Local Initiatives Support Corporation ("LISC") is a Section 501(c)(3) tax exempt New York not-for-profit corporation. The NYC Inclusive Creative Economy Fund (the “Fund”) is a new program of LISC’s New York office ("LISC NYC") being designed to make available debt to finance the expansion of commercial real estate available for artists and hand trade crafters including small batch industrial fabricators in underserved neighborhoods in the New York Metropolitan area.

The assets and liabilities of LISC NYC and the assets and liabilities of the Fund, if and when operative, are not and will not, be segregated from the assets and liabilities of LISC. All references to the term “Fund” in these slides refers only to the new program and not to any entity separate from LISC or pool of assets separate from the assets of LISC, and no such separation or segregation should be implied. LISC NYC is designing the Fund in collaboration Upstart Co-Lab, an organization whose goals are to increase opportunities for Artists as Innovators, unleash large new sources of Capital for Creativity, and enable Sustainable Creative Lives in the United States.

It is anticipated that the debt securities mentioned herein, “LISC NYC Inclusive Creative Economy Fund Notes” or “Notes,” if and when offered, will be offered solely to “accredited investors” in reliance on exemptions from the registration requirements of the Securities Act of 1933, as amended.

These slides are not, and shall not deemed to be, an offer for any securities, including the LISC NYC Inclusive Creative Economy Fund Notes. Any such offer, will be made only through our web site and pursuant to a private offering memorandum, if and when available, and shall be offered only to “accredited investors.”

Any such offering will not be registered with the Securities and Exchange Commission or with any state under state “blue sky” securities laws.

Certain statements included herein constitute “forward looking statements” within the meaning of the United States Private Litigation Reform Act of 1995. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget,” or similar words. These forward looking statements may be based in whole or part on LISC’s management’s current plans or expectations, which are subject to change without notice, as well as to a number of known and unknown uncertainties and risks, many of which are beyond its control, that could significantly affect current plans and expectations, and LISC's future financial position and results of operations. As a consequence, current plans, anticipated actions and future financial position and results of operations may differ from those expressed in any forward looking statements contained herein.
Executive Summary

The NYC Inclusive Creative Economy Fund is an opportunity for accredited investors to invest in New York City’s affordable, inclusive creative spaces.

THE GOAL:
To foster quality job opportunities for low- and moderate-income, middle-skill New Yorkers.

THE APPROACH:
Help create or preserve affordable spaces for light manufacturing, business incubation, maker/artist studios, and cultural activities so that inclusive creative businesses can thrive in NYC.

THE INVESTMENT OPPORTUNITY:
• Offering of $5 million principal amount of Notes which pays 2.75% interest per annum, which is the unsecured obligation of the Local Initiatives Support Corporation (LISC).
• Matures May 31, 2026. LISC to redeem part or all of the Note starting June 1, 2024.

ABOUT LISC:
• A community development financial institution (CDFI) that forges resilient and inclusive communities of opportunity across America.
• AA rated by Standard and Poor’s (December, 2017).
• A nearly 40-year track record with $1.6 billion borrowed and repaid to lenders on time and in full.

For more information visit: lisc.org/InclusiveEconomyNYC
ISSUER | Local Initiatives Support Corporation (LISC)
---|---
NOTES OFFERED | LISC NYC Inclusive Creative Economy Fund Notes
MATURITY | May 31, 2026
INTEREST | 2.75% per annum
COLLATERAL | Unsecured
RECOUSE | Full recourse to LISC, pari passu with LISC’s existing debt
INVESTMENT MINIMUM | $100,000
TRANSFER RESTRICTIONS | The Creative Economy Notes have not been registered with the Securities and Exchange Commission under the Securities Act or any state securities laws and are subject to certain restrictions on transfer.
USE OF PROCEEDS | Proceeds from the sale of the Creative Economy Notes will be used to implement the Fund program by making loans for real estate projects that support New York’s inclusive creative economy.

