



Opportunity Zone 2.0 Goes Rural

Promised Land Opportunity Zone



Agenda

1. Opportunity Zone 1.0 vs. 2.0
2. 2025 Annual Survey Report on Opportunity Zones
3. Promised Land Fund Overview
4. Opportunity Zone Mapping Tools



Opportunity Zone 1.0 vs 2.0



Opportunity Zone (OZ) Program Overview 1.0



Socioeconomic Impact

New capital is expected to spur economic activity, community revitalization, and job creation.



Untapped Opportunity

Large addressable market of farmland situated in Opportunity Zones across the country.

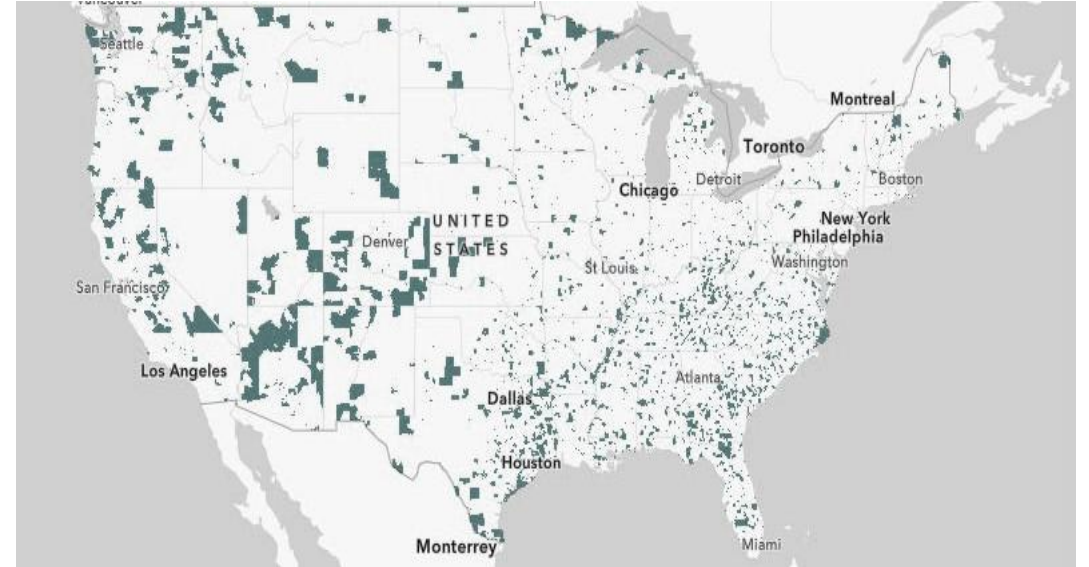


OZ Tax Benefits

Established to incentivize the movement of capital into "low-income communities" by providing specific tax benefits

Tax benefits subject to OZ program conditions

- **Deferral of tax on capital gains invested into the program until 2026**
- Tax basis step-ups - 10% for 5-year and 5% for 7-year hold through end of gain deferral period
- **Exclusion of gain resulting from appreciation over 10 year or more hold period**
- **Accelerated depreciation possible on improvements, no depreciation recapture**
- No cap on benefits used by taxpayers



Opportunity Zones: Economically distressed communities, designated by the IRS, in which improved farmland investments may be eligible for tax-exempt appreciation.



