

February 23, 2016

SMALL BUSINESS BRIEFING

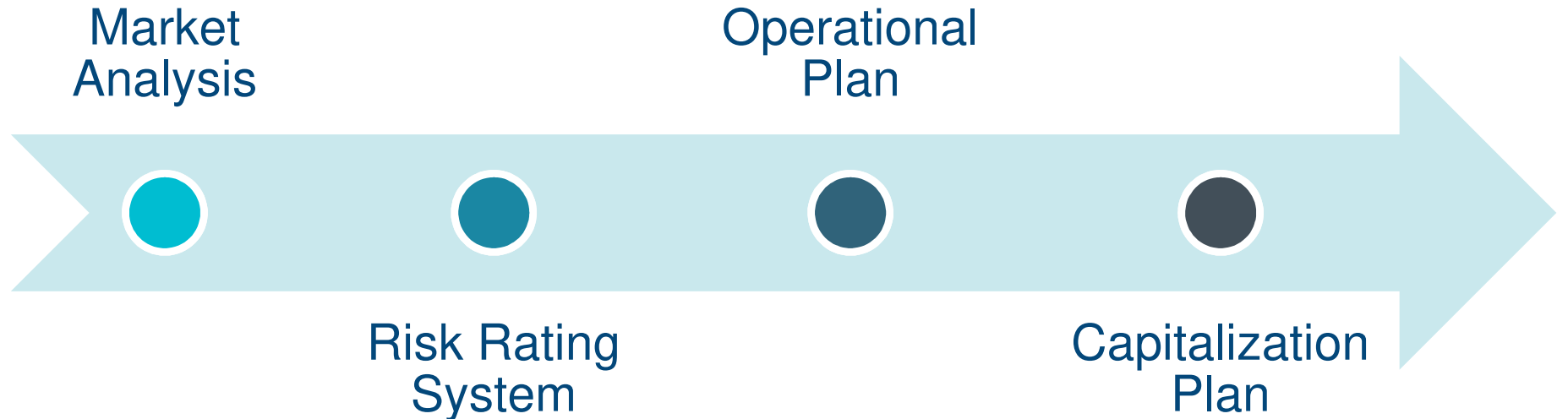


Driving growth to every corner of Philadelphia

OVERVIEW: Supporting Growing Small Businesses in the City

1. Market Research and Strategic Planning
2. Expanding PIDC's Market Presence
3. Loan Products, Capitalization and Execution

MARKET RESEARCH AND STRATEGY: PROCESS



MARKET RESEARCH AND STRATEGY: FINDINGS

Market:

- 10,000 businesses between 4-50 employees
- 80 non-profits with \$2.5M-\$5M in revenue and +\$25,000 NOI
- Small business formation in Philadelphia was consistent with national benchmarks
- Growth was slower and stalled sooner, especially in minority – owned enterprises, relative to national trends
- Local businesses were seeking credit to grow: 53% seeking financing from an outside source, 41% not able to complete their capital raise
- Most technical assistance focused on start-ups and not established enterprises seeking to grow

MARKET RESEARCH AND STRATEGY: RESPONSE

New Products

- Primary and subordinate
- Working capital & equipment
- Lines of credit & term loans
- A/R financing to replace credit cards and factors
- \$50,000-\$250,000 and \$750,000-\$2M
- Growth-oriented TA support

New Capacity

- Internal capacity: sourcing, underwriting, approval, and portfolio management
- New capital sources: \$30m/5 years

New Clients

- Established businesses with stable NOI seeking to grow
- Business with insufficient credit/collateral for a bank
- Business owner with under 680 FICO
- The small business in the community, focus on M/WBE
- Contractors and professional services
- Retail with a niche: help with second location
- Non-profits with strong operating businesses

EXPANDING PIDC'S MARKET PRESENCE

1. New Brand Identity
2. Alignment and Focus of Marketing, Communications and Business Development
3. Results to Date

NEW BRAND IDENTITY

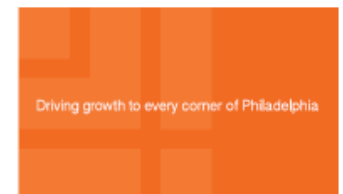


Launched New PIDC Brand in 2014

- Message: Growth, city-wide, all sectors
- Clear, consistent and contemporary
- Featuring client success

New Brand Assets

- Website
- Print
- Video
- Social Media



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ALIGNMENT OF MARKETING, COMMUNICATIONS AND BUSINESS DEVELOPMENT

Market Managers identify, contact, and build relationships with clients and partners in specific sectors, focusing primarily on business lending and industrial real estate:

