Opportunity Fund Investment Timeline & Risk Analysis

SALE OF ASSET

Basis: $100M
Sale Price: $200M
Capital Gain: $100M
Tax Liability*: $20M

**Related to federal taxes only; assumes 20% rate*

DAY 1

INVEST IN OPPORTUNITY FUND

180 DAYS

Basis in Investment: $0
Tax Liability: $0
$20M tax liability deferred to 2026

BASIS STEP-UP

5 YEARS

Basis: $10M
Tax Benefit: $2M

7 YEARS

Basis: $15M
Tax Benefit Realized: $3M

TAX LIABILITY

DEC. 2026

Appreciated to FMV $500M
Tax Liability on original gain**: $17M

Depreciated to FMV $50k
Tax Liability on original gain**: $7M

***Assumes investment by December 31, 2019 so as to receive full benefits of holding for 7 years*

10 YEARS

Sale Price: $500M
Tax Basis: $500M
Actual Gain: $400M
Tax Gain: $0
Tax Liability: $0

LIQUIDATION OF INVESTMENT

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