



GENERATING RESULTS THROUGH PARTNERSHIP

ARCTARIS IMPACT INVESTORS
2020 IMPACT REPORT

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EMPLOYEE OF AFco
MANUFACTURING
OPERATES A FORKLIFT
ON THE WAREHOUSE
FLOOR

“Arctaris’s investment in Recaro Automotive gives us the capital necessary to achieve our goals as we continue to introduce new products while maintaining and growing our workforce presence in Clinton Township.”

EMIL KREYCIK, PRESIDENT AND COO OF
RECARO AUTOMOTIVE

INSTALLATION OF
THE NEW HIGH-SPEED
CHAIRLIFT TOWERS
AT SADDLEBACK
MOUNTAIN



Who We Are: Vision, Mission, Strategy, and Values

VISION:

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



MISSION:

We integrate impact into every investment decision to drive equitable prosperity in under-resourced communities.



STRATEGY:

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



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 fiduciary, social, and environmental responsibilities to clients, partners, and communities.

What We've Done: Six Funds in 11 Years

Since 2009, Arctaris has launched and successfully managed six impact investment funds, focusing on high-quality opportunities in underserved U.S. communities.

Arctaris Co-Investment, LP (2009) and Arctaris Royalty Ventures Co-Investment, LP (2013)

Utilized innovative royalty securities to complete 17 loans and equity investments focusing on low-income communities and underserved demographics throughout the U.S.

Arctaris Income Fund, LP (2011)

Completed 18 loans and equity investments focusing on low-income communities and underserved demographics.

Arctaris Michigan Income & Principal-Protected Growth Fund, LP (2014)

Partnership between Arctaris, the State of Michigan, and U.S. Treasury Department with a Michigan-focused mandate. Funds from the U.S. Treasury Department's State Small Business Credit Initiative (SSBCI) program provided 20% of the Fund's initial capital base as "last-money-out" capital. The fund has completed 11 loans and equity investments in underserved census tracts in Michigan.

Arctaris Impact Fund, LP (2018)

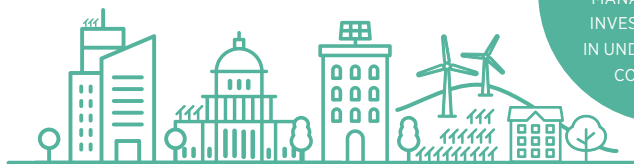
Partnership between Arctaris and multiple government agencies and foundations making blended capital investments in underserved communities throughout the U.S. The fund's impact strategy evolved to incorporate economic, social, and environmental impact.

Arctaris Opportunity Zone Fund, LLC (2019) & (2020)

Arctaris's record of accomplishment in low-income communities strongly positioned the firm to launch an Opportunity Zone (OZ) fund series focused on investing in the 8,700+ OZ's across the nation. With a multi-asset and multi-sector approach, the fund invests in private equity with an eye towards economic, social, and environmental impact.

ARCTARIS
IMPACT INVESTORS

SUCCESSFULLY
MANAGES 6 IMPACT
INVESTMENT FUNDS
IN UNDERSERVED U.S.
COMMUNITIES



Impact at Arctaris — What Makes Us Different?



LOCAL EXPERTISE

Our partnership model necessitates continuous dialogue with the people and organizations that understand their communities best.



IMPACT INTEGRITY

External partners provide objective and transparent oversight on our impact strategy and reporting functions.



CREATIVE FINANCING

Our expertise with federal and state incentive programs broaden the investment opportunity set.



MANDATE TO SUPPORT THE UNDERSERVED

Our fund documents preclude investment into affluent communities.



FINANCIAL VIABILITY

We believe that the highest impact is achieved through investing in profitable, self-sustaining enterprises.



The Arctaris Impact Investing Model

HARNESSING THE POWER OF PARTNERSHIPS

Arctaris utilizes a **principal protection** investment model through its partnerships with governments, foundations, and other mission-driven organizations. Arctaris partners provide subordinated capital to Arctaris funds in the form of grants, guarantees, tax credits, and concessionary loans which meaningfully reduces risk for Arctaris investors. In return, Arctaris commits to investing predetermined amounts of capital into targeted communities. Investment goals are set together with our local **principal-protection partners** based on the most pressing community needs. We value the on-the-ground expertise from our partners and each partnership is customized to account for the distinct complexities of a given community. The value unlocked by our partnership model is evident through the following benefits to our stakeholders:



2020 Year in Review

The last year at Arctaris brought a strong period of growth in fundraising, partnerships, talent, and pipeline activity. The team eclipsed \$270M¹ in committed capital across the Arctaris platform, launched four new principal-protected investment programs in Baltimore, Erie, Pittsburgh, and Cleveland with new principal-protection partners including Abell Foundation, Neighborhood Impact Investment Fund, Erie Community Foundation, Erie Insurance, R.K. Mellon Foundation, and Cuyahoga County.

Arctaris was able to achieve this growth against a backdrop of persistent headwinds from the Covid-19 pandemic. In early 2020, the Arctaris team shifted its focus to assist challenged portfolio companies with PPP loan applications and worked with management teams to adjust payment terms and accommodate for any operational challenges caused by the pandemic.

In September, Arctaris launched a Place-Based Opportunity Zone RFP Initiative, which sought proposals for new investment partnership programs from cities, counties, states, community foundations, tribal nations, and territories throughout the United States. The initiative is designed to provide Opportunity Zone investment capital

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to improve the quality of life for community members based on impact frameworks carefully designed through Arctaris's partnership with the on-the-ground organizations most attuned to the needs of their communities.

Up to 10 applicants will each be awarded \$25+ million of Opportunity Zone equity capital in combination with localized match dollars from government, foundation, and/or other business partners. Arctaris received proposals from over 40+ applicants and is currently finalizing selected cities, which will continue through June 2021.

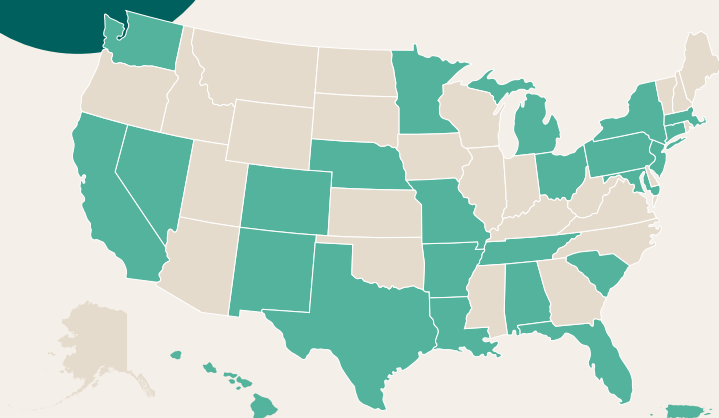
Finally, we created our first annual Arctaris Impact Report in conjunction with our impact reporting partner, Initiative for a Competitive Inner City (ICIC), founded by Harvard Business School Professor Michael Porter. ICIC provides analytics support and third-party oversight for reporting transparency and accountability.

¹ Figure includes capital commitments from market-rate investors and government and foundation principal-protection partners.

\$100M+
PLACE-BASED
OPPORTUNITY ZONE
INVESTMENT
PROGRAM

ARCTARIS PLACE-BASED OPPORTUNITY ZONE RFP INITIATIVE

Arctaris invited U.S. municipalities, states, foundations, tribal nations, and businesses to participate in a competitive RFP process to secure one of several \$25M investment programs Arctaris plans to close in 2021.



