtown Columbus



Introduction

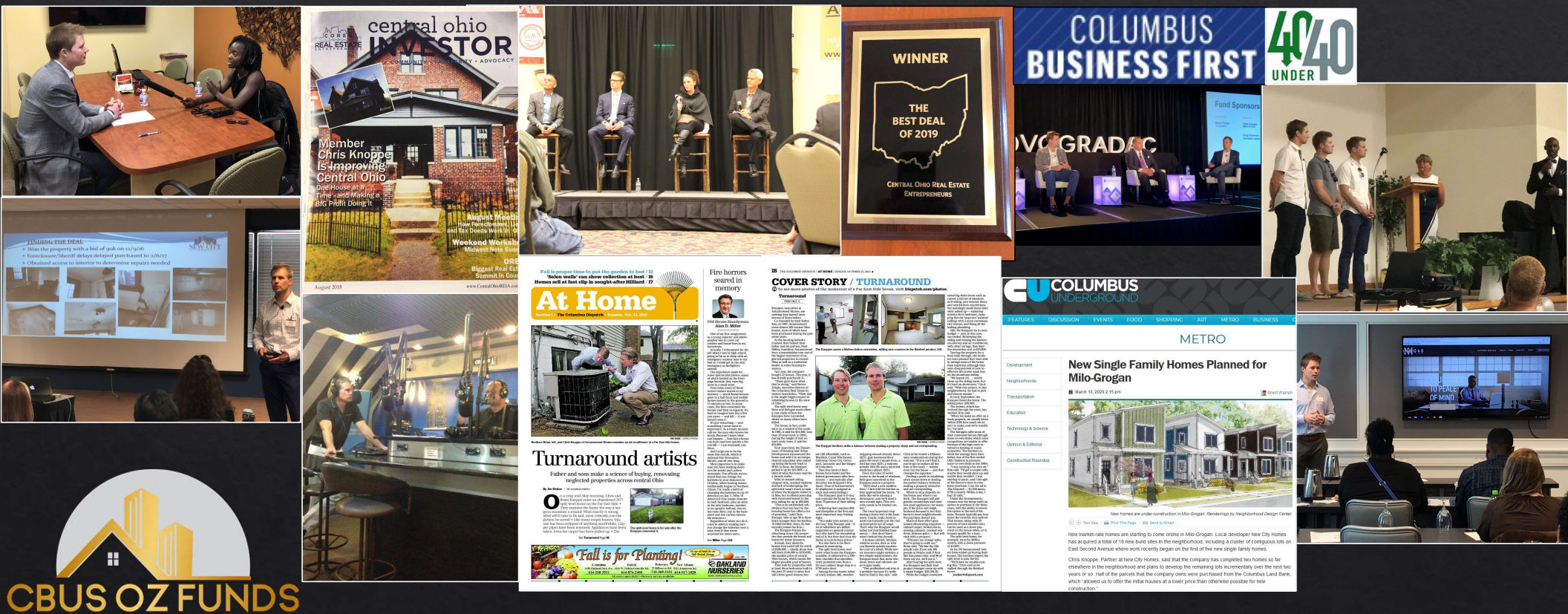
Background on the Partners

- ◆ Acquisition Specialists
 - ◆ The partners have acquired hundreds of investment properties since 2005
 - ◆ Processes & support staff in place to continue acquisitions for next decade
- ◆ Construction Management
 - ◆ Built & renovated hundreds of houses since 2005
- ◆ Property Management Experts
 - ◆ Hands-on property managers since 2005
 - ◆ Currently manage more than 200 properties
 - ◆ Long-term company & management stability
 - ◆ Business partners since 2005
 - ◆ Partners will continue in management role for next 10 years and beyond



Introduction

Local Housing & Development Experts



Introduction

Community Involvement



Introduction

CBUS OZ FUNDS: It Started With a Simple Mission...