Success of OZ 1.0

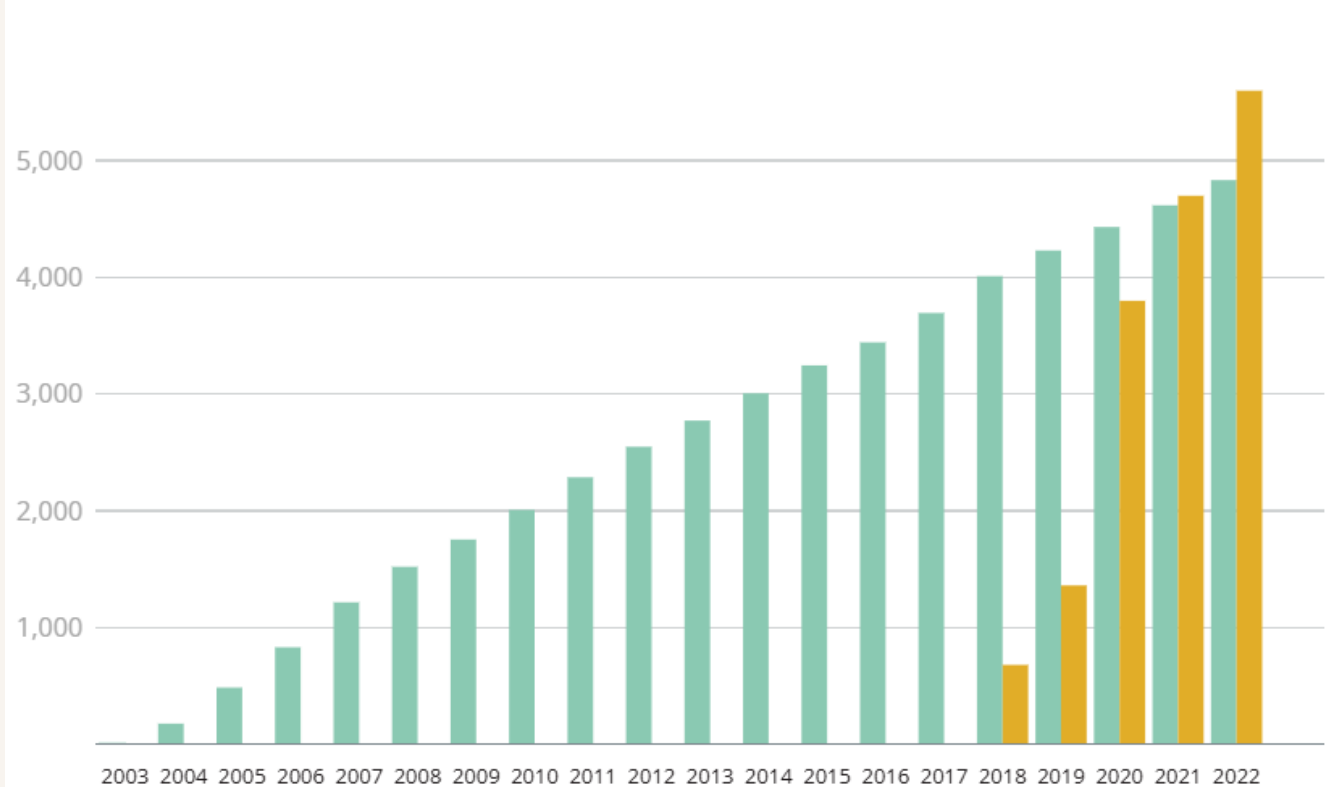
- Nearly \$100 billion in private capital mobilized nationwide
- One of the largest place-based economic development programs in U.S. history
- Investment flowed into both urban and rural (10% of total) low-income communities
- Significantly outperformed prior federal place-based incentive programs - (NMTC, Enterprise Zones, Renewal Communities),



Cumulative reach: Opportunity Zones vs New Market Tax Credits

Number of census tracts receiving investment over the lifetime of each policy

NMTC OZs



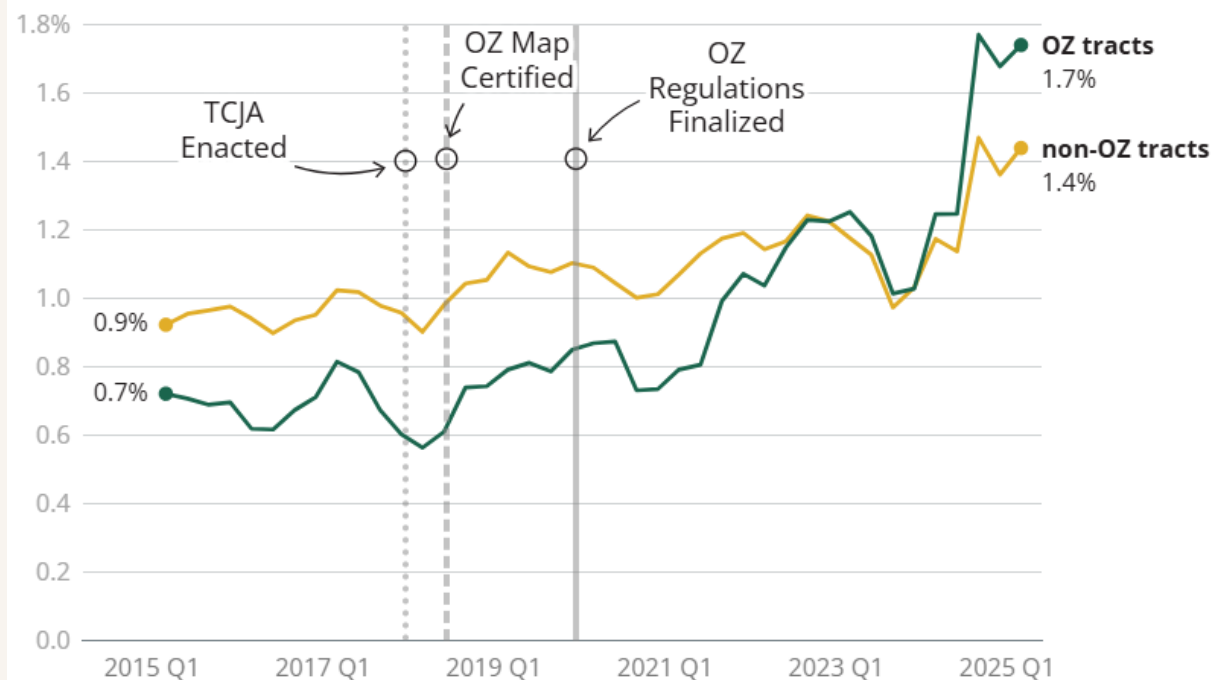
Sources: Community Development Financial Institutions Fund, Joint Committee on Taxation, U.S. Department of the Treasury Office of Tax Policy



