



TOOLS & INCENTIVES TO REACTIVATE THE REAL ESTATE INDUSTRY IN TODAY'S ENVIRONMENT

URBAN LAND INSTITUTE/ NEW ORLEANS
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FAEGRE DRINKER IS A LEADER IN THE OZ MARKETPLACE

INFLUENCING PUBLIC THOUGHT ON OZ

Acknowledged Thought Leaders

- Participants in OZ Conferences
- Published Articles on Opportunity Zones

Provider of Educational Resources

- OZ Introduction Webinar
- Social Equity & Gentrification OZ Webinar
- A to OZ Primer



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EXECUTING OZ RELATED TRANSACTIONS

OZ Fund Formation

Wealth Management
(Family Office Investment)

Corporate HQ & Corporate Investments

Municipal Advisory & Strategy

COVID-19 MARKET TRENDS AND REAL ESTATE

MUNICIPAL & FEDERAL STAGES OF PANDEMIC RESPONSE

Health Crisis Response

- Lockdown, Investments halted

Employment Triage

- Federal response to encourage retention, local response

Local Stimulus Plan

- Municipalities still in denial but beginning to plan, Federal government yet to fully respond

Recovery Plans

- Federal government & municipalities make strategic investment to spur growth

Municipal Impact Realized

- Local municipalities begin/continue to restructure, make service cuts, raise taxes in response to full economic impact

We Are Here



PREPARING FOR THE “NEW NORMAL” IN REAL ESTATE

Globalization in Retreat

- Across the global, there are national efforts to reshape the trends of globalization
- The interconnectedness of the world will not be eradicated but there will be substantial shifts in investment and production patterns

Travel Patterns Shifting

- As happened after 9/11, a large percentage of leisure travel will be domestic versus international benefiting domestic tourism
- Business travel is likely to retrench with locations with acyclical demand from military bases, hospitals and universities outperforming