■ Program applicant locations

ALABAMA	MARYLAND	NEW YORK
	Baltimore	Broome County
ARKANSAS	MASSACHUSETTS	OHIO
Little Rock	Brockton	Dayton
CALIFORNIA	MICHIGAN	Lima
Coachella	Pontiac	Warrensville Heights
Desert Hot Springs	MINNESOTA	PENNSYLVANIA
Riverside County	Sunrise Banks	Erie
San Bernadino	MISSOURI	Philadelphia
COLORADO	Kansas City	Pittsburgh
Grand Junction	NEBRASKA	TEC-CDC
Colorado Springs	South Sioux City	York
Pueblo	NEW JERSEY	PUERTO RICO
CONNECTICUT	Trenton	SOUTH CAROLINA
Hartford	NEW MEXICO	Charleston
FLORIDA	Albuquerque	TENNESSEE
Tallahassee	High Five Construction	Memphis
HAWAII	Las Cruces	TEXAS
LOUISIANA	NEVADA	Houston
New Orleans	Las Vegas	WASHINGTON
Shreveport		Bellingham

2020 Year in Review | NEW ARCTARIS ADVISORY BOARD MEMBERS

We onboarded six new Arctaris advisory board members to help us execute various elements of our strategic vision.



RAY MABUS
75th U.S. Secretary
of the Navy



TOM HICKS
Former U.S. Acting
Under Secretary of the Navy

Mabus and Hicks assist with the development of solar programs and partnerships with active and decommissioned military bases.

“Arctaris gets it. I am thrilled and honored to be able to play a role with an organization whose mission so completely aligns with what I consider to be my life’s work: being a catalyst for using public and private capital to transform communities.”

BEVERLY NORMAN-COOPER
FORMER EXECUTIVE DIRECTOR OF SUPPLIER DIVERSITY
AT KAISER PERMANENTE, ARCTARIS BOARD MEMBER



BEVERLY NORMAN-COOPER
Former Executive Director of
National Supplier Diversity
Kaiser Permanente



GEOFF DAVIS
CEO
Sorenson Impact

Norman-Cooper assists with our nascent food security vertical with a focus on grocery stores in food deserts. Davis focuses on impact strategy and portfolio company engagement.



WALLACE MATHAI-DAVIS
Former Managing
Director and COO
OFFITBANK

Mathai-Davis assists with business development and impact strategy. McNutt assists with pipeline development and impact measurement for our new Arctaris Erie program.



ROBERT MCNUTT
Corporate Treasurer
Erie Insurance

2020 BY THE NUMBERS

FUNDS



LAUNCHED

2

NEW FUNDS
Arctaris Opportunity
Zone Funds 2019
and 2020

INVESTMENTS



CLOSED

5

NEW INVESTMENTS
Bell Rippey, Deep Eddy,
Saddleback Mountain,
Recaro Automotive,
Glenwood Caverns

PROGRAMS



ORIGINATED

4

**NEW PRINCIPAL-
PROTECTED
INVESTMENT
PROGRAMS**
Erie, Baltimore,
Pittsburgh, Cleveland

EMPLOYEES



HIRED

6

**NEW FULL-TIME
EMPLOYEES**

BOARD MEMBERS

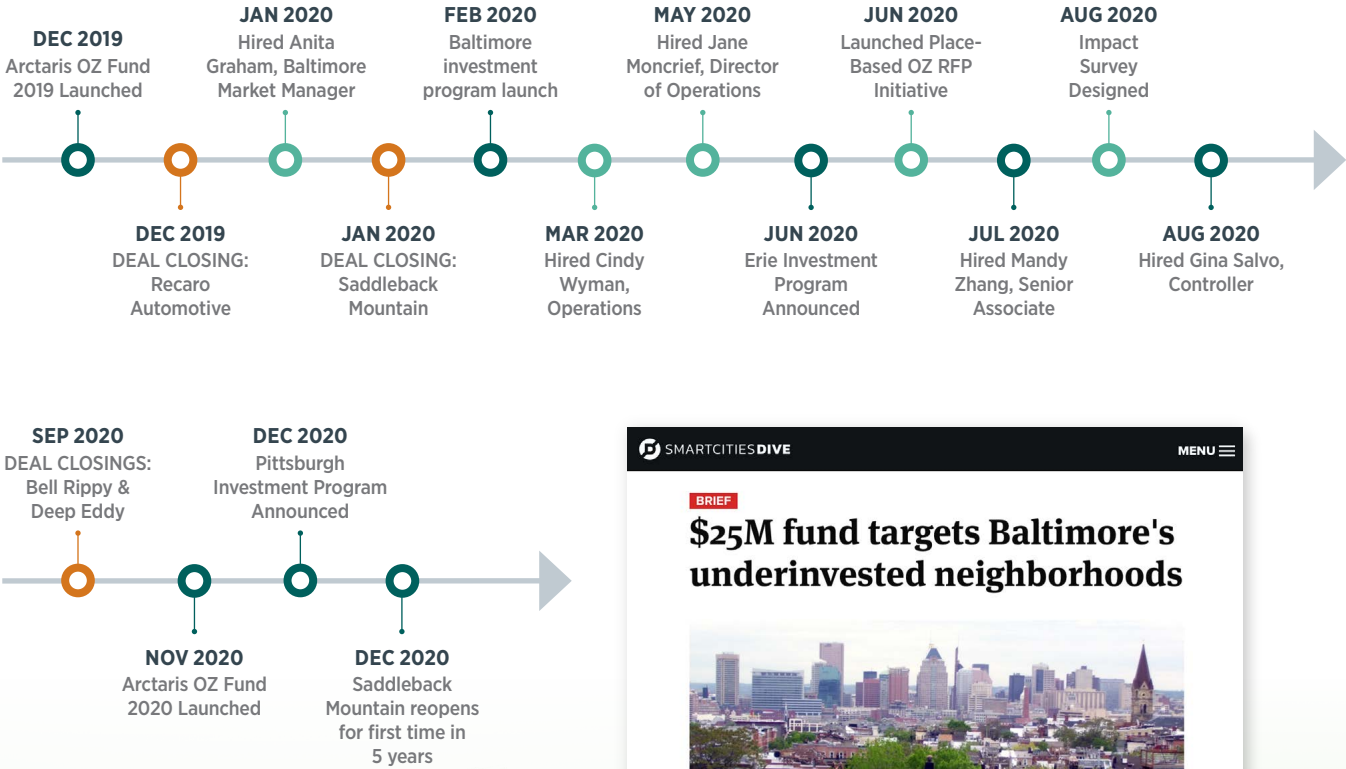


ONBOARDED

6

**NEW BOARD
MEMBERS**

2020 Year in Review | **TIMELINE OF KEY EVENTS**



The screenshot shows the top of an article on the 'Outside' website. The header includes social media icons, the 'Outside' logo, and navigation links for 'MAGAZINE', 'SIGN UP', and a search icon. The main image is a wide-angle shot of a snowy mountain slope with ski tracks. Below the image is a small circular profile picture of the author, Bill Donahue, and the date 'Mar 9, 2020'. The article title is 'The Ambitious Plan to Create a Ski Utopia in Maine'. The sub-headline reads: 'An impact fund wants to transform Saddleback Mountain, and its surrounding community in Rangeley, Maine, into a skier's paradise. The plan might be a moonshot. But it's also the kind of vision the greater ski industry needs.'

The screenshot shows the top of an article on the 'SMARTCITIESDIVE' website. It has a dark header with the site name and a 'MENU' button. Below the header is a red 'BRIEF' tag. The article title is '\$25M fund targets Baltimore's underinvested neighborhoods'. Below the title is a photograph of the Baltimore city skyline. At the bottom of the image is the credit 'Phil Gold, via Flickr'.

