CELEBRATING 20 YEARS

2019 ANNUAL IMPACT REPORT

FOR 20 YEARS, WE HAVE PROVIDED TRANSFORMATIONAL CAPITAL TO OVERLOOKED BUSINESSES AND COMMUNITIES, BLAZING A DELIBERATE PATH TO NEW OPPORTUNITIES.

STONEHENGE CAPITAL

LETTER FROM THE FOUNDERS

When we founded Stonehenge Capital 20 years ago, it was with the steadfast belief that one plus one equaled something greater than the sum of our parts. As a team, we became a better, more complete version of ourselves, capable of rising to heights unattainable by either of us individually. Today, teamwork and groupthink remain deeply rooted in the collective management style at Stonehenge. That's why it makes sense that a reflection on the company's meteoric success is less a retrospective than it is a deep dive into the corporate DNA of Stonehenge.

Our 20th anniversary is a celebration of the right people — with the right stuff.

We worked in the finance industry for decades before we decided to leave Banc One with two other key partners, Mike Endres and Jim Pickett, in 1999. Together we co-founded Stonehenge Financial Holdings, then the parent company of Stonehenge Capital. We handpicked and recruited exceptional performers when putting together our initial roster of employees, many of whom today serve as longstanding leaders of the organization: David Webber to lead credit and underwriting; John Witten to provide legal and structuring expertise; Gordon LeBlanc to lead marketing and sales; and, of course, Tom Adamek to manage and set the course, always the invaluable visionary — a veritable dream team and an exemplar of groupthink and teamwork.

"Our 20th anniversary is a celebration of the right people — with the right stuff."

Among the many hallmarks of Stonehenge's success is the strong belief that teamwork creates space for everyone. It creates palpable energy as people with complementary strengths combine to accomplish a mutually agreed upon objective. Perhaps the biggest benefit to a business that passionately invests in the concept of teamwork is that there are no unimportant jobs, no unimportant people. We have always believed that multiple, mostly autonomous boutiques within a company tend to expand capabilities, create enthusiasm and foster a keen sense of esprit de corps.

We also developed a simple yet extremely effective method for maintaining a strong trajectory of growth without losing focus on profitability. Called The Big Five, this method involves identifying the five most important goals that Stonehenge employees can individually and collectively achieve to assure success in the short run and then commit to accomplishing those goals. This concept imposes a discipline that permits us to expect performance and inspect results. Stonehenge President Tom Adamek became the biggest advocate of this management style, which has ensured Stonehenge's culture of success today.

And so here we are 20 years later. While things change, companies grow and objectives are met, the values and principles that fuel the journey remain steadfast and uncompromising. These are the granite bluestone pillars that support the lintel stone of the trilithon, the symbolic logo of Stonehenge, which connotes true partnership, absolute trust and unflagging endurance. These attributes lead to fresh thinking and better returns, and they are threads of DNA that have been long- and well-sewn into the fabric of Stonehenge Capital. The right stuff indeed.

David Meuse and Ron Brooks, Stonehenge Capital Founders

1999 — Stonehenge forms as a spin-off by the former principals of Banc One Capital.

Stonehenge's Growth Capital business line is formalized as the first line of business.

2000 — Growth Capital closes its first state economic development investment fund.

2003 — The Tax Credit Services business line is formed to invest in projects that generate state incentives.

The Community Development business line is formed to invest federal New Markets Tax Credit allocations.

2006 — Tax Credit Services expands to invest in state Historic Tax Credit programs.

2009 — Community Development expands to participate in state New Markets Tax Credit programs.

Tax Credit Services expands to invest in Renewable Energy Tax Credit programs.

2015 — Tax Credit Services expands to invest in federal Historic Tax Equity.

Growth Capital expands to invest in small businesses in rural America through state rural-focused programs.

2018 — Community Development invests its 11th federal New Markets Tax Credit allocation in severely distressed communities.

2019 — Stonehenge celebrates its 20th anniversary.

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From Our Directors

“As Director of the Tax Credit Services team, I witness firsthand the creativity and adaptability of our firm in a rapidly changing environment, where partners recognize our long history of successful business decisions backed by committed, impactful capital. Clients turn to Stonehenge because we are a proven partner, who is agile enough to move quickly and smart enough to invest deliberately, carefully measuring the risks and generating double-bottom-line returns. We look forward to serving the investment and development communities for 20 more years, maintaining our reputation as a nationally recognized leader in federal and state incentives and as an innovative, transformative business partner.”