Chris Knoppe, president of [CBUS OZ Funds](#), is raising a \$5.1 million fund to acquire and renovate residential properties within Columbus' urban neighborhoods. "The opportunity zone tax incentives enable us to restore vacant and blighted residential properties back into productive use, thereby increasing the housing options available to residents, eliminating havens of crime, and preserving, rather than replacing, the vibrancy of our urban neighborhoods," Knoppe said.

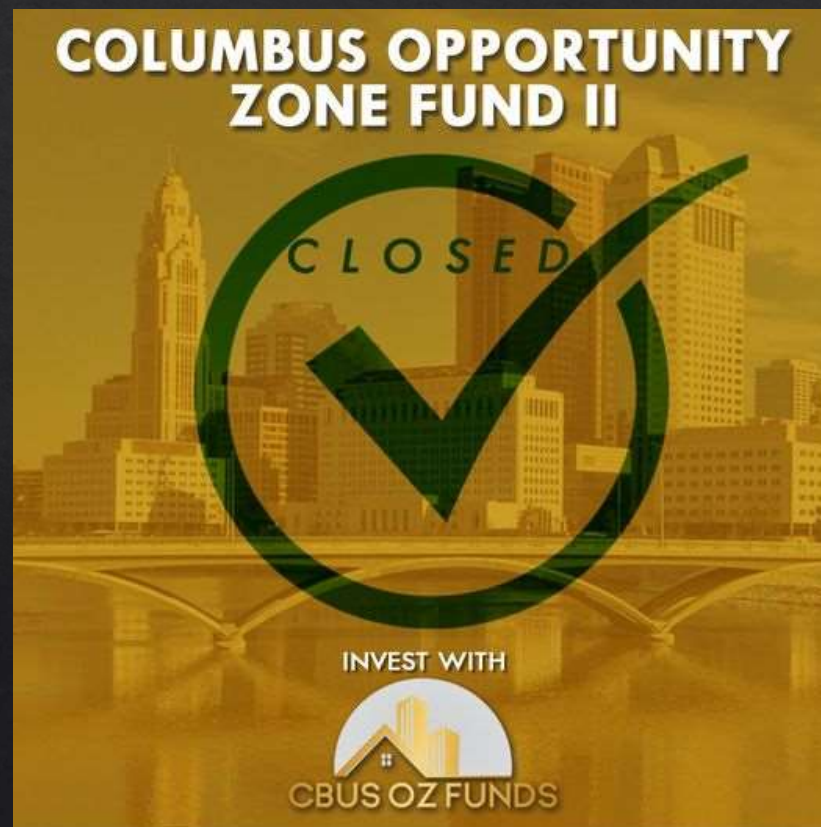
Excerpt from the article "Taxpayers Save \$240 Million From Taxation by Investing in Ohio Opportunity Zones" published Feb 7, 2020 by Columbus Business First