The screenshot shows the top of an article on the 'GOERIE' website. The header includes the site name, a 'SUBSCRIBE NOW' button with the text 'As low as 99¢ for the first month', and a navigation menu with links for News, Sports, Entertainment, Lifestyle, Opinion, Nation / World, Obituaries, E-Edition, and Legals. Below the header is a blue 'in POST' tag. The article title is 'Erie lands \$40 million Opportunity Zone investment'. Below the title is the author 'Jim Martin' with email 'jmartin@timesnews.com' and the publication date 'Published 3:15 a.m. ET Jun. 30, 2020'. Below the text is a photograph of three people (two men and one woman) standing together. Below the photo is a caption: 'From left, Erie Downtown Development Corporation CEO John Persinger, Vice President of Community Engagement Nicole Reitzell and Vice President of Finance and Development Matthew Wachter tour EDDC properties on Monday in Erie. GREG WOHLFORD/ERIE TIMES-NEWS'. The article body text begins: 'There are three things that Jonathan Tower, managing partner of Boston-based Arctaris Impact Investors, likes to see before investing in a community. Tower said he's looking for a community that would benefit from the infusion of'.

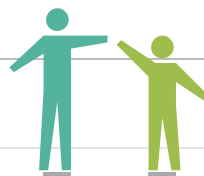
Arctaris Impact Framework — How Do We Define Impact?

For each potential investment, we **consider the positive and negative externalities** of the business or project at hand and develop a **comprehensive assessment** of how an investment will solve for community needs. We aim to strike a fair balance between reporting consistent metrics across our portfolio each year and creating custom metrics to fit the impact thesis of a given investment.

Each investment falls into at least one of three buckets: **economic**, **social**, and/or **environmental**. We benchmark investments against the U.N. Sustainable Development Goals to communicate impact in a universal language. Core SDGs are those most commonly addressed through our portfolio investments. Opportunistic SDGs are not core to the Arctaris impact model, but are often addressed through opportunistic sector exposure.

ECONOMIC	SOCIAL	ENVIRONMENTAL
Our Focus		
Drive job creation and economic revitalization of distressed communities	Promote equitable opportunity for all community members and facilitate social mobility outcomes	Advance renewable energy projects and other environmentally- focused businesses to promote sustainability
Our Commitments		
Deploy capital solely in low-to-moderate income communities and Opportunity Zones where investment is needed most	Prioritize investment in businesses owned and/or managed by underrepresented individuals; require portfolio companies to pay living wages to employees	Invest in renewable energy infrastructure projects and partner with portfolio companies to improve their sustainability profiles
Core SDG's		
<div data-bbox="151 1287 313 1339">8 DECENT WORK AND ECONOMIC GROWTH</div> <div data-bbox="183 1350 280 1455"></div> <div data-bbox="370 1287 540 1339">9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> <div data-bbox="402 1350 500 1455"></div>	<div data-bbox="621 1287 711 1339">1 NO POVERTY</div> <div data-bbox="621 1350 776 1434"></div> <div data-bbox="841 1287 979 1339">10 REDUCED INEQUALITIES</div> <div data-bbox="873 1350 979 1455"></div> <div data-bbox="963 1476 1133 1528">11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div data-bbox="979 1539 1117 1644"></div>	<div data-bbox="1092 1287 1247 1339">7 AFFORDABLE AND CLEAN ENERGY</div> <div data-bbox="1125 1350 1230 1455"></div> <div data-bbox="1320 1287 1425 1339">13 CLIMATE ACTION</div> <div data-bbox="1336 1350 1474 1434"></div>
Opportunistic SDG's		
<div data-bbox="224 1759 386 1822">12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div data-bbox="248 1833 370 1906"></div>	<div data-bbox="565 1759 662 1812">5 GENDER EQUALITY</div> <div data-bbox="605 1822 686 1927"></div>	<div data-bbox="898 1759 1011 1812">4 QUALITY EDUCATION</div> <div data-bbox="922 1822 1036 1917"></div> <div data-bbox="1230 1759 1377 1812">3 GOOD HEALTH AND WELL-BEING</div> <div data-bbox="1247 1822 1377 1917"></div>

Portfolio Impact Results*



ECONOMIC

Create Quality Jobs

13.6%
post-investment
increase in full-time
employees vs 5.5%
national increase over
same period

42% of employees live in the
same zip code as the company

72% of employees live in the
same county as the company

Only **4%** of revenues are derived
from the same county

Grow Employee Wages

\$19.90 median average
hourly wage

\$18.85 median lowest
hourly wage

12.1% average wage growth
since investment

22.7% average growth in
lowest wage since investment

Offer Quality Benefits

89% of portfolio companies
offer flexible work arrangements
and business skills training

78% of portfolio companies offer
paid sick leave and professional
development training

56% of portfolio companies
offer healthcare benefits and
paid parental leave

CORE SDG'S

8

DECENT WORK AND
ECONOMIC GROWTH



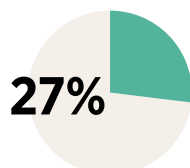
9

INDUSTRY, INNOVATION
AND INFRASTRUCTURE

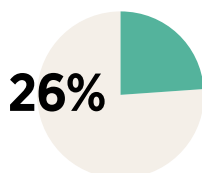


SOCIAL

Invest in Minority-Owned or Minority-Run Businesses

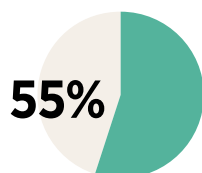


of portfolio companies
are eligible or are certified
minority-owned

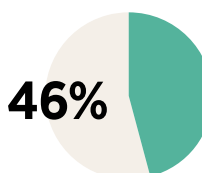


of senior managers are people
of color at an average Arctaris
portfolio company

Support Hiring Initiatives



of businesses have veteran
hiring initiatives



of businesses have minority
and local hiring initiatives

CORE SDG'S

1

NO
POVERTY



10

REDUCED
INEQUALITIES



11

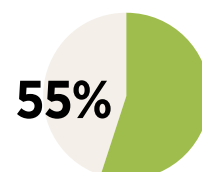
SUSTAINABLE CITIES
AND COMMUNITIES



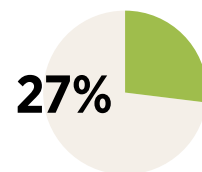
ENVIRONMENTAL

Invest in Sustainable Businesses

4 average number of
sustainability initiatives underway
at Arctaris portfolio companies



of portfolio companies have
sustainability measures that
reduce energy usage and/or
reduce waste



of portfolio companies sell
sustainable products or services

Sustainability initiatives underway include:

- ✓ Waste reduction
- ✓ Energy & emissions reduction
- ✓ Sustainable sourcing/
supply chain
- ✓ Reduced water usage/
water filtration
- ✓ Solar solutions
- ✓ Lighting solutions
- ✓ Recycling

CORE SDG'S

7

AFFORDABLE AND
CLEAN ENERGY



13

CLIMATE
ACTION



11

SUSTAINABLE CITIES
AND COMMUNITIES



*These statistics are aggregated values for the total Arctaris portfolio across all funds. Impact results are as of 2019 and based on data collected through portfolio company surveys.



ECONOMIC

ENVIRONMENTAL

INVESTMENT DATE

February 5, 2020

ARCTARIS FUNDS

Michigan Income and
Principal-Protected
Growth Fund, LP

Arctaris Impact Fund, LP

INVESTMENT TYPE

- ✓ Operating Business
- ✓ Real Estate
- ✓ Infrastructure

KEY IMPACT METRICS³

188

total estimated jobs to
be created and retained

75+

new jobs forecasted
over next 5 years

100%

of power expected to
be supplied by on-site
solar development

REGIONAL INDICATORS¹: Clinton Township, Michigan

40.7%

Poverty Rate vs National
Average of 14.1%²

14.0%

Unemployment Rate vs
National Average of 5.9%²



RECARO SHOWROOM
HIGHLIGHTS A SET OF
HIGH-PERFORMANCE
AUTOMOTIVE SEAT
DESIGNS

Company Overview

Located in Clinton Township, Michigan, Recaro is a high-performance automotive seat manufacturer that was divested from its parent company in 2019. In late 2019, Arctaris partnered with Recaro's management team and another strategic partner to move the firm's headquarters to an Opportunity Zone in Eastern Michigan and unlock shareholder value through an independent operating structure. Recaro's executive team is well positioned to grow the business with deep experience in automotive seat manufacturing and turnaround management.