WHITNEY LANASA, DIRECTOR OF TAX CREDIT SERVICES

“For 20 years, Stonehenge has provided critical growth capital to the nation’s small businesses to enable rapid development and create jobs. As the manager of our Growth Capital group, I see our work on a daily basis through the people we support—through the eyes of machinists making aerospace parts and through the success of scientists developing a new and innovative medicine to treat chronic disease. While many of the businesses are deemed too small or too rural by other investors, Stonehenge has helped to grow these companies, resulting in thousands of jobs in places desperately in need of employment opportunities.”

STEPHEN BENNETT, DIRECTOR OF GROWTH CAPITAL

“The Community Development business line believes that doing more with investment means doing more for businesses and communities that are often overlooked or underserved by most investment firms. We invest with a purpose: to transform our nation’s workforce and communities. In the process, we have created and retained over 25,000 jobs in our nation’s most distressed areas. Working in alliance with the National Urban League, we have collaborated to invest in projects and communities that deliver significant minority impact. At Stonehenge, we will continue transforming our nation’s most vulnerable and distressed communities for decades to come.”

L’QUENTUS THOMAS, DIRECTOR OF COMMUNITY DEVELOPMENT

Restoring economic vibrancy in a rural town

PROJECT:
Novus Advanced Manufacturing

LOCATION:
St. Joseph, Tennessee

INVESTMENT TYPE:
New Markets Tax Credits

AMOUNT:
$10.5 million

IMPACT:
200+ new jobs

Novus Advanced Manufacturing is helping bring rural Tennessee's economy back to life.

Like many rural businesses, Novus, which makes steel framing components and accessories for the construction of commercial and residential structures, lacked access to traditional sources of capital needed to grow. Stonehenge provided financing to Novus through the federal New Markets Tax Credit program, allowing Novus to expand operations and bolster a community on the brink of severe economic distress.

Novus will acquire an existing 18,000-square-foot manufacturing plant in St. Joseph, Tenn., which will then be improved with the expansion of an additional 40,000 square feet. Located in Lawrence County, the area today is ranked between the poorest 10 percent and 25 percent of the nation's counties, according to the Appalachian Regional Commission. Construction is expected to generate 30 jobs in its first year, and Novus anticipates that the new facility will create 200 new jobs over the next seven years in the small, rural town of St. Joseph.

Not only will Novus bring much needed jobs to the area, these jobs are expected to pay higher-than-average salaries for the county and provide full medical and dental benefits, retirement benefits and paid time off. Novus also plans to recruit underprivileged individuals to fill these jobs.

"Stonehenge's investment allows us to grow at an accelerated pace, which we would not have been able to do without their help," said David Hunt, CEO of Novus. "We are proud to partner with a leading investment firm that understands our desire to grow and meet demand for our product."

"Novus has the drive to expand and the vision to bring jobs back to rural communities," said L'Quentus Thomas of Stonehenge. "We hope that this investment is an economic catalyst for the St. Joseph community."

Investing in tomorrow's digital landscape

PROJECT:
TechR2

LOCATION:
Pataskala, Ohio

INVESTMENT TYPE:
Ohio Rural Jobs Act Tax Credits

AMOUNT:
$3 million

IMPACT:
50+ new jobs

When TechR2 opened as largely a technology resale company in 1997, data security breaches appeared to be a small blip on the horizon. With the rise of breaches and hacks, businesses of all sizes have increasingly turned to TechR2 for help.

Stonehenge invested $3 million in TechR2 to support the company's growth. A woman-owned small business based in rural Licking County, Ohio, TechR2 will use the financing to hire additional employees and take other measures to support its expansion.

Fueling the expansion in part is a deal the company recently inked with IBM, which was especially impressed by the specialized "cradle to grave" process TechR2 uses to track, contain, destroy and verify destruction of a company's decommissioned storage data media.

"Today's modern digital landscape is rapidly changing, and we are constantly innovating and working to meet the ongoing needs of our clients," said Sepp Rajaie, CEO of TechR2. "With Stonehenge's investment, we will be able to invest in our clients' future to make sure they, as well as their customers, are secure and protected."

