

OZ 2.0 INVESTOR THESIS · ONE-PAGE SUMMARY

The Indiana Dunes Club Opportunity

For an Illinois investor with a \$100K+ capital gain in 2026: how OZ 2.0 at Indiana Dunes Club compares to paying the tax and investing the net in something conventional.

THE THESIS

The 28.75% you never earn back.

An Illinois investor's capital gain loses 28.75% to tax on day one — \$20,000 federal, \$3,800 NIIT, \$4,950 to Illinois. That's not a risk that can be diversified away or recovered in a good market year. It's a permanent 40% capital handicap versus the OZ investor next to you.

Indiana Dunes Club is deliberately conservative — 6.5% appreciation on lakefront land where the 20-year regional median is higher; STR revenue indexed to Beachwalk's verified performance. Even so, the OZ tax structure alone makes the counterfactual math almost impossible to close.

You don't have to bet on a heroic real estate return — you just have to bet that conservative real estate plus a zero-tax exit beats aggressive equities with a 28.75% cut on both entry and exit. Over 10 years, that's a bet the math wins for you.

Four ways to invest \$71,250 for 10 years

Starting from \$71,250 (after paying \$28,750 tax on a \$100K gain), or \$100K left whole in OZ:

Strategy	Ending value	MOIC	Net gain
Muni bonds — 4% tax-free	\$105,467	1.05x	+\$5,467
Private RE — 6.5% total	\$124,372	1.24x	+\$24,372
S&P 500 — 7% after-tax	\$140,181	1.40x	+\$40,181
Indiana Dunes Club OZ Scenario A	\$179,765	1.80x	+\$79,765
Indiana Dunes Club OZ Scenario B	\$181,558	1.82x	+\$81,558

OZ scenarios include the Y5 deferred tax bill and full Illinois conformity. MOIC on the original \$100K pre-tax gain.

What the OZ election alone earns

Incremental IRR on the \$28,750 tax dollar itself — isolating what the deferral is worth regardless of the underlying real estate return:

On the deferred \$28,750 tax	Range (A / B)
vs. Muni 4%	12.00–13.98%
vs. Private RE 6.5%	6.23–6.36%
vs. S&P 500 7%	3.00–4.34%

Read as: "if I could deploy the \$28,750 elsewhere at this rate for 10 years, I'd match the OZ outcome." All positive across every benchmark.

Bottom line: Indiana Dunes Club OZ delivers ~\$40K more per \$100K unit than the S&P 500 — ~30% more ending wealth without market equity risk. On a \$2M capital gain that's ~\$800K more net worth, while the deferred tax dollar earns 3–14% incremental IRR.

THE EXIT IS NOT THEORETICAL

Depth at \$1M–3M.

9+ confirmed Michigan City / Long Beach lakefront closings between \$1.25M and \$3.5M in the last ~18 months. Prime inventory trades in under 90 days — several in under 10. The sponsor's 60/60/90 liquidity commitment is backed by an active comp set.

\$2.15M

1852 Lakeshore Dr · Michigan City

Aug 2025 · under contract in 7 days

\$3.50M

2306 Lake Shore Dr · Long Beach

Dec 2025 · 96% of list · ~90 DOM

\$1.47M

2925 Lake Shore Dr · Long Beach

Dec 2025 · 93% of list · 46 DOM

Ready to talk?

Deployable in \$100K units against 2026 gains. The full 16-page briefing covers program mechanics, tract 430 status, both scenarios, risks, and 30+ citations for your CPA and tax counsel.

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REFERENCE · KEEP THIS HANDY

Acronym & term legend

Every OZ term used across the Indiana Dunes Club investor materials, defined once. Investors familiar with OZ rules can skip. On the website (indianadunesclub.pplx.app) these definitions appear on hover.

