

Leveraging Public-Private Partnerships to

Amplify Impact

2022 Arctaris Impact Report



ARCTARIS
IMPACT INVESTORS

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Fresh
Foods
On the Go

Leveraging partnerships to amplify our impact

LETTER FROM MANAGING PARTNER

On behalf of Arctaris Impact Investors, LLC, I extend our team's gratitude to you, our investors, government stakeholders, and foundation partners, for sharing in our mission. Your participation makes this work possible, and your enthusiasm makes it exciting. We can say that our public-private partnerships achieved truly transformative results for underserved communities—as presented here in our Annual Impact Report.

Our successful partnerships and teamwork reveal the power of collaboration and the shared belief that we can simultaneously do good in underserved communities and do well for our investors. We welcomed 11 new team members, launched our seventh fund—the Arctaris Opportunity Zone Fund 2022, LLC and deployed or dedicated capital for projects underway totaling \$129 million.¹ Looking to the future, we remain committed to driving positive change through the launch of our eighth impact fund, the Arctaris Opportunity Zone Fund 2024, LLC, and ongoing issuances of Arctaris Impact Fund Impact Notes.²

Arctaris chose to highlight a single theme in this year's Annual Impact Report, one that is pervasive in our funds and also nationally in the post-COVID economy: **Leveraging Public-Private Partnerships to Amplify Impact.** COVID relief initiatives and new government stimulus programs have helped create the largest opportunities in generations for investing in underserved communities. You will read in

this report how Arctaris responded to these opportunities, focusing our efforts to leverage the transformative effects of government funding.

For example, we are grateful to have won a \$30 million award of New Markets Tax Credits (NMTCs) from the U.S. Treasury Department's Community Development Financial Institutions Fund.³ With this award, we can continue to provide essential capital needed by the businesses and communities we serve nationally. These future investments are anticipated to generate quality jobs and provide flexible loans to minority-owned businesses and real estate projects, with an emphasis on states and cities where we have place-based impact programs.

Additionally, following the 2010 Jobs Act, Arctaris was one of the first for-profit funds to partner with the government in leveraging funding from the State Small Business Credit Initiative (SSBCI) to provide capital access to small businesses.^{4,5} Congress relaunched the SSBCI program with the 2020 CARES Act in response to

COVID, and we are leveraging these awards in partnership with multiple state economic development agencies to amplify their impact objectives.

As a result of Arctaris Impact's record of building successful public-private partnerships with cities, counties, states, and foundations throughout the U.S., there are 15 such new programs in our pipeline. Additionally, we successfully launched the Arctaris-Connecticut Program.⁶ The Arctaris-Connecticut Program will invest in community development projects located in Hartford's urban core, with emphasis on diversity, equity, and inclusion (DEI) and community revitalization. Our goal in Hartford is to improve access to capital, quality jobs, and basic infrastructure, creating opportunities for low-income families to prosper.

In this report, you will also learn about Arctaris Impact's investments designed to produce specific outcomes, such as high-speed broadband access, affordable housing, support to minority-owned businesses, and overall community

“In 2022, COVID relief initiatives and new government stimulus programs helped create the largest opportunities in generations for investing in underserved communities.”

JONATHAN TOWER
MANAGING PARTNER
ARCTARIS IMPACT INVESTORS, LLC



Leveraging partnerships to amplify our impact

revitalization For example, Arctaris Impact invested in partnership with Great Works Internet to construct broadband fiber networks for five communities in Maine. In Colorado, Arctaris is funding fiber broadband networks for three counties in partnership with Clearnetworx.

You will also read how Arctaris helped a minority executive from the transportation industry to purchase Cleveland-based Specialized Construction Inc., creating one of the only minority-led asphalt paving companies in the country, well positioned to participate in the federal government's investments to revitalize the nation's highway infrastructure. Arctaris funded SCI a second time to complete a strategic acquisition.

In our real estate vertical, Arctaris funded a mixed-use development in the Gowanus neighborhood of Brooklyn, New York, that will provide high-quality, affordable housing, revitalize a once overlooked neighborhood, and create opportunities for women- and minority-owned businesses. Arctaris also completed an investment to build affordable senior housing in the historically underinvested Poppleton neighborhood of Baltimore. Finally, Arctaris Impact's investment in the second major project of the Erie Downtown Development Corporation master plan will create housing and retail space, support local businesses, generate tax revenue, and revitalize downtown Erie, Pennsylvania.

In addition to new investments, Arctaris actively creates impact by supporting our portfolio companies. We do not settle for impact that would have happened anyway (without

our investment). We are intentional about creating impact additionalities. In this report, you will learn about our portfolio initiatives, including identifying funding from financial partners to build a much-needed affordable employee housing project for Saddleback Mountain and securing low-cost funding to improve Up To Date Laundry's energy efficiency.

Arctaris believes that robust impact measurement and management allows us to understand and increase our effect on communities over time. We continuously strive to improve our impact management process and strategy to measure the impact of our investments and ensure that we align with industry best practices. Moreover, we have established a sector-specific impact measurement and management framework for operating businesses, broadband projects, and real estate projects to deliver better impact outcomes.

Thanks to your support, Arctaris is now the largest impact-focused Opportunity Zone fund manager nationally.⁷ Arctaris is a recognized leader in impact investing and participated in a discussion about equitable community revitalization at the nation's leading impact investing conference, Mission Investors Exchange (MIE). The Arctaris team also discussed best practices and strategies in the successful economic development of rural communities during SOCAP, a global conference series dedicated to increasing the flow of capital toward social good.

Looking ahead, Arctaris looks to expand the breadth of its impact by launching additional place-based programs for underserved

ENDNOTES

- ¹ Arctaris data as of December 31, 2022, including new and add-on investments.
- ² For a complete understanding of the funds and their risks, please see the Fund Offering documents.
- ³ Arctaris Impact CDE, LLC, ("Arctaris CDE") received the NMTC award.
- ^{4,5} "Evaluation of the U.S. Department of Treasury State Small Business Credit Initiative," 2016, <https://home.treasury.gov/system/files/256/ssbci-program-evaluation-2016-appendices.pdf>
- ⁶ Arctaris Connecticut Program press release: <https://www.businesswire.com/news/home/20221108005832/en>
- ⁷ OpportunityDb: The Opportunity Zones Database, <https://opportunitydb.com/funds/>

communities and underrepresented peoples. We plan to achieve this breadth, while also increasing depth through repeatable, thematic investments such as municipal infrastructure, clean energy, and community broadband fiber.

Our call to action at Arctaris has never been greater, given the great number of communities that are lagging behind in the post-COVID recovery. At the same time, thankfully we have stronger tools available than ever before for addressing inequality and creating pathways to prosperity. Between these incredible tools and incredible needs, Arctaris has an unprecedented opportunity to help others. We thank all of our investors for your commitment to building healthy communities and invite new stakeholders to join Arctaris on this important mission.

Kind regards,



Jonathan Tower
Managing Partner
Arctaris Impact Investors, LLC



“We have stronger tools available than ever before for addressing inequality and creating pathways to prosperity. Between these incredible tools and incredible needs, Arctaris has an unprecedented opportunity to help others.”

JONATHAN TOWER, MANAGING PARTNER, ARCTARIS IMPACT INVESTORS, LLC

Arctaris in Action

\$355M

of total investment capital and First-Loss Capital raised, \$74 million of new capital raised for Opportunity Zone Fund platform and Impact Fund¹

\$60M deployed in 2022²

NEW INVESTMENTS



231 North Schroeder Street
Baltimore, Maryland



300 Nevins Street
Gowanus (Brooklyn), New York



Specialized Construction Inc.
Cleveland, Ohio



Erie Block Two
Erie, Pennsylvania



Saddleback Workforce Housing
Franklin County, Maine



Arctaris Broadband Company (ABC)
Colorado, Maine, others pending

ADD-ON INVESTMENTS



Front Row
Huntsville, Alabama



Market Fresh Gourmet
Baltimore, Maryland



Up To Date Laundry
Baltimore, Maryland



Northeast Heights
Washington, D.C.



GCAP HoldCo, LLC
Glenwood Springs, Colorado

1

Create and Retain Living-Wage Jobs³

9,072

total jobs in
Arctaris portfolio

81%

of total jobs are accessible
jobs that do not require a
four-year bachelor's degree

ONE JOB ADDED PER APPROXIMATELY

\$28,500

total investment

\$5,700

per government/
foundation dollar spent

2

Expand Access to Critical Products and Services

1,807,976

square feet

of construction and
historic building rehabilitation
work underway⁴

1,726

multifamily residential units
under construction⁵

296

below market-rate multifamily
units under construction⁶

TWO

brownfield sites
remediated⁷

Estimated 1,200

underserved residential and business premises in Colorado
passed by ABC broadband networks⁸

Estimated 12,000

residential or business premises expected to access
broadband in 2023 in Colorado and Maine⁹

REAL ESTATE

BROADBAND

3

Advance Renewable Energy Projects and Businesses¹⁰

270
acres

of solar infrastructure
installed¹¹



51.3
megawatts

of solar capacity
installed



¹ Arctaris data as of December 31, 2022. For a complete understanding of Arctaris assets under management, please see Form ADV at sec.com; First-Loss Capital provides incremental deal-level and fund-level protection through last-money-out capital, grants, and tax credits.

² Arctaris data as of December 31, 2022, including new and add-on investments.

³ Arctaris Impact Investors, 2022, Arctaris Impact Survey 2022

^{4,5} Arctaris real estate team with data aggregated from each real estate developer or project.

⁶ Arctaris Impact Survey 2022

⁷ Gowanus (NY), Huntsville (AL). A brownfield is a property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant.

⁸ Arctaris Broadband Company, Clearenetworx

⁹ Arctaris Broadband Company

¹⁰ Arctaris Impact Investors, 2022

¹¹ Assumes 5 acres per MW for the Norwich Technologies solar portfolio.

Arctaris Impact Footprint¹



URBAN COMMUNITIES



RURAL COMMUNITIES



GLENWOOD SPRINGS, COLORADO

Altitude Apartments (9/2020)*

- Constructed 100 units of workforce housing
- Target: retain and create quality jobs



CLEVELAND, OHIO

Specialized Construction Inc. (3/2022)*

- Invested in one minority-owned business
- Target: retain and create quality jobs



CLINTON TOWNSHIP, MICHIGAN

Recaro Automotive (2/2020)*

- Target: retain and create quality jobs



BELLEVILLE, MICHIGAN

AEL (10/2018)*

- Invested in one minority-owned business
- Target: retain and create quality jobs



ERIE, PENNSYLVANIA

The Flagship Complex and Erie Block Two (8/2022)*

- Target: revitalize downtown Erie by building a food hall, a grocery store, parking garage, rock climbing gym and multifamily rental units spanning two city blocks



WHITE RIVER JUNCTION, VERMONT²

Norwich Technologies (5/2016)*

- 220 acres of solar infrastructure installed
- 44 megawatts of solar capacity installed



RANGELEY, MAINE

Saddleback Mountain (1/2020)*

- Target: retain and create quality jobs as the largest employer in the region
- 7 megawatts solar array to serve mountain and feed the local utility grid; 50 acres of renewable energy infrastructure installed



BELFAST, MILLINOCKET, EAST MILLINOCKET, AND MEDWAY, MAINE

Arctaris Broadband Company (1/2022)*

- Make broadband available to ~5,500 residential or business premises³



GOWANUS (BROOKLYN), NEW YORK

300 Nevins Street (6/2022)*

- 164 units of affordable housing will be under construction in a 660-unit multifamily project
- Target: spend 10%+ total budget with minority-owned or women-owned subcontractors



BALTIMORE, MARYLAND

S&K (10/2021);* Market Fresh Gourmet (7/2021 & 12/2021);* Chime Solutions (6/2021);* 231 North Schroeder Street (11/2022);* Up To Date Laundry (3/2021 & 6/2022)*

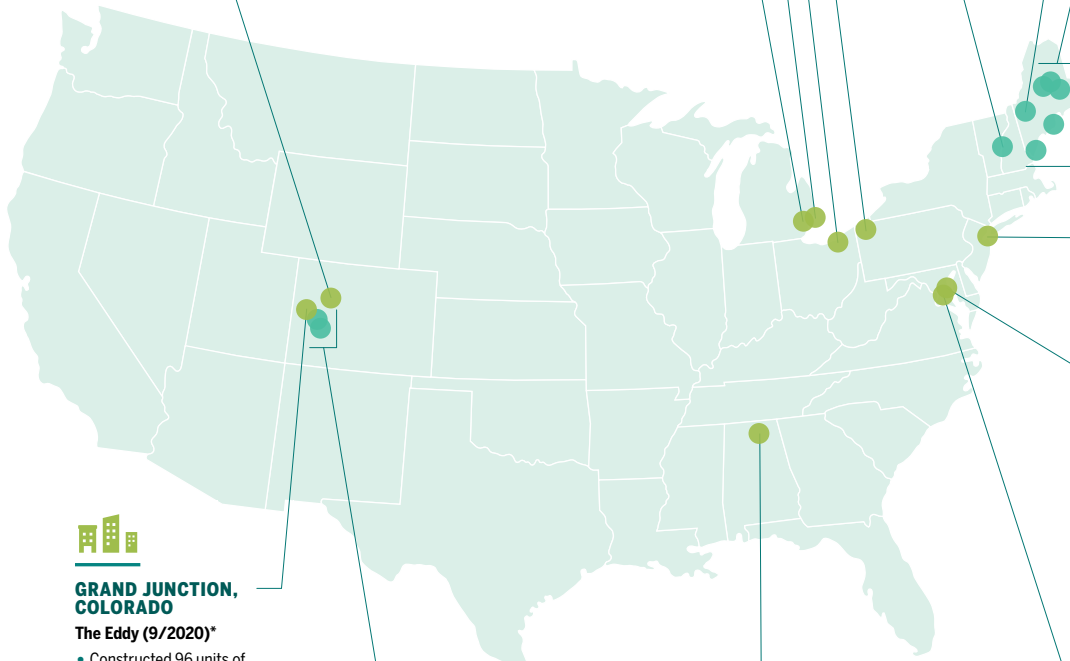
- Invested in four minority-owned businesses or real estate projects
 - A fresh produce grocery store in a food desert under construction
 - 200 senior residential units under construction
 - Provide home health services for low-income seniors
- Target: retain and create quality jobs



WASHINGTON D.C.

Northeast Heights (10/2021)*

- Invested in minority-developed real estate development project
- Target: retain and create quality jobs
- Target: support local retail businesses through addition of 700+ daytime workers



GRAND JUNCTION, COLORADO

The Eddy (9/2020)*

- Constructed 96 units of workforce housing



CIMARRON CREEK AND DELTA CITY, COLORADO

Arctaris Broadband Company (1/2022)*

- 6,500 residential or business premises expected to access broadband in 2023



HUNTSVILLE, ALABAMA

Front Row (9/2021 & 6/2022)*

- Target: retain and create quality jobs
- Target: spend 10%+ total budget with minority-owned or women-owned subcontractors

¹ Arctaris Impact Survey 2022

² Assumes 5 acres per MW for the Norwich Technologies solar portfolio.

³ Great Works Internet Partners. The residential or business premises that have access to Arctaris Broadband Company broadband network might not subscribe to the available network.

*Investment date

Who We Are

Our Vision

We see a world where all underserved communities have access to the resources they need to thrive.

Our Mission

We integrate impact into every investment decision to drive equitable prosperity in under-resourced communities without sacrificing returns.

Our Strategy

We use impact investing to create inclusive opportunities for underserved people through partnership-driven, blended-capital investments in sustainable enterprises, paired with transparent impact measurement.

Our Values

Partnership: Unite stakeholders to compound value creation and catalyze progress toward common goals.

Authenticity: Build and maintain trust through honest and transparent communication.

Creativity: Innovate and develop unique solutions to complicated problems; challenge the comfort zone.

Equity: Create opportunities for underserved people and communities to reach their highest potential.

Stewardship: Uphold the highest standards of excellence in social and environmental responsibilities to investors, partners, and communities.



What We Do

Arctaris partners with local community stakeholders and invests to benefit underserved populations. We invest to revitalize challenged communities, improve quality of life, and build a sustainable future.



ECONOMIC IMPACT

Revitalize Local Communities

Create and retain living-wage jobs with quality benefits and career advancement opportunities in low-to-moderate income communities across the U.S.

Align with local stakeholders to provide flexible and creative solutions to catalyze inclusive economic growth and innovation.



SOCIAL IMPACT

Improve Quality of Life

Expand access to critical products and services for underserved populations including broadband internet, housing, healthy food, and healthcare.

Promote diversity, equity, and inclusion (DEI) for all community members, prioritizing business ownership, management opportunities, and employment for women and under-represented minorities.



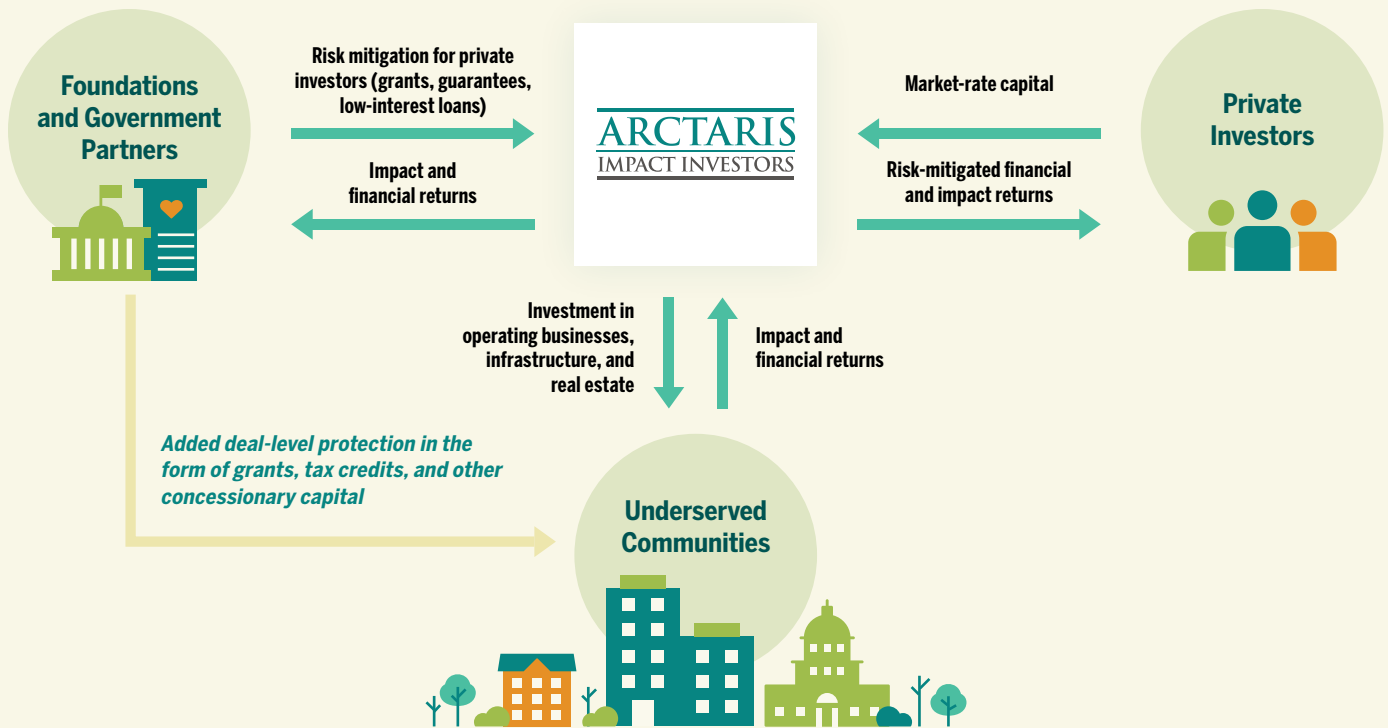
ENVIRONMENTAL IMPACT

Build a Sustainable Future

Advance renewable energy projects and businesses with products and services that directly contribute to positive environmental outcomes.