- Commercial Development: Anne Nevins
- Manufacturing and Industry: Brad Boone
- Commercial Small Businesses: Marla Hamilton and Heather Hanowitz
- Strategic Partners: Ivy Olesh

PIDC's broader internal Business Development Team coordinates and pursues a range of business development opportunities across:

- Community Investment & Project Finance
- Tax Exempt Financing
- Navy Yard Leasing and Development
- City Conduit and Real Estate

MARKETING NEIGHBORHOOD PRINT ADS



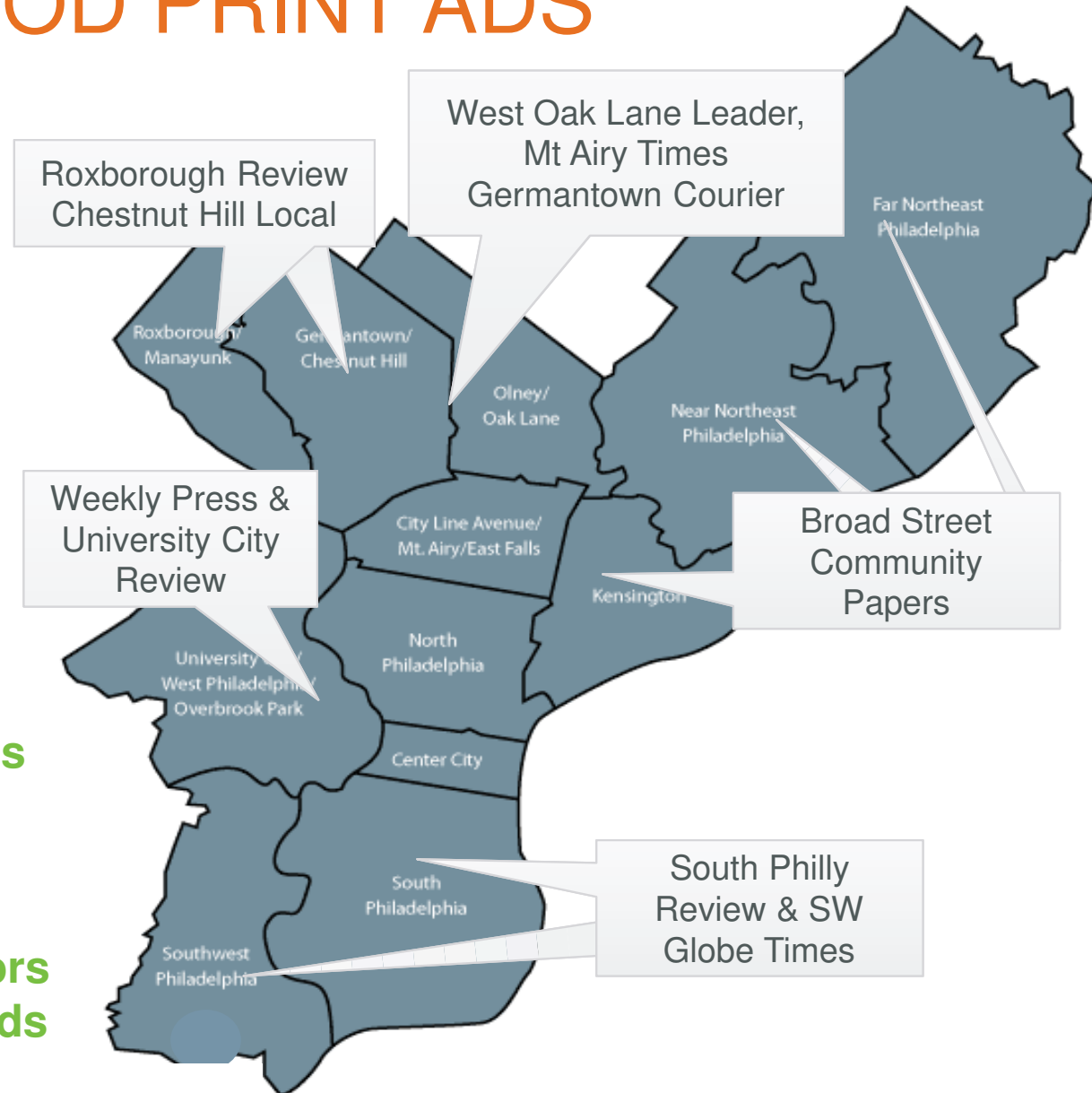
THE CAPITAL YOU NEED FOR THE BUSINESS YOU LOVE

GET A HARDER WORKING, FLEXIBLE SMALL BUSINESS LOAN TODAY

You love your business. And we love helping businesses grow in Philadelphia. That's why PIDC offers local companies the capital they need to grow their footprints or take on bigger contracts, even if you've already been turned down. Let's grow your business - and our city - through a small business loan.