CBUS OZ FUNDS

Introduction

...And Has Continued to Grow: Fund II Closed 12/31/20



Introduction

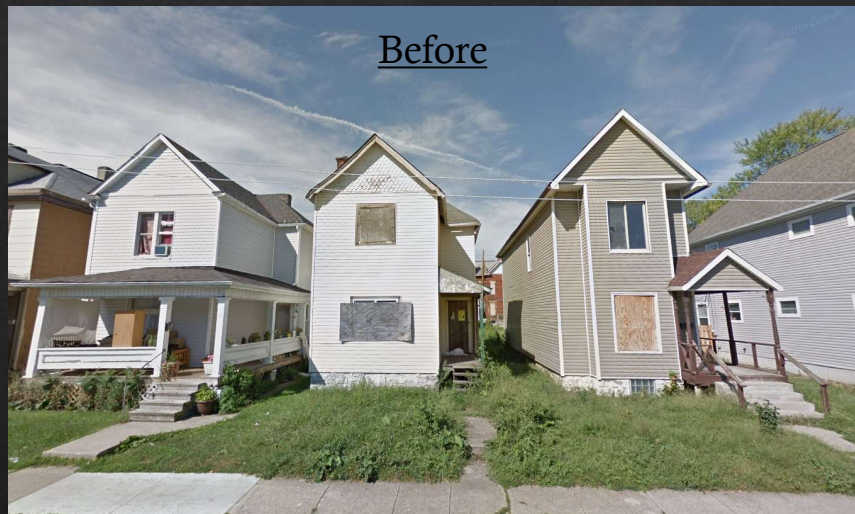
The Journey to Fund III

- ◆ Summer 2019: Fund I begins acquiring single family and small multi-family properties for renovation and rental in select urban OZ neighborhoods of Columbus, OH.
- ◆ December 2019: Fund II is opened to investors with the strategy of acquiring and renovating boarded up houses to remove urban blight while increasing population as well as decrease crime and improve neighborhood safety and atmosphere.
- ◆ February 2020: Fund II begins acquiring urban single family & small multi-family properties at scale throughout urban Columbus OZ neighborhoods for renovation and rental.
- ◆ December 2020: Fund II closes investor contributions.
- ◆ Fall 2021: Fund III opens to investors with focus on mixed-used & mid-size multi-unit projects of slightly larger scale than funds I & II.



The Journey to Fund III

Projects Completed to Date in OZ Neighborhoods



- Strategic acquisition of 3 blighted properties across from elementary school
- Purchased from 3 separate owners
- Renovated all 3 properties and brought new life to the school block
- Stabilized as cash flowing rental properties



The Journey to Fund III

Projects Completed to Date in OZ Neighborhoods

Before



During



After



CBUS OZ FUNDS

- 5 house streetscape near downtown Columbus
- Urban infill single family new builds
- Demolished 3 dilapidated homes and purchased two adjacent lots
- Homes all sold for between \$350,000 and \$400,000

The Journey to Fund III

Projects Completed to Date in OZ Neighborhoods

- 4-unit townhome building
- Acquired with existing code orders from the city
- All units were vacant except 1 squatter (drug activity)
- Renovated all units and stabilized as cash flowing rentals

Before



After



CBUS OZ FUNDS

The Journey to Fund III

Projects Completed to Date in OZ Neighborhoods

- 4-unit building
- Drug activity
- Unpaying tenants, squatters, & unsafe living conditions
- All 4 units renovated and stabilized as cash flowing rental units

Before



After



The Journey to Fund III

Projects Completed to Date in OZ Neighborhoods

- Purchased a vacant medical clinic
- Converted to 14 private offices
- 13 units currently rented to local small businesses
- Total cost \$285,000 after purchase and rehab
- Current rental revenue of \$5,058 a month

Before



After



The Journey to Fund III

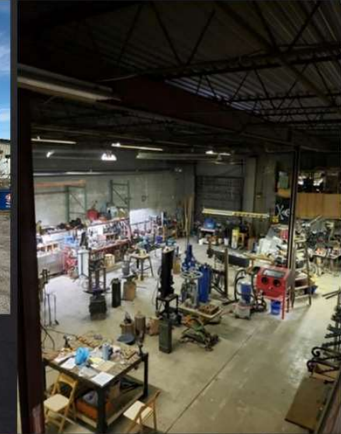
Projects Completed to Date in OZ Neighborhoods

- 5,060 Square foot warehouse
- Previously vacant, full of debris, and had holes in the roof
- Replaced the roof and improved the interior
- Now rented to Central Ohio School of Metalwork

Before



After



The Journey to Fund III

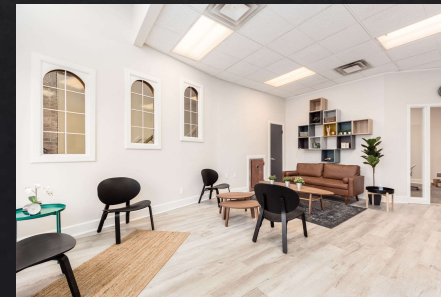
Projects Completed to Date in OZ Neighborhoods

