2018 ANNUAL REPORT Igniting Economic Growth For All Detroiters
Invest Detroit is a mission-driven lender, investor, and partner that supports business and real estate projects that will ignite economic growth in Detroit.

Through real estate and commercial lending and venture investment, our goals are to increase density, promote job creation, and create thriving Detroit neighborhoods in ways that are strategic and inclusive.

2018 KEY METRICS

- 52 Total projects funded
- $27,099,933 Total deployed
- $104,710,643 Total leveraged
- 464 Jobs created/retained

MESSAGE FROM THE BOARD OF DIRECTORS

2018 was undoubtedly a big year of growth for Invest Detroit. Through the $56 million Strategic Neighborhood Fund, we expanded our neighborhood work from three to 10 neighborhoods and grew the team to support this vital work. The small business program pivoted to enhance our work in the neighborhoods while continuing to support businesses across the entire city. Our venture team, ID Ventures, continued to provide critical support to startups across Michigan and hit an investment milestone, exceeding 100 portfolio companies this year.

It was a busy and exciting year and we continued to think differently about ways to be more efficient and resourceful so that we can meet the challenges that accompany this kind of growth. But the key to our success is something we learned early in our work—partnership. Partnership is the developers and entrepreneurs with whom we work, the community leaders who give us guidance, the other agencies that work with us to ensure a project can be completely funded, and the philanthropic funders who invest in us. It is the many people who share our passion for the history and future of this city.

Invest Detroit is not represented by buildings and faceless businesses, it is made up of partnerships with those that share our goal of one thriving Detroit for everyone. In this report, we are excited to introduce you to some of those partnerships. And we thank you for yours.

DAVID BLASZKIEWICZ
PRESIDENT & CEO

MATTHEW P. CULLEN
CHAIRMAN
In 2018, Mayor Mike Duggan announced the expansion of the Strategic Neighborhood Fund (SNF) from three neighborhoods to a total of 10.

SNF is a partnership between Invest Detroit and the City of Detroit that brings targeted investment to commercial corridors, streetscapes, parks, and housing guided by a community engagement process. Invest Detroit’s role as the fund’s fiduciary and a key strategist and implementation lead for the work in commercial corridors broadened our real estate focus to support more Detroit neighborhoods. The fund is being supported by foundation and corporate philanthropy, as well as city and state funding, and our neighborhoods and real estate team are eager to meet the challenge of this necessary and important expansion.

In addition to SNF, Invest Detroit is bringing many of its existing tools to help bolster the work in SNF-targeted neighborhoods and other areas of the city still in need of support. When considering real estate projects to fund, two big questions drive our decision-making: Does the project provide a benefit to Detroit residents, and does the project spark or support economic growth in the surrounding area? Invest Detroit exists to help provide financing for projects that struggle to find traditional support so that our neighborhoods can continue to grow and our residents have access to jobs and resources. In the two stories we have highlighted in this report, both are examples of projects that are transforming abandoned, historic buildings into strong, catalytic neighborhood assets.
As a student at Wayne State, Matt Hessler fell in love with Detroit neighborhoods while driving throughout the city between classes.

In 2014 he bought and began renovations on a property in Midtown and was able to become involved with the city in a more hands-on way. A resident of Sherwood Forest since 2003, he is now continuing his development work close to home at the B. Siegel Co. building at the corner of Seven Mile and Livernois – a neighborhood targeted for Strategic Neighborhood Fund investment. In February 2018, Matt broke ground on the vacant building that was once a popular women’s clothing store and an anchor in the Avenue of Fashion in the 50s and 60s but closed in the 1980s. After 15 years of driving past the boarded-up building, Matt worked with Invest Detroit and other partners to be a part of the positive momentum in the Livernois-McNichols neighborhood.

For Matt, this project is vital to the neighborhood and can add to a healthy retail district and improve walkability, making it easy for residents to get what they need. “I want every tenant here bringing value to the community, things that residents use and need every day.” When complete in 2019, the project will have 10 second-floor residential units, 29 underground parking spaces, and a robust mix of retail, professional services, and restaurants filling more than 19,000 square feet of ground floor commercial space and creating approximately 30 new jobs. While the potential for impact was great, financing a neighborhood project of this size was a significant challenge. With the help of Invest Detroit, as well as Capital Impact Partners, the State of Michigan, and the Detroit Economic Growth Corporation, this project is coming to life. And with additional investments being made in the neighborhood through the Strategic Neighborhood Fund, we are excited to see this neighborhood thrive.

$3,043,473
Invest Detroit support

19,000
square feet of ground floor commercial space

30
new jobs

REAL ESTATE PROJECTS
Invest Detroit, INDUSTRY, and Midtown Detroit Inc. are working to redevelop the Thomas Jefferson Intermediate School into a collaboration hub for local entrepreneurs, businesses, artists, and residents seeking workforce training.