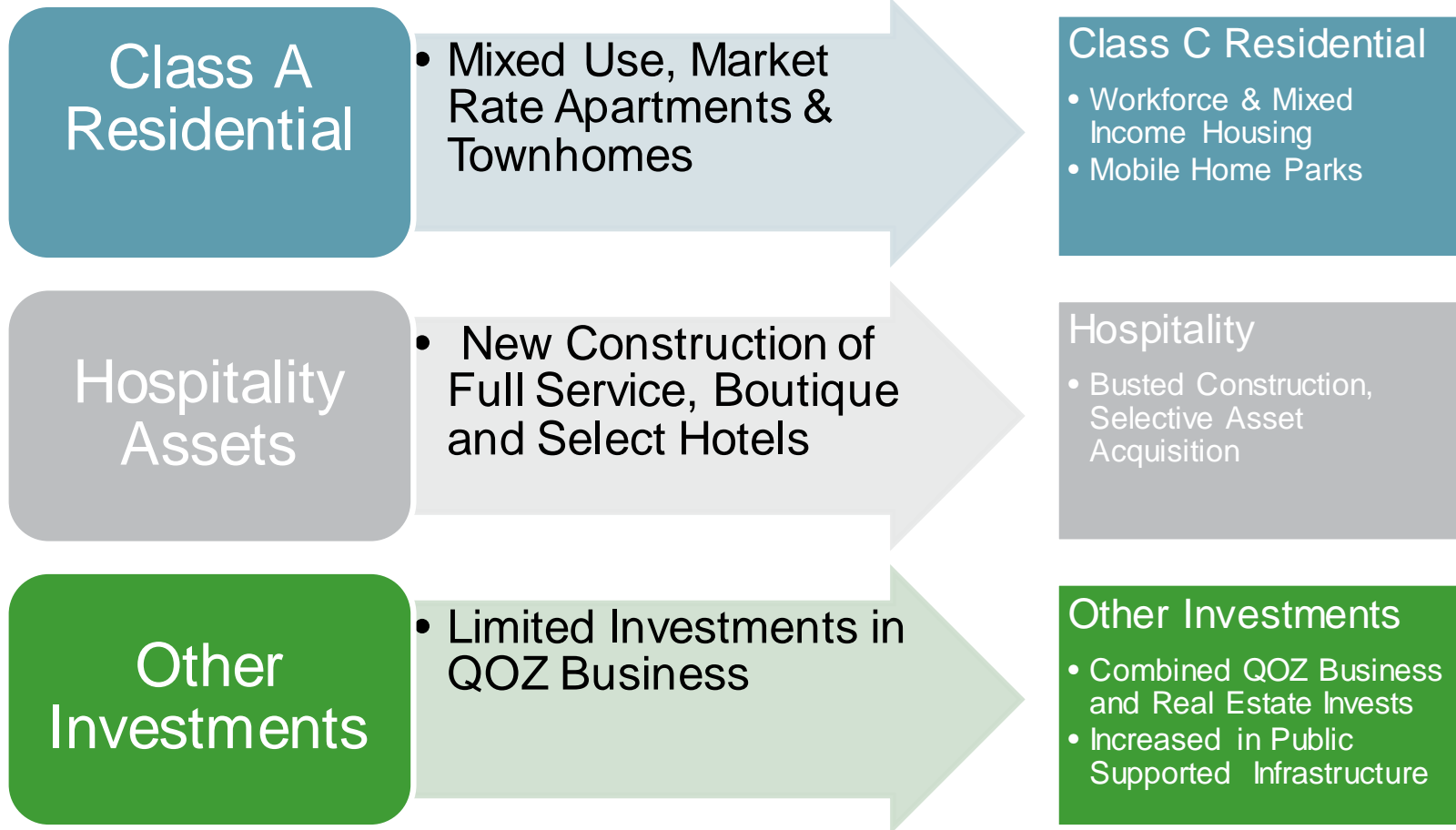
The New Normal of Personal Interaction

- Hospitality in particular but every category from retail to class A offices and industrial locations will need to rethink and recreate personal interactions with an eye towards:
 - Food and worker safety
 - Customer and client safety
 - Crowd management & Safety
 - The expectations and safety of personal interactions

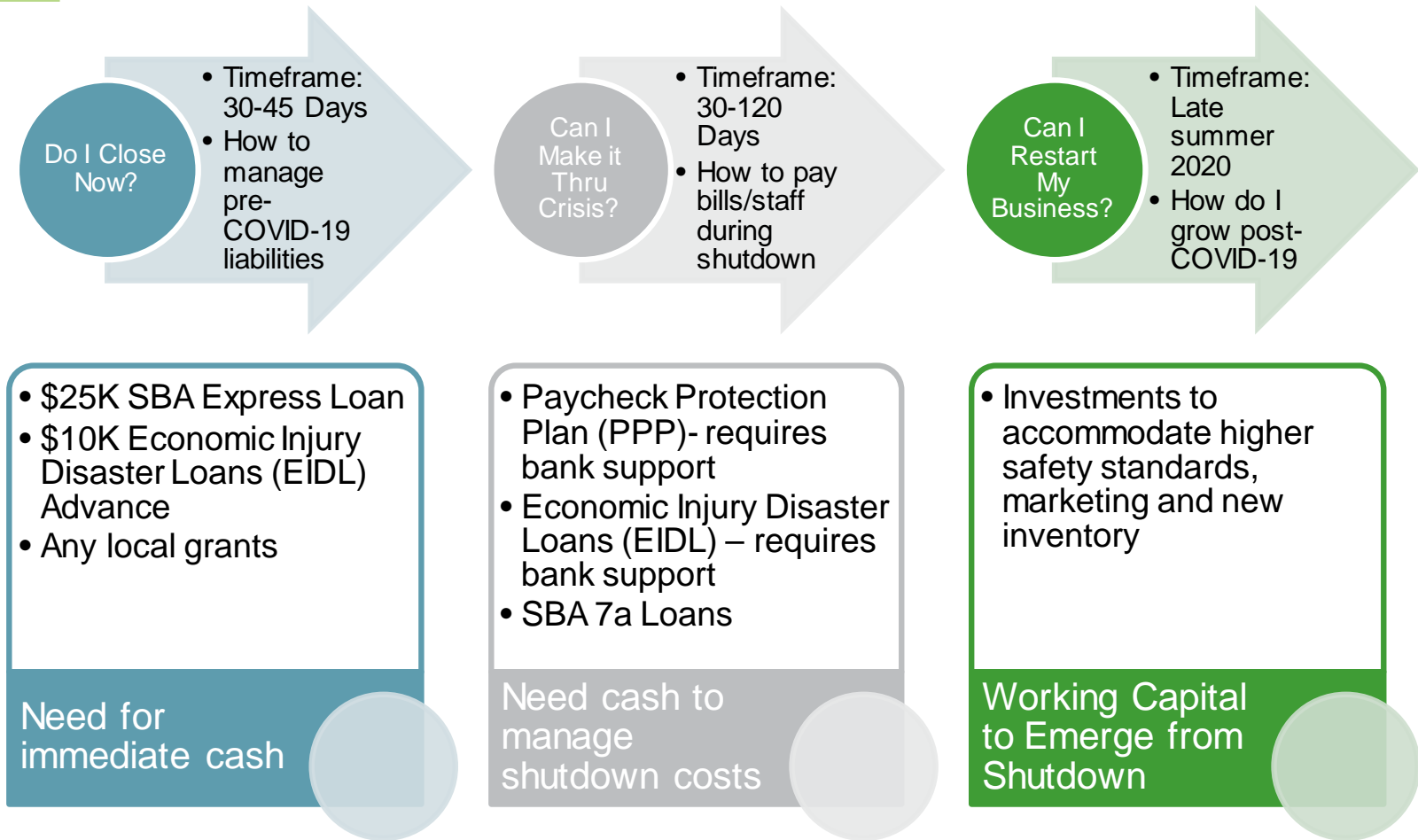
Public Money will Lead Private Real Estate Investment