- Previously vacant commercial building
- Upstairs converted from an apartment to New City Homes office
- Lower level converted into private office spaces
- Lower level currently rented out by Unleashed Hair Salon and other local businesses

Before



After



Fund Overview

Launching Fund III

- ◆ Fall 2021: Fund III is NOW OPEN for investment with the focus of expanding the revitalization of Columbus urban OZ neighborhoods through the re-development and new construction of small and mid-sized housing and mixed-use buildings. Fund III will execute projects of a slightly larger scale than Fund I & Fund II, with the goal of bringing business activity and jobs back to the commercial corridors within the OZ neighborhoods while continuing to increase the resident population with additional mid-sized multi-family housing units. This focus will provide the often overlooked “missing middle” housing segment with projects that fit within the fabric of the existing community.



Fund Overview

Launching Fund III

- ◆ The target investments will compliment those of Fund I & Fund II by bringing additional residents as well as commercial activity (businesses & services) to local OZ neighborhoods. Not only will these projects be excellent stand-alone investments, but they will greatly benefit the existing residents and neighborhoods at large.
- ◆ Building & re-developing “Missing Middle” housing (small to mid-sized multi-unit buildings) and “Mixed-Use” projects will provide additional housing units and neighborhood amenities by increasing density while promoting walkability, access to public transit, and mixed-income demographics.



Fund Overview

Multi-Asset, Mixed-Use Portfolio

- ◇ As an experienced builder, renovator, and property manager, CBUS OZ FUNDS understands the value and flexibility of small and mid-sized housing and mixed-use real estate assets:
 - ◇ Less zoning barriers for project approval
 - ◇ Less competition from large multi-state development companies
 - ◇ Diversification and stability through a portfolio of assets
 - ◇ Rent or sell to a wider market audience
 - ◇ Low vacancy and reduced tenant turnover



Fund Overview

Local Market Knowledge Within Urban Core

- ◆ CBUS OZ FUNDS & New City Homes have been an early and active presence in the urban neighborhoods of Columbus
- ◆ Sponsor has been investing in “opportunity zones” before the official designations were created by the Tax Cuts and Jobs Act
- ◆ Company office is on West Broad Street in the Franklinton neighborhood immediately West of downtown Columbus...in the middle of the most compelling “OZ” in the City.



Fund Overview

Local Market Knowledge Within Urban Core

- ◆ Early entrance into OZ neighborhoods has allowed New City to gain a competitive advantage through extensive local market knowledge of development trends, property values, rent amounts, customer base, contractor teams, and developing solutions to the unique challenges of urban redevelopment.

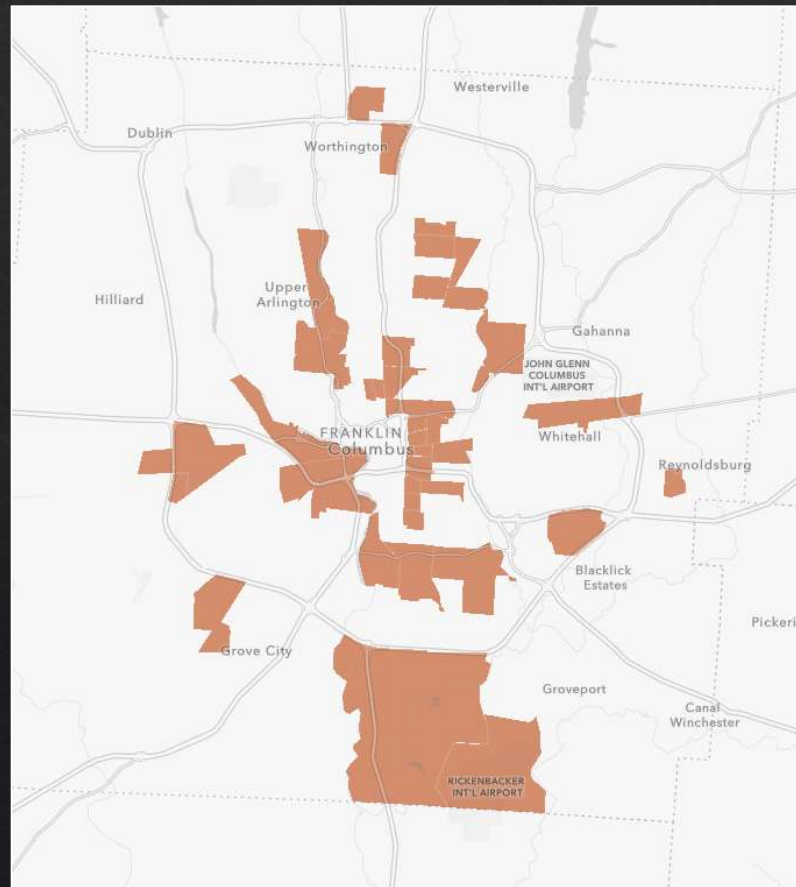
New City Experience in Urban OZ Neighborhoods

