



CBUS OZ FUNDS



A Qualified Opportunity Zone Fund specializing in urban redevelopment in Columbus Ohio. The fund has a long-term focus on delivering value to our investors while improving communities by providing desirable and attainable housing solutions throughout the urban core of Columbus.

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Today's Agenda

- ◆ Columbus Market: Growth, Housing Demand & Resiliency
- ◆ Investment Strategy: Quick, Profitable, Effective
- ◆ Management Team: Seasoned Local Experts
- ◆ Unique Incentive: Ohio OZ Tax Credit
- ◆ Fund III Overview
- ◆ Questions From Audience



Columbus Market: Growth, Demand for Housing & Resiliency

◆ Why Columbus? **Growth.**

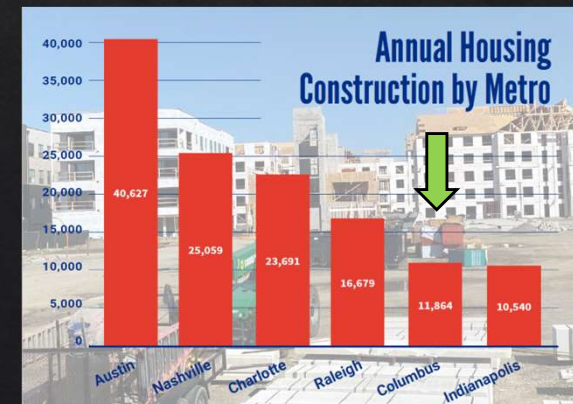
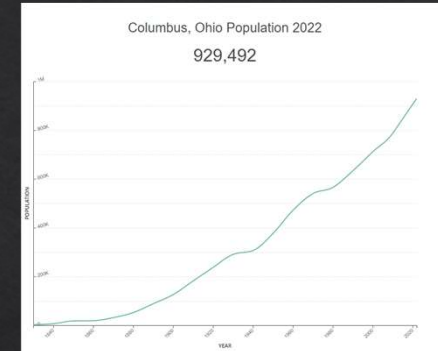
- ◆ Fastest growing city in the Mid-West
- ◆ City of Columbus is one of 14 U.S. cities to add 100,000 residents since 2010.
- ◆ Population in the Columbus metro grew by 12.46% from 2010 to 2020 with 2,138,926 residents.
- ◆ Region is expected to add 1 million residents by 2050.
- ◆ Low cost of living (10% more affordable than national average)
- ◆ Benefitting from migration patterns away from larger, more expensive & crowded cities.
- ◆ Job Growth
 - ◆ The Silicon Heartland (Intel \$100B mega-site for chip fabrication, Google, Facebook, Amazon)
 - ◆ Rising Startup & Venture Capital Hub
- ◆ Top 10 Millennial Concentration (48% of population under the age of 35, Median Age 35.9)
- ◆ Ranked #1 Opportunity City by Forbes



Columbus Market: Growth, Demand for Housing & Resiliency

◆ Why Columbus? **Strong Demand for Housing.**

- ◆ Local employment levels now exceed pre-pandemic levels
- ◆ Despite growth, housing units have been underbuilt.
 - ◆ Between 2009-2019, population in Columbus region has outgrown housing production:
 - ◆ 140,000 jobs created
 - ◆ 300,000 new people living in region
 - ◆ Only 50,000 housing units created
 - ◆ 2020 saw the most new housing units created in 15 years, but still fell well short of peer cities and what is needed to keep up with population growth
 - ◆ 11,864 units built vs. 14,000-21,000 needed for population growth
 - ◆ More Demand than Supply → Housing prices continue to rise
 - ◆ Demand for additional supply from construction of new housing units
 - ◆ Demand for additional supply from renovation of existing obsolete housing stock



Columbus Market: Growth, Demand for Housing & Resiliency

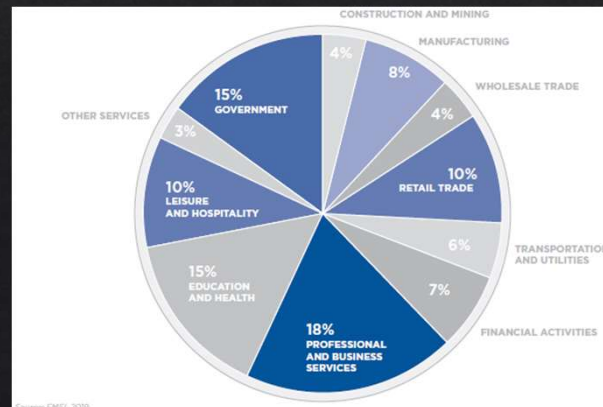
◆ Why Columbus? Resiliency.