**LISC is AA rated by Standard and Poor’s**
**Since 1980, LISC has borrowed and repaid on time and in full all of its debt obligations, which exceed over $1.6 billion.**

The Offering Memo is being made available to accredited investors at lisc.org/InclusiveEconomyNYC
LISC NYC’s Inclusive Creative Economy Fund will help preserve and grow affordable workspace for creatives and creative businesses.

LISC will screen for borrowers that commit to maintaining these spaces as affordable workspace for creatives and creative businesses.

Impact investors purchase LISC NYC Inclusive Creative Economy Notes

LENDERS
- Accredited individual investors
- Endowed cultural institutions
- Foundations

LISC pools proceeds and lends to nonprofits and mission driven organizations that own, lease and manage affordable space for creatives and businesses in the creative economy

LOCAL PARTNERS
- Mission driven non-profit, for-profit, and quasi-governmental entities.

$5 million NYC Inclusive Creative Economy Fund

COMMUNITY ASSETS
Affordable space for creative sector businesses such as:
- Light manufacturing space
- Business incubators
- Shared maker spaces
- Artist studios
- Cultural venues

LENDERS
- Accredited individual investors
- Endowed cultural institutions
- Foundations

LOCAL PARTNERS
- Mission driven non-profit, for-profit, and quasi-governmental entities.

Borrowers pay interest and principal to LISC.

LISC pays interest and principal to Note holders.

Loans are used for:
- Property acquisition
- Bridge & construction
- Working capital
## Screening for Mission: Impact Criteria

In addition to underwriting each loan to LISC's national credit standards, LISC NYC takes into consideration community impact criteria, including:

### Location Factors
- Is the project location in or within access to a low- or moderate income (LMI) community?
- Will the project provide goods or services that benefit the surrounding LMI community?
- Will there be benefits for local small businesses?
- Is there a plan to purchase locally, including from certified minority- and woman-owned vendors?

### Job Quality
- Will there be a range of job opportunities, including those that do not require a college degree?
- Will there be a commitment to hire locally, with a focus on low-income and / or minority populations, and by working proactively with local community colleges, technical schools, public workforce programs?
- Will jobs pay living wages? Will they result in opportunities for workers to advance in their careers?
- Will jobs offer health and/or retirement benefits?

### Community Collaboration
- Has the borrower engaged relevant community-based organizations and the wider public in informing the development project? What is the strength of those partnerships?

### Leverage
- Is the project eligible to leverage other programs (e.g. tax credits, other development grants, etc.)

### Borrower Profile
- Is it a mission-driven organization?
- Is the organization's leader a woman or person of color?
- Is LISC NYC familiar with the borrower (i.e. previous successful collaboration)?

Additional information about LISC’s credit approval and loan portfolio management processes can be found in the Notes Offering Memorandum.
The Goal: Invest in Affordable, Inclusive Creative Spaces

The creative economy offers quality, middle-skill jobs while making communities vibrant, inviting places to live and work.

The LISC NYC Inclusive Creative Economy Fund will support nonprofits and mission-driven organizations that own, lease and manage affordable space for creatives and businesses in the creative economy:

• Light manufacturing space
• Business incubators
• Shared maker spaces
• Artist studios
• Cultural venues

These organizations need:

• Capital for property acquisition
• Bridge & construction loans
• Working capital
• Capacity enhancement
• Technical assistance

RESTORATIONART (BEDFORD-STUYVESANT)
• Renovation of a 5,300 sq ft space for rehearsal and classes for several performing arts organizations.
• LISC NYC provided a bridge loan that leverages a capital grant from the Dormitory Authority of the State of New York.
• Loan closed May 2017

GREENPOINT MANUFACTURING & DESIGN CENTER (OZONE PARK)
• Renovation of 80,000 sq ft former bicycle factory into affordable space for 24 industrial businesses employing 80 people.
• LISC NYC provided a construction loan for build-out.
• Loan closed October 2017

