Investing In Opportunity Zones For Tax Advantages And Growth

A Special Opportunity to Invest in Attractive Real Estate, Reduce Taxes, and Grow Wealth Tax Free

Tax Advantages

Opportunity Zones offer significant tax benefits that can make investing even more lucrative. You may be eligible for deferral of capital gains taxes, reduced tax liability, and even tax-free growth.

High-Return Real Estate

Opportunity Zones are designated areas ripe for revitalization, offering the potential for substantial appreciation in real estate values.

Grow Wealth Tax Free

Opportunity Zone investments can generate significant returns, allowing you to build wealth tax-free.

November 2024

Cautionary Note Regarding Forward-Looking Statements

Certain statements in this whitepaper may be considered forward-looking, such as statements containing estimates, projections and other forward-looking information. Forward-looking statements are typically identified by words and phrases such as "anticipate," "estimate," "believe," "continue," "could," "intend," "may," "plan," "potential," "predict," "seek," "should," "will," "would," "expect," "objective," "projection," "forecast," "goal," "guidance," "outlook," "effort," "target" or the negative of such words and other comparable terminology. However, the absence of these words does not mean that a statement is not forward-looking. Any forward-looking statements expressing an expectation or belief as to future events is expressed in good faith and believed to be reasonable at the time such forward-looking statement is made. By their nature, forward-looking statements speak only as of the date they are made, are not statements of historical fact or guarantees of future performance and are subject to risks, uncertainties, assumptions or changes in circumstances that are difficult to predict or quantify or are beyond our control. Actual outcomes and results may differ materially from what is expressed in any forward-looking statement. Except as required by applicable law, including federal securities laws, we do not intend to update any of the forward-looking statements to conform them to actual results or revised expectations.

In This Report

What are Opportunity Zones?

In collaboration with state and local governments, the U.S. Department of the Treasury has certified 8,764 communities in all 50 states, the District of Columbia, and five U.S. territories as Opportunity Zones. Quoting the Treasury Department, nearly 35 million Americans live in areas designated as Opportunity Zones. These communities present both the need for investment and significant investment opportunities.

Sweetening the deal with Opportunity Zones

Revitalizing Communities

Opportunity Zones are designated areas ripe for revitalization, offering the potential for substantial appreciation in real estate values.

Tax Benefits

Taxpayers investing in Opportunity Zones through Qualified Opportunity Funds can benefit from tax deferral, reduced tax liability, and tax-free growth, enhancing after-tax returns.

While underdeveloped parts of the United States are attractive investment targets to begin with, the Trump administration further sweetened the deal for real estate investors through enactment of the Tax Cuts and Jobs Act of 2017 ("TCJA"). Through the TCJA, taxpayers who invest in certain underdeveloped parts of the country, designated as Opportunity Zones, via Qualified Opportunity Funds can avail themselves of several tax advantages that significantly improve the after-tax returns on their investments. These tax incentives have been specifically designed to direct the flow of capital into areas of the United States that need it the most.

What are the tax benefits of investing in Opportunity Zones?

1

Deferral of Capital Gains Taxes

Capital gains (short-term or long-term) from the sale or exchange of any capital assets that are reinvested in Opportunity Zones within 180 days following the sale or exchange, will be excluded from an investor's gross taxable income until the earlier of: December 31, 2026 or the date the investor sells his Opportunity Zone investment.

2

Exemption of Capital Gains Taxes for Investments in Opportunity Zones

Opportunity Zone investors are eligible for an exemption from federal taxation (the majority of states conform as well) on capital gains derived from the appreciation of their Opportunity Zone investment, if the investment is held for at least 10 years.

3

Possible State Income Tax Benefits under Federal Opportunity Zone Program

Depending on the state where an investor is domiciled and whether that state conforms with federal Opportunity Zone regulations, an investor may be entitled to receive the same federal Opportunity Zone capital gains tax benefits (deferral and elimination of capital gains taxes) on a state income tax level.

How to invest in Opportunity Zones?

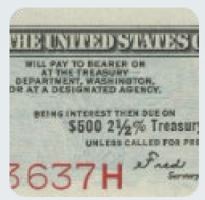
To take advantage of the tax benefits of investing in Opportunity Zones:

Requirement	Description
Investment Deadline	Reinvest capital gains into a Qualified Opportunity Fund within 180 days.
Start of 180-Day Period	Period begins on the day of sale or exchange of prior investment for most cases.
Extensions	Extensions possible for pass-through entities and specific property types.
Consultation	Investors should seek advice from tax, legal, and accounting professionals.

What qualifies to invest in Opportunity Zones?