◆ Historically Stable & Diversified Economy

- ◆ Logistics: 60% of the US population lives within 600 miles of Columbus (www.politifact.com)
- ◆ State Capital: Government Jobs Are Stable
- ◆ The Ohio State University - #3 largest U.S. college (and 51 other college campuses in the region- ColumbusRegion.com)
- ◆ 16 Fortune 1000 Headquarters (ColumbusRegion.com)
- ◆ No Industry Represents More Than 18% of Employment

NOTABLE EMPLOYERS

EMPLOYER	EMPLOYEES
Ohio State University.....	33,335
OhioHealth.....	23,836
State of Ohio.....	21,342
JP Morgan Chase & Co.....	18,400
Nationwide Insurance.....	12,500
Nationwide Children's Hospital	10,875
Kroger Co.....	10,563
City of Columbus.....	8,963
Mount Carmel Health System	8,776
L Brand Inc.	8,616
Columbus City Schools	8,260
Honda North America Inc.....	7,700
Franklin County.....	6,150
Cardinal Health Inc.....	5,075
Huntington Bancshares Inc.....	4,921
Amazon.....	4,828
Alliance Data Systems	4,396
American Electric Power Co. Inc.....	4,294
Giant Eagle Inc.....	3,386
Abercrombie & Fitch Co.	2,700
South-Western City Schools	2,688



Investment Strategy: Quick, Profitable, Effective

◆ Urban Redevelopment- Why & How?

- ◆ Population in City of Columbus grew by 15.1% from 2010 to 2020 with 905,748 residents (higher growth rate than cities of Nashville, D.C., Phoenix, Portland, Las Vegas, Houston, Dallas, San Antonio, etc.)
- ◆ Residential population in downtown Columbus has more than doubled between 2010 and 2020.
- ◆ National & local patterns of population migration into walkable, transit friendly, affordable neighborhoods.
- ◆ Neighborhoods surrounding downtown are experiencing tremendous growth.
- ◆ Current housing stock in urban neighborhoods is inadequate in quantity and quality.
- ◆ Strong demand exists for vast revitalization of existing housing stock as well as construction of new housing, particularly in the workforce housing price category that appeals to the masses and is currently under supplied.
- ◆ Many urban neighborhoods are Opportunity Zones due to historical local trends that are now reversing.
- ◆ Many urban neighborhoods have local property tax abatement programs to incentivize development.



Investment Strategy: Quick, Profitable, Effective

◆ Urban Redevelopment- Why & How?

◆ Renovation of Existing Obsolete Housing Units

- ◆ Many homes in urban neighborhoods are 60-100 years old, requiring full renovation to modernize mechanical systems, floor plans, and amenities.
- ◆ Fully renovated properties satisfy the OZ significant improvement requirement and have lower maintenance.
- ◆ Renovation of existing housing units is faster and less risky than larger development projects.
- ◆ Experienced real estate investors with construction knowledge can create value through renovation.
- ◆ Typical cost of purchase and renovation is 75% of completed value, thereby creating 25% equity gain.