OZ VEHICLES & ENTITIES

QOF	Qualified Opportunity Fund. The entity (LLC taxed as partnership, or corporation) that receives your rolled capital gain and invests it into the project.
QROF	Qualified Rural Opportunity Fund. A QOF whose project sits in a rural OZ tract (population <50K per OBBBA). Rural QROFs receive a 30% basis step-up at Year 5 (vs. 10% for urban QOFs) and only 50% substantial-improvement threshold (vs. 100%). Indiana Dunes Club is a QROF — all four LaPorte County OZ tracts are rural.
QOZB	Qualified Opportunity Zone Business. The project-level LLC (owned by the QOF) that owns the parcels and improvements. The two-tier QOF → QOZB structure unlocks the 31-month working-capital safe harbor.
QOZ	Qualified Opportunity Zone. A federally designated census tract. Indiana Dunes Club sits in Tract 430 (Michigan City, IN).
OZ 2.0	The permanent Opportunity Zone program enacted by the One Big Beautiful Bill Act (July 2025), effective January 2027. Restores rolling deferral, adds 30% basis step-up at Year 5 for rural QROFs (10% for standard urban QOFs), and 100% federal tax exclusion at Year 10.
OBBBA	One Big Beautiful Bill Act. The July 2025 tax law that made the OZ program permanent and introduced rural QROF benefits.
IRC §1400Z-2	Section of the Internal Revenue Code that authorizes the OZ tax benefits.
§1031	Like-kind exchange. Real-estate-only vehicle that defers capital gains when full sale proceeds are reinvested into replacement property. Any cash kept ("boot") is taxed immediately. Unlike OZ 2.0, §1031 defers indefinitely but never permanently eliminates the tax during the investor's life — basis carries forward until a taxable sale or the §1014 step-up at death.

TAX TERMS

LTCG	Long-Term Capital Gains. The federal rate applied to gains on assets held over one year. 20% federal + 3.8% NIIT = 23.8% for high earners.
NIIT	Net Investment Income Tax. A 3.8% surtax on investment income for high earners, added on top of the 20% federal LTCG rate.
IRS	Internal Revenue Service. The federal tax authority.
IRC	Internal Revenue Code. The federal tax law.

FEDERAL FORMS FILED

Form 8996	Annual self-certification the QOF files with its first partnership return to confirm the 90% asset test.
Form 8949	The investor's tax form used to elect deferral of the rolled capital gain in the year of investment.
Form 8997	The investor's annual tax form used to report their QOF investment holding each year.
K-1	IRS Schedule K-1. The annual tax form a partnership issues to each member showing their share of income, deductions, and credits.
EIN	Employer Identification Number. The federal tax ID required to open a bank account for the QOF LLC.

DEAL & OFFERING TERMS

LLC	Limited Liability Company. The standard legal entity used for both the QOF and the QOZB.
JV	Joint Venture. The sponsor-investor partnership structure that owns the project.
GP / LP	General Partner (sponsor) and Limited Partner (investor). The GP manages the project and earns promote above the preferred return; the LP contributes capital and receives the preferred return.
Reg D 506(c)	SEC Rule 506(c) under Regulation D. The private-offering exemption that allows general solicitation to verified accredited investors only.
NDA	Non-Disclosure Agreement. The confidentiality agreement executed before the offering package is delivered.

UNDERWRITING METRICS

MOIC	Multiple on Invested Capital. Total dollars returned divided by dollars invested. A 2.0× MOIC means the investor doubled their money.
IRR	Internal Rate of Return. The annualized rate of return on the investment, expressed as a percentage.
NOI	Net Operating Income. Property revenue minus operating expenses, before debt service, taxes, and capital reserves.
LTV / LTC	Loan-to-Value and Loan-to-Cost. Ratios of the loan amount to appraised value or total project cost, respectively.
DSCR	Debt Service Coverage Ratio. NOI divided by annual debt service. Lenders typically require 1.20×–1.35×.
IO	Interest-Only. A loan structure where the borrower pays only interest during the term, with principal due at maturity.
STR	Short-Term Rental. Nightly or weekly rental income (typically via VRBO or Airbnb) used to underwrite operating cash flow.

Illustrative planning summary. Not tax, legal, or investment advice. Investors should consult their own qualified tax counsel before making any Opportunity Zone election. Indiana Dunes Club Development LLC. indianadunesclub.pplx.app · invest@dunesreserve.com.