

# Opportunity Zones

**More than curb appeal, Opportunity Zones are new location-based tax incentives that may sweeten your business deal.**

Turn capital gains into long-term value. Opportunity Zones can help you defer taxes, grow after-tax returns, and support community development. At Sorren, we anticipate opportunities others miss. We help you evaluate whether an Opportunity Zone strategy fits your goals and guide you from planning through ongoing compliance.

## WHAT OPPORTUNITY ZONES ARE

Established in 2017, Opportunity Zones are federally designated areas that attract private investment through tax incentives. Investors can roll eligible capital gains into a Qualified Opportunity Fund (QOF) that invests in qualified property or operating businesses within Opportunity Zones.

### WHY INVESTORS CONSIDER OPPORTUNITY ZONES

#### FINANCIAL BENEFITS

**Tax deferral on eligible gains.** Roll prior capital gains into a QOF and defer recognition until the earlier of a qualifying exit or a statutory inclusion date.

**Potential basis increases tied to holding period.** Certain investments may qualify for step-ups based on when the investment was made and how long it is held. Eligibility depends on investment dates and current law.

**Tax-free appreciation on qualifying exits.** Hold a QOF investment for at least 10 years and, under current rules, potential appreciation in the QOF investment can be excluded from federal capital gains tax.

#### ECONOMIC & COMMUNITY BENEFITS

- Direct capital to areas that need it most.
- Support workforce development and affordable housing initiatives.
- Fund new and growing businesses with room to scale.
- Upgrade underutilized assets through capital improvements.
- Help build infrastructure that supports population and economic growth.

### HOW SORREN HELPS

- **Clarity first, then strategy:** Align opportunity zones with your goals, timeline, and risk profile.
- **End-to-end support:** Assist with eligible gains, QOF/QOZB structuring, diligence, modeling, and documentation.
- **Compliance you can count on:** Guide you through key rules (original use, substantial improvement, 90% asset test, safe harbors, filings).
- **Ongoing monitoring:** Track milestones, prepare required forms, and coordinate with legal/investment teams.
- **Aligned to outcomes:** Focus on after-tax returns, liquidity planning, and community impact.

### WHO THIS FITS AND WHAT TO CONSIDER

- **Investors with capital gains:** Confirm eligibility, meet reinvestment deadlines, and align hold/exit strategy.
- **Developers/operators in OZs:** Validate feasibility, financials, timelines, and assumptions.
- **Family offices & institutions:** Align QOF tax strategies with impact and overall goals.
- **For everyone:** Review state conformity and ensure timely, accurate filings.