

Stepping Up

ARCTARIS
IMPACT INVESTORS

For Communities and Investors

2024 Arctaris Impact Report



Contents

2024 Arctaris Impact Report

- 03 Letter From Our Managing Partner
- 04 2024 Highlights
- 06 About Arctaris
- 12 Arctaris by the Numbers
- 13 Investment Profiles
- 36 Arctaris Impact's Community Development Entity (CDE)
- 38 Case Studies
 - Liv DTLA
 - Circuit Avenue
 - Iron Crown
- 55 2025 Look Ahead
- 56 Appendix/Investment List

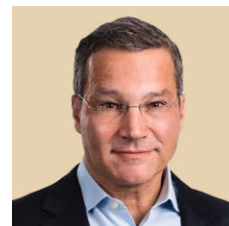
◀ Liv DTLA, Los Angeles, CA

Learn more about our \$13.6M investment in this affordable housing development. See pg. 39



Letter from Our Founder

I am writing to you during unique times for communities and community redevelopment. During the first few months of 2025, we have observed a series of shifts in the federal government's tools and strategies, with implications just starting to become clear. Shifts in support for federally funded programs will undoubtedly affect communities across the country. I acknowledge that these changes—both real and proposed—can be unsettling to some of the communities we serve as well as our partners who are deeply committed to the livelihoods of communities.



JONATHAN TOWER
Managing Partner
Arctaris Impact Investors, LLC

Even so, these shifts present compelling opportunities for private investors like Arctaris Impact to step up and deliver our best work. In particular, we anticipate that many communities will realize significant benefits with the possible extension and expansion of the Opportunity Zones program, which both U.S. political parties in Congress deem a top priority for 2025. Opportunity Zones have already attracted more than \$100 billion of capital to underserved communities in more than 5,000 of the 8,766 underserved census tracts originally designated.¹ The OZ program has delivered unprecedented flows of investment capital into affordable and workforce housing, alleviating the need for government funding to house low-income families; critical infrastructure like broadband fiber and solar; and large-scale urban revitalization initiatives which are delivering benefits to communities long overlooked by investors, such as Erie, PA; Gowanus, NY; Southeast Washington, D.C., and Baltimore, MD.

Arctaris is proud of its 15-year history of delivering transformative, community-changing projects to localities alongside attractive tax-advantaged, financial returns to investors—consistently finding an intersection of purpose and returns in community development. We remain committed as ever to delivering on this mission. Over the past year we have partnered with states, cities, and regions as well as public and philanthropic institutions that are taking bold new steps, such as: creating incentives for growing technology, research and climate clusters, taking an active development approach to revitalizing downtowns and neglected neighborhoods, and launching affordable housing commitments. We believe that these initiatives provide a blueprint for communities and investors in the years ahead.

In 2024, Arctaris stepped up for communities and investors in several ways:

- Deployed **\$97M of capital across 7 transactions** in real estate, broadband and operating companies, the most ever deployed by Arctaris in a single year.
- Invested **\$30M through the New Markets Tax Credits (NMTC) program** to businesses, 94% of which were minority-owned businesses.²
- **Created new Impact Dashboards** that strengthen our approach to impact measurement.
- **Published white papers and participated in policy discussions** on the extension of the OZ incentive.
- **Growing National Partnerships:** Launched Accelerate & Empower, a diversely owned small businesses accelerator in partnership with Amazon and the Initiative for a Competitive Inner City (ICIC), participated in the National Housing Crisis Task Force, and hosted a South Korean government delegation researching OZs as a tool for incentivizing private capital.
- **Recruited 5 new team members** to bolster capacity in capital deployment, in-house development, investor relations, and strategic capital partnerships.

I invite you to read more about these accomplishments in our Impact Report and hope it ignites a spark of optimism and sense of opportunity as we continue into 2025.

Kind regards,

Jonathan Tower

¹ Based upon estimates from Novogradac and the Urban Institute from 2024 and 2022, respectively, extrapolated.

² NMTC investments are made through Arctaris CDE which is independent of the Arctaris Impact family of funds.

2024 Highlights



January

Arctaris upsizes investment in Downtown Huntsville's Front Row, a \$220.0 Million OZ development

A former Coca-Cola bottling plant will be transformed into 545 residential units, 35,000 square feet of office space, and 50,000 square feet of retail space.

Arctaris launches \$25.0M place-based partnership in Lima, OH, with the City of Lima and the Lima Chamber of Commerce.



Arctaris welcomes Michael Raftis, SVP and Corporate Treasurer at Erie Insurance Group to the Advisory Board

February

Arctaris provides lead equity investment in Liv DTLA¹, a \$67.0 Million OZ development in Downtown Los Angeles 227 affordable units address a critical need for affordable housing.

Firm offsite at Saddleback Mountain



March

Arctaris expands banking relationships with BankUnited and Cambridge Savings Bank with new Lines of Credit



Arctaris welcomes Joe Sugiyama, Principal, Real Estate and Portfolio Management

Expands Arctaris capabilities in real estate transactions



April

\$8.0 Million New Markets Tax Credits allocated to Puerto Rico-based Biosimilar Solutions

Fuels state-of-the-art equipment and facilities upgrades, creating 305 high-paying jobs.

Arctaris attends groundbreaking event at Huntsville Front Row project



May

Arctaris expands broadband connectivity in Western Colorado

Arctaris Broadband Company (ABC) builds new fiber network in Grand Junction, Colorado, expanding broadband fiber availability in Western Colorado.



June

Arctaris provides key investment in \$475.0 Million mixed income development in Gowanus, Brooklyn

The investment will fund the construction of 668 residential units, 25% of which will be deeded for affordable housing in a highly sought after neighborhood in Brooklyn.

Arctaris invests \$7.3 Million in a facility for solar-powered cold food processing in Braddock, PA



¹ Liv DTLA is also referred to as 1411 Flower St. in Arctaris investment documentation.



July

Arctaris invests \$6.1 Million in Iron Crown, a steel fabrication & erection and crane rental company

The investment will increase the number of accessible living-wage jobs in Chattanooga, Tennessee.



August

Arctaris celebrates closing of NMTC² transaction with Baltimore-based Fearless Talent, creating or preserving 62 living-wage jobs accessible to those without a college degree.



September

Arctaris joins forces with Circuit Avenue, investing \$11.1 Million

to transform blighted properties into affordable homes, addressing urgent housing crisis in Detroit, MI.

Arctaris goes international

Arctaris hosts and educates Korean task force about benefits of OZ program.

Arctaris joins forces with ICIC and Amazon supporting the Amazon Accelerate & Empower program

helping diversely owned and small business in Connecticut achieve growth and community impact in their communities.

Jonathan Tower speaks at Amazon Supplier Diversity Consortium in Seattle

Opportunity Zone 2024 Fund Launch



October

Arctaris co-hosts Funds & Fizz reception at SOCAP Conference

alongside host Impact Capital Managers, and other co-hosts Better Ventures and Goldman Sachs Asset Management.

Arctaris strengthens Infrastructure Team with Key Hires: Daniel Budin, Controller; Luke Fine Vice President of Compliance; Bridget Flynn, Investor Relations Associate; and Margaret Nichols, Executive Assistant and Office Manager.

No. 2: Saddleback Mountain, Maine
Making its debut in the rankings, this remote and wild Maine ski area wins hearts with its fast lifts, natural terrain, and old-school ambience.

November

SKI Magazine ranks Saddleback #4 Mountain in North America

(right after Aspen Snowmass) and #2 mountain on the east, recognizing its old-school ambience.

December

Offsite and annual planning session

Arctaris reflects on milestones achieved as well as the strength of its investments, partners, and vision.



² NMTC investments are made through Arctaris CDE which is independent of the Arctaris Impact family of funds.

About Arctaris

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 investment decisions to drive equitable prosperity in underserved 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 creative 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.



Arctaris joins forces with ICIC and Amazon supporting the Amazon Accelerate & Empower program



What Makes Us Different?

Holistic Approach to Community Development

We take a holistic approach to community redevelopment and investment encompassing real estate, infrastructure and business operating capital because we recognize that communities have multiple, complex needs.

First-Loss Capital We have identified how to structure the right capital stack to attract investment and revitalize communities.¹ Our innovative use of first-loss capital helps the cost of projects, provides down-side protection for investors, and enables² Arctaris to deliver “but-for” transformative community projects at scale.³

Highly Differentiated Relationships and Deal-flow

Our established network and deep expertise in public-private partnerships enables us to build relationships and source differentiated opportunities whether it's with regard to deal-flow or raising capital.

Deep Bench of Advisors and Partners

We have a highly differentiated network of advisors and partners, including former government strategists on both sides of the aisle who amplify our reach and effectiveness.

Differentiated Products for Uncertain Times

We offer strategies designed to succeed in a variety of investment and political environments, helping us reduce risk for our strategies and pivot to opportunities as they emerge.

Strong Reputation for Integrity

Our focus on impact is authentic. We are profoundly committed to community partnership and are dedicated stewards of public and philanthropic capital.

^{1,2} For a better understanding of how First-Loss Capital works, as well as any limitations please see the risks and disclaimers at the end of this document and the Fund Offering Materials

³ The “but-for” principle refers to the concept that were it not for an actor like Arctaris, these investments would otherwise not have been made.

Arctaris Impact Measurement and Management Strategy

Engage and partner with distressed communities; co-determine impact goals and targets

While most investors avoid low-income and disinvested communities, Arctaris intentionally seeks them out. When launching a new place-based program, we work closely with local and community stakeholders (e.g., local anchors, philanthropies and nonprofits, mayors' offices, chambers of commerce, and other community groups) to structure our program and focus on the investments and metrics that matter the most locally (e.g., construction of new affordable housing, investments in minority-owned businesses, job creation, and workforce development).



Source investments that meet impact criteria, identify impact opportunities, and monitor impact risks

As we evaluate a potential investment, we ensure that it is aligned with and meets the impact goals that the community has identified. We identify opportunities to deepen the impact of each investment (e.g., more deeply affordable housing, opportunities for renewable energy use) and perform due diligence on possible impact risks associated with the opportunity, such as product affordability, neighborhood gentrification, and environmental degradation.



Measure progress toward impact goals, report results to stakeholders

The Arctaris portfolio management team, in partnership with a third-party impact auditor/partner¹ tracks impact metrics across the portfolio and, over time, records progress toward impact goals. These data are measured and tracked in the new Arctaris Impact Dashboard (see below). These metrics are then carefully reported to community partners and other Arctaris stakeholders.



¹ In 2024, Arctaris partnered with the Institute for a Competitive Inner City "ICIC" as the third-party impact auditor.

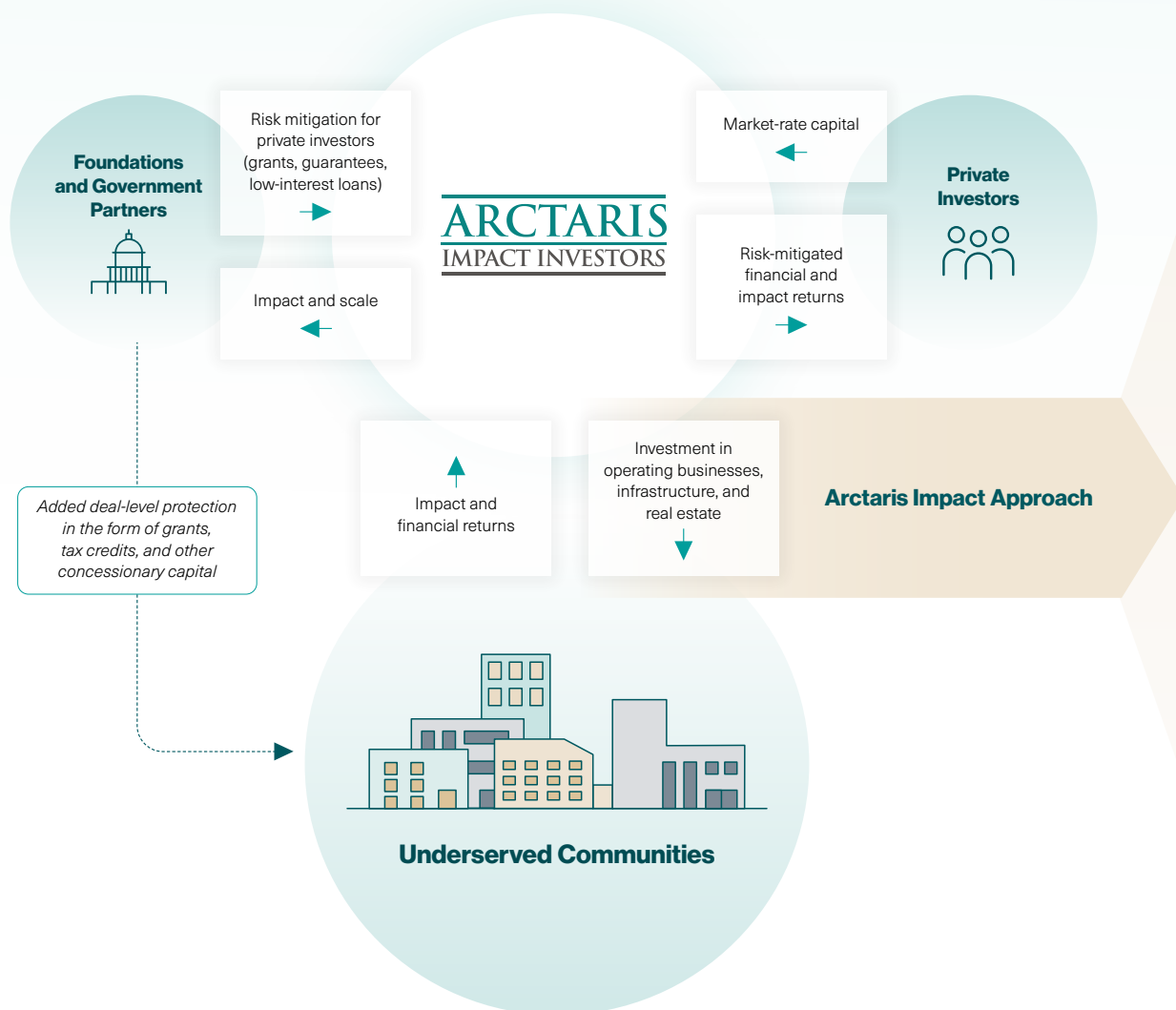


What We Do

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.

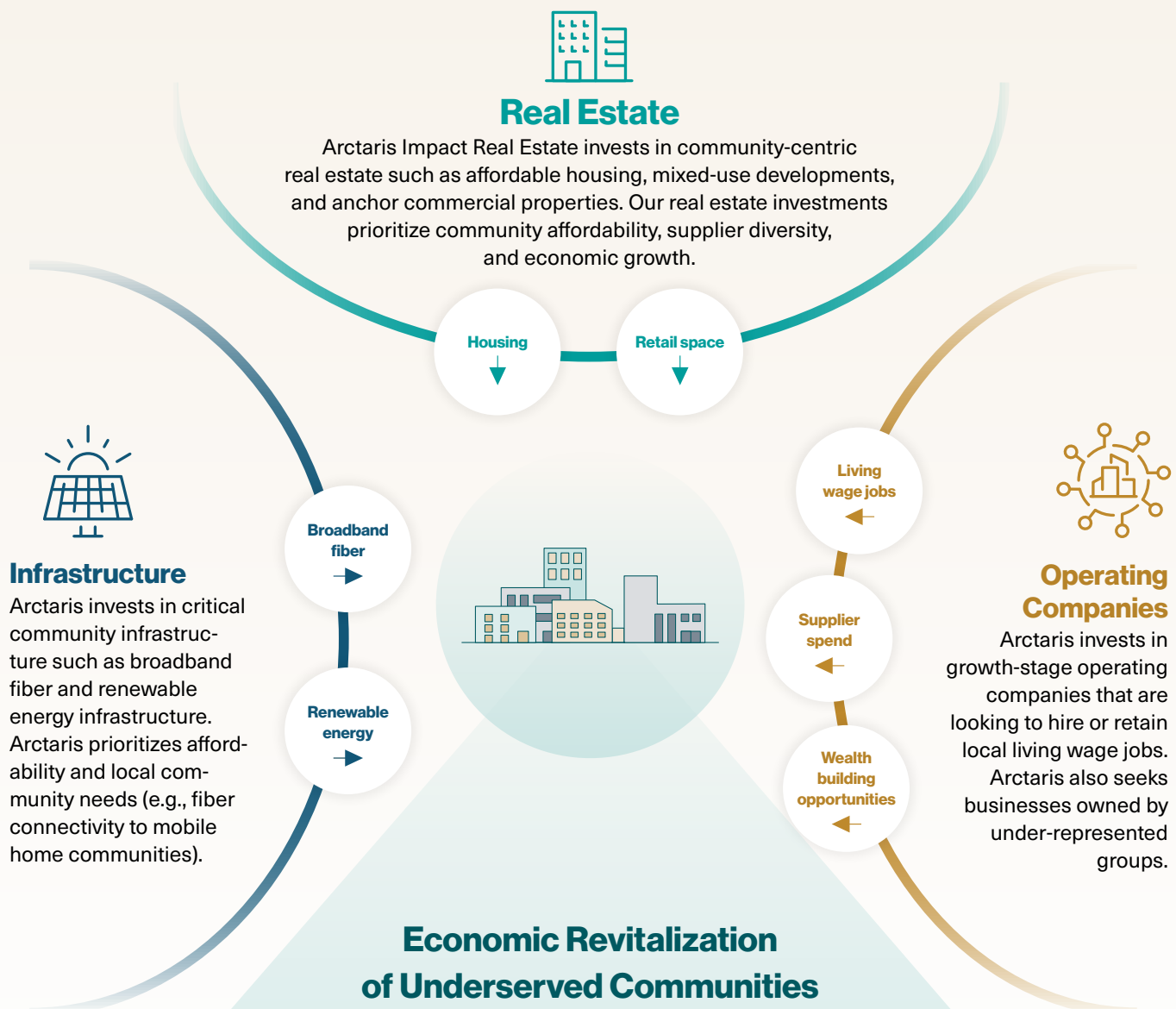
Arctaris Investment Approach

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/nonprofit gap with mutually beneficial investment programs solving the needs of market participants and local communities.