Housing Supply Impact

Annual growth rate in housing units, Q1 2015 to Q1 2025

Using 2020 standardized data that is then cross walked to 2010 definitions



Source: HUD Aggregated USPS Administrative Data on Address Vacancies



- Generated 300,000+ new housing units in Opportunity Zones (2019–2024)
- Accounted for 4.3% of all new U.S. housing supply during peak years
- Housing growth in OZs outpaced similar non-designated communities
- Particularly strong impact in mid-sized cities and growing metros
- Helped address housing shortages in historically underinvested areas



OZ Program Overview 2.0 – Legislative Overview

Key Legislative Changes

- **Permanency of Program:** The OBBA makes the Opportunity Zone program permanent, transitioning from a temporary incentive scheduled to end in 2028 to a permanent economic development tool.
- **Investment Period (OZ 2.0):** Begins January 1, 2027, introducing rolling 5-year capital gain deferral periods and rolling 10-year holding periods for investments in Qualified Opportunity Funds (QOFs and QROFs).
- **Redesignation of OZs:** States must submit new census tracts for OZ 2.0 designation by July 2026, with new designations announced shortly thereafter. Only up to 25% of eligible low-income tracts can be nominated.



OZ 2.0 Program Tax Overview

- **All investments must be through a Qualified Opportunity Fund (QOF or QROF).** Benefits include:
 - Defer capital gains tax invested in QOF until five years after investment
 - 10% step up in basis on payment of those taxes. Rural OZs → 30% step up
 - If the investor holds the investment for 10 years to 30 years, there is ***no tax*** on any gain generated during the hold period. If held over 30 years, the investor receives step up to the fair market value
- **Capital gains can be from any sources**, such as the sale of business, real property, stock, bonds, capital equipment, etc.
 - Short-term capital gains can be invested and gain the same benefits.



OZ Program Overview 2.0 – Enhanced Incentives for Rural Areas

Rural Area Special Provisions

- **Qualified Rural Opportunity Funds (QROFs):** A new category of funds focusing on rural OZs, offering enhanced benefits:
 - 30% Basis Step-Up: Investments in QROFs receive a 30% basis increase after five years, compared to 10% for standard QOFs. At least 90% of a QROF must be invested in “**rural OZs**” as designated by U.S. Treasury.
 - Lower Improvement Threshold: The "substantial improvement" requirement is reduced from 100% to 50% of the property's acquisition basis for QROFs, facilitating easier entry for rural development projects. Effective with OBBB passage
- **Increased Transparency and Reporting:** QOFs and QROFs are now required to submit annual reports detailing asset composition, types of investments made, job creation metrics, and census tracts where investments occurred, with penalties for non-compliance.



