ALLHOLD CAPITAL
EOT + RE

AllHold Capital FAQ:

A Plain-English Guide to Employee Ownership Trusts and Community Wealth Building

What is AllHold Capital?

AllHold Capital is a mission-driven investment fund designed to enable the equitable transition of business and real estate ownership to workers in low- and moderate-income (LMI) communities. We utilize a single, perpetual trust structure to hold both business operations and commercial property, creating good jobs, long-term benefits, and stable, community-rooted wealth.

Each year, thousands of essential small businesses in LMI neighborhoods face closure due to owner retirement or displacement. AllHold Capital provides a solution: we facilitate the transition of these businesses and their real estate into a single, employee-owned trust. This integrated structure protects location permanence, prevents gentrification-driven loss, and embeds wealth with workers—not outside investors. By directing control and profits to workers and ensuring permanence of location, AllHold offers durable, replicable infrastructure for economic justice.

Our inaugural fund is a $10 million, 10-year fund that invests in profitable small businesses ($500K–$5M valuation) with fewer than 40 employees and associated real estate. We use a blended capital approach—bringing together seller financing, our own catalytic capital, and senior debt from CDFIs and banks. Our investments support the transition to Employee Ownership Trusts (EOTs) that preserve place-based value.

We believe this model builds long-term economic stability, prevents displacement, and turns small business succession into a community wealth-building opportunity.

What is Employee Ownership?

Employee ownership means the people who work at a business share in its profits and success. They don't just earn a paycheck—they also have a stake in how the business performs. This gives them more control, more motivation, and more stability.

There are different ways to do this. The most common is through something called an ESOP (Employee Stock Ownership Plan), where employees own company shares in a retirement account. Another approach—and the one AllHold Capital uses—is through an Employee

Ownership Trust (EOT), where the business is owned by a trust that benefits the employees as a group.

A Global and Historical View of Employee Ownership

Employee ownership isn't new. In fact, it's been practiced in many forms across the world for decades—often under different names and models.

In the United States, employee ownership is most often associated with ESOPs (Employee Stock Ownership Plans), which were established in the 1970s through federal legislation. Since then, thousands of U.S. companies—especially larger ones—have adopted ESOPs as a way to transfer ownership to employees within a regulated retirement framework. However, because of their regulatory complexity and cost, ESOPs have generally excluded smaller businesses and frontline workers.

Employee Ownership Trusts (EOTs), by contrast, emerged in the United Kingdom as a more flexible and accessible model. Popularized by the sale of the John Lewis Partnership in the mid-20th century, EOTs allow for perpetual, trust-based employee ownership without requiring individual shareholding. They gained legal clarity in the UK in 2014, and adoption has grown rapidly since. Variants of the EOT also exist in Canada, Australia, and increasingly, in the United States.

Internationally, the broader concept is sometimes called steward ownership, a framework in which companies are owned and governed for long-term purpose and benefit, rather than short-term shareholder value. In Germany, steward ownership has taken hold through companies like Bosch and Zeiss, which are held in mission-driven foundations. The steward model is spreading through Europe as businesses seek alternatives to extractive private ownership.

AllHold Capital’s approach is inspired by these global movements. By combining EOT structures with real estate stewardship and community wealth building, we aim to apply proven ownership models to the urgent challenges facing U.S. small businesses and low- to moderate-income communities.

Why is it Called an “Employee Ownership Trust”? Do the Employees Actually OWN the Trust?

Nope, the other way around—the trust legally owns the business. But the employees are the *beneficiaries* of the trust. That means they receive profits, have a say in how things run, and are the reason the trust exists. Think of it like a community garden: no one owns the land individually, but everyone shares in the harvest and helps decide how it's managed.

Employees benefit through:

- Annual profit-sharing (patronage)
- Higher wages over time
- Retirement plans and better benefits
- A stronger voice at work and in governance

This builds long-term wealth, even if it doesn't show up on a balance sheet as personal stock.

Why Does AllHold Capital Combine the Business and Real Estate Ownership into a Single Trust?

You can't build individual or community wealth if you're being displaced. Owning the real estate ensures that employee-owned businesses aren't priced out by rising rents or gentrification.

AllHold facilitates the purchase of the company's building (or helps them locate a different space in their community) as part of the transition. This protects the business, anchors it in place, and creates a second appreciating asset: the building itself. It also gives the trust collateral for future financing—something many small businesses struggle to access.

This dual-asset model (business + building, aka EOT + RE) helps employees and the community build wealth together.

How Do the Employees Benefit?