Arctaris Impact Approach

Arctaris invests in economic revitalization by striving to make multiple investments—often in different asset classes—in the same communities. These investments are made in partnership with local communities to prioritize what they want, while providing investors the returns they expect.



Arctaris Impact Footprint

Arctaris Place-Based Programs

Arctaris primarily invests through its flagship Place-Based Programs, where we partner with local public and philanthropic institutions to make a substantial investment commitment (\$25M-\$100M) tailored to local impact goals. Our local investment partners typically provide 20-30% of the program capital, with Arctaris providing a 3-4x capital match, bringing significant impact-oriented capital to local markets.



1 Baltimore, Maryland

- **1,061** jobs supported
- **303** housing units under construction
- **\$37.5M** invested to date
- Local investment partners: Abell Foundation, Neighborhood Impact Investment Fund (NIIF)



2 Cleveland, Ohio

- **40** jobs supported
- **\$2.5M** invested to date
- Local investment partners: Cuyahoga County, Cleveland Foundation



3 Erie, Pennsylvania

- **256** jobs supported
- **58** housing units created
- **\$25.0M** invested to date
- Local investment partners: Erie Community Foundation, Erie Insurance



4 Pittsburgh, Pennsylvania

- **694** jobs supported
- **2,000** sq. ft. of commercial space built
- **\$10.4M** invested to date
- Program Commitment: **\$20M**
- Local investment partners: Richard King Mellon Foundation



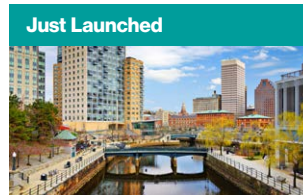
5 Colorado

- **5,385** broadband fiber passes completed or under construction
- **196** housing units created
- **\$41.6M** invested to date
- Local investment partner: Colorado Health Foundation



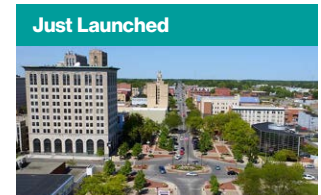
6 Maine

- **367** jobs supported
- **102** housing units created
- **\$31.7M** invested to date
- Local investment partners: Finance Authority of Maine, Venn Foundation



7 Rhode Island

- **\$25.0M** commitment
- Local investment partners: Rhode Island Commerce, Bank of America
- Focus: Job Creation, Operating Companies



8 Lima, Ohio

- **\$25.0M** commitment
- Local investment partners: City of Lima, OH, Lima Chamber of Commerce
- Focus: Downtown Revitalization, Housing

¹ Disclosed amount is an aggregate amount and may not be allocated to any one specific fund, investment, or investor. For a better understanding of how First-Loss Capital works, as well as any limitations please see the risks and disclaimers at the end of this document and the Fund Offering Materials.

Arctaris Impact Footprint

Other Arctaris Investments

In addition to our Place-Based Programs, Arctaris occasionally invests in individual deals that Arctaris believes have exceptional potential for social impact and financial results.



1 300 Nevins Street (Brooklyn, New York)

- 668 residential units, 168 of which will be deeded affordable
- 435 jobs supported



2 Recaro Automotive (Clinton Township, Michigan)

- Automotive seat manufacturer
- 151 jobs supported



3 Northeast Heights (Washington, D.C.)

- Minority-developed real estate project
- 256,000 sq. ft. of office space developed



4 Altitude Apartments² (Glenwood Springs, Colorado)

- 100 units of workforce housing



5 Glenwood Caverns Adventure Park (Glenwood Springs, Colorado)

- Adventure park in rural Colorado
- 250 jobs supported



6 The Eddy (Grand Junction, Colorado)

- 96 units of workforce housing
- 57 jobs supported



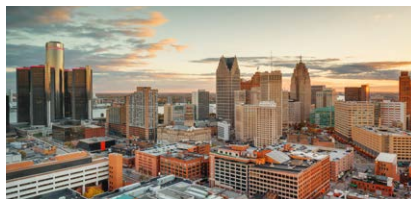
7 Front Row (Huntsville, Alabama)

- 545 housing units under construction
- 85,000 sq. ft. of retail and office space



8 Iron Crown (Chattanooga, Tennessee)

- Steel Fabricator and Crane Rental Company
- 150 jobs supported



9 Circuit Avenue (Detroit, Michigan)

- Affordable single family housing
- 100 units of affordable housing rehabilitated or under construction



10 Liv DTLA (Los Angeles, California)

- 227 affordable housing units
- Master lease with the Los Angeles Homeless Services Authority

² Altitude Apartments is also referred to as Bell Rippey Glenwood in Arctaris investment documentation.

Arctaris by the Numbers¹

\$390M

total investment and first-loss capital raised²

1.

**Create and Retain
Living-Wage Jobs**

5,412

Total jobs in the Arctaris portfolio

2,732

Construction jobs
(real estate and infrastructure)

1,155

Full-time jobs (operating companies)

614

Temporary/seasonal jobs
(operating companies)³

599

Part-time jobs (operating companies)

312

Site management and retail jobs
(real estate)

2.

**Invest in Community-Centric Real
Estate and Build More Housing**

2,097

residential units planned,
under construction, or completed
(+23% from 2023)

1,052

residential units planned or offered at
120% Area Median Income (AMI) or below
(+92% from 2023)

2M+

square feet of real estate
under construction, rehabilitation,
or management
(+11% from 2023)

3.

**Expand Access to Critical
Community Infrastructure**

5,385

estimated number of homes and
businesses with access to broadband

305

acres of solar
infrastructure installed



Impact Highlights



100%

of operating companies
provide healthcare benefits



69%

of full-time jobs at
operating companies offer
incentive compensation



67%

of operating companies
are owned by people from
under-represented populations



100%

of investments are
in low- to moderate-income
census tracts⁴

¹ Unless otherwise cited, all data comes from the Arctaris 2024 Annual Impact Survey, administered by ICIC.

² 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 first-loss capital, grants, and tax credits. \$390M only includes OZ funds and first-loss capital and is not inclusive of Arctaris predecessor funds.

³ Temporary jobs are based on a 5-day work week; this methodology differs from the Arctaris 2023 Annual Impact Report and year-over-year data is therefore not provided.

⁴ In Opportunity Zones or other distressed communities at the time of investment.

Investment Profiles

Opportunity Zone Fund Series

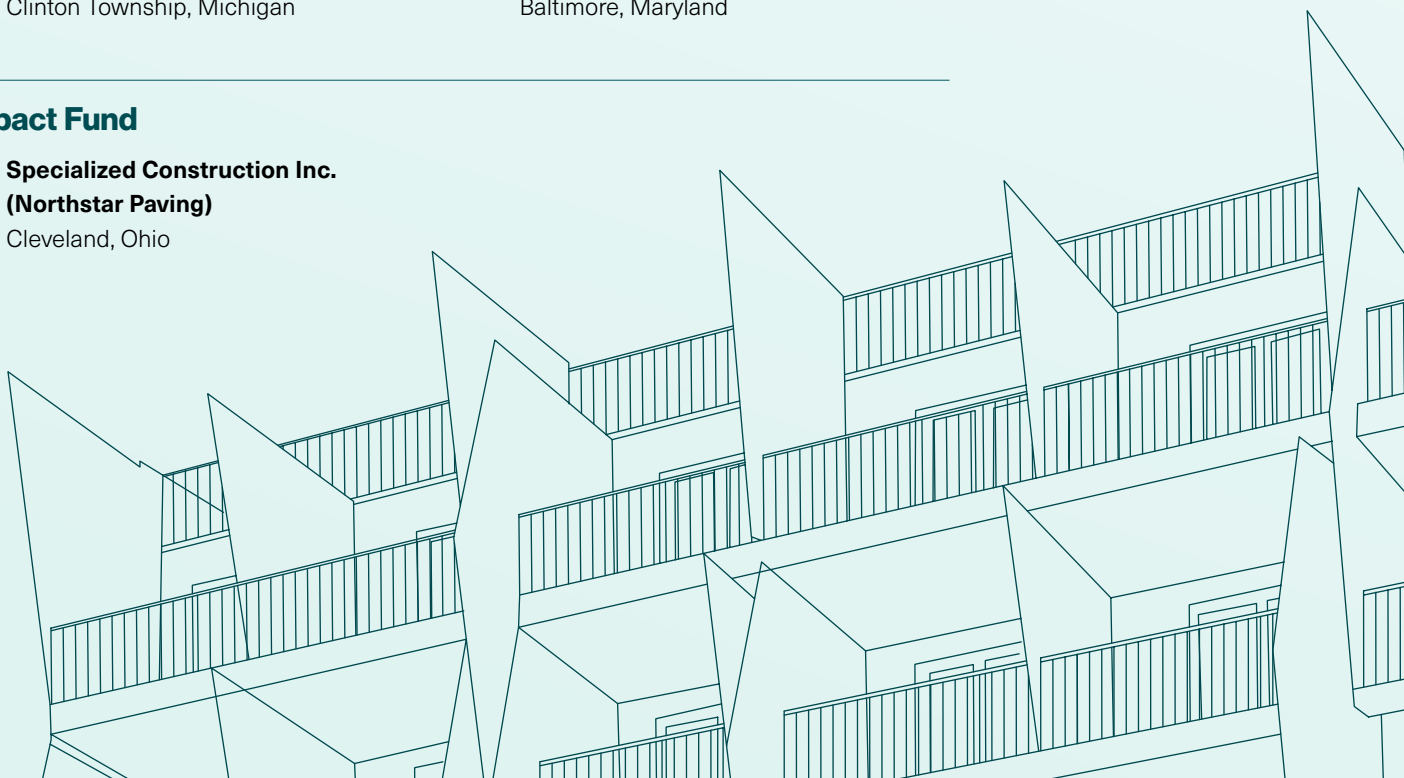
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|----|--|----|--|
| 15 | 222 Saint Paul Place
Baltimore, Maryland | 23 | Erie Block Two
Erie, Pennsylvania |
| 16 | 300 Nevins Street
Brooklyn, New York | 24 | Glenwood Caverns Adventure Park (GCAP Hold Co.)
Glenwood Springs, Colorado |
| 17 | Altitude Apartments (Bell Rippy Glenwood)
Glenwood Springs, Colorado | 25 | Iron Crown, Inc.
Chattanooga, Tennessee |
| 18 | Arctaris Broadband Company
Boston, Massachusetts | 26 | Liv DTLA (1411 Flower St.)
Los Angeles, California |
| 19 | Braddock Industrial
Braddock, Pennsylvania | 27 | Northeast Heights
Washington, D.C. |
| 20 | Circuit Avenue
Detroit, Michigan | 28 | S&K Holdings, Inc.
Maryland, Pennsylvania |
| 21 | Front Row
Huntsville, Alabama | 29 | The Eddy
Grand Junction, Colorado |
| 22 | Erie Flagship Complex
Erie, Pennsylvania | | |

Opportunity Zone Fund Series & Impact Fund

- | | | | |
|----|--|----|--|
| 30 | Market Fresh Gourmet
Baltimore, Maryland | 32 | Saddleback Mountain
Rangeley, Maine |
| 31 | Recaro Automotive
Clinton Township, Michigan | 35 | Up To Date Laundry
Baltimore, Maryland |

Impact Fund

- | | |
|----|--|
| 34 | Specialized Construction Inc. (Northstar Paving)
Cleveland, Ohio |
|----|--|



New: The Arctaris Impact Dashboard

New in 2024, Arctaris adopted the Arctaris Impact Dashboard, which provides a more holistic view of the impact of Arctaris Impact's investments. In addition to how Arctaris deploys its financing, the dashboard also tracks the impact of the individual investment (investment impact) as well as how key indicators are changing at the community level (community impact). Arctaris plans to continue to refine its dashboards in 2025.



222 Saint Paul Place

Baltimore, Maryland

Investment Overview

Arctaris Impact’s investment will be used to convert a formerly abandoned hotel into a vibrant 303-unit multifamily development, addressing Baltimore’s pressing housing shortage. The development is a partnership between Arctaris and GoodHomes, a New York City-based firm that specializes in distressed hotels to workforce housing conversion projects.

Impact Thesis

Arctaris believes the investment will contribute to the City’s efforts to reinvigorate downtown Baltimore, which is still recovering from the impacts of the COVID-19 pandemic. The newly created units are designed to be naturally affordable for households earning up to 80% of the Area Median Income (AMI). This approach is meant to meet the needs of local families and individuals seeking accessible housing options in a rapidly evolving urban landscape.

New Investment



Investment Inputs¹

Overview	
Investment Size	\$8.5M
Security Type	Equity
Fund(s)	OZ 2019 and OZ 2022
Investment Date	October 2024
Construction Status	In progress

Project Partners

GoodHomes Communities acquires underperforming hospital-ity and senior housing properties, converting them into essential workforce housing. Through adaptive reuse, it creates apart-ment communities at a fraction of new construction costs.

Erie Insurance invested in the GoodHomes project “through its investment in Arctaris, which includes a \$20.5 million social impact commitment to fund companies and development proj-ects in underserved communities within the company’s footprint.

Investment Impact¹

Housing Units		
# of Units	% of Units	Affordability Level
303	100%	80% AMI

Jobs

	Full-time	Part-time	Total
Construction Jobs	75	50	125
Permanent Jobs (e.g. site management, retail)	20	20	40

Non-Residential Space

Sq. Ft. Retail	10,000
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Community Impact

Rent Burdened Households ²		
	2014-2018	2019-2023
Neighborhood ⁴	48%	57%
Region ⁵	47%	49%

Median Household Income³

	2014-2018	2019-2023
Neighborhood ⁴	\$75,625	\$70,297
Region ⁵	\$96,845	\$97,300

1 Unless otherwise noted, all data is from the Arctaris 2024 Annual Impact Survey, administered by IOIC.

2 Percent of renter households who spend 30 percent or more of their income on housing.

3 U.S. Census Bureau ACS 5-Year Estimates, 2023 dollars.

4 Census tract containing 222 Saint Paul Place.

5 Baltimore-Columbia-Towson, MD Metropolitan Area.

300 Nevins Street

Brooklyn, New York

Investment Overview

300 Nevins Street is a 668-unit, ground-up, mixed-use and mixed-income real estate development located in the Gowanus neighborhood of Brooklyn, New York. Gowanus is a formerly industrial area and is currently undergoing significant cleanup efforts.

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 rent prices and a decrease in the availability of affordable housing. The Nevins Street development will create approximately 168 affordable units (or about 25% of the total development) 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 Inputs¹

Overview	
Investment Size	\$26.6M
Security Type	Preferred Equity
Fund(s)	OZ 2019, OZ 2020, and OZ 2022
Investment Date	June 2022
Construction Status	In progress

Project Partner

Tavros and Charney, serving collectively as the Sponsors, acquired the site in 2021 and are managing the construction.

Investment Impact¹

Housing Units Created		
# of Units	% of Units	Income Restriction
67	10%	40% AMI
67	10%	60% AMI
34	5	100% AMI
500	75%	Market Rate
668	100%	Total

Jobs

	Full-time	Part-time	Total
Construction Jobs	140	280	420
Permanent Jobs (e.g. site management, retail)	10	5	15

Non-Residential Space

Sq. Ft. Retail	30,000
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Rent Burdened Households²

	2014–2018	2019–2023
Neighborhood ⁴	38%	38%
Region ⁵	51%	49%

Median Household Income³

	2014–2018	2019–2023
Neighborhood ⁴	\$113,740	\$139,750
Region ⁵	\$98,828	\$97,334

Community Impact

¹ Unless otherwise noted, all data is from the Arctaris 2024 Annual Impact Survey, administered by ICIC.

² Percent of renter households who spend 30 percent or more of their income on housing.

³ U.S. Census Bureau ACS 5-Year Estimates, 2023 dollars.

⁴ Census tract containing 300 Nevins Street.

⁵ New York-Newark-Jersey City, NY-NJ Metropolitan Area.

Altitude Apartments

(Bell Rippy Glenwood)

Glenwood Springs, Colorado

Investment Overview

Altitude Apartments is a 100-unit workforce housing development serving moderate-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.

Impact Thesis

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. Altitude Apartments provides workforce housing options with in-place rents affordable to households making approximately 120% of the area median income (AMI). Altitude Apartments completed construction in 2023 and was close to full-occupancy by the end of 2023. 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 Inputs¹

Overview	
Investment Size	\$1.0M
Security Type	Common Equity
Fund(s)	OZ 2019
Investment Date	September 2020
Construction Status	Completed

Project Partner

FourPoints Capital was the project sponsor and developer.

Investment Impact¹

Housing Units		
# of Units	% of Units	Income Restriction
100	100%	120% AMI

Jobs

	Full-time	Part-time	Total
Construction Jobs	25	25	50
Permanent Jobs (e.g. site management, retail)	2	2	4

Community Impact

Rent Burdened Households ²		
	2014-2018	2019-2023
Neighborhood ⁴	55%	46%
Region ⁵	40%	47%

Median Household Income³

	2014-2018	2019-2023
Neighborhood ⁴	\$53,170	\$64,839
Region ⁵	\$88,977	\$90,267

¹ Unless otherwise noted, all data is from the Arctaris 2024 Annual Impact Survey, administered by ICIC.

² Percent of renter households who spend 30 percent or more of their income on housing.

³ U.S. Census Bureau ACS 5-Year Estimates, 2023 dollars.

⁴ Census tract containing Altitude Apartments.

⁵ Rifle, CO Micropolitan Area.

Photo credit: Altitude Apartments

Arctaris Broadband Company

Colorado

Investment Overview

Arctaris Broadband Company, LLC (ABC) is a fiber broadband infrastructure business that owns, operates, and constructs networks in underserved communities in partnership with internet service providers (ISPs). ABC is currently constructing multiple networks in Colorado with Clearnetworx (a local ISP), Deeply Digital (a construction company that builds fiber networks), and the Colorado Health Foundation. ABC has a robust pipeline of future opportunities across the nation, including both broadband and clean energy projects.

