



Four Points Funding

Investing in Opportunity Zones Throughout Rural Colorado

Vision



Four Points Funding seeks to drive investments across Colorado Opportunity Zones (OZs), unlocking nascent value in a myriad of growing rural communities

The investments are in areas already primed for great returns, are cash-flowing, and are bolstered by the tax benefits of investing in OZs

We will lead impactful community transformation by leveraging multiple investments in coordination with locally driven planning

Investment Strategy

Return Driven

Impact Motivated

More of what we are already doing



Assets range from housing to hotels to asset-backed operating businesses

Substantial improvement of land use that also create cash-flowing assets

Target communities have clear demand drivers and opportunities

We want to invest in already great opportunities and bolster returns with OZ tax benefits

Investment Thesis

Rural Colorado contains strong characteristics for high return projects



Our targeted geographies have:

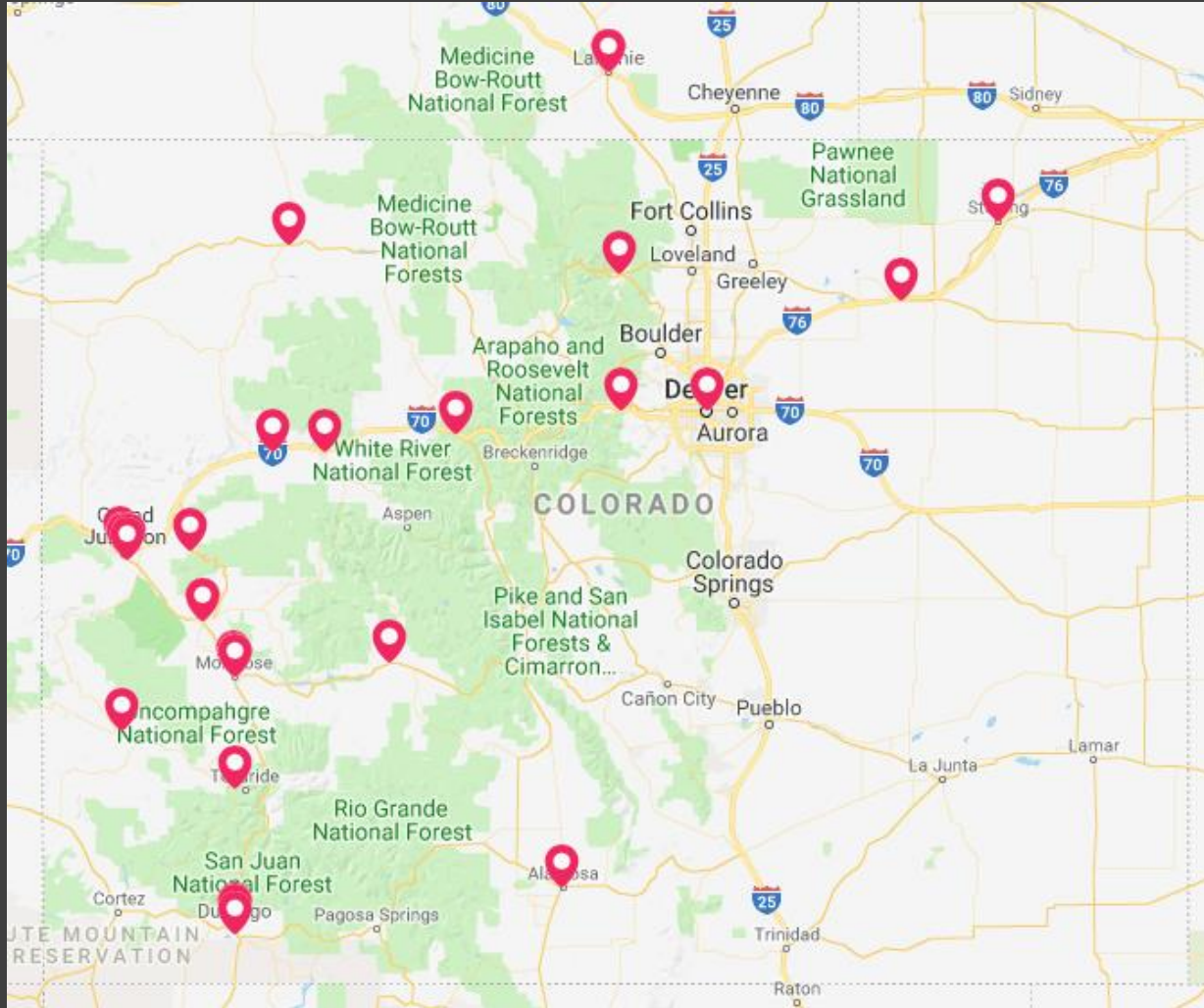
A strong realized and forecasted growth rate

An independently strong economy

Undervalued assets supporting strong need in the community

Educated labor force

Natural Pipeline for OZ Deals



2-year pipeline suggests a clear path to place ~\$200M in equity

We partner with best-in-market developers to lead each investment

We have the community support to de-risk developments

Pictured: Some of our key OZ communities

How it Works



Roll Gains Forward

Roll gains of any kind, including gains from stock or real estate, into a Qualified Opportunity Zone Fund. Unlike 1031 exchanges, only gains need to be rolled forward, allowing investors to extract their original basis.