ARTBUILT BROOKLYN (SUNSET PARK)
• Renovation of space at city-owned Brooklyn Army Terminal to create 55 affordable and flexible artist, manufacturing, and incubation spaces.
• LISC NYC provided a construction loan that is leveraging sponsor equity.
• Loan closed January 2018
NYC Inclusive Creative Economy Fund deal pipeline

Mission-driven for-profit incubator for small technology-focused companies in diverse sectors at the Brooklyn Navy Yard ($1,500,000)

Advanced manufacturing space for hardware products at the Brooklyn Navy Yard managed by a mission-driven for-profit ($9,000,000)

Multi-purpose theater and arts space ($3,000,000)

Multi-tenant industrial makerspace in Hunts Point in the Bronx to be acquired and managed by a nonprofit organization ($2,000,000)
PLEASE VISIT lisc.org/InclusiveEconomyNYC to purchase Notes and join LISC NYC in supporting the inclusive creative economy

FOLLOW US ON TWITTER
@LISC_NYC
#InclusiveEconomyNYC
Appendix
Context: NYC Today

**POPULATION**
- 8.5 million residents
- 33% WHITE
- 26% HISPANIC
- 25% AFRICAN-AMERICAN
- 13% ASIAN

**INCOME**
- MEDIAN HOUSEHOLD INCOME: $55,191
- 18.4% U.S. OFFICIAL
- 19.9% NYC GOV

**JOBS**
- 40% Management, business, science, arts occupations
- 23% Service occupations
- 22% Sales and office occupations
- 6% Natural resources, construction, maintenance
- 9% Production, transportation, material moving occupations

Source: NYC Government Poverty Measure 2015
NYC Job quality is getting worse, inequality is increasing, housing is expensive²

HIGH QUALITY JOBS ARE BEING REPLACED BY LOW QUALITY JOBS
• Employment in manufacturing dropped from 33% of the NYC economy in 1950 to 2% (78,000 jobs) in 2015
• NYC lost an average of 8,370 manufacturing jobs per year from 2001-2011
• In 2016, the average annual NYC wage in Food Services was $28,514 vs. $57,807 in Manufacturing

THE GAP BETWEEN HIGH AND LOW EARNERS IS WIDENING
• NYC scores 7% worse than the nation as a whole for wealth inequality
• From 2006 - 2014, total income reported by the top 50% of NYC tax-filers grew 14.8% (2014 dollars)
• From 2006 - 2014, total income reported by the bottom 50% of NYC tax-filers declined 14.8% (2014 dollars)
• In 2014, the top 0.1% of income earners brought in 24% of the total income generated in NYC

HOUSING PRICES ARE HIGHER THAN THE NATIONAL AVERAGE
• Manhattan housing prices are 4x the national average
• Brooklyn housing prices are 3x national average
What is a Quality Job?²

Quality jobs offer workers….

- A living wage
- Basic benefits
- Career-advancing pathways
- Wealth-building opportunities
- A fair and engaging workplace
- A respectful work environment
NYC’s Creative Economy

• The creative economy consists of fashion, design, film/TV, architecture, performing arts, visual arts, industrial design, music, advertising, publishing, and more
• Over 25,000 businesses are in creative industries in NYC
• Creative industries are among the fastest growing segments of NYC economy

- Growth of employment in creative industries is outpacing finance and insurance (0.1%) and legal services (-5%)

From Center for an Urban Future, Creative New York, p 5
Limitations on NYC’s Inclusive Creative Economy for the worker

- There are approximately 300,000 jobs in creative industries in NYC
- 8.6% of the nation’s creative industry jobs are in NYC
- NYC has a bigger share of U.S. jobs in creative industries than of any other industry

But access to creative economy jobs is not equitable
- 29% of NYC’s creative workforce is non-white while 67% of NYC’s population is non-white
- Four of the ten occupations in NYC with the lowest share of foreign-born workers are in the creative sector