Impact Thesis

Arctaris formed ABC to help bridge the digital divide in underserved communities by making investments in state-of-the-art broadband networks that can deliver future-proof services to urban and rural Opportunity Zone communities. The ABC-owned fiber networks require less ongoing maintenance than traditional copper plant or wireless facilities and last for 20 years or longer before requiring replacement. ABC's networks are positioned to provide affordable high-speed internet to underserved communities for decades to come. Additionally, ABC is currently in discussions about potential investments in clean energy projects that will provide long-term renewable energy sources for underserved communities.



Investment Inputs¹

Overview	
Investment Uses	Deployment of new fiber network
Total Investment	\$9.2M
Investment Date	March 2022 and May 2024

Project Partners

Clearnetworx is the operator and service provider for the ABC fiber network.
Deeply Digital is a digital services company that is conducting the build-out of the fiber network.

Investment Impact¹

Passes and Outages		
	2024	2023
Estimated total connections ²	5,385	4,701
Outages	2	3

Jobs

	Full-Time	Part-Time	Total
Construction Jobs between October 1, 2023 and September 31, 2024	190	2	192

Discounted Services

Customers received free or discounted services in 2024	684
--	-----

Internet Access

	2019-2023	2014-2018
Percent of households without internet, local area ²	8%	14%

Community Impact

Unemployment Rate ³		
	2014-2018	2019-2023
Neighborhood ⁴	7%	4%
Region ⁵	5%	4%

Median Household Income³

	2014-2018	2019-2023
Neighborhood ⁴	\$51,069	\$55,819
Region ⁵	\$83,261	\$92,470

¹ Unless otherwise noted, all data is from the Arctaris 2024 Annual Impact Survey, administered by ICIC.

² New broadband connections plus prior year's broadband connections.

³ U.S. Census Bureau ACS 5-Year Estimates, 2023 dollars.

⁴ Average of census tracts with Arctaris Broadband Company infrastructure.

⁵ Colorado.

Braddock Industrial

Braddock, Pennsylvania

Investment Overview

Braddock Industrial is a specialty manufacturing and cold storage facility in Braddock, Pennsylvania. The facility will provide space for tenants looking to use it for food processing, pharmaceutical processing, specialty manufacturing, or cold storage. This investment was made in partnership with Erie Insurance, based in Erie, Pennsylvania. Erie Insurance and Arctaris have also partnered together to invest in social impact projects in Baltimore; Lima, Ohio; Pittsburgh; and Washington, D.C.

Impact Thesis

Prior to the Arctaris investment, the prior tenant, a vertical farming business, abruptly closed in late 2022, leaving its newly developed facility empty. This closure resulted in the loss of over 40 jobs in Braddock, a steel production hub outside Pittsburgh. Arctaris Impact's investment fills a need for critical manufacturing facilities that are in short supply due to the steep cost of refrigeration, HVAC, and power requirements. Furthermore, the facility will provide tenants with rooftop solar generation and onsite battery storage, reducing emissions and energy costs. Recognizing the importance of this property, Allegheny County Economic Development has also committed up to \$1 million to support tenant improvements at the facility.

New Investment



Investment Inputs¹

Overview	
Investment Size	\$7.3M
Security Type	Equity
Fund(s)	OZ 2019 and OZ 2022
Investment Date	June 2024
Construction Status	Completed

Project Partner

RDC is an integrated, full-service real estate and construction company. Based in Pittsburgh Pennsylvania, RDC and its affiliated companies have delivered more than \$400 million in multi-family, commercial office, and light industrial real estate assets.

Investment Impact¹

Non-Residential Space	
Sq. Ft. Industrial	58,000

Jobs

	Full-time	Part-time	Total
Construction Jobs	0	10	10

Community Impact

Unemployment Rate ²		
	2014-2018	2019-2023
Neighborhood ³	9%	34%
Region ⁴	5%	5%

Median Household Income²

	2014-2018	2019-2023
Neighborhood ³	\$27,393	\$24,489
Region ⁴	\$68,936	\$73,942

¹ Unless otherwise noted, all data is from the Arctaris 2024 Annual Impact Survey, administered by ICIC.

² U.S. Census Bureau ACS 5-Year Estimates, 2023 dollars.

³ Census tract containing Braddock.

⁴ Pittsburgh, PA Metropolitan Area.

Photo credit: Braddock Industrial

Circuit Avenue

Detroit, Michigan

Investment Overview

Arctaris has entered into a joint venture investment with Circuit Avenue to purchase, renovate, and rent 100-200 dilapidated houses in Detroit.

Impact Thesis

Arctaris Impact's investment with Circuit Avenue will help to address Detroit's critical shortage of affordable housing. Following significant renovation, Arctaris and Circuit Avenue intend to rent homes to Housing Choice Voucher (HCV) tenants, who earn below 50% Area Median Income (AMI). The investment will also help support neighborhood improvement through the removal of blighted homes. Additionally, Arctaris and Circuit Avenue will create a homeownership pathway for tenants through a rent-to-own program that will enable wealth building opportunities for eligible and interested tenants.

New Investment



Investment Inputs¹

Overview	
Investment Size	\$11.1M
Security Type	Common Equity
Fund(s)	OZ 2019 and OZ 2022
Investment Date	April 2024
Construction Status	In progress

Project Partner

Circuit Avenue is a real estate development firm focused on residential conversions of vacant homes into affordable housing.

Investment Impact¹

Housing Units		
# of Units	% of Units	Income Restriction
81	81%	40% AMI
19	19%	80% AMI
100	100%	Total

% Spending with Diverse² Suppliers (2024)

Spending	100%
----------	------

Jobs

	Full-time	Part-time	Total
Construction Jobs	15	0	15
Permanent Jobs (e.g. site management, retail)	3	0	3

Community Impact

Rent Burdened Households ³		
	2014-2018	2019-2023
Neighborhood ⁵	57%	51%
Region ⁶	47%	46%

Median Household Income⁴

	2014-2018	2019-2023
Neighborhood ⁵	\$35,372	\$43,044
Region ⁶	\$73,074	\$75,123

¹ Unless otherwise noted, all data is from the Arctaris 2024 Annual Impact Survey, administered by ICIC.

² Diverse suppliers are defined as Minority/Women-owned Business Enterprises (MWBEs).

³ Percent of renter households who spend 30 percent or more of their income on housing.

⁴ U.S. Census Bureau ACS 5-Year Estimates, 2023 dollars.

⁵ Average of census tracts containing Circuit Ave investments.

⁶ Detroit-Warren-Dearborn, MI Metropolitan Area.

Front Row

Huntsville, Alabama

Investment Overview

Located in Huntsville, Alabama, Front Row is a planned mixed-use real estate development consisting of two multifamily buildings with 545 rental units, ground-floor retail (targeting a grocery store), 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

The Front Row project accelerates the creation of mixed-income housing in downtown Huntsville, tackles food security challenges in an underserved food market, supports minority- and women-owned business enterprises (MWBEs) during construction, and creates jobs, particularly for low-income and minority communities. In addition to growing the supply of housing, Front Row is planning to include a fresh-produce grocery store as a ground-floor retail space tenant. Front Row is one of the most significant real estate projects in downtown Huntsville and plans to spend more than 10% of its construction budget with MWBE subcontractors. 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 150 or more accessible jobs in Huntsville.



Investment Inputs¹

Overview	
Investment Size	\$20.7M
Security Type	Equity
Fund(s)	OZ 2019 and OZ 2020
Investment Date	September 2021 and June 2022
Construction Status	In progress

Project Partners

Ascend Property Group is the developer of this project.
Essex Capital is the main financial sponsor of the project.

Investment Impact¹

Housing Units		
# of Units	% of Units	Income Restriction
545	100%	Market Rate

Jobs

	Full-time	Part-time	Total
Construction Jobs	60	0	60
Permanent Jobs (e.g. site management, retail)	90	0	90

Non-Residential Space

Sq. Ft. Retail	50,000
Sq. Ft. Office Space	35,000

Community Impact

Rent Burdened Households²

	2014-2018	2019-2023
Neighborhood ⁴	42%	31%
Region ⁵	42%	41%

Median Household Income³

	2014-2018	2019-2023
Neighborhood ⁴	\$60,583	\$89,297
Region ⁵	\$74,805	\$83,529

¹ Unless otherwise noted, all data is from the Arctaris 2024 Annual Impact Survey, administered by ICIC.

² Percent of renter households who spend 30 percent or more of their income on housing.

³ U.S. Census Bureau ACS 5-Year Estimates, 2023 dollars.

⁴ Census tract containing Front Row.

⁵ Huntsville, AL Metropolitan Area.

Photo credit: Front Row

Erie Flagship Complex

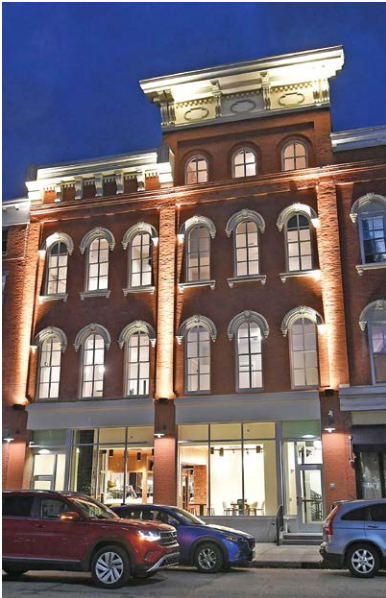
Erie, Pennsylvania

Investment Overview

The Erie Flagship Complex is the first part of a 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.

Impact Thesis

The City of Erie 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 losses of major employers have left residents with little opportunity to access good jobs. Arctaris invested in the Erie Flagship Complex to address the shortage of housing, facilitate economic growth for minority- and women-owned businesses, create living-wage jobs, and eliminate the downtown food desert. The complex includes downtown Erie’s first full-service grocery store in decades. In addition, the food hall aims to unlock economic development by supporting minority-owned tenants: 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 appealing products at realistic price points, and the dining area offers common tables to promote community building.



Investment Inputs¹

Overview	
Investment Size	\$12.3M
Security Type	Equity
Fund(s)	OZ 2019 and OZ 2020
Investment Dates	June 2021 and August 2022
Construction Status	Completed

Project Partners

The Erie Downtown Equity Fund (EDEF), a locally raised private equity fund, provided \$3.4 million to support the Erie Flagship Complex and Block Two.

The Erie Community Foundation (ECF) provided \$5.0 million of First Loss Capita.

Erie Insurance's Opportunity Fund provided \$6.5 million.

Investment Impact¹

Housing Units		
# of Units	% of Units	Affordability Level
28	100%	80% AMI

Jobs

	Full-time	Part-time	Total
Construction Jobs	50	25	75
Permanent Jobs (e.g. site management, retail)	40	30	70

Non-Residential Space

Sq. Ft. Retail	20,000
----------------	--------

Rent Burdened Households²

	2014-2018	2019-2023
Neighborhood ⁴	56%	44%
Region ⁵	44%	46%

Median Household Income³

	2014-2018	2019-2023
Neighborhood ⁴	\$13,465	\$14,846
Region ⁵	\$59,084	\$61,476

Community Impact

¹ Unless otherwise noted, all data is from the Arctaris 2024 Annual Impact Survey, administered by IOIC.

² Percent of renter households who spend 30 percent or more of their income on housing.

³ U.S. Census Bureau ACS 5-Year Estimates, 2023 dollars.

⁴ Census tract containing Erie Flagship Complex.

⁵ Erie, PA Metropolitan Area.

Photo credit: Erie Flagship Complex

Erie Block Two

Erie, Pennsylvania

Investment Overview

Erie Block Two is the second part of a multi-phase plan to redevelop the downtown core of Erie, Pennsylvania. Based on an 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

In addition to the Erie Flagship Complex, Arctaris also invested in Block Two, the second project of the downtown Erie revitalization plan. Block Two is strategically located near the Erie Flagship Complex to build on the positive network effects and momentum that the first project catalyzed. The project provides residents with a unique gym and climbing experience, which is expected to play a role in tackling some of the local social determinants of poor health. Within the first two months of opening, the gym reached over 500 members. The new apartments and parking facility downtown provide Erie with a more competitive edge to recruit and retain healthcare workers at the UPMC Hamot hospital. Both projects are intended to create an inclusive space in which residents can live, work, and play. The project is likely to benefit the community in many ways, including downtown population growth, increased daily foot traffic to support local businesses, and an expanded tax base to fund city projects.



Investment Inputs¹

Overview	
Investment Size	\$12.7M
Security Type	Preferred Equity
Fund(s)	OZ 2019 and OZ 2020
Investment Date	June 2021 and August 2022
Construction Status	Completed

Project Partners

The Erie Downtown Equity Fund (EDEF), a locally raised private equity fund, provided \$3.4 million to support the Erie Flagship Complex and Block Two.

The Erie Community Foundation (ECF) provided \$5 million of First Loss Capital.

Erie Insurance's Opportunity Fund provided \$6.5 million.

Investment Impact¹

Housing Units		
# of Units	% of Units	Affordability Level
30	100%	80% AMI

Non-Residential Space

Sq. Ft. Retail	25,000
----------------	--------

Jobs

	Full-time	Part-time	Total
Construction Jobs	50	25	75
Permanent Jobs (e.g. site management, retail)	15	30	45

Community Impact

Rent Burdened Households²

	2014-2018	2019-2023
Neighborhood ⁴	56%	44%
Region ⁵	44%	46%

Median Household Income³

	2014-2018	2019-2023
Neighborhood ⁴	\$13,465	\$14,846
Region ⁵	\$59,084	\$61,476

¹ Unless otherwise noted, all data is from the Arctaris 2024 Annual Impact Survey, administered by IOIC.

² Percent of renter households who spend 30 percent or more of their income on housing.

³ U.S. Census Bureau ACS 5-Year Estimates, 2023 dollars.

⁴ Census tract containing Block Two.

⁵ Erie, PA Metropolitan Area.

Glenwood Caverns Adventure Park (GCAP Hold Co.)

Glenwood Springs, Colorado



Investment Overview

Glenwood Caverns Adventure Park (GCAP) operates the only mountaintop theme park in the United States. GCAP has over 17 attractions, including two large cave systems (ranked top 10 in the U.S. by USA Today), multiple rollercoasters (Mountain Coaster recognized by USA Today as a “top 10” coaster), and a canyon swing. 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

GCAP is one of the largest employers in Glenwood Springs and is expected to continue adding jobs. Together with Arctaris Impact’s investment in the Altitude Apartments workforce housing development, Arctaris aims to support local economic growth while also providing adequate housing opportunities for the growing workforce.

Investment Inputs¹

Overview

Investment Uses	Acquisition (\$0.7M), New Equipment (\$0.3M)
Total Investment	\$1.0M
Investment Date	December 2020

Project Partner

Off Road Capital Partners was the sponsor for this project.

Investment Impact¹

Workforce and Leadership Diversity

	Senior Management	Change in Diverse Senior Management from 2023	Employees	Change in Diverse Employees from 2023
People of Color	0%	0%	25%	+18%
Women	67%	+27%	52%	+8%
Veterans	0%	0%	5%	+1%

Jobs

	2024	At Investment (2020)
Total Jobs (full-time, part-time, and temporary/seasonal jobs)	250	N/A
Number of Living Wage ² Jobs	28	29
Living Wage ³ Jobs as percent of full-time and part-time jobs	17%	18%

Employee Benefits

Healthcare benefits, retirement benefits, flexible work arrangements, paid sick leave, paid vacation time, tuition reimbursement

Community Impact

Unemployment Rate⁴

	2014-2018	2019-2023
Neighborhood ⁵	6%	4%
Region ⁶	4%	3%

Median Household Income⁴

	2014–2018	2019–2023
Neighborhood ⁵	\$77,726	\$85,964
Region ⁶	\$88,977	\$90,267

¹ Unless otherwise noted, all data is from the Arctaris 2024 Annual Impact Survey, administered by ICIC.

² Living wage jobs are based on MIT’s Living Wage Calculator. For hourly employees, living wage is adjusted based on a 40-hour work week.

³ Percent of full-time and part-time jobs (excludes temporary/seasonal jobs).

⁴ U.S. Census Bureau ACS 5-Year Estimates, 2023 dollars.

⁵ Census tract containing GCAP.

⁶ Rifle, CO Micropolitan Area.

Photo credit: Glenwood Caverns Adventure Park (GCAP Hold Co.)

Iron Crown, Inc.

Chattanooga, Tennessee

Investment Overview

Arctaris has invested in Iron Crown’s two businesses, Southern Spear Ironworks (SSI), a steel fabrication company, and Tomahawk Crane & Rigging (TCR), a crane and boom truck leasing company, both based in Chattanooga, Tennessee. Arctaris has provided the companies with growth capital to finance their operations and real estate purchases as they pursue opportunities to acquire steel shops and establish crane yards in Mobile, Alabama and other locations across the Gulf Coast.

Impact Thesis

SSI and TCR have provided high-wage, low-barrier-to-entry jobs for residents of Chattanooga since they began. SSI integrates vocational training into its recruitment strategy. The company has worked with the Hamilton County Sheriff’s Office and local high schools to train returning citizens and high schoolers in trades such as welding, which offer high starting wages to workers without college degrees. Arctaris Impact’s investment will enable Iron Crown to create opportunities for workers in more communities and will offer the option for employee equity stakes in new locations.



