CASE STUDY

Deferring Taxes Following a Business Sale

How one family used Opportunity Zone investments to defer taxes, generate income, and create long-term growth potential.

When the clients sold their construction business, they faced an important decision: how to manage the proceeds in a way that would support their financial goals—not just today, but for years to come.

The sale created a significant liquidity event and a substantial capital gain. While preserving as much capital as possible was a priority, the family also wanted to create a long-term strategy that balanced tax efficiency, income generation, and future growth.

Client Background

The clients were owners of a successful, family-run construction business that they built and operated for more than 20 years.

When they decided to sell, they received an estimated capital gain of

$3 Million

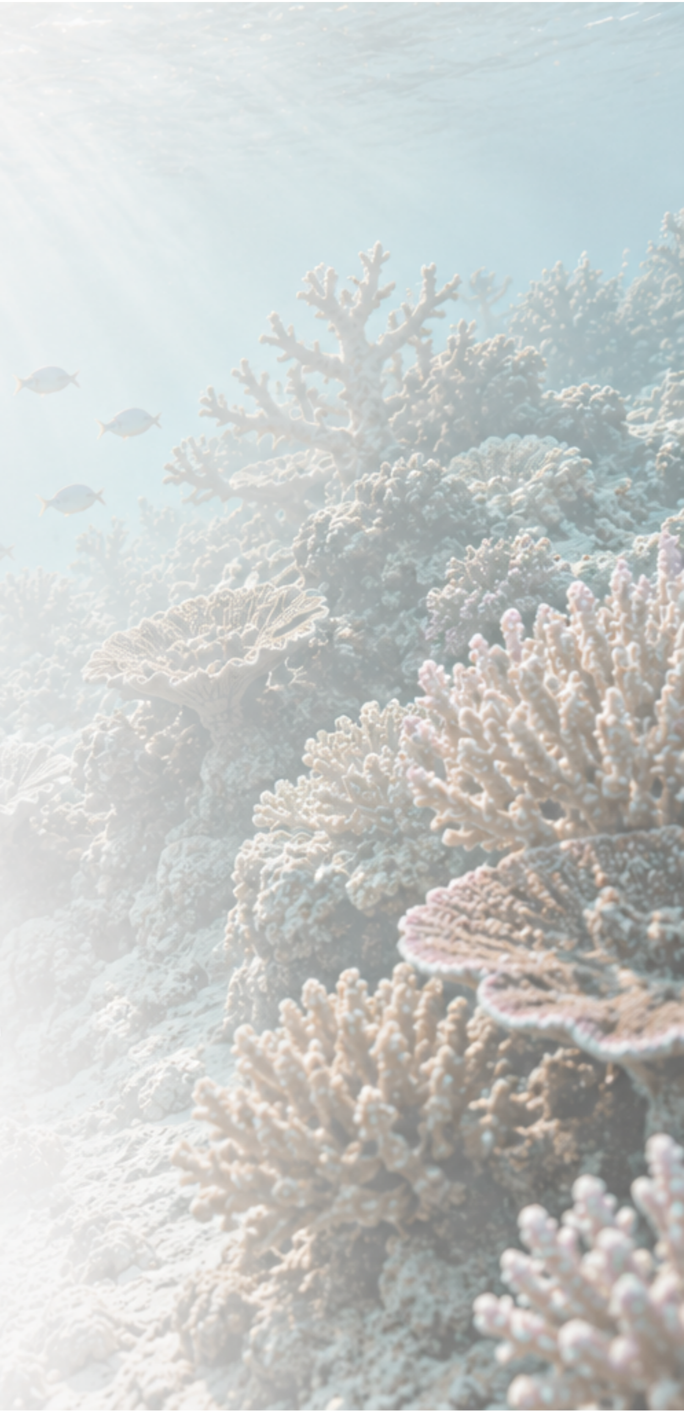
Their primary goals were to reduce the immediate tax impact of the sale, preserve capital, and reposition a portion of the proceeds into long-term, income-producing investments.

The Challenge

A significant portion of the business sale proceeds would be subject to capital gains taxes if no action was taken.

The clients wanted to preserve as much capital as possible while creating a long-term strategy that balanced tax efficiency, income generation, and growth potential.

Traditional investment solutions alone would not have fully addressed their objectives.



CASE STUDY

The Strategy

$3,000,000
Capital Gain

↓

$1,000,000
Allocated to
Opportunity Zone Investments

↓

Capital Gains Taxes
Deferred

↓

Exposure to
Professionally Managed
Development Projects in
Growth Markets

The Outcome

Approximately 30 months later, the underlying Opportunity Zone projects were completed, leased, and stabilized. The portfolio began generating annual cash flow while maintaining exposure to long-term development and appreciation opportunities.

By maintaining the required holding period, the clients positioned themselves to potentially benefit from additional tax advantages tied to future appreciation.

The Result

- Deferred taxes on $1 million of capital gain
- Preserved more investment capital
- Created a new passive income stream
- Maintained diversification
- Gained exposure to professionally managed development projects
- Positioned for long-term growth potential

Key Takeaway

Opportunity Zone investments can provide a way to defer taxes, preserve capital, and participate in long-term growth opportunities while remaining invested in real estate.

General Disclosure:

All investing involves risk of loss of some or all principal invested. Past performance is not indicative of future performance. There can be no guarantee that any investment or strategy will achieve its stated objectives. Speak to your tax and/or financial professional prior to investing. Securities and advisory services through Emerson Equity LLC, member FINRA and SIPC and a registered investment adviser. Emerson is not affiliated with any other entity identified herein.

Real Estate / 1031 Risk Disclosure:

- **There is no guarantee** — that any strategy will be successful or achieve investment objectives.
- **Potential for property value loss** — All real estate investments have the potential to lose value during the life of the investments.
- **Change of tax status** — The income stream and depreciation schedule for any investment property may affect the property owner's income bracket and/or tax status. An unfavorable tax ruling may cancel deferral of capital gains and result in immediate tax liabilities.
- **Potential for foreclosure** — All financed real estate investments have potential for foreclosure.
- **Illiquidity** — These assets are commonly offered through private placement offerings and are illiquid securities. There is no secondary market for these investments.
- **Reduction or Elimination of Monthly Cash Flow Distributions** — Like any investment in real estate, if a property unexpectedly loses tenants or sustains substantial damage, there is potential for suspension of cash flow distributions.
- **Impact of fees/expenses** — Costs associated with the transaction may impact investors' returns and may outweigh the tax benefits.
- **Stated tax benefits** — Any stated tax benefits are not guaranteed and are subject to changes in the tax code. Speak to your tax professional prior to investing.