As a global company with operations in the U.S., Germany, Japan, and Mexico as well as a joint venture in China, Recaro has one of the strongest brands in the industry.

Impact Thesis

At the time of investment, Clinton Township reported a poverty rate of 40.7% and an unemployment rate of 14.0%. Through its partnership with Arctaris, the company promises to retain 125 jobs and grow the employee base over the next four years. Recaro has employees of all skill levels, including unskilled, semi-skilled, and skilled. The average wage per annum is over \$60,000, which is nearly double the median household income in the region of \$30,378.

Arctaris and Recaro are conducting a feasibility analysis for the installation of a solar farm on the company's 100,000 square-foot roof top. If implemented, the solar farm will result in a meaningful reduction of the company's carbon footprint and enable it to sell any excess power back to the local community at a discount.

SDG'S IMPACTED



¹ Arctaris evaluates each potential investment region for measures of economic distress and other impact opportunities.

² 2019 U.S. Census American Community Survey 5-Year estimates for Clinton Township OZ census tract.

³ Key Impact Metrics listed in left pane are derived from annual portfolio company impact surveys.



INVESTMENT DATE
January 31, 2020

ARCTARIS FUNDS
Arctaris Impact
Fund, LP

INVESTMENT TYPE

- ✓ Operating Business
- ✓ Real Estate
- ✓ Infrastructure

KEY IMPACT METRICS⁴

#1
Largest employer
in Rangeley, Maine

200+
Living wage jobs
expected to be created

5 MW
of clean renewable energy
generated by the on-site
solar development

INVESTMENT PARTNERS

- Finance Authority of Maine
- Maine Rural Development Authority
- Saddleback Mountain Foundation
- Venn Foundation
- Community Donors and Lenders

SDG'S IMPACTED



ECONOMIC

SOCIAL

ENVIRONMENTAL

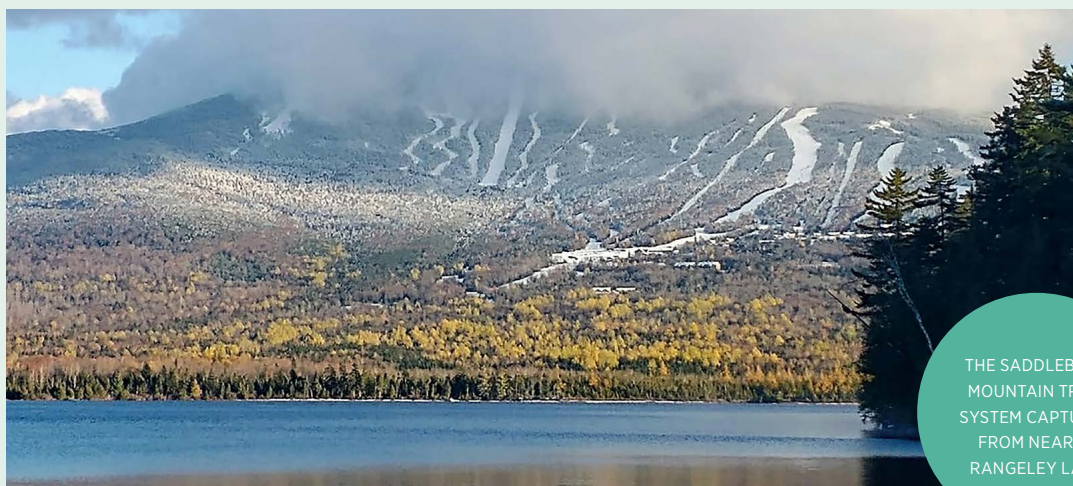
REGIONAL INDICATORS¹: Franklin County, Maine

\$51,422

Median Household
Income vs National
Median of \$62,483²

3x

Franklin County jobs are 3x
as dependent on Tourism and
Recreation vs National Average³



THE SADDLEBACK
MOUNTAIN TRAIL
SYSTEM CAPTURED
FROM NEARBY
RANGELEY LAKE

Company Overview

Founded in 1960, Saddleback Mountain was a cornerstone of the Western Maine economy for over 50 years. As one of only three ski mountains in Maine with over 2,000 feet of vertical, Saddleback was Rangeley's largest employer before succumbing to financial and operational challenges and closing its doors in 2015. Since Saddleback's closure, the Rangeley region suffered amid sharp declines in real estate values and employment, further exacerbated by the significant out-migration of area residents. Arctaris was one of the few investment firms uniquely suited to rebuild the business as a sustainable four-season operation and revitalize the struggling local economy. Arctaris purchased 6,400 acres of property and is working through the second phase of the capital improvement plan for the resort.

Impact Thesis

The core impact strategy is the economic revitalization of a community in distress. The reopening of Saddleback is a unique opportunity for broad community impact through the creation of over 200 full- and part-time living-wage jobs and the corresponding economic externalities from tens of thousands of new visitors to Rangeley each year. Arctaris and Saddleback management are working with sustainability experts to adopt a green resort strategy which includes eliminating plastic bottles and straws, on-site composting, sourcing locally, and investing in energy-efficient buildings and equipment. Arctaris is in the late stages of developing a 5 MW solar farm which will produce double the electricity needed to operate the resort. Arctaris also plans to build a workforce training center to provide employees with the skills required to boost productivity and competitiveness.

¹ Arctaris evaluates each potential investment region for measures of economic distress and other impact opportunities.

² 2019 U.S. Census American Community Survey 5-Year estimates for Franklin County, Maine.

³ Maine Department of Labor Quarterly and Annual Employment and Wages 2019.

⁴ Key Impact Metrics listed in left pane are derived from annual portfolio company impact surveys.



INVESTMENT DATE
October 12, 2018

ARCTARIS FUNDS
Michigan Income and
Principal-Protected
Growth Fund, LP

**Arctaris Impact
Fund, LP**

INVESTMENT TYPE
✓ Operating Business

KEY IMPACT METRICS³
33
Living-wage jobs
created

MBE
Certified Minority-
Owned Business

+92%
Increase in lowest wage
since investment date

SDG'S IMPACTED



ECONOMIC

SOCIAL

REGIONAL INDICATORS¹: Belleville, Michigan

\$50,068 Median Household Income vs National Median of \$60,293²



Company Overview

Founded in 2007 and headquartered in Belleville, Michigan, AEL Span is a certified Minority-Owned Business offering an integrated suite of services that includes precise, on-time delivery of sequenced parts and assemblies, warehousing, inbound logistics, re-packing, sorting and labeling, pre-delivery inspection and specialty packaging to large manufacturers throughout the U.S. AEL leverages its minority business certification and industry relationships to compete with larger service providers for contracts with large manufacturers. AEL is currently leasing warehouses in Michigan, North Carolina, Kentucky, Indiana, and Ontario where the company services multi-year contracts for customers including ThyssenKrupp, Cummins Inc., and Lear Corp., effectively insourcing a key component of their supply chains.

Impact Thesis

The Arctaris impact thesis for AEL Span includes supporting and growing a certified minority-owned business and creating living-wage jobs in the underserved community of Belleville, Michigan. At the time of investment in October 2018, AEL had a workforce of 403 salaried, hourly, and temporary workers. Following Arctaris's investment, AEL created 33 additional jobs, reaching 436 salaried, hourly, and temporary workers. The lowest wage at AEL nearly doubled from time of investment to the end of 2019. AEL also runs several community development programs where employees help clean up neighborhoods and schools and works with local resource groups to hire employees locally from low-income areas.