Investment Inputs¹

Overview	
Investment Uses	Real Estate Purchases and Improvements (\$6M), Equipment (\$0.9M), New Hires (\$0.6M), Moving Costs (\$0.8M), Other Capital Expenditures (\$3.7M)
Total Investment	\$12.0M
Investment Date	July 2024

Investment Impact¹

Jobs	
	2024
Total Jobs (full-time, part-time, and temporary/seasonal jobs)	150
Number of Living Wage ³ Jobs	147
Living Wage ³ Jobs as percent of full-time and part-time jobs	98%

Equitable Hiring		
Jobs that:	# of Jobs	% of Jobs ²
Do not require a bachelor’s degree	15	10%
Are available to individuals with a prior felony conviction	10	7%

Unemployment Rate ⁴		
	2014-2018	2019-2023
Neighborhood ⁵	22%	5%
Region ⁶	6%	4%

Workforce and Leadership Diversity		
	Senior Management	Employees
People of Color	0%	22%
Women	0%	9%
Veterans	25%	13%

Employee Benefits	
Healthcare benefits, retirement benefits, flexible work arrangements, paid sick leave, paid vacation time, business skills training, professional development training, licensing and association fee reimbursement, incentive compensation (e.g., bonuses, profit share, etc.)	

Median Household Income ⁴		
	2014–2018	2019–2023
Neighborhood ⁵	\$25,415	\$26,032
Region ⁶	\$62,861	\$68,666

Community Impact

¹ Unless otherwise noted, all data is from the Arctaris 2024 Annual Impact Survey, administered by ICIC.

² Living wage jobs are based on MIT’s Living Wage Calculator. For hourly employees, living wage is adjusted based on a 40-hour work week.

³ Percent of full-time and part-time jobs (excludes temporary/seasonal jobs).

⁴ U.S. Census Bureau ACS 5-Year Estimates, 2023 dollars.

⁵ Census tract containing Iron Crown.

⁶ Chattanooga, TN-GA Metropolitan Area.

Photo credit: Iron Crown, Inc.

Liv DTLA (1411 Flower St.)

Los Angeles , California

Investment Overview

Arctaris has invested in Liv DTLA, a \$67.0 million affordable housing development in the South Park neighborhood of Los Angeles. The all-studio housing project, located at 1411 S. Flower Street, was developed by Housing Diversity Corporation, a Seattle-based large-scale multifamily real estate manager. The building’s amenities include a courtyard, a rooftop deck boasting panoramic views of Los Angeles, and ample bicycle storage.

Impact Thesis

In a unique and innovative partnership, 100% of the residential units are being master-leased to the Los Angeles Homeless Services Authority (LAHSA). The building will serve as supportive housing for individuals experiencing homelessness and will include on-site services from LAHSA. The development site is across the street from the A and E lines on the Los Angeles Metro, providing public transit access to many employers in downtown Los Angeles.

New Investment



Investment Inputs¹

Overview	
Investment Size	\$13.6M
Security Type	Preferred Equity
Fund(s)	OZ 2019 and OZ 2020
Investment Date	Early 2024
Construction Status	Completed

Project Partners

Housing Diversity Corporation (HDC) is an affordable housing developer and investor that operates in Seattle and Los Angeles. The firm focuses on providing amenitized and sustainable housing in a small yet efficient footprint for individuals and families.

The United Way of Greater Los Angeles (UWGLA) is the primary loan issuer for the Flower Street development. UWGLA's mission is to support economic development, job creation, and social programs throughout the greater LA region, while giving back to those in need in their communities.

Investment Impact¹

Housing Units		
# of Units	% of Units	Affordability Level
227	100%	50% AMI

Jobs

	Full-time	Part-time	Total
Construction Jobs	160	0	160
Permanent Jobs (e.g. site management, retail)	20	0	20

Community Impact

Rent Burdened Households ²		
	2014-2018	2019-2023
Neighborhood ⁴	59%	55%
Region ⁵	55%	54%

Median Household Income³

	2014-2018	2019-2023
Neighborhood ⁴	\$26,685	\$37,647
Region ⁵	\$88,439	\$93,525

¹ Unless otherwise noted, all data is from the Arctaris 2024 Annual Impact Survey, administered by ICIC.
² Percent of renter households who spend 30 percent or more of their income on housing.
³ U.S. Census Bureau ACS 5-Year Estimates, 2023 dollars.
⁴ Census tract containing the Liv DTLA project.
⁵ Los Angeles-Long Beach-Anaheim, CA Metropolitan Area.

Northeast Heights

Washington, D.C.

Investment Overview

Northeast Heights is a ground-up development of 271,000 square feet of Class A mixed-use retail and office space. Located in the 7th Ward of Washington, D.C., the building is secured under a 21-year lease to the District of Columbia’s Department of General Services (DGS) which covers 93% of the building’s rentable square footage.

Impact Thesis

Partnering with Asland Capital Partners, a minority-owned real estate investment firm, 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 the lower-income Wards 7 and 8 of Washington, D.C. In the long term, the Northeast Heights development project is anticipated to support commerce that would include hundreds of jobs across retail, restaurant, anchor tenant, pharmacy, and office operations. 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 increase commercial activity in the community and support local retail businesses. Following the completion of the project’s construction in April 2023, the project has leased up 22% of its retail space to essential neighborhood retailers with strong credit, including USPS and Citibank.



Investment Inputs¹

Overview	
Investment Size	\$4.5M
Security Type	Equity
Fund(s)	OZ 2019
Investment Date	October 2021
Construction Status	Completed

Project Partners

Goldman Sachs Urban Investment Group is a co-investor in this investment.

Asland Capital Partners is a co-General Partner in this investment.

Investment Impact¹

Non-Residential Space	
Sq. Ft. Retail	15,000
Sq. Ft. Office Space	256,000

Jobs

	Full-time	Part-time	Total
Construction Jobs	0	1,500	1,500
Permanent Jobs (e.g. site management, retail)	15	3	18

Environmental Standards

LEED Certified

Community Impact

Unemployment Rate ²		
	2014-2018	2019-2023
Neighborhood ⁴	15%	21%
Region ⁵	5%	5%

Median Household Income³

	2014-2018	2019-2023
Neighborhood ⁴	\$56,087	\$52,837
Region ⁵	\$117,541	\$123,896

¹ Unless otherwise noted, all data is from the Arctaris 2024 Annual Impact Survey, administered by ICIC.

² Percent of renter households who spend 30 percent or more of their income on housing.

³ U.S. Census Bureau ACS 5-Year Estimates, 2023 dollars.

⁴ Census tract containing Northeast Heights.

⁵ Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Area.

S&K Holdings, Inc.

Southwestern Pennsylvania

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.

Impact Thesis

Arctaris Impact's investment in S&K aims to create impact by: 1) providing quality care to residents of underserved communities, 2) providing healthcare career entry opportunities for those otherwise lacking the educational background or professional certifications to land a job in the field, and 3) supporting the growth of a minority-owned and minority-operated business. S&K aims to serve as a career starter for many of its predominantly female and minority employees. S&K's "Upward Mobility" program provides education and training for Personal Care Assistants (PCAs) and Certified Nursing Assistants (CNAs), developing those who want to enhance their caregiving skill set. S&K offers an extensive set of benefits to its employees, including full healthcare, retirement benefits, flexible work, and paid sick leave. There are also incentive compensation benefits, such as performance, referral, and signing bonuses.



Investment Inputs¹

Overview

Total Investment	\$3.1M
Investment Date	October 2021

Project Partners

Family Choice Healthcare was acquired and merged into the S&K portfolio.

The Richard King Mellon Foundation provided first-loss capital for the project.

Steve Taylor, who is the original founder and CEO for over 20 years still remains as the lead operator of S&K.

Investment Impact¹

Workforce and Leadership Diversity

	Senior Management	Change in Diverse Senior Management from 2023	Employees	Change in Diverse Employees from 2023
People of Color	43%	+3%	63%	-7%
Women	100%	0%	88%	-2%
Veterans	0%	0%	5%	+4%

Jobs

	2024	At Investment (2020)
Total Jobs (full-time, part-time, and temporary/seasonal jobs)	684	N/A
Number of Living Wage ² Jobs	12	16
Living Wage ² Jobs as percent of full-time and part-time jobs	2%	2%

Employee Benefits

Healthcare benefits, retirement benefits, flexible work arrangements, paid sick leave, paid vacation time, business skills training, professional development training, incentive compensation (e.g., bonuses, profit share, etc.)

Community Impact

Unemployment Rate³

	2014-2018	2019-2023
Neighborhood ⁴	8%	8%
Region ⁵	5%	5%

Median Household Income³

	2014-2018	2019-2023
Neighborhood ⁴	\$30,502	\$48,188
Region ⁵	\$63,052	\$67,268

¹ Unless otherwise noted, all data is from the Arctaris 2024 Annual Impact Survey, administered by ICIC.

² Living wage jobs are based on MIT's Living Wage Calculator. For hourly employees, living wage is adjusted based on a 40-hour work week.

³ U.S. Census Bureau ACS 5-Year Estimates, 2023 dollars.

⁴ Average of the census tracts containing S&K's new locations in Pittsburgh and Altoona.

⁵ This is an average of the two metropolitan areas: Pittsburgh, PA Metropolitan Area and Altoona, PA.

The Eddy

Grand Junction, Colorado

Investment Overview

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

Impact Thesis

Similar to the Altitude Apartments investment, the Eddy addresses the region's lack of housing by pricing units at rents accessible to households with approximately 80% of area median income (AMI) in the surrounding community. The Eddy achieved full lease-up ahead of schedule during the fourth quarter of 2023. The Eddy is situated along the Colorado River and borders a new riverfront development with parks, an amphitheater, offices, and river access. The development is poised to persist as a vital source of workforce housing for a burgeoning ski destination while also serving as an appealing camping destination for local families to enjoy.



Investment Inputs¹

Overview	
Investment Size	\$1.0M
Security Type	Equity
Fund(s)	OZ 2019
Investment Date	September 2020
Construction Status	Completed

Project Partner

FourPoints Capital was the project sponsor and developer.

Investment Impact¹

Housing Units		
# of units	% of units	Affordability Level
96	100%	100% AMI

Jobs

	Full-time	Part-time	Total
Construction Jobs	25	25	50
Permanent Jobs (e.g. site management, retail)	4	3	7

Community Impact

Rent Burdened Households ²		
	2014-2018	2019-2023
Neighborhood ⁴	47%	69%
Region ⁵	51%	45%

Median Household Income³

	2014-2018	2019-2023
Neighborhood ⁴	\$65,457	\$60,656
Region ⁵	\$65,918	\$71,485

¹ Unless otherwise noted, all data is from the Arctaris 2024 Annual Impact Survey, administered by ICIC.

² Percent of renter households who spend 30 percent or more of their income on housing.

³ U.S. Census Bureau ACS 5-Year Estimates, 2023 dollars.

⁴ Census tract containing The Eddy.

⁵ Grand Junction, CO Metropolitan Area.

Market Fresh Gourmet

Baltimore, Maryland

Investment Overview

Market Fresh Gourmet (MFG) is a minority-owned, full-service community grocery store chain operator that is planning to open its first grocery store in 2026 in Baltimore, Maryland. The first store will carry fresh produce, baked goods, and hot and cold prepared foods.

Impact Thesis

Market Fresh Gourmet is a minority-run and minority-owned business. Arctaris has invested in an express grocery store, located in a food desert, which will operate in a mixed-use building as an anchor ground floor retail tenant. MFG aims to concentrate procurement from local minority-owned suppliers. In addition to supporting vital social needs for accessible healthy food, the company also plans to offer community cooking classes, educational workshops on healthy eating, and other health-related initiatives to residents of severely distressed census tracts. Finally, Market Fresh Gourmet is projected to create 40 living-wage jobs in the local Baltimore community.¹



Investment Inputs²

Overview	
Investment Uses	Construction Costs (\$2.8M), Operating Costs (\$2.1M), Transaction Costs (\$0.8M)
Total Investment	\$5.7M
Investment Dates	July/December 2021, March/June 2022, February/June 2023

Project Partners

Abell/NIIF First Loss Capital Program supporting our investments in Baltimore.

Investment Impact¹

Jobs		
	2024	At Investment (2021)
Total Jobs (full-time, part-time, and temporary/seasonal jobs)	3	N/A
Number of Living Wage ³ Jobs	3	3
Living Wage ³ Jobs as percent of full-time and part-time jobs	100%	100%

Employee Benefits

Healthcare benefits, paid sick leave, paid vacation time, business skills training, professional development training

Workforce and Leadership Diversity

	Senior Management	Employees
People of Color	100%	100%
Women	33%	33%
Veterans	0%	0%

% Spending with Diverse Suppliers (2024)

Minority-Owned	10%
Women-Owned	25%
Veteran-Owned	0%

Community Impact

Unemployment Rate ⁴		
	2014-2018	2019-2023
Neighborhood ⁵	18%	13%
Region ⁶	5%	5%

Median Household Income⁴

	2014-2018	2019-2023
Neighborhood ⁵	\$21,490	\$18,459
Region ⁶	\$96,845	\$97,300

¹ Market Fresh Gourmet is not yet open and currently under development.
² Unless otherwise noted, all data is from the Arctaris 2024 Annual Impact Survey, administered by ICIC.
³ Living wage jobs are based on MIT's Living Wage Calculator. For hourly employees, living wage is adjusted based on a 40-hour work week.
⁴ U.S. Census Bureau ACS 5-Year Estimates, 2023 dollars.
⁵ Census tract containing the first Baltimore Market Fresh Gourmet store.
⁶ Baltimore-Columbia-Towson, MD Metropolitan Area.

Recaro Automotive

Clinton Township, Michigan

Investment Overview

Located in Clinton Township, Michigan, Recaro is a manufacturer of high-performance automotive seats. 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

Recaro was divested from its parent company in 2019, putting well-paying Detroit-area jobs at risk. In early 2020, Arctaris partnered with Recaro’s management team and another strategic partner to move the firm’s headquarters to an Opportunity Zone in southeastern Michigan, preserving jobs and investing to expand the business. Through its partnership with Arctaris, the company committed to retaining jobs of all skill levels and growing the employee base.



Investment Inputs¹

Overview	
Investment Uses	Working Capital (\$25.6M), Building Purchase (\$0.8M),
Total Investment	\$26.4M
Investment Date	February 2020

Investment Impact¹

Jobs	
Total Jobs 2024 (full-time, part-time, and temporary/seasonal jobs)	151
Number of Living Wage ² Jobs	103
Living Wage ² Jobs as percent of full-time and part-time jobs	68%

Equitable Hiring		
Jobs that:	# of Jobs	% of Jobs ³
Do not require a bachelor’s degree	61	40%

% Spending with Diverse Suppliers		
	2024	2023
Minority-Owned	12%	11%

Workforce and Leadership Diversity		
	Employees	Change in Diverse Employees from 2023
People of Color	35%	-1%
Women	36%	-3%
Veterans	3%	0%

Employee Benefits	
Healthcare benefits, retirement benefits, flexible work arrangements, paid sick leave, paid vacation time, business skills training, professional development training, formal career counseling or mentoring, licensing and association fee reimbursement, incentive compensation (e.g., bonuses, profit share, etc.), pet care, short term disability, long term disability	

Community Impact

Unemployment Rate ⁴		
	2014-2018	2019-2023
Neighborhood ⁵	14%	13%
Region ⁶	7%	6%

Median Household Income ⁴		
	2014-2018	2019-2023
Neighborhood ⁵	\$36,757	\$44,302
Region ⁶	\$73,074	\$75,123

¹ Unless otherwise noted, all data is from the Arctaris 2024 Annual Impact Survey, administered by ICIC.
² Living wage jobs are based on MIT’s Living Wage Calculator. For hourly employees, living wage is adjusted based on a 40-hour work week.
³ Percent of full-time and part-time jobs (excludes temporary/seasonal jobs).
⁴ U.S. Census Bureau ACS 5-Year Estimates, 2023 dollars.
⁵ Census tract containing Recaro Automotive.
⁶ Detroit-Warren-Dearborn, MI Metropolitan Area.

Saddleback

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 services, retail, and mountain biking.

Impact Thesis

Arctaris Impact's investment in Saddleback has been a major driver of the economic revitalization of western Maine. The closure of Saddleback Mountain ski resort in 2015 dealt a devastating blow to the economy of Rangeley, Maine, significantly harming local businesses and increasing unemployment throughout Franklin County. In January 2020, Arctaris partnered with the State of Maine to purchase and re-open Saddleback Mountain ski resort, enabling Saddleback to rehire 200 team members for the first time since it was left shuttered in 2015. Arctaris has subsequently invested in state-of-the-art equipment and up-to-date hospitality services for its guests. Because of Arctaris Impact's investments, Saddleback has installed new Doppelmayr and Partek Quad high-speed chairlifts, purchased new snow-making and grooming equipment, and built a pump house, a new mid-mountain lodge, high-quality on-mountain staff housing, and other essential infrastructure. Arctaris also invested in a 7.4 megawatt (DC) solar farm, which produces double the electricity needed to operate the resort, creating substantial carbon emissions reductions. Today, the mountain hosts approximately 90,000 skier visits each season and expects 100,000+ skier visits next season. Saddleback was named Down East Magazine's Readers' Choice for "Best Ski Mountain" in Maine in 2022, 2023, and again in 2024.



Saddleback continued

Rangeley, Maine

Investment Inputs¹

Overview	
Investment Uses	New Chairlifts (\$10M), Upgraded Snowmaking Equipment (\$6M), New Mid-Mountain Lodge (\$7M), Affordable Housing Complex (\$10M), Solar Farm (\$5M), Other (\$7M)
Total Investment	\$31.7M
Investment Date	January 2020

Project Partners

Arctaris Maine Program committed to invest \$40.0M in Western Maine.

The Finance Authority of Maine provided a first-loss capital guarantee for Arctaris Impact's investment.