- The level of uncertainty in the market will shift the drivers in the real estate market
- Federal and state investment in real estate and infrastructure projects will serve as both a market signal and a risk mitigation tool to encourage private real estate investment by asset class and geographic location

REAL ESTATE RETREATS TO SUBSIDIZED INVESTMENTS



THE DECISION POINTS AND CAPITAL NEEDS OF BUSINESSES



SOURCES OF PUBLIC FUNDING

THE CARES ACTS AND LOCAL FUNDS

Housing & Urban Development

- CDBG
 - Home Funds
 - 504 Loans
- Housing Vouchers

Small Business Administration

- Paycheck Protection Plan (PPP)- requires bank support
- Economic Injury Disaster Loans (EIDL) – requires bank support
- SBA 7a Loans

EDA

- Construction Grants
- Revolving Loan Fund
- Capacity Building Grants
- Planning Grants

Local Municipal Funds Recovery Funds

- Recovery Funds (Grant, Debt & Equity)
- Asset Recycling

- ▶ The public funding will drive a substantial amount of real estate investment as we reemerge into this post COVID-19 world.
- ▶ Public private partnerships will become even more important.
- ▶ Much of the Federal public funding will be driven geographically by opportunity zones.

PROJECTED OZ MARKET INVESTMENT PROFILE

Early Stage OZ Investments – Investment Ready Projects (2018-2020)

Capture 7 year tax reduction benefit before Jan 2020

Swap one form of capital for OZ investment money

Projects likely to be located in “gentrified” areas



Intermediate Stage 2 OZ Investments – Concept Ready Projects (2020-2022)

Capture 5 year tax reduction benefit before Jan 2023

Investment will likely follow demonstrated public investment

Municipalities will drive location and sharing of social benefit

Likely to include clean energy, agricultural and infrastructure projects



Late Stage OZ Investments – Combined Operating & Real Estate Projects (2021-2026)