Capital gains in a wide array of asset classes can receive tax benefits, including but not limited to:

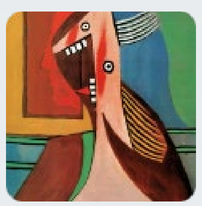
Stocks



Bonds

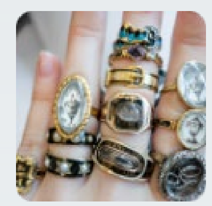
Commodities

Cryptocurrencies



Artwork

Automobiles



Jewelry

Real Estate

Only capital gains are eligible to receive the Opportunity Zone tax benefits, but the eligible capital gains can be either short-term or long-term capital gains.

The principal/basis (non-capital gains) from a prior investment can also be invested into Qualified Opportunity Funds, but the noncapital gains portion will not receive the tax benefits associated with Opportunity Zones.

Why individual and institutional clients should consider Opportunity Zone investments in their portfolios

We believe investors, whether individual or institutional, should consider Opportunity Zone investments in their portfolio. If an investor is currently sitting on capital gains in their portfolio, they should consider investing in a Qualified Opportunity Fund. Investors with capital gains, investing in a Qualified Opportunity Fund is almost akin to getting a "free option". This being so for the following reasons:

1. An investor with unrealized capital gains, for instance capital gains in the stock of a listed company such as Apple, could sell that stock and then immediately rebuy that same stock. The investor's tax basis in the stock would increase to current price. The capital gains that the investor thus realizes can then be reinvested into a Qualified Opportunity Fund, and the tax on these capital gains can be deferred until the end of 2026. The investor steps-up his stock position to market value, while deferring taxes on associated capital gains until taxes are due on April 15, 2027.
2. In addition, the appreciation that an investor realizes on capital gains invested in a Qualified Opportunity Fund is tax-free, if the investor holds the Qualified Opportunity Fund investment for at least 10 years.

Bringing it all together: The right investment structure

For an investor to maximize their benefits from investing in Opportunity Zones, we believe they need the right investment manager and the right investment structure. As discussed above, an investment in Opportunity Zones offers strong capital appreciation potential, as well as very substantial tax advantages. Most Qualified Opportunity Funds set up for Opportunity Zone investing are structured as private equity funds that are not registered with the U.S. Securities and Exchange Commission nor publicly traded. Typical real estate private equity funds have high fees, low transparency, and no liquidity before the maturation of the fund, which usually runs for 12-14 years. Therefore, we believe that a private equity structure is far from ideal for Opportunity Zone investors. We believe the optimal structure for investing in Opportunity Zones is a public real estate partnership structure.

Benefits of a Public Real Estate Partnership structure

A public real estate partnership structure can offer several advantages over other structures, such as:

- Pass-through income, avoiding double taxation for investors.
- Pass through depreciation with no depreciation recapture if investment is held for 10 years
- Low minimums for investor access.
- Potential for distributions.
- Annual distributions of at least 90% of taxable income.
- Up to a 20% reduction on taxable distributions via Internal Revenue Code Section 199A tax benefit.

In addition, a public real estate partnership structure can further enhance the above stated benefits, as follows:

- Provide unitholders with better reporting, transparency, and oversight.
- Opportunity for ongoing liquidity.
- Unitholders have greater control over their exit timing and amount.
- Allows non-accredited investors to access the investment class.
- Simplified purchase process.

Belpointe PREP, LLC ("Belpointe OZ")

The team at Belpointe worked for numerous years to develop and register what we believe is the absolute best structure for both individual and institutional investors in Opportunity Zones. That structure is: Belpointe OZ.

In addition to an ideal structure, OZ is also the only publicly traded Qualified Opportunity Fund (NYSE American: "OZ") meaning its unitholders have the opportunity to buy or sell their investment in the public markets. Further, in order to disrupt the U.S. real estate industry, Belpointe OZ is charging among the lowest fees in the industry:

1. **Near-term Revenue Potential**

   Belpointe OZ provides investors with a rare opportunity to invest in a QOF that already has a prime asset leasing up, offering near-term revenue generation.

2. **No investor servicing fees.**

3. **No Disposition fees.**

4. **0.75% Annual Management Fee.**

5. **5% Carried Interest.**

Lastly, Belpointe OZ is backed by the in-house real estate development and construction expertise of the Belpointe Real Estate Group, which is comprised of former senior leaders at numerous institutional investment platforms.