Identify and advance initiatives at portfolio companies to reduce waste, curb emissions, and conserve natural resources.

Arctaris Impact Approach



ESG Investing vs. Impact Investing¹

Environmental, Social, and Governance (ESG) investing is often confused with impact investing. Coined in 2004, ESG investing emerged as a joint effort by the United Nations, the International Finance Corporation (IFC), and the Swiss Government to support the financial industry’s consideration of ESG issues in mainstream investment decision-making.

Impact investing, on the other hand, was not coined until 2007 when the Rockefeller Foundation, along with other philanthropists, investors, and entrepreneurs, put a name to investments made with the intention of generating measurable social impact alongside a financial return.

As a systematic approach to assess an organization’s level of effectiveness in environmental, social, and governance performance, ESG can be used to mitigate investment risk by helping investors exclude or screen investments in companies that do not adhere to pre-existing environmental, social, and governance standards.

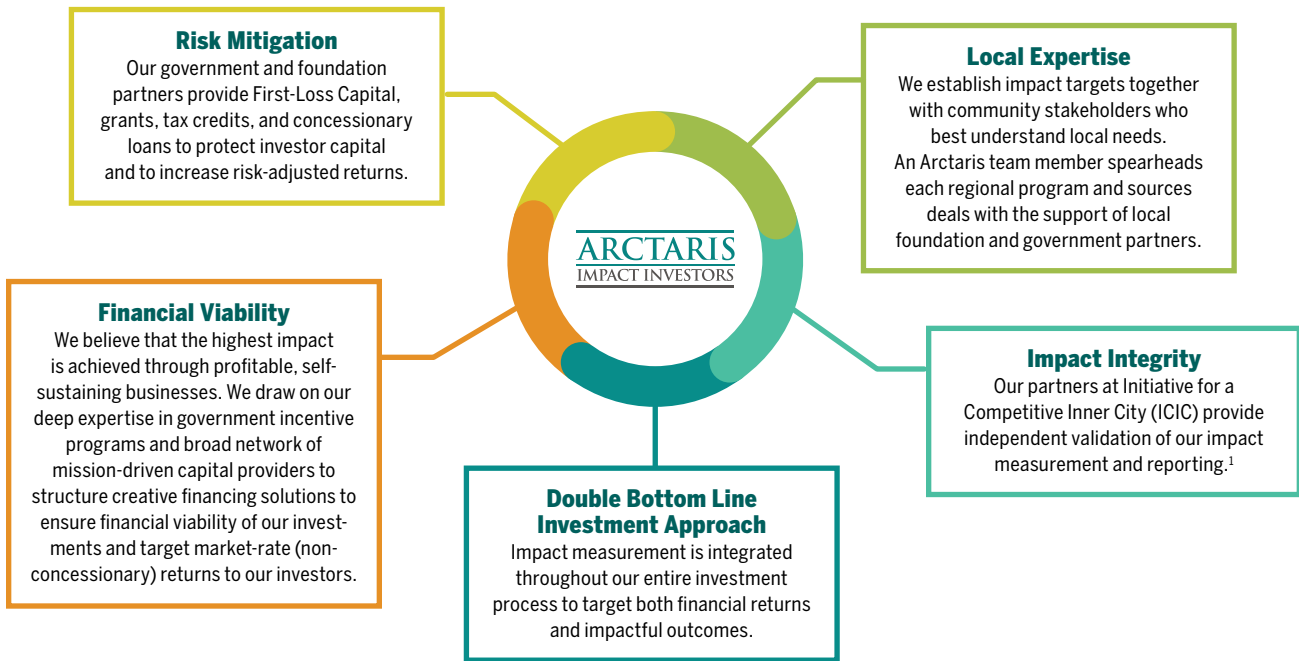
For example, a company or country with low or non-existent labor standards would likely preclude investment by an ESG-focused fund.

As an impact investor, Arctaris works actively to influence the future through investments that create economic opportunities and support inclusion. There are three principles that define impact investing: first, there must be an expectation of financial return alongside social or environmental impact; second, the change sought—typically social or environmental—must be intentional; and third, there must be an attempt to measure the change.

As an impact investor, we believe the most sustained and inclusive impact is created through partnerships between private investors, foundations, and governments. The Arctaris impact investing model bridges the for-profit/non-profit gap with mutually beneficial investment programs addressing the needs of market participants and local communities.

¹ Jaclyn Foroughi, “ESG Is Not Impact Investing and Impact Investing Is Not ESG,” Stanford Social Innovation Review, November 10, 2022, https://ssir.org/articles/entry/esg_is_not_impact_investing_and_impact_investing_is_not_esg#.

Arctaris Impact Approach continued



Our impact in practice: Catalyzing equitable impact clusters in Rangeley, Maine

Arctaris has the flexibility to invest in operating businesses, infrastructure projects in solar and broadband, and real estate, which broadens our ability to create additional impact.²



¹ Initiative for a Competitive Inner City ("ICIC") advised us on impact measurements and impact survey design, impact data analysis, portfolio overviews and case studies, and impact report review.

² For discussion on the other examples and the outcomes for the Arctaris portfolio, see the portfolio overview section of this report.

Arctaris Impact Measurement and Management Strategy

As climate change, environmental degradation, and social issues intensify, impact investing has emerged as a tool for effecting positive outcomes. Yet, the swift rise in the popularity of Environmental, Social, and Governance (ESG) and impact investing has led to a deceptive phenomenon called impact washing or greenwashing.

Impact washing occurs when fund managers overstate or falsely claim an investment's positive impact on the environment or society.¹ Arctaris encourages investors to question the validity of ESG and impact claims because healthy skepticism will only encourage greater transparency and accountability across the industry.



Toward this goal, Arctaris incorporates an end-to-end impact management strategy covering each phase of our investment process:



Step 1. **Identify and monitor impact risks**

As we evaluate the investment risks of a potential deal, we also perform due diligence on possible impact risks associated with the opportunity, such as product affordability, neighborhood gentrification, and environmental degradation.



Step 2. **Identify post-investment impact goals**

We work with management of the new investment opportunity to identify concrete post-investment impact goals.



Step 3. **Include all impact steps in final investment memo**

We aim to include all contents from the previous steps in our final investment memo for internal and external investment committee review, debate, and approval.



Step 4. **Measure impact metrics and progress toward impact goals post investment**

The Arctaris portfolio management team aims to track impact metrics across the portfolio and, over time, record progress toward impact goals.

¹ Catherine Cote, "Impact Washing: What It Is & How To Stop It," Business Insights, Harvard Business School Online, August 4, 2022, <https://online.hbs.edu/blog/post/what-is-impact-washing>. Image courtesy of Saddleback Mountain

ARCTARIS INVESTMENT TEAM TO CREATE IMPACT ADDITIONALITIES

Impact Additionalities: The Arctaris Way

At Arctaris, we do not settle for impact that would have occurred without our investment. We are intentional about creating impact additionalities. According to *Stanford Social Innovation Review*, impact additionality is the increase in social outcomes beyond what would otherwise have occurred.² To achieve impact additionalities, we ask ourselves the “but for” question. But for the Arctaris investment, would these impact outcomes have occurred? To answer the question, we focus on finding opportunities

that align with both impact additionalities and financial performance. As such, we frequently seek impact initiatives that stand to improve the financial performance of our portfolio. We believe that our approach to impact helps drive portfolio outperformance.

Arctaris achieves impact additionalities with our portfolio companies through the intentional efforts of our investment team, which delivers the following key services to our portfolio companies:



ECONOMIC IMPACT

Create and Retain Living-Wage Jobs



Example: **Specialized Construction Inc. (SCI)** is a minority-owned asphalt paving, repair, and maintenance company.

The investment team has created impact additionalities for SCI by sourcing New Markets Tax Credits (NMTCs) to help the company expand its business and create additional jobs in greater Cleveland.



SOCIAL IMPACT

Expand Access to Critical Products and Services



Example: **Saddleback Mountain** in Rangeley, Maine is the largest employer and a crucial participant in the local economy. Arctaris Impact’s investment reopened the mountain after a five-year shutdown, created new jobs, and helped to revitalize the local economy.

As Saddleback expands its operations, the mountain is hiring a growing number of seasonal and year-round employees. However, this job creation is exacerbating the shortage of affordable and workforce housing. To address this challenge, the Arctaris portfolio services team and investment team have worked with Saddleback management throughout the planning and construction phases of the on-site workforce housing project to secure partial grant financing to fund ongoing construction.



ENVIRONMENTAL IMPACT

Identify and Advance Initiatives at Portfolio Companies to Reduce Waste, Curb Emissions, and Conserve Natural Resources



Example: **Up To Date Laundry** is one of the largest health-care laundries on the east coast. Up To Date Laundry is a long-standing business in Baltimore that has positively impacted under-resourced communities—through both its hiring and environmental practices.

The investment team helped Up To Date Laundry secure Property Assessed Clean Energy (PACE) financing. The company used this low-cost funding to upgrade water pipes reducing energy usage and carbon emissions at its main plant.

² Paul Brest and Kelly Born, “Unpacking the Impact in Impact Investing,” *Stanford Social Innovation Review*, 2013. <https://doi.org/10.48558/7X1Y-MF25>. Impact additionality is defined as the increase in the quantity or quality of the enterprise’s social outcomes beyond what would otherwise have occurred.

Images courtesy of Specialized Construction Inc., Andy Gagne Photography and Up To Date Laundry



Diversity, Equity, Inclusion, and Belonging

Our Diversity, Equity, Inclusion, and Belonging (DEIB) Approach: Our DEIB practices are embedded in our vision, mission, and values, and in our internal and external practices; that's why at Arctaris, DEIB is everyone's business.

EXTERNAL PRACTICES

Impact Investment Strategy and Process

- We pursue public-private partnerships, and we have launched dedicated place-based investment programs in communities with high concentrations of Black, Indigenous, and People of Color (BIPOC), including Baltimore, Cuyahoga County (Cleveland), and Pittsburgh.
- We proactively seek out minority-owned operating businesses and real estate developers, as well as projects with minority businesses as anchor tenants.

Portfolio Monitoring

- We actively encourage and support our portfolio companies' DEIB practices across senior management representation, supply chain diversity, and hiring initiatives.
- We work with our impact reporting partners at Initiative for a Competitive Inner City (ICIC) to survey portfolio companies annually on DEIB metrics and assess performance trends to gauge progress and identify areas for improvement.

INTERNAL PRACTICES

DEIB Policy and Firm-Wide Priority

- We established an internal committee to institutionalize our DEIB practices and to review our current performance in hiring, investment, and supplier diversity.
- The committee develops strategies to build upon our strengths and to improve in our opportunity areas.

Employee Hiring, Onboarding, and Retention

- We strive to build a workforce at Arctaris where everyone feels seen, heard, valued, and empowered to make a difference.
- We intentionally target diverse industry associations, universities, and diversity-focused recruiters.
- We work to integrate DEIB into our job postings, interview process, new-employee onboarding and training, and employee-retention strategy.

Supplier Diversity

- We periodically review our vendors, assessing their diversity status and adjusting as needed.

Image courtesy of Arctaris

OUR DEIB HIGHLIGHTS IN 2022

We added two new investments with DEIB as the core impact thesis.

Specialized Construction Inc. (Greater Cleveland, Ohio) is a minority-owned asphalt paving, repair, and maintenance company.



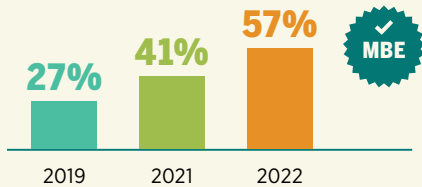
231 North Schroeder Street (Baltimore, Maryland) is a real estate development in a historically under-invested neighborhood led by a minority-owned developer.



Our existing portfolio companies strengthened their DEIB practices across business ownership, senior management representation, supply chain diversity, and hiring initiatives.

The percentage of portfolio companies eligible to become or already certified as minority-owned businesses more than doubled from 2019–22, from 27%¹ to 57%.²

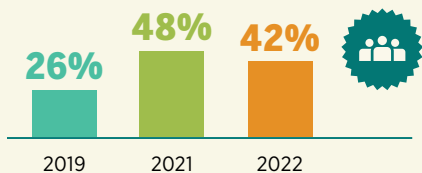
The significant increase was partially driven by the deliberate efforts of the Arctaris Baltimore Program and the Arctaris Cuyahoga Program, launched in 2020 and 2021, respectively, to focus on supporting minority-owned businesses.



Percentage of Arctaris portfolio companies eligible to become or already certified as minority-owned businesses

The average share of senior management who are minorities at operating companies in our portfolio increased significantly from 26%³ in 2019 to 42%⁴ in 2022.

This increase is the result of two initiatives: first, the percentage of minority-owned operating companies in Arctaris Impact’s portfolio has increased; and second, these minority-owned portfolio companies tend to have higher shares of senior management who are minorities. There was a decrease from 2021 to 2022 due to senior management turnover.



Average share of senior management who are minorities at operating companies in our portfolio

On average, operating companies in our portfolio spent 11%⁵ on minority-owned suppliers in 2022 compared to Fortune 500 companies, which spend about 2% annually on minority-owned suppliers.⁶

On average, 14% of business-to-business customers for operating companies in our portfolio were minority-owned businesses in 2022.⁷

27% of operating businesses in Arctaris Impact’s portfolio offer special hiring initiatives for disenfranchised minorities.⁸

Arctaris applied for and received the designation as a Community Development Entity (CDE).

Arctaris Impact CDE, LLC, (“Arctaris CDE”) applied for and was awarded a \$30 million New Markets Tax Credit Allocation (NMTC) by the U.S. Treasury’s Community Development Financial Institution Fund to deploy capital into economically distressed communities and businesses.



As a part of our NMTC deployment strategy, we established a 10-member Advisory Board to ensure that Arctaris deploys the NMTC allocation to the most impactful projects with a focus on our DEIB mandates.

Eight members of our 10-person CDE board are women or minorities with diverse experiences in and knowledge of community development.

With their multidisciplinary expertise on effective ways to create positive impact in low-income communities, the Advisory Board members guide our investment decisions and ensure that such decisions are aligned with community priorities.

We created a DEIB lunch-and-learn series to facilitate knowledge-sharing.



We started the DEIB lunch-and-learn series to bring in experienced DEIB professionals to share with the Arctaris team best practices for incorporating DEIB practices into our work.

On June 19, 2022, **we launched a DEIB training session on the history of Juneteenth** and how racial inequality has systematically disadvantaged minorities across multiple spheres of life. Considering the multi-fold consequences of racial inequality, the training session informs Arctaris Impact’s DEIB mission of applying a holistic and multipronged approach to bridge the racial wealth gap.

In September 2022, **Arctaris hosted the first lunch-and-learn session** with Jonathan Tower, Co-Founder of Arctaris, and other experienced industry practitioners. The panelists discussed their firms’ strategies and dedication to sourcing profitable impact investments that serve to close the racial wealth gap and create growth opportunities for minority businesses at scale.

We diversified our recruiting strategy to target more women and minorities and aim to further improve our diversity hiring practices.



The DEIB committee reached out to multiple local and national partners to increase our pipeline of diverse candidates.

We partnered with Impact Capital Managers (ICM), a membership association of impact funds and the organizer of the Mosaic Fellowship.

This Fellowship is dedicated to recruiting more under-represented students to join impact funds.

As a Mosaic Fellowship host fund, we plan to offer one to two students from traditionally under-represented backgrounds the opportunity to spend a summer as an associate or analyst at Arctaris.



¹ Arctaris Impact Survey 2020. There were three minority-owned businesses (AEL, ACT, and ATAC) out of 11 surveyed portfolio companies.

² Arctaris Impact Survey 2022. There are nine minority-owned operating businesses/real estate developers or projects with minority businesses as anchor tenants (Market Fresh Gourmet, ACT, AEL, S&K Holdings, Specialized Construction Inc., Chime Solutions, Flagship Complex, Northeast Heights, and La Cité) out of 16 surveyed portfolio companies. 2020 was not included due to the onset of COVID outbreak.

^{3,4} Arctaris Impact Survey 2022

⁵ 2022 Arctaris Impact Survey Results from Market Fresh Gourmet, ACT, Recaro Automotive, Specialized Construction Inc., Up To Date Laundry

⁶ CEO Action for Racial Equity, “Expanding Beyond Supplier Diversity to a Business Diversity Ecosystem,” 2022, <https://ceoactionracialequity.com/issues/expanding-beyond-supplier-diversity-to-a-business-diversity-ecosystem/>.

^{7,8} Arctaris Impact Survey 2022

2022 In Review:

Leverage Generational Opportunities for Public-Private Partnerships to Amplify Impact

NEW PLACE-BASED INVESTMENT PROGRAMS

As an unprecedented amount of public-sector funding became available, Arctaris utilized our expertise in public-private partnerships to amplify the scale of impactful capital in underserved communities.

The Opportunity

COVID relief initiatives and new government funding programs have created generational opportunities to invest in underserved communities.

The Arctaris Strategy

In 2022, Arctaris launched public-private partnerships to amplify the transformative impact of government funding. Arctaris employs a three-pronged strategy.

The Impact

As a result of the three-pronged strategy, Arctaris has 15 potential public-private partnership programs in our pipeline.

We continue to be open for investment and target to raise \$60 million from public-sector partners in 2023 and provide 4x matching funding from private investors.



1 First Strategy: Deploy \$30 million New Markets Tax Credit (NMTC) to create quality jobs and invest in minority-owned businesses in our place-based programs.

- The Treasury Department's NMTC Program incentivizes community development and economic growth through tax credits that attract private investment to distressed communities.
- With our successful track record as an impact investor focusing on underserved communities, Arctaris received a

\$30 Million

NMTC allocation as a first-time applicant.

- We assembled a robust pipeline of projects so that we can deploy our NMTC allocation to the most high-impact partners in low-to-moderate income census tracts.