Originally built in 1922, the school will be transformed into a different kind of neighborhood asset, providing opportunities for local entrepreneurship (with a focus on underrepresented business owners and Detroit residents), office space activation, workforce educational training, and intentional place-making for this burgeoning neighborhood. As INDUSTRY Detroit, the building will be thoughtfully repurposed to include inspired workspaces for rent and community run programs that will give people hands-on training in the realms of hospitality, culinary arts and restaurant operations.

The school will serve as a central gathering place for a growing network of innovative organizations who are committed to equitable inclusion in Detroit. Sharing amenities such as patios, meeting rooms, and kitchens, tenants will have opportunities for peer interaction, as well as individualized spaces. Our collective vision is a symbiotic relationship between businesses, entrepreneurs, artists, and any resident looking for an opportunity to be a part of these represented sectors. This is more than the reactivation of vacant space, it is a creative and thoughtful approach that aims to further our mission to increase density and job opportunities in way that is inclusive of existing residents.

$3,450,000

Invest Detroit support
In addition to increasing population density and investing in Detroit neighborhoods, Invest Detroit is focused on the creation and retention of jobs that benefit all of our residents.

To reach this goal, we support locally-owned small businesses committed to hiring Detroit residents. These jobs may be full or part time, skilled or labor, and cover a variety of sectors. Geographically, our small business program works to support the efforts of investments in neighborhoods targeted by the Strategic Neighborhood Fund, while also working with business-owners across the entire city.

But creating jobs isn’t enough. We also have to help ensure that Detroiters are job-ready and can seize the opportunities created by our local businesses. In the stories highlighted here, we have gone a step further by supporting business-owners who aren’t just hiring employees but training residents of all backgrounds for meaningful careers.

### 2018 Key Small Business Metrics

- **15 Businesses funded**
- **$3,163,000 Deployed**
- **$10,451,696 Leveraged**

### Business Owner Demographics

- **7 People of color**
- **11 Women**
- **4 Detroit residents**
Marlene Brooks opened Dymond Designs Beauty Studio 10 years ago in Detroit when many local businesses struggled to find support.

But with a lot of tenacity, passion for her work, and a commitment to Detroit, she was able to grow the studio to create a hair company with a retail and online store. People wanted to work for her but getting licenses wasn’t easy. There were many licensed schools in the suburbs and a couple in the city, but they were either not affordable or not easy to access. After beginning an apprenticeship program for four years to help local students pursue beauty careers, Marlene took a bold next step and this January opened the Dymond Designs Beauty School near her existing studio on East Jefferson Avenue.

Dymond Designs Beauty School offers day and evening cosmetology courses and ensures that Detroit residents have access to training for well-paying careers in the beauty industry. Marlene’s drive and determination to make this training accessible to as many people as possible led to partnerships with Michigan Works, the PATH program at the Michigan Department of Health and Human Services, Michigan Rehabilitation Services, Workforce Innovation and Opportunity Act, and Goodwill Industries to subsidize tuition for at-risk and returning citizens. To ensure her students will have access to financial aid, she found an accelerated program to get the school federally accredited sooner than the standard two years to qualify for the Federal Student Loan Program. The school will accommodate 120 students a year with an expected 80% graduation rate each year. And Marlene’s secret to success? “Do your homework and take advantage of every opportunity you can find.”
When Karlos Harris, then a Motor City Match Technical Assistance Provider, first learned that Jamie Kothe needed marketing help for her Detroit School for Digital Technology, he tried to decline. Jamie created the school in 2016 inside a former precinct to train returning citizens, veterans, and low-income residents for technology careers, and as a returning citizen himself, Karlos was not thrilled at the idea of working in a former prison. But his mentor encouraged him to check it out, and when he met Jamie, who was also the only employee at the time, he was inspired by the school’s mission and wowed by Jamie’s passion and entrepreneurial spirit.

Since that time, Karlos has become the school’s chief operating officer, and together he and Jamie have grown the program offerings to cover a wide range of technology training including Digital Media, Information Technology, Cyber Security, and Film Production. The school is now serving almost 700 students this year and preparing vulnerable residents for careers with leading technology employers such as Ford Motor Company, Data Tech, CBI Security, DTE, VetBuilt, Mulah Films, Quicken Loans, Word Network, T & B Films, Amazon, and Google. With the help of Invest Detroit, through funds from JPMorgan Chase, Jamie was able to purchase the building so that this former place of incarceration could continue to be a place of education.

And not only have Jamie and Karlos become an unstoppable team, continuing to build education offerings and financial aid opportunities for the Detroit residents they serve, they have also become husband and wife.
In June of 2018, the ID Ventures team officially announced that they reached 100 companies in their portfolio and have continued to add one to two companies per month.

ID Ventures is the most active seed investor in the state, focused on supporting high-growth startups in Michigan. As entrepreneurship continues to grow in importance in the state’s economy, ID Ventures plays an important role in assisting high-tech startups succeed in the region.

