

M31 Capital Announces Launch of Morpheus 1 Opportunity Zone Fund to Invest in San Francisco Bay Area

New Qualified Opportunity Zone Fund to Deliver Powerful Tax Advantages for Investors, Supports Growth in Under-Served Communities

SAN FRANCISCO – APRIL 9, 2019 – M31 Capital, a leading real estate investment firm, today announced the launch by its affiliate Morpheus General Partner, LLC of its first Qualified Opportunity Zone fund. The Morpheus Qualified Opportunity Zone Fund 1 (“Morpheus 1”) will invest in designated Opportunity Zones in the greater San Francisco Bay Area.

Opportunity Zones were created by The Tax Cuts and Jobs Act of 2017. Opportunity Zones provide investors with significant tax advantages, while stimulating economic development in under-resourced communities. The tax advantages include deferring the payment of tax on an investor’s capital gains until 2026, getting up to a 15% discount on the tax on those capital gains at that time, and then no tax on the investor’s profit upon wind-up of the fund after 10 years.

The Morpheus 1 Fund will access and invest across a wide range of properties, including off-market multi-family housing, mixed-use properties, empty or neglected apartment buildings, unoccupied offices and vacant land located in Opportunity Zones designated by the Governor of California and the U.S. Department of the Treasury. The greater San Francisco area, known for its soaring real estate values, is home to 80 Opportunity Zones, encompassing a wide range of communities that have not benefited from economic growth elsewhere in the region.

“Qualified Opportunity Funds offer tremendous potential for investors who are seeking to realize the tax benefits of reinvesting their capital gains from other investments, while contributing to positive economic development in local communities that have been left behind,” said Taylor Lembi, CEO of M31 Capital. “Morpheus 1 will help address the severe residential housing shortage impacting the entire Bay Area by bringing more affordable living options for our city’s residents in underserved markets near job centers.”

Unlike funds that are investing in multiple cities, Morpheus will focus exclusively on the San Francisco regional market where M31 Capital has a strong network of vertically integrated companies that generate deal flow, minimize expenses and deliver value to its clients and partners across the real estate supply chain, according to Lembi.

“Our highly focused investment strategy allows us to be very selective about the investments we make. Larger funds may be forced to take an invest-at-all-costs approach, which can lead to compromised outcomes and less attractive returns,” said Lembi. “At M31 Capital, we focus exclusively on the Bay Area market, where we have decades of experience and a robust network of deep connections throughout the industry. We typically have \$100 million in off-market deal flow at any given time, including a significant volume of properties located in Opportunity Zones.”

“The tax benefits conferred by Opportunity Zone funds present an incredibly attractive option for accredited investors who are seeking to build exposure to professionally-managed real estate as an asset class,” said Anthony Dagati, Managing Director, M31 Capital. “All of the investments made by Morpheus 1 will be economically sound without regard to the tax incentives provided to Qualified Opportunity Zone investors.”

M31 Capital has managed over \$3 billion of real estate transactions since inception. The firm’s robust network of brokerage relationships will be made available to Morpheus 1 through the General Partner. This provides the Morpheus 1 Fund with an unparalleled advantage in sourcing excellent investment opportunities not available to newer market entrants seeking to invest in the Bay Area for the first time.

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About M31 Capital

M31 Capital is a real estate investment firm that has acquired, managed, financed, and advised on more than \$3 billion of real estate-related transactions across the San Francisco Bay Area of Northern California. M31 is comprised of five affiliated companies that provide a wide range of real estate services including property management, general contracting, utility management, property advisory, mortgage banking, automated rental marketing and tenant screening for landlords, leasing agents, and property management companies. For more information, please visit: www.m31cap.com. and contact Morpheus General Partner, LLC (the sponsor of the offering of interests in the Morpheus I QOF program) at morpheus1fund.com.

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