\$1:\$100

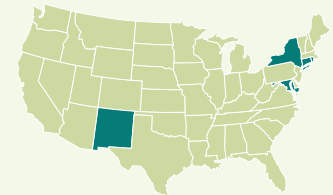
for every \$1 of Arctaris Impact's NMTC allocation, there is \$100 worth of pipeline projects

2 Second Strategy: Partner with the State Small Business Credit Initiative (SSBCI) to support small businesses.

- SSBCI provides a combined \$10 billion to states, the District of Columbia, territories, and tribal governments to empower small businesses to access capital needed to invest in job-creating opportunities.
- States are deploying their SSBCI allocations via public-private partnerships that enable private-fund managers to launch investment programs designed to build ecosystems of entrepreneurship and create high-paying jobs.
- **Arctaris was one of the first leading private funds to partner with the original version of SSBCI**, launched in response to the 2007-08 financial crisis, when we created the Arctaris Michigan Fund (Fund III).
- Arctaris is mobilizing to be a leader in the current SSBCI round by participating

in nationwide forums with the U.S. Treasury and the Council on Development Finance Agencies.

- Arctaris has attracted significant interest from states to create designated public-private partnership programs.



States interested in leveraging their SSBCI allocations to set up an impact investment program with Arctaris: **Rhode Island, New Mexico, Connecticut, Maryland, the District of Columbia, and New York.**

3 Third Strategy: Collaborate with municipal governments to utilize American Rescue Plan Act of 2021 ("ARPA") funding to enable the establishment of place-based investment programs.

- ARPA is an economic stimulus package intended to support and accelerate economic recovery following the pandemic with \$130 billion specifically allocated to cities and counties.

- **Arctaris is working with Lima, Ohio to launch a place-based investment program.** The city used ARPA funding to replace other funding sources and free up municipal capital to catalyze an Arctaris program.



EXISTING PORTFOLIO COMPANIES

Arctaris portfolio companies leverage public-sector funding programs to catalyze business growth, create more quality jobs, and expand access to critical products and services. Some examples are as following:



231 North Schroeder Street Baltimore, Maryland

Mixed-use real estate project

Federal Support

The Department of Housing and Urban Development will provide **Low-income Housing Tax Credits and Tax Increment Financing**.



Up To Date Laundry Baltimore, Maryland

Healthcare laundry

State Support: Maryland

The state of Maryland provided **Property Assessed Clean Energy (PACE)** financing to improve the energy efficiency of the company's equipment.



Front Row Huntsville, Alabama

Mixed-use real estate project

Municipal Support: Huntsville, Alabama

The city of Huntsville was recently awarded a \$20 million **RAISE grant** by the U.S. Department of Transportation. The city intends to use those funds for improvements to the Front Row-adjacent Pinhook Creek and to create a greenway and bicycle path that will begin at Front Row and improve connectivity between downtown and other, less privileged neighborhoods.



Saddleback Mountain Rangeley, Maine

Hospitality

State Support: Maine

Finance Authority of Maine and Maine Rural Development Authority provided low-cost loans to fund infrastructure upgrades at Saddleback Mountain.

Rendering courtesy of Front Row

Key Events in 2022



January

Arctaris invests in Great Works Internet to build fiber broadband networks for four communities in Maine.

The investment will increase access to high-speed, affordable broadband for 5,500 residential and business premises across Belfast, Millinocket, East Millinocket, and Medway.

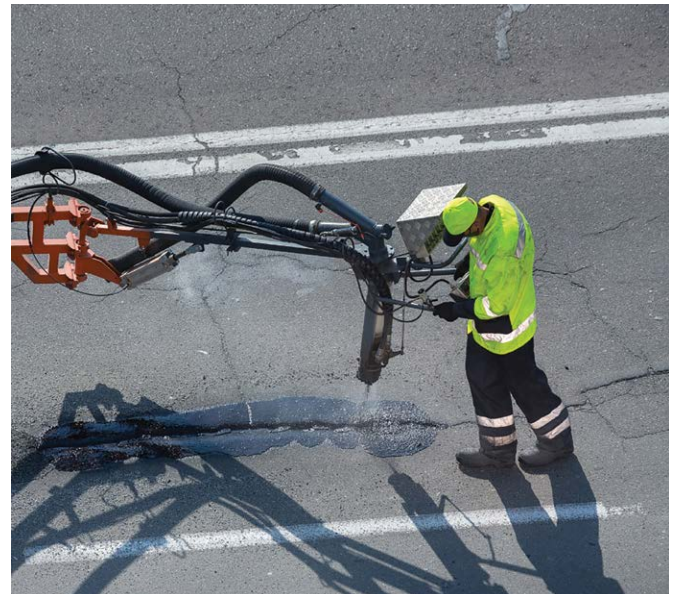
March

Arctaris funds the acquisition of Specialized Construction Inc. (Cleveland, Ohio).

With support from Arctaris, Specialized Construction Inc. is now one of the only minority-led asphalt paving companies in the country. The company, based in Cuyahoga County, Ohio, will retain more than 40 construction jobs and is projected to create 15 new jobs in the next five years.

Arctaris announces an investment in Clearnetworkx to acquire and construct fiber networks in three counties in Colorado.

The combined development is expected to pass approximately 6,500 residential and business premises in underserved suburban and rural communities.



June

Arctaris funds a 660-unit mixed-use development in the Gowanus neighborhood of Brooklyn, New York.

The project will provide 165 units of long-term, high-quality, affordable housing. It will also help to revitalize a once overlooked neighborhood with the goal of creating opportunities for minority- and women-owned businesses throughout the construction process and as long-term retail tenants.

Arctaris announces hiring of Jeff Nordhaus, Managing Director (Broadband).

Jeff Nordhaus joins Arctaris with more than 25 years of experience in private equity and finance at Oaktree, Quadrangle Group, Goldman Sachs, and most recently as head of the New York State's Broadband Office.



Images courtesy of Great Works Internet, Specialized Construction Inc. and 300 Nevins Street



August

Arctaris invests in an ongoing Erie Downtown Development Corporation construction project to revitalize downtown Erie, Pennsylvania.

The investment will include 30 new apartments, a climbing gym, and a new 300-space parking garage. The project is the second phase of a multiphase effort to revitalize downtown Erie by creating housing and retail space to increase downtown foot traffic, support local businesses, generate additional tax revenue, and create an appealing “Erie experience” for residents and visitors.



September

Arctaris hosts a team offsite and investor engagement conference in Baltimore to strategize future impact initiatives.

October

Arctaris is awarded a \$30 million New Markets Tax Credit (NMTC) allocation by the U.S. Treasury’s Community Development Financial Institutions Fund.

Augmenting all the direct fund investments in debt and equity in the place-based programs, Arctaris will deploy its NMTC allocation to support minority-owned companies in low-income communities, creating high-quality and accessible jobs.



November

Arctaris completes investment in 231 North Schroeder Street, led by minority-owned development company La Cité, to support community revitalization in Baltimore.

Arctaris invests in 231 North Schroeder Street to expand the stock of affordable housing units in a historically underinvested neighborhood in southwest Baltimore, create more than 200 jobs, and help reduce the racial wealth gap.

Arctaris announces the first exit for the Opportunity Zone 2019 Fund, an exit in Capital Boulevard, cementing a financial return and meaningful social impact.

Arctaris purchased the Capital Boulevard property in June 2021 to lease to Recaro Automotive as part of an innovative investment to attract an impactful operating company to an Opportunity Zone. This investment has enabled Recaro to preserve and create local jobs in Detroit, Michigan. With the new buyer of the Capital Boulevard property, when the real estate market moved up, the team made an opportunistic sale to allow it to reinvest the capital elsewhere while preserving Recaro’s position in an Opportunity Zone through an equally advantageous lease with the new building owner.

Arctaris announces Bank of America an anchor investor in new \$25 million regional Opportunity Zone program for Connecticut, focused on diversity, equity, inclusion, and community revitalization.

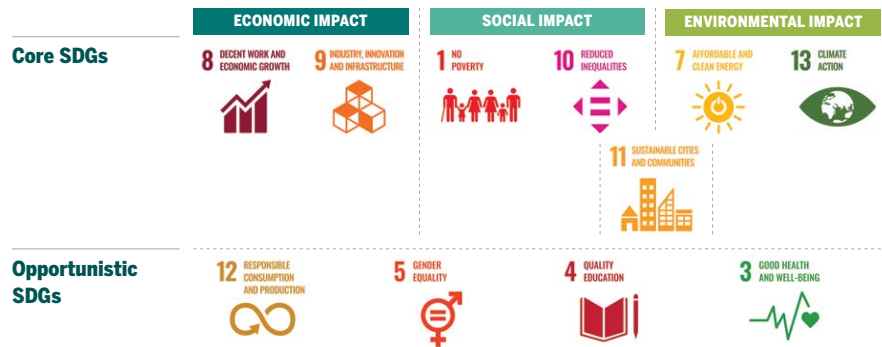
Along with forthcoming investments from other leading corporations and financial institutions in the region, Bank of America’s investment will anchor the Arctaris Connecticut Program. The investment program will support revitalization projects in Hartford’s urban core.

Portfolio Impact Results¹

► Portfolio composition by impact theme²

Arctaris benchmarks investments against the U.N. Sustainable Development Goals (SDGs) to communicate impact in a universal language.

Core SDGs are those most commonly addressed through Arctaris portfolio investments. Opportunistic SDGs are not core to the Arctaris impact model, but are often addressed through opportunistic sector exposure.

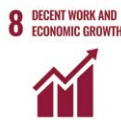


► Within the current portfolio, Arctaris has primarily deployed capital towards:³

Distribution of current portfolio across primary SDGs (by notional value)⁴

SDG 8: Decent Work and Economic Growth

28%



SDG 1: No Poverty

15%



SDG 10: Reduced Inequalities

13%



ECONOMIC IMPACT

Create Quality and Accessible Jobs

9,072

total jobs in Arctaris portfolio

81%

of total jobs are accessible jobs that do not require a four-year bachelor's degree

One job created per approximately \$28,000 of invested capital



41%

of jobs at operating companies in our portfolio are available to individuals with a prior felony conviction



Commit to Underserved Communities

100%

of our portfolio companies are based in low- to moderate-income census tracts or Opportunity Zones

54%

of employees at operating companies in our portfolio live in the same zip code in which they work



SOCIAL IMPACT

Promote Diversity and Inclusion

42%

of senior management for operating companies in our portfolio are minority individuals

46%

of operating companies in our portfolio have special hiring initiatives for minorities

On average, operating companies in our portfolio implemented 3 special hiring initiatives for disenfranchised groups

11%

of suppliers for operating companies in our portfolio are minority-owned businesses; 28% are minority individuals

14%

of business-to-business customers for operating companies in our portfolio are minority-owned businesses

Offer Quality Employee Benefits

On average, operating companies in our portfolio offer seven employee benefits

82%

of operating companies in our portfolio offer retirement savings plans and benefits compared with a national average of 72%⁶

100%

of operating companies in our portfolio offer health benefits, compared with a national average of 72%⁵

64%

of operating companies in our portfolio offer tuition reimbursement

100%

of operating companies in our portfolio offer business skills and professional development training

91%

of operating companies in our portfolio offer bonuses

ENVIRONMENTAL IMPACT

Support Sustainability Initiatives

On average, operating companies in our portfolio have four environmental sustainability initiatives underway



82%

of operating companies in our portfolio have sustainability measures that reduce energy usage



55%

of operating companies in our portfolio have sustainability measures that reduce waste

Invest in Clean Energy

270 acres

of solar infrastructure were installed⁷

51.3 megawatts

of solar capacity installed



¹ Arctaris Impact Survey 2022 based on all Arctaris funds.

² All logos are based on the United Nations Sustainable Development Goals (SDGs) design.

³ Arctaris accounting data as of December 31, 2022.

⁴ Each investment can count across multiple SDGs. The chart shows the notional distribution of the investments' primary SDGs.

⁵ U.S. Bureau of Labor Statistics 2022 National Compensation Survey.

⁷ Assumes 5 acres per MW for the Norwich Technologies solar portfolio.

Portfolio Investment Overview

OPPORTUNITY ZONE FUND SERIES¹

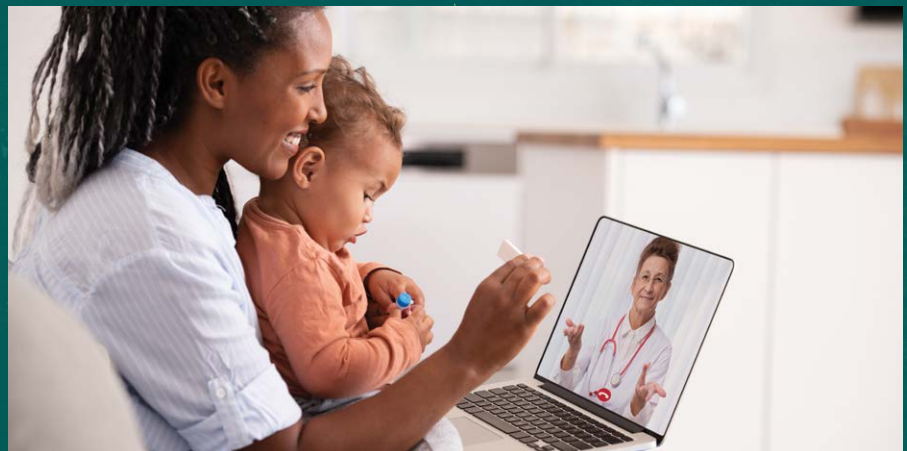
- 22 **S&K Holdings, Inc.**
Maryland, Pennsylvania
- 23 **231 North Schroeder Street**
Baltimore, Maryland
- 25 **The Flagship Complex and Erie Block Two**
Erie, Pennsylvania
- 27 **The Eddy**
Grand Junction, Colorado
- 28 **Altitude Apartments**
Glenwood Springs, Colorado
- 29 **GCAP HoldCo**
Glenwood Springs, Colorado
- 30 **Arctaris Broadband Company**
Boston, Massachusetts
- 31 **300 Nevins Street**
Gowanus (Brooklyn), New York
- 32 **Northeast Heights**
Washington, D.C.
- 33 **Front Row**
Huntsville, Alabama

OPPORTUNITY ZONE FUND SERIES & IMPACT FUND

- 34 **Up To Date Laundry**
Baltimore, Maryland
- 35 **Market Fresh Gourmet**
Baltimore, Maryland
- 36 **Saddleback Mountain**
Rangeley, Maine
- 37 **Recaro Automotive**
Clinton Township, Michigan

IMPACT FUND

- 38 **AEL Span**
Belleville, Michigan
- 39 **Chime Solutions**
Atlanta, Georgia; Baltimore, Maryland; Charlotte, North Carolina; Dallas, Texas; Blytheville, Arkansas
- 40 **Specialized Construction Inc.**
Cleveland, Ohio



¹ Other investments also include cash and safe-harbor investments in Qualified Opportunity Zone Businesses.

* Arctaris Impact Investors, "Arctaris Impact Survey Version 2022." All results are as of December, 2022.

**Arctaris accounting data as of December 31, 2022

S&K Holdings, Inc.

Maryland and Pennsylvania¹

Investment Overview

S&K Holdings, Inc. (S&K) is a minority-owned home care company formed in 1996 that provides personal care services for the elderly in Maryland, Pennsylvania, New Jersey, Virginia, and Washington, D.C. S&K’s services address the core homecare needs of its customers. The company’s caregivers assist clients with respite care, recovery at home, long-distance caregiving, and daily activities. S&K primarily serves low-income seniors who are often living alone or with a partner who may also need assistance.

Impact Thesis

There are three primary components of impact for the S&K investment: 1) to provide quality care to residents of underserved communities; 2) to provide healthcare career entry opportunities for those otherwise lacking the educational background or professional certifications to land a job in the field; and 3) to support the growth of a minority-owned and operated business.

S&K frequently draws staffing from the neighborhoods it serves and is cognizant of its role as a career starter for many of its predominantly female and minority employees. As such, the company offers a unique program for its employees called the Upward Mobility program. Initiated to provide an educational and training track for Personal Care Assistants (PCAs) and Certified Nursing Assistants (CNAs), the program develops those who want to enhance their caregiving management skill set.



Additionally, S&K offers full healthcare, retirement benefits, flex-work, and paid sick leave to its employees. There are also incentive compensation benefits, such as performance, referral, and signing bonuses. S&K was recognized for creating high-quality jobs, receiving a grant from the Commonwealth of Pennsylvania.

Impact Additionalities

The Arctaris investment expands S&K’s footprint in Pittsburgh’s Allegheny County and Altoona’s Blair County. In assisting S&K in the acquisition of the Pittsburgh-based Integrity Home Care, Arctaris facilitated the company’s move to an Opportunity Zone. The goal is to continue to grow the business over the next 3–5 years, both organically and by acquisition.

INVESTMENT TYPE

Operating Company

SDGs IMPACTED

3 GOOD HEALTH AND WELL-BEING



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



IMPACT GOALS

Maintain industry-leading 65% employee retention rate²

Grow workforce

over the next 3–5 years by refining active and robust recruiting program

KEY IMPACT METRICS*

80%

female senior management

Certified Minority Business Enterprise (MBE)

Total number of jobs has grown by 246 since Arctaris investment in October 2021

80%

BIPOC (Black, Indigenous, and People of Color) senior management

Certified women-owned business

¹ Other locations include New Jersey, Virginia, and Washington, D.C.

² “Caregiver Turnover Rate is 65.2% according to 2021 Home Care Benchmarking Study,” Home Care Association of America, May 26, 2021, <https://www.hcaoa.org/newsletters/caregiver-turnover-rate-is-652-2021-home-care-benchmarking-study>. Employee turnover in Home Care is high, averaging around 65% (or 35% retention).

231 North Schroeder Street

Baltimore, Maryland

Investment Overview

231 North Schroeder Street is an approximately \$70 million ground-up development of a 185,000-square-foot, mixed-use building in the Poppleton neighborhood of West Baltimore, Maryland. The building is expected to consist of 200 senior/age-restricted residential units and 7,500 square feet of commercial space.¹ The project is the second phase of the Center\West master development plan, a 32.94-acre revitalization effort created by La Cité, a minority-owned development company.

Impact Thesis

Poppleton is a historically underinvested neighborhood in Southwest Baltimore. The neighborhood has suffered from the impact of redlining and discriminatory housing ordinances.² Currently, the Poppleton/Terraces/Hollins Market neighborhoods of Baltimore are 79% Black or African American, compared with 63% citywide.³ The poverty rate in these neighborhoods is 63%, compared with 29% citywide.⁴

Arctaris invested in 231 North Schroeder Street project, developed by minority-owned developer La Cité, to expand the inventory of quality market-rate and affordable housing units in these neighborhoods. This investment will support additional local job creation and help reduce the racial wealth gap. The impact goal of the project is to reduce the concentration



of poverty in a severely under-served region by increasing workforce housing and job opportunities throughout the area. The project has no displacement risk as the project site did not have residents before development began. This building is expected to create 40 workforce affordable housing units offered at 50% of the area median income (AMI). During construction, the project is targeting creation of 275 construction jobs in a severely distressed Opportunity Zone. In the long term, this project is anticipated to create 15 permanent jobs in property management and retail.⁵

INVESTMENT TYPE

Real Estate

SDGs IMPACTED



IMPACT GOALS

Target to spend 37% or more of the construction budget with minority subcontractors

Create 40 quality affordable housing units at 50% AMI

Create 275 temporary and 15 permanent jobs in a severely distressed Opportunity Zone

KEY IMPACT METRICS*

100%

minority-owned real estate developer and certified MBE

Hired Minority/ Women-owned Business Enterprises (MWBE) subcontractors for at least 50% of pre-development costs

Total number of jobs grew by 16 since Arctaris investment in November 2022

¹ 100% of units will be marketed to seniors, age 55+.

