

QUALIFIED OPPORTUNITY ZONE FUNDS

A Tax Advantaged and Measurable ESG Solution

JULY
2023

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TOCQUEVILLE QUALIFIED OPPORTUNITY ZONE FUNDS ARE PARTNERSHIPS FORMED BY TOCQUEVILLE AND CAPZONE FOR QUALIFIED OPPORTUNITY ZONE (QOZ) INVESTMENTS



Tocqueville Asset Management is a New York-based, SEC registered investment advisor formed in 1985 and a UNPRI signatory

- Focused on after-tax capital preservation and long-term growth
- Absolute return orientation with private equity mindset
- Disciplined proprietary research-intensive process
- \$7.2B of client assets under management as of 6/30/23



CapZone Impact Investments is a Connecticut-based firm specializing in ESG Compliant QOZ investment strategies

- Multi-sector sourcing expertise in 8,766 Opportunity Zones throughout the US and 5 Territories
- Rigorous focus on sector, duration, liquidity, and volatility risk management
- 30 years of relationship and collaboration among Tocqueville's and CapZone's principals

WHAT ARE WE LOOKING FOR IN OZ OPPORTUNITIES?

- **Multi sector: Sustainable Infrastructure, Real Estate, Operating Companies**
 - Digital Infrastructure, including Data Centers
 - Clean Energy, including Solar
 - Workforce Multi Family & Government Related Real Estate
 - Asset Based Operating Companies, including Sustainable Agriculture
- **ESG compliant**
- **Good businesses/returns even without tax attributes**
- **Reputable partners and management teams with verifiable track records**
- **Conservative capital structures**
- **Programmatic approach to reach scale**
- **OZ rules allow amplified equity returns through attractive debt and government support**

PORTFOLIO IMPLEMENTATION & RISK MITIGATION

- Number and structure of investments will vary by investor preferences
- Rigorous due diligence
- Partnership shared methodology mitigates investment risk
- Optimizing public sector support where available
- Disciplined cash-flow based valuation
- Constant monitoring for performance and compliance
- Multiple exit alternatives
- **Tocqueville, CapZone and their principals will invest in each QOZ investment at both the GP and LP levels when available**

TYPICAL QOZB LIFE CYCLE*



- **Origination** - Working with vertical sector specialists expedites our time to market with new projects and enables scalable investment platforms.
- **Construction** - Obviously, project and location dependent but typically 1-3 years. During this phase or near its end it is possible to refinance some portion of investor capital.
- **Maturation** - Depending on the projects it may be possible to distribute cash flow to investors tax shielded by debt and depreciation in years 4-10.
- **Exit** - Theoretically, in year ten to maximize tax benefit but earlier if opportunity to roll into new QOZB or at investor option in secondary market
 - Potentially contractually determined with partner operator
 - M&A
 - IPO
 - Eventually, liquid QOZB or QOF secondary market supported by CapZone Analytics

Through potential refinancing, distributions, roll overs or secondary exits, we expect average duration of capital to be well less than ten years.

SIGNIFICANT TRANSACTION EXPERIENCE

- **Workforce Multi-family development at Fort Trumbull in New London, CT⁴**
 - **100% Opportunity Zone qualified real estate**
 - Resilient demand due to long term Government manufacturing contract
 - Superior location with harbor views
 - Significant employment growth from adjacent General Dynamics Corp.
 - Closed on \$50 million project with \$18 million in equity raised
 - Tocqueville/CapZone acting as GP