Employees benefit in three main ways:

1. **Higher wages**: After becoming worker-owners, employees at transitioned businesses commonly see significant wage growth—on average around 30% within the first few years (Project Equity, 2024). This is especially impactful in lower-wage industries.
2. **Profit-sharing**: Employees begin to share directly in company profits, often through annual distributions based on hours worked. In some cases, employees have

received thousands of dollars each year—transforming short-term income into long-term asset-building.

3. **Better benefits**: Many companies reinstate or introduce retirement plans (such as SIMPLE IRAs or 401(k)s with employer match), offer full or partial health insurance coverage, and add dental, disability, and paid leave benefits. These improvements are particularly meaningful in sectors where such benefits are not the norm.

Workers also gain:

- **More job security**: Employee-owned businesses tend to have lower turnover and are less likely to be sold or closed unexpectedly.
- **More voice in decisions**: Employees participate more in company governance and day-to-day improvements.
- **More personal and professional growth opportunities**: With ownership comes training, transparency, and investment in employee development.

This model has proven especially effective in low-margin, high-turnover industries such as food service, logistics, and home care—sectors that are often excluded from traditional wealth-building pathways (Project Equity, 2024).

How Does the Community Benefit?

When employees own the business and control the real estate, the entire community benefits:

- Jobs stay local
- Money circulates within the neighborhood
- Rents remain stable
- Displacement is reduced

This is part of a broader model called Community Wealth Building (CWB), which doesn't just redistribute wealth after the fact—it changes how wealth is created and shared from the beginning (The Democracy Collaborative, 2023).

By turning businesses and buildings into shared community assets, AllHold's model locks in generational stability instead of extractive short-term profit.

Are There Other Stakeholders that Benefit?

Yes. This is a win-win-win model:

- **Retiring business owners** can exit with dignity and fair compensation, knowing their legacy stays intact
- **Investors and lenders** can support high-impact deals with stable returns (AllHold targets 4–5% IRR over 10 years)
- **Local governments** see stronger tax bases, fewer vacancies, and more resilient neighborhoods

Everyone wins when wealth and control stay rooted in place. This is a shared effort. Building an ownership economy requires aligned capital, coordinated ecosystems, and deep trust.

Does This Really Build Assets for Workers If They Don't Own Shares or Property?

Yes—just differently.

Workers don't hold stock or real estate deeds. But they receive direct, recurring financial benefit from the trust's ownership:

- Profit-sharing (often thousands per year)
- Higher wages and lower turnover
- Retirement savings (often started or reinstated after conversion)
- Improved job quality and stability

These are real financial gains. For workers who might never have access to homeownership or business ownership otherwise, this model offers a risk-free path to wealth-building.

And because there's no buy-in required, the model includes everyone—especially LMI workers who would be locked out of other equity-based structures (Race & Gender Wealth Equity Report, 2021).

Why Now? What Is The "Silver Tsunami" And Why Is It Urgent?

The "Silver Tsunami" refers to the mass retirement of baby boomer business owners—2.9 million U.S. businesses are owned by people nearing retirement (Project Equity, 2020).

Without a plan, many will:

- Shut down, losing good jobs and community assets
- Be sold to private equity and stripped for parts

AllHold Capital was founded to intervene in this moment—to keep those businesses rooted in their communities and turn them into vehicles for local wealth and ownership.

We target legacy small businesses ($500K–$5M valuation) that include real estate, and transition them to EOTs with our fund's support.

How Does AllHold Capital Make Money?

AllHold Capital provides the upfront catalytic capital that employees typically don't have to begin the transition to employee ownership. We recover that investment over time through repayments tied to the business's profit-sharing distributions. That means our repayment schedule is aligned with business success—if the business does well, we do well. If it doesn't, we wait.

We do not extract value from the business or hold a long-term ownership stake. Once we're repaid, we exit entirely, leaving the trust in full control. This makes us different from some investor groups or funds that retain ownership of the business or real estate to maximize long-term returns. Our model ensures that the wealth stays with the workers and in the community—not with us.

How Do These Deals Get Financed?

AllHold provides catalytic capital to get the deal moving. But we don't provide 100% of the money.

We believe in building local capital relationships, so we structure deals using a blended capital stack:

- AllHold fund capital (typically junior debt or preferred equity)
- Seller financing (deferred payments from the exiting owner)
- Senior debt from CDFIs, mission-driven banks, or municipal partners

This structure encourages businesses to engage their local ecosystem—CDFIs, municipal economic development offices, and banks—to support their long-term success. It's not just about buying a business; it's about building community wealth.

What Kind of Businesses Are a Good Fit for This Model?