² David Armenti and Alex Lothstein, "Baltimore's Pursuit of Fair Housing: A Brief History," Maryland Center for History and Culture, 2023. <https://www.mdhistory.org/baltimores-pursuit-of-fair-housing-a-brief-history/>.

³ "Baltimore City 2017 Neighborhood Health Profile: Poppleton/The Terraces/ Hollins Market." Baltimore City Health Department, Revised June 9, 2017. [https://health.baltimorecity.gov/sites/default/files/NHP%202017%20-%20%2046%20Poppleton-The%20Terraces-Hollins%20Market%20\(rev%206-9-17\).pdf](https://health.baltimorecity.gov/sites/default/files/NHP%202017%20-%20%2046%20Poppleton-The%20Terraces-Hollins%20Market%20(rev%206-9-17).pdf).

⁴ "Baltimore City 2017 Neighborhood Health Profile: Poppleton/The Terraces/Hollins."

⁵ Estimates based on Developer's assumptions and are informed by Phase IA costs and results. Part-time jobs are largely in construction with some in retail spaces and some for lease-up, marketing, social media, and other ancillary services. Full-time jobs are in retail spaces and property management.

Image courtesy of 231 North Schroeder Street

231 North Schroeder Street continued

Baltimore, Maryland

Impact Additionalities

With support from the city of Baltimore and the state of Maryland, La Cité and Arctaris established a collaborative relationship within the Poppleton community. La Cité, Arctaris, and the city’s housing officials, along with community members, have worked to curb the displacement risk usually associated with new real estate developments and address the concerns of current neighborhood residents.⁶

In Poppleton, Arctaris has invested not only in La Cité’s 231 North Schroeder Street, but also in Market Fresh Gourmet, a minority-owned, full-service community grocery store in the same Poppleton neighborhood—an area that in the past was considered a “food desert.” Arctaris Impact’s partnership with Market Fresh Gourmet will promote community events and provide fresh and healthy food within the community, which has lacked access for more than four decades.

By investing in a grocery store and the mixed-income housing project, Arctaris is leading a holistic approach to community revitalization. The investments will combine to create jobs, reduce the number of vacant lots, reduce crime, and improve quality of life for residents of the Poppleton community overall.



⁶ Melody Simmons, “Center/West Developer, Residents Strike Agreement on Disputed Demolition,” *Baltimore Business Journal*, Updated July 19, 2022, <https://www.bizjournals.com/baltimore/news/2022/07/18/poppleton-center-west-sonia-eddy.html>.
Bottom image courtesy of 231 North Schroeder Street

The Flagship Complex and Erie Block Two

Erie, Pennsylvania

Investment Overview

The Flagship Complex is a redevelopment property that represents the first project of the multi-phase plan to redevelop the core of downtown Erie, Pennsylvania. The Complex includes a food hall, a grocery store, and 28 multifamily residential rental units.

Erie Block Two is the second project of the redevelopment plan. Based on analysis of local stakeholders' key demands, this project includes 30 new market-rate apartments, a parking deck, and a 25,000-square-foot climbing gym, operated by Pittsburgh-based Ascend Studio.

Impact Thesis

The Flagship Complex

The city of Erie, Pennsylvania, was once an important center of manufacturing with opportunities for residents to achieve upward economic mobility and access good paying jobs. Years of disinvestment and major employers leaving the area, however, have left residents with little opportunity to access good jobs. Today, more than one quarter of residents in Erie live in poverty compared to 12.8% nationwide.¹ Additionally, downtown Erie was previously designated by the USDA as a food desert.²



Arctaris invested in the Flagship Complex to address the shortage of housing, facilitate economic growth for minority- and women-owned businesses, create living-wage jobs, and eliminate the food desert.

As part of the downtown revitalization, the Flagship Complex is a mixed-use project aiming to increase the quality of life for Erie's residents. The Complex includes downtown Erie's first full-service grocery store in decades, Flagship City Public

INVESTMENT TYPE

Real Estate

SDGs IMPACTED



IMPACT GOALS

The Flagship Complex is expected to create a total of 230 new jobs

KEY IMPACT METRICS*

60
new jobs created since Arctaris investment in June 2021

56%
of retail spaces occupied by minority- or women-owned businesses

43%
of rental units offered at 80% of the recommended budget for the area median income (AMI)

¹ 2016-2020 U.S. Census Bureau American Community Survey 5-Year Estimates

² United States Department of Agriculture, Food Access Research Atlas, <https://www.ers.usda.gov/data-products/food-access-research-atlas/go-to-the-atlas.aspx>

Image courtesy of The Flagship Complex, Taste of Love

The Flagship Complex and Erie Block Two continued

Erie, Pennsylvania

Market, which serves a variety of budgets. In addition, the food hall space aims to unlock economic development by supporting minority-owned tenants and by promoting community building. Five of the nine vendors are minority- or women-owned businesses. Instead of requiring vendors to cover large up-front equipment costs and pay set monthly rents, the food hall implemented a royalty payment system that allows vendors to start businesses with minimal upfront capital. All vendors understand the importance of offering the community feasible products and realistic price points, and the dining area offers common tables to promote community building.

Erie Block Two

In addition to the Flagship Complex, Arctaris also invested in Block Two, the second project of the downtown Erie revitalization plan. Block Two is strategically located near the Flagship Complex to build on the positive network effects and momentum that was catalyzed in the first project, such as increased foot traffic and retail activity.

Both projects, combined, are intended to create an inclusive space in which residents can live, work, and play. The community will likely benefit from a significant number of positive impacts, including downtown population growth, increased daily foot traffic to support local businesses, and an expanded tax base to fund city projects.



Images courtesy of The Flagship Complex

The Eddy

Grand Junction, Colorado

Investment Overview

The Eddy at Grand Junction is a multifamily housing and campsite project with 96 units of residential workforce housing and a 74-site RV campsite.¹ The development is located on a 12-acre site in Grand Junction, Colorado. The project aims to address the significant rental unit shortfall in the city of Grand Junction and surrounding areas.

Impact Thesis

The Eddy addresses the region’s housing shortage by offering units at rents accessible to median-income households in the surrounding community. The campsites are adjacent to the

residential property, aimed at tourists in this popular location, and offer a great boost to site profitability while benefiting from the infrastructure and amenities from the residential project.

The site is situated along the Colorado River and borders a new city riverfront development of parks, an amphitheater, offices, and river access. The Eddy is a cornerstone of local riverfront revitalization efforts.



INVESTMENT TYPE

Real Estate

SDGs IMPACTED¹



KEY IMPACT METRICS*

4 environmental sustainability measures implemented: sourcing sustainable materials, reducing paper usage, solar solutions, recycling

¹ Jobs were created during the construction period. After construction completion, the Eddy has increased the number of residential workforce housing by 96 units.

Rendering courtesy of The Eddy

Altitude Apartments

Glenwood Springs, Colorado

Investment overview

Altitude Apartments is a development of 100 units of workforce housing serving median-income households in Glenwood Springs, Colorado. The property is located 1.4 miles south of downtown Glenwood Springs and 2.1 miles from the Glenwood Hot Springs Pool. As a strategic bedroom community, Glenwood Springs supports many neighboring resort destinations, including Aspen and Vail, which are approximately 40 and 64 miles away, respectively.

Impact Thesis

The project creates more workforce and affordable housing options for the local community by pricing units at 80% of the recommended budget for the area median income (AMI). The project serves the severely constrained region of Garfield County, which estimates a 2,000-unit shortfall over the next 10 years.¹ Altitude Apartments launched operations in the summer of 2022, offering 100 apartment units that will help mitigate the community’s projected shortage of workforce housing. In addition, the development provides convenient access to transportation and community amenities in Glenwood Springs. Finally, the development is designed to accommodate the community’s housing needs without displacing its current residents.



INVESTMENT TYPE

Real Estate

KEY IMPACT METRICS*

LEED certified²

SDGs IMPACTED

8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



11 SUSTAINABLE CITIES AND COMMUNITIES



Apply WELL building standards³



¹ "PI Editorial: Time to take area's housing needs seriously." Post Independent, May 29, 2019. <https://www.postindependent.com/opinion/pi-editorial-time-to-take-areas-housing-needs-seriously/>

² LEED (Leadership in Energy and Environmental Design) Certification is a set of ratings used to evaluate the construction, design, operation, and maintenance of green buildings, homes, and other real estate developments. It is intended to make real estate developments environmentally friendly and use resources efficiently.

³ WELL Building Standards is a performance-evaluation system that analyzes how the built environment impacts human health and well-being through air, water, nourishment, light, fitness, comfort, and mind.

Images courtesy of Altitude Apartments

GCAP HoldCo

Glenwood Springs, Colorado

Investment Overview

GCAP HoldCo operates the only mountain-top theme park in the U.S., with more than 17 attractions, including two large cave systems, roller coasters, and canyon swings. Located 2.5 hours west of Denver—between Vail, Aspen, and Grand Junction—GCAP is well positioned to attract tourists traveling through the heavily trafficked region of Western Colorado.

Impact Thesis

The core impact of the GCAP investment is job retention and creation. GCAP is one of the largest employers in Glenwood Springs and is expected to continue to grow its workforce throughout the investment period. This investment is the second phase of Arctaris Impact’s economic development strategy in the area. The first phase featured an investment in Altitude Apartments, which will provide more affordable housing options for many of Glenwood Springs’ tourism and service industry workers. With sufficient housing options and a booming theme park with growing job opportunities, Glenwood Springs is well positioned to attract more visitors to boost the overall regional economy.



INVESTMENT TYPE
Operating Company

SDGs IMPACTED

<p>1 NO POVERTY</p> 	<p>8 DECENT WORK AND ECONOMIC GROWTH</p> 
<p>10 REDUCED INEQUALITIES</p> 	<p>13 CLIMATE ACTION</p> 

KEY IMPACT METRICS*

Total number of jobs grew by 182 since Arctaris investment in December 2020

4 environmental measures implemented: sourcing sustainable materials, reducing energy usage, reducing paper usage, and recycling

Images courtesy of Glenwood Caverns Adventure Park

Arctaris Broadband Company

Boston, Massachusetts

Investment Overview

Operated by Arctaris Impact, Arctaris Broadband Company, LLC, (ABC) is a Qualified Opportunity Zone Business that owns and operates critical fiber optic infrastructure in underserved communities through partnerships with internet service providers (ISPs). ABC is currently both operating and constructing networks in Colorado and Maine in partnership with local government agencies, ISPs, and foundations.

Impact Thesis

High-quality and reliable broadband internet access is essential for communities to thrive and prosper in the modern economy. The need for connectivity was further underscored during the pandemic, when many were forced to work and attend school remotely, putting a greater spotlight on the digital divide in America. For these reasons, it is essential to provide unserved and underserved communities with access to high-speed broadband to ensure that these communities are no longer cut off from the modern economy.

Arctaris formed ABC to help bridge the digital divide by making investments in state-of-the-art broadband networks that can deliver future-proof services in underserved urban and rural Opportunity Zone communities. ABC's networks are positioned to provide affordable high-speed internet to these underserved communities for decades to come.

In 2022, ABC constructed two high-impact fiber networks in Cimarron Creek and Delta City, Colorado. Cimarron Creek is located in a census tract where 21.6% of the population lacking internet access.² Thanks to ABC's efforts, all homes in the Cimarron Creek mobile home community, approximately 200, now have access to the high-quality ABC network. In



Delta City, 70% of city residents have median incomes below the regional average. ABC expanded potential access to fiber internet services to about 1,000 homes in this community. As 30% of the population in the Delta City census tract lacks internet, ABC will offer the residents much-needed internet services.³

Impact Additionalities

The Arctaris investment expands broadband access to underserved communities that have historically lacked private funding to build out the needed broadband networks. Arctaris Broadband Company plans to work with its ISP partners to offer discounts and encourage and support programs that provide affordable telehealth services, remote work opportunities, and remote education and training services.

INVESTMENT TYPE

Infrastructure

SDGs IMPACTED

8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



IMPACT GOALS

Estimated
12,000

underserved residential and business premises expected to have access to high-speed ABC broadband networks⁴

KEY IMPACT METRICS*

Estimated
1,200

underserved residential and business premises in Colorado passed by ABC broadband networks

Total number of jobs grown by 21 since Arctaris investment in March 2022

¹ Across multiple projects and counties

² "ArcGis," <https://www.arcgis.com/home/webmap/viewer.html?>

³ 2019 American Consumer Survey

⁴ Arctaris Broadband Company Cleantech Investment Memorandum and Great Works Internet Investment Memorandum.

300 Nevins Street

Gowanus (Brooklyn), New York

Investment Overview

300 Nevins Street is a 654-unit, ground-up, mixed-use and mixed-income real estate development located in the Gowanus neighborhood of Brooklyn, New York. Of the 654 rental units, 25%—or 164—are affordable housing units that will be rented for an average of 60% of the area median income (AMI). The project also includes retail space, in which Arctaris and its development partners plan to host at least one Minority/Women-owned Business Enterprise (MWBE) tenant.

Impact Thesis

Arctaris invested in 300 Nevins Street to expand the stock of affordable housing units in the Gowanus neighborhood, which, while historically underinvested, is experiencing an increase in housing prices and a decrease in the availability of affordable housing. Among all New York City neighborhoods, Gowanus witnessed one of the largest increases in median home price over the past year, from \$1.088 million in Q3 2021 to \$1.791 million in Q3 2022—a 65% increase.¹ At the same time, affordable housing construction in Gowanus has lagged the citywide average by a significant margin since 2014.² The Nevins Street development will create approximately 164 affordable units to house local families and workers.

In addition, Arctaris invested in 300 Nevins Street to support local MWBEs. During the development, planning, and construction phases of the project, Arctaris continues to work with the developer to solicit bids from and hire MWBEs as subcontractors. Arctaris also supports the developers in their efforts to lease to at least one MWBE retail tenant.



INVESTMENT TYPE

Real Estate

SDGs IMPACTED

1 NO POVERTY



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



11 SUSTAINABLE CITIES AND COMMUNITIES



IMPACT GOALS

Create 164 affordable units under the Affordable New York Program³

Create 515 permanent living-wage jobs in property management and building support⁴

Lease to at least one MWBE retail tenant

¹ Michael Kolomatsky, "Where Are New York City Home Prices Changing the Most?" The New York Times, October 27, 2022, <https://www.nytimes.com/2022/10/27/realestate/nyc-home-prices-q3.html>.

² "New York City Housing Tracker," New York City Housing Conference, 2023, <https://tracker.thenyh.org/>.

³ To qualify for this program, 25% of a building's units must be considered affordable housing units.

⁴ Arctaris Impact Survey Version 2022

Renderings courtesy of 300 Nevins Street

Northeast Heights

Washington, D.C.

Investment Overview

Northeast Heights is a ground-up development of 256,000 square-feet of net rentable space, Class A, mixed-use retail/office building. The building is 93% pre-leased to the District of Columbia Department of General Services (DGS) and is located in the 7th Ward of Washington, D.C., within an Opportunity Zone.

Impact Thesis

Washington, D.C., has long struggled with wealth inequality and racial segregation. Wards 7 and 8, separated from the rest of the city by the Anacostia River, are some of the least-served communities and most concentrated areas of poverty in Washington, D.C.¹

Partnering with Asland Capital Partners, a minority-owned real estate investment firm led by prominent African American investor James H. Simmons III, and the Goldman Sachs Urban Investment Group, Arctaris invested in Northeast Heights to support economic development, help reduce the racial wealth gap, and drive overall neighborhood revitalization in Wards 7 and 8 of Washington, D.C. Throughout the development phase, Asland Capital Partners estimates that this project has created approximately 1,500 living-wage jobs.² Many of these jobs were sourced locally and from diverse and under-represented groups. In the long term, the Northeast Heights



development project, is anticipated to create approximately 690 permanent jobs across retail, restaurant, anchor tenant, pharmacy, and office operations.³ These jobs are expected to be highly accessible to residents of the local community. Furthermore, by creating additional office space to host DGS, this project will increase daytime foot traffic in the Benning Road neighborhood, which will, in turn, increase commercial activity in the community and support local retail businesses.

INVESTMENT TYPE

Real Estate

SDGs IMPACTED

1 NO POVERTY



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



11 SUSTAINABLE CITIES AND COMMUNITIES



IMPACT GOALS

Support local retail businesses through additional foot traffic from the 700 or more daytime workers at DGS (Phase I)⁴

KEY IMPACT METRICS*

50%

construction cost spent with MWBE subcontractors for \$60 million tenant improvement scope

\$250K

in property tax revenue contributed by the real estate project since Arctaris investment in December 2021

Certified Minority Business Enterprise (MBE)

LEED certified⁵

¹ "2022 Demographics: Ward 7," DC Health Matters, March 2022, <https://www.dchealthmatters.org/demographicdata?id=131494>.

² Dr. Amy K. Glasmeier and Massachusetts Institute of Technology, "Living Wage Calculator," <https://livingwage.mit.edu/>.

³ Approximately 580 of these projected jobs are direct impacts of the Northeast Heights project, while 110 are indirect impacts. Estimates are sourced from the project's 2019 Tax Increment Financing Application and are subject to revision as unrelated parties move forward with future phases of development.

⁴ Asland Capital Partners

⁵ LEED (Leadership in Energy and Environmental Design) Certification is a set of ratings used to evaluate the construction, design, operation, and maintenance of green buildings, homes, and other real estate developments. It is intended to make real estate developments environmentally friendly and use resources efficiently.

Image courtesy of Northeast Heights

Front Row

Huntsville, Alabama

Investment Overview

Located in Huntsville, Alabama, Front Row is a planned mixed-use real estate development consisting of two multi-family rental buildings with 545 rental units, a grocery store in a food desert, ground-floor retail, office space, and parking spaces. The project is located on approximately 11 acres of prime downtown land specifically identified by the city of Huntsville as a crucial component of the downtown Huntsville master plan.

Impact Thesis

Arctaris invested in the Front Row project to tackle food security challenges in a USDA-designated food desert, support MWBEs, facilitate the creation of a mixed-income, diverse community, and create jobs, particularly for low-income, minority communities.

Front Row is in a census tract where more than 33% of residents live at least a half-mile away from the nearest supermarket.¹ To create greater access to healthy food, Arctaris is working with the Front Row team to introduce a fresh produce grocery store as a ground-floor retail space tenant.