TechR2 serves a diverse client portfolio conducting business in every industry, ranging from smaller organizations to Fortune 500 companies. TechR2's patented process, coupled with its highly stringent global ISO certifications, serve to ensure protection of client "data at rest."

"TechR2 is providing crucial solutions to help businesses across the country manage their needs," said Stephen Bennett, Director at Stonehenge. "The data security industry is poised for ongoing growth, and we're excited to help TechR2 expand and be a part of their future."

Restoring a piece of a town's history in South Carolina

PROJECT:
Apalache Mill

LOCATION:
Greer, South Carolina

INVESTMENT TYPE:
State Historic and Textile Mill Tax Credits

AMOUNT:
$4.1 million

In 2007, developer Dale Goodrich purchased the historical Apalache Mill in Greer, South Carolina. While his plans to restore and redevelop the old mill into an apartment community were put on hold during the Great Recession in 2008, Goodrich never gave up on his goal of bringing the century-old mill back to life.

Nearly 10 years later, Goodrich finally realized his dream. Stonehenge Capital helped to finance a $21.7 million major renovation through the allocation of state Historic and Textile Mill Tax Credits, transforming the old Apalache Mill into the Lofts on the Lake.

The building is now home to 97 urban-style apartments, with most units offering lake views – as well as the opportunity to live in the oldest existing cotton mill in Upstate South Carolina. Recently listed on the National Register of Historic Places, the Apalache Mill was built in 1888 and, according to Goodrich, is the oldest existing cotton mill in the region.

"Without Stonehenge's investment, we wouldn't have been able to restore the old mill," said Goodrich. "Because of their confidence in the project, residents and visitors now have access to a special part of Greer's history."

Whitney LaNasa of Stonehenge Capital said the project is emblematic of the company's work to preserve culturally important buildings while ensuring they contribute to the economic success of their local communities.

"Breathing new life into this historic landmark – and many others," she said, "inspires us to continue to work with communities that want to invest in bringing history back to life."

Offering early education opportunities in an underserved neighborhood

PROJECT:
Omaha Early Learning Center

LOCATION:
Omaha, Nebraska

INVESTMENT TYPE:
New Markets Tax Credits

AMOUNT:
$7 million

IMPACT:
50 new jobs

The construction of an early childhood development center in Omaha, Nebraska, is being celebrated by an entire community. The new Buffett Early Childhood Fund's Omaha Early Learning Center at Kennedy will serve children from birth to age 5 in one of Omaha's most distressed and underserved neighborhoods.

The center is the latest project in a larger redevelopment plan for the struggling Highlander/Pleasantview neighborhood, the historical center of African-American culture in Omaha. Located next to a public elementary school, the center will offer early care and education opportunities and services to working families in the neighborhood, giving preference to low-income families.

"Stonehenge's invaluable investment will allow the center to serve hundreds of children from low-income families in a historically distressed neighborhood," said Eric Buchanan, Director of Strategic Partnerships for the Buffett Early Childhood Fund. "We expect the center to play a critical role in the revival of the Highlander neighborhood, helping children and their families access critical resources needed for future success."

Stonehenge Capital provided $2 million in federal New Markets Tax Credit allocation and $5 million in Nebraska state New Markets Tax Credit allocation for the construction of the center.

The new center will provide 50 full-time jobs with benefits. The construction of the center is also expected to generate nearly 170 temporary jobs in the area.

"Stonehenge is honored to be a part of the resurgence of the Highlander/Pleasantview neighborhood in Omaha," said L'Quentus Thomas, Director at Stonehenge Capital. "We strive to invest capital in communities that will have a significant minority impact, which is our core mission at Stonehenge Community Development. The early learning center will have a tremendous impact on children and their families, offering a future and opportunity for success for North Omaha's residents."

Using tax credits to breathe new life into a historic building

PROJECT:
Grand Baldwin

LOCATION:
Cincinnati, Ohio

INVESTMENT TYPE:
State Historic Tax Credits

AMOUNT:
$3.7 million

For residents of the greater Cincinnati area, news that the historic Grand Baldwin building would be renovated and restored was music to their ears.

The building, constructed in 1921, was originally home to the Baldwin Piano Company, the nation's leading manufacturer of pianos at the time. Today, the building remains the sole survivor of several original structures that contributed to the company's successful growth. Transformed into office space in the late 1980s, the Grand Baldwin has been given a new life again, this time as the home of 190 one- and two-bedroom loft-style apartments.