Capture 10 year tax free appreciation benefit

Investment will likely follow demonstrated public investment

May be one of projects or part of large concepts with multiple investments

STRATEGY RECOMMENDATION: PATH TO OZ ATTRACTION

Municipal & University Prioritization

Existing or Potential Single & Multi Project Identification

Pre-Development Needs and Fund Sourcing



Public Investment

Site Aggregation & Planning

Zoning & Permitting

Infrastructure

Direct Co-Investment



Private Follow-on Investment

Catalyst Projects

- Initiate multi project sites
- Can sometimes be public infrastructure

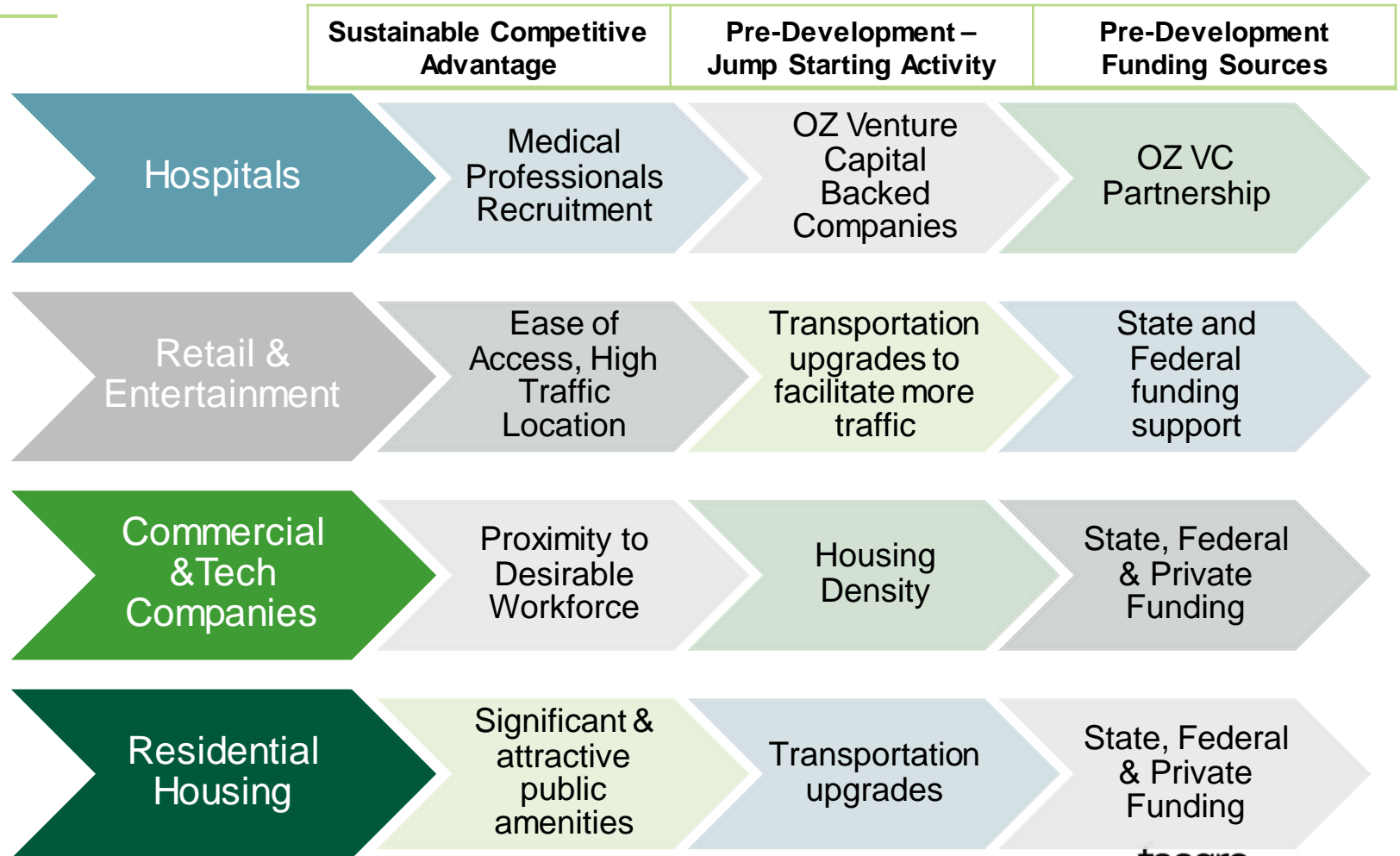
Anchor Projects

- Establishes cashflow
- Attracts related industries and businesses

Fill Projects

- Develop organically from catalyst and/or anchor projects and/or master plan

OZ INVESTOR INTEREST & COMPETITIVE ADVANTAGE

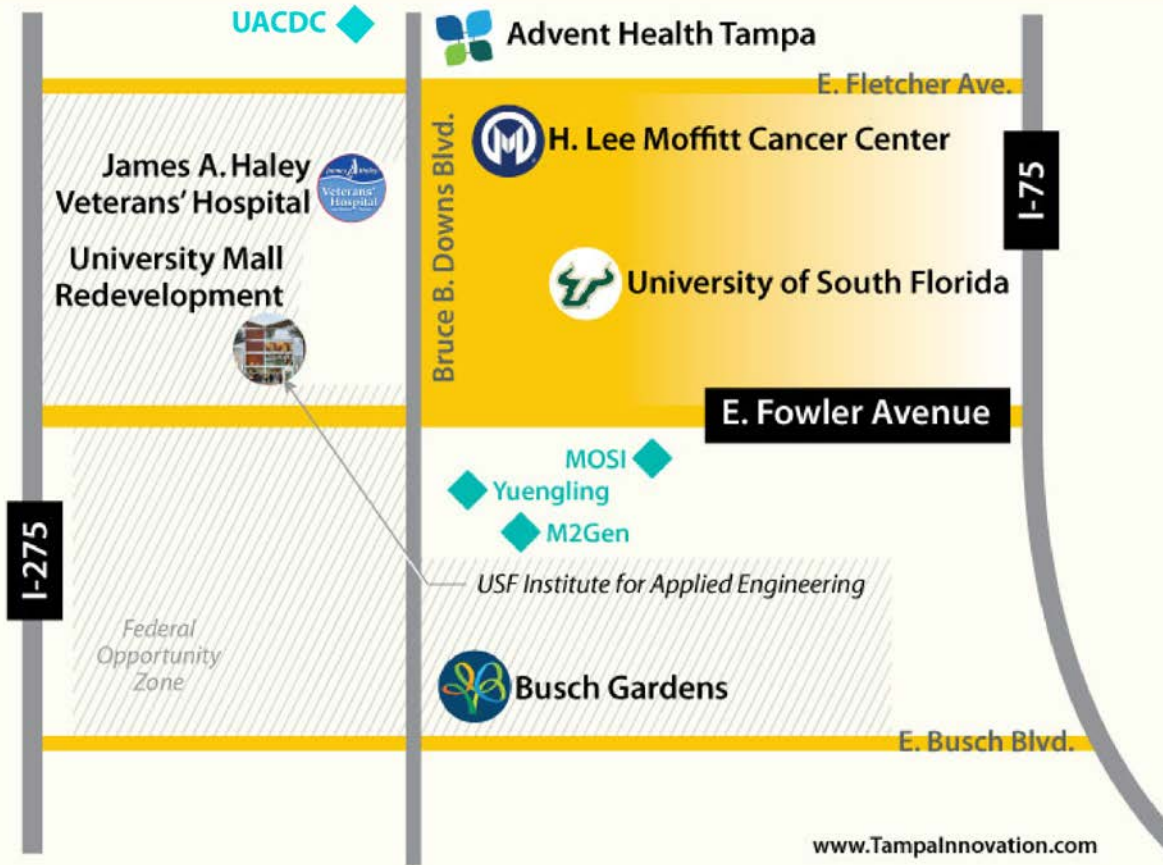


EXAMPLE PROJECTS

THE LARGEST OPPORTUNITY ZONE PROJECT IN THE US...