As one of the most significant real estate projects in downtown Huntsville, Front Row plans to leverage its spending power to support local MWBEs. The Front Row developer targets spending more than 10% of its construction budget with MWBE subcontractors.



To facilitate the creation of a mixed-income, diverse community, Front Row is working with its general contractor and the Huntsville Housing Authority to hire residents from the nearby Searcy affordable housing community for project construction positions or permanent jobs with retail tenants.

Throughout the project's construction and subsequent operation, the Front Row developer aims to create 200 or more accessible jobs in Huntsville.

Impact Additionalities

Arctaris has included a specific spending target for MWBE subcontractors in the operating agreement with the developer. To help the developer achieve the spending target, Arctaris has proactively shared its resources in the MWBE subcontractor space.

INVESTMENT TYPE

Real Estate

SDGs IMPACTED



IMPACT GOALS

Facilitate opening of a grocery store that offers fresh produce and prioritizes minority ownership

Prioritize hiring MWBE subcontractors, leasing agents, and property management, and fulfill a commitment to retain at least 1 MWBE retail tenant

Target to spend 10% or more of the total budget with MWBE subcontractors

Create at least 200 permanent jobs

¹ USDA Food Desert Atlas

Rendering courtesy of Front Row

Up To Date Laundry

Baltimore, Maryland

Investment Overview

Located in Baltimore, Maryland, Up To Date Laundry is one of the largest healthcare laundries on the East Coast, processing close to 70 million pounds of linen each year for hospitals and healthcare facilities across the mid-Atlantic region. Up To Date provides laundry services, such as customer-owned linen cleaning, linen rental, and full exchange cart programs.

Impact Thesis

Founded in 1946, Up To Date Laundry is a long-standing business in Baltimore. Located in an economically distressed neighborhood, the company has a diverse base of more than 200 full-time employees, as well as 350-plus temporary workers.

Impact Additionalities

Arctaris worked with Up To Date Laundry management to secure Property Assessed Clean Energy (PACE) financing to upgrade the current equipment to improve water utilization and reduce energy consumption.

Arctaris also partnered with Up To Date Laundry management to invest in state-of-the-art automation and material handling equipment that will increase operational efficiencies and create additional skilled job opportunities.



INVESTMENT TYPE

Operating Company

SDGs IMPACTED



IMPACT GOALS

Increase the employee base by up to 50 from 2021–24

KEY IMPACT METRICS*

Total number of full-time jobs grew by 10 since Arctaris investment and many additional full-time jobs were retained

TRSA Clean Green Certification¹

Offers special hiring initiatives for minorities, veterans, formerly incarcerated individuals, immigrants, migrant workers, individuals with disabilities, and refugees

¹ TRSA Clean Green Certification is an accreditation given to companies that demonstrate leadership in water and energy efficiency and adoption of best practices for reclaiming, reusing, and recycling resources.

Images courtesy of Up To Date Laundry

Market Fresh Gourmet

Baltimore, Maryland

Investment Overview

Opening its first express grocery store in 2023, Market Fresh Gourmet is a minority-owned, full-service community grocery store chain operator located in Baltimore, Maryland. The store will carry fresh produce, baked goods, and hot and cold prepared foods. The express grocery store will operate in a mixed-use building at 231 North Schroeder Street, which is Arctaris Impact’s real estate investment, as an anchor ground-floor retail tenant. Located in a USDA food desert, the store will serve residents of the 260-plus unit building along with local community members.

Impact Thesis

The Arctaris impact thesis for Market Fresh Gourmet includes supporting and growing a minority-run and -owned business. Market Fresh Gourmet is managed by a 100% Black leadership team with significant industry experience. The company aims to concentrate procurement with local minority-owned suppliers.

Market Fresh Gourmet plans to tackle health challenges facing the local communities. In addition to supporting vital social needs for accessible healthy food, the company also offers community cooking classes, educational workshops on healthy eating, and other health-related initiatives to residents of severely distressed census tracts.



Market Fresh Gourmet will also create substantial job opportunities locally. The first store is projected to create 40 living-wage jobs, primarily for the local community in Baltimore.

Impact Additionalities

Arctaris aims to scale the business through at least two additional store openings in 2024. The leases for these two additional stores have been executed, and construction is currently in pre-planning phases.

Arctaris is supporting Market Fresh Gourmet management in securing grants, concessionary loans, and tax credits. Strategic financing will help scale operations, supporting sustained job growth and retention of staff at living wages.

INVESTMENT TYPE

Operating Company

IMPACT GOALS

Market Fresh Gourmet aims to create 40 jobs²

SDGs IMPACTED



KEY IMPACT METRICS*

100%
BIPOC senior management

25%
of suppliers are women-owned businesses

25%
of suppliers are minority-owned businesses

30%
of business-to-business customers are minority-owned businesses

¹ As of March 2023, Arctaris made another investment of approximately \$1 million in Market Fresh Gourmet.

² Market Fresh Gourmet management estimate.

Image courtesy of Market Fresh Gourmet

Saddleback Mountain

Rangeley, Maine

Investment Overview

Located in Western Maine, Saddleback Mountain has a 60-year history of partnership with its community. The mountain has a devoted customer base and boasts the third largest vertical drop in the state at over 2,000 feet. Saddleback’s property spans 6,400 acres, and the company offers downhill skiing, ski school, ski rentals and repairs, outdoor programming, events and weddings, food and beverage, retail, and mountain biking.

Impact Thesis

The core impact strategy is the economic revitalization of a community in distress. Saddleback was the largest employer in Rangeley, Maine, which reopened the mountain for business after being closed for 5 years. Arctaris Impact’s investment has created 243 new jobs at Saddleback and has helped revitalize the local economy. The company hosted more than 90,000 skier visits in the 2022-23 season.

An additional component of Saddleback’s impact thesis is to adopt an environmentally sustainable resort strategy. Arctaris and Saddleback worked together to develop a 7.3-megawatt (DC) solar farm. The solar farm will produce double the electricity needed to operate the resort, creating a substantial environmental impact related to carbon emission reduction.



As of 2022, Arctaris had successfully exited the investment in the solar farm while ensuring that Saddleback will operate on the solar power generated on site.

Impact Additionalities

Arctaris Impact’s investment enabled Saddleback Mountain to reopen after five years of non-operation, which created economic distress in the local community. Arctaris facilitated the construction of a mid-mountain lodge, additional new lifts, a workforce housing facility, and several other ongoing capital improvement initiatives.

Arctaris has made an ongoing commitment to social impact for Saddleback employees through plans for a welcome center, a childcare center, and a new ski patrol shed.

INVESTMENT TYPE

Real Estate, Operating Company, Infrastructure

IMPACT GOALS

Develop a childcare center for employees

KEY IMPACT METRICS*

243
new jobs created since Arctaris investment in January 2020

7
hiring initiatives implemented for disenfranchised groups²

SDGs IMPACTED

- 3** GOOD HEALTH AND WELL-BEING
- 7** AFFORDABLE AND CLEAN ENERGY
- 8** DECENT WORK AND ECONOMIC GROWTH
- 11** SUSTAINABLE CITIES AND COMMUNITIES
- 13** CLIMATE ACTION

Generate twice the electricity needed to operate the resort at the solar farm

6
environmental sustainability measures implemented

50 acres
of renewable energy infrastructure installed

¹ In 2023, Arctaris continued to invest in Saddleback Mountain through the Opportunity Zone Fund 2020, Impact Fund, and Arctaris Royalty Partners.

² Special hiring initiatives include hiring initiatives for women, people of color, veterans, formerly incarcerated individuals, individuals who live in the neighborhood or local area where the business is located, immigrants, migrant workers, LGBTQIA+, individuals with disabilities, and refugees.

Image courtesy of Saddleback Mountain

Recaro Automotive

Clinton Township, Michigan

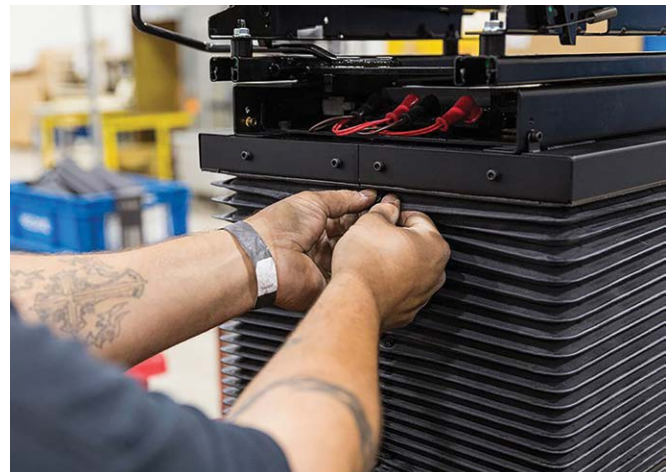
Investment Overview

Located in Clinton Township, Michigan, Recaro is a high-performance automotive seat manufacturer which was divested from its parent company in 2019, putting good-paying Detroit-area jobs at risk. Later that year, Arctaris partnered with Recaro’s management team and another strategic partner to move the firm’s headquarters to an Opportunity Zone in Eastern Michigan, preserving jobs and investing to expand the business.

With deep experience in manufacturing and turnaround management, Recaro’s executive team is well positioned to grow the business. As a global company with operations in the U.S., Germany, and Japan and a joint venture in China, Recaro has one of the strongest brands in the industry.

Impact Thesis

The core impact thesis for Recaro is living-wage job retention and creation. At the time of our investment in Recaro in 2019, the Opportunity Zone in Clinton Township, where Recaro now operates, reported a poverty rate of 36.2% and an unemployment rate of 14.9%.¹ Through its partnership with Arctaris, the company promised to retain 131 full-time jobs of all skill levels and grow the employee base over the next four years. The average wage per annum is more than \$60,000, which is nearly double the region’s \$30,378 median household income at the time of investment.²



INVESTMENT TYPE

Operating Company and Real Estate

SDGs IMPACTED

1 NO POVERTY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



KEY IMPACT METRICS*

11.2%

of total supplier budget spent with women-owned businesses

8

environmental sustainability measures implemented

100%

jobs earning above local living wage³

Total number of jobs grew by 77 since Arctaris investment in February 2020

^{1,2} 2015-2019 U.S. Census Bureau American Community Survey 5-Year Estimates

³ Dr. Amy K. Glasmeier and Massachusetts Institute of Technology, "Living Wage Calculator," <https://livingwage.mit.edu/>.

Images courtesy of Recaro Automotive

AEL Span

Belleville, Michigan

Investment Overview

AEL is a certified Minority Business Enterprise (MBE) that offers inbound logistics, warehousing, re-packing, labeling, and delivery to large manufacturers and automotive companies across the U.S. AEL uses integrated technology and tailored strategies to serve logistical needs of major tier-1 customers, such as ThyssenKrupp, Cummins Inc., and Lear Corporation.

Impact Thesis

AEL is a minority-owned business with 264 full-time employees. Arctaris invested in AEL to retain and create more jobs in underserved communities. AEL has been able to maintain its 264 full-time employees despite challenges in the automotive industry.



INVESTMENT TYPE

Operating Company

SDGs IMPACTED

- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES
- 11 SUSTAINABLE CITIES AND COMMUNITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

KEY IMPACT METRICS*

264
full-time jobs retained

100%
BIPOC senior management

Certified Minority Business Enterprise (MBE)

25%
of business-to-business customers are minority-owned businesses

25%
of business-to-business customers are women-owned businesses

Chime Solutions

Baltimore, Maryland¹

During the first quarter of 2023, Chime Solutions was purchased by a minority-owned business process outsourcing company as a strategic acquisition, continuing their company mission.

Investment Overview

Formed in 2015, Chime Solutions is an Atlanta-based certified Minority Business Enterprise (MBE) that provides a full suite of Business Process Outsourcing (BPO) solutions to companies in the financial services, insurance, healthcare, and telecommunications sectors.

Impact Thesis

Chime is a minority-owned business with a track record of hiring within low-income census tracts and partnering with municipalities to implement workforce development programs for the underserved. Arctaris invested in Chime Solutions to retain and create jobs.

Impact Additionalities

Arctaris was working with the Chime management team to identify new clients who seek to incorporate Diversity, Equity, and Inclusion (DEI) in their supply chains.



INVESTMENT TYPE

Operating Company

SDGs IMPACTED

1 NO POVERTY



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



KEY IMPACT METRICS*

98%

BIPOC senior management

Certified Minority Business Enterprise (MBE)

30%

total supplier budget spent with minority-owned businesses

40%

of business-to-business customers are minority-owned businesses

¹ Other locations are Georgia, North Carolina, Texas, and Arkansas.

Images courtesy of Chime Solutions

Specialized Construction Inc.

Cleveland, Ohio

Investment Overview

Specialized Construction Inc. (SCI) is a 60-year-old specialized asphalt paving, repair, and maintenance provider in Cuyahoga County, Ohio. SCI is one of the only contractors in the region that performs a specialized type of asphalt paving, cold-in-place recycling (CIPR). CIPR significantly reduces energy consumption and expedites construction time. With deep expertise and extensive experience in specialized paving, SCI has maintained long-term relationships with municipal and commercial customers in Northeast Ohio for decades.

Impact Thesis

Arctaris invested in SCI to reduce the racial wealth gap by enabling minority business ownership and to retain and create living-wage jobs. Arctaris provided capital to support an experienced Black entrepreneur to acquire the majority share of SCI, transforming the company into a minority-owned business. The investment makes the company one of the only minority-led asphalt paving companies in the country.

SCI currently employs 40 employees a year, offering an average annual salary approximately 16% higher than the industry average in Ohio, as well as full union healthcare and pension benefits.¹ SCI also participates in a union apprenticeship program, hiring and training 3-4 apprentices per year. New ownership aspires to create 15 additional living-wage jobs in Ohio over the next five years. Moreover, leadership plans to work with workforce development partners, such as Ohio



Means Jobs, the Urban League, and El Barrio, to provide more job opportunities for disadvantaged youths and to improve workforce diversity at SCI.

Impact Additionalities

The Arctaris investment has helped to increase the number of minority-owned businesses in the area and has the potential to increase the number of living-wage jobs in Northeast Ohio.

Arctaris is helping the SCI management team to source New Markets Tax Credit (NMTC) financing to fund future capital improvement projects and create additional job opportunities. Arctaris has already provided \$4M of NMTC credits to the company to support their growth expansion goals.

INVESTMENT TYPE

Operating Company

SDGs IMPACTED



IMPACT GOALS

Become certified as a Minority Business Enterprise (MBE)

Retain 40+ jobs with full union healthcare and pension benefits

Create 15 new living-wage jobs by 2026

KEY IMPACT METRICS*

Total number of jobs grew by 3 since Arctaris investment in March 2022

10%
total supplier budget spent with women-owned businesses

100%
jobs earning above local living wage²

¹ Based on employment with SCI from April–October 2022; “Asphalt Paving Salary in Ohio,” <https://www.ziprecruiter.com/Salaries/Asphalt-Paving-Salary-in-Ohio>.

² Dr. Amy K. Glasmeier and Massachusetts Institute of Technology, “Living Wage Calculator,” <https://livingwage.mit.edu/>.

Image courtesy of Specialized Construction, Inc.

Case Studies

In the in-depth case studies section, we have selected three portfolio companies that showcase our impact across three different under-served communities: greater Cleveland, Erie, and Baltimore.

These case studies also demonstrate our expertise in investing in operating businesses and real estate projects in service of various impact theses: create and retain living-wage jobs; align with local stakeholders to provide flexible and creative solutions to catalyze inclusive economic growth and innovation; expand access to critical products and services for underserved populations; promote diversity, equity, and inclusion (DEI) for all community members.

As you will read in all three case studies, Arctaris actively works with portfolio companies and local stakeholders to leverage public-private partnerships to amplify impact in under-served communities.

For more information about the remainder of the portfolio, please contact IR@arctaris.com.

1 CASE STUDY

Specialized Construction Incorporated (SCI)

Cuyahoga County, Ohio

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2 CASE STUDY

The Flagship Complex, LLC, and Block Two

Erie, Pennsylvania

Page 47



3 CASE STUDY

231 North Schroeder Street

Baltimore, Maryland

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Specialized Construction Incorporated: Creating and Retaining Quality Jobs with a Transition to Minority Ownership

When the third-generation owner of Specialized Construction Inc. (“SCI” or the “company”) was looking to sell the family business, there was a possibility that an acquisition would result in the relocation of the company’s high-quality union jobs to outside of the greater Cleveland area. SCI is a 60-year-old asphalt paving, repair, and maintenance provider based in Cuyahoga County, Ohio. It is one of the only contractors in the region that performs single-press paving, a specialized type of paving that significantly reduces energy consumption and expedites construction time. With this deep expertise and extensive experience in specialized paving, SCI has retained long-term relationships with municipal and commercial customers in Northeast Ohio for decades.

Specialized Construction Incorporated (SCI):

Year invested: 2022

Impact goals:

- Become certified as a Minority Business Enterprise (MBE)
- Retain 40+ jobs with full union healthcare and pension benefits
- Create 15 new living-wage jobs by 2026

Geography: Cuyahoga County, Ohio

For Brian Hall, an experienced Black entrepreneur and community leader, acquiring SCI would mean keeping jobs in the greater Cleveland area, while creating a new minority-owned business. With support from Arctaris, Mr. Hall successfully acquired SCI in 2022 and is actively working to both maintain, and create additional, high-quality jobs for residents of the greater Cleveland area.

Public-Private Partnership in Under-Resourced Communities: The Arctaris Cuyahoga Program

Business ownership is an essential part of building wealth. However, there is extreme inequality in U.S. business ownership. Black Americans represent 13% of the country's population, yet Black-owned businesses comprise just 2% of businesses with employees.¹ This disparity has implications beyond building wealth for individual owners. Minority-owned businesses are crucial for creating jobs within their own communities. Research shows that minority-owned businesses are more likely to hire minority workers versus white-owned businesses.²

Currently, there is a demographic trend that represents an opportunity for minority entrepreneurs to acquire operating businesses. Just over half of all business owners in the U.S. are age 55 or older,³ suggesting that millions of owners are currently considering retirement. Historically, business owners typically passed ownership on to family members upon retirement. Increasingly, however, owners are looking for outside acquirers to take over as younger generations are showing less interest in inheriting family businesses. This presents an opportunity for minority entrepreneurs, who may have previously had difficulty accessing capital and other



“Our local businesses succeed when we invest in them, and the Arctaris Cuyahoga Program is a great way to support and grow this workforce, especially in areas that, through the years, haven’t seen as much investment.”⁵

CHRIS RONAYNE CUYAHOGA COUNTY EXECUTIVE

resources, to acquire these businesses and become owners themselves. These acquisitions provide minority entrepreneurs with a strong foundation for continued growth and success as many of the original owners have built successful businesses.

Arctaris Impact's core mission is to create quality jobs, enhance capital access for businesses, and build community racial equity. To accomplish this latter goal, the firm engages with key community stakeholders to support minority-owned businesses and entrepreneurs. The Arctaris Cuyahoga Program is a prime example. In this Ohio county, Arctaris has partnered with the Cuyahoga County Department of Development and the Cleveland Foundation to

establish a place-based investment program that exclusively invests in businesses in Cuyahoga County.