Go to pidcphila.com/SmallBizFinancing or call 215-496-8157 and ask about our working capital loans today!

PIDC
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32 Ads placed in 7 publications
\$14,500 Ad Spend (Jun-Dec)



- **Attracted 213 new web visitors**
- **Few inquiries attributed to ads**

MARKETING PAID SEARCH (SEM)

Paid Search Campaign from July-December 2015

- **\$25,500 spend** (pay per click)
- Generated **1,484 website visits**
- **35 direct inquiries** from SEM (*43% of all web inquiries Jul-Dec*)
- SEM is our **#2 source of inquiries** through website (*outranking direct*)

The screenshot shows a Google search for "business loan in philadelphia". The search bar is at the top with the Google logo on the left and a search button on the right. Below the search bar, there are tabs for "Web", "News", "Maps", "Images", "Shopping", "More", and "Search tools". The search results are displayed below, with a warning message at the top: "Warning: This page is a test for AdWords advertisers to test their ads. For full Google functionality return to the Google homepage." The search results include several ads for business loans, such as "Business Loan in Minutes - Kabbage.com", "Business Loan - \$5k - \$250k With Quick Decisions", "Fast Business Loans - Up to \$500k Cash for your business", "Loan Programs - Women's Opportunities Resource Center", "PIDC Business Loans", "Alternative Business Loan", "Guaranteed Business Loans", and "Fast & Easy Business Loan".

Top Keywords

Small Business Loan
Commercial Loan
Small Business Grants

ONLINE INQUIRY FORMS & APPLICATION

Implemented new inquiry forms and online application

- Fully web enabled
- Integrated with Portfol
- **Inquiry** is an easy 5 step form that allows PIDC to prescreen prospects
- **Application** allows clients to save work and return later before submitting
- Builds **database** of contacts

The image shows a screenshot of the PIDC website's 'BUSINESS BUILDER LOANS' section. A green circle highlights a 'GET STARTED' button with the text 'APPLY ONLINE' and 'TOP 20 PHILADELPHIA'. Below the screenshot is a detailed view of the 'Step 1: Contact Information' form, which includes the following fields:

- First Name:
- Last Name:
- Title:
- Phone Number:
- Email Address:

Navigation links on the left include: Step 1: Contact Information, Step 2: Business Information, Step 3: Financing Information, Step 4: Loan Information, and Step 5: First Decision. A 'Previous' button is located at the bottom left of the form, and a 'Next' button is at the bottom right.

KEY INTERMEDIARIES

(Referral Partners: Bankers, Accountants, Consultants, Brokers, Attorneys)