!p Tampa Innovation Partnership

Uptown Ecosystem



www.TampaInnovation.com

→ The Tampa Innovation District is arguably the largest opportunity zone project in the United States by area and diversity of OZ projects. The effort underway in Tampa to revive a struggling mall and to redevelop the surrounding neighborhood area without displacement of people and businesses represents both the promise and spirit of the opportunity zones legislation.” The District is:

- 19 sq. mile redevelopment area
- 100 acre mall with multi-billion dollar investment
- Largest medical district in Florida
- 2nd largest VA Hospital in US
- 44,000 Students at University of South Florida
- 4 million annual visitors to Busch Gardens



OVERCOMING GATING ISSUES TO ACHIEVE EQUITABLE GROWTH

Large Scale Gating Issues

- Transportation
- Infrastructure – Waste & Storm Water
- Infrastructure Improvements

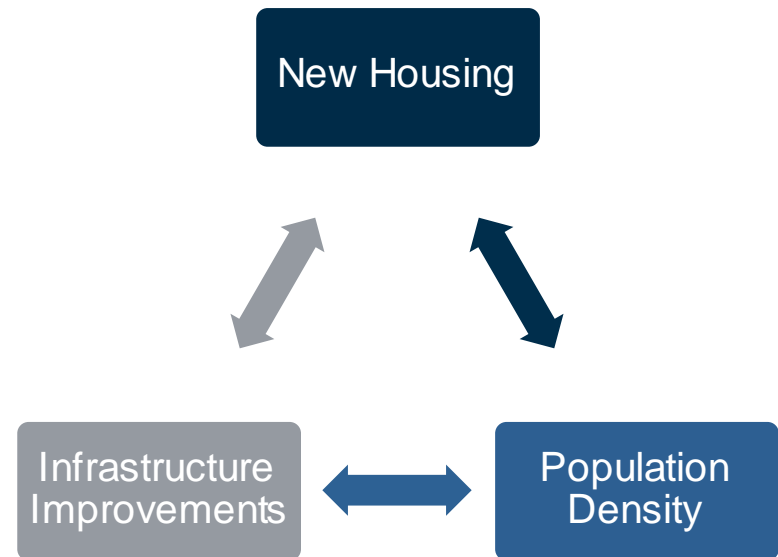
Site Specific Gating Issues

- Site Control
- Land-Use
- Zoning
- Pre-Development Activities

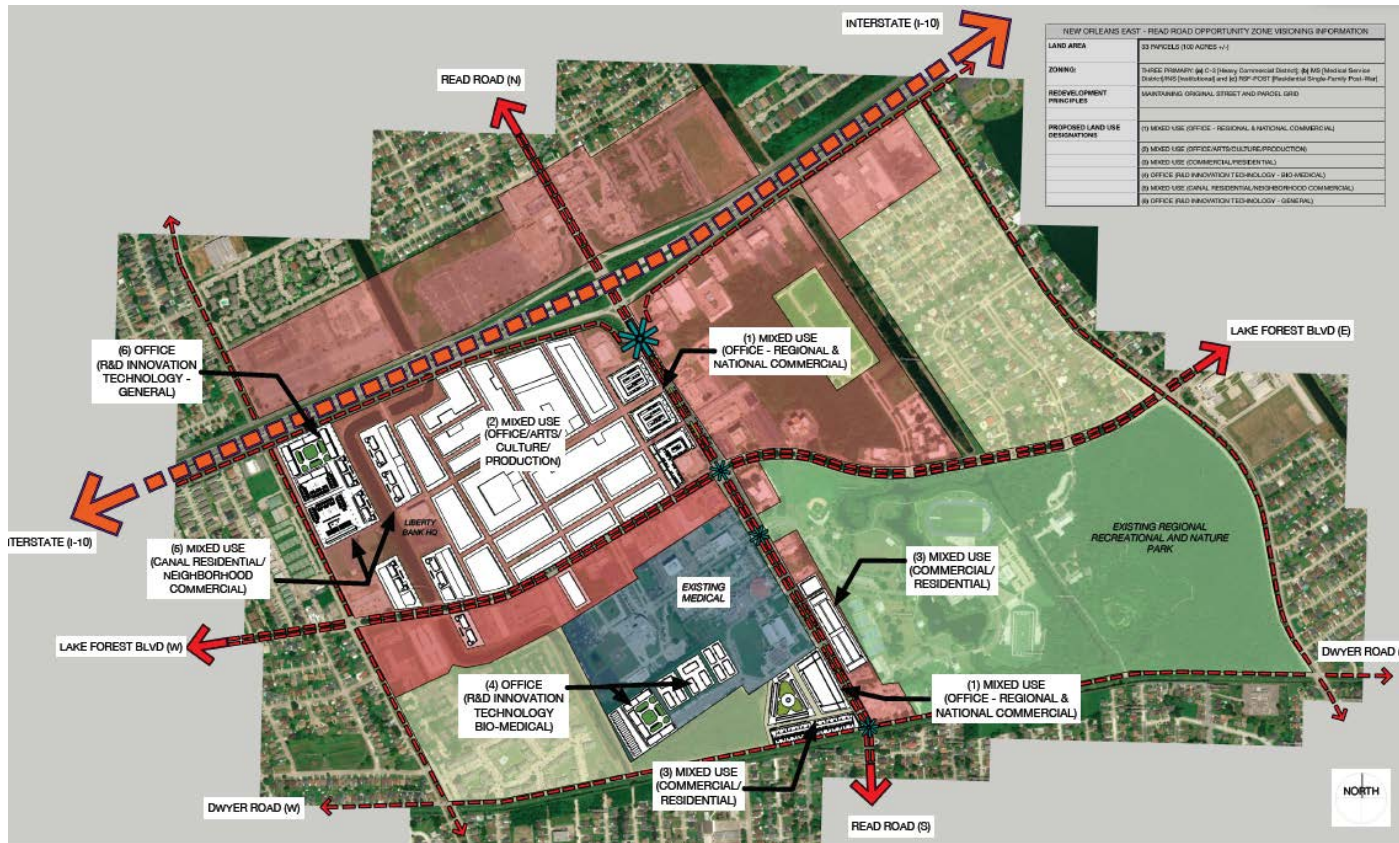
Funder/ Operator Gating Issues

- Developer Identification
- Business/ Entrepreneur Identification
- Incentives

Achieving population growth and enhanced tax revenue **without** displacement cannot be achieved without a substantial investment in storm water and waste water infrastructure that will allow for the population density that can, in turn, fund the enhancements.



OZ MIXED USE RESIDENTIAL INVESTMENT LAKE FOREST BLVD NEW ORLEANS



Attractions & Assets

- Lake Forest Blvd
- Plaza Site
- NOE Hospital
- Joe Brown
- Audubon
- Franklin Ave Household of Faith
- Lake Forest Academy

Recent Projects

- Public Investment
 - Site at Mayor
- Private Investment
 - Bullard Strip Mall Improv.
 - South Central Bell Site