Center for an Urban Future’s 2016 report, *Scale Up New York*, examines the potential to boost to the number of middle income jobs in New York City by scaling up small businesses. The report cites the difficulty in finding workers with the right match of education, skills, and work habits as one of the key barriers to growth for these businesses, such as skilled garment workers (including pattern-makers and sewers), or workers with basic digital literacy for entry-level jobs at design companies.
Limitations on NYC’s Inclusive Creative Economy for the business owner

CENTER FOR AN URBAN FUTURE’S SCALE UP NEW YORK REPORT CITES ANOTHER KEY BARRIER TO GROWTH FOR NEW YORK CITY’S SMALL BUSINESSES.

Owners find it increasingly difficult to locate suitable facilities with reasonable leases and equipment. Small businesses tend to pay more per square foot for similar spaces than do larger firms, and do not have access to long-term leases that provide stability and opportunity for growth.

THE COST OF INDUSTRIAL WORKSPACE (AVG. PRICE PER SQ FT) ROSE BETWEEN 2013-2017:

- **BRONX**: 81%
- **MANHATTAN**: 76%
- **BROOKLYN**: 76%
- **STATEN ISLAND**: 59%
- **QUEENS**: 30%
What is Community Development?

Community development is the practice of investing in neighborhood economies, their physical environment, and the well-being of residents.

Community development creates opportunities and promotes growth through housing, businesses, jobs, education, safety and health.
What Are CDFIs?

Community Development Financial Institutions (CDFIs) are mission-oriented financial institutions. They share a common goal of expanding economic opportunity in low-income communities by providing access to financial products and services for local residents and businesses.

CDFIs TARGET UNDERSERVED POPULATIONS

<table>
<thead>
<tr>
<th>People of Color</th>
<th>Low-Income</th>
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</thead>
<tbody>
<tr>
<td>48%</td>
<td>73%</td>
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</table>

CDFIs CREATE TANGIBLE IMPACT

<table>
<thead>
<tr>
<th>Rural</th>
<th>Women</th>
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<tbody>
<tr>
<td>25%</td>
<td>48%</td>
</tr>
</tbody>
</table>

CDFIs ARE PERFORMANCE ORIENTED

NET CHARGE-OFFS 0.4%

In 2015 CDFIs’ results were on par with mainstream financial institutions. Like banks, their net charge-off rate was 0.4%.

Cumulative outcomes for OFN Member CDFIs, 1985-2015

- More than 1,000,000 jobs
- More than 1.5 million housing units
- 9,800 community facilities
- 192,000 businesses and microenterprises

People of Color

Women

Low-Income

Rural

Image: Courtesy Ferra Designs, Inc.
Source: Opportunity Finance Network.
Local Initiatives Support Corporation (LISC)

LISC is a CDFI that works with partners to facilitate investments in communities. With residents and partners, LISC forges resilient and inclusive communities of opportunity across America—great places to live, work, visit, do business and raise families.

<table>
<thead>
<tr>
<th>NEARLY 40-YEAR TRACK RECORD INVESTING IN LOW-INCOME COMMUNITIES</th>
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</thead>
<tbody>
<tr>
<td><strong>U.S</strong></td>
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<tr>
<td>LISC &amp; AFFILIATES CAPITAL INVESTED</td>
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<td>$18.6 BILLION</td>
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<tr>
<td>CATALYZING TOTAL INVESTMENT OF</td>
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<tr>
<td>$56 BILLION</td>
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<td>LEADING TO DEVELOPMENT OF</td>
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<tr>
<td>366K</td>
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<tr>
<td>AFFORDABLE HOMES</td>
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<tr>
<td>61M SQ.FT.</td>
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<tr>
<td>RETAIL &amp; COMMUNITY SPACE FINANCED</td>
</tr>
</tbody>
</table>

*FIGURES ARE CUMULATIVE SINCE 1980*
LISC at Work

LISC’s national network includes 2,000 nonprofits, businesses and government agencies in both rural and metropolitan areas.