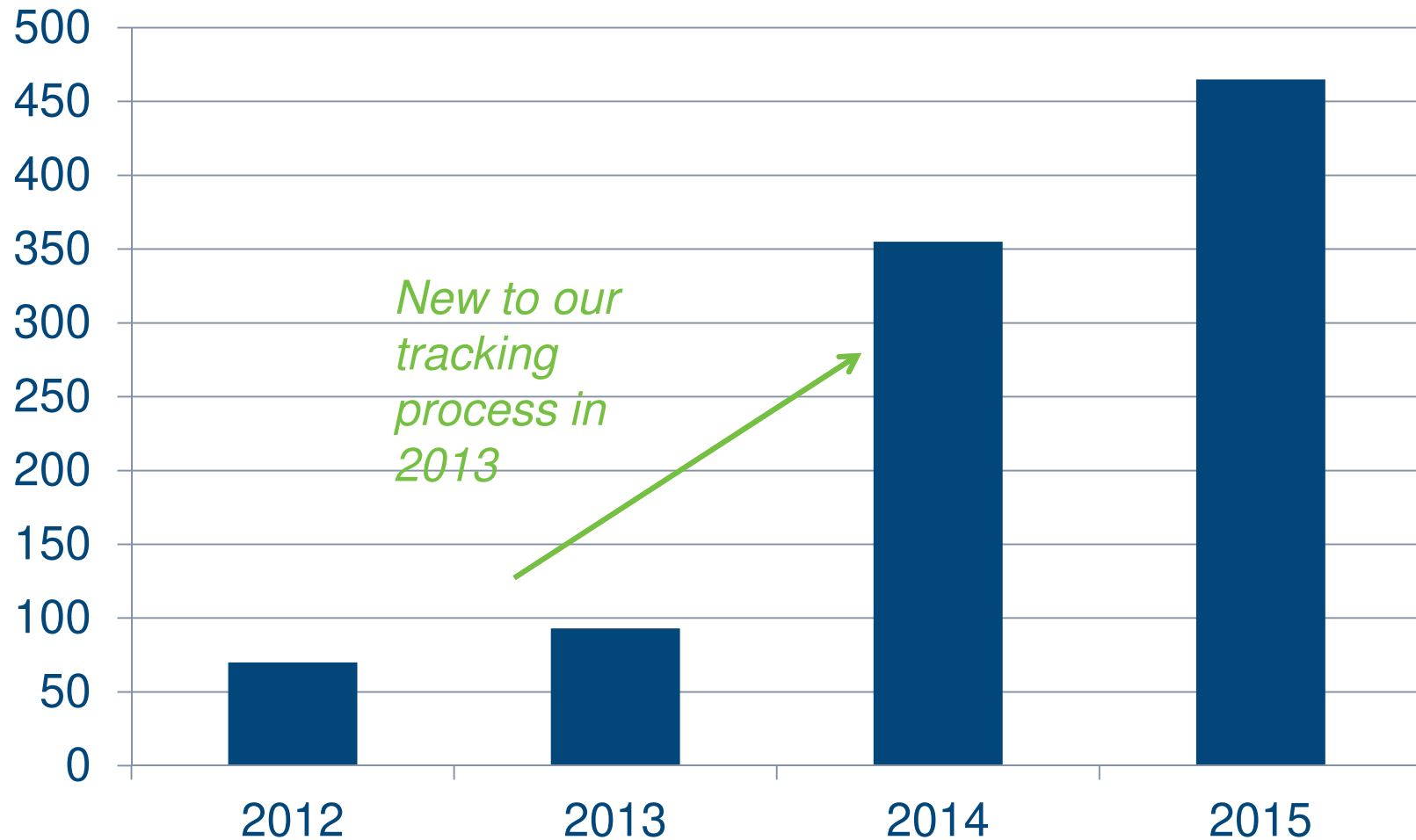
2015 - Transitioned to Salesforce for better tracking of referral partners