¹ Arctaris evaluates each potential investment region for measures of economic distress and other impact opportunities.

² 2018 U.S. Census American Community Survey 5-Year estimates for Belleville, Michigan.

³ Key Impact Metrics listed in left pane are derived from annual portfolio company impact surveys.



INVESTMENT DATE
December 2017

ARCTARIS FUNDS
Arctaris Income Fund, LP
Michigan Income and
Principal-Protected
Growth Fund, LP

INVESTMENT TYPE
✓ Operating Business

KEY IMPACT METRICS³

MINORITY-
OWNED BUSINESS

50%
of senior management
are women

+23
jobs created/retained
prior to financial
challenges

SDG'S IMPACTED



ECONOMIC

SOCIAL

REGIONAL INDICATORS¹: Auburn Hills, Michigan

Auburn Hills is located in a Low-to Moderate-Income census tract as measured by the Federal Financial Institutions Examination Council.²



A LINE OF ELECTRIC
HUMVEES RESIDES
IN VLF'S MICHIGAN
WAREHOUSE

Company Overview

In January 2016, the principals of VLA and automotive entrepreneur Henrik Fisker joined forces to create VLF Automotive ("VLF"). VLF designs, manufactures, and assembles various models of ultra-luxury vehicles. The company has leveraged modular parts assembly and manufacturing techniques to resurrect vehicle models that have since gone out of production. Through the use of orphaned chassis, assembly kits, subassemblies, and conventional and modified drivetrains, VLF brought to life vehicles for auto enthusiasts and purveyors of limited-edition vehicles.

Impact Thesis

At time of investment, VLF was a growing minority-owned company with a primarily minority workforce located in a moderate-income census tract. Per the terms of investment, Arctaris devised a plan with management to create new living-wage jobs throughout the investment period as the company secured new contracts and scaled its operations. VLF used Arctaris capital in part to develop its all-electric line of civilian Humvees as part of its broader sustainability strategy. The company has since suffered financial challenges and Arctaris is working with management on strategic options for the business.

¹ Arctaris evaluates each potential investment region for measures of economic distress and other impact opportunities.

² Classified in 2014 as a moderate-income census tract by the Federal Financial Institutions Examination Council. Source data leading to moderate-income designation for tract 26125140700 unavailable in FFIEC records.

³ Key Impact Metrics listed in left pane are derived from annual portfolio company impact surveys.



ECONOMIC

INVESTMENT DATE

April 2016

ARCTARIS FUNDS

Arctaris Income Fund, LP

Michigan Income and
Principal-Protected
Growth Fund, LP

INVESTMENT TYPE

✓ Operating Business

KEY IMPACT METRICS³

+28%

increase in average
salary for salaried
employees since
investment date

50%

of senior management
are women

100%

of employees receive
healthcare and
retirement benefits

REGIONAL INDICATORS¹: Holly, Michigan

16.1%

Poverty Rate vs National
Average of 14.1%²

8.1%

Unemployment Rate vs
National Average of 5.9%²



Company Overview

AFCO Manufacturing fabricates branded steel building products for the residential home construction industry. AFCO's primary product line consists of permanent adjustable floor support columns which are used to provide structural support, usually in basements. The company has operated for over 48 years, with the past 20 years of operation under current ownership. AFCO's portfolio of over 100 customers consists primarily of distributors of building products and premier homebuilders and spans from the East Coast to the Rocky Mountains. AFCO employs 14 full-time, non-union employees in a single-shift operation, and three full-time office personnel in a 30,000 square-foot leased facility located in Holly, Michigan, north of Detroit.

Impact Thesis

AFCO is located in a low-to moderate-income census tract and Arctaris chose to partner with a buyer that would commit to leaving the company's operations in the small rural town of Holly upon investment. The 20 manufacturing jobs, which support 3-4 times that number of service jobs as estimated by certain economists, would have been a big loss for a town of 6,100 people. At the time of investment, AFCO was purchased by new owners who were committed to hiring from within the local community. The new ownership group agreed to the terms of Arctaris's investment, which required best efforts for a mutually agreed upon living-wage job creation plan. Though ownership has since transitioned, AFCO was a woman-owned business at the time of investment.

SDG'S IMPACTED



¹ Arctaris evaluates each potential investment region for measures of economic distress and other impact opportunities.

² 2016 U.S. Census American Community Survey 5-Year estimates for Holly, Michigan.

³ Key Impact Metrics listed in left pane are derived from annual portfolio company impact surveys.



ECONOMIC

ENVIRONMENTAL

INVESTMENT DATE

May 2016

ARCTARIS FUNDS

Arctaris Income Fund, LP

INVESTMENT TYPE

✓ Operating Business

KEY IMPACT METRICS³

+38%

Increase in living-wage jobs since investment

30+ MW DC

of total solar projects installed

600M+

tons of CO₂ emissions avoided from Norwich solar developments

REGIONAL INDICATORS¹: White River Junction, Vermont

\$45,375 Median Household Income vs National Median of \$55,322²



Company Overview

Norwich Technologies is a regional developer, installer, purchaser, and owner of solar projects in the northeastern U.S. Located in White River Junction, VT, Norwich has installed over 30 megawatts (DC) of solar capacity leading to over 600 million tons of CO₂ avoided from reduced burning of fossil fuels. Norwich has been voted best solar company in Vermont's Upper Valley in each of the last three years by Valley News Reader's Choice Awards and is the recipient of multiple grants from the U.S. Department of Energy. The DOE grants help fund the company's research and developments efforts, including a hybrid solar generation system that combines photovoltaics with thermal energy storage.

Impact Thesis

The environmental impact of Norwich Technologies is directly linked to the success of the underlying business. As revenues and net income grow, so too do the greenhouse gas reductions in the atmosphere. Also, at the time of investment, Norwich management committed to make commercially reasonable efforts to create living wage jobs in the low-income census tract of White River Junction, and has succeeded in increasing head count by 38% with the creation of 10 new jobs.

SDG'S IMPACTED



¹ Arctaris evaluates each potential investment region for measures of economic distress and other impact opportunities.

² 2016 U.S. Census American Community Survey 5-Year estimates for White River Junction, Vermont.

³ Key Impact Metrics listed in left pane are derived from annual portfolio company impact surveys.



“Norwich embraces the vision of universal alternative energy by accelerating the deployment of solar in New England, with emphasis on rural communities.”

JONATHAN TOWER
MANAGING PARTNER AT ARCTARIS



INVESTMENT DATE
March 2015

ARCTARIS FUNDS
Michigan Income and
Principal-Protected
Growth Fund, LP

INVESTMENT TYPE
✓ Operating Business

KEY IMPACT METRICS³

35.3%
of local population living
below poverty line

100%
of the company's
power is derived from
renewable sources

ECONOMIC

ENVIRONMENTAL

REGIONAL INDICATORS¹: Pontiac, Michigan

\$28,505 Median household
income vs National
Median of \$53,889²

75.0% Minority Population vs
38.9% National Average²



Company Overview

Prior to founding Sader Power Enterprises (“The RAQ”), the founder was Director of Construction for Brad Pitt’s Make It Right Foundation and led the foundation’s strategy to rebuild “green” homes in Louisiana after Hurricane Katrina. The founder oversaw the construction of 77 LEED Platinum homes in three years, each equipped with solar power. He founded Sader Power Enterprises in Pontiac, Michigan to focus on expanding the residential use of solar power by decreasing installation costs through racking efficiencies. The company owns intellectual property related to proprietary solar racking and installation technology and operates as a regional residential solar panel installer.