Leading institutions invest in LISC and its community development mission.

LISC TOP ALL-TIME LENDERS:
- Allstate Insurance Company
- AXA Group
- Bank of America
- Citi
- Deutsche Bank
- Ford Foundation
- Goldman Sachs
- Harvard University
- HSBC Bank USA, N.A.
- John D. and Catherine T. MacArthur Foundation
- JP Morgan Chase
- MetLife, Inc.
- Mizuho Bank (USA)
- Morgan Stanley Bank, N.A.
- Nationwide Mutual Insurance Company
- Northern Trust
- PNC
- Prudential Financial, Inc.
- RBS Citizens
- Rockefeller Foundation
- State Farm
- TD Bank Group
- U.S. Bancorp
- Walton Family Foundation
- Wells Fargo

LISC TOP ALL-TIME NATIONAL GRANTORS:
- Annie E. Casey Foundation
- The Atlantic Philanthropies
- Bank of America
- Citi
- Fannie Mae
- Ford Foundation
- Hall Family Foundation
- John D. & Catherine T. MacArthur Foundation
- John S. & James L. Knight Foundation
- JP Morgan Chase
- Kresge Foundation
- Lilly Endowment Inc.
- Lisa & Dick Cashin
- Living Cities
- Mayor’s Fund to Advance New York City
- McKnight Foundation
- MetLife, Inc.
- NFL Foundation
- Pew Charitable Trusts
- Rockefeller Foundation
- State Farm
- Walton Family Foundation
- Wells Fargo
- W.K. Kellogg Foundation
- United Way of Greater Cincinnati

Philanthropic support from Citi Foundation’s Community Progress Makers Fund, Deutsche Bank, and ArtPlace America cover LISC’s administrative costs for managing the Fund.
LISC Financials

Balance Sheet Growth

LISC has achieved a steady growth in net assets over more than three decades through differing economic cycles while maintaining its social mission.

At the end of 2017, LISC’s total assets were $730 million, its net assets were $287 million, and it had unrestricted net assets (“net worth” of $142 million. Since 2014, assets have increased 51%, net assets 17%, and net worth 25%, demonstrating that the bulk of the balance sheet growth has been growth in unrestricted funds.

Since 1980, LISC has borrowed over $1.6 billion. LISC has repaid all of its debt obligations on time and in full.

LISC also received a AA rating from Standard and Poor’s in September of 2016 and this rating was reaffirmed at a AA in December of 2017.
LISC Loan Portfolio

LISC's historic write-off rate is <2% since 1980.

For more information, please refer to the Notes Offering Memorandum.
LISC provides debt capital to nonprofits and mission-driven organizations often overlooked by traditional lenders. LISC provides grant support to strengthen borrower capacity and ensure debt capital can be deployed successfully.

Local partners use debt capital to develop critical community assets that benefit low- and moderate-income people and places. LISC community relationships and expertise helps the project attract additional public and private resources.

**Community Assets**
- Affordable housing
- Charter schools
- Community facilities such as health and child care centers
- Light manufacturing space
- Affordable artist studios

**How LISC Works**

1. **Capital Invested**
   - Lenders invest debt capital with LISC.
   - Philanthropic funders bolster LISC’s net worth, support operations and technical assistance services.

2. **Capital Deployed**
   - LISC provides debt capital to nonprofits and mission-driven organizations.

3. **Technical Assistance & Expertise**
   - LISC provides grant support to strengthen borrower capacity and ensure debt capital can be deployed successfully.

4. **Capital Repaid**
   - Debt service payments repay LISC; LISC repays lenders.

**Local Partners**
- Nonprofits
- Mission-driven organizations

**Philanthropic Funders**

**Government**

**Lenders**
LISC’s Commitment to the Creative Economy

Since the late 1980s, LISC has invested more than $138 million in grants, loans, or project equity in 98 creative places and businesses across the U.S. The development costs for these projects costs totaled more than $939 million.