Investment Impact¹

Workforce and Leadership Diversity				
	Senior Management	Change in Diverse Senior Management from 2023	Employees	Change in Diverse Employees from 2023
People of Color	0%	0%	28%	+28%
Women	25%	+12%	32%	0%
Veterans	13%	-1%	1%	-12%

Jobs

	2024	At Investment (2020)
Total Jobs (full-time, part-time, and temporary/seasonal jobs)	367	N/A
Number of Living Wage ² Jobs	68	2
Living Wage ³ Jobs as percent of full-time and part-time jobs	32%	100%

Environment

Sources of renewable energy utilized	1
Percentage of utility expense saving from renewable energy sources	10%

Employee Benefits

Healthcare benefits, retirement benefits, flexible work arrangements, paid sick leave, paid vacation time, tuition reimbursement, business skills training, professional development training, formal career counseling or mentoring, rotational management training, licensing and association fee reimbursement, incentive compensation (e.g., bonuses, profit share, etc.), life insurance, short term disability, long term disability, paid volunteer/community days

Equitable Hiring

Jobs that:	# of Jobs	% of Jobs ³
Do not require a bachelor's degree	18	8%

Unemployment Rate⁴

	2014-2018	2019-2023
Neighborhood ⁵	3%	14%
Region ⁶	5%	4%

Median Household Incomes⁴

	2014-2018	2019-2023
Neighborhood ⁵	\$62,661	\$65,750
Region ⁶	\$67,064	\$71,773

Community Impact

¹ Unless otherwise noted, all data is from the Arctaris 2024 Annual Impact Survey, administered by ICIC.

² Living wage jobs are based on MIT's Living Wage Calculator. For hourly employees, living wage is adjusted based on a 40-hour work week.

³ Percent of full-time and part-time jobs (excludes temporary/seasonal jobs).

⁴ U.S. Census Bureau ACS 5-Year Estimates, 2023 dollars.

⁵ Census tract containing Saddleback.

⁶ Maine.

Specialized Construction, Inc.

(Northstar Paving) 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 cold-in-place recycling (CIPR), a specialized type of asphalt paving. CIPR significantly reduces energy consumption and expedites construction time compared to traditional asphalt paving methods. 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 retain and create living-wage jobs and to reduce the racial wealth gap by enabling minority business ownership. Arctaris provided capital to support an experienced Black entrepreneur's acquisition of a majority share in 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 also participates in a union apprenticeship program, hiring and training three to four apprentices per year. The new owners aspire to create 15 additional living-wage jobs in Ohio over the next five years. Moreover, company leaders plan to work with workforce development partners, such as Ohio Means Jobs, the Urban League, and El Barrio, to provide more job opportunities for disadvantaged youth and to improve workforce diversity at SCI.



Investment Inputs¹

Overview	
Total Investment	\$2.6M
Investment Date	March 2022

Project Partners

The Cleveland Foundation in support of our First Loss Capital program.
Keybank provided the senior secured loan in this transaction.
The Cuyahoga County Economic Development Office supported in sourcing this investment.

Investment Impact¹

Workforce and Leadership Diversity				
	Senior Management	Change in Diverse Senior Management from 2023	Employees	Change in Diverse Employees from 2023
People of Color	50%	0%	18%	+4%
Women	0%	0%	15%	+3%
Veterans	0%	0%	0%	-7%

Jobs

	2024	At Investment (2022)
Total Jobs	40	N/A
Number of Living Wage ² Jobs	39	40
Living Wage ² Jobs	98%	89%

% Spending with Diverse Suppliers

2024	2023
10%	10%

Employee Benefits

Healthcare benefits, retirement benefits, flexible work arrangements, paid sick leave, paid vacation time

Community Impact

Unemployment Rate³

	2014-2018	2019-2023
Neighborhood ⁴	12%	3%
Region ⁵	7%	6%

Median Household Income³

	2014-2018	2019-2023
Neighborhood ⁴	\$43,892	\$63,981
Region ⁵	\$65,446	\$68,507

¹ Unless otherwise noted, all data is from the Arctaris 2024 Annual Impact Survey, administered by ICIC.
² Living wage jobs are based on MIT's Living Wage Calculator. For hourly employees, living wage is adjusted based on a 40-hour work week.
³ U.S. Census Bureau ACS 5-Year Estimates, 2023 dollars.
⁴ Census tract containing Specialized Construction.
⁵ Cleveland, OH Metropolitan Area.
Photo credit: Specialized Construction, Inc.

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. Up To Date Laundry processes more than 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 an economically distressed neighborhood of Baltimore that employs a diverse base of over 240 part-time and full-time employees. Arctaris worked with Up To Date Laundry's management to secure Property Assessed Clean Energy (PACE) financing. Up To Date used the PACE financing to acquire new equipment that improved water utilization and reduced energy consumption. Arctaris Impact's investment also enabled Up To Date Laundry to purchase state-of-the-art automation and material handling equipment that has increased operational efficiencies and created additional skilled-job opportunities.



Investment Inputs¹

Overview	
Investment Uses	Acquisition (\$12.5M), New Equipment (\$2M), Working Capital (\$0.8M)
Total Investment	\$15.3M
Investment Dates	Q1 2021, Q2 2022, Q4 2023

Project Partners

The Abell Foundation committed \$4 million in catalytic capital to Arctaris Baltimore.

This investment is supported by the Neighborhood Impact Investment Fund (NIIF), a mission-driven fund launched by the City of Baltimore.

Erie Insurance's investment in Up To Date through Arctaris is part of an \$8 million commitment the company made to fund businesses and community development projects in underserved communities.

Investment Impact¹

Workforce and Leadership Diversity				
	Senior Management	Change in Diverse Senior Management from 2023	Employees	Change in Diverse Employees from 2023
People of Color	0%	-7%	83%	-1%
Women	25%	11%	42%	1%
Veterans	0%	-14%	2%	1%

Jobs

	2024	At Investment (2021)
Total Jobs (full-time, part-time, and temporary/seasonal jobs)	677	N/A
Number of Living Wage ² Jobs	72	77
Living Wage ² Jobs as percent of full-time and part-time jobs	24%	36%

Equitable Hiring

Jobs that:	# of Jobs	% of Jobs ³
Do not require a bachelor's degree	225	75%
Are available to individuals with a prior felony conviction	200	66%

Employee Benefits

Healthcare benefits, retirement benefits, paid sick leave, paid vacation time

Community Impact

Unemployment Rate⁴

	2014-2018	2019-2023
Neighborhood ⁵	6%	10%
Region ⁶	5%	5%

Median Household Income⁴

	2014-2018	2019-2023
Neighborhood ⁵	\$69,373	\$61,138
Region ⁶	\$96,845	\$97,300

¹ Unless otherwise noted, all data is from the Arctaris 2024 Annual Impact Survey, administered by ICIC.

² Living wage jobs are based on MIT's Living Wage Calculator. For hourly employees, living wage is adjusted based on a 40-hour work week.

³ Percent of full-time and part-time jobs (excludes temporary/seasonal jobs).

⁴ U.S. Census Bureau ACS 5-Year Estimates, 2023 dollars.

⁵ Census tract containing Up To Date laundry location impacted by Arctaris' investments.

⁶ Baltimore-Columbia-Towson, MD Metropolitan Area.

Photo credit: Up To Date Laundry

Arctaris Impact's Community Development Entity (CDE)¹

Arctaris Impact Investors created a U.S. Treasury-certified Community Development Entity in 2021. From 2023-2024, Arctaris invested \$30.0M through the federal New Markets Tax Credits program with a focus on disadvantaged communities.

What are New Market Tax Credits (NMTC)?

New Markets Tax Credits is a federal program designed to incentivize private investment into low-income communities. NMTC capital is awarded to certified CDEs with a history of supporting marginalized communities, through a rigorous application process. This capital is deployed to catalyze community improvement through generating jobs, improving infrastructure, and boosting economic development.



What was Arctaris Impact's NMTC approach?

Using its 15-year track record investing in disadvantaged communities, Arctaris used the NMTC program to reach more businesses in disadvantaged communities. With capital that is more flexible than the typical private financing, Arctaris Impact's NMTC program focused specifically on investing in companies that create quality jobs, combat poverty, and increase wages.



Arctaris 2024 NMTC Impact Results

\$30,000,000

NMTCs Deployed to Disadvantaged Communities



Job Creation²

539

New Jobs Created

244

Construction Jobs Created

82

Jobs Retained



Diversity Promotion

34%

Invested Capital to Projects Owned by Under-represented Groups²

53%

Employees hired from under-represented backgrounds³

100%

Diverse Management Teams³



Economic Mobility

87%

Jobs accessible without 4-year education²

98%

Quality Jobs with Benefits²

37%

Average Poverty Rate of Investment Locations⁴

¹ NMTC investments are made through Arctaris CDE which is independent of the Arctaris Impact family of funds.

² Estimated impact based on deal qualification and diligence documentation.

³ 2024 Impact Survey.

⁴ Average of Census tracts containing NMTC investments. 2023 dollars.

Arctaris has supported 5 unique projects with their NMTC Allocation

Specialized Construction Incorporated – Cuyahoga Heights, Ohio

Founded in 1988, Specialized Construction Incorporated offers high-quality asphalt paving and construction services. Arctaris Impact's NMTC investment enabled additional hiring with 95% of jobs accessible to low income community residents and 98% offering living wages and benefits.

NMTC Investment:
\$4 Million

Deal Highlights:
40 Jobs Supported



Steel Warehouse – Warren, Ohio

Steel Warehouse is a multi-generational family-owned and operated steel processing company of 78 years. The investment supports equipment purchases and hiring creating an additional jobs in an economically distressed area with an unemployment rate of 19%.

NMTC Investment:
\$2 Million

Deal Highlights:¹
51 Jobs Created
23 Jobs Retained



Fine Fare Supermarket – Bronx, New York

Fine Fare Supermarket is a part of the larger Grand Concourse Fordham mixed use development project. Arctaris Impact's NMTC investment eliminates a food desert and creates permanent jobs. This investment aligned with the Bronx-wide plan and qualified for additional grant support.

NMTC Investment:
\$8 Million

Deal Highlights:¹
120 Jobs Created
79 Construction Jobs Created



Fearless Tech – Baltimore, Maryland

Fearless Tech's mission is to build "software with a soul" that empowers communities. Fearless tech also runs an incubator for underrepresented entrepreneurs to succeed as digital service providers. This project provided additional liquidity and assisted additional hirings.

NMTC Investment:
\$8 Million

Deal Highlights:¹
62 Jobs Created
Job Education Program



BioSimilar Solutions – Aguadilla, Puerto Rico

BioSimilar Solutions specializes in R&D and manufacturing of affordable biologics and gene therapy for cancer treatment. This project supports the purchase of equipment and leasehold improvements. This expansion decreases the cost of biosimilar cancer drugs for patients.

NMTC Investment:
\$8 Million

Deal Highlights:¹
305 Jobs Created
165 Construction Jobs Created



¹ Statistics and company details sourced through Arctaris diligence for investment. Statistics are projections of future impact of investment.

Case Studies

In 2024, Arctaris deployed a one-year firm record of \$97M of capital to impact-focused projects across the country. We highlight three of these new investments in this year's Impact Report:

Liv DTLA

Building Affordable Housing and Addressing Homelessness through Affordable-by-Design Housing

A 227-unit affordable housing development in Los Angeles, fully leased to residents making 50% AMI or less. Page 39 ►



Circuit Avenue

An Innovative Solution to Detroit's Legacy Housing Problem

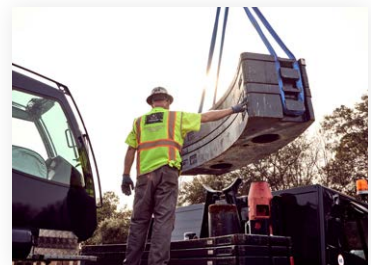
An affordable housing developer upgrading old homes in Detroit to provide voucher holders quality homes—a pathway to home ownership. Page 45 ►



Southern Spear Ironworks and Tomahawk Crane and Rigging (Iron Crown)

A True Promise for a Good Job

A steel fabricator and crane rental company in Chattanooga, Tennessee that provides unique hiring and advancement opportunities to community members. Page 50 ►



Each of these projects reflect Arctaris Impact's belief in the transformative power of capital to improve the lives of people and communities around the country. These projects also demonstrate that effective and enduring community redevelopment requires a holistic approach that brings together the right mix of community, investment, and other partnerships to deliver for communities and investors alike.

We invite you to read more about each investment to better understand how Arctaris has stepped up for its communities and investors in 2024.

Liv DTLA:

Building Affordable Housing and Addressing Homelessness through Affordable-by-Design Housing

Why Arctaris Invested: Arctaris invested \$13.6M into a 227 micro-unit, 100% affordable housing development in downtown Los Angeles that stitched together an array of capital sources and incentives. Arctaris identified Liv DTLA as a unique opportunity because of the project's financing needs, uniquely designed high density model, elimination of parking requirements, and proximity to public transportation and employment opportunities. And through a master lease with the Los Angeles Homeless Services Authority (LAHSA), the project is also 100% affordable housing for individuals who have experienced homelessness in downtown L.A., one of the most expensive housing markets in the country. Arctaris stepped in and provided financing at a critical stage in the project's development.



Housing Diversity Corporation (HDC) is a Seattle-based real estate developer that specializes in building affordable housing for low- and middle-income households. Brad Padden, HDC's CEO and founder, started the development firm in 2012. After successfully developing approximately 2,000 homes in Seattle, HDC expanded to Los Angeles in 2019 with the goal of addressing the region's acute housing shortage in high-opportunity neighborhoods. However, by mid-2023, HDC's first housing development in Los Angeles, at 1411 Flower Street, was facing budget challenges due to higher-than-expected interest rates, which threatened significant delays and even noncompletion without additional financing. By March 2025, with the support of an important \$13.6 million investment by Arctaris and a new low-interest loan from the United Way of Los Angeles, HDC celebrated the ribbon cutting of Liv DTLA, a 227-unit housing development with all units going to residents who make 50% of the Area Median Income or less. To make this unique affordable housing development work—in an expensive city amidst difficult economic conditions—HDC, Arctaris, and other partners had to stitch together a dizzying array of local incentives, design choices, exemptions, and deal terms to make the deal work.

Los Angeles's Affordable Housing and Homelessness Crises

The scale of LA's affording housing and homeless crisis is staggering: one in five unsheltered people in the U.S. live in Los Angeles County.

The Los Angeles region faces two major housing-related crises: a shortage of affordable rentals for low-income households and a rapidly growing homeless population.¹ In 2022, Los Angeles County had an estimated shortage of 494,446 affordable and available rental homes for the county's low-income households.² More than half a million low-income households in Los Angeles County paid 50% or more of their income toward housing costs in 2022; paying this much of a household's income in rent severely burdens household finances and leaves little room for other essentials such as healthcare, food, transportation, and education.³

The widespread financial instability caused by Los Angeles County's affordable housing shortage has likely contributed to the region's acute and growing homelessness crisis. In 2022, an estimated 69,144 people experienced homelessness in Los Angeles County, nearly double the 2012 estimate of 35,926.⁴



Liv DTLA facade, artist rendering

¹ Throughout this case study, "low-income households" refers to households that make 50% of Area Median Income (AMI) or less.

² California Housing Partnership, *Los Angeles County 2024 Annual Affordable Housing Outcomes Report*, <https://chpc.net/wp-content/uploads/2024/12/Los-Angeles-County-Affordable-Housing-Outcomes-Report-2024.pdf>.

³ Thyria A. Alvarez and Barry L. Steffen, *Worst Case Housing Needs: 2023 Report to Congress* (Washington: U.S. Department of Housing and Urban Development, 2023), <https://www.huduser.gov/portal/portal/sites/default/files/pdf/Worst-Case-Housing-Needs-2023.pdf>.

⁴ Analysis of the U.S. Department of Housing and Urban Development's (HUD) 2024 *Point-in-Time Estimates by CoC* dataset. For comparability with the housing shortage statistics, four Continuum of Care (CoC) regions were combined to match the boundaries of Los Angeles County: Los Angeles City and County CoC, Glendale CoC, Pasadena CoC, and Long Beach CoC. The results of the analysis are substantively similar for Los Angeles City and County CoC alone.

Housing Diversity Corporation and Liv DTLA

HDC's initial plan for Liv DTLA was to build a mixed-income affordable housing development made up entirely of units that would be affordable to low- and moderate-income households. In Los Angeles, one of the most expensive housing markets in the country, this would be no small task.

HDC made this project financially viable through both design and financial decisions that leveraged public-private and philanthropic partnerships. By adopting a cost-efficient design utilized in its previous projects in Seattle, HDC maximized the city's transit-oriented bonus density, yielding over 600-homes per acre. Most eight-story buildings like Liv DTLA produce 90 to 120 units per acre. At the local level, HDC combined multiple affordability incentives to guarantee that all the building's units would be affordable to households with low and moderate incomes. First, HDC agreed to make all units affordable at 120% of area median income ("120% AMI") in exchange for an abatement of the city's parks and recreation fee. Second, HDC promised to keep 40% of units affordable at 80% AMI in exchange for an abatement of property taxes during operations. These two incentives supported lower rents and guaranteed affordability by lowering Liv DTLA's expected operational costs.



Amenities at Liv DTLA

Next, HDC needed incentives from the Los Angeles Transit-Oriented Communities (TOC) program to produce apartments that would be affordable for low-income households. The TOC program provides development incentives to affordable housing developments near public transit. Liv DTLA qualified for the TOC program's location requirements because the planned location in downtown Los Angeles was approximately a quarter of a mile from the Los Angeles Metro's Pico stop and had multiple bus stops within a two- to three-block radius. HDC fulfilled the program's affordability requirements by promising to ensure that 10% of Liv DTLA's units would be affordable at 30% AMI. The TOC program then provided Liv DTLA with two valuable and



Brad Padden, CEO and Founder, Housing Diversity Corporation (HDC)

uncommon incentives: a waiver of parking requirements and an increase in the project's allowed density. The parking waiver eliminated substantial construction costs that would have otherwise been spent to create parking spaces. The increase in density limits allowed HDC to design micro-unit studios, spreading development costs over a larger number of units. Both TOC incentives supported the project's affordability and financial viability by reducing Liv DTLA's construction cost per unit.