SDG’S IMPACTED



Impact Thesis

Pontiac is a severely distressed City in Michigan with 35.3% of the population living below the poverty line. The Arctaris impact thesis for this investment included living-wage job creation in a low-income census tract and improved access to solar power for underserved families and communities.

At the time of investment, the RAQ management expected to generate 13 jobs during the three months following this financing and an additional 20 jobs every 12 months thereafter based on conservative estimates of demand. The company has since suffered operational difficulties and Arctaris is working with Sader to determine a best path forward for the business.

¹ Arctaris evaluates each potential investment region for measures of economic distress and other impact opportunities.

² 2015 U.S. Census American Community Survey 5-Year estimates of Pontiac, Michigan.

³ Key Impact Metrics listed in left pane are derived from annual portfolio company impact surveys.

ACT GROUP

ECONOMIC

SOCIAL

ENVIRONMENTAL

INVESTMENT DATE

December 2015

ARCTARIS FUNDS

Arctaris Income Fund, LP

INVESTMENT TYPE

✓ Operating Company

KEY IMPACT METRICS³

MINORITY-OWNED BUSINESS

80%

underrepresented minority individuals in senior management

+48.7%

increase in average salary for salaried employees since investment date

REGIONAL INDICATORS¹: Rochester, Michigan

Rochester is located in a Low-to Moderate-Income census tract as measured by the Federal Financial Institutions Examination Council.²



THE FIREFLY EV MODEL IS A LIGHT-WEIGHT COMMERCIAL UTILITY VEHICLE FOR THE ESSENTIAL SERVICES MARKET

Company Overview

ACT Group represents a borrowing group under the same management team into which Arctaris invested in 2015. ACT Group is comprised of two businesses, Advanced Composite Technologies (“ACT”) and Advanced Technology Automotive Company (“ATAC”).

ACT was founded in 1987 and manufactures lightweight, high strength plastic products, primarily for the automotive industry. As a Tier 1 supplier to General Motors, ACT provides design, prototyping, process development, manufacturing, and repair services.

ATAC manufactures an electric lightweight commercial utility vehicle for the essential services market comprised of parking enforcement, airports, universities, and parks. The Firefly product reduces operating costs for owners by 80% when compared to the gasoline-fueled GO-4 Interceptors.

Impact Thesis

The ACT Group businesses are minority-owned businesses located in a low-to moderate-income census tract. Arctaris included a term sheet provision for ACT Group to make commercially reasonable efforts to create at least 30 living-wage jobs as part of the company’s growth strategy. ACT Group created and/or retained 16 jobs prior to facing financial difficulties.

In addition to the economic and social impacts of the investment, ATAC’s primary business of electric vehicle manufacturing included a meaningful environmental component through displacing traditional gas-powered commercial utility vehicles.

¹ Arctaris evaluates each potential investment region for measures of economic distress and other impact opportunities.

² Classified in 2014 as a moderate-income census tract by the Federal Financial Institutions Examination Council. Source data leading to moderate-income designation for tract 26125140700 unavailable in FFIEC records.

³ Key Impact Metrics listed in left pane are derived from annual portfolio company impact surveys.

SDG’S IMPACTED

8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



10 REDUCED INEQUALITIES



11 SUSTAINABLE CITIES AND COMMUNITIES



13 CLIMATE ACTION



SEAPINE

ECONOMIC

SOCIAL

INVESTMENT DATE
December 2015

ARCTARIS FUNDS
Arctaris Income Fund, LP

INVESTMENT TYPE
✔ Operating Company

KEY IMPACT METRICS²

8
benefit programs
offered to Seapine
employees

100+
new jobs created in
Low- to Moderate-
Income neighborhoods

REGIONAL INDICATORS¹: Multiple Locations

Seapine is a holding company that invests in a portfolio of companies primarily located in low located in Low- to Moderate-Income census tracts nationally.



Company Overview

Seapine is a holding company for the private equity investments of Kidd & Company, LLC, (“KCO”), a Greenwich, CT-based family office with three decades of principal investing history. The firm focuses on driving returns by implementing strategic and operational improvements to lower-middle market companies in primarily low- to moderate-income census tracts. KCO’s acquisitions are held within Seapine and its affiliates and its five operating businesses generate over \$24.0M of aggregate operating income annually.

SDG’S IMPACTED



Impact Thesis

Seapine represented an opportunity for Arctaris to achieve a multiplier effect on the impact of its capital. By providing capital to Seapine, which then invests multiples of that capital into low-to moderate-income U.S. communities, Arctaris is able to achieve a higher impact return on its investment.

Four of the six investments Seapine has made since Arctaris’s capital infusion are located in low- to moderate-income census tracts. These companies have created over 100 new jobs in underserved regions since Arctaris’s investment.

¹ Arctaris evaluates each potential investment region for measures of economic distress and other impact opportunities.
² Key Impact Metrics listed in left pane are derived from annual portfolio company impact surveys.

“Arctaris Impact Investors is making a real difference in the lives of real people and the communities in which they live at a time when too many Americans are being left behind.”

WALLACE MATHAI-DAVIS, FORMER MANAGING DIRECTOR AND COO OF OFFITBANK,
ARCTARIS BOARD MEMBER



“More Than a Mountain”

is a short film that follows Saddleback’s comeback journey and the resort’s vision for a vibrant future. Filmed and produced by Main Mountain Media.

WATCH THE VIDEO HERE:

<https://www.youtube.com/watch?v=vB-h9Nrx2Xg>

The image shows the word "RECARO" in large, dark, three-dimensional block letters mounted on a light-colored, vertically-ribbed metal building facade. To the right, green tree branches with leaves are visible against the sky.

RECARO

RECARO AUTOMOTIVE

Over 125 quality jobs in Metro Detroit were at risk when Recaro, a market leader in high-performance automotive seating, was carved out from its parent company. Without sufficient capital, the company would not have been able to continue to develop and produce its next generation products for automobiles. ➡

RECARO

Year established: 1963

Product: Automotive seats for high-performance vehicles

Key Customers: General Motors, Ford

Geography: Clinton Township, MI

Recaro: An Introduction

It started in Stuttgart, Germany.

In 1906, master saddler Wilhelm Reutter began a business developing and producing car bodies, interior fittings, and vehicle seats for automobiles at his “Stuttgarter Carosserie-u. Radfabrik” body plant. Now an international company with production facilities in Japan, Germany, and the United States, Recaro is a market leader in high-performance automotive seating, supplying seating systems to luxury, racing, and motorsport performance sectors of the car industry. Recaro supplies premium seating solutions to premier auto manufacturers such as Daimler AMG, Porsche, Audi, and Aston Martin. Additionally, when general market companies—Ford, Subaru, Toyota—need more customized seating options for their high-end market models, they turn to Recaro.

A Long History In The Motor City

Recaro has a long history in the Detroit area, where its North American operations have been located for over four decades. Because it needs to be close to its customers, the company’s Metro Detroit location is integral to its success..

After being acquired and then merged, Recaro’s corporate parent company then looked to spin off the firm. In December 2019, Arctaris Impact Investors partnered with Recaro’s management team and another strategic partner to make the company independent again. “Arctaris understands our business and knows who the right players are that we need to get engaged with. They had a focus on building and helping smaller companies to build, stabilize,



and create employment, so those were a lot of things in line with what we wanted to do,” said Emil Kreycik, CEO of Recaro.

Independent and Moving Forward

With that investment, Recaro was again in control of its own destiny. Its top priority was moving out of the headquarters it was then sharing with its former parent company. Not only did it see this as an opportunity for a fresh start, but also the company wanted to have all its teams under one roof. Under its prior owner, Recaro’s management and product design teams were in separate locations from the operations team. With new headquarters, “the big focus was to bring us back together as one product development and operational manufacturing facility,” Kreycik said.