2025 Annual Survey Report on Opportunity Zones

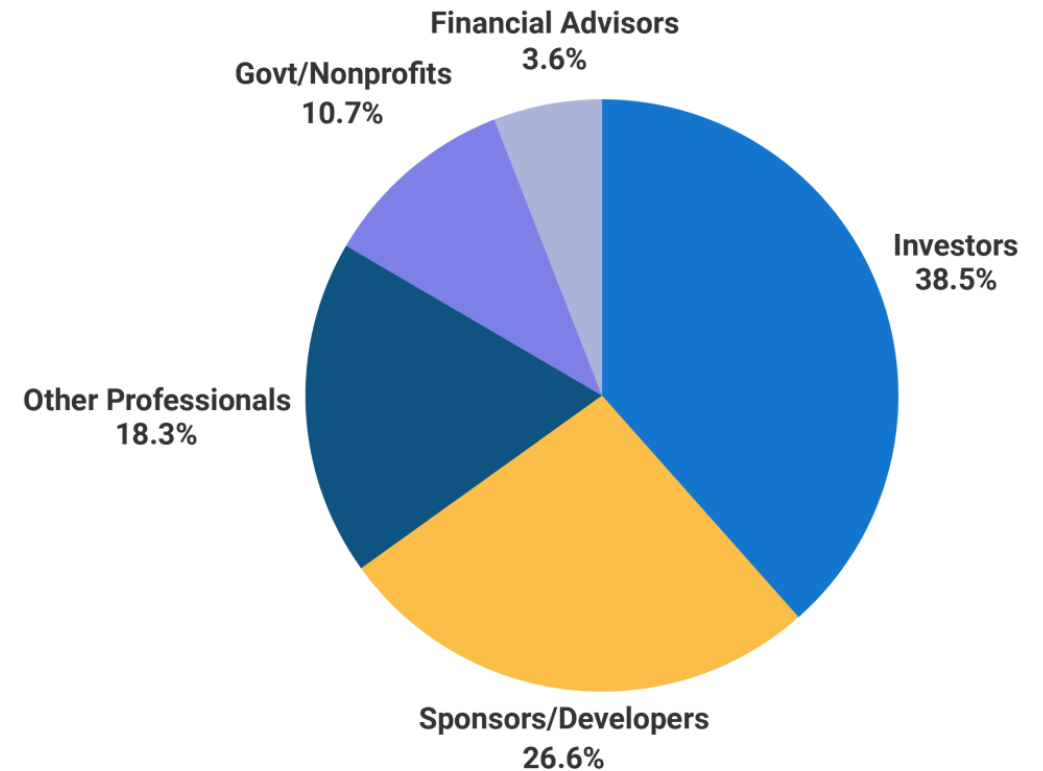
OpportunityZones.com



2025 Opportunity Zones Survey: Overview

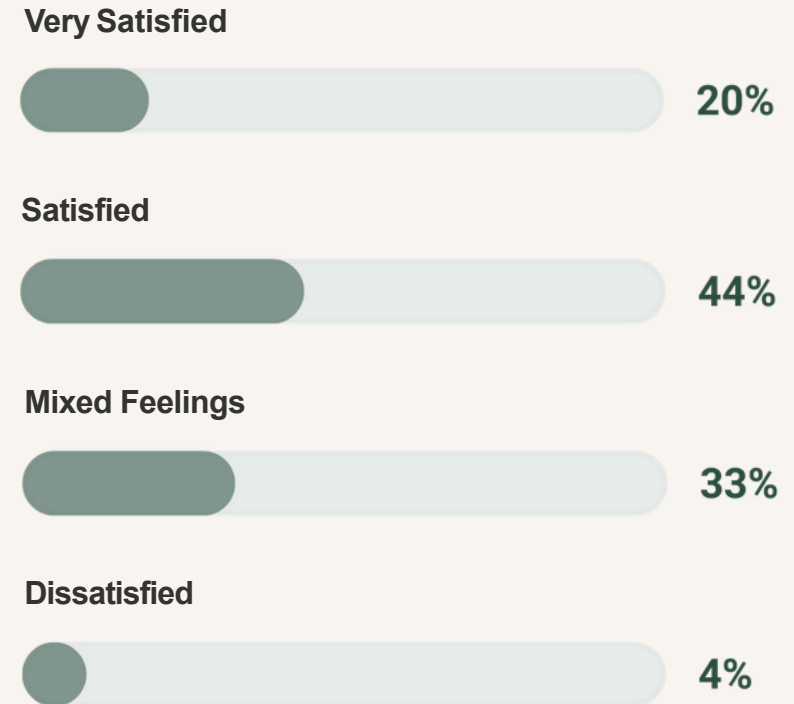
- Annual survey of Opportunity Zone investors and practitioners
- Captures market sentiment following implementation of OZ 2.0
- Reflects real-world investment behavior and expectations