Stonehenge Capital's financing of $3.7 million in state Historic Tax Credits ensured that all renovations and restorations protected the building's historic character.

"We are thrilled to play a role in restoring a momentous landmark that is clearly valued by the entire Cincinnati community," said Marsha Ruddle, Vice President of the real estate company CASTO. "Stonehenge helped secure the financing needed to ensure all residents will be able to enjoy a piece of city history for decades to come."

The project was recognized by the Novogradac Journal of Tax Credits, which provides news, analysis and commentary on affordable housing, community development and renewable tax credits, and was awarded the Historic Rehabilitation Award for the Residential Development that Best Exemplifies Major Community Impact.

"Seeing the Baldwin receive the prestigious Novogradac award only solidifies the importance of restoring the historic building," said Steven LeBlanc, Vice President of Stonehenge. "This exemplifies our dedication to transformational projects that will have both immediate and long-term impacts on their communities."

Building our country's renewable energy infrastructure

PROJECT:
Verogy

LOCATION:
Hartford, Connecticut

INVESTMENT TYPE:
Invest CT Tax Credits

AMOUNT:
$3 million

IMPACT:
10+ new jobs

In an era when renewable energy is more accessible than ever, solar company Verogy is leading the way to help commercial, utility and municipal clients produce clean energy. Stonehenge Capital provided $3 million of Invest CT Tax Credits to support the company's growth strategy.

"At Stonehenge, we are always looking to back outstanding management teams with strong growth plans that will make an impact in their communities," said Charles Haberkorn, Managing Director at Stonehenge and leader of the Verogy investment. "The Verogy team understands its market, the need and the direction that renewables are heading, and we're excited to partner with them to build Verogy."

Launched in January 2018, Verogy was founded by the experienced former executive team of Greenskies Renewable Energy LLC. The company has quickly made a name for itself in the solar sector, continuing to develop, design, construct and operate commercial, municipal and small utility solar projects across the United States.

"Our vision continues to grow and expand with the help of the Stonehenge team," said William Herchel, Verogy co-founder and CEO. "Their investment allowed us to take advantage of opportunities that would've otherwise been unavailable."

Rebuilding an underserved community after Hurricane Maria

PROJECT:
Romark Pharmaceuticals

LOCATION:
Manatí, Puerto Rico

INVESTMENT TYPE:
New Markets Tax Credits

AMOUNT:
$4.5 million

IMPACT:
150 new jobs

As Puerto Rico continues to rebuild following the destruction of Hurricane Maria in 2017, a new pharmaceutical manufacturing facility is seen as a bright spot in the road to recovery. Romark Pharmaceuticals, based in Tampa, Florida, recently announced an expansion in Manatí, Puerto Rico.

Utilizing $4.5 million in federal New Markets Tax Credit financing from Stonehenge Capital, the company now plans to build a new facility, where it will develop and manufacture pharmaceutical products. The new facility's location is on a lot that has sat vacant since the Great Recession, when the prior occupant closed and laid off more than 100 employees.

"Stonehenge's New Markets Tax Credit investment has been essential to growing our business in Manatí," said Marc Ayers, President and Chief Executive Officer of Romark. "The impact will be profound – first in construction jobs in the local community, then pharmaceutical industry jobs in the local community, and finally in the development and manufacturing of pharmaceutical products that touch the lives of people in Puerto Rico, the United States and throughout the world."

The project has been lauded by Mayor Jose A. Sanchez Gonzalez because of its projected impact on the community's economy. The facility, which is located in one of Manatí's most distressed areas, is expected to generate nearly 150 new jobs, with more than half targeted to low-income individuals.

"With the New Markets Tax Credit investment, Romark is poised for growth and success," said L'Quentus Thomas, Director at Stonehenge. "Romark is precisely the kind of company we look to invest in. They are dedicated to their employees, their community and their products."

Bringing a historic Cleveland landmark into the 21st century

PROJECT:
The Standard

LOCATION:
Cleveland, Ohio

INVESTMENT TYPE:
State and Federal Historic Tax Credits

AMOUNT:
$19 million

Located just off of Cleveland's Public Square is a building that is home to a unique part of the city's history. Built in 1923 for North America's oldest rail labor union, the Brotherhood of Locomotive Engineers and Trainmen, The Standard building was originally home to the union's Standard Bank and was most recently occupied by union staff and officials.