Another piece of Liv DTLA's financial puzzle was its location in a federal Opportunity Zone (OZ). This designation encouraged equity investors to invest in the project and enabled HDC to develop this unique property. "We were only able to build Liv DTLA in this neighborhood because of the Opportunity Zone designation. Our equity investors may not have been interested if we did not have the Opportunity Zone," said Brad Padden. Liv DTLA's original equity investors included impact funds, individuals, and investments from CrowdStreet, an investing platform. Real estate developments typically need a certain amount of equity before they can obtain debt financing and Liv DTLA's OZ designation played an important role in bringing equity investors into the project.

Changing Economic Conditions

With its affordability plan in hand, HDC broke ground on Liv DTLA in May 2023. HDC first connected with Arctaris several months later, while Liv DTLA's construction was well underway. In July 2023, with six months remaining on its construction loan, HDC determined that it needed to refinance the loan. HDC's original construction loan had a variable interest rate and rising interest rates had begun to put pressure on the project's financial viability. HDC was interested in the United Way of Greater Los Angeles' (UWGLA) Affordable Housing Initiative and connected with UWGLA as a potential lender. To secure a lower-interest rate loan from UWGLA,



Jonathan Tower at Liv DTLA Grand Opening

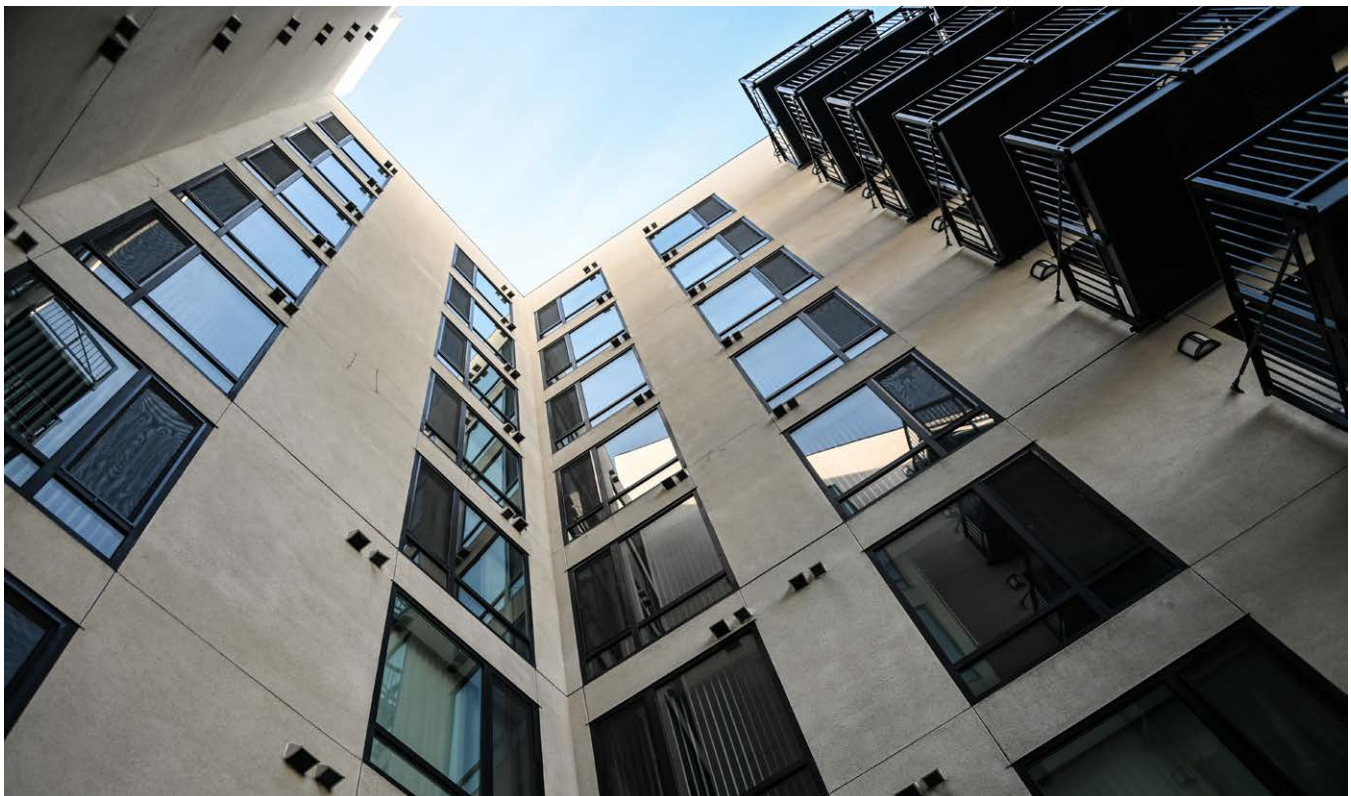
HDC needed to lower the project's loan-to-value ratio as well as add an equity investor who could provide the needed capital.

A member of HDC's team first learned about Arctaris through its place-based investments in Erie. HDC reached out to Arctaris with the investment opportunity and began meeting with Arctaris Impact's investment deal teams. Arctaris was interested in HDC's innovative approach to real estate development and Liv DTLA in particular because of its financing need, uniquely designed high density model, elimination of parking requirements, proximity to public transportation and employment opportunities, and planned mix of market-rate and subsidized tenants.

Arctaris Impact's Andrew Gibbs explained the appeal of Liv DTLA's density and efficiency: "Liv DTLA will have more than 600 units per acre, compared to approximately 100-150 units per acre in a typical development. This is a much better and more efficient way to build." This increased density supports lower rents for individual tenants while generating higher revenue and returns than equivalently priced but less dense affordable housing developments. The city's policies and HDC's focus on efficiency have enabled HDC to build Liv DTLA at approximately half the per-unit cost of standard developments in Los Angeles.

Liv DTLA's high-density, transit-oriented design also supports greater environmental efficiency than less dense styles of housing development, enhancing the project's positive social impact. In a time where action on climate change is becoming increasingly urgent, Liv DTLA's environmentally efficient design was an important positive social impact that stood out to Arctaris.

HDC was particularly drawn to Arctaris Impact's experience, comfort working with entrepreneurs, and open-minded approach to the opportunity. HDC noted that Arctaris Impact's willingness to investigate the opportunity stood out: "Arctaris was open minded enough to listen to the story and really dig in," said Padden. "Some firms put so much emphasis on pedigree and didn't take the time to examine the opportunity."



Exterior, Liv DTLA

After undertaking extensive diligence, the Arctaris deal team worked with HDC to secure a preferred equity position in the project, which made the deal more financially attractive than a common equity offer. Finally, Arctaris successfully negotiated with HDC, UWGLA, and PNC Bank (UWGLA's credit enhancer) to modify several key loan terms and finalize the deal. Specifically, Arctaris changed the project's cross-default risk, its lender default risk, the loan's cure period, and several loan covenant terms that were overly restrictive for the viability of the project. Arctaris invested \$13.6 million of preferred equity in Liv DTLA in early 2024, thereby allowing HDC to secure a new loan from UWGLA and continue the development. Arctaris Impact's investment also enabled HDC to avoid a delay in construction that likely would have occurred if not for the investment.

Using Affordable-by-Design Development to Address LA's Homelessness Crisis

In February 2024, Los Angeles's City Council approved a new program that would allow the Los Angeles Homeless Services Authority (LAHSA) to master-lease residential buildings to provide housing and services to individuals experiencing homelessness.⁵ The HDC team was interested in partnering with LAHSA on this innovative program because of Brad Padden's simple belief that "no one should fall into homelessness because they can't afford their home."



Skyline view from Liv DTLA rooftop

After meeting with LAHSA staff to evaluate the opportunity, HDC began working with LAHSA on an application to master-lease the Liv DTLA building. Because the master-lease program was new, LAHSA was still developing processes for formalizing master-lease agreements and the United Way of Greater Los Angeles helped play a key role in streamlining the collaboration between HDC and LAHSA.

UWGLA's Stacey Rosser said, "The United Way of Greater Los Angeles was able to serve as a trusted intermediary between the for-profit and public sectors. We facilitated



New units at Liv DTLA

⁵ Melanie Chaewsky and Samara Harris, "Master Leasing: A New Approach to LA's Homelessness Crisis," Holland & Knight West Coast Real Estate & Land Use Blog, March 12, 2024, <https://www.hklaw.com/en/insights/publications/2024/03/master-leasing-a-new-approach-to-las-homelessness-crisis>.

LAHSA's understanding of the market and the rents that were needed to make Liv DTLA viable. We helped HDC highlight the ground floor space, which could house services providers." Rosser explained that this space would give LAHSA the unique opportunity to provide integrated, on-site supportive services to residents.

This unique collaboration succeeded in early 2025 when LAHSA and HDC signed a master lease agreement for Liv DTLA. This agreement ensures that all units will be rented at 50% AMI or less to households receiving LAHSA services (federal housing vouchers will pay a portion of each tenant's rent). To support Liv DTLA's residents, LAHSA will use the ground-floor space to provide services such as case management, physical and mental healthcare, and employment support.

Grand Opening: Liv DTLA

HDC, UWGLA, LAHSA, and Arctaris celebrated the grand opening of Liv DTLA with a tour and reception on March 4th, 2025. Arctaris and other stakeholders are excited for residents to begin moving into the building and hope that Liv DTLA can serve as a blueprint for the City of Los Angeles to address the city's affordable housing and homelessness crises. Arctaris Impact's Jonathan Tower explained, "Liv DTLA gives us an opportunity to rethink what equitable development looks like in Los Angeles. It shows how the city can take an active role in helping to create workforce and affordable housing throughout the city."

HDC plans to continue developing affordable-by-design housing in Seattle and Los Angeles and has plans for several projects in each city. "Partnering with Arctaris helps elevate HDC through association. Our work together has enabled us to get better meetings with potential partners and investors," said Padden. Padden also highlighted that the Liv DTLA model has the potential to transform how development is done in high-cost cities across the country.

Completing the Liv DTLA development and bringing it to market as 100% affordable housing required a unique collaboration between a private developer, private capital, philanthropic capital, and the public sector. HDC created an innovative development plan that combined several development incentives and tax credits with cost-effective construction techniques. UWGLA provided an essential loan to complete the project's construction at a lower interest rate than HDC could have secured elsewhere. Arctaris made a critical equity investment that both enabled UWGLA's loan and enabled HDC to complete the construction of the project. LAHSA provided a novel program to master-lease the building to provide supportive housing for formerly homeless individuals receiving support from LAHSA. Through this collaboration, the partnership has brought more than 200 additional units of affordable housing into the Los Angeles market at a time when it is desperately needed.

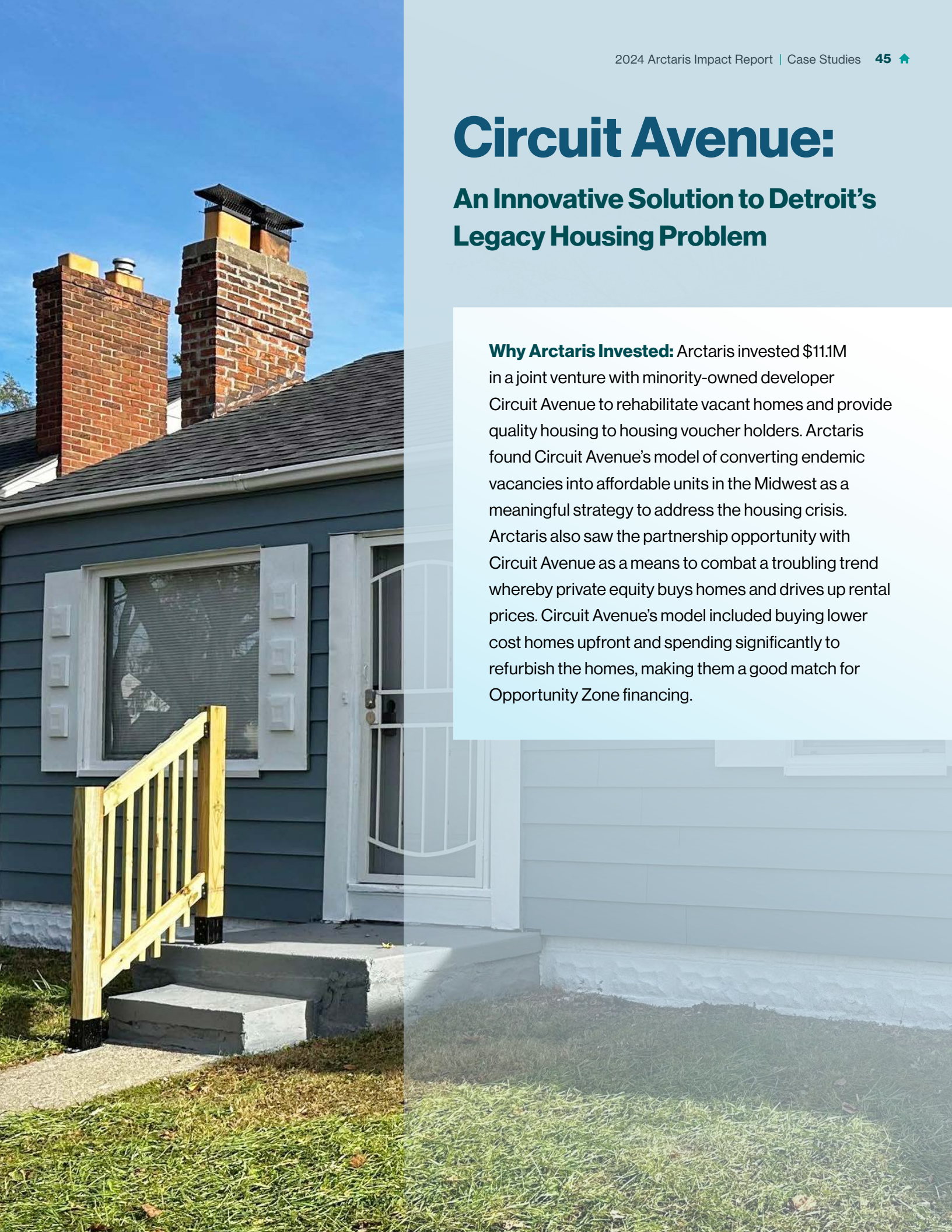


Andrew Gibbs, Nihar Sait, Jonathan Tower, Kritika Chadha

Circuit Avenue:

An Innovative Solution to Detroit's Legacy Housing Problem

Why Arctaris Invested: Arctaris invested \$11.1M in a joint venture with minority-owned developer Circuit Avenue to rehabilitate vacant homes and provide quality housing to housing voucher holders. Arctaris found Circuit Avenue's model of converting endemic vacancies into affordable units in the Midwest as a meaningful strategy to address the housing crisis. Arctaris also saw the partnership opportunity with Circuit Avenue as a means to combat a troubling trend whereby private equity buys homes and drives up rental prices. Circuit Avenue's model included buying lower cost homes upfront and spending significantly to refurbish the homes, making them a good match for Opportunity Zone financing.



The developer Circuit Avenue began as a side project for CEO Ian Batts. During the pandemic, Batts was working at Cadre, a New York-based real estate firm, and wanted to find a way to apply his skills to help fix the housing crisis he saw unfolding in the Midwest. At Cadre, Batts had overseen the sale of over \$700 million in assets, and he had previously implemented federal infrastructure grants. This unique expertise in both public and private real estate financing helped him form a new strategy of renovating vacant properties for subsidized housing recipients. Detroit's ample supply of blighted houses and the city's urgent need for deeply affordable housing attracted Batts' attention; he saw it as an optimal market to test this innovative approach to inclusive development.

Home ownership is one of the most powerful ways that Americans build generational wealth, but a lack of savings or low credit often stand in the way.¹ "Because of a lack of liquidity, a lot of Americans are permanently locked out of the housing market," says Batts. Extending pathways to homeownership through the rent-to-own program could give tenant-owners opportunities to double or triple their net worth.

Detroit: Collapse and Recovery

The devastating impacts of the auto crisis of the early 2000's and subsequent 2008 recession are still felt in Detroit today. The metro lost nearly 450,000 jobs between 2000 and 2010, and employment in the city's manufacturing sector, the regional driver of wealth and good employment, fell by over half during the same decade.² Amidst the loss of good-paying jobs, an estimated 120,000 residential properties were foreclosed on between 2005 and 2015—nearly half of the city's housing stock.³ As Detroit entered a spiral of urban flight and massive real estate devaluation, the shrinking property tax base severely limited the city's ability to combat infrastructure failure, and whole neighborhoods fell into disrepair.⁴ By 2014, nearly a third of all housing units in the city were vacant and over 80,000 homes were blighted.⁵

Detroit has seen over \$1 billion of public and private investment in housing over the past five years, and some areas of the city, notably the downtown corridor, have experienced remarkable recovery. However, the city continues to face numerous challenges. In 2023, around 32 percent of Detroit's population was living in poverty, and the city's median household income was \$39,575, around half of the national median.⁶ In this context, properties that might be otherwise considered affordable



Bedford Street home before investment



Bedford Street home after investment

¹ U.S. Department of Housing and Urban Development, Office of Policy Development and Research. *Wealth Accumulation and Homeownership: Evidence for Low-income Households*. <https://www.huduser.gov/publications/pdf/wealthaccumulationandhomeownership.pdf>

² U.S. Bureau of Labor Statistics; 2000-2010 Quarterly Census of Employment and Wages (QCEW). <https://www.bls.gov/cew/downloadable-data-files.htm>

³ Cooney and Nothaft, 2019. "Stopping the Eviction Machine in Detroit," University of Michigan <https://poverty.umich.edu/publications/stopping-the-eviction-machine-in-detroit/>.

⁴ Citizen's Research Council of Michigan. "Detroit's Population Decline Should Prompt Property Tax Reforms." <https://csrcmich.org/detroits-population-decline-should-prompt-property-tax-reforms>

⁵ U.S. Census Bureau, 2018 American Community Survey (ACS) 1-Year Estimate Comparison Profiles; Comparative Housing Characteristics. <https://data.census.gov/table/ACSCP1Y2018.CP04?q=De-troit+city,+Wayne+County,+Michigan&t=Housing+Units&y=2018;for=blight+statistics,consult+https://detroit.survey.umich.edu/wp-content/uploads/2021/02/Blight-Report-7-21-2020.pdf>

⁶ U.S. Census Bureau, "Quickfacts: Detroit City, Michigan" <https://www.census.gov/quickfacts/fact/table/detroitcitymichigan/BZA115222>.



