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DAKOTAS QUALIFIED OPPORTUNITY FUND I

DEFER YOUR CAPITAL GAINS
AND PUT THEM TO WORK ON
OPPORTUNITY ZONE PROJECTS

Put your capital gains to work with no tax penalty.



The Markhardt Capital DQOF I Qualified Opportunity Zone Fund (QOZ) is a qualified portfolio of diversified existing properties and ground up development projects that provide significant tax advantages to investors who invest their capital gains. The Fund was formed as a result of the Opportunity Zone program voted into law with the Tax Cuts and Jobs Act of 2017 and will invest in projects in the four Opportunity Zones in Sioux Falls, South Dakota, a city that is one of most stable, inviting, and business friendly communities in the United States.

KEY BENEFITS

TAX DEFERRAL

Defer your capital gains realized from a previous investment through the end of 2026 by reinvesting those capital gains into Markhardt Capital's QOZ Fund.

TAX ELIMINATION

Pay ZERO taxes on capital gains the QOZ Fund generates by holding the investment for 10 or more years.

TAX PAYMENT REVENUE SOURCE

DQOF I property is designed to generate a revenue minimum for investors to use toward future tax payment on the original capital gains, due in year 2027.



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What is QOZ Investing?

Tax incentivized investing for US Citizens, carefully drafted by the Federal Government, to spur and maximize economic development in historically underserved geographical areas across the United States and unincorporated territories.



MAJOR POINTS

BACKGROUND

The Qualified Opportunity Zone program was created by the Tax Cuts and Jobs Act of 2017 to incentivize investment and economic development in more than 8,000 designated geographical areas throughout the United States, called Opportunity Zones. The program allows an investment vehicle, known as Qualified Opportunity Zone Funds, to invest 90% or more of its assets in one or more properties, businesses, and designated QOZ's.

SUITABLE INVESTORS

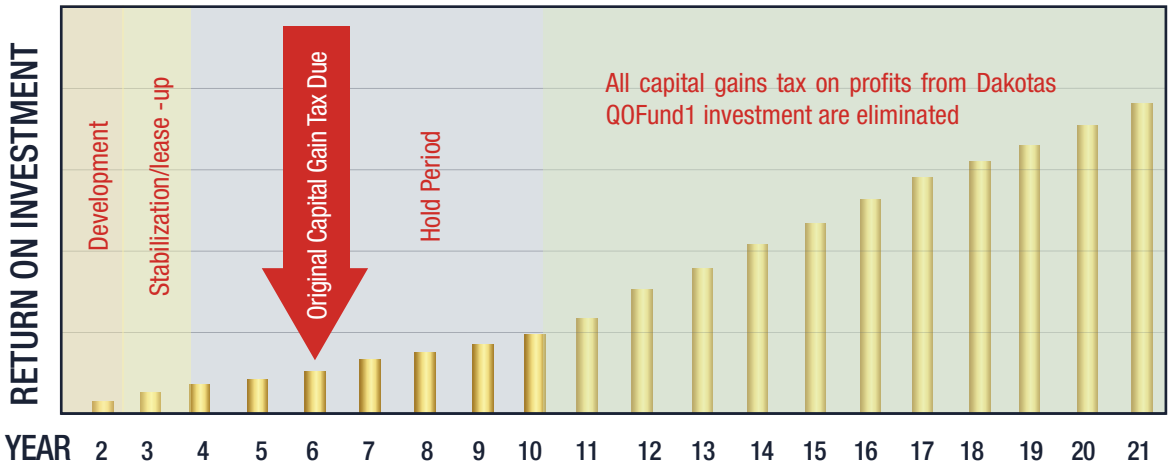
The investment is best for both accredited, and a limited number of non accredited investors facing a tax liability associated with the realization of capital gains from a property, investment, or asset sale.

BENEFITS & LIMITATIONS

There is NO "like kind" asset rule as found in the 1031 tax code, allowing an investor to use any type of asset sale proceeds to go into the QOZ investment. But the funds must be delivered to the Qualified Opportunity Fund within 180 days of realizing the capital gain. The Fund then has 31 months to use the funds for QOZ projects.



Tax Benefits Timeline



Tax Benefits Analysis

Boost your after tax returns by as much as 75% when you invest capital gains in the **Dakotas Qualified Opportunity Fund I** versus a non QOZ investment in a similar fund.

	Non-QOZ Investment	QOZ Investment
Capitol Gains	\$1,000,000	\$1,000,000
Less Capital Gains Tax (23.8%)	\$238,000	\$0
After-Tax Investment	\$762,000	\$1,000,000
Year 10 Value ¹	\$1,714,500	\$2,250,000
Less Year 10 Capital Gains Tax (23.8%)	\$226,695	\$0
Year 10 After-Tax Value	\$1,487,805	\$2,250,000
Less Capital Gains Due in 2026 (23.8%) ²	\$0	\$214,200
Total Year 10 After-Tax Value	\$1,487,805	\$2,035,800
Effective After-Tax Net Multiple	1.95x	2.67x ³

1) Assumes 2.25x net equity multiple return before factoring taxes and tax benefits. 2) Deferred taxes on original capital gains with 10% step-up in basis return 3) Assumes same investment basis as equivalent taxable investment (\$762,000)



Investing with MARKHARDT CAPITAL



CAM Companies has secured interest in multiple real estate development opportunities in the heart of the thriving Downtown Sioux Falls, South Dakota (DTSF). These sites are included in one of four Opportunity Zones as identified by the Tax Cuts and Jobs Act of 2017.