LISC is one of the few CDFIs to receive financial assistance from the US Treasury’s CDFI Fund to develop an intentional strategy to integrate Arts & Culture into its community development programs. Additional partners and funders in this $12 million effort include The Kresge Foundation, Surdna Foundation, The National Endowment for the Arts, and Artplace America.

- Bay Area
- Boston
- Chicago
- Cincinnati
- Houston
- Indianapolis
- Jacksonville
- Kansas City
- New York
- Philadelphia
- Phoenix
- Pittsburgh
- Rhode Island
- San Diego
- Seattle
- Toledo
- Twin Cities
- Washington, D.C.
LISC’s Commitment to the Creative Economy

LISC harnesses arts and culture in service of resident-driven comprehensive community development by providing grants & loans and capacity-building for partner organizations, and contributing to national field-building research.

LISC Twin Cities’ partnership with the Asian Economic Development Association brought the Night Market to the Little Mekong business and cultural corridor

LISC Rhode Island engaged with Southside Cultural Center, Rhode Island School of Design, and other local partners in Illuminating Trinity as part of a larger initiative redesigning Providence’s Trinity Square

LISC Philadelphia financed the development of Taller Puertoriqueño’s Corazon Cultural Center, the heart of the North Philly Puerto Rican community

LISC’S CORE PRINCIPLES FOR THE CREATIVE ECONOMY

- Enlist artists as leaders, catalysts and changemakers
- Support comprehensive and collaborative community-driven change
- Affirm distinctiveness of the place
- Develop without displacement
- Pursue racial equity
- Build enduring community capacity
What Creative Placemaking Can Do

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
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<tbody>
<tr>
<td><strong>Strengthening Economic Development</strong></td>
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<tr>
<td><strong>Seeding Civic Engagement</strong></td>
</tr>
<tr>
<td><strong>Building Resiliency</strong></td>
</tr>
<tr>
<td><strong>Contributing to Quality of Life</strong></td>
</tr>
</tbody>
</table>

Source: Federal Reserve Bank of San Francisco, *Community Development Investment Review*, December 2014
## How Creative Placemaking Can Do It

<table>
<thead>
<tr>
<th>Anchoring</th>
<th>Activating</th>
<th>“Fixing”</th>
<th>Planning</th>
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<tbody>
<tr>
<td>Acting as the key institution in a neighborhood, providing identity, bringing jobs, generating foot traffic, and attracting patrons who support area businesses</td>
<td>Bringing performance, participatory activities, and interactive installations to public spaces like plazas and alleyways to make them more attractive, exciting, and safe</td>
<td>Ameliorating structural design problems through re-imagining use, beautification and engagement to connect people to opportunities and one another</td>
<td>Engaging community stakeholders in the neighborhood development process, soliciting input and suggestions through rapid prototyping and iterative design so that they may determine the future of their community</td>
</tr>
</tbody>
</table>

Source: Federal Reserve Bank of San Francisco, *Community Development Investment Review*, December 2014
AT A GLANCE:
• $2.9M construction loan
• Affordable space for industrial businesses

COMMUNITY IMPACT:
• Mission-driven organization
• Provides space for 24 small businesses
• Supports 80 quality jobs
• Located in low-middle income community

REPRESENTATIVE CLOSED TRANSACTION
Greenpoint Manufacturing & Design Center

THE CONTEXT
Since 1992, the nonprofit GMDC has been acquiring, rehabilitating, and managing neglected industrial properties in order to provide small- and mid-size manufacturers with affordable, long-term leases that allow these business owners to focus on their firms and not on staying one step ahead of overheating real estate markets. This allows these manufacturing businesses to continue to employ neighborhood residents in good-paying middle-skill jobs that can help workers support themselves and raise a family.