1,995
Intermediaries
in new
Salesforce
system

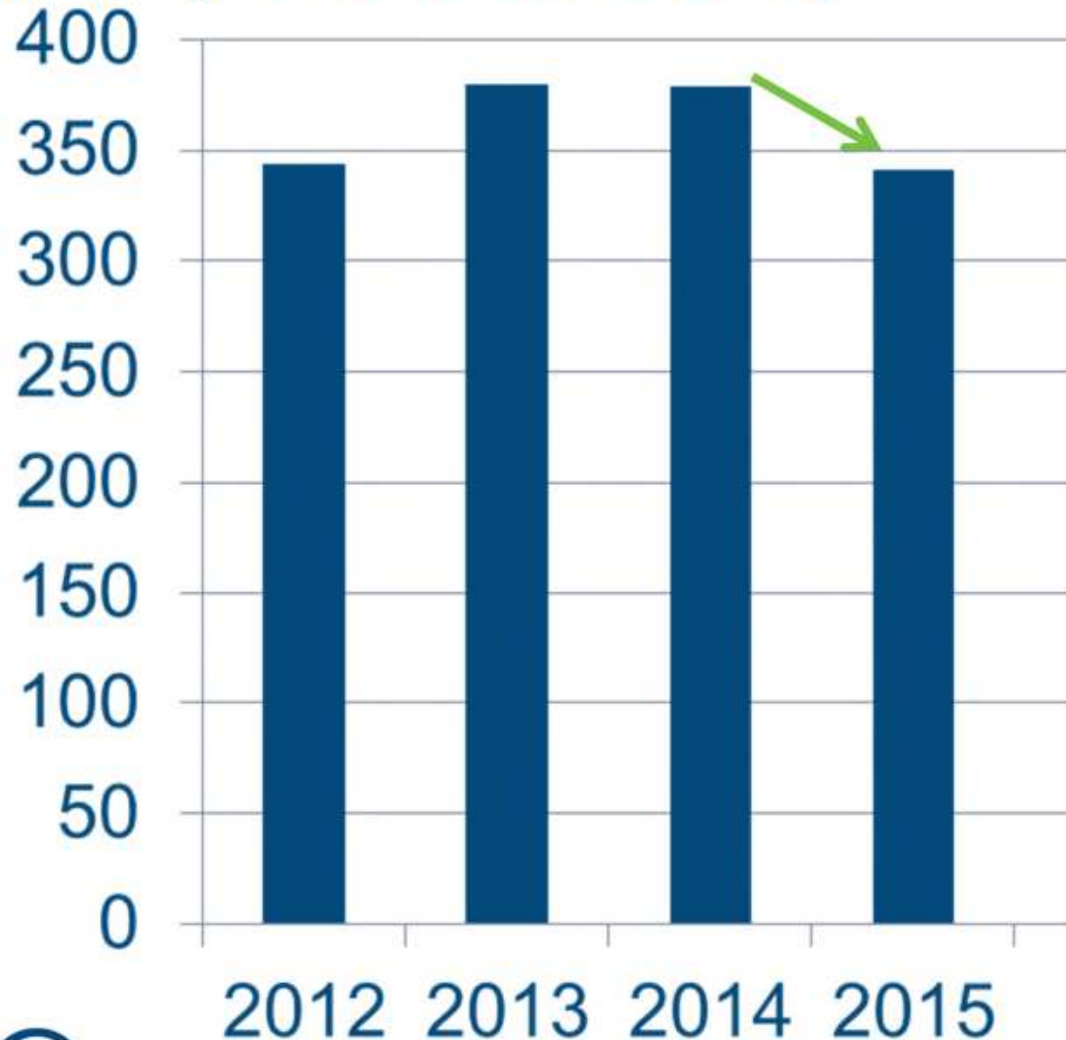
NEW CONTACTS

(new businesses with whom PIDC has made initial contact)



NEW LEADS

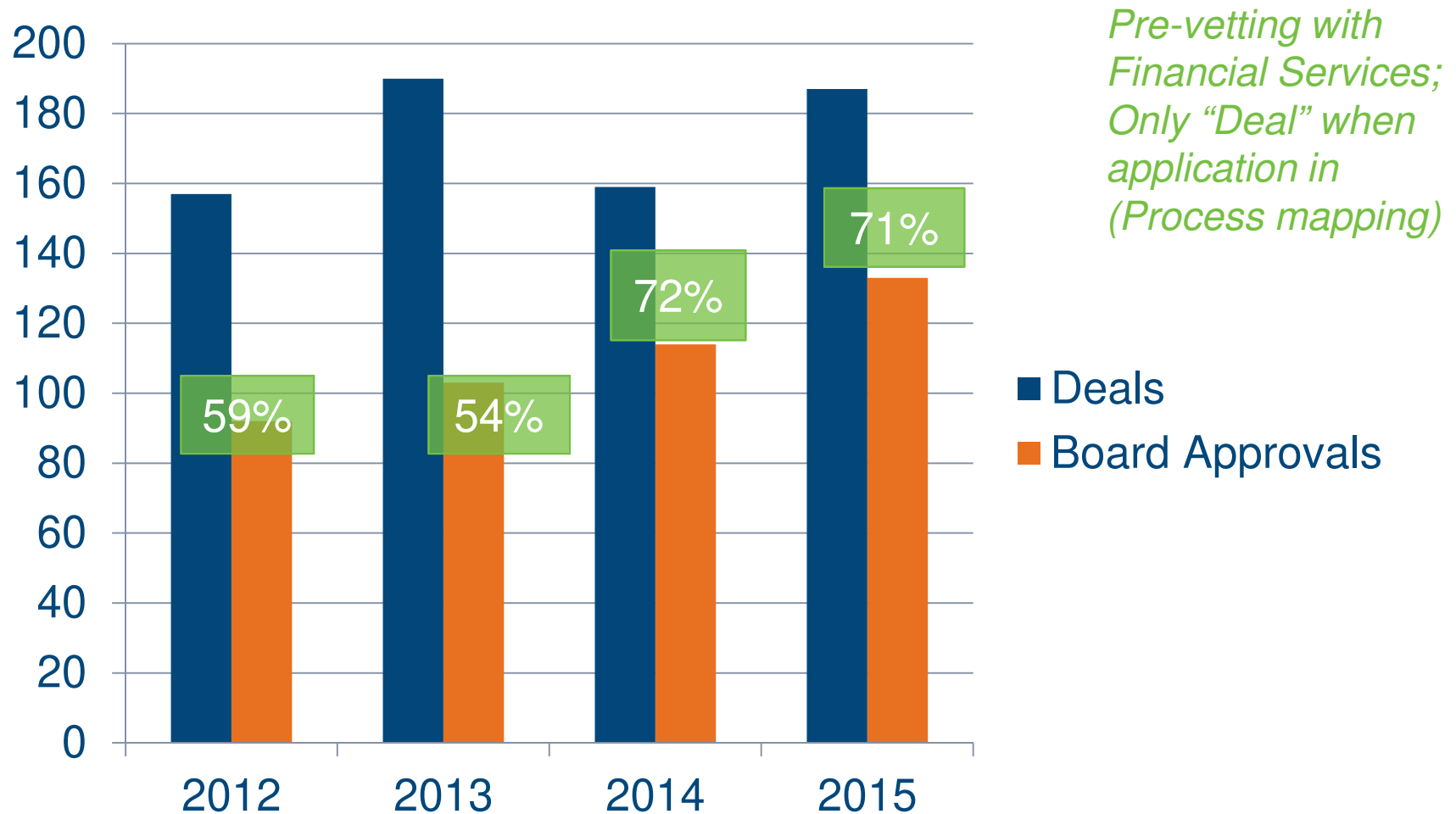
(new or existing client with a specific project that has a need for a PIDC financing or real estate resource)



