OPPORTUNITY ZONE INVESTING IN FREMONT

A CONVERGENCE OF CITY PLANNING AND DEVELOPMENT INCENTIVES

The Tax Cuts and Jobs Act of 2017 generated a lot of buzz with the creation of Opportunity Zones, designated census tracts intended to spur investment by incentivizing the deployment of ready capital. With the IRS’ latest guidance, we know that Opportunity Zones have the potential to be a major catalyst for community development.

Fremont is one of only six Silicon Valley cities to have a designated Opportunity Zone. Advantageously, Fremont’s Zone overlays the City’s Downtown and City Center Community Plan areas which envision an upzoned urban core across 440 acres in Central Fremont. Moreover, each plan area is covered by a certified EIR that allows for streamlined review of new developments and high project certainty. Development activity is well underway with several mixed-use projects in the pipeline. In late 2019, the City will break ground on a new Downtown event center and urban plaza, the first phase of its Civic Center Master Plan. The City has already made substantial investment in creating a walkable urban street grid with pedestrian linkages to the nearby BART station. With 15,000 residents and 50,000 employees within a one-mile radius; Kaiser, Washington, and Sutter hospitals; and retailers like Whole Foods, Sprouts, and Trader Joe’s within walking distance, many of the elements of a Downtown community are already in place.

It is an exceedingly rare opportunity to be able to develop a Downtown from the ground-up. The fact that Fremont’s Downtown also falls within an Opportunity Zone is icing on the cake. Fremont’s educated workforce, strong employer base, top-rated schools, and transportation connectivity will present a compelling investment story for any long-term minded investor. We look forward to helping you find your opportunity here!

OPPORTUNITY ZONE INVESTOR BENEFITS

<table>
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<tr>
<th>&lt;5 YEARS</th>
<th>5 TO 7 YEARS</th>
<th>7 TO 10 YEARS</th>
<th>&gt;10 YEARS</th>
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<td>Temporary deferral on the payment of existing capital gains tax until the end of 2026, or the year Opportunity Zone investment is sold.</td>
<td>10% reduction on capital gains taxes owed from original investment if the asset is held for a period of five years.</td>
<td>An additional 5% reduction on capital gains taxes owed if the asset is held for a period of seven years (15% total).</td>
<td>Full tax exemption on realized capital gains from an Opportunity Zone investment provided the investor stays invested for at least ten years.</td>
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A PRIMER ON OPPORTUNITY ZONE INVESTING

- Investors reinvest capital gains from any investment (e.g. stock or real estate) into a Qualified Opportunity Zone Fund within 180 days of the date of sale.
- The Fund then invests in Qualified Opportunity Zone Property within a designated census tract. Investments must be in the form of equity. At least 90% of a Fund’s assets must be in an Opportunity Zone.
- Qualifying investments include equity investment in startups or existing businesses that relocate within a Zone, ground-up real estate developments, and major value-add real estate projects.

Opportunity Zones are intended to bring long term, transformational investment and thereby incentivize investors to hold a position for 10 years to obtain the maximum tax benefit. However, an investor can exit a position before 10 years without penalty if the gains are reinvested into a new Opportunity Zone Fund investment.

- Individuals, C-Corps (including REITS), partnerships, and trusts qualify for Opportunity Zone Fund investing.
- There is a growing list of Silicon Valley Opportunity Zone service providers and fund managers. These include Urban Catalyst, JMA Ventures, Novogradac, LvHJ, Goodwin Practor, and NES Financial.

DISCLAIMER: This investment guide has been prepared for information purposes only and is not intended to provide or be relied on for tax, legal, or accounting advice. Investors should seek appropriate tax, legal, and/or accounting consultation and conduct their own due diligence prior to engaging in any transaction.
THE PITCH

FREMONT’S OPPORTUNITY ZONE = RARE SILICON VALLEY OPPORTUNITY

STREAMLINED APPROVAL
Fremont’s Downtown Community Plan means conforming projects typically require only a ministerial design review.

CEQA CLEARANCE
Our planned Downtown is covered by an adopted CEQA that clears the path for up to 2.5 MSF of office/commercial and 2,500 residential units.

GREAT “BONES”
The City has invested millions in street grid improvements, including connectivity to nearby BART. Downtown also has a Sprouts, Whole Foods and Trader Joe’s within walking distance.

SHOVEL-READY PROJECTS
Several mixed use projects have been proposed in Fremont’s OZ that could be purchased or invested into by an Opportunity Fund.

FREMONT’S OPPORTUNITY ZONE

OVERLAYS PLANNED DOWNTOWN DISTRICT
WHY WE ARE BULLISH ON FREMONT

BY THE NUMBERS

1 in 100
Fremont residents hold at least one patent

$127,235
Median household income, up from $105,355 in 2015

11
Distinguished schools, including CA #8

55%
Adult residents who hold a bachelor’s degree or higher

50 million
Square Feet of R&D/Flex space, 65% of all East Bay

1700+
Technology companies located in Fremont

DOWNTOWN AND CITY CENTER DEVELOPMENT SNAPSHOT*

Locale @ State Street (Under Construction)
157 Units, 21,000 SF commercial
Developer: Summer Hill Homes

Walnut & Liberty (Approved)
275 units, approx. 2,700 SF commercial
Developer: Fore Property Co.

Capitol Villas (Approved)
44 Units, Approx. 14,000 SF commercial
Developer: Kontech USA

Bay Rock Apartments (Under Review)
250 units, 5,225 SF commercial
Developer: Bay Rock

New Fremont Bank HQ (Under Review)
Approx. 33,000 SF Commercial
Developer: Fremont Bank

Civic Center Phase 1
(Breaking Ground Fall 2019)
Developer: City of Fremont

*Please contact us for a full list of proposed development projects.

I’M INTERESTED. WHAT’S NEXT?

Your Fremont Economic Development team is here to answer questions and make introductions. Please reach out!

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Think Fremont
Think Silicon Valley