◆ Construction of New Housing Units

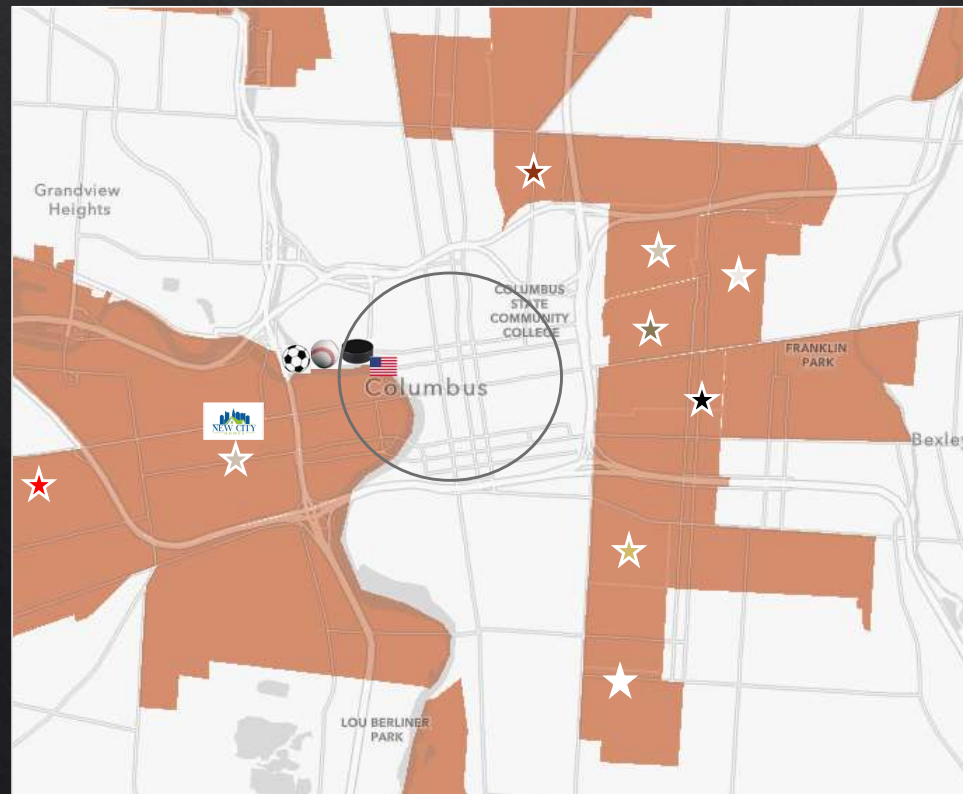
- ◆ Vacant in-fill building lots exist throughout urban neighborhoods from the demolition of vacant and dilapidated houses.
- ◆ Experienced and nimble home builders can profitably re-supply the lost housing stock by building new homes on one-off in-fill lots.
- ◆ Typical cost for new construction is 80% of completed value, creating 20% equity gain.
- ◆ Newly constructed houses and duplexes satisfy the OZ significant improvement requirement, have lowest possible maintenance, and are attractive to prospective renters.




Investment Strategy: Quick, Profitable, Effective

Urban Opportunity Zone Neighborhoods

-  New City Office
-  Franklinton
-  Hilltop
-  Milo-Grogan
-  Mt Vernon
-  Woodland Park
-  King-Lincoln
-  Olde Towne East
-  Southern Orchards
-  Vassor Village



Management Team: Dedicated & Seasoned Local Experts

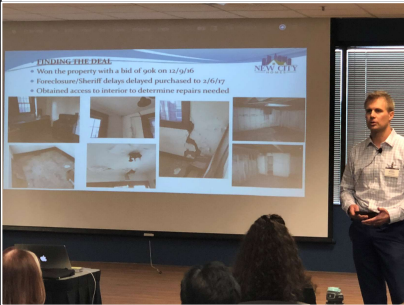
- ◆ CBUS OZ FUNDS is managed by brothers Brian, Chris, and Sean Knoppe
- ◆ Business partners since 2005 and co-founders of New City Homes 
- ◆ Participated in over 1,000 real estate transactions
- ◆ Extensive experience in acquisition, new construction, renovation, financing, and property management
- ◆ Specialize in residential and mixed-use redevelopment within the urban neighborhoods surrounding downtown Columbus
- ◆ Partners will continue in management role for next 10 years and beyond



CBUS Opportunity Zone Fund III

Management Team: Dedicated & Seasoned Local Experts

Regional Housing Investment Experts



At Home
 August 2018
 www.CentralOhioRE.com

Member Chris Knoppe Is Improving Central Ohio
 One House at a Time - and Making a Big Profit Doing It

Weekend Workshops
 Mike and Jeni Smith

Biggest Real Estate Success in Ohio
 Summit In Ohio

Neighbors Want to Buy
 (Photo: Chris Knoppe)

Will it propel them to put the garden to bed? / 22
Homes sell at fast clip in sought-after Hilliard / 27

COVER STORY / TURNAROUND
 The Knoppe brothers are a father-son team making property deals and not complaining.