“We’d like to see businesses in greater Cleveland stay in greater Cleveland but also become more diverse in ownership,” said Anthony Stella, Senior Development Financial Analyst for the Cuyahoga County Department of Development.⁴ “With Arctaris, the program helps us attract more investors to these businesses, which we hope supports more job creation in our low- to moderate-income areas.”

“We’re proud to have a diverse business community in Cuyahoga County that keeps our economy strong and lends to an innovative workforce,” said Cuyahoga County Executive Chris Ronayne. “Our local businesses

1 CASE STUDY

Specialized Construction Incorporated (SCI) Creating and Retaining Quality Jobs with a Transition to Minority Ownership

succeed when we invest in them, and the Arctaris Cuyahoga Program is a great way to support and grow this workforce, especially in areas that, through the years, haven't seen as much investment."⁵

For the Cleveland Foundation, a philanthropic leader in the region whose mission is to enhance the lives of residents in the greater Cleveland area, "working with Arctaris represents an opportunity to partner with an organization demonstrating a strong track record of success in bringing economic opportunities to under-resourced communities. We were really impressed by Arctaris Impact's history of supporting minority-owned businesses in places like Baltimore," said Keisha Gonzalez,

Program Director of Economic and Community Development and Social Impact Investing at the Cleveland Foundation. "For us, Arctaris has been an absolutely phenomenal partner in taking the time to educate us on how to really advance opportunities for BIPOC ownership and we believe there is a lot of exciting opportunities to come from this relationship."⁶

The Arctaris Cuyahoga Program is an example of Arctaris Impact's overall public-private partnership strategy. As part of the program, Cuyahoga County invested \$1.5 million and the Cleveland Foundation invested \$1 million in catalytic capital, defined as risk-tolerant and flexible capital that provides risk mitigation for private investors. Arctaris matched

both contributions four times over with private investor capital, significantly amplifying the potential impact of the public and foundation funding in Cuyahoga County. The program continues to gain momentum as other local organizations, such as the Presidents' Council, a Cleveland-area organization that supports current and future generations of Black entrepreneurs, have partnered with and invested in the program.

Putting it into Practice: Brian Hall's Acquisition of SCI

In launching the Arctaris Cuyahoga Program, Arctaris has developed extensive relationships in the area. Through this network, Arctaris sourced an opportunity to support the ownership transition of SCI, a Cuyahoga County-based business. Arctaris connected with a prospective buyer named Brian Hall, who is an experienced Black entrepreneur and local community leader. For over 24 years, he served as CEO of Industrial Inventory Solutions, which was listed on the Black Enterprise 100. The company provided specialized trucking services for the auto industry, including yard management and trailer shuttling. At its height in the early 2000s, the company generated \$34.5 million in revenue and employed over 300 people, 40% of whom were Black or Latino. At the time of the SCI transaction, Mr. Hall was working as a Senior Vice President at the Greater Cleveland Partnership, the region's leading economic development organization.

"Brian Hall has a strong background in business, a broad regional network, and is extremely civic-minded. When he shared that he could not complete the capital stack to fund the acquisition of SCI, we welcomed the





opportunity to help bridge the gap,” said Uche Osuji, Managing Director at Arctaris. “Bridging the gap required negotiating with KeyBank to discover pinch points for the underwriter and structuring to address those issues while still delivering our investors an appropriate return.” One pinch point was Key’s requirement for a minimum equity investment, which Brian Hall did not have. Brian had already invested a significant amount of his retirement into this proposed transaction, so Arctaris converted 10% of its proposed mezzanine investment into equity to meet this requirement. Another pinch point for KeyBank was that SCI’s cash flow coverage in the first 18 months was tighter than the bank’s comfort. Arctaris structured its amortization schedule around the projected cash flow generation to deliver more cushion for the financial covenant ratio.

Although other entities were also interested in funding Mr. Hall’s acquisition, he chose Arctaris for its expertise, its commitment to find a financing solution, and its aligned mission to support minority-owned businesses and create quality jobs in low-income census tracts. Working with Mr. Hall, Arctaris was flexible and creative in constructing a term

“This was a complex transaction, and the Arctaris Cuyahoga Program funding filled an important equity and debt gap that supported our senior lender, KeyBank, and allowed us to close the deal.”⁷

BRIAN HALL PRESIDENT, SPECIALIZED CONSTRUCTION INCORPORATED

sheet that would make the deal viable for all parties involved. “This was a complex transaction, and the Arctaris Cuyahoga Program funding filled an important equity and debt gap that supported our senior lender, KeyBank, and allowed us to close the deal,” Mr. Hall said.⁷

Becoming the Best Place to Work in the Industry

Brian Hall’s acquisition of SCI keeps quality jobs in Cuyahoga County and has the potential to create new jobs for residents. During the construction season, SCI typically hires 40 employees per year for pay that exceeds the industry average for asphalt paving jobs in Ohio.⁸ In addition to better wages, SCI provides full healthcare and pension benefits through union benefit plans. SCI is also a part of the union apprenticeship program, hiring and training three or four apprentices a year.

“Retaining and growing our talents is crucial to the success of our business. We want to make sure our people enjoy their work, the team culture, and can see themselves advance in their career together with the growth of SCI. Our employees are long-term partners to the company,” said Mr. Hall.⁹

To ensure that SCI employees prosper and grow while remaining with the firm, Mr. Hall is working with Cuyahoga County to apply for a SkillUp grant. SkillUp is an innovative new program offered by the county that assists employers with training their employees for higher-paying jobs within their companies.¹⁰ SkillUp technical advisors work with employers to help them identify the specific skills needed for positions within their companies. The advisors then assist the firms in developing customized training programs for current employees to develop these skills.

CASE STUDY

Specialized Construction Incorporated (SCI) Creating and Retaining Quality Jobs with a Transition to Minority Ownership

Additionally, SCI promotes a healthy and open team culture. Since the acquisition, SCI management has conducted culture surveys and employee focus group discussions to identify any potential cultural challenges and opportunities for improvements. The company also proactively recognizes employee accomplishments during a mid-construction-season breakfast and end-of-season appreciation events.

Mr. Hall is proud of the great culture at SCI. “We want to be recognized both internally and externally as the best place to work at in the industry,” he said. “People don’t work at a company. They work with other people.”¹¹

What’s Next? More Quality Jobs

Mr. Hall remains focused on creating more quality jobs in Cuyahoga County over the next five years. As SCI becomes a certified minority-owned business enterprise (MBE), Mr. Hall could attract additional government contracts designated for MBEs and, as a result, hire more employees. To help with recruiting, Mr. Hall is working with local partners including Ohio Means Jobs, Greater Cleveland Partnership, and

the Urban League, among others, to attract diverse talent to the construction industry. To support the company’s efforts to expand locally, Arctaris is assisting SCI with other sources of low-cost funding, such as the New Markets Tax Credit (NMTC) Program.

Lastly, Brian wants his employees to participate in the upside of future value creation. To that end, he is exploring alternatives to implement an employee equity ownership program.

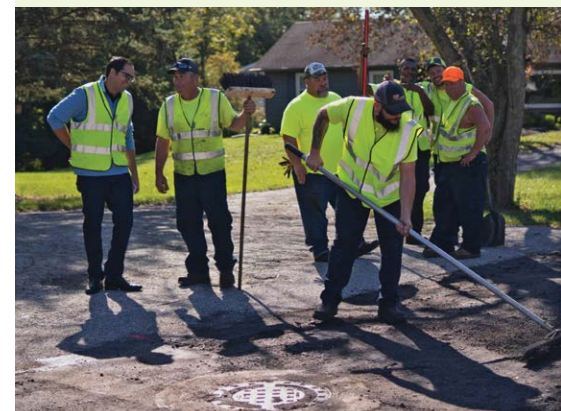
“SCI is committed to creating new quality jobs in Cuyahoga County where we call home. We are excited to grow the business together with our employees so we can bring more positive impact to our community. The future is bright,” said Mr. Hall with a smile.¹²

“We’re so glad to see SCI and Mr. Hall’s success in our region, and their dedication to hiring more employees and expanding the business,” said County Executive Chris Ronayne. “Combined with fantastic community partners and additional county economic development resources, SCI has the framework to take their business to new heights. We’re proud that the Arctaris Cuyahoga Program is part of that effort.”¹³

ENDNOTES

- ¹ Alliance for Entrepreneurial Equity, “Entrepreneurial Inequity in America,” presentation, 2022, <https://www.aeequity.org/product/entrepreneurial-inequity-in-america>.
- ² Michael A. Stoll, Steven Raphael, and Harry J. Holzer, “Why Are Black Employers More Likely Than White Employers to Hire Blacks?” Institute for Research on Poverty discussion paper 1236-01, University of Wisconsin, 2001, <https://irp.wisc.edu/publications/dps/pdfs/dp123601.pdf>.
- ³ U.S. Census Bureau 2020 Annual Business Survey.
- ^{4,5} Cuyahoga County is a first-loss partner and investor in the Arctaris funds. No compensation was paid related to this quote.
- ⁶ Cleveland Foundation is a first-loss partner and investor in the Arctaris funds. No compensation was paid related to this quote.
- ⁷ Brian Hall is the President of Specialized Construction Incorporated, which received debt investment from Arctaris Impact Fund. No compensation was paid related to this quote.
- ⁸ ZipRecruiter. 2023. “Asphalt Paving Salary in Ohio,” <https://www.ziprecruiter.com/Salaries/Asphalt-Paving-Salary--in-Ohio>.
- ⁹ Brian Hall is the President of Specialized Construction Incorporated, which received debt investment from Arctaris Impact Fund. No compensation was paid related to this quote.
- ¹⁰ Global Cleveland. “Cuyahoga County Launches SkillUp Program,” 2022, <https://globalcleveland.org/cuyahoga-county-launches-skillup-program/>.
- ^{11,12} Brian Hall is the President of Specialized Construction Incorporated, which received debt investment from Arctaris Impact Fund. No compensation was paid related to this quote.
- ¹³ Cuyahoga County is a first-loss partner and investor in the Arctaris funds. No compensation was paid related to this quote.

Photos on pages 42-46 courtesy of SCI



“SCI is committed to creating new quality jobs in Cuyahoga County where we call home. We are excited to grow the business together with our employees so we can bring more positive impact to our community. The future is bright.”¹²

BRIAN HALL PRESIDENT, SPECIALIZED CONSTRUCTION INCORPORATED (SCI)



Erie Downtown Revitalization: Community Collaboration Meets Public-Private Partnership

Erie, Pennsylvania is a city that has faced staggering social and economic challenges. For the past several decades, many major employers have left the area or significantly cut jobs, meaning fewer opportunities for well-paying occupations. Today, a quarter of the city's population lives in poverty. In the "heart" of downtown Erie, that number rises to nearly two-thirds, including the lowest-income census tract in the United States.¹ Launching an inclusive revitalization in Erie has required an extraordinary community-led collaboration between both the public and private sectors.

**The Flagship Complex, LLC,
and Erie Block Two**

Year invested: 2021 and 2022

Impact goal:

- The Flagship Complex is expected to create 230 new jobs

Geography: Erie, Pennsylvania

**The Flagship Complex, LLC, and Erie Block Two
Erie Downtown Revitalization: Community Collaboration
Meets Public-Private Partnership**

Arctaris Impact Investors identified the opportunity to catalyze a public-private collaboration to revitalize Erie. A partnership with key local leaders in the community, the Arctaris Erie Program was created in 2020 with a focus on investing in the city’s downtown corridor. The program’s first two investments—the Flagship City Food Hall & Public Market and Erie Block Two—support minority-owned food and retail vendors, bring new residential units to the area, and create much-needed parking, all of which increase foot traffic, population growth, and retail density in Erie.

A Rapid Decline in Opportunity

Historically, Erie flourished as an important center of manufacturing and a home to major businesses. General Electric, once the city’s largest employer, offered well-paying jobs and excellent career opportunities, but it slashed nearly 1,000 jobs from its plant in Erie in 2013.² Likewise, many other major employers left or significantly cut the number of jobs in Erie, pushing countless residents into a major economic crisis. The city’s population declined by more than a third—from a peak of 138,440 in 1960 to just under 95,000 in 2020.³ In one downtown Erie census tract, the median household income for a family sank to \$11,757, compared with \$64,994 nationwide.⁴ Clearly, a new effort was needed to address the lack of economic opportunity for Erie residents.

The Start of Community-Led Revitalization in Erie

In 2016, community stakeholders, led by Erie Insurance President and CEO Tim NeCastro and Chairman Tom Hagen—both Erie natives—saw an opportunity to refocus efforts on economic development in Erie’s downtown. City officials had recently identified in a community development report several properties that were vacant or rundown but showed promise as retail spaces or multifamily units. Long an important investor in the city—and now its largest employer—Erie Insurance rallied behind the report’s recommendations and took the lead in launching a public-private collaboration to promote downtown revitalization.

Learning from other successful urban redevelopment initiatives, NeCastro, Hagen, and this newly formed coalition crafted a strategy for development efforts in Erie based on four central concepts. First, they agreed

that revitalization often starts in the heart of a community—the downtown area. Second, they recognized the importance of clustering investments together to generate community momentum and confidence related to visible progress. Third, they agreed on the need to form a nonprofit that could transform Erie’s downtown core and spark revitalization across the region. Fourth, and most importantly, they identified the criticality of buy-in and investment from business, philanthropic, and community leaders. These four concepts resonated with Arctaris Impact’s unique approach, which emphasizes downtown revitalization, clusters of integrated economic activity, development partners who are mission aligned with the communities served, and broad community support.

To implement the new development strategy, community leaders formed a nonprofit organization in 2017, the Erie Downtown Development Corporation (EDDC). Leading downtown Erie’s revitalization, EDDC is an independent organization acting to bring together public and private development efforts. At the same time, community leaders also formed the Erie Downtown Equity Fund (EDEF), a private,



for-profit entity that would work closely with EDDC to deploy patient capital for real estate acquisitions and other redevelopment efforts.

EDDC recognized that in order to improve the downtown's density of businesses, foot traffic, and residential population, they would need an integrated and cohesive master plan. Using private capital raised with the help of Erie Insurance and other private-sector leaders in the city, EDDC identified and purchased 12 properties for redevelopment specifically in the downtown area. All 12 properties are strategically located within a three-block radius of strong anchor institutions in the community: Erie Insurance, Gannon University, and the University of Pittsburgh Medical Center Hamot.

Arctaris Impact: Catalyzing Community-Led Development

Impressed with the community-led development, buy-in from residents, and a public-private partnership approach, Arctaris partnered with Erie Insurance, Erie Community Foundation ("ECF"), EDDC, and EDEF to create the Arctaris Erie Program. The goal of the program is to redefine the downtown core as a place where people want to live, work, eat, and play. The program has brought new capital investments to the city's revitalization efforts at a larger scale than either public or private funding could achieve separately.

Arctaris Impact's Founder and Managing Partner, Jonathan Tower, acknowledges the challenges of investing in one of the lowest-income census tracts in the U.S. "A city development project like this is naturally challenging," he said. "You are creating a new market for something that does not exist."

Above: The Flagship Complex



“We were thinking a lot about how to bring people in Erie together. We kept coming back to the concept of food. The concept of good food cuts across socio-economic classes and brings people together.”⁵

JOHN PERSINGER EXECUTIVE DIRECTOR OF EDDC

Rising to the challenge, Arctaris sees tremendous potential in downtown Erie. The area is located in an Opportunity Zone that Arctaris identified as having significant investment potential given the presence of several large employers and the effective planning and fundraising efforts spearheaded by EDDC. The Arctaris Erie Program is now positioned to leverage Erie's existing competitive strengths, which, in addition to the large employers and EDDC's efforts, include a deeply committed philanthropic base and an extraordinary spirit of cooperation among residents, large and small businesses, and government.

Bringing Erie Together with Food

Through the Arctaris Erie Program, Arctaris collaborated with EDDC to identify the program's first strategic investment. Early on, EDDC decided that it would need a focal point to

draw foot traffic to downtown Erie. At the time, the downtown area lacked quality restaurant options, and EDDC identified an opportunity to create a food hall that could increase foot traffic from residents and employees.

“We were thinking a lot about how to bring people in Erie together. We kept coming back to the concept of food. The concept of good food cuts across socio-economic classes and brings people together,” said John Persinger, Executive Director of EDDC.⁵

For the food hall project, EDDC acquired a blighted property built in the 1860s. From the early stages, it was important for the community to participate in the process. EDDC helped form a community engagement council comprised of Erie residents from diverse backgrounds. The council included residents from a nearby affordable housing project, small business owners, city hall

CASE STUDY

The Flagship Complex, LLC, and Erie Block Two Erie Downtown Revitalization: Community Collaboration Meets Public-Private Partnership

workers, police officers, and community activists. Providing critical input and feedback in developing the food hall, the council helped guide EDDC in its planning process.

The First Investment: The Flagship City Food Hall

Recognizing the food hall's potential to spark development downtown, in June 2021, Arctaris invested \$12.3 million in the Flagship Complex as the first major investment under the Arctaris Erie Program. The Flagship Complex consists of two renovated buildings that now host the Flagship City Food Hall and the Flagship City Public Market.

After extensive renovation, the Flagship City Food Hall, which officially opened in November 2021, includes nine food and beverage vendors offering a wide variety of options to

meet different budgets and appetites. The Flagship City Public Market opened in March 2022 and houses a local grocer called the Erie Food Cooperative, a local butcher called Gordon's Market, and a local distillery called Luminary Distillery. The Public Market is the first full-service grocery store in downtown Erie in decades and now serves an area previously designated by the USDA as a food desert. Addressing the need for housing, the project also has 28 multi-family, market-rate residential units.

"The Flagship City Food Hall demonstrates what can be accomplished when public, philanthropic, and private-sector partners work together to solve a city's greatest challenges," said Arctaris Impact's Jonathan Tower. "This project puts private capital to work by investing in blighted real estate, equipment, and operating businesses, which will

bring local, affordable produce to a USDA-designated food desert and jobs to the most vulnerable workers—women, minorities, and refugees—who are still recovering from the negative economic effects of COVID-19."