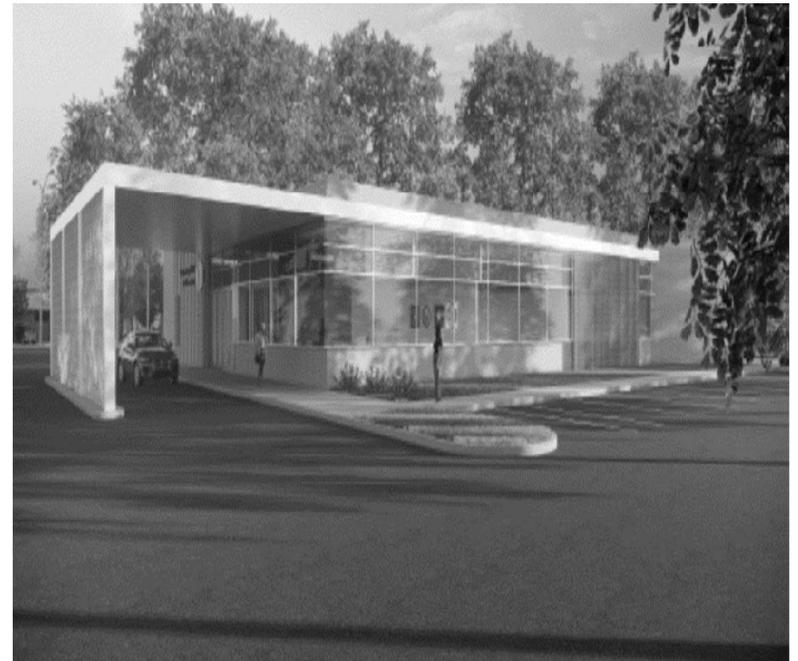
SIGNIFICANT TRANSACTION EXPERIENCE

- **Disabled Veterans Mixed Use Property in Colorado Springs, Colorado⁴**
 - Mixed-use property with 240 market rate multi-family ADA accessible units and 15 offices
 - Proximity to Fort Carson, Peterson Air Force Base and Schriever Air Force Base
 - Healthcare (physical therapy and psychologist), culture and recreation programs on site
 - Investment in June 2022 and construction beginning 2023
 - \$28.6 million equity / \$62.3 million debt
 - Tocqueville/CapZone to act as GP investors



SIGNIFICANT TRANSACTION EXPERIENCE

- **Government Backed Real Estate:
Albert Lea, Minnesota⁴**
 - Veterans Affairs outpatient clinic
 - Clinic facility is a significant upgrade for the local veteran community, with a modern design and new equipment allowing for efficient service to the community
 - Designed specifically to meet criteria for Department of Veterans Affairs
 - Debt structure ideally suited for Opportunity Zone structure with low permanent leverage
 - Investment in May 2020 and construction completed in 2nd quarter 2021
 - \$1.7 million equity / \$4.4 million debt
 - CapZone to act as GP investor