Survey Participants (110 total)



Key Findings

Strong investor satisfaction with past OZ investments:
67% of survey participants reported being satisfied or very satisfied with their OZ investments.¹



Key Findings

OZ 2.0 increasing future investment likelihood:

76% of participants said the new OZ 2.0 framework increases their likelihood of making future Opportunity Zone investments.¹



76%

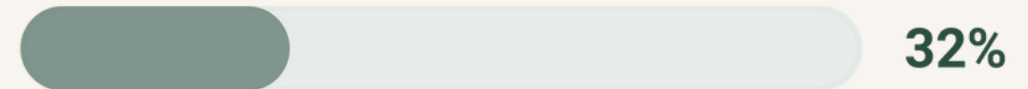
Are More Likely To Invest



Key Findings

Shift to long-term strategic thinking: Investors are planning for future deployment of capital, with expectations of a potential investment surge in 2027 (when OZ 2.0 benefits take full effect) — about 55% expect to invest in 2027 vs. 34% in 2026.¹

Answered “Likely” or “Very Likely” to invest in 2026



Answered “Likely” or “Very Likely” to invest in 2027



OZ 2.0 Timeline

2025

July 4, 2025 – *One Big Beautiful Bill Act (OBBBA)* signed; Opportunity Zones are made permanent and new enhanced rural rules begin.

Q4 2025 – IRS issues guidance identifying which existing OZ 1.0 tracts qualify under new rural definitions.

Late 2025 – 2020–2024 ACS data expected to establish eligibility for new designations.

2026

Jul 1 – Sep 29, 2026 – Governors have a **90-day window to submit nominations of up to 25% of eligible low-income tracts for OZ 2.0 designation.**

Oct 29, 2026 (extended deadline) – Final day for states to submit nominations to Treasury.

Nov 28, 2026 – All OZ 2.0 tract certifications expected from U.S. Treasury.

Dec 31, 2026 – OZ 1.0 deferral period and tax deadline close; last year for deferring gains under old rules.

2027

Jan 1, 2027 – New OZ 2.0 designations take effect, including:

- **Rolling 5-year deferral window**
- **Standard 10 % basis step-up**
- **Enhanced rural incentive benefits**

2027 onward – OZ 2.0 incentives available; program operates with rolling 10-year designation cycles.

2028

- **Dec 31, 2028** – Final date for investing under the OZ 1.0 map before sunset; thereafter only OZ 2.0 designations remain in force.