THE NEED
GMDC, which has rehabilitated several other large industrial properties closer to the booming North Brooklyn neighborhood where it got started, was running out of affordable buildings to buy and renovate there.

THE SOLUTION
An 85,000-square foot factory in Ozone Park, Queens, was recently vacated by its former owner, a bicycle manufacturer that moved production down south. GMDC saw the newly vacant space as a ripe opportunity to continue expanding its scope in a more affordable area of New York City that would provide a greater return on its investment—and, in the process, help more manufacturers. Spaces for at least 25 manufacturers, ranging in size from 1,200 to 8,000 square feet will be created.

LISC NYC is providing a construction loan to support the build-out of the space.

COMMUNITY IMPACT
Once fully tenanted, it is expected that the 24 businesses will support 80 jobs, including a large proportion of middle-skill positions. Workers will make an average of $48,500 per year, well above the City’s living wage standards, and exceeding the retail or service sector jobs that these workers might otherwise qualify for. During operations, the project is expected to have an estimated annual impact of $23 million in direct economic output to the Queens economy. Total output, including direct, indirect, and induced impacts are estimated to be $29 million, annually. In addition to the economic output generated during operations, this project is expected to produce $45.8 million in total economic output during construction.

Representative closed transaction of the type for which the NYC Inclusive Creative Economy Fund Notes could be used.

Images: Courtesy Greenpoint Manufacturing and Design Center Elevation
THE CONTEXT
ArtBuilt exists to support creative producers - artists, artisans, small-scale, hand-crafted, and culture-oriented enterprises. These businesses, often sole proprietors or small teams, operate on a scale very different from more conventional businesses. As low-volume producers of high-value goods, their output is generally limited to what can be produced by a single creative mind and a single pair of hands or a small staff.

THE NEED
After a wave of studio evictions in Gowanus, Brooklyn, which displaced hundreds of artists and creative organizations in 2015, ArtBuilt Brooklyn was conceived to search for new space that could offer both affordability and the stability of long-term leases so producers can focus their energies on their core business, maximizing production and efficiency, growing markets, and building their individual brands.

THE SOLUTION
ArtBuilt has secured space in the Brooklyn Army Terminal to create 55 flexible artist, manufacturing, and incubation spaces. LISC NYC’s Role: Providing a $575,600 construction loan, paired with a similar amount of sponsor equity, to cover the costs of build-out and lease-up. (Even before the start of construction, ArtBuilt Brooklyn has seen a swell of interest from local artists, an indication of the need for affordable creative and artist workspace in New York City, where suitable space is difficult to obtain.)

COMMUNITY IMPACT
ArtBuilt’s subsidiary, ArtHome, provides asset-building strategies and financial literacy training for individual artists and creative business-people. In addition, ArtBuilt Mobile Studios supports under-served communities by providing innovative mobile workspaces to artists, social-service providers, and micro-businesses. Current programming includes community-engaged on-site artist residencies as well as public events in city parks and street plazas, with support from the NEA, City Council, and city agencies.

Representative closed transaction of the type for which the NYC Inclusive Creative Economy Fund Notes could be used.
WHAT IS IMPACT INVESTING?

Impact Investments are investments made into companies, organizations and funds with the intention to generate social and environmental impact alongside a financial return.