Turnaround
 The Knoppe brothers are a father-son team making property deals and not complaining.

Fire horrors seared in memory
 A fire in Hilliard destroyed a home and left a family in a state of shock.

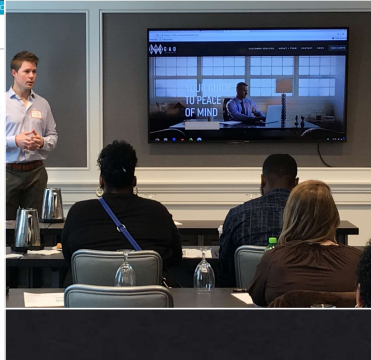
COLUMBUS UNDERGROUND

METRO

New Single Family Homes Planned for Milo-Grogan
 March 16, 2020 2:15 pm

New market-rate homes are starting to come online in Milo-Grogan. Local developer Hale City Homes has acquired a total of 18 new build sites in the neighborhood, including a cluster of contiguous lots on East Second Avenue where work recently began on the first of five new single family homes.

Chris Knoppe, Partner at New City Homes, said that the company has completed two homes so far elsewhere in the neighborhood and plans to develop the remaining lots incrementally over the next two years or so. Half of the parcels that the company owns were purchased from the Columbus Land Bank, which allowed us to offer the other houses at a lower price than otherwise possible for new construction.



Management Team: Dedicated & Seasoned Local Experts

Community Involvement



Management Team: Dedicated & Seasoned Local Experts

Micro-Local Market Knowledge Within Urban Core

- ◇ CBUS OZ FUNDS & New City Homes have been an early and active presence in the urban neighborhoods of Columbus
- ◇ Sponsor has been investing in “opportunity zones” before the official designations were created by the Tax Cuts and Jobs Act
- ◇ Company office is on West Broad Street in the Franklinton neighborhood immediately West of downtown Columbus...in the middle of the most compelling “OZ” in the City.



Management Team: Dedicated & Seasoned Local Experts

Robust Track Record of Urban Revitalization Projects

- **Successfully completed over 200 projects in urban neighborhoods** (single family houses, apartments, and commercial mixed-use)
- **Currently manage over 300 rental units in urban neighborhoods** (single family houses, apartments, and commercial mixed-use)



Management Team: Dedicated & Seasoned Local Experts

Robust Track Record of Urban Revitalization Projects



- 5 house streetscape near downtown Columbus
- Urban infill single family new builds
- Demolished 3 dilapidated homes and purchased two adjacent lots
- Homes all sold for between \$350,000 and \$400,000

Management Team: Dedicated & Seasoned Local Experts

Robust Track Record of Urban Revitalization Projects

- 4-unit townhome building
- Acquired with existing code orders from the city
- All units were vacant except 1 squatter (drug activity)
- Renovated all units and stabilized as cash flowing rentals



Management Team: Dedicated & Seasoned Local Experts

Robust Track Record of Urban Revitalization Projects

- 4-unit building
- Drug activity
- Unpaying tenants, squatters, & unsafe living conditions
- All 4 units renovated and stabilized as cash flowing rental units

Before



After



Management Team: Dedicated & Seasoned Local Experts

Robust Track Record of Urban Revitalization Projects

- Purchased a vacant medical clinic
- Converted to 14 private offices
- 13 units currently rented to local small businesses
- Total cost \$285,000 after purchase and rehab
- Current rental revenue of \$5,058 a month



Management Team: Dedicated & Seasoned Local Experts

Robust Track Record of Urban Revitalization Projects

- 5,060 Square foot warehouse
- Previously vacant, full of debris, and had holes in the roof
- Replaced the roof and improved the interior
- Now rented to Central Ohio School of Metalwork