ILLUSTRATIVE CAPZONE COMMUNITY ENGAGEMENT INITIATIVES*

OPPORTUNITY ZONE(S)	CAPZONE HISTORY	CONSIDERATIONS	PRIORITY PROJECTS/INITIATIVES
<p>State of Connecticut</p> <ul style="list-style-type: none"> https://portal.ct.gov/DECD/Content/Community-Development/04_Incentives_Liability_Relief/Location-Based-Incentives/Opportunity-Zones 72 Zones in urban and suburban areas 	<ul style="list-style-type: none"> 2018: CapZone launched in Norwalk CT as first multi sector QOF in country 2019: CapZone panel presenter for Governor's kickoff OZ conference in New Haven 2021: CapZone led and closed catalytic Fort Trumbull/New London workforce housing OZ investment, and worked with a municipality on data center OZ strategy Currently: CapZone ongoing OZ collaboration with State on OZ initiatives 	<ul style="list-style-type: none"> State government and 27 municipalities with designated Opportunity Zones encourage OZ investments. Committed to supporting local community stakeholders, developers, and investors to drive OZ investment and maximize program benefits 	<ul style="list-style-type: none"> Workforce housing including resilient building standards Data centers supported with clean energy Job creating businesses, including CapZone
<p>State of Colorado</p> <ul style="list-style-type: none"> https://oedit.Colorado.gov/Colorado-opportunity-zone-program 126 urban and rural Zones with at least 20% poverty rate 	<ul style="list-style-type: none"> 2018: CapZone attended first national OZ conference in Denver, sponsored by Governor in July before IRS regulations 2020: CapZone presented at Governor sponsored OZ conference Currently: CapZone working with OEDIT assessing projects identified as priorities by the state 	<ul style="list-style-type: none"> Projects with innovation focus and Municipal and Government related off-takers including solar, water State-wide supported <i>Just Transition</i> to renewables working with dependable developers and supporting communities/jobs 	<ul style="list-style-type: none"> Wastewater to energy projects Fossil fuel to renewables community transitions and job training National lab OZ innovation campus University energy innovation campus extension
<p>Claiborne County, Mississippi</p> <ul style="list-style-type: none"> https://claiborneworks.com/ftz-opportunity-zone Rural Zone in one of the most economically distressed communities in the United States 	<ul style="list-style-type: none"> 2019: Assessed feasibility of large clean energy project 2021: Supported County's OZ goals with delivery of CapZone interns' MIT Sloan OZ implementation report Currently: CapZone working with Claiborne County Economic Development District introducing various developers including in real estate 	<ul style="list-style-type: none"> Focus on working with the county to develop job creating businesses and resilient real estate projects Streamlined approval processes to advance priority projects 	<ul style="list-style-type: none"> Workforce housing including solar/clean energy Hotel/motel real estate projects to include solar / clean energy Timber waste to pellet clean energy project including new build manufacturing facility
<p>Atlantic County, New Jersey</p> <ul style="list-style-type: none"> https://www.aceani.com/resources/opportunity-zones Eight Zones in urban and rural areas 	<ul style="list-style-type: none"> 2021: CapZone met with County officials to assess county's OZ initiatives Currently: CapZone with Atlantic County Economic Alliance assessing projects identified as priority by the County 	<ul style="list-style-type: none"> Partner with clustered national manufacturers and developers for sustainable aviation and aerospace infrastructure Accelerates FAA approval process for airborne new technologies (e.g. drones) 	<ul style="list-style-type: none"> Aviation & Aerospace Innovation Campus Centralized office location for government and private industry stakeholders; streamlined approvals Manufacturing, Job creating Businesses, and real estate investment opportunities

*There is no guarantee that similar investments will be made or will be available.

Veterans Villa

Colorado Springs, CO

Investment Strategy

The Veterans Villa Operating LLC is a Qualified Opportunity Zone Business (QOZB) formed to provide investors with both the opportunity to support veterans and receive the benefits of the Opportunity Zone tax program. This Opportunity Zone project in Colorado was inspired by Kim Kuhle, CEO of Veterans Victory, in collaboration with Tocqueville Asset Management L.P. and CapZone Impact Investments LLC.

Veterans, especially those with disabilities, are an underserved community that has traditionally faced obstacles in obtaining appropriate housing. The Veterans Villa project seeks to construct a mixed-use property in Colorado Springs, Colorado, consisting of 240 market rate multi-family ADA accessible units coupled with 37,000 square feet of small business center space. Catering to veterans, current serving military personnel and traditional market rate tenants, the project will include desirable amenities such as underground parking, a pool, clubhouse and recreational spaces. Business center tenants may include business/technology services, entrepreneurship training for veterans, childcare or on-site healthcare such as physical therapy. The site will further feature revenue generating solar power on the small business center and EV charging stations. Certain residential tenants may be eligible for VA rental support.

The Colorado Springs location is a growing, demographically attractive market (voted #3 in U.S. News & World Report’s “Best Places to Live” and #1 for veterans by Military Times). The property is conveniently located near the airport, active-duty military installations, an Amazon regional center and the outdoor attractions of the Rocky Mountains.



Veterans Villa Operating LLC – Deal Overview

Investment Highlights

Attractive Market and Location for Veterans Housing

- Colorado Springs area has seen 9% population growth over the past 10 years and currently 17.1% of adults in the area are veterans and 20% of these are disabled
- El Paso County expected to see a 32% increase population over the next 20 years
- Proximity to Fort Carson, Peterson Air Force Base and Schriever Air Force Base

Project Significantly De-Risked

- Large Portion of Equity Already Funded – Initial closing in June 2022 raised over \$16 million.
- Experienced Construction Partners – Burlington Capital providing project management and Hausmann Construction as general contractor for the apartments.
- Local Partner for Small Business Center – Hammers Construction located in Colorado Springs selected to design/build the commercial site as well as coordinate with the city and master development plan.
- Bank Financing Available - interest from lenders looking for CRA credit and/or HUD financing.