Defer Taxes

Defer taxes on Gains realized today until 2026. This allows investing dollars that would otherwise be paid as taxes to increase your initial investment size, and ultimately your gains.



Reduce Taxes

If the investment is left in qualified OZ investments for 5 years, there is a 10% forgiveness of the 2026 bill. After 7 years, an additional 5% is forgiven for a total of 15% reduction in the deferred taxes due.



Eliminate Taxes

After 10 years, all capital gains made within the opportunity zone can be realized tax free. That's 100% forgiveness of taxes for gains made in the OZ, resulting in as much as a 40% boost to returns.

Who Can Invest



Capital Gains

Anyone* with short or long-term federal capital gains may invest into a Qualified Opportunity Zone Fund

180-Day Investment Period

Gains must be invested into a Qualified OZ fund within 180 days of realizing gains

Partnership Gain Exception

Partners of pass-through entities have the option to invest gains either within 180 days of the entity's gain recognition, or within 180 days of the *last day of the entity's taxable year* in which the gain was incurred

* Rural COZ Fund I is only able to accept Investment from Accredited Investors at this time

1031 Comparison



- Defer gains from sale of **any property** not just 1031 property
- **Separate basis from gains** and exit 1031 hamster wheel
- **180 days** to roll into OZ fund eliminates rush to identify next investment
- No qualified intermediary required in OZ
- Some key OZ restrictions do exist
 - Must double basis in invested property
 - Can not be from sale of related party



Sample OZ Benefits Analysis

Projections show a **\$2M investment** in a sample project with and without OZ Benefits.

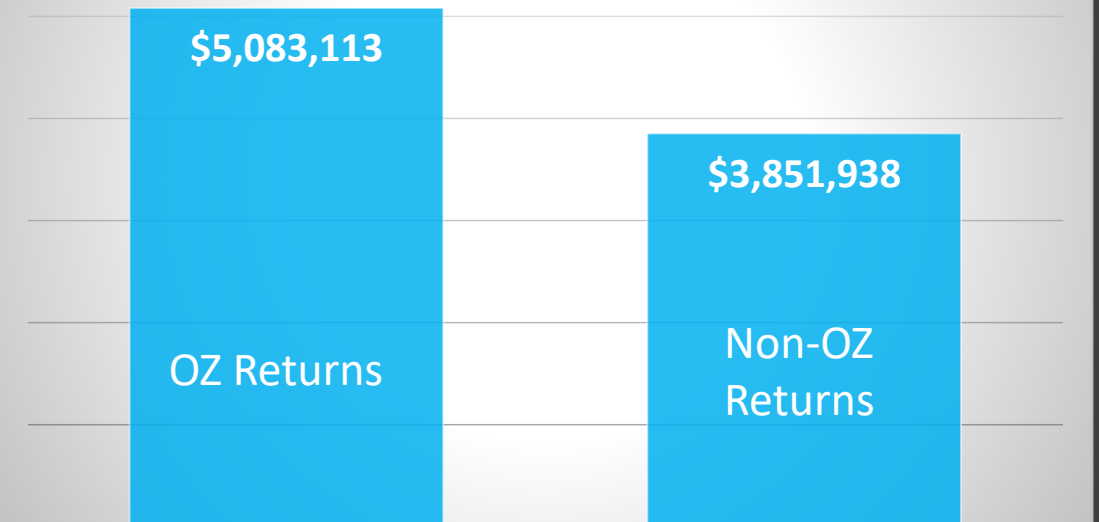
\$1,231,174 Net Increase – 31.96%

Assumptions

23.8% Cap Gains Tax Rate
35% Income Tax Rate

	OZ	Non-OZ
Return of Cap	\$2,000,000	\$1,524,000
Net Income	\$1,669,749	\$1,272,348
Net Gains	\$1,817,964	\$1,055,590

Total Income & Gains Returned



Structure of Investments

Investors invest in Rural COZ
Fund I

Fund invests in multiple
Qualified Opportunity Zone
Investments

10 year+ hold period
expectation

Appropriate hurdle rate relative
to cash flow expectations



Rehabilitation and New Development:

Commercial – possibly tied to specific businesses

Residential – single family and multi family workforce housing

Mixed-Use – combined residential and commercial

Asset-Based Businesses – place based businesses deriving revenue from the assets on the property

Fees

Always simple and transparent

Designed for long-term, cash-flowing investments

Management fees hit hard cliff after year 5



Terms

Minimum Commitment	\$100,000
Term	15 years

Fees and Expenses

Per Fund Setup Fee	\$50,000
Asset Management Year 1-3	2%
Asset Management Year 4-5	1%
Carried Interest	20%
Hurdle Rate	8%
Catch Up	50%
No Transaction Fees	
No Related Party Fees	

Investment Summary



The initial portfolio of investments contemplates the **need for ~\$200M in equity funding** to support approximately \$500M in development projects over the next five years

Currently raising Rural COZ Fund I. **Accepting funds June 2019 through January 2020**

Base case proforma shows **10-14% IRR** (net of fund fees) prior to calculating OZ benefits

Assets generate income at stabilization with cash distributions expected to begin as early as year 2 due to development timelines and forecasted demand

100% equity deployment occurring at fund conception

Projected investment time period is **10 to 12 years**

Management Team



Our team has a strong investment and operating background. Our experience spans real estate investment, venture investing and large operational management.

We played a major role in creating opportunity zones in Colorado and have unparalleled access to both impactful and high returning investments

We know these communities well as we are part of them. We have strong community knowledge and partnerships to deploy large amounts of capital aligned with community interests

We are major drivers of the rural startup ecosystem and will continue to help grow these communities outside of only investing in OZs



Chris Montgomery, Partner

Chris has been investing in real estate for the last 13 years, leading investment of \$104M in over 740 assets. Chris developed the most active distressed real estate investing firm in Western Colorado.

Chris is a founding partner of 4PF and active Angel Investor in startup businesses in rural Colorado. Prior to full time investing, he was the founder and CEO of a an Austin-based IT company which developed data driven web applications.



Shawn Bertini, Partner

Following the sale of his first tech company, Shawn enjoyed a career in technology that provided experience ranging from startup to super-global-mega-corp.

Managing global teams and high-availability platforms delivering millions of daily transactions through multiple mergers helped Shawn hone process discipline and personnel management skills that he has been applying to investing and mentoring in rural Colorado since helping found 4PF.



Stephanie Copeland, Partner

Stephanie joined 4PF in January of 2019 after serving Governor Hickenlooper on his cabinet leading economic development. While at the state, Stephanie led the team evaluating and designating Opportunity Zones in the state and has become one of the country's thought leaders in activating this investment incentive.

Prior to her role with Governor Hickenlooper, Stephanie spent over 25 years in the telecom sector building companies both in the US and in Europe, most recently as President of the Zayo Group.



Thank You

www.fourpointsfunding.com

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Endnote 1

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Endnote 2

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Endnote 3

The summary provided herein of the Fund’s terms and conditions does not purport to be complete. The Fund’s Memorandum and related Offering Materials should be read in their entirety prior to an investment in the Fund.

Total Project Equity	\$4,000,000		Projected Gains	\$3,635,928
Pre-Tax Gains to Invest	\$2,000,000		Projected Income	\$5,137,688
Non-Opportunity Zone Investment			Opportunity Zone	
Equity Into Project			Equity Into Project	
Pre-tax Gains to Invest	\$2,000,000		Pre-tax Gains to Invest	\$2,000,000
Approx. Capital Gains %	23.80%		Approx. Capital Gains %	0.00%
Approx. Capital Gains Tax	\$476,000		Approx. Capital Gains Tax	\$0
Equity for Project	\$1,524,000		Equity for Project	\$2,000,000
Percent Project Ownership	38.10%		Percent Project Ownership	50.00%
Returns			Returns	
Return of Capital	\$1,524,000		Return of Capital	\$2,000,000
Capital Gains at Sale	\$3,635,928		Capital Gains at Sale	\$3,635,928
Pro Rata Gains pre tax	\$1,385,289		Pro Rata Gains pre tax	\$1,817,964
Net Gain after Tax	\$1,055,590		Net Gain after Tax	\$1,817,964
Total Taxable Income	\$5,137,688		Total Taxable Income	\$5,137,688
Pro Rata Income Pre Tax	\$1,957,459		Pro Rata Income Pre Tax	\$2,568,844
Approx. Income Tax	35%		Approx. Income Tax	35%
Net Income After Tax	\$1,272,348		Net Income After Tax	\$1,669,749
2026 Tax Bill	n/a		2026 Tax Bill	(\$404,600)
Total Post Tax Return	\$3,851,938		Total Post Tax Return	\$5,083,113
			Increased Total Return	\$1,231,174
			Percent Increase in Total Return	31.96%