In a 2021 news release announcing the investment, NeCastro from Erie Insurance added, "Erie Insurance is proud to partner with Arctaris and EDEF to help bring this transformational project one step closer to the finish line," he said. "The food hall will be a true asset to the heart of our downtown and is sure to have positive economic and social impacts on the city, its residents, and our entire region. This project is yet another example of how community collaboration can bring about exciting and meaningful change for Erie."⁶

An Immediate Impact on Minority-Owned Businesses

With an emphasis on diversity and inclusion, the Flagship City Food Hall focuses on recruiting women- and minority-owned businesses as



Taste of Love – Flagship City Food Hall

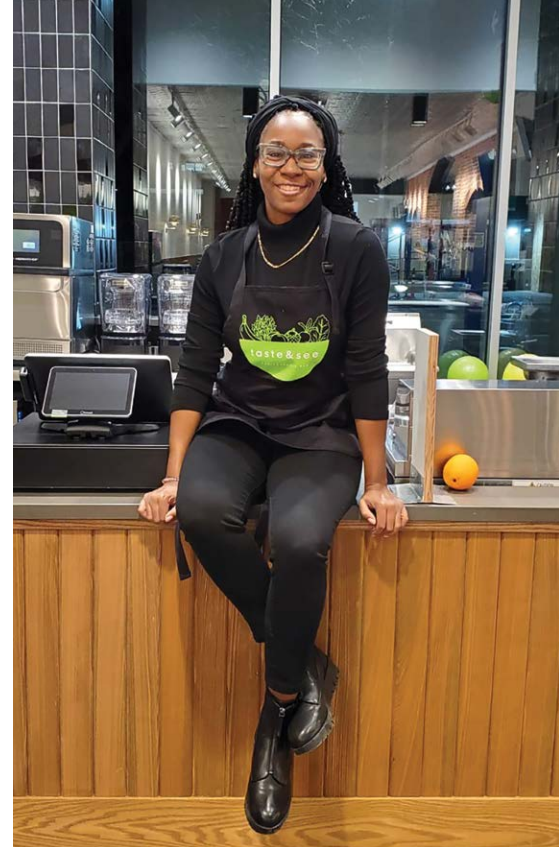
tenants. In fact, five of the nine initial vendors are owned by women or minorities. The food hall has helped these entrepreneurs to realize their dreams of opening their own restaurants. Instead of requiring vendors to cover large, up-front costs and pay set monthly rents, the food hall implemented a royalty payment system that allows vendors to start businesses with minimal upfront capital, greatly reducing the barriers to entry for small business owners.

For Dinanyili (“Dina”) Jimenez de Csir, owner of Dina’s Authentic Dominican Kitchen, the food hall was a perfect opportunity for her to bring the food and culture of the Dominican Republic to Erie. “There was nothing like Dominican food in Erie, and I felt like there was a real void for that food here,” said Jimenez de Csir. “It was my dream to open a restaurant [in Erie], but the upfront costs of kitchen equipment were too much.” She and her husband heard about the food hall and talked to EDDC about their business plan. With support from Arctaris Impact’s investment, Flagship provided new, high-quality kitchen equipment to all vendors in the food hall. The savings on the cost of expensive kitchen equipment enabled Jimenez de Csir to start her business. “[EDDC’s] investment on the front end with the building and kitchen equipment was crucial for our success. It was also important for us to know that there was a strong organization behind us that could help with our marketing and growth,”

she said. Jimenez de Csir is now looking to branch out from the food hall and open her first sit-down restaurant in downtown Erie. Why downtown Erie? “I love how everything is now coming alive and how people have been so supportive. People are excited about the future here,” she said.⁷

Krystal Robinson of Taste & See Fruit and Veggie Bar also noted the importance of support from Arctaris and EDDC in getting her business up and running. “EDDC was phenomenal with helping me get started. For me, not really having a lot of capital up front, it was a great opportunity. With help from Arctaris, EDDC purchased all the kitchen equipment I needed for my space. I couldn’t have been the start-up that I am without the help of EDDC and the Flagship City Food Hall,” Robinson said.⁸

The experiences of these two food hall vendors underscore the importance of Arctaris Impact’s investment, which broke down financial barriers for aspiring small business owners. “The Flagship City Food Hall and Public Market project is a great example of private investment addressing so many of a community’s challenges, including blight remediation, food insecurity, and economic opportunities for historically disadvantaged communities,” said EDDC’s Persinger. “This work would not be possible without the financial support and investments from Arctaris, Erie Insurance, and EDEF.”⁹



Top to bottom: Taste and See Owner Krystal Robinson; Jo’s Brooklyn Bagel Tool; Perry’s Pizza – Flagship City Food Hall

“With help from Arctaris, EDDC purchased all the kitchen equipment I needed for my space. I couldn’t have been the start-up that I am without the help of EDDC and the Flagship City Food Hall.”⁸

KRYSTAL ROBINSON OWNER, TASTE & SEE FRUIT AND VEGGIE BAR

The Flagship Complex, LLC, and Erie Block Two
Erie Downtown Revitalization: Community Collaboration
Meets Public-Private Partnership

Building on the Momentum: Erie Block Two

With the success of the Flagship City Food Hall and Public Market, construction is now well underway for phase two of the development, Erie Block Two, which neighbors the Flagship Complex. Arctaris invested \$12.7 million of equity in Erie Block Two, which will include 30 new multifamily units, a parking garage, and a 25,000-square-foot climbing gym. The climbing gym will be operated by Ascend, a Pittsburgh-based company with a strong focus on community engagement. Ascend offers heavily discounted passes to community members with financial constraints and dedicated climbing sessions for BIPOC (Black, Indigenous, and People of Color) and QFTW (Queer, Femme, Trans, Women) community members.

Erie Block Two is building on the momentum initiated by the Flagship Complex by adding to the density of commercial activity and foot traffic downtown.

Seeing Impact in the Heart of Erie

Enabled by the Arctaris investment, the Flagship City Food Hall and Public Market has created 60 full-time jobs in downtown Erie and 28 additional housing units. In addition, 17.9% of groceries have been purchased with Supplemental Nutrition Assistance Program (SNAP) benefits, suggesting

that a significant number of local low-income residents are accessing fresh produce and groceries through the Erie Food Co-Op.¹⁰

In terms of medium and long-term impact, the downtown redevelopment will generate a significant increase in property taxes, which are the primary funding source for municipalities like Erie. After decades of outmigration and declining tax revenues, the city of Erie is expected to collect more than \$2 million in critical tax revenue from the 12 buildings in the EDDC development, a 14-fold increase.¹¹

Beyond the direct positive impact from the downtown's resurgence, Arctaris and EDDC's efforts are also creating momentum, motivating existing property owners to improve

Arctaris invested \$12.7 million of equity in Erie Block Two, which will include 30 new multifamily units, a parking garage, and a 25,000-square-foot climbing gym.



their real estate and attracting new businesses and visitors to the area. Beacon Communities, the owner of Richford Arms, a 100-unit affordable-housing complex across the street from the Flagship Complex, has invested nearly \$30 million to renovate the existing building and construct an expansion building.

In addition to local development activities, outside businesses are expanding into Erie's downtown. Building on the strengths of EDDC's revitalization efforts, ValueMomentum, an IT solutions provider based in New Jersey and India, has purchased a former bank building in the heart of the city and is investing \$5 million to establish a new development center and plans to hire 100 new employees in Erie. Moreover, the expERIENCE Children's Museum, located across the street from Erie Insurance and near the Flagship Complex, is investing more than \$15 million to expand and accommodate a growing number of families and visitors. Many attribute the growing number of success stories to the

initial investments made by Erie Insurance and the Arctaris Erie Program. "None of what we're doing downtown happens without Erie Insurance and Arctaris," said EDDC's Persinger.¹²

If it is the heart of a community that provides the spark needed for revitalization, then it is the spirit of collaboration between the public and private sectors that keeps the embers glowing. Arctaris and its local Erie partners, in a shared effort to attract the necessary resources to bring Erie back to life, have stirred a certain momentum within the businesses and community members there. Along with Arctaris, the EDDC and other champions of the redevelopment efforts envision even more impact with the development of Erie Block Two and other upcoming investments. "For so long, we haven't seen any investment," Persinger said, "and all of a sudden, it's come all at once."¹³



ENDNOTES

¹ 2020 U.S. Census Bureau American Community Survey five-year estimates.

² Thomas Black and Alex Wayne. "GE to Cut 950 Jobs at Locomotive Plant in Erie, PA," *Buffalo News*, April 10, 2013, <https://buffalonews.com>.

³ 1960 and 2020 U.S. Bureau Decennial Census population estimates for Erie City, PA.

⁴ 2020 U.S. Census Bureau American Community Survey five-year estimates.

⁵ John Persinger served as the CEO of the Erie Downtown Development Corporation from February 2018 through summer 2023. EDDC is an independent non-profit organization that was formed in 2017 to lead collaboration between business, philanthropic, and community leaders to transform the city of Erie's downtown core and spark revitalization across the region. Arctaris has invested directly in two projects in Erie—the Flagship Complex and Erie Block Two—and compensates EDDC for the development and management of these two projects at market rates. Arctaris has not invested in EDDC as an entity nor does it compensate EDDC employees directly.

⁶ Erie Insurance is a first-loss partner and investor in the Arctaris Funds. No compensation was paid related to this quote. Erie Insurance serves on Arctaris Impact's advisory board. Advisory board members may be compensated.

^{7,8,9} John Persinger served as the CEO of the Erie Downtown Development Corporation from February 2018 through summer 2023. EDDC is an independent non-profit organization that was formed in 2017 to lead collaboration between business, philanthropic, and community leaders to transform the city of Erie's downtown core and spark revitalization across the region. Arctaris has invested directly in two projects in Erie—the Flagship Complex and Erie Block Two—and compensates EDDC for the development and management of these two projects at market rates. Arctaris has not invested in EDDC as an entity nor does it compensate EDDC employees directly.

¹⁰ Erie Food Co-Op

¹¹ Interview with John Persinger, Executive Director of EDDC.

^{12,13} John Persinger served as the CEO of the Erie Downtown Development Corporation from February 2018 through summer 2023. EDDC is an independent non-profit organization that was formed in 2017 to lead collaboration between business, philanthropic, and community leaders to transform the city of Erie's downtown core and spark revitalization across the region. Arctaris has invested directly in two projects in Erie—the Flagship Complex and Erie Block Two—and compensates EDDC for the development and management of these two projects at market rates. Arctaris has not invested in EDDC as an entity nor does it compensate EDDC employees directly.

Photos and renderings courtesy of The Flagship Complex and Erie Block 2



Transforming Neighborhoods, One Development at a Time

In the historic neighborhood of Southwest Baltimore lies the once-thriving community of Poppleton. After years of systemic underinvestment due to discriminatory housing and economic development policies that contributed to high rates of poverty, crime, and violence, Poppleton stood a shadow of its former self.¹

In the midst of this neighborhood's challenges, the real estate development company La Cité saw an opportunity and has begun delivering positive changes to this area. Already well underway, the Center\West development is an \$847 million multifamily masterplan to revitalize the area.² The masterplan is governed by one important principle: inclusivity. By collaborating with Poppleton residents, La Cité is sparking community-led development in Poppleton, and Arctaris is helping in phase 2 of that vision.

231 North Schroeder Street

Year invested: 2022

Impact goals:

- Create 40 quality affordable housing units at 50% AMI
- Target to spend 37% or more of the construction budget with minority subcontractors
- Create 275 temporary and 15 permanent jobs in a severely distressed Opportunity Zone

Geography: Baltimore, Maryland

Poppleton: A Neighborhood with a Proud Past and Troubling Socioeconomic Challenges

Poppleton is a neighborhood with a rich history featuring several historical and architectural landmarks, including the Edgar Allan Poe House and Museum, the State of Maryland's first Literary Landmark, B&O Railroad Museum, the century-old Poppleton Fire Station, and Old St. Paul's Cemetery, in which several significant historical figures are interred.³

In the late 1960s–90s, however, the area suffered from the ramifications of federal redlining and discriminatory housing ordinances, and it has been hit hard by the loss of industry.⁴ While Poppleton's streets are lined with classic Baltimore-style row houses, many are in various states of disrepair. Vacant lots and boarded-up buildings are a common sight, and little opportunity existed for Poppleton's residents. Its population is overwhelmingly Black: 91% compared with 58% of the residents of Baltimore as a whole. Poverty is rampant: 63% of Poppleton residents live in poverty, compared with 29% of the residents of Baltimore overall.⁵

Poppleton was prominently featured in the critically acclaimed HBO show *The Wire* as a community struggling to survive amid drug trade and the adversities that come with it. The show's depiction of the lives of the people of Baltimore, including the residents of Poppleton, is an unflinching look at the challenges of urban poverty faced by many African American residents on a daily basis.



In the early 2000s, the duo recognized a unique opportunity to breathe new life into West Baltimore, laser-focused on the Poppleton neighborhood. Their company dug in and began its long-term commitment to create a sustainable and livable community.

ABOVE: DANIEL BYTHEWOOD, JR. AND IAN G. ARIAS, LA CITÉ

La Cité Comes to Baltimore: A Long-Term Economic Commitment to Community Revitalization

Enter La Cité, a Black-owned real estate development company co-founded by Daniel Bythewood, Jr., Ian G. Arias, Daniel Bythewood, Sr., Susan Taylor, and Khephra Burns. As Co-Founders, with Dan as President and Ian as Executive Vice-President of the development company, both have a proven track-record of revitalizing underserved communities through innovative and responsible real estate developments. The pair began their careers working at the New York Equity Fund, the largest syndicator of 9% tax credit transactions in the country, in the 1990s. While working at the Fund,

they gained valuable experience and knowledge on how to leverage and deliver innovative and complex public financing structures and capital resources to create Class A affordable real estate projects in underserved communities. Possessing the technical expertise and with a commitment to community revitalization, Bythewood and Arias started La Cité with the focus on developing under-resourced areas suffering from high rates of poverty and crime.

In the early 2000s, the duo recognized a unique opportunity to breathe new life into West Baltimore, laser-focused on the Poppleton neighborhood. Their company dug in and began its long-term commitment to create a sustainable and livable community. Beginning

in 2004, La Cité entered a city-sponsored request for proposal (RFP) process to develop the Poppleton community and began raising private capital to invest in the project. The company successfully navigated the complex Baltimore RFP process and was awarded a contract because its proposed Poppleton redevelopment plan focused on driving economic revitalization and reducing crime in the community. In addition, La Cité incorporated into its proposal a plan to classify one-fifth of the new residential units as “affordable” through its skillful use of government and public funding sources, in particular Tax Increment Financing and the Low-Income Housing Tax Credit.

Realizing that their community development vision would take significant time and effort, Bythewood and Arias knew that they would need to build trust with Poppleton residents by involving them in the initial development process. At one point, when the duo presented the first phase of this development, they stood for four hours before the people of Poppleton at a community center answering all questions and addressing local resident concerns. “As a minority developer, we want to construct housing and mixed-use developments in communities with people who look like us,” said Arias, Executive Vice President at La Cité.⁶

La Cité’s masterplan for Poppleton, the Center\West plan, includes building 3,000 multifamily units across multiple phases on 33 acres, with a total target development budget of \$847 million. The first phase of the Center\West development was

opened in 2020, with 262 Class A residential units across two buildings that are now fully occupied. 20% of these Class A units are designated as affordable housing for local residents from the community, who describe the new housing units as the best living situation that they have ever experienced.⁷ With the development of these two buildings alone, La Cité doubled the number of total inclusionary housing units in the city of Baltimore.⁸ In addition, the mixed-income nature of the project, with 80% of the units rented at market-rate, brought more income

diversity to the neighborhood. With the first phase of the Center\West development, the Poppleton neighborhood has become safer and more vibrant, attracting a resurgence of over 3,500 tourists convening in a single weekend to experience “The International Edgar Allen Poe Festival.”

Arctaris Joins the Movement: La Cité’s Vision for Baltimore Takes Flight

La Cité’s proven success in under-resourced communities attracted the attention of Arctaris and its Arctaris Baltimore Program, which invests in under-resourced communities in Baltimore.





Arctaris Baltimore's place-based program was established in 2020 and has a \$25 million total investment commitment to the city of Baltimore. The program is backed by the Abell Foundation—a private foundation dedicated to the enhancement of quality of life in Baltimore—and the Neighborhood Impact Investment Fund (NIIF)—a nonprofit investment fund that deploys capital to promote inclusive, equitable growth in Baltimore's historically disinvested neighborhoods.

The core tenet of Arctaris Baltimore is establishing public-private partnerships, which manifest in deal sourcing, innovative deal structuring, and community relationship building. Those three key characteristics are unmistakably evident in Center\West. Through such public-private partnerships in deal sourcing, La Cité and the Center\West development were first introduced to Arctaris by a public-sector partner, Baltimore Development Corporation. From the start, Arctaris appreciated La Cité's use of innovative and complex financing structures coupled with public-funding sources. Applying tax credit equity and Tax Increment Financing can make otherwise uneconomical

Arctaris Baltimore's place-based program was established in 2020 and has a \$25 million total investment commitment to the city of Baltimore.

real estate projects financially viable in under-resourced communities. In addition, Arctaris supports La Cité's focus on building community relationships. Both Arctaris and La Cité want to ensure that Poppleton residents experience the positive economic benefits of the Center\West development, and both parties have partnered with city officials and community members, such as the Mayor's Office of Employment Development, to guarantee the community development goal is met within the next phase of the development.

With this strategic alliance in place, Arctaris joined La Cité for a second phase of the Center\West development project, located at 231 North Schroeder Street. Arctaris Opportunity Zone Fund Series invested \$13 million in the project, a ground-up development of a 170,000-square-foot, mixed-use building. This new expansion will include 200 age-restricted residential units for seniors

and 7,800 square feet of commercial space, totaling about \$70 million in investment.⁹

Inclusivity-Focused Opportunities for Poppleton Residents

Arctaris hopes to achieve three key impact outcomes through its investment in 231 North Schroeder Street: expand the availability of affordable, high-quality housing in the area; support local job creation; and reduce the racial wealth gap. With Arctaris Impact's investment, La Cité will create 40 affordable housing units—20% of the total number of units—that will be rented at 50% of the area median income (AMI) to qualified residents. Low-income seniors will be allowed to use their Department of Housing and Urban Development housing choice vouchers to pay rent.¹⁰ This is significant for senior residents, as there are currently no developments that accept senior vouchers within three miles of Poppleton.