Before



After



Management Team: Dedicated & Seasoned Local Experts

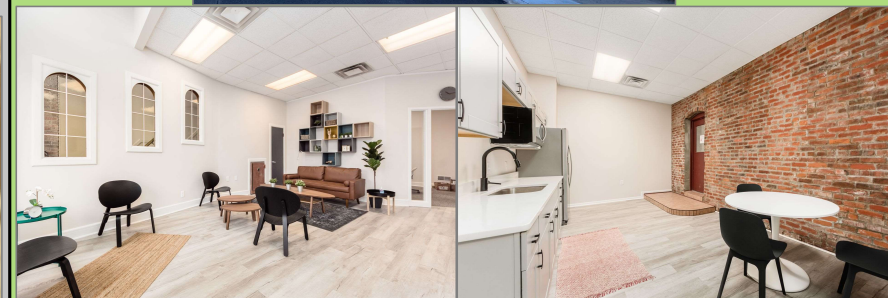
Robust Track Record of Urban Revitalization Projects

- Previously vacant commercial building
- Upstairs converted from an apartment to New City Homes office
- Lower level converted into private office spaces
- Lower level currently rented out by Unleashed Hair Salon and other local businesses

Before



After



Management Team: Dedicated & Seasoned Local Experts

Local Experience Meets Opportunity (Zones)



Chris Knoppe, president of [CBUS OZ Funds](#), is raising a \$5.1 million fund to acquire and renovate residential properties within Columbus' urban neighborhoods. "The opportunity zone tax incentives enable us to restore vacant and blighted residential properties back into productive use, thereby increasing the housing options available to residents, eliminating havens of crime, and preserving, rather than replacing, the vibrancy of our urban neighborhoods," Knoppe said.

Excerpt from the article "Taxpayers Save \$240 Million From Taxation by Investing in Ohio Opportunity Zones" published Feb 7, 2020 by Columbus Business First



Management Team: Dedicated & Seasoned Local Experts

- ◇ Early Adapters to Opportunity Zones
 - ◇ Summer 2019: Fund I begins acquiring single family and small multi-family properties for renovation and rental in select urban OZ neighborhoods of Columbus, OH.
 - ◇ December 2019: Fund II is opened to investors with the strategy of acquiring and renovating boarded up houses to remove urban blight while increasing population as well as decrease crime and improve neighborhood safety and atmosphere.
 - ◇ February 2020: Fund II begins acquiring urban single family & small multi-family properties at scale throughout urban Columbus OZ neighborhoods for renovation and rental.
 - ◇ December 2020: Fund II closes investor contributions.
 - ◇ Fall 2021-Present: Fund III opens with goal of raising up to \$50 Million to focus on building and renovating housing & mixed-used projects of slightly larger scale than funds I & II.



Management Team: Dedicated & Seasoned Local Experts

◇ CBUS OZ Funds Performance

◇ Fund I

- ◇ Summer 2019- began acquiring single family and small multi-family properties for renovation and rental in select urban OZ neighborhoods of Columbus, OH.
- ◇ \$900,000 in equity contributed
- ◇ 12 Projects Completed to as of October 2022
- ◇ NAV Growth of 43%

◇ Fund II

- ◇ February 2020: Fund II begins acquiring blighted urban single family & small multi-family properties at scale throughout urban Columbus OZ neighborhoods for renovation and rental.
- ◇ \$4.3M in equity contributed
- ◇ 40 Projects Completed to as of October 2022
- ◇ NAV Growth of 32%

◇ Fund III

- ◇ Fall 2021-Present: Fund III opens to raise up to \$50 Million over several years to build and renovate housing & mixed-used projects of slightly larger scale than funds I & II.



Management Team: Dedicated & Seasoned Local Experts

Nationally Recognized OZ Fund



CHRIS KNOPPE
CBUS OZ FUNDS

Chris Knoppe is president of Cbus OZ Funds in Columbus, Ohio, where he invests to improve local urban neighborhoods in a dramatic and meaningful way through concentrated renovation of distressed housing and mixed-use properties. Investing professionally since 2007, Knoppe has successfully navigated market cycles while executing strategies including distressed property acquisition and repositioning, hard money lending, home building, and fund management. He became enamored by the power of Opportunity Zones shortly after the program's formation, inspiring him to create a fund structure to amass a portfolio of houses, multifamily, and mixed-use properties while harnessing the power of the OZ incentives.