As one of just a few venture funds located in Detroit, ID Ventures manages a portfolio across a wide range of sectors, including life sciences and healthcare, information technology, fintech, mobility, and advanced manufacturing and materials. The stories we highlight here are an example of that range but show a common thread—Michigan entrepreneurs revolutionizing their industries.

ID Ventures oversees two programs that strengthen the startup ecosystem.

**Accelerate Michigan Innovation Competition**
A business pitch competition that showcases and supports Michigan startups.

**2018 KEY METRICS**
- 300 Applicants
- 7 Winning companies
- $910,000 in prizes awarded

**The Hacker Fellows Program**
Supports the career efforts of emerging tech talent by offering paid fellowships and internships with Michigan startups.

**2018 KEY METRICS**
- 15 Participating fellows
- 10 Participating interns
- 18 Startups hired fellows and interns

**2018 VENTURE METRICS**

- **24 Companies funded**
  - **$2,149,759 Deployed**
  - **$22,306,976 Leveraged**

**FOUNDER DEMOGRAPHICS**

- **6 People of color**
- **4 Detroit-based**
- **9 Women**
- **5 Immigrants**
CEO Mike Klein and the team at Genomenon in Ann Arbor are disrupting the field of research. With their Mastermind Genomic Search Engine, they are connecting billions of dollars of genetic research and putting this data at the fingertips of doctors for better and faster diagnoses, giving healthcare professionals information they need to ensure the right treatment for some of the most difficult cases. Used by hundreds of diagnostic labs around the world, Mastermind accelerates genomic interpretation by providing unique insight into genomic relationships found in the full text of millions of scientific articles.

As an example of this life-changing innovation, a newborn at Rady Children’s Hospital in San Diego, CA was suffering from a dozen severe seizures a day, and the doctors were unable to diagnose using conventional research tools. The physicians turned to Genomenon’s search engine and were able to connect one of the gene mutations with a scientific article that suggested a deficit in nutrients that the body was unable to make on its own. Immediately after adding a supplement to the baby’s diet, the seizures subsided.

As the company, founded by Mark Kiel and Steve Schwartz, continues to grow, they are looking at ways to make an even bigger impact by incorporating additional research and data to also help pharmaceuticals create better drugs. Klein says, “Our vision is connecting all of this medical research, making it easy and fast to find the right answer.”

Justin Mast comes from five generations of greenhouse growers and has always been interested in the consumer-facing side of the business. As he and his friends were moving to fast-paced cities and urban centers, he knew that the plant cultivation experience needed to be different. For him, Detroit was the place to build his company: “The barriers to growing a startup while not on the coasts have gone away. There’s a real creative community in Detroit where the lower cost of living and the space to work on your idea means you can make things happen here.”

Founded by Detroit resident Justin Mast, Bloomscape is changing the way we buy plants by bringing the purchase experience into the modern age. A renewed interest in plants and gardening is blossoming but the consumer experience has yet to catch up to innovations in e-commerce. Bloomscape is changing that by offering retail improvements that deliver fully-grown, potted plants shipped to your door.

At the cultural intersection of a return to nature and a fast, digital life, you’ll find Bloomscape, a direct-to-consumer plant brand whose mission is to improve the plant purchase and ownership experience for every homeowner and gardener.
THE YEAR AHEAD

While continuing to expand our neighborhood, real estate, small business, and venture work, Invest Detroit will be working to intensify its support of strategies aimed to attract large industrial businesses to the city—businesses that can create thousands of jobs from entry-level to skilled positions.

Through partnerships with the City of Detroit, Detroit Economic Growth Corporation, and the Brownfield Redevelopment Authority, we are targeting a sustainable method of land assembly and site readiness so that Detroit can better compete with other cities in attracting these valuable job creators to the region. By repurposing vacant land, assembling parcels to create larger spaces, ensuring the land is free from contamination, and providing gap financing when needed, we can help attract these businesses and create industrial parks that can act as job centers for Detroits. This method will be tested through the assembly of vacant land for the Fiat Chrysler Assembly Plant expansion and the lessons learned throughout that process will help inform future strategy deployment.

With the amount of vacant land in Detroit, we are confident that an industrial approach can grow to be an important tool in our commitment to job and economic growth across the city.

2018 FINANCIAL HIGHLIGHTS

- **Invest Detroit Consolidated**
  - Total Assets: $137,272,432
  - Net Assets and Partner’s Equity: $117,417,374
  - Portfolio Investments: $82,762,176
  - 2018 Net Income: $11,987,211

- **Combined Portfolio Composition at 12.31.18**
  - Real Estate: $53,681,991
  - Commercial: $20,329,786
  - Venture: $8,750,399

- **Operational Highlights**
  - Deployment: $27M
  - Fundraising: $17M
  - New Staff Hires: 10

Audited Financial Statements for each company consolidated into Invest Detroit available upon request.
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