In conclusion: Incorporating Belpointe OZ into client portfolios

For financial advisors, accountants, and tax attorneys, who are advising their clients on Opportunity Zone investing, we believe Belpointe offers OZ the ideal vehicle for the following reasons:

- A publicly traded vehicle (NYSE American: "OZ") and investors can liquidate their investment at their discretion.
- Provides full Opportunity Zone tax benefits.
- Provides pass through depreciation with no depreciation recapture if investment is held for 10 years or more. This essentially means the majority of your distributions could be tax-free.
- No 45 day identification period.
- No qualified intermediary.
- Provides up to a 20% reduction on taxable distributions via Internal Revenue Code Section 199A of the Code.
- Open to non-accredited investors.
- Offers the opportunity to achieve high quality, actively managed, and diversified real estate exposure, through the in-house development and construction expertise of the Belpointe Real Estate Group which is comprised of former senior leaders at AvalonBay®.
- Offers some of the lowest fees in the industry, with a 0.75% annual management fee, 5% carried interest, ZERO investor servicing fees, and ZERO disposition fees.
- No Capital calls.

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About Belpointe

Belpointe, the parent company of Belpointe OZ, was established in 2001 as a family office and investment firm. Over the years, it has expanded to over 13 lines of business, including a Registered Investment Advisory firm with more than $5 billion in assets under management, legal services, insurance, real estate services, and more. The firm has over 200 professionals operating in offices across the country. Belpointe is headquartered in Greenwich, CT.

About Belpointe Real Estate Group

Belpointe's Real Estate Group ("Belpointe") is led by a seasoned team with extensive experience from some of the nation's top financial institutions and multifamily investment firms such as AvalonBay and Greystar.

Belpointe is fully integrated with real estate development, construction and management in-house, specializing in multifamily investment strategies, specifically in ground-up construction.

The Real Estate Group has been operating under the Belpointe brand beginning in 2012 where they sponsored three real estate investment vehicles.

About Belpointe OZ

Belpointe PREP, LLC ("Belpointe OZ") (NYSE American: OZ) is actively developing a portfolio of multifamily and mixed-use projects in Opportunity Zones across long-term growth markets in the U.S. As one of the leading Qualified Opportunity Funds ("QOF") in the market, Belpointe OZ currently owns 15 assets. One project is in the lease-up phase, and another is expected to begin leasing in 2025. The Company will continue to invest in its robust development pipeline, including new development projects, pre-TCO acquisitions, and stabilized asset acquisitions — a strategy unique to Belpointe OZ. Belpointe OZ is the only QOF to be listed on a National Securities Exchange which means investors control when they buy and when they sell.

Important Information and Qualifications

Belpointe PREP has filed 2 registration statements (including a prospectus) with the U.S. Securities and Exchange Commission (the “SEC”) for the offer and sale of up to $1,500,000,000 of Class A units representing limited liability interests in Belpointe PREP. You should read Belpointe PREP’s most recent prospectus and the other documents that it has filed with the SEC for more complete information about Belpointe PREP and the offering. Investing in Belpointe PREP’s Class A units involves a high degree of risk, including a complete loss of investment. Prior to making an investment decision, you should carefully consider Belpointe PREP’s investment objectives and strategy, risk factors, fees and expenses and any tax consequences that may results from an investment in Belpointe PREP’s Class A units. To view Belpointe PREP’s most recent prospectus and other filings, which contain this and other important information, visit ww.sec.gov or www.belpointeoz.com. Alternatively, you may request Belpointe PREP send you the prospectus by calling (203) 883-1944 or emailing claidlaw@belpointe . com. Read the prospectus and the other documents that Belpointe PREP has filed with the SEC in their entirety before making an investment decision. This communication may not be distributed in any jurisdiction where it is unlawful to do so. Nothing in this communication is or should be construed as an offer to sell or solicitation of an offer to buy Belpointe PREP’s Class A units in any jurisdiction where it is unlawful to do so. This communication contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which reflect the current views of Belpointe PREP with respect to, among other things, our future results of operations and financial performance. Estimates, projections and other forward-looking statements can typically be identified by words and phrases such as “anticipate,” “estimate,” “believe,” “continue,” “could,” “intend,” “may,” “plan,” “potential,” “predict,” “seek,” “should,” “will,” “would,” “expect,” “objective,” “projection,” “forecast,” “goal,” “guidance,” “outlook,” “effort,” “target” or the negative of such words and other comparable terminology. However, the absence of these words does not mean that a statement is not forward-looking. Any forward-looking statement expressing an expectation or belief as to future events is expressed in good faith and believed to be reasonable at the time such forward-looking statement was made. However, these statements are not guarantees of future events and involve risks, uncertainties and other factors beyond Belpointe PREP’s control. Therefore, we caution you against relying on any forward-looking statements. Actual outcomes and results may differ materially from what is expressed in any forward-looking statement. Except as required by applicable law, including federal securities laws, Belpointe PREP does not intend to update any forward-looking statements to conform them to actual results or revised expectations.