WHAT KIND OF TRENDS AND NEW INVESTMENT AREAS DO YOU THINK QOFS WILL FOCUS ON IN 2022?
 Real estate will continue to be a key investment segment including housing and industrial, however, I think we'll see real estate investment expand into broader geographies and project types. As awareness of the OZ incentives grow, my hope is that more focus is given to hyper-local investment. Similarly, I think crowd-funding strategies will grow to allow broader investor participation.




Unique Incentive: Ohio OZ Tax Credit

- ◆ Ohio offers an additional incentive for OZ investors!
- ◆ All investors in CBUS OZ FUNDS are eligible to receive an Ohio income tax credit certificate equal to 10% of their investment amount.
- ◆ The tax credit certificates can be sold to other taxpayers to generate instant cash or otherwise used to offset Ohio income tax liability.
- ◆ Example: \$100,000 investment in the CBUS Opportunity Zone Fund III LLC = **\$10,000** Ohio income tax credit which can be sold for cash!

Investment by the Ohio Qualified Opportunity Fund(s) into qualified Opportunity Zone property in 2019:	\$728,000.00
Certified Tax Credit Amount:	\$72,800.00

- ◆ 10% state tax credit in Year 1
- ◆ Can be sold for cash
- ◆ Applies to any OZ investment, not just capital gains

Ohio Development Services Agency

Ohio Opportunity Zone Tax Credit Certificate

Certificate Number: ODSA-TI-2019 - 41027

Taxpayer Information

Name: [REDACTED]
 FEIN: [REDACTED]
 Address: 975 West Broad Street Columbus, Ohio 43222
 Authorized Representative: Christopher Knoppe
 Taxpayer Type: Pass-Through Entity Qualifying Taxable Year: 2019

Investment Information

Investment into an Ohio Qualified Opportunity Fund(s) in the qualifying taxable year:	\$777,777.00
Investment by the Ohio Qualified Opportunity Fund(s) into qualified Opportunity Zone property in 2019:	\$728,000.00

Certified Tax Credit Amount: \$72,800.00

Pass-Through Entity Information

Entity/Investor	FEIN/SSN	Ownership	Tax Credit Allocation
[REDACTED]	xxx-xx-xxxx	50%	50,000.00%
[REDACTED]	xxx-xx-xxxx	50%	50,000.00%

Pursuant to Ohio Revised Code (ORC) Section 122.84, the Director of the Ohio Development Services Agency determines that the taxpayer named above qualifies for a non-refundable tax credit in the amount stated, in accordance with ORC Section 122.84(D)(3).

A taxpayer may claim the tax credit for its qualifying taxable year or the next ensuing taxable year. The taxpayer shall claim the credit in the order prescribed by ORC Section 122.84(B). Any unused amount may be carried forward for the following two taxable years. If the certificate is issued to a pass-through entity for an investment by the entity, any taxpayer that is a direct or indirect member in the pass-through entity on the last day of the entity's qualifying taxable year may claim the taxpayer's proportionate or distribution share of the credit against the taxpayer's aggregate amount of tax owed under that section.

Ohio Development Services Agency, Lydia L. Mihalik, Director
 By: *Lydia Mihalik* Date: March 5, 2020



Fund III Overview

- ◆ The Fund is Regulation D 506c offering open to accredited investors only for the purchase/renovation and new construction of residential and mixed-use property within the urban core of Columbus.
- ◆ Up to \$50 Million will be raised over several years, with the money being deployed as it is raised.
- ◆ Operated by experienced real estate professionals who purchase neglected properties below market value and subsequently increase the value and rental income of the properties with significant renovations and new construction.
- ◆ Once renovated, the properties will be refinanced to return cash to the fund for the acquisition and construction of additional properties. This process will be repeated throughout the life of the Fund, offering massive value creation that is ultimately a tax-free capital gain for the investors.
- ◆ The completed projects will provide rental cash flow to the operating business while offering pass through tax deductions such as depreciation that does not have to be recaptured under the OZ tax incentives. Equity in the properties will increase over time as the mortgages are paid down with rental income. Significant appreciation is also expected but not relied upon.