Implemented more significant screening process

NEW DEALS / BOARD APPROVALS

(Deal –application/reservation/LOI submitted)



NEW PRODUCTS, CAPITALIZATION AND EXECUTION

- New Loan Products and Technical Assistance
- New Sources of Capital
- Results and Outcomes

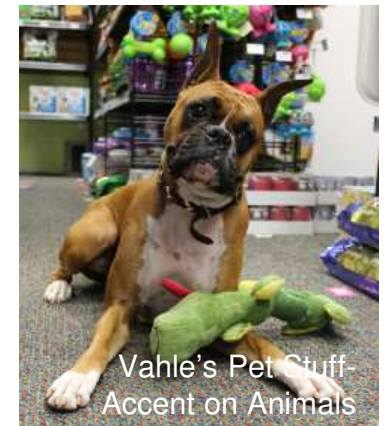
BUSINESS LENDING PRODUCTS

Working Capital & Equipment Loan

Support small and midsize businesses which need term financing for working capital, equipment, or leasehold improvement projects to support their growth.

Terms:

- 5-7 years
- 6.25% (cost+)
- First position lien on assets
- Personal guarantees



BUSINESS LENDING PRODUCTS



Contract Line of Credit

Support small, minority, women, disabled and non-profit businesses which need a line of credit to fund contract-related working capital.

Terms

- Sliding interest rate scale
- Secured by assignment of contract
- Typical security also includes personal guarantees
- May include other collateral if necessary



BUSINESS LENDING PRODUCTS

Capital Project Loan

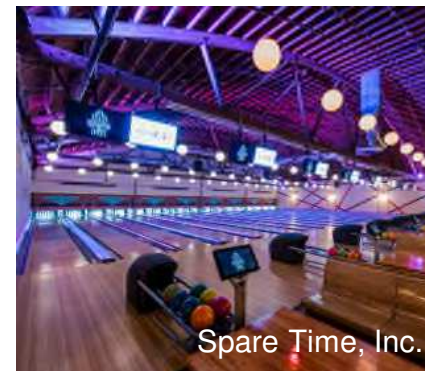
Support businesses undertaking capital projects such as building acquisition, renovation, leasehold improvements or equipment which need additional financing to complete the project.

Terms

- Subordinate lien position
- Matching term of first mortgage
- Potential for subsidized interest
- Typically funded with public sources of capital



“Thanks to PIDC, we’ve been able to speak to more clients, fill more orders, and the biggest thing, hire more people.”
– *John Pomp*



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CAPITALIZATION: PHASE 1

New Debt:

• Goldman Sachs	\$10.0m
• Customer's Bank	\$ 3.0m
• SBA	<u>\$ 1.0m</u>
Total	\$14.0m

New Grants:

• Goldman Sachs:	\$1.0m
• Comcast	\$0.650m
• City/PCDC/CDBG	<u>\$0.422m</u>
Total	\$2.072m

Leveraged Existing Resources:

- City Revolved CDBG/UDAG/EDA
- Revolved Navy Yard Conversion Fund
- PNC Bank: PIDC Line of Credit