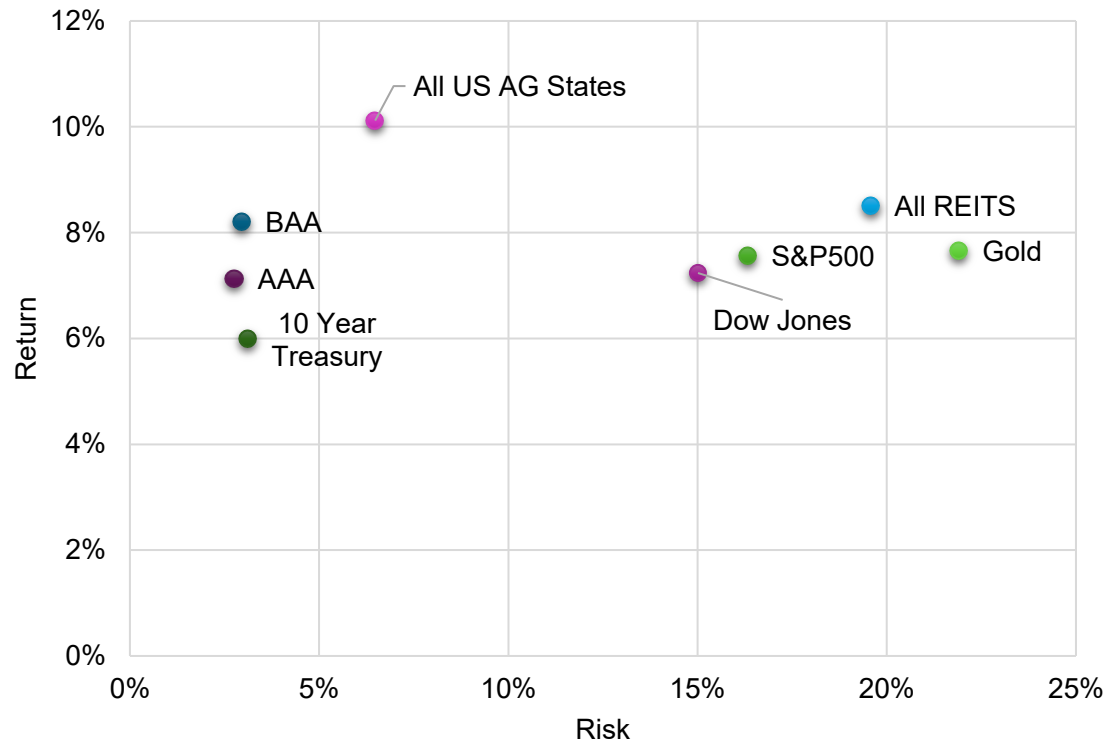


“Promised Land OZ Funds are a leading rural development partner for Opportunity Zones located in American farming communities.”



Farmlands Returns Attributes vs. Traditional Investments

Risk/Return Characteristics 1970-2024



Historically Attractive Risk-adjusted Returns

- Historical long-term asset appreciation & rent growth driven by productivity gains & commodity inflation
- Limited historical downside over a 10-year hold
- Overall low-price volatility reflects nature of enduring, stable bond-like cash flows
- Farmland provided the highest risk-adjusted returns over 1970-2024

¹Data Courtesy of TIAA Center for Farmland Research – US Farmland represents income and appreciation levels for all 50 states in US



Proven Execution Abilities: Fund I

Diversified Portfolio

- Approximately ~\$67M (\$57M purchase price plus identified improvements of \$10M¹):
- Composed of 12 farms / 9k acres, diversified geographically and across crop types:
 - 6 farms in Illinois, 2 in Mississippi, 3 South Carolina, and 1 North Carolina.
 - 8k of tillable acreage devoted to row crop farming, including 376 for sod farming.
 - Farms are primarily composed of fixed-rate cash leases (~99%). Expected to have 2025 property level NOI yield of approximately 3.0%

Debt Financing

- In place at 40% loan-to-cost at attractive interest rates on initial 10 farms. Proceeds from 2024 sale of SC sod farm were used to retire higher cost debt. Only fixed interest rate debt through July 2026 at 3.0% or less remains.
- Refinance/interest rate reset in July.

Capital Improvements

- Farmland capital improvement requirements are significantly lower than other qualified opportunity zone redevelopment alternatives.²
- Principal improvements undertaken added grain storage capacity, drainage tile, soil erosion management projects, and irrigation equipment.



¹Please note that identified improvements may be subject to change.
² See Final Regulations TD 9889 issued on by the Department of Treasury Internal Revenue Service for additional guidance on required improvements to land versus buildings.

OZ Impact Overview: Fund I

- Fund I has deployed an aggregate of \$9.8 million through September 2025 in capital improvements across remaining 11 Opportunity Zone farming communities.
- McCotter Farm in North Carolina is the centerpiece of the portfolio. Its 4k tillable acres represent 54% of the portfolio total.
- McCotter's OZ improvement budget of \$4.8 million represents over 60% of portfolio-wide improvements.
- [State-of-the-art system](#) with 350K bushels of storage capacity represents a large portion of McCotter's improvement plan.



Proven Execution Abilities: PLOZ Fund II – Angel 858

Farm Stats:

Purchase price: \$9.4M

Acres: 858

Target Net IRR: 8.4%

Est. Capex: \$1.52M

Target MOIC: 2.24x

Target hold: 10 years

Net LTV: 30%



- Situated in Douglas County, IL we acquired this farm at a significant discount to a similar adjacent farm owned by PLOZ Fund I.
- A large-scale drainage tiling to be completed this fall and next spring will significantly enhance productivity, yield, and the farms resale value.
- Added adjacent 80 acres in June 2025.



Angel 858 - Farmland Improvement Example



- Large Cat excavator pulls trencher device through the ground
- Lays 20-inch main drainage tile 5 to 6 feet deep under ground at grade



Qualified Production Property “QPP” - Agriculture

One Big Beautiful Bill Definitions

- A “qualified production activity” generally means the manufacturing, **production**, or refining of tangible personal property.
- An activity generally does not count as a qualified production activity unless it results in a **substantial transformation** of the property comprising a product.
- **Production** shall not include activities other than agricultural production and chemical production.