- Successfully completed over **160 projects** in urban OZ neighborhoods (single family houses, 2-4 unit buildings, and commercial flex space)
- Currently manage 227 rental units in urban OZ neighborhoods (single family houses, 2-4 unit buildings, and commercial flex space)



Fund Overview

Greater Columbus Opportunity Zones



CBUS OZ FUNDS

Fund Overview

Target OZ Neighborhoods



- New City Office
- ★ ▪ Franklinton
- ★ ▪ Hilltop
- ★ ▪ Milo-Grogan
- ★ ▪ Mt Vernon
- ★ ▪ Woodland Park
- ★ ▪ King-Lincoln
- ★ ▪ Olde Towne East
- ★ ▪ Southern Orchards
- ★ ▪ Vassor Village



Fund Overview

Project Pipeline

- Zoning Approved for New Construction of 12 Rental Units
- Urban Infill
- Located Near Job Centers
- Modern Finishes & Amenities
- Attainable Rental Pricing
- Near Downtown
- Walkable to Public Transit
- Support for Community Revitalization



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Fund Overview

- Mixed use developments
- New apartment buildings
- Commercial buildings
- Commercial renovations
- Will rent to local businesses
- Locations close to downtown

Project Pipeline



CBUS OZ FUNDS

CBUS Opportunity Zone Fund III LLC

Offering Summary

- ◆ The Fund is open to accredited investors only for the purchase/renovation and new construction of residential and mixed-use property within the urban core of Columbus.
- ◆ A total of \$50 Million will be raised over several years, with the money being deployed as it is raised.
- ◆ Operated by experienced real estate professionals who purchase neglected properties below market value and subsequently increase the value and rental income of the properties with significant renovations and new construction.
- ◆ Once renovated, the properties will be refinanced to return cash to the fund for the acquisition and construction of additional properties. This process will be repeated throughout the life of the Fund, offering massive value creation that is ultimately a tax-free capital gain for the investors.
- ◆ The completed projects will provide rental cash flow to the operating business while offering pass through tax deductions such as depreciation that does not have to be recaptured under the OZ tax incentives. Equity in the properties will increase over time as the mortgages are paid down with rental income. Significant appreciation is also expected but not relied upon.
- ◆ After the ten-year investment period required to achieve tax-free capital gains, the Fund will refinance and/or sell properties to provide investors with a target total return of 3.1X their initial investment (12% IRR, compounded annually and tax free upon 10-year exit).