Alter Road home before investment



Lauder Street home before investment



Alter Road home after investment



Lauder Street home after investment

remain unattainable to many. Housing vouchers, especially the federal Housing Choice Voucher (HCV) program, play an important role in this context. Units that are subsidized through the federal Housing Choice Voucher program (HCV), which typically provides vouchers worth between 80 and 90 percent of local rental rates to households with incomes below 50 percent area median income, play an essential role in the housing market. While subsidized housing can help address rent burden at the lower end of a housing market, the lack of livable units in Detroit still represents a major obstacle. Tenants can spend more than 6 months applying for properties once they receive a voucher, and due to their inability to keep up with demand, the Detroit public housing authority has had to close the HCV waitlist, which is currently over 4,000 applicants long.⁷

The acute crisis of poor housing quality inspired Ian Batts to found Circuit Avenue with a strategy to renovate vacant houses to rent exclusively to tenants using vouchers through the HCV program. Batts hoped to simultaneously create more

local affordable housing units, address congestion within the state's housing subsidy system, and make a dent in addressing Detroit's blight.

Beginning in 2021, Batts and a host of local contractors began to transform the run-down shells into dignified, modern starter homes that would give tenants a strong foundation for a new life. Batts was also strategic about which homes to target. Circuit Avenue's general strategy, Batts described, is "renovating the worst house in a nice neighborhood." Working in areas where around 20 percent or less of the stock is blighted increases the odds that the properties will appreciate and keeps operational costs related to vacancies low.

After working in Detroit for about a year, it became clear that Batts' side project demanded full-time attention. Partnering with Senior Advisor R. David Kelly, a real estate expert with over \$3.5 billion in real estate transactions over his 35-year career, Ian relocated to Detroit to found Circuit Avenue and began the work of repairing the affordable housing pipeline for HCV recipients at scale.

⁷ Michigan Live, "Michigan stopped issuing Section 8 housing vouchers, closed waitlist." <https://www.mlive.com/public-interest/2024/09/michigan-stopped-issuing-section-8-housing-vouchers-closed-waitlist.html>

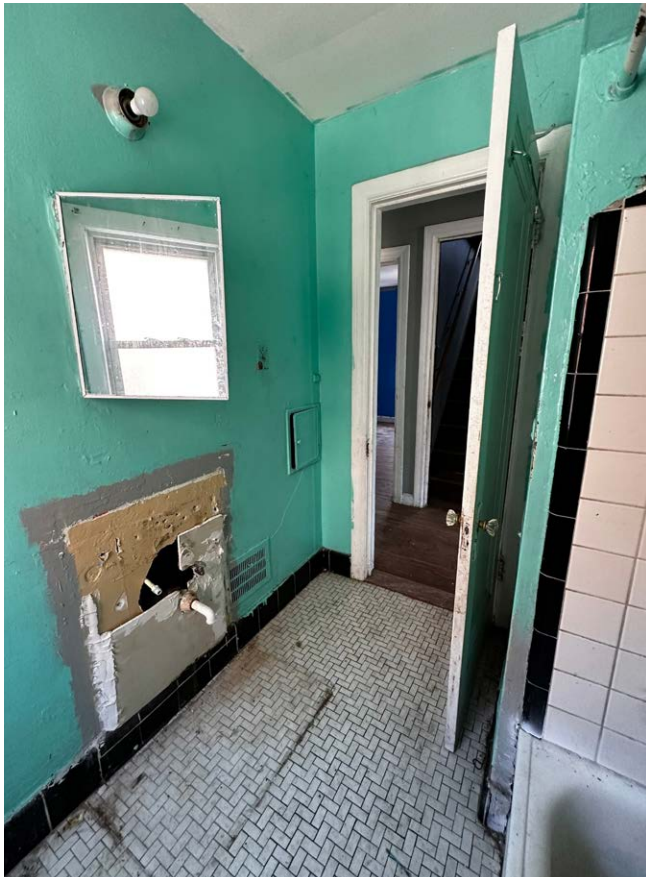
Relationship with Arctaris

Arctaris had been interested in converting endemic vacancies into affordable units in the Midwest to address the housing crisis. Arctaris Principal Andrew Gibbs saw the opportunity of partnering with Circuit Avenue as a way to combat troubling trends of private equity in the housing market: “Private equity is buying up lots of homes across the country, and we don’t want to contribute to the problem.” This story is painfully relevant to Detroit; in the wake of the Great Recession, nearly 90 percent of properties sold on the county’s tax foreclosure auction were purchased in bulk, and most were never returned to livable condition.⁸ When a key partner reached out and suggested Circuit Avenue as a possible investment, Gibbs saw the opportunity the deal presented.

Arctaris had identified a number of developers interested in similar work in the region, but throughout its rigorous due diligence process, these operational improvements differentiated Circuit Avenue as a mature young developer with clear capacity for growth.

In April 2024, Arctaris decided to invest \$11.1 million in equity into a joint venture with Circuit Avenue. A compelling proposition of the Circuit Avenue investment for Arctaris was the focus on rehabilitating existing homes—Opportunity Zone regulations require investors to put at least as much money into repairs and upgrades as the purchase price of the home (“doubling the basis”). While this requirement can be tricky to meet in other markets or models, Circuit Avenue’s model included both buying cheaper homes upfront and spending significantly to refurbish the homes.

Batts reflects that converting properties to rent to HCV recipients is “simple in concept, though very difficult in execution.” With the support of Arctaris, Circuit Avenue was able to drastically shorten the leasing and redevelopment processes, address repayment risks, and make a host of other cost-saving improvements.



Sussex Street home before investment



Sussex Street home after investment



⁸ Stopping the Eviction Machine in Detroit. <https://poverty.umich.edu/publications/stopping-the-eviction-machine-in-detroit/>



Sussex Street home after investment

“Uplifting the Community without Changing its Character”

Beyond the immediate relief efforts of expanding Detroit’s affordable housing and the transformational potential of the rent-to-own program, Circuit Avenue’s project may have even more wide-ranging positive effects. The company is concentrating its purchases in areas of the City of Detroit where its network of contractors and tenants says Detroiters want to live. It puts a premium on neighborhood safety, proximity to commercial areas and other amenities.

Circuit Avenue also places HCV tenants in neighborhoods of greater income diversity; owner-occupants end up with neighbors from a wider range of backgrounds than they likely would in areas of concentrated low income, which has been demonstrated to positively impact child development and resident social mobility.⁹ Renovating vacant homes also removes health and safety hazards for existing residents, and has positive effects on surrounding property values.¹⁰ While the residential conversion strategy primarily aims to offer low-income households a foothold in an area of opportunity, Circuit Avenue’s work will have broader implications for pre-

venting economic segregation in the reinvestment of Detroit and uplifting the community without essentially changing its character.

Opportunities for Wealth Creation

As a longer-term goal, Arctaris and Circuit Avenue are working to pilot a rent-to-own program for the joint venture’s tenants. Circuit Avenue and Arctaris aim to help tenants who sign long-term leases save toward down payments, work with local banks and Community Development Financial Institutions (CDFIs) to negotiate favorable home loans, and connect tenant-owners with local nonprofits for financial literacy training. For homes not sold to tenants, Circuit will look to provide opportunities for individuals to purchase rather than relying exclusively on bulk sales.

Rather than contributing to the root causes of the housing crisis, Arctaris and Circuit Avenue are working to ensure that the wealth created by updating Detroit’s housing stock stays in the city and directly benefits its residents. This model is still in its early stages, but it is starting to produce results. In 2024, Circuit Avenue sold its first two refurbished properties: one to a first-time homeowner, another to a Federal Housing Authority (FHA) mortgage recipient.

Circuit Avenue is demonstrating a powerful alternative vision for private reinvestment in Detroit’s residential market. Population decline and housing decay are legacy problems that require innovative and targeted solutions. Arctaris Impact’s project oversight and its alignment with Circuit Avenue on ensuring that the wealth created through housing is recirculated locally have been essential to this work.

Going forward, Circuit Avenue and Arctaris are planning to work more closely with the City of Detroit to invest in areas where Detroit has established strategic neighborhood fund investments, including partnering with the Detroit Land Bank Authority to help rehabilitate the Authority’s portfolio of vacant homes.¹¹

While its focus will remain on Detroit for now, Circuit Avenue recognizes that the need for affordable housing extends beyond the city. As its capacity grows, it plans to expand its conversion strategy into other markets, including Cleveland and Pittsburgh.

⁹ Chetty et al. 2016. The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment. Harvard. https://scholar.harvard.edu/files/lkatz/files/chk_aer_mto_0416.pdf; for discussion of neighborhoods effects on social mobility, see Turner and Gourevitch, “How Neighborhoods Affect Social and Economic Mobility of Their Residents” <https://www.urban.org/research/publication/how-neighborhoods-affect-social-and-economic-mobility-their-residents>.

¹⁰ Odell, Elise. 2019. University of Michigan. The Effect of The Demolition of Derelict Housing on Home Property Values: Evidence from Detroit. <https://lsa.umich.edu/content/dam/econ-assets/Econ-docs/HonorsTheses/The%20Effects%20of%20the%20Demolition%20of%20Derelict%20Housing%20on%20Home%20Property%20Values.pdf>

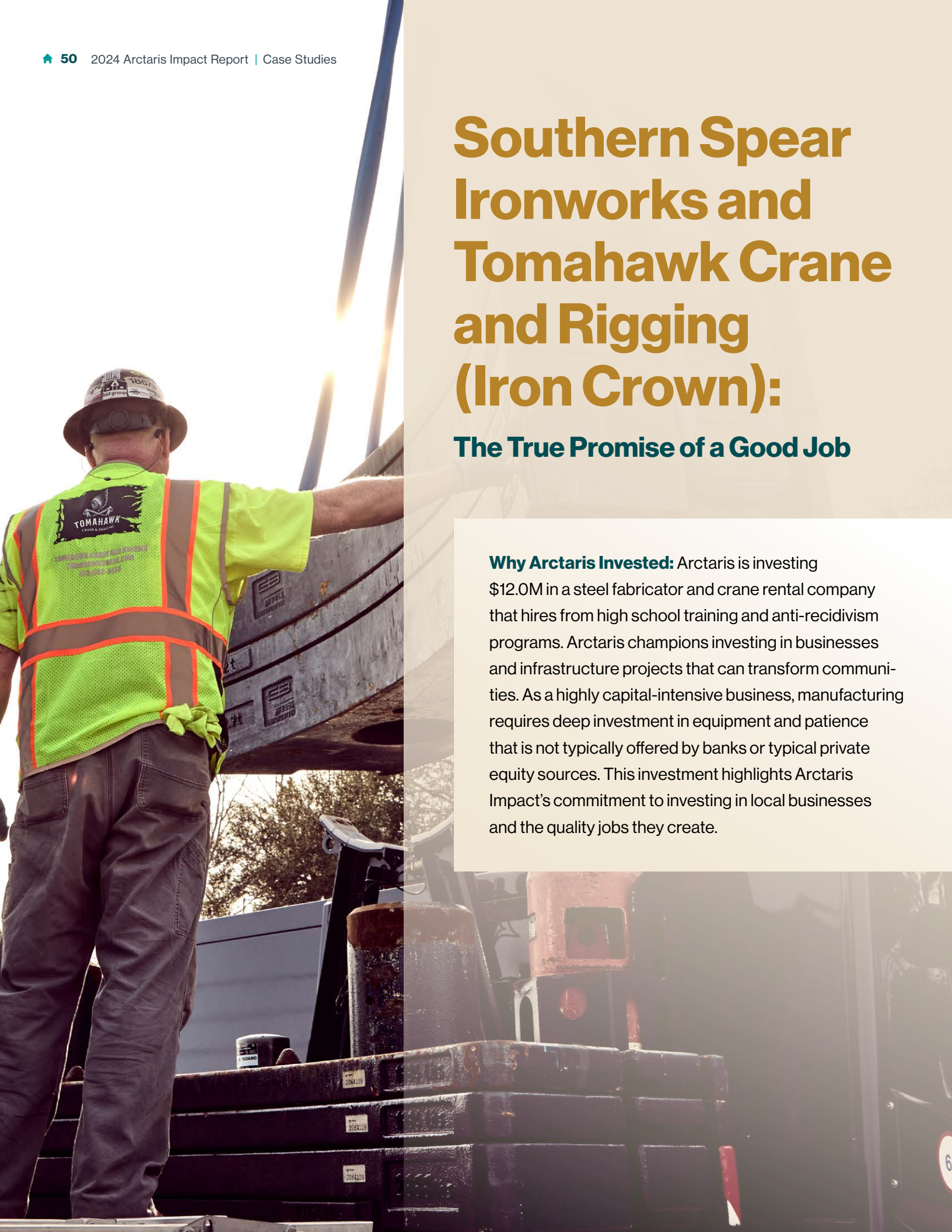
¹¹ See <https://investdetroit.com/strategic-neighborhood-fund/>.

Photo credits: Circuit Avenue

Southern Spear Ironworks and Tomahawk Crane and Rigging (Iron Crown):

The True Promise of a Good Job

Why Arctaris Invested: Arctaris is investing \$12.0M in a steel fabricator and crane rental company that hires from high school training and anti-recidivism programs. Arctaris champions investing in businesses and infrastructure projects that can transform communities. As a highly capital-intensive business, manufacturing requires deep investment in equipment and patience that is not typically offered by banks or typical private equity sources. This investment highlights Arctaris Impact's commitment to investing in local businesses and the quality jobs they create.



In Chattanooga, Sean Compton saw an opportunity. Sean had spent his career in construction and real estate projects, and he had noticed a shortage of high-quality steel contractors. So he decided to start his own structural steel fabrication company. Steel fabricators do the precise and difficult work of transforming raw steel into custom building materials and structural supports. Using a credit card for financing and a storage unit as a workshop, Sean started Southern Spear Ironworks (SSI) in 2016. In a few years, Sean was operating a business that required lifting hundreds of tons of steel for a single project. Then he saw a new opportunity: his business had a need for local crane services because the contractors he worked with were often unreliable and limited by low-quality equipment. So Sean founded another company, Tomahawk Crane and Rigging (TCR) both to meet the needs of his own company and to respond to growing local demand. SSI and TCR grew quickly, filling the region's mutually reinforcing needs for steel fabrication and crane services. Soon, TCR had begun filling contracts outside of the Chattanooga area, and SSI's contracts ranged from soccer stadiums to Antarctic research facilities.

As Sean grew the company quickly, he also fostered a culture focused on hard work, entrepreneurship, and growth. In addition to providing ample opportunities for internal advancement, SSI and TCR recruit from avenues such as the correctional system and high schools, offering job opportunities typically not available to others in similar circumstances. By 2023, the companies brought in a combined \$30M in revenue and needed to grow its facilities and purchase new equipment to meet growing demand. However, Sean needed to find financing options that would not mean slashing costs, limiting his control of the company, or reducing his investments in professional development.

Chattanooga and Hamilton County

With a population of about 181,000, Chattanooga is Tennessee's fourth-largest city. Between the 1940s and 1960s, the city rose to national prominence as a hub of manufacturing, producing steel and ammunition for the U.S. armed forces. Despite deindustrialization in the late twentieth and early twenty-first centuries, the Chattanooga area is benefiting from a regional resurgence of manufacturing jobs. Between 2015, the year before SSI was founded, and 2024, unemployment in Chattanooga dropped from around 5.3 percent to an all-time low of 2.9 percent, lower than the national rate.¹ This may be related to an upswing in hiring by small businesses across



Sean Compton, CEO of Iron Crown

the Southeast, most notably by small firms participating in the reshoring of American manufacturing over the past few years.² Within the city of Chattanooga, the growth in manufacturing employment has been dramatic. According to one estimate, the number of manufacturing jobs in the city grew by around 25 percent between 2014 and 2023, around 5 times the rate of growth nationally.³

Nevertheless, the poverty rate in Chattanooga hovers around 18.4 percent, over 3 percentage points higher than the rate nationally, and the poverty rate for residents under the age of 17 was over fifteen points higher than the nation.⁴ Enabling workers to overcome barriers to opportunity is perhaps a profound way TCR and SSI have been able to make an impact on their community; through creative hiring and training programs, they have begun to create pathways to the prosperity generated by Chattanooga's manufacturing resurgence for those who most need it.

Relationship with Arctaris

In 2023, when Compton was looking for new sources of capital for SSI and TCR, Arctaris Vice President Katherine Mize saw an opportunity to provide support. From previous experience working with manufacturers, Arctaris knew that these types of projects require patient capital that many other private equity sources, and even banks, might be reluctant to offer. Manufacturing is highly capital-intensive, requiring deep investment in equipment, but new manufacturers are typically not quick to turn a profit. "They were occupying a niche that was really interesting to us. Positive, clear use of proceeds to drive growth, and they were really on the precipice of being able to take catalytic capital and really use it to move forward," Mize explained. Attracted by SSI and TCR's strong business model

¹ Federal Reserve Bank of St. Louis. "Unemployment Rate in Chattanooga, TN-GA (MSA)" <https://fred.stlouisfed.org/data/CHAT847UR>; Bureau of Labor Statistics, "Civilian Unemployment Rate" <https://www.bls.gov/charts/employment-situation/civilian-unemployment-rate.htm>

² Bank of America Institute, 2024. "Regional Morsel: Reshoring in the South and Midwest." <https://institute.bankofamerica.com/content/dam/economic-insights/regional-morsel-reshoring-in-south-and-midwest.pdf>

³ Wall, 2024, "Chattanooga Metro Employment, 1990-2023: Decline, Recovery, & Transformation" <https://www.utc.edu/sites/default/files/2024-03/CRER%20white%20paper%20number%201.pdf>

⁴ Poverty figures from Census American Community Survey 2023, 1-year estimates for Chattanooga <https://data.census.gov/table?q=acs+2023+poverty&g=160XX00US4714000>; and the entire U.S.; <https://data.census.gov/table?q=acs+2023+poverty>.