The company was eager to maintain its North American operations in the Metro Detroit area. This was important for two reasons. First, it wanted to make sure its new headquarters facility was located near its clients. Second, it recognized the importance of access to a skilled and committed local work force.

Arctaris fully grasped Recaro’s urgency to find a location for its new headquarters to improve operations and retain its workforce. To positively address these top management priorities, Arctaris counseled Recaro to look to

acquire a building in an Opportunity Zone. After an extensive search, the company identified a 100,000 square-foot move-in ready space in an Opportunity Zone in Clinton Township in Metro Detroit, as a perfect location for its new headquarters.

Why Locate In An Opportunity Zone?

The Opportunity Zone program was enacted as part of the Federal Tax Cuts & Jobs Act of 2017 to stimulate investment in low-income communities by providing tax incentives to investors. Any state could select up to 25% of low-income community areas to be designated Opportunity Zones.

Of the 8,700 Opportunity Zones across the United States approved by the U.S. Treasury, the state of Michigan had 288. Macomb County alone had 17 “OZs,” the second highest number in the state.

Room to Grow the Workforce

The new 100,000 square-foot headquarters in Clinton Township gives Recaro a state-of-the-art facility to continue its exceptional reputation as an innovator in high-performance seating with a focus on generating new concepts for the next generation of automobiles. That means the company can work toward another key management initiative: maintain and expand its workforce. More than half of Recaro’s workforce lives within 25 miles of Clinton Township and the company offers jobs for

“We hope we can be an attractor to other businesses and get them to take a deeper look into this area and hopefully find the value that Recaro found here.”

EMIL KREYCIK, PRESIDENT AND COO OF RECARO AUTOMOTIVE

people with educational qualifications ranging from a high school diploma to a graduate degree. The company has developed training methods to make sure its employees are in the right positions for their skills and interests with opportunities for growth. Recaro is partnering with Michigan Works, local community colleges, and the regional Office of Veterans Affairs to identify talent and cross-training opportunities for local workforce development.

Now with room to expand its business and create quality jobs for local residents, Recaro is forecasted to create 75 additional jobs for area residents over the next five years. Moreover, because of the firm’s move to Clinton Township, a total of 188 jobs are forecasted to be retained in the Metro Detroit area.

Finding Value in Clinton Township

Kreycik sees the potential that Clinton Township can offer other businesses and sees Recaro as a leader in starting what he hopes will be a trend. He explains, “We have a good brand that we can build on that’s strong and well known, and my hope is that we can leverage that and the

THE RECARO TEAM
CELEBRATES AT A
RIBBON CUTTING
EVENT FOR THEIR NEW
HEADQUARTERS





people around us to strengthen this small part of Metro Detroit, Clinton Township. We hope we can be an attractor to other businesses and get them to take a deeper look into this area and hopefully find the value that Recaro found here. Why shouldn't they be thinking the same thing?"

COVID-19

The move-in ready building made it easy for Recaro to make a faster transition from its shared corporate headquarters. "It was a facility that supported what management, staff, product development, and manufacturing needed. So, it was kind of a unique footprint that has office space as well as operations which simplifies our production process," Kreycik said. Unfortunately, the move took place during the crisis caused by Covid-19. Not willing to sit still, Recaro took advantage of this time to improve its new office space and shop floor. With an emphasis on hiring local contractors and using local suppliers, the company has made over \$1 million in investments so far, including new truck wells, LED lighting, and an upgrade

to the building's sprinkler system. Also, as part of the investment from Arctaris, Recaro is lowering its carbon footprint by incorporating a sustainable energy source by installing solar panels on the roof of the new headquarters.

The Recaro Future

Recaro aims to complete its move and building upgrades soon and its vision for the future is to bring excitement back to the Recaro brand. It is looking forward to re-focusing on identifying new, cutting-edge technologies and building the high-quality products that were lost sight of before the move. As CEO Emil Kreycik explains, Recaro can now "bring unique and innovative solutions to our customers, to give them something to sit in, look, touch, feel, so we can share with them and show them value. Arctaris helped bring credibility when we are talking to our customers. This relationship gives customers the confidence that it's not just a fly-by-night operation. We went out and found the right kind of financing to move forward."

The Arctaris Investment Model at Work

Thanks to this investment, Recaro was able to keep its North American operations in Metro Detroit, bring all of its teams together, and both keep existing jobs and add new ones.

Our investment in Recaro demonstrates the power of intentional capital to drive economic development in targeted geographies. Arctaris worked with Recaro's management to move the company into an Opportunity Zone to ensure that current residents of low-income census tracts like this one have an opportunity to participate in the value creation that these tax incentives will create," said Uche Osuji, Managing Director of Arctaris.

"Our investment in Recaro demonstrates the power of intentional capital to drive economic development in targeted geographies. Arctaris worked with Recaro's management to move the company into an Opportunity Zone to ensure that current residents of low-income census tracts like this one have an opportunity to participate in the value creation that these tax incentives will create."

UCHE OSUJI, MANAGING DIRECTOR OF ARCTARIS

LOCAL MEDIA
COVERS THE
RIBBON CUTTING
OF RECARO'S
NEW FACILITY



Arctaris Partners

Our foundation, government, and other mission-driven partners are cornerstones of our impact strategy. Our impact model would not be possible without the support of our valued partners.

ARCTARIS KRESGE PROGRAM:



Principal Protection Partnership

The Kresge Foundation awarded a \$15 million nationwide anchor guaranty to the Arctaris Opportunity Zone Fund after concluding a competitive review process of 150+ fund managers. Arctaris was one of only two managers to be selected and received \$15M of the \$22M that Kresge made available.

Arctaris's impact's track record in underserved communities, impact integrity, and commitment to reporting transparency were all significant factors in the selection process. Kresge's award to Arctaris has not only helped attract traditional investors to the fund, but also secured additional commitments from foundations and government partners to provide their own forms of principal-protection guarantees and first-loss capital.

ARCTARIS MAINE PROGRAM:

Principal Protection Partnership



Following Kresge's commitment, the Finance Authority of Maine (FAME) also agreed to provide a guaranty to Arctaris to unlock Opportunity Zone investment throughout the state. FAME agreed to provide up to \$10 million in guarantees to Arctaris under its commercial loan insurance program to anchor \$50 million of matching investments from Arctaris into economic and community development projects across the state.

Investment targets in Maine may include growth-oriented manufacturing businesses, high-speed internet via broadband fiber, and renewable energy infrastructure. To utilize the FAME guaranty program, Arctaris agreed that investments would comply with all existing program requirements and limitations and be approved by FAME's staff or board of directors.

ARCTARIS ERIE PROGRAM:

Principal Protection Partnership



Arctaris committed \$40 million to invest in the revitalization of Erie's downtown corridor in partnership with Erie Insurance and The Erie Community Foundation (ECF). ECF invested \$5M in the form of a program-related investment (PRI), helping to catalyze the program and provide principal-protection capital.

Erie Insurance anchored the investment pool, investing \$50M into the Arctaris Opportunity Zone Fund. This program will provide Opportunity Zone investment capital to transform the city center into an inclusive space where all residents can work, live, eat, and play. The majority of the initial \$40M will be invested in urban core revitalization projects in partnership with the Erie Downtown Development Corporation, and the remainder in other mission-related investments within Erie County.

ARCTARIS BALTIMORE PROGRAM:

Principal Protection Partnership



In Baltimore, Arctaris committed \$25M from the Arctaris Impact Fund to invest in underserved neighborhoods, in partnership with The Abell Foundation and Neighborhood Impact Investment Fund (NIIF). The aim of this program is to provide capital for growing companies in Baltimore's most challenged communities to help drive economic prosperity.