We focus on profitable businesses with:

- $500K–$5M in annual revenue
- 10-40 employees
- A stable operating history
- Physical assets, especially real estate, that can be included in the trust

Ideal candidates are companies where the owner is ready to retire or exit but wants to preserve jobs, legacy, and community roots—rather than selling to private equity or shutting down.

Can Workers Actually Run a Business Successfully?

Yes—and they do, all the time!

Studies show that employee-owned businesses are often more stable, more resilient, and more profitable than traditional firms. Workers are closer to day-to-day operations and can make informed decisions when they're given the training and structure to participate.

AllHold and our partners provide technical assistance, financial coaching, and governance support during the transition to ensure workers are set up for success. These transitions aren't about throwing workers into the deep end—they're carefully guided to build capacity and confidence.

What Role Does AllHold Play After the Transition?

AllHold stays involved during a structured transition period. We provide:

- Technical assistance in operations, HR, and governance
- Financial literacy and coaching for worker-owners
- Post-transition support to ensure smooth functioning of the trust

However, once our capital is repaid, we exit fully. We don't hold equity or control, and we don't own the real estate. Unlike some real estate-driven funds that assist with the ownership transition but keep the property to extract rent, AllHold's model is built to stabilize—not speculate on—communities.

Unfortunately, some models engage in what's called ***"equity-washing"***—talking the talk about shared ownership while maintaining control or outsized returns. That's not us. Our mission is to transfer wealth and control to workers and communities.

How Can I Invest or Support This Work?

There are many ways to get involved—whether you're a funder, a city official, a business owner, or a concerned neighbor. Everyone has a role to play in building a more just and inclusive economy:

- **Impact investors** can contribute capital to our fund (junior debt or preferred equity), aligned with our 5–7% IRR target.
- **Philanthropic partners** can support technical assistance, training, and ecosystem development through grants or guarantees.
- **CDFIs and mission-driven banks** can provide senior debt financing to help transition businesses and acquire real estate.
- **Local governments** can help identify retiring business owners, provide capital tools, or offer zoning and permitting support to accelerate transitions.
- **Community organizations** can surface trusted local businesses and connect them to succession planning tools.
- **Business owners** exploring retirement can reach out to learn about exit options that honor their legacy and keep jobs local.
- **Employees** can share this concept with their employers and start the conversation about a worker-centered transition.
- **Neighbors and advocates** can support businesses that make the shift to employee ownership and spread the word in their networks.

You don't have to be an investor or a founder to make a difference. Just *introducing this idea* to a small business owner, policymaker, or nonprofit partner can start the chain reaction that leads to lasting community wealth.

AllHold Capital exists because we believe in a different kind of economy—one where ownership isn't concentrated in the hands of a few but shared by the people and places who create value every day. If this vision moves you—reach out. Whether you're a lender, a legislator, a foundation, or a front-line employee, there's a way to plug in. Join us.

Glossary of Key Terms

- **Blended capital stack:** A mix of different sources and types of capital—like equity, debt, grants, or seller notes—used together to fund a project.
- **Capital stack:** The hierarchy of capital used to finance a business, ranked by risk and repayment priority (e.g., grants, equity, mezzanine, senior debt).
- **Catalytic capital:** Flexible, risk-tolerant capital that fills gaps in funding to unlock other investment. Used to spark deals that might not happen otherwise**.**
- **Employee Ownership Trust (EOT):** A perpetual trust that owns a business for the benefit of its employees, distributing profits and maintaining control on their behalf.
- **Equity-washing:** When organizations use the language of equity and inclusion without truly shifting power or ownership.
- **ESOP (Employee Stock Ownership Plan):** A federally regulated retirement plan that gives employees shares in the business, typically held in trust until retirement.
- **Impact investor:** An investor who seeks both financial return and measurable social or environmental benefit.
- **Junior debt:** A type of loan that is lower in priority for repayment compared to senior debt. It typically carries higher risk—and potentially higher returns.
- **Mezzanine debt:** A hybrid of debt and equity financing that gives the lender the right to convert to equity in case of default, usually after senior debts are paid.
- **Preferred equity:** A class of ownership in a business that has a fixed dividend, is paid before common equity, and does not carry ownership control.
- **Profit-sharing (patronage):** Distributions of company earnings to employees based on time worked or other criteria, common in employee-owned firms.
- **Seller financing:** When the seller of a business agrees to receive part of the purchase price in installments over time rather than all at once.
- **Senior debt:** A loan that gets repaid before other debts if a company goes out of business. It has lower risk and is often provided by traditional lenders like banks or CDFIs.
- **Steward ownership:** A model of business ownership where control and profits are permanently anchored in a purpose-driven structure, often involving trusts or mission-aligned stewards rather than external shareholders.

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