Agricultural QPP Examples

- Dairy Milking and Processing Parlors
- Poultry Slaughter and Processing Plants
- Beef Feedlots and Packing Houses
- Grain Milling or Processing Plants
- Egg Production and Processing Plants
- Sheep Wool Shearing and Processing Sheds
- Fish Farms or Aquacultural Facilities
- Hog Confinement and Production Operation Facility

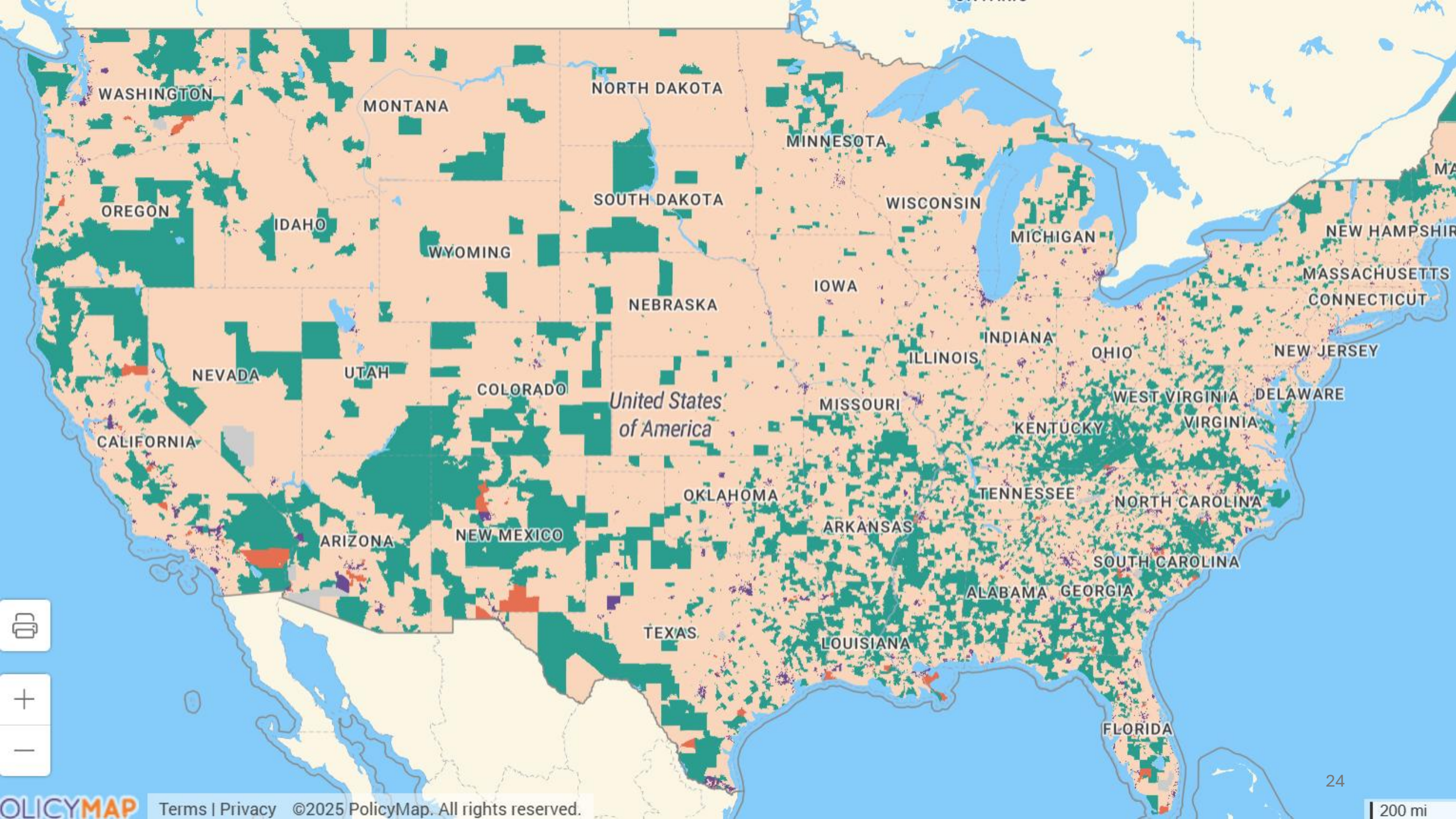


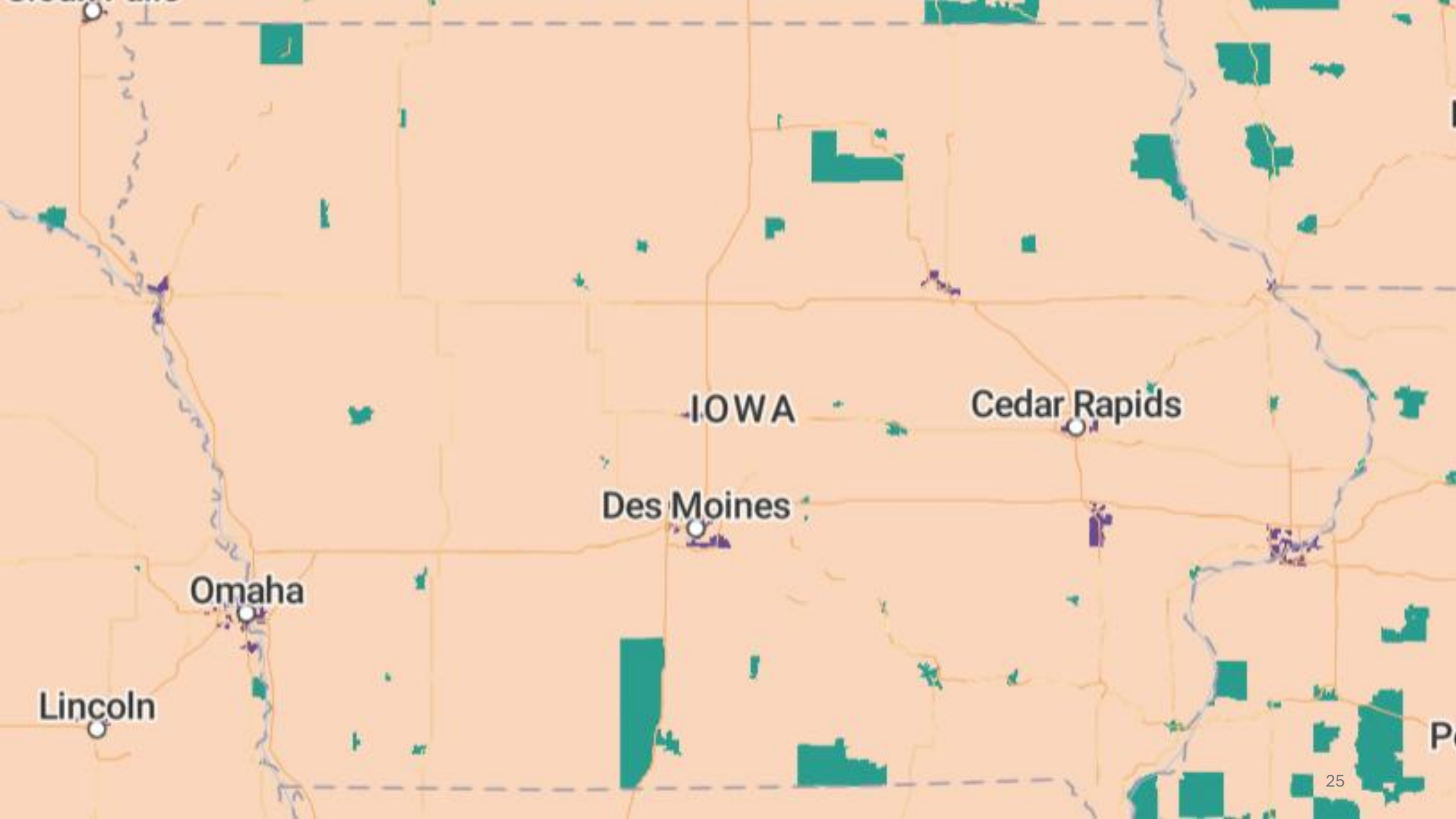
Novogradac Opportunity Zones 2.0 Mapping Tool

- **Interactive mapping resource** that helps users explore census tracts in relation to upcoming Opportunity Zones designations under OZ 2.0.
- **Displays currently designated OZ tracts** from the 2018 designation cycle as a baseline.
- **Shows tracts likely eligible or not eligible for designation** beginning with the new cycle effective January 1, 2027, using the most recent available American Community Survey data.
- **Includes rural versus non-rural information using USDA and IRS definitions** — useful for identifying areas that may qualify for enhanced rural OZ benefits.
- **Multiple map layers** allow users to toggle between current designations, likely eligibility, and rural status for customized views.
- **Interactive features:** click on a tract to view detailed info; search by address, ZIP code, city, or congressional district to zoom in on specific areas.

Launch Tool [Here](#)







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