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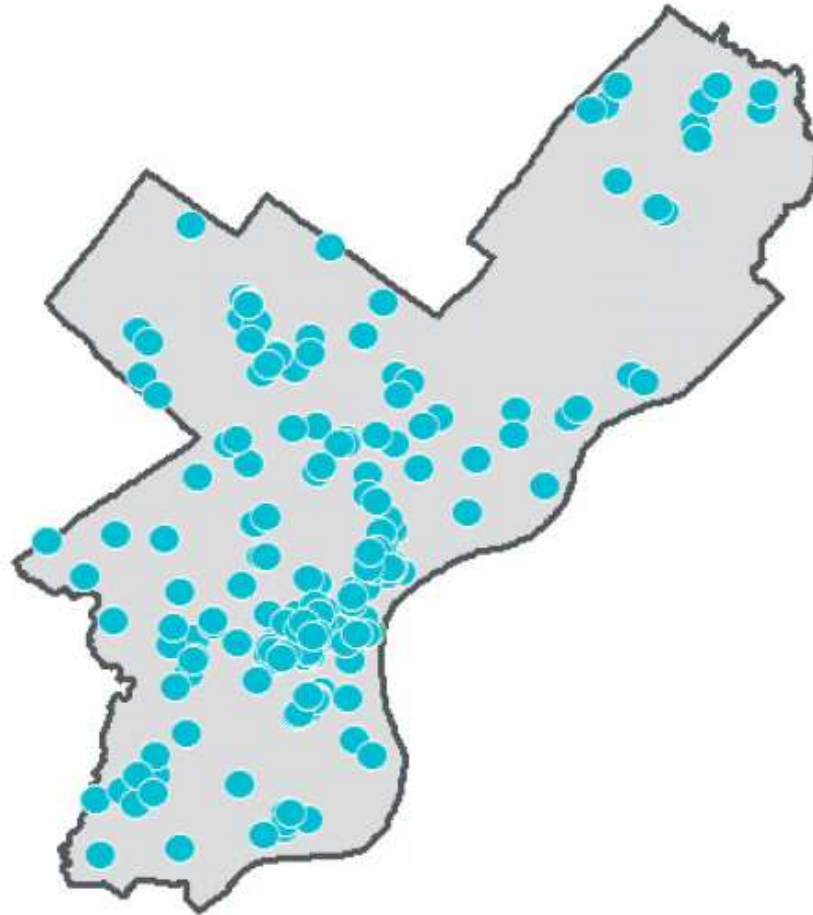
SMALL BUSINESS LENDING VOLUME

77%
GROWTH

Loan Product	2011		2012		2013		2014		2015	
	#	\$	#	\$	#	\$	#	\$	#	\$
Working Capital & Equipment	-	\$ -	-	\$ -	4	\$1,468,000	9	\$2,293,000	15	\$4,075,000
Capital Project / Other	27	\$11,780,000	46	\$24,181,000	25	\$12,706,000	33	\$12,182,000	39	\$14,783,000
Contract Line of Credit	15	\$1,780,000	17	\$2,700,000	25	\$4,655,000	25	\$5,950,000	28	\$7,850,000
Partner Bank Guarantee	4	\$897,000	7	\$943,000	4	\$1,325,000	6	\$953,000	3	\$306,000
TOTAL	46	\$14,457,000	70	\$27,824,000	58	\$20,154,000	73	\$21,377,000	85	\$27,014,000