CASE STUDY

231 North Schroeder Street Transforming Neighborhoods, One Development at a Time

“It is important for us to build 20% affordable senior housing,” said Bythewood, President and Managing Partner at La Cité. “As Black developers, we cannot turn our backs on people in our community.”¹¹

To support local job creation, La Cité is implementing a “hyper-local” approach to hiring for jobs on the construction site. For example, they worked with Poppleton residents to create¹² a security company run by a local entrepreneur who hires from within the community. Overall, La Cité created 450 construction jobs during CenterWest’s first phase. The next phase of development, the 231 North

Schroeder Street project, is estimated to create 275 construction jobs. In the long term, the project will generate approximately 15 permanent jobs in retail and property management.¹³

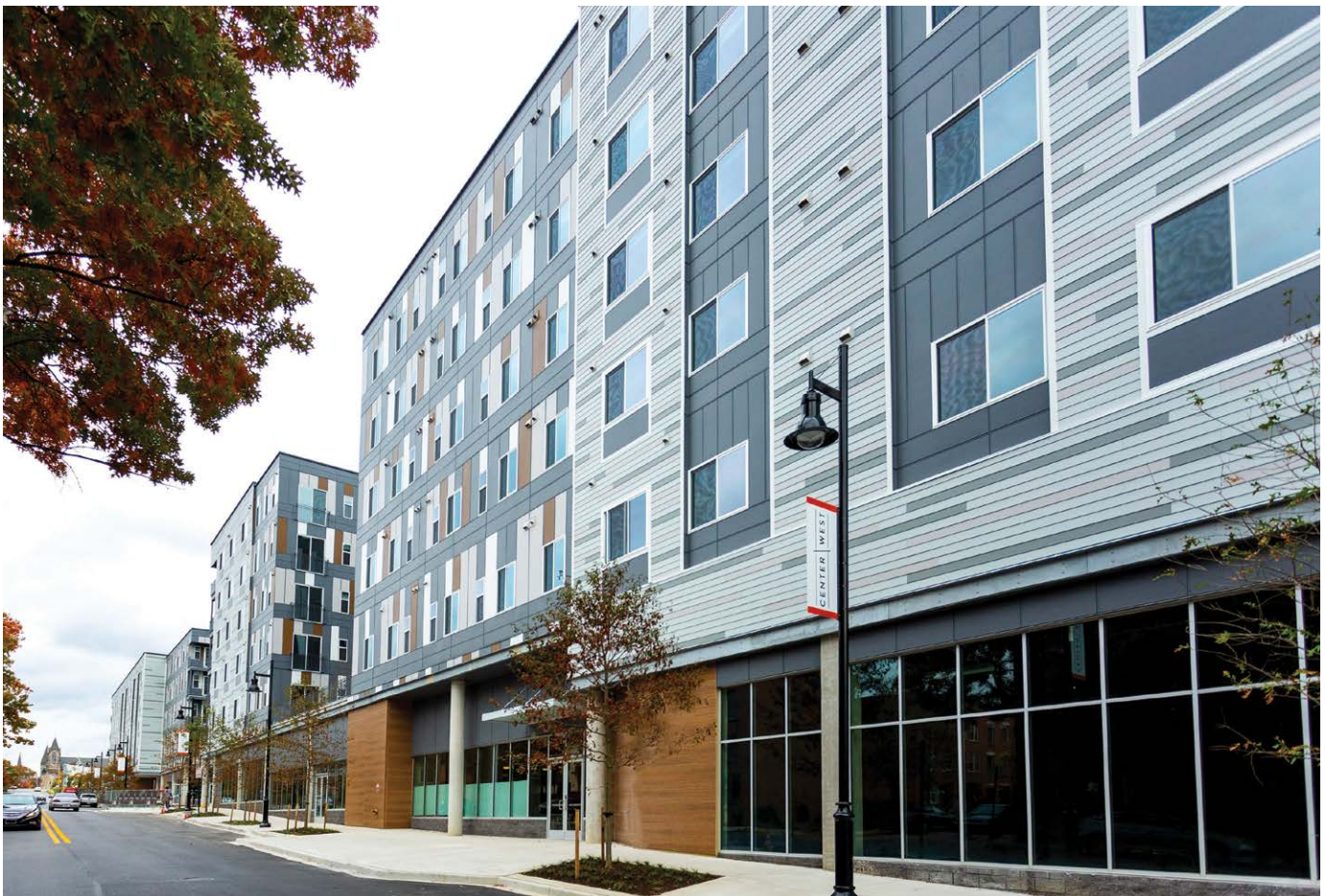
La Cité prioritizes diversity, equity, and inclusion as a means of narrowing the racial wealth gap. One way for La Cité to advance this strategy is

through subcontracting. The developer targets spending 27% of total construction hard costs with qualified minority subcontractors throughout the development process.

Arctaris is in the process of delivering its holistic approach to investing in the Poppleton community’s revitalization. In addition to its investment in 231 North Schroeder Street, Arctaris invested \$5 million in Market Fresh Gourmet, a minority-owned, full-service community grocery store providing affordable,

“It is important for us to build 20% affordable senior housing. As Black developers, we cannot turn our backs on people in our community.”¹¹

DANIEL BYTHEWOOD, JR., PRESIDENT AND MANAGING PARTNER, LA CITÉ



high-quality groceries to the residents of Poppleton, which was previously a “food desert.” Arctaris is also partnering with Market Fresh Gourmet to promote community events and food drives. Arctaris believes that its investments in both a grocery store and a mixed-income housing project will be complementary in creating jobs, reducing the number of vacant lots, decreasing crime, and improving the overall quality of life for residents of the Poppleton community.

What’s Next

Looking ahead, La Cité plans to continue building out 1,500 additional units of multifamily housing as part of the Center\West development and is looking to bring both a hotel and a major bank branch to the area to complement Market Fresh Gourmet. “We have just started. We are so excited to keep on building on our momentum to turn Poppleton into a thriving and diverse urban community with the support of similar-minded partners like Arctaris,” said Bythewood.¹⁴

Arctaris Impact’s Managing Director and Market Manager of Arctaris Baltimore, Anita Graham, echoed the sentiment: “We look forward to growing the Arctaris Baltimore Program so we can find and support more high-impact teams like the La Cité team and bring about more holistic development to underserved communities in Baltimore,” she said.

Guiding Principles

La Cité’s Bythewood and Arias understood that the opportunity in Poppleton was far greater than just another real estate development. They brought together Arctaris Baltimore and other public-sector

funding sources to provide the essential financing needed to build these transformative projects. This is a true public-private partnership that is revitalizing an economically distressed community.

In Poppleton, Arctaris and La Cité are developing more than buildings. They are creating a sustainable and livable community by involving local residents in the development process and creating good-paying jobs. With vision and strategic planning guided by principles of inclusivity, Arctaris and La Cité are revitalizing and uniting the Poppleton community.



ENDNOTES

¹ David Armenti and Alex Lothstein. “Baltimore’s Pursuit of Fair Housing: A Brief History,” Maryland Center for History and Culture, <https://www.mdhistory.org/baltimores-pursuit-of-fair-housing-a-brief-history/>.

² Arctaris Opportunity Zone Fund Series invested \$13 million in 231 North Schroeder Street within the Center\West development.

³ “Baltimore Heritage,” <https://baltimoreheritage.org/redline/poppleton/>.

⁴ David Armenti and Alex Lothstein. “Baltimore’s Pursuit of Fair Housing: A Brief History,” Maryland Center for History and Culture, <https://www.mdhistory.org/baltimores-pursuit-of-fair-housing-a-brief-history/>.

⁵ Department of Planning Policy & Data Analysis Division, “2020 Census Demographics Data Explorer by Neighborhood: Baltimore City Neighborhoods 2020 Population,” <https://baltplanning.maps.arcgis.com/apps/dashboards/5f2cb611572640b3beca2f295e1bc229>.

⁶ Ian G. Arias is the Executive Vice President at La Cité. Arctaris made an equity investment in 231 North Schroeder Street, a project developed by La Cité. Ian G. Arias may have received compensation related to 231 North Schroeder Street project. No compensation was paid related to this quote.

⁷ La Cité’s interviews with local residents.

⁸ Baltimore City Department of Housing and Community Development, “Inclusionary Housing Overview,” 2018, <https://dhcd.baltimorecity.gov/nd/inclusionary-housing-overview>. Inclusionary housing refers to municipal and county planning ordinances that require a given share of new construction to be affordable for people with low to moderate incomes.

⁹ 100% of units will be marketed to seniors, age 55+.

¹⁰ U.S. Department of Housing and Urban Development, “Housing Choice Vouchers Fact Sheet,” 2023, https://www.hud.gov/topics/housing_choice_voucher_program_section_8#hcv01. The housing choice voucher program is the federal government’s major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market.

¹¹ Daniel Bythewood Jr. is the President and Managing Partner at La Cité. Arctaris made an equity investment in 231 North Schroeder Street, a project developed by La Cité. Daniel Bythewood Jr. may have received compensation related to 231 North Schroeder Street project. No compensation was paid related to this quote.

¹² Interview with Daniel Bythewood Jr. and Ian G. Arias.

¹³ Estimates are based on developer’s assumptions and are informed by Phase IA costs and results; part-time jobs are largely in construction, with some in retail spaces and some for lease-up, marketing, social media, and other ancillary services; full-time jobs are in retail spaces and property management.

¹⁴ Ian G. Arias is the Executive Vice President at La Cité. Arctaris made an equity investment in 231 North Schroeder Street, a project developed by La Cité. Ian G. Arias may have received compensation related to 231 North Schroeder Street project. No compensation was paid related to this quote.

Photos courtesy of La Cité

2023 Impact Goals



Establish more detailed impact targets, impact risk considerations, and impact additionality road maps for all new investments and existing portfolio companies.



Continue to simplify the impact data collection process, while offering more operational insights to portfolio companies that participate in the impact data collection process.



Engage more closely with key internal and external stakeholders to improve our impact measurement and management strategy and to attract mission-aligned investors, talent, and collaborators.



Image courtesy of Maine Mountain Media



Appendix

Impact Performance Summary for Current Arctaris Portfolio Companies¹

Company Name and Location	Investment Fund and Size	Impact Thesis	Impact Performance	Commentary
S&K Holdings, Inc. Maryland and Pennsylvania	Opportunity Zone Fund 2019 and 2020 \$3.1 million	Create and retain living-wage jobs with quality benefits and career advancement opportunities	S&K offers Upward Mobility Program	Meets impact thesis
			Total number of jobs grew by 246 since Arctaris investment in October 2021	
231 North Schroeder Street Baltimore, Maryland	Opportunity Zone Fund 2020 \$13.1 million	Promote diversity and inclusion in building's operations and in the community	<ul style="list-style-type: none"> Certified Minority Business Enterprise Hired MWBE subcontractors for at least 50% of pre-development costs 	Meets impact thesis
		Create and retain living-wage jobs with quality benefits and career advancement opportunities	Total number of jobs grew by 16 since Arctaris investment in November 2022	
The Flagship Complex Erie, Pennsylvania	Opportunity Zone Fund 2019 and 2020 \$25.0 million	Create and retain living-wage jobs with quality benefits and career advancement opportunities	60 new jobs created since Arctaris investment in June 2021	Meets impact thesis
		Promote diversity and inclusion in Complex's operations and in the community	56% of retail spaces occupied by minority- or women-owned businesses	
		Expand access to critical products and services for underserved populations	43% of rental units offered at 80% of the recommended budget for the area median income (AMI)	
The Eddy Grand Junction, Colorado	Opportunity Zone Fund 2019 \$1.0 million	Expand access to critical products and services for underserved populations	96 units of market-rate workforce housing under construction	Meets impact thesis
		Create and retain living-wage jobs with quality benefits and career advancement opportunities	100 units of market-rate workforce housing under construction	
Altitude Apartments Glenwood Springs, Colorado	Opportunity Zone Fund 2019 \$1.0 million	Expand access to critical products and services for underserved populations	100 units of market-rate workforce housing under construction	Meets impact thesis
GCAP HoldCo, LLC Glenwood Springs, Colorado	Opportunity Zone Fund 2019 \$1.0 million	Create and retain living-wage jobs	Total number of jobs grew by 182 since Arctaris investment in December 2020	Meets impact thesis
Arctaris Broadband Company² Boston, Massachusetts	Opportunity Zone Fund 2019 and 2020 \$61.9 million	Expand access to critical products and services	1,200 underserved residential and business premises in Colorado passed by ABC broadband networks	Meets impact thesis
		Create and retain living-wage jobs	Total number of jobs grew by 21 since Arctaris investment in March 2022	
300 Nevins Street Gowanus (Brooklyn), New York	Opportunity Zone Fund 2020 \$20 million	Expand access to critical products and services for underserved populations	The project is not yet operational and does not yet have impact metrics or outcomes to report	The impact target is to create 164 affordable units under the Affordable New York Program ³
		Create and retain living-wage jobs with quality benefits and career advancement opportunities	The project is not yet operational and does not yet have impact metrics or outcomes to report	The impact target is to create 515 permanent living-wage jobs in property management and building support
		Promote diversity and inclusion in building's operations and in the community	The project is not yet operational and does not yet have impact metrics or outcomes to report	The impact targets are to: <ul style="list-style-type: none"> Hire MWBEs for 10% of total construction Lease to at least one MWBE retail tenant
Northeast Heights Washington, D.C.	Opportunity Zone Fund 2019 \$4.5 million	Align with local stakeholders to provide flexible and creative solutions to catalyze inclusive economic growth and innovation	\$250,000 property tax revenue contributed since Arctaris investment in December 2021	Meets impact thesis
		Promote diversity and inclusion in building's operations and in the community	<ul style="list-style-type: none"> 50% construction costs spent with MWBE subcontractors for \$60 million tenant improvement scope Certified Minority Business Enterprise 	
Front Row Huntsville, Alabama	Opportunity Zone Fund 2019 and 2020 \$20.7 million	Expand access to critical products and services for underserved populations	The project is not yet operational and does not yet have impact metrics or outcomes to report	The impact target is to facilitate the opening of a grocery store with fresh produce offerings and to partner with a minority-owned business tenant
		Create and retain living-wage jobs with quality benefits and career advancement opportunities	The project is not yet operational and does not yet have impact metrics or outcomes to report	The impact target is to create 200-plus permanent jobs
		Promote diversity and inclusion in building's operations and in the community	The project is not yet operational and does not yet have impact metrics or outcomes to report	The impact targets are to: <ul style="list-style-type: none"> Prioritize hiring MWBE subcontractors, leasing agents, and property management firm, and to commit to retain at least 1 MWBE Spend 10%-plus total budget with MWBE subcontractors

¹ Arctaris Impact Investors, "Arctaris Impact Survey Version 2022." All results are as of December 2022; the list includes all the investments that have not been fully exited across all the Arctaris funds, and does not include cash and cash equivalents. The Opportunity Zone funds might have Qualified Opportunity Zone Business entities focusing on various impact strategies that are currently under development.

² Includes Arctaris Broadband Company and affiliates focusing on similar strategies

³ To qualify for this program, 25% of a building's units must be considered affordable housing units.

Company Name and Location	Investment Fund and Size	Impact Thesis	Impact Performance	Commentary
Up To Date Laundry ⁴ Baltimore, Maryland	Opportunity Zone Fund 2019, Impact Fund \$13.9 million	Create and retain living-wage jobs with quality benefits and career advancement opportunities	Offer special hiring initiatives for minorities, veterans, formerly incarcerated individuals, immigrants, migrant workers, individuals with disabilities, and refugees Total number of full-time jobs grew by 10 since Arctaris investment in February 2021	Meets impact thesis
		Identify and advance initiatives at portfolio companies to reduce waste, curb emissions, and conserve natural resources	Up To Date Laundry has installed new capital equipment to reduce energy consumption	
Market Fresh Gourmet Baltimore, Maryland	Opportunity Zone Fund 2019 and 2020, Impact Fund \$4.5 million	Promote diversity and inclusion in business operations and in the community	100% BIPOC senior management 25% suppliers are women-owned businesses 25% suppliers are minority-owned businesses 30% of business-to-business customers are minority-owned businesses	Meets impact thesis
Saddleback Mountain Franklin County, Maine	Opportunity Zone Fund 2019, Impact Fund \$31.1 million	Create and retain living-wage jobs with quality benefits and career advancement opportunities	243 new jobs created since Arctaris investment in January 2020	Meets impact thesis
		Expand access to critical products and services for underserved populations	Saddleback is building on-site workforce housing and a childcare center for employees	
		Advance renewable energy projects	50 acres of renewable energy infrastructure installed	
Recaro Automotive ⁵ Clinton Township, Michigan	Opportunity Zone Fund 2019, Impact Fund, Michigan Income and Principal- Protected Growth Fund \$26.4 million	Promote diversity and inclusion in business operations and in the community	11% total supplier budget spent with women-owned businesses	Meets impact thesis
		Identify and advance initiatives at portfolio companies to reduce waste, curb emissions, and conserve natural resources	8 environmental sustainability measures implemented	
		Create and retain living-wage jobs with quality benefits and career advancement opportunities	Total number of jobs grew by 77 since Arctaris investment in February 2020 100% jobs earning above local living wage	
AEL Belleville, Michigan	Impact Fund, Michigan Income and Principal- Protected Growth Fund \$2.75 million	Create and retain living-wage jobs with quality benefits and career advancement opportunities	264 full-time jobs retained	Meets impact thesis
Chime Solutions Baltimore, Maryland	Impact Fund \$5.5 million	Create and retain living-wage jobs with quality benefits and career advancement opportunities	Chime created a first-time home purchase program, an online training program known as Chime University, and is in the process of opening an in-office childcare center	Meets impact thesis
Specialized Construction Inc. Cleveland, Ohio	Impact Fund \$2.6 million	Promote diversity and inclusion in business operations and in the community	10% total supplier budget spent with women-owned businesses	Meets impact thesis
		Create and retain living-wage jobs with quality benefits and career advancement opportunities	100% jobs earning above local living wage	

List of Portfolio Companies Not Included in the 2022 Impact Report

Company Name	Rationale
Events.com	Arctaris is navigating an investment exit.
VLF Automotive	Arctaris is navigating an investment exit.
Advanced Technology Automotive Co.	Arctaris is navigating an investment exit.
Advanced Composite Technologies (ACT)	Arctaris is navigating an investment exit.
Seapine	Seapine is a holding company for subsidiary businesses and was unable to obtain reporting metrics from its subsidiaries for this reporting period.
Norwich Solar	Arctaris has recently exited the investment.

⁴ Arctaris sold the Up To Date debt position in Opportunity Zone Fund 2019 to Arctaris Impact Fund in 2023.

⁵ Arctaris sold the Recaro Automotive debt position in Opportunity Zone Fund 2019 to Arctaris Impact Fund in 2023.



List of Current Investments by Funds¹

Arctaris Income Fund

ACT
Seapine
VLF
ATAC
Norwich

Arctaris Royalty Venture Co-Investment LP

AEL
VLF
ACT
Seapine
Events
ATAC

Michigan Income and Principal- Protected Growth Fund

AEL
Recaro Automotive
VLF
ACT
ATAC

Arctaris Impact Fund

AEL
Recaro Automotive
Market Fresh Gourmet
Up To Date Laundry
Chime Solutions
Specialized Construction Incorporated
Saddleback Mountain

Opportunity Zone Fund 2019

Recaro Automotive
Market Fresh Gourmet
Up To Date Laundry
Arctaris Broadband Company
Altitude Apartments
The Eddy
Flagship Complex
GCAP HoldCo
300 Nevins Street
Front Row
Northeast Heights
S&K Holdings
Saddleback Mountain

Opportunity Zone Fund 2020

Arctaris Broadband Company
Flagship Complex, LLC
300 Nevins Street
Front Row
Market Fresh Gourmet
231 North Schroeder Street
Erie Block Two

Opportunity Zone Fund 2022

Opportunity Zone Fund 2022 is reaching the end of its fundraising as of July, 2023 and will commence investment activities in the next few quarters. No investments had yet been made in this Fund as of the time of the report.

¹ The list does not include cash and treasury positions.

Rendering courtesy of 300 Nevins Street





Contact Us

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Above: Image courtesy of Paul Burley, Light And Portrait Creative Photography
Front cover, middle image courtesy of The Flagship Complex, Taste of Love
Inside front cover: Image courtesy of The Flagship Complex, Taste & See; Rendering courtesy of 300 Nevins Street



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