



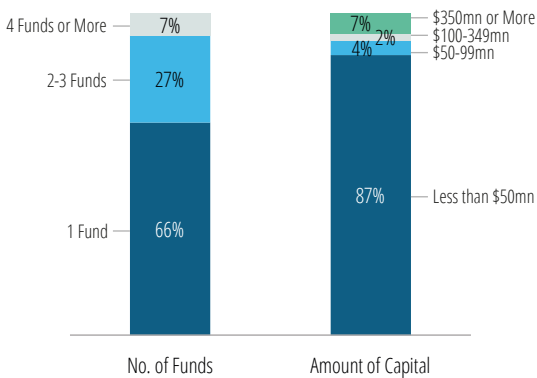
OPPORTUNITY ZONE FUNDS: INVESTORS WAITING IN THE WINGS

Opportunity Zone Funds (OZFs) are investment vehicles targeting properties, businesses and other assets within outlined opportunity zones in the US. These zones were created alongside the Tax Cuts and Jobs Act of 2017 and allow for investment in distressed areas. There are around 8,700 opportunity zones demarcated across the country, and investors can receive significant deferrals on their capital gains taxes by investing in opportunity zones.

There is a lot of interest surrounding the newly introduced OZF market. In January 2019, Preqin

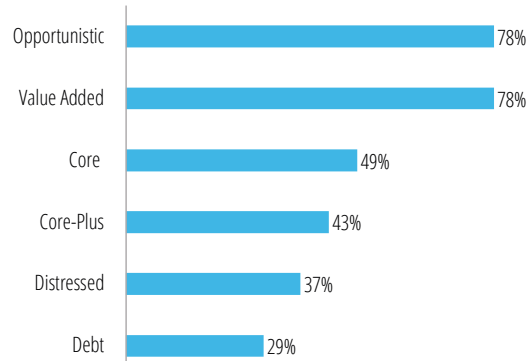
conducted a survey of investors to gauge their perception of these new investment vehicles, and understand how OZFs may impact their investment plans going forwards. Due to the uncertainty surrounding unfinished regulations, as well as the risks associated with investing in distressed regions, the survey found that LPs are wary of investing in opportunity zones, with 92% of surveyed investors not currently invested in OZFs. However, 51% of respondents are considering investing in OZFs in the next 12 months, and a further 12% would be interested in investing after this timeframe, highlighting the interest in this nascent industry.

Fig. 1: Investors' Plans for Opportunity Zone Funds in the Next 12 Months



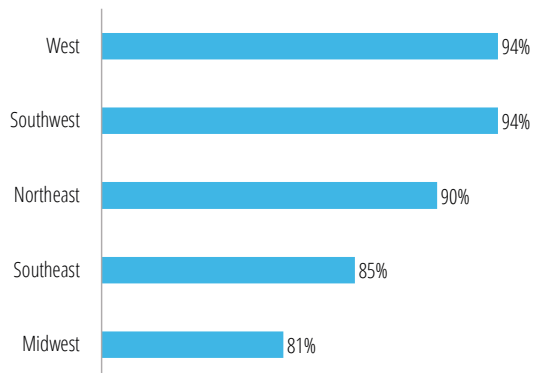
Source: Preqin Investor Interviews, January 2019

Fig. 2: Real Estate Strategies Targeted for Investors' Opportunity Zone Fund Investments



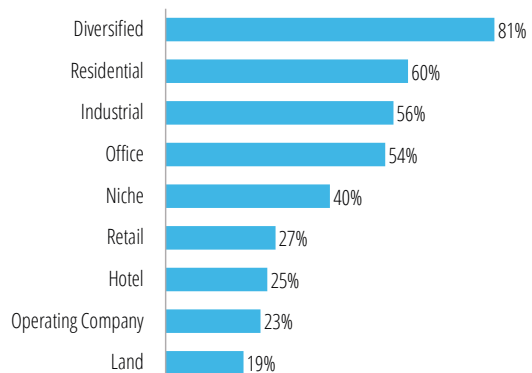
Source: Preqin Investor Interviews, January 2019

