High-Growth Small Business Secures Opportunity Zone Investments for Expansion

Proximity Space, Inc. (Proximity) was launched in 2015 to create efficiencies in the expanding and fragmented market of shared workspaces and has scaled to become the nation’s largest network of coworking brands. By providing products, services, resources, and training tailored to meet the needs of space owners, community managers, and coworkers within their vast network, Proximity is fostering the growth of small businesses and entrepreneurs throughout the nation.

Proximity’s growth exemplifies how coworking space can serve as a hub for attracting and supporting entrepreneurs and small businesses. The success of startups is not limited to urban areas. Proximity’s founders chose to locate the company in Montrose, CO—a town of 19,100 residents—taking into account factors like the cost of living, access to high-speed internet, and affordable downtown workspace. Since launching, Proximity has grown to a staff of 28, contributed to the revitalization of downtown Montrose, and was named one of the top coworking spaces by Forbes and Inc. Magazine. In 2019, Proximity opened a round of funding to fuel its continued expansion.

In Q1 2020, Proximity secured an Opportunity Zone investment from the Center on Rural Innovation (CORI) Innovation Fund. CORI is a nonprofit action tank that is sparking the revival of small towns across America by helping them build digital economy ecosystems. CORI recognized Proximity’s potential for continued business growth and their mutual interest in building networks to support entrepreneurs and small businesses.

“CORI’s support of Proximity proves that mission-aligned investing through Opportunity Zones can be a vital piece of a high-growth company’s capital stack. CORI is pushing Proximity forward faster in our vision to be the connecting backbone between people and places for the distributed workforce of today and tomorrow.”

- Josh Freed, Co-Founder and CEO, Proximity
Opportunity Zone Investment Profile

Capital Raise
Since 2019, Proximity has secured approximately $1.3 million in Opportunity Zone financing from three investors, the most recent of which was provided by the CORI Innovation Fund. The company has raised approximately $2.6 million in the current round and approximately $5.5 million (includes both debt and equity) since inception.

<table>
<thead>
<tr>
<th>Equity Raised in Current Round as of January 31, 2020:</th>
</tr>
</thead>
<tbody>
<tr>
<td>50.8% OZ Equity ($1.3 million)</td>
</tr>
<tr>
<td>49.2% Other Equity ($1.3 million)</td>
</tr>
</tbody>
</table>

Proximity projects capital raised through Opportunity Zone investments will ultimately represent a higher percentage of the total round.

Additional details will be made available once fundraising is closed.

About the Investment
This is the first investment made by the CORI Innovation Fund, which was launched in Q4 2019. By investing in Proximity, the CORI Innovation Fund is helping to accelerate the deployment of structural solutions aligned with its own mission, supporting the growth of entrepreneurship and small business in order to generate wealth and job creation in small and rural communities.

CORI had not planned to launch an equity fund prior to the enactment of Opportunity Zones. However, once zones were established, CORI determined that an Opportunity Zones-focused innovation fund could drive high-impact investment in underserved rural regions. This first investment will provide increased access and insights into the places, entrepreneurs, and businesses they are serving.

The Impact of Opportunity Zone Financing
Aided by CORI’s investment, Proximity will be able to expand its network and the number of communities that will benefit from the industry-leading services and resources the company has developed over the past three years.

Proximity estimates it will add 1,500 locations to its U.S. network over the next four years. Of those new customers, 65 percent will be located in communities not currently served by Proximity, 60 percent will be located in rural, small, or mid-markets, and 20 percent will be located in Opportunity Zones. Over the same period of time, Proximity projects it will hire 18 employees for newly created positions. An additional 90 jobs could be created as a result of Proximity’s growth, as it is estimated that each new job created in the high-tech sector creates five additional jobs in the service economy.

Visit ruralinnovation.us for more information about the Center on Rural Innovation.

About Opportunity Zones
Opportunity Zones are a new national investment tool designed to spur economic growth and community development by encouraging long-term private equity investment in distressed urban, suburban, and rural communities across America. In 2018, local leaders in every state, U.S. territory, and Washington, D.C. supported the nomination of more than 8,700 low-income census tracts for Opportunity Zone designation. Individuals and companies can receive a series of graduated tax benefits based on the amount of time invested in a Qualified Opportunity Fund, which must have 90 percent of assets invested in real property or operating businesses located in Opportunity Zones. The Opportunity Zones policy is based on the bipartisan Investing in Opportunity Act, which was championed by a regionally and politically diverse coalition of congressional cosponsors.

About The Economic Innovation Group (EIG)
EIG is a bipartisan ideas laboratory and advocacy organization whose mission is to advance solutions that empower entrepreneurs and investors to forge a more dynamic American economy. Headquartered in Washington, D.C., EIG convenes leading experts from the public and private sectors, produces original research, and works to advance creative legislative proposals that will bring new jobs, investment, and economic growth to communities across the nation.

EIG leads a coalition of stakeholders as part of its efforts to support the formation of a robust Opportunity Zones ecosystem. For more information, contact info@eig.org

The information presented was gathered through interviews with project stakeholders, (e.g., the project sponsor, fund manager, etc.). Statistics from the American Community Survey are included, and additional publicly available data from the U.S. Department of Housing and Urban Development, the U.S. Department of Agriculture, the U.S. Department of Education, and the Centers for Disease Control may be included as well.