 - Toys R Us Site

A VIEW OF THE ECONOMY & INDUSTRY

THE FUND RATIONALE NARRATIVE

The Health Crisis has caused a Liquidity Crisis which has resulted in a Solvency Crisis with substantial bankruptcies in the hospitality industry expected over the next two years

The economic impact of COVID-19 has been disproportionate with the hospitality industry suffering almost **50% of all job losses in the country** to date.

Hospitality's breadth of immersion in every aspect of the American economy distinguishes it from other industries. **Government support (Federal and local) is critical yet insufficient** to stem the tide of bankruptcies.

There a number of strong hospitality operators with thriving Pre-COVID-19 businesses that are now at-risk of insolvency. These operators are willing to **sell stakes in their businesses for patient equity capital at a discount to market valuation.**

Hospitality assets that survive the COVID-19 lockdown will benefit from the reduction of overall hospitality supply, the increase of domestic travel and the expected economic growth over the next 5-10 years.

HOSPITALITY IMPACT FUND FUND FOCUS & STRUCTURE

Investment Focus

The Hospitality Impact Fund I will target:

- Undervalued hospitality related businesses & real estate
- Companies & assets with operational improvement possibilities preferably located within opportunity zones
- A mixed portfolio driven by leisure/business transient demand AND acyclical demand from medical, university and/or military activity

Fund Structure

Fund Size	\$100MM
1st Close (Q3-2020)	\$25MM
Life of Fund	10 Years
Commitment Period	3 Years
Management Fee	2%
Carried Interest	20% after
LP Minimum	\$250K individual \$1MM institution
Investment Type	Convertible Preferred Equity Opportunity Zone Preferred