Fund Overview

- ◆ Accredited Investors Only
- ◆ Location: Columbus, Ohio
- ◆ Asset Class: Residential and mixed-use
- ◆ Multi-Asset Fund: Comprised of many small and mid-sized projects located throughout the urban neighborhoods surrounding downtown Columbus
- ◆ Investment Strategy: Provide much needed market rate workforce housing in the growing and underbuilt urban core through the renovation of existing obsolete housing & mixed-use assets as well the construction of new houses and small multi-family in urban neighborhoods
- ◆ Minimum Investment of \$100,000
- ◆ Target return to investors of 3.1X over 10 years (12% IRR compounded annually, tax-free exit after 10 years)
- ◆ Investors are eligible to receive the State of Ohio OZ Tax Credit equal to 10% of investment amount
- ◆ 100% of proceeds to investors until preferred return (8% accrued & compounded annually) plus return of capital is achieved.
- ◆ After the ten-year investment period required to achieve tax-free capital gains, the Fund will refinance and/or sell properties to provide investors with a target total return of 3.1X their initial investment (12% IRR, compounded annually and tax free upon 10-year exit).



Fund III Overview

Project Pipeline

- New construction of single-family home clusters
- Apartment Renovations
- Mixed-use Renovations
- New construction of mid-sized apartment buildings
- Walkable neighborhoods near downtown



Fund III Overview

- ◇ Example Investment of \$100,000 Capital Gains
 - ◇ State of Ohio OZ Tax Credit equal to 10% of investment
 - ◇ $\$100,000 \times 10\% = \$10,000$
 - ◇ Defer current capital gains tax until 12/31/2026 (payable in 2027)
 - ◇ 20% capital gain tax on \$100,000 = \$20,000 that can be invested for 5 years before being paid to IRS.
 - ◇ \$20,000 at 12% IRR grows to \$35,246.83 after 5 years, so the deferred tax nearly doubles while invested and essentially pays for itself at the end of the deferral period.
 - ◇ Investment in OZ Fund is eligible for a tax-free capital gain if held for 10 years
 - ◇ \$100,000 at 12% IRR (compounded annually) over 10 years grows to \$310,584.82 resulting in a tax-free gain of \$210,584.82.

Investment	100,000
Projected 12% IRR	
Year 1	112,000
Year 2	125,440
Year 3	140,493
Year 4	157,352
Year 5	176,234
Year 6	197,382
Year 7	221,068
Year 8	247,596
Year 9	277,308
Year 10	310,585

Plus \$10,000 State of Ohio Tax Credit Certificate in Year 1!



Fund III Overview

◆ Important Dates

◆ December 31st, 2022

- ◆ Last day to invest for 2022 round of Ohio OZ tax credits.
- ◆ Could be significant deadline if OZ expansion legislation is passed as it would qualify for 15% step-up in basis

◆ Throughout 2023

- ◆ Gains from 2022 & 2023 asset sales are eligible for investment immediately, within 180 days of sale.

◆ June 2023

◆ 180-day deadline from any year-end 2022 asset sales

◆ September 9th, 2023:

- ◆ Deadline to invest pass-through gains from entities that had 2021 capital gains (180 days from regular entity tax filing date of 3/15/22)
- ◆ Example:
 - ◆ ABC Partnership sells property XYZ in January 2021
 - ◆ Capital Gain of \$100,000 reported on partnership's 2021 tax return filed on 3/15/21
 - ◆ 180 deadline for individual partners to invest their gain into an OZ fund is 9/9/22

◆ December 31st, 2023:

- ◆ Last day to invest for 2023 round of Ohio OZ tax credits.



CBUS Opportunity Zone Fund III

CBUS Opportunity Zone Fund III

NOW OPEN FOR INVESTMENT

Contact Information:

Chris Knoppe, President & Co-Founder

Phone: 614-333-0780

Email: Invest@CbusOZFunds.com



Website for New City Homes: www.NewCityOhio.com

Website for CBUS OZ FUNDS: www.CBUSOZFUNDS.com



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