Veterans Villa Features

- Healthcare (physical therapy and psychologist), culture and recreation programs including pool and clubhouse on site
- Digital connections and high-speed broadband
- Sustainability aspects include solar, green construction materials and EV charging stations

Preliminary Deal Metrics	
Equity	\$34,822,781
Construction Debt	64,670,878
Total Costs	99,493,659
LTC	65.00%
Loan Rate	6.00%
Expected Hold Period	10 Years
Deal Structure	
Preferred Return	8.0%
GP Promote Structure	
Promote Above Hurdle	30.0%
Deal Projected IRR	14.1%
Deal Multiple of Investment	3.20x
New LP Projected IRR	13.9%
New LP Multiple of Investment	2.82x

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Deal Cash Flows	(18,630,410)	0	(18,022,781)	0	796,954	1,722,805	2,015,825	2,321,179	2,639,376	2,970,948	2,930,316	102,024,527
LP Cash Flows	(17,630,410)	0	(18,022,781)	0	775,211	1,675,802	1,960,828	2,257,851	2,567,367	2,889,893	2,850,369	85,643,256

ROBUST INVESTMENT PIPELINE*

- **Multiple investment sectors across almost 8,800 Opportunity Zones.**
 - Potential to deploy over \$1.0 billion over next 12-24 months

SECTOR	PARTNER/DESCRIPTION	CONSIDERATIONS	SAMPLE PIPELINE
Digital Infrastructure	<ul style="list-style-type: none"> • Leading developer/operator • CapZone Digital Senior Advisor 	<ul style="list-style-type: none"> • Partner with sustainable digital infrastructure developers with national programs/EPCs 	<ul style="list-style-type: none"> • Millinocket, ME Data Center • Data Centers Nationally • Wireless/Microgrids • 12-24 Month Potential: \$100-250 Mil.
Clean Energy Infrastructure	<ul style="list-style-type: none"> • Experienced fund management partners • Various Solar Developers 	<ul style="list-style-type: none"> • Focus on high quality offtakers under long term Power Purchase Agreements 	<ul style="list-style-type: none"> • NC Utility Solar • Mid-market Municipal /C&I • Biomass and Waste to Energy • 12-24 Month Potential: \$250-300 Mil.
Government and Workforce Multifamily Residential	<ul style="list-style-type: none"> • Experienced co-investment and fund management partners 	<ul style="list-style-type: none"> • Government as lessee/ major demand driver and workforce residential with dependable developers 	<ul style="list-style-type: none"> • Colorado Springs Veterans' Housing • CT Workforce residential/ military • Military and US Federal Government • 12-24 Month Potential: \$300-500 Mil.
Other, including Sustainable Agriculture, Healthcare, Innovation	<ul style="list-style-type: none"> • CapZone HealthCare Senior Advisor • Tocqueville Sourcing 	<ul style="list-style-type: none"> • Opportunistic investments based on OZ expertise, relationships and solutions 	<ul style="list-style-type: none"> • Florida Agriculture/Nutrition • HealthCare and Senior Facilities • Innovation Districts • 12-24 Month Potential: \$200-300 Mil.

More Information



Tocqueville Asset Management LP is a New York-based, SEC registered investment advisor formed in 1985 and a UNPRI signatory. Tocqueville is a privately owned limited partnership with \$7.2 Billion in assets under management as of June 30, 2023. Tocqueville's investment strategy focuses on capital preservation and long-term growth and leverages proprietary intensive fundamental research.

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CapZone Impact Investments LLC is a Connecticut-based firm specializing in ESG Compliant QOZ investment strategies. It was founded in May 2018 to connect profits to purpose by bringing together financial, intellectual and human capital to benefit low-income communities and generate ESG + Resilient investing at scale.

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