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is introducing the Qualified Opportunity Fund (QOF) and is accepting realized capital gain depositors to take advantage of one of the last three remaining benefits, set to expire on December 31, 2026.

Investing in a Qualified Opportunity Fund (QOF) may allow you to benefit from multiple levels of tax incentives. Introduced by the Tax Cuts and Jobs Act of 2017 (Act), Opportunity Zones are considered an economic development tool designed to create financial growth and employment in economically distressed communities.

HOW TO REAP THE BENEFITS?

1

REALIZE A CAPITAL GAIN

Capital gain can be realized personally or within a business (i.e., a partnership, S corporation or LLC). Common sources of capital gain include a sale of stock or real estate. Without realized capital gain in hand, the tax benefits associated with investing into QOFs do not apply.

2

INVEST YOUR GAIN WITHIN 180 DAYS

You must invest your capital gain (in the form of cash) into a QOF within 180 days from the date of sale that triggered the gain; however, special rules apply if gain is from within a business.

3

ACQUIRE PROPERTY VIA THE QOF

The QOF has up to 31 months to deploy the invested cash to purchase eligible QOZ property, which could be in the form of QOZ stock, QOZ partnership interest, or QOZ business property. The most common form of QOZ property is real estate, but businesses opening within a QOZ may also qualify. For the property to be eligible, it must be acquired after December 31, 2017, and substantially all use must be within a QOZ.



Tax Benefits



Who can benefit from a Qualified Opportunity Funds?

If you've realized capital gain, you can reap the benefits of a QOF regardless of whether you are a business owner, an entrepreneur, an investor, or none of the above.

Primary Tax Benefits Associated with QOF Investments

1

Temporary deferral of tax on original capital gain for up to 5 years.

2

Permanent exclusion of up to 10 percent of the original gain.¹

3

If held for at least 10 years, the appreciation on the QOF investment is realized TAX FREE.



To put the benefits into perspective, here's an example scenario

Bob realizes a \$100,000 capital gain from the sale of a stock in 2021. Within 180 days from the sale of the stock, Bob invests \$100,000 into a QOF. Using only Bob's \$100,000, the QOF purchases an empty lot located within a QOZ and constructs a building. The QOF rents out the completed building. Bob holds his QOF investment until 2032 when the QOF sells the building and land for \$300,000. The tax implications and benefits of this scenario:

2021: The tax on Bob's \$100,000 capital gain was fully deferred due to his QOF investment.

2026: After 5 years, Bob sees a 10 percent permanent exclusion of original gain.

2026: Bob recognizes gain on the remaining 90 percent of the original capital gain and pays tax on that gain.

2032: Because Bob held his QOF investment for at least 10 years, \$200,000 of appreciation on the real estate (\$300,000 sale price less the \$100,000 original cost) will be realized **completely tax free.**

¹*QOF investments made after January 1, 2020 and January 1, 2022, are not able to benefit from the full 15 and 10 percent permanent exclusion as written in the Act.*



Craig Markhardt, NMLS. 7026

DEVELOPER & SYNDICATOR



Craig has been an entrepreneur since a teenager after creating a car window tinting business and has been investing in property since 2001 while working as a full time Mortgage Banker over his 19 year career. He achieved success in both good and bad markets and navigated the Great Recession of 2008 – 2011 by managing to keep his million dollar company operating at a profit with no employee lay offs. Craig started CAM Companies, LLC in 2018 to put all real estate holdings and related businesses under one umbrella, and the transition into full time real estate investing began.

His work career began after graduation from Mitchell High School where he became a licensed plumber prior to entering college three years later at Dakota Wesleyan University.

The following year, he moved to South Dakota State University where he was active in Greek Life and ultimately became President of Sigma Alpha Epsilon Fraternity and the SDSU Greek Council. He spent four summers in college running a business as a successful door-to-door book salesman for the Southwestern Company, achieving many awards and recognition for his production and team building.

Over his professional career, Craig has closed on 3,400+ real estate transactions with loan value of over \$650,000,000. In 2003, he started the South Dakota Association of Mortgage Professionals, where he led the non-profit's mission to protect consumers by authoring, lobbying, and passing the SD Mortgage Brokering and Lending Act of 2007.

Craig continues to work with buyers, sellers, real estate investors, business owners and developers, including the \$16MM Jones421 mixed-use condominium project in downtown Sioux Falls. He personally underwrote and certified the project for Fannie Mae approved financing, allowing buyers to use long-term, low fixed interest rate, minimal down payment, conventional financing, ensuring its ultimate success.

During his professional career, Craig has met with tens of thousands of wishful homeowners and investors and understands what makes real estate valuable and attractive to individuals and occupants.

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