Southern Spear Ironworks

and their impacts on quality hiring and employment in Chattanooga, Arctaris was interested in investing in a way that would allow the business owner to retain control and grow their model sustainably over time.

Ryan Gordon, SSI's CFO, relates that Compton had entered discussions with a number of potential funders, but found that Arctaris was most aligned with SSI and TCR's vision for growth. "Arctaris is a much different firm than most of the other private equity firms; they're not coming in to slash costs and sell the business in three years. Their goal is to sustainably grow the business and they're holding for the long term."

Arctaris worked with Compton to bring SSI and TCR under one umbrella of Iron Crown to invest a total of \$12.0 million of preferred equity over 10 years. About half of the investment will go toward property acquisition for new locations, another roughly \$6 million will be used for growth capital. Proceeds will expand TCR's fleet, supporting the company's expansion to the flourishing market in Mobile, Alabama. TCR also plans to add a number of other locations across the Gulf Coast. SSI may use the investment to finance its expansion to a new fabrication facility, and for the purchase of automated steel fabrication technology for their new facility in South Pittsburgh, TN (which Arctaris expects to boost the company's steel output between 5 and 7 times).

Investing in an operating company in this manner is uncommon for an Opportunity Zone fund, but Mize says manufacturers' particular capital requirements offer Arctaris certain

strategic advantages. "For Opportunity Zone compliance, it ends up being a little bit easier because you are asset-heavy in one place [an Opportunity Zone], versus some other types of businesses, where assets are dispersed and therefore it's harder to meet the requirements that assets are located in an Opportunity Zone."

Arctaris has also provided guidance to help SSI and TCR strategize for their future. SSI and TCR have been able to quickly use up previous investments to fund capital expenditures for their expansion in the Chattanooga area. Former Arctaris Senior Associate Kyle Lasewicz commented, "[SSI] was a very strong operating company, but they did need help trying to build out their back-of-house, [namely] their accounting and finance functions." Working to increase the robustness of SSI and TCR's support functions has been essential for their growth. To help with hiring in new locations, Iron Crown has also made the uncommon commitment to offer new management employees equity stakes in the business as a hiring incentive. The company firmly believes in aligning employee goals with the goals of the business to create a win-win environment for everyone.

Opportunities for Impact

Iron Crown recognizes the value in investing in people. They have taken the time to cultivate a culture that values inclusion and rewards a strong work ethic. The business offers competitive starting wages in the mid-twenty dollar per-hour range, which is on par with a living wage in Chattanooga. Iron Crown



Southern Spear Ironworks Workshop

targets recruitment and training efforts in high-need areas of communities where they operate, and the company responds dynamically to their workforce's needs in order to help everyone achieve success.⁵ With the possibility of secure growth afforded by Arctaris Impact's investment, Iron Crown has set its sights on extending this impact beyond Hamilton County.

Opportunities for Impact: Good Jobs and Upskilling

Although manufacturing offers low-barrier pathways to opportunity (manufacturing jobs pay around \$20,000 more per year than the average of all jobs in Hamilton County), it still requires training—especially in the precise trade of steel fabrication.⁶ “SSI and TCR integrate training and certification into their hiring processes. By investing in the skills of a local workforce that might not otherwise have many options, they have been able to repair crucial pipelines to quality employment access.

For formerly-incarcerated people, access to employment is one of the most important factors for staying out of the correctional system.⁷ In 2023, Hamilton County Jail and Detention Center saw over 600 petitions to revoke parole. It has looked to expand employment opportunities to inmates prior to their release as a way to lower recidivism.⁸ SSI has been essential to offering local employment opportunities to returning

citizens through the Hamilton County Sheriff's Office's reentry program for non-violent offenders. SSI was the first local business to participate in the work-release program, which involved connecting inmates with occupational training while incarcerated and opportunities for employment upon their release. To date, Iron Crown has recruited three employees through the program.⁹ While the work release program is currently paused because of political opposition within Hamilton County, it has served as a model that SSI hopes to implement in other communities as they expand. Gordon says they have begun discussing a similar hiring program with the correctional system in South Pittsburgh, to help with hiring for their new fabrication shop.

High school vocational programs are another important way that SSI weaves training into its recruitment strategy. SSI has partnered with Chattanooga 2.0, a program at Chattanooga's Howard High School, which has one of the lowest graduation rates in the state, to offer welding training and certification opportunities to students.¹⁰ While the program trains far more students than SSI is able to hire, it trains students to enter the workforce with highly sought-after skills and advertises the potential for an attractive starting salary around \$50,000, which is higher than the average wage for welders in Chattanooga and comparable with the average overall wage for all occupations (not just starting wages) in Chattanooga for 2023.¹¹



Tomahawk Crane and Rigging team

⁵ MIT, Living Wage Calculator for Chattanooga TN, <https://livingwage.mit.edu/metros/16860>

⁶ Bureau of Labor Statistics Quarterly Census of Employment and Wages (QCEW), 2024 third quarter, https://data.bls.gov/cew/apps/table_maker/v4/table_maker.htm#type=1&year=2024&qtr=3&own=5&ind=10&supp=0.

⁷ Becker, 2019, Effectiveness of interventions to improve employment for people released from prison: systematic review and meta-analysis” [https://healthandjusticejournal.biomedcentral.com/articles/10.1186/s40352-023-00217-w#:~:text=Employment%20is%20associated%20with%20a,illegally%20\(Becker%2C%201968\)](https://healthandjusticejournal.biomedcentral.com/articles/10.1186/s40352-023-00217-w#:~:text=Employment%20is%20associated%20with%20a,illegally%20(Becker%2C%201968)).

⁸ University of Tennessee Chattanooga, 2024, “Hamilton county and UTC receive federal grant to support recidivism reduction initiative” <https://blog.utc.edu/news/2024/10/hamilton-county-and-utc-receive-844294-federal-grant-to-support-recidivism-reduction-initiative/>.

⁹ Hamilton County Sheriff's Office. <https://www.hcsheff.gov/pressreleases/display.php?releaseid=1425>

¹⁰ https://www.usnews.com/education/best-high-schools/tennessee/districts/hamilton-county-schools/the-howard-school-18000#students_teachers_section; <https://www.timesfreepress.com/news/2021/jan/06/southern-spear-ironworks-sparks-apprenticeshi/>.

¹¹ Chatt 2.0 has estimated the starting salary for welders at \$50,000. <https://chatt2.org/viable-pathways/>; for average salary of welders in Chattanooga, see https://www.bls.gov/oes/2023/may/oes_16860.htm, for average wages in Chattanooga, see https://www.bls.gov/oes/2023/may/oes_16860.htm.

Expansion into New Markets

With the Arctaris partnership, TCR has expanded to Mobile, Alabama, the second-fastest growing port city in the United States.²⁸ The scale of commerce and economic development in the city is remarkable; in 2022, the Port of Mobile supported an estimated \$98.3 billion in economic value to Alabama, which amounts to around a third of the State's total GDP for the year.²⁹

For SSI and TCR, the partnership with Arctaris has changed its growth trajectory from one that could have involved outside ownership and management, slashing costs, and significant changes to company culture, to one that involves a continuation of well-paying, respectable jobs and continued local ownership.

Ryan highlighted SSI's uncommon commitment to employees in some new branches having an equity stake: "In some of the new markets, key management employees have some equity stakes which allows them to share in the rewards of their hard work. Arctaris really liked that strategy and wasn't scared off by it." Instead of heightening the risks of layoffs, he also believes opening new branches presents opportunities: "There were two people that helped us start the branch; we have moved them up to help start new facilities across the Gulf Coast and then hired from within to replace those roles."



Iron Crown team on site in Antarctica

Providing opportunities for current management to take on greater responsibility at new locations opens pathways for less senior employees to advance, which in turn makes space for new workers to fill quality entry-level positions. Arctaris Impact's investment and oversight have allowed SSI and TCR to leverage the Southeast's manufacturing boom to create economic opportunity for those who need it most.



TCR cranes in action

²⁸ Ken Roberts, 2023, "Top 10 fastest growing ports in the united states over the last decade" <https://www.forbes.com/sites/kenroberts/2023/12/30/top-10-fastest-growing-ports-in-united-states-over-the-last-decade/?sh=5404584b5e92>.

²⁹ For state GDP, see <https://www.bea.gov/data/gdp/gdp-state>. For economic output of the Mobile Port, see Alabama Port Authority, "Port of Mobile Economic Impact" <https://www.alports.com/economic-impact/>.

Photo credits: Iron Crown

2025 Look Ahead

2024 Priorities	Status
Launch at least three new place-based programs across the country	<i>In Progress</i> – Currently in the closing process for 3 new place-based programs
Deploy remainder of New Markets Tax Credits allocation	Completed
Create an Arctaris Community Development Finance Institution (CDFI)	Paused – Review of new CDFI applications are currently on hold by U.S. Treasury Department
Conduct strategic refresh of the Arctaris impact approach	Completed – New dashboards have been integrated into the impact measurement and management strategy

Deploy additional \$100M+ in capital

Increase affordable housing portfolio by 250 units

Increase number of living wage jobs by 500



Appendix

Contact Us

For more information about Arctaris Impact Investors, please contact IR@arctaris.com.

List of Current Investments by fund¹

Arctaris Income Fund

ACT
VLF
ATAC
Norwich

Arctaris Royalty Venture Co-Investment LP

AEL
VLF
ACT
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
Specialized Construction Inc.
Saddleback Mountain

Opportunity Zone Fund 2019

Market Fresh Gourmet
Up To Date Laundry
Arctaris Broadband Company
Altitude Apartments
The Eddy
Erie Flagship Complex
Glenwood Caverns Adventure Park
300 Nevins Street
Front Row
Northeast Heights
S&K Holdings
Circuit Ave (Detroit Affordable Housing)
Liv DTLA (1411 Flower St.)
Braddock
Front Row
222 Saint Paul Place

Opportunity Zone Fund 2020

Arctaris Broadband Company
Erie Flagship Complex
300 Nevins Street
Front Row
Market Fresh Gourmet
231 North Schroeder Street
Erie Block Two
Liv DTLA (1411 Flower St.)
Iron Crown (Southern Spear Ironworks & Tomahawk Crane and Rigging)

Opportunity Zone Fund 2022

300 Nevins Street
222 Saint Paul Place
Braddock Industrial
Iron Crown (Southern Spear Ironworks & Tomahawk Crane and Rigging)
Circuit Ave (Detroit Affordable Housing)
Front Row

New Markets Tax Credits Investments (NMTCs)

Specialized Construction Inc
Steel Warehouse Warren, LLC
Fine Fare Supermarket
BioSimilar Solutions
Fearless Tech

Key Disclosures and Risks

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¹ The list does not include cash and treasury positions and QOZBs.

Arctaris Current Portfolio Companies Impact Performance Summary

Company Name and Location	Investment Fund and Size	Investment Thesis	Key Impact Metrics and Notes To Date
S&K Holdings Maryland and Pennsylvania	OZ Funds 2019 \$3.1M	Create and retain living-wage jobs with quality benefits and career advancement opportunities	Special hiring program (“Upward Mobility”) for formerly incarcerated individuals, local residents, and immigrants
		Provide quality care to residents of underserved communities	Recognized by Commonwealth of Pennsylvania for creating high-quality jobs
Erie Flagship Complex and Erie Block Two Erie, Pennsylvania	OZ Funds 2019 & 2020 \$25.0M	Align with local stakeholders to provide flexible and creative solutions to catalyze inclusive economic growth and innovation	100% rental units fall between 80-90% AMI at current market rates
		Create and retain living-wage jobs with quality benefits and career advancement opportunities	Creation of an estimated 70 permanent jobs
		Promote diversity and inclusion for all community members	
		Expand access to critical products and services for underserved populations	
The Eddy Grand Junction, Colorado	OZ Fund 2019 \$1.0M	Address significant rental unit shortfall in Grand Junction	All units currently fall between 100-120% AMI (area median income)
			50 jobs created during construction
Altitude Apartments Glenwood Springs, Colorado	OZ Fund 2019 \$1.0M	Address need for workforce housing	100 new housing units affordable at 120% AMI
Glenwood Caverns Adventure Park Glenwood Springs, Colorado	OZ Fund 2019 \$1.0M	Create and retain living-wage jobs	Employee benefits including healthcare, retirement benefits, paid sick leave, and tuition reimbursement offered to all employees
		Advancement of renewable energy projects	1 source of renewable energy utilized
Arctaris Broadband Company² Boston, Massachusetts	OZ Funds 2019 & 2020 \$9.2M	Expand access to critical infrastructure and services	5,385 homes and businesses now have access to high-speed fiber internet via ABC’s networks (+ 684 in 2024)
		Create and retain living-wage jobs	190 fiber construction jobs created
300 Nevins Street Brooklyn, New York	OZ Funds 2019 & 2020 & 2022 \$26.6M	Expand access to affordable housing in a historically underinvested community	668 units of new housing planned
		Create and retain living-wage jobs with quality benefits and career Advancement opportunities	168 new affordable rental units at an average of 60% AMI planned
		Promote diversity and inclusion for all community members	
Northeast Heights Washington, D.C.	OZ Fund 2019 \$4.5M	Align with local stakeholders to provide flexible and creative solutions to catalyze inclusive economic growth and innovation	1,518 jobs created from construction and property management
		Promote diversity and inclusion for all community members	271,000 square feet of retail and office space constructed
		Create and retain living-wage jobs with quality benefits and career advancement opportunities	LEED certified property

² Includes Arctaris Broadband Company and affiliates focusing on similar strategies.

Arctaris Current Portfolio Companies Impact Performance Summary (continued)

Company Name and Location	Investment Fund and Size	Investment Thesis	Key Impact Metrics and Notes To Date
Front Row Huntsville, Alabama	OZ Funds 2019 & 2020 & 2022 \$20.7M	Expand access to critical products and services for underserved populations	545 units of new housing
		Create and retain living-wage jobs with quality benefits and career Advancement opportunities	150 jobs created from construction and retail development
		Promote diversity and inclusion for all community members	
Up To Date Laundry Baltimore, Maryland	OZ Fund 2019 & Impact Fund \$15.3M	Create and retain living-wage jobs with quality benefits and career advancement opportunities	Employee benefits including healthcare, and retirement benefits
		Identify and advance initiatives at portfolio companies to reduce waste, curb emissions, and conserve natural resources	50% of employees reside in areas identified by the city and partners as target zip codes, which include some of the lower-income areas in Maryland
Market Fresh Gourmet Baltimore, Maryland	OZ Funds 2019 & 2020 & Impact Fund \$5.7M	Expand access to healthy foods within a food desert	100% of employees (including senior management) identify as BIPOC
Saddleback Mountain Rangeley, Maine	Impact Fund \$31.7M	Create and retain living-wage jobs with quality benefits and career advancement opportunities	367 total jobs supported since investment
		Expand access to critical products and services for underserved populations	Employee Benefits including paid sick leave, healthcare, retirement benefits, tuition reimbursement, business skills training, professional development training, formal career counseling, rotational management training
		Advance renewable energy projects	1 environmental sustainability measures implemented
Recaro Automotive Clinton Township, Michigan	OZ Fund 2019, Impact Fund \$26.4M	Identify and advance initiatives at portfolio companies to reduce waste, curb emissions, and conserve natural resources	151 jobs supported since Arctaris' investment in February 2020
		Create and retain living-wage jobs with quality benefits and career advancement opportunities	12% of the total money spent on suppliers is with minority-owned businesses
			Provides comprehensive employee benefits including healthcare benefits, retirement benefits, business skills training, professional development training, career counseling, association fee reimbursement
Specialized Construction Inc. Cleveland, Ohio	Impact Fund \$2.6M	Promote diversity and inclusion for all community members	98% of jobs earning above living wage
		Create and retain living-wage jobs with quality benefits and career advancement opportunities	50% of senior managers identify as BIPOC
222 Saint Paul Place Baltimore, Maryland	OZ Fund 2019 & 2022 \$8.5M	Expand access to affordable housing in underserved community	303 unit development at 80% AMI
			125 jobs created from construction & 40 permanent jobs created

Arctaris Current Portfolio Companies Impact Performance Summary (continued)

Company Name and Location	Investment Fund and Size	Investment Thesis	Key Impact Metrics and Notes To Date
Circuit Avenue Detroit, Michigan	OZ Fund 2019 & 2022 \$11.0M	Expand access to affordable housing in an underserved community	100 – 200 dilapidated houses to be renovated
		Create pathway to homeownership for tenants	Houses are intended to be rented to “HCV” tenants who earn below 50% AMI
Iron Crown Chattanooga, Tennessee	OZ Fund 2020 & 2022 \$12.0M	Create and retain living-wage jobs with quality benefits and career advancement opportunities	150 total jobs supported since investment
			Comprehensive employment benefits provided such as healthcare benefits, retirement benefits, business skills training, and professional development training
Braddock Industrial Braddock, Pennsylvania	OZ Fund 2019 & 2022 \$7.3M	Identify and advance initiatives at portfolio companies to reduce waste, curb emissions, and conserve natural resources	10 construction jobs created
		Create and retain living-wage jobs with quality benefits and career advancement opportunities	
Liv DTLA Los Angeles, California	OZ Fund 2019 & 2020 \$13.6M	Expand access to affordable housing in an underserved community	100% of units occupied by individuals who formerly experienced homelessness
		Create and retain living-wage jobs with quality benefits and career advancement opportunities	20 permanent jobs created as a result of this project

List of Portfolio Companies Not Included in the 2024 Impact Report Portfolio Company Overviews

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.
231 N Schroeder St	Arctaris is navigating an investment exit.
Steel Warehouse	Investment is an NMTC deal, not a portfolio company
Fine Fare Supermarket	Investment is an NMTC deal, not a portfolio company
Fearless Tech	Investment is an NMTC deal, not a portfolio company
BioSimilar Solutions	Investment is an NMTC deal, not a portfolio company

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