SMALL BUSINESS LENDING CLIENTS

2011-2015 Clients



SMALL BUSINESS LENDING IMPACTS

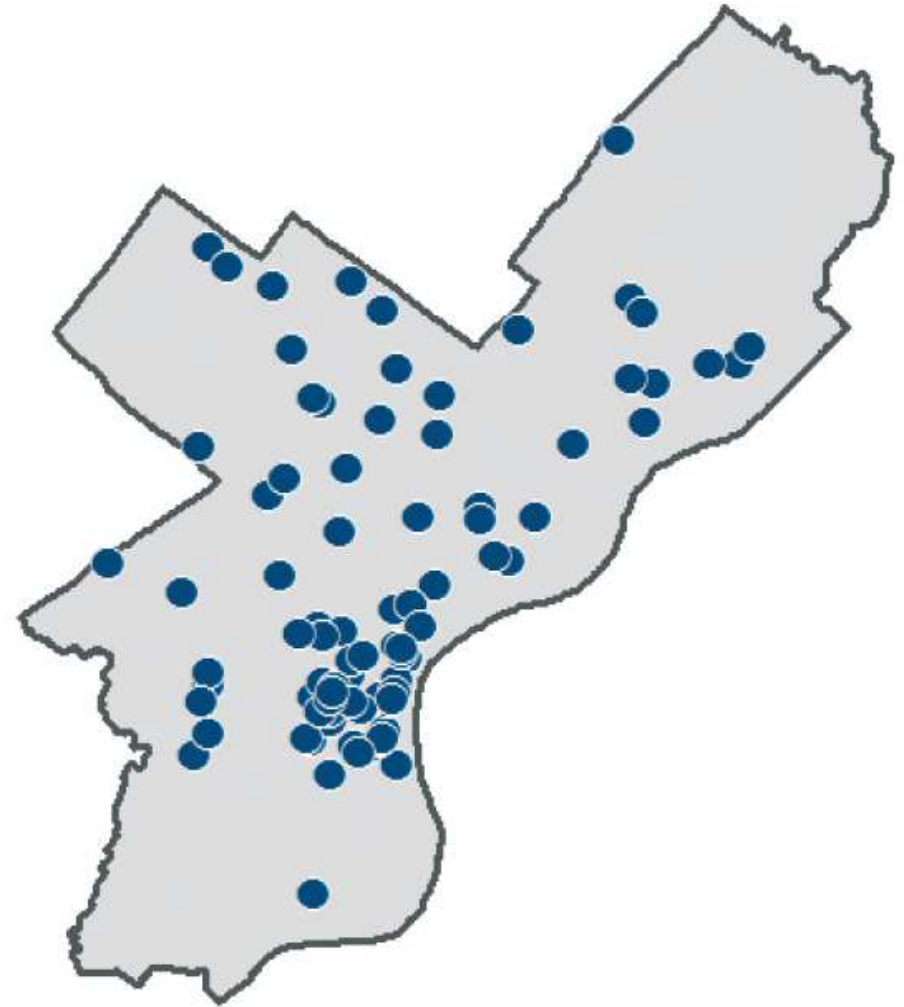
PIDC's small business financing **positively impacts low income communities and small business owners:**

- **4,618 jobs created and retained** from 2012-15
- **67%** of clients **increased their personal credit score**
- **More than half** of PIDC's small business clients **increased their sales, assets, and net income** after receiving PIDC financing
- A **majority** of PIDC's overall small business lending was provided to businesses in **low income communities**
- In 2015, **over half** of all small business loans were made to **minority- or woman- owned businesses**

SUPPORT FOR GROWING BUSINESSES

Goldman Sachs *10,000 Small Businesses* Program

- CCP/Goldman Sachs and City
- 8 completed cohorts
- 222 businesses
- 57% Philadelphia-based
- 40% Woman-owned
- 70 PIDC clients and referrals (37% of total Scholars)
- Networks for business owners



SUPPORT FOR GROWING BUSINESSES

PIDC Technical Assistance

- Monthly 1-on-1 Application Assistance
- 17 workshops in 2015:
 - Managing Your Cash flow
 - Your Personal Credit for Business Growth
 - 4-part series on the Construction Industry
- Expanding networking opportunities
 - Business-Business
 - Broader networks across the city
 - CEO Mentoring

Since January 2013

41
workshops and sessions

492
attendees

81%
of attendees
based in Philadelphia

CAPITALIZATION: PHASE 2

PHASE 2: Raise \$26.5 million in new capital in next 3 years

Goal to raise \$19.5 million in debt and \$7.0 million in equity

Targets: Banks, Foundations, US Treasury / CDFI Fund

Uses: Loan volume, loan loss reserves, post loan closing technical assistance to support business growth

PROJECTED SMALL BUSINESS LENDING VOLUMES 2016-2018

Loan Product	2016		2017		2018		Total	
	#	\$	#	\$	#	\$	#	\$
Working Capital & Equipment	24	\$6.0	29	\$7.3	35	\$8.8	88	\$22.1
Capital Project	32	\$16	35	\$17.5	39	\$19.5	106	\$53
Contract Line of Credit	41	\$16	48	\$19.2	58	\$23	147	\$58.2
TOTAL	97	\$38	112	\$44	132	\$51.3	341	\$133.3

PROJECTED SMALL BUSINESS LENDING IMPACTS

Over the next three years, PIDC projects that its financing will **positively impact low income communities and small business owners**:

- **341 borrowers** will receive **\$133.3 million** in financing to support expansion and growth
- **5,695 jobs will be created and retained**
- **Almost \$80 million** will be invested into **low income communities**
- **Over 160 loans** will be made to **minority-owned businesses**, representing **\$54.6 million** of financing