The Abell Foundation committed \$4M in the form of a low-interest PRI, providing the catalytic capital needed to create principal protection and a mission-aligned capital stack. Together with NIIF, who also committed \$1M in capital, the two organizations help establish a focus for the program on a defined set of "eligible neighborhoods," comprising 65% of Baltimore. These neighborhoods align with where the City has directed NIIF to deploy capital to accelerate a set of coordinated community revitalization efforts.

ARCTARIS PITTSBURGH PROGRAM:

Principal Protection Partnership



The Arctaris Pittsburgh Program is a partnership between Arctaris and the Richard King Mellon Foundation ("RKMF") whereby RKMF made a \$4M Program Related Investment ("PRI") loan to Arctaris with flexible repayment terms based on the Arctaris Opportunity Zone Fund's investment activity in Southwestern Pennsylvania. RKMF will forgive portions of its loan if Arctaris hits investment benchmarks based on total capital invested, capital invested in target impact areas, and job creation metrics.

This targeted investment program addresses impact needs highlighted by the RKMF as important for Southwestern Pennsylvania, including affordable housing, workforce housing, renewable energy, and broadband internet access. Arctaris tracks and reports on impact metrics and key performance indicators tailored to the Pittsburgh Program.

ARCTARIS CLEVELAND PROGRAM:



Principal Protection Partnership

Cuyahoga County and Arctaris Impact Investors launched a \$10 million commitment to support growing companies located in the County's Opportunity Zones and low- to moderate-income neighborhoods.

The program is focused on building community equity and inclusion while creating jobs and enhancing access to capital for growing companies in target industries including manufacturing, healthcare, and industrials.

Cuyahoga County lent an initial \$1.5M to the Arctaris Opportunity Zone Fund to catalyze an additional \$8.5M of investment from Arctaris followed by an additional \$3M commitment from The Cleveland Foundation as a market-rate investor in the fund. Arctaris and Cuyahoga County are working together to expand the program size from \$10M to \$50M by partnering with local foundations and financial institutions.

SADDLEBACK MOUNTAIN PARTNERS:

Principal Protection Partnership



Multiple foundations and government agencies joined together in partnership with Arctaris to finance the capital improvements required to reopen Saddleback Mountain after five years of closure. Venn Foundation and Saddleback Mountain Foundation each contributed meaningful allocations of grant capital while the Finance Authority of Maine and the Maine Rural Development Authority provided concessionary loans and loan guarantees that were vital to the project's success.

Partner capital was used to finance a multitude of capital improvements at the mountain including the purchase of a new detachable quad chairlift, renovation of the base lodge, new snowmaking equipment, and other critical capital expenditures.

ARCTARIS/ORTNER PARTNERSHIP:

Principal Protection Partnership

THE ORTNER FAMILY FOUNDATION

Arctaris committed \$5M from the Arctaris Impact Fund to lend to businesses in underserved communities in Washington, D.C. as part of a Program Related Investment ("PRI") agreement with the Ortner Family Foundation. The Ortner Family Foundation provided a \$1M subordinated low-interest loan to the Arctaris Impact Fund which will be repaid only after all other senior investor capital is repaid.

Proceeds from the Ortner Family Foundation's PRI will specifically be used to help small businesses in low-income Washington, D.C. communities grow, create jobs, and raise additional capital to create sustainable economic impact.

ARCTARIS/ICIC PARTNERSHIP:



Impact Reporting Partnership

Arctaris partners with the experts at the Initiative for a Competitive Inner City (ICIC) to support impact strategy development, program implementation, and impact reporting capabilities. ICIC is a non-profit strategy and research organization founded by Harvard Business School's Michael Porter. ICIC focuses on the sustainable development of underserved communities, with the goals of reducing concentrated poverty and closing the racial wealth gap. Arctaris employs ICIC's extensive impact reporting experience to maintain best-in-class standards and add objective oversight to strengthen our reporting transparency and accountability. ICIC provides impact data analytics, survey administration, on-site interviews with management and employees, and detailed case studies among other things.

Arctaris also participates in 'capital coaching' engagements with minority-owned and woman-owned businesses that ICIC serves. Through volunteer meetings, Arctaris team members help underserved founders and management teams with executive business education initiatives including business plans, investor presentations, and corporate strategy.

2021 Goals

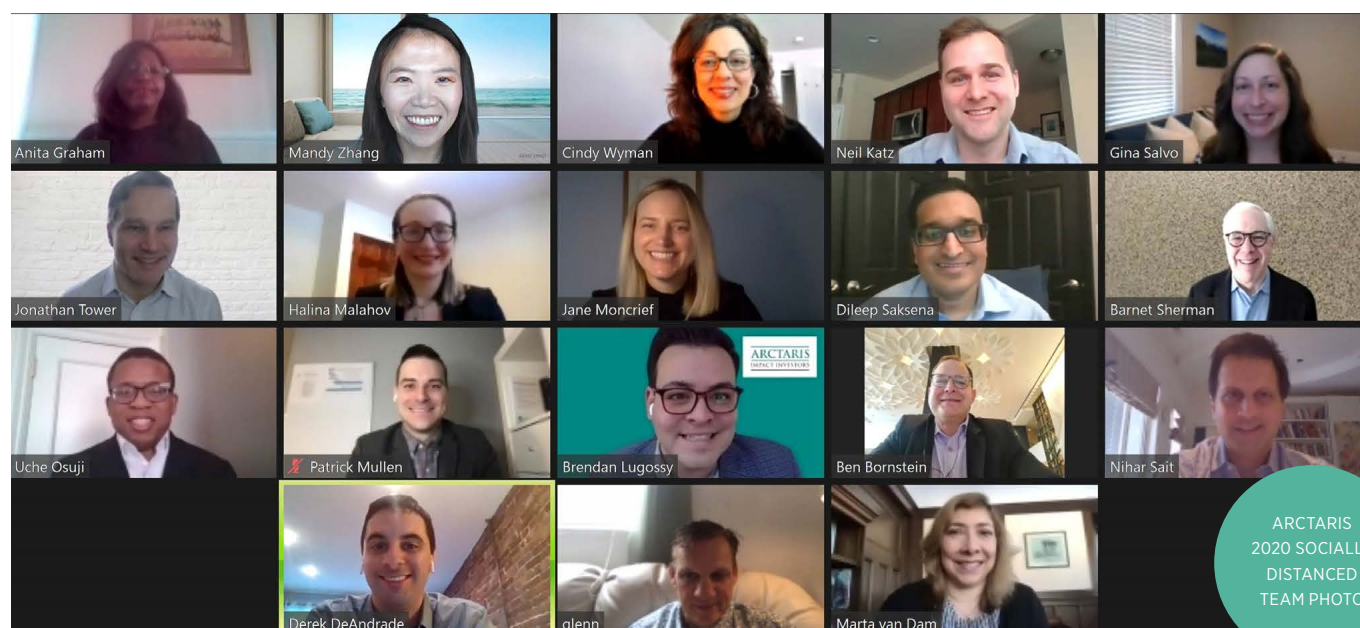
Arctaris identified several impact-related goals as part of its 2021 strategic planning process.

IMPACT STRATEGY

- 1 Refine impact assessment methodology for use in diligence of all new investments
- 2 Structure and implement quarterly impact reviews with portfolio companies
- 3 Create detailed impact road maps in partnership with new investees and codify in closing transaction documents

CAPITAL ALLOCATION

- 1 Open four new place-based principal-protected impact investment programs
- 2 Close at least ten new impact investments
- 3 Add eight new mission-driven team members to help grow the Arctaris platform



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“I feel very fortunate to join the array of distinguished leaders on Arctaris’s Board of Advisors. Arctaris and I share the belief that an important measure of success in business is to be a powerful force for good in our communities.”

DAVID E. SHAW
MANAGING PARTNER AT BLACK POINT GROUP AND FOUNDER OF
IDEXX LABORATORIES, ARCTARIS BOARD MEMBER



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