Fig. 3: Regions Targeted for Investors' Opportunity Zone Fund Investments



Source: Preqin Investor Interviews, January 2019

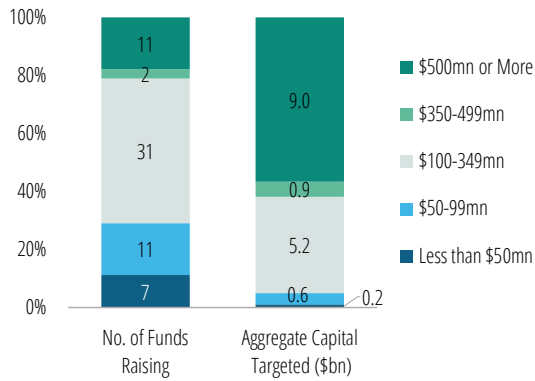
Fig. 4: Property Types Targeted for Investors' Opportunity Zone Fund Investments



Source: Preqin Investor Interviews, January 2019

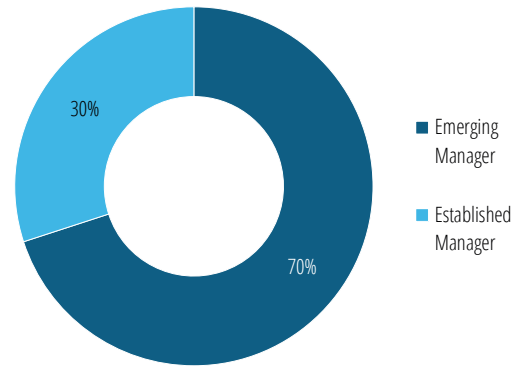


Fig. 5: Opportunity Zone Funds in Market by Target Size



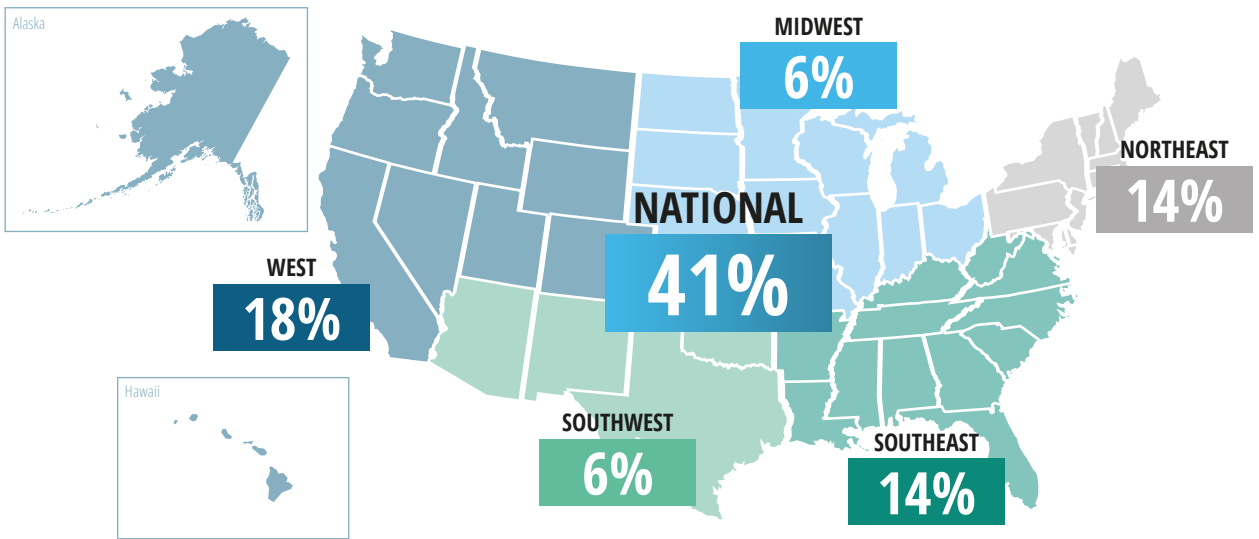
Source: Preqin Pro. Data as at February 2019

Fig. 6: Opportunity Zone Funds in Market by Manager Experience



Source: Preqin Pro. Data as at February 2019

Fig. 7: Opportunity Zone Funds in Market by Geographic Focus



Source: Preqin Pro. Data as at February 2019

PREQIN INSIGHTS

For the full survey write-up and data pack, please visit:
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