THE GLOBAL IMPACT INVESTING NETWORK
## Impact Across All Asset Classes

<table>
<thead>
<tr>
<th>Cash</th>
<th>Fixed Income</th>
<th>Public Equities</th>
<th>Alternatives</th>
<th>Mission Alignment Activities</th>
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<tr>
<td>Market Rate</td>
<td>• FDIC and FCUA insured CDs</td>
<td>• Corporate Bonds</td>
<td>• Global</td>
<td>• Custom ESG Overlay Screening</td>
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<td>• Community Bank and Credit Union money market</td>
<td>• Government Agency Bonds</td>
<td>• International</td>
<td>• Shareholder Engagement</td>
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<td>• Municipal Bonds</td>
<td>• Emerging Markets</td>
<td>• Proxy voting</td>
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<td>• International Bonds</td>
<td>• Domestic</td>
<td>• Program-Related Investments</td>
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<td>• Community Loan Funds</td>
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<td>• Promissory Notes</td>
<td>e.g. Environmental Markets</td>
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<td>• Micro-finance</td>
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<td>• Small Business Loans</td>
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<td>Below Market Rate</td>
<td>• Community Bank CDs and money market</td>
<td>• Community Loan Funds</td>
<td>• Private Equity Funds</td>
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<td>• Promissory Notes</td>
<td>• Direct Private Equity</td>
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<td>• Loan Guarantees</td>
<td>• Venture Capital Funds</td>
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<td>• Micro-finance</td>
<td>• Private Debt Funds</td>
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<td>• Liquic Alternatives</td>
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<td>• Hedge Funds</td>
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<td>• Hard Assets</td>
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<td>e.g. Sustainable Agriculture</td>
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<td>Timberland, Real Estate</td>
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<td>• Direct Private Equity</td>
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Note: impact investors target returns that range from below market rate to market rate. Below market rate is defined as a lower rate of return than is expected for the amount of risk taken.


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This information is provided solely by way of background regarding impact investing generally.
Strong Investment Performance

This chart compares the MSCI KLD 400 Social Index, which provides exposure to companies with favorable environmental, social and governance (ESG) ratings*, to the S&P 500 Index, an index of large-cap U.S. equities that doesn’t take into account ESG criteria. The annualized 20-year return through 12/31/2016 of the MSCI KLD 400 Social was 5.95%, compared to the 5.69% return of the S&P 500.

*The MSCI KLD 400 Social Index is a capitalization weighted index of 400 US securities that provides exposure to companies with outstanding Environmental, Social and Governance (ESG) ratings and excludes companies whose products have negative social or environmental impacts. Constituent selection is based on data from MSCI ESG Research.


This information is provided solely by way of background regarding impact investing generally.
Growth in Sustainable Investing

SIZE OF SUSTAINABLE, RESPONSIBLE AND IMPACT (SRI) INVESTING 2016

- **ESG INCORPORATION**
  - $8.10 TRILLION

- **SHAREHOLDER RESOLUTIONS**
  - $2.56 TRILLION

- **TOTAL ASSETS**
  - $40.3 TRILLION

- SRI ASSETS
  - $8.72 TRILLION

U.S. SRI ASSETS BY YEAR

- **2012**
  - $3.74 TRILLION

- **2014**
  - $6.57 TRILLION

- **2016**
  - $8.72 TRILLION

"Assets in SRI investing at the start of 2016 represent nearly 22% of the $40.3 trillion in total assets under management tracked by Cerulli Associates. From 1995 to 2016, the SRI universe has increased nearly 14-fold."

US SIF 2016 TRENDS REPORT


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“Community investing sector has reclaimed its position as one of the SRI field’s fastest growing segments, with assets nearly doubling over the last two years, from $64.3 billion to $121.6 billion.”

**US SIF 2016 TRENDS REPORT**

Source: Calvert Foundation, CDFI Fund, CDVCA, National Community Investment Fund, National Federation of Community Development Credit Unions, Opportunity Finance Network and US SIF Foundation
Data sources

1. NYC Today
   • Population: NYC.gov, 2017 estimate
   • Income: U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates
   • Unemployment: 2016 American Community Survey
   • Jobs: 2016 American Community Survey

2. Jobs, inequality, housing
   • NYS Depart of Labor, Quarterly Census of Employment and Wages (QCEW), https://www.labor.ny.gov/stats/ins.asp

3. NYC Creative Economy
   • Employment growth: CUF analysis from Economic Modeling Specialists International (EMSI) database
   • B Lab, Best for NYC Directory
   • Upstart Co-Lab

4. Limitations