CBUS OZ FUNDS

CBUS Opportunity Zone Fund III LLC

Offering Summary

- ◆ Accredited Investors Only
- ◆ Minimum Investment: \$100,000
- ◆ Time Period: 10 year minimum
- ◆ Open for both capital gain investments and non-capital gains
- ◆ Eligible for the State of Ohio OZ Tax Credit equal to 10% of investment amount
- ◆ Investment Strategy: Multi-Asset, Housing & Mixed-Use Portfolio for Diversified and Stabilized Growth
- ◆ Preferred Return: 8.00% (compounded annually)
 - ◆ The Investors receive 100% of distributions until they receive their initial investment plus the 8.00% Preferred Return
- ◆ Target Total Return to Investors: 3.1X initial investment after 10 years (12% annually compounded IRR)
 - ◆ After receiving their initial investment plus the 8% Preferred Return, investors will receive 85% of all distributions until they reach their target return of 12% IRR (3.1X initial investment).
- ◆ Ex: Investment of \$100,000 grows to \$310,585 over 10-year hold period



CBUS OZ FUNDS

OHIO Opportunity Zone Tax Credit

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CBUS Opportunity Zone Fund III LLC

Three Major Federal Tax Advantages

- ◆ If capital gains are invested into a Qualified Opportunity Zone Fund, the investor receives the following tax incentives:
 - 1) *Deferral*: The investor's current capital gains tax is deferred until 12/31/2026
 - 2) *Discount*: When the investor's current capital gain tax becomes due on 12/31/2026 (payable in 2027), the investor receives a discount of 10% on the tax owed.
 - 3) *Tax Free Capital Gains in the OZ Fund*: If the investment in the OZ fund is held for 10 years, the capital gain realized upon exit will be tax free.



CBUS OZ FUNDS

CBUS Opportunity Zone Fund III LLC

Example Investment of \$100,000 Capital Gains

- ◆ **Defer current capital gains tax until 12/31/2026 (payable in 2027)**
 - ◆ 20% capital gain tax on \$100,000 = \$20,000 that can be invested for 6 years before being paid to IRS.
 - ◆ \$20,000 at 12% IRR grows to \$39,476.45 after 6 years, so the tax essentially pays for itself.
- ◆ **Receive 10% discount of capital gains tax when due 12/31/2026**
 - ◆ 10% discount on \$20,000 tax = \$2,000 tax savings.
- ◆ **Investment in OZ Fund is eligible for a tax-free capital gain if held for 10 years**
 - ◆ \$100,000 at 12% IRR (compounded annually) over 10 years grows to \$310,584.82 resulting in a tax-free gain of \$210,584.82.
 - ◆ After tax equivalent is 14%+ IRR

STATE OF OHIO TAX CREDIT BONUS: All investors are eligible for the State of Ohio OZ income tax credit equal to 10% of the amount invested into Ohio opportunity zones. The tax credit certificate can be used to offset tax or can be sold for cash. Investment of \$100,000 = \$10,000 Ohio tax credit in year 1.

Investment	100,000
Projected 12% IRR	
Year 1	112,000
Year 2	125,440
Year 3	140,493
Year 4	157,352
Year 5	176,234
Year 6	197,382
Year 7	221,068
Year 8	247,596
Year 9	277,308
Year 10	310,585

**Plus \$10,000 State of
Ohio Tax Credit
Certificate in Year 1!**



CBUS OZ FUNDS

PLEASE NOTE: The Fund also accepts investment of non-capital gains, which would provide the same return, but gains made on the investment would be taxed normally.

Important Deadlines

- ◇ Fall 2021
 - ◇ CBUS OZ FUND III opens for investment.
- ◇ Throughout 2021:
 - ◇ Gains from 2021 asset sales are eligible for invested immediately, within 180 days of sale.
 - ◇ Pass through 2021 gains from entity asset sales are eligible immediately and into 2022.
- ◇ December 31st, 2021:
 - ◇ Last day to invest in order to be eligible for the full 5-year deferral and corresponding 10% discount on current capital gains tax.
 - ◇ Last day to invest to be eligible for the 2021 round of Ohio OZ tax credits



CBUS Opportunity Zone Fund III

Launching Fall 2021

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Website for CBUS OZ FUNDS: www.CBUSOZFUNDS.com



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