In 2014, ownership of The Standard changed hands for the first time, and the building was sold to Weston Inc., a developer dedicated to saving the historic landmark by transforming the building into residential apartments for retirees, millennials and small families.

"The ornate design and construction of the building was expensive to maintain, and the building needed a lot of work," explained Ed Asher, President of Weston. "Stonehenge's leadership and expertise with financing the restoration of historic buildings through state and federal Historic Tax Credits meant that The Standard could be fully renovated, preserving an important part of Cleveland's history."

Now home to 200 one-bedroom and 81 two-bedroom apartments, the building is fully equipped with modern amenities, such as a state-of-the-art fitness room and an area for dog owners to bathe their pets.

"We were excited about this project from the very beginning and believe it will not only bring an important part of Cleveland's history back to life, but also into the 21st century," said Patrick Laborde, Vice President of Stonehenge. "Investing in The Standard played a role in keeping this beautiful building a permanent part of the city's skyline."

How a partnership is bringing hundreds of jobs to Detroit

PROJECT:
Flex-N-Gate Group (FNG)

LOCATION:
Detroit, Michigan

INVESTMENT TYPE:
New Markets Tax Credits

AMOUNT:
$8 million

IMPACT:
800+ new jobs

Successful public-private partnerships can lift entire communities. A shining example of this principle can be found in Detroit, Michigan's I-94 development district, where a private American automotive component supplier, a global automotive vehicle manufacturer and state and city public officials seized upon a unique opportunity to return economic prosperity to one of Detroit's most persistently distressed areas. In this neighborhood, minority-owned Flex-N-Gate Group (FNG), founded and led by American entrepreneur Shahid Khan, will complete a new 494,000-square-foot advanced manufacturing facility.

FNG's new facility will be the city's largest automotive supplier investment in more than two decades and will initially supply complex, time-sensitive vehicle components to Ford Motor Company. Workers will receive training in advanced manufacturing skills and various manufacturing safety and quality certifications.

Stonehenge Capital provided FNG with a New Markets Tax Credit allocation to help purchase state-of-the-art manufacturing equipment for the new facility. The project will bring 800 full-time jobs that will include extensive training, health and retirement benefits, and meal, transportation and potential childcare subsidies. FNG has also partnered with Focus:HOPE, a 50-year-old local nonprofit dedicated to improving the lives and skills of local residents, to develop a customized training program that will create a durable pipeline of trained associates to operate the facility.

"Words alone do not fully convey what this project means for a city like Detroit," said Bill Beistline, FNG's Executive Vice President of Manufacturing. "A new FNG advanced manufacturing plant will bring transformational jobs and economic prosperity to a troubled Detroit neighborhood. Our investment needed Stonehenge's support; we are justifiably proud of the Detroit facility's incredible potential and positive impact on the community and – like a rising tide that lifts all boats – the other members of the FNG family."

The overall catalytic community impact of the facility is expected to be massive. Total economic spending related to the construction and ongoing operations of FNG will likely exceed $1 billion. The majority of jobs will be offered to low-income residents in a neighborhood where the poverty rate is above 50 percent.

"From the very beginning, the FNG project was a clear example of how private investment can spur economic growth in low-income communities," explained L'Quentus Thomas of Stonehenge.

From Our Stakeholders

TAX CREDIT SERVICES

“Stonehenge is a go-to partner for HRI Properties both in Louisiana and nationally since 2010. They have a long-standing track record as a reliable finance partner that can solve all of a project’s capital needs through a simplified financing solution. The very nature of Stonehenge’s work is bold and transformative but always complemented by calculated decisions based upon 20 years of insight and financial expertise in investing risk capital in underserved communities. HRI Properties congratulates Stonehenge on 20 years of success and looks forward to continuing to work with Stonehenge to revitalize communities nationwide.”

TOM LEONHARD, PRESIDENT & CHIEF EXECUTIVE OFFICER OF HRI PROPERTIES

STONEHENGE COMMUNITY DEVELOPMENT

“The National Urban League and Stonehenge Capital formed a strategic alliance over 10 years ago with a goal of generating a significant minority impact in low-income areas through the New Markets Tax Credit program. Our alliance with Stonehenge has surpassed our expectations in terms of creating jobs for minorities, growing minority-owned businesses and empowering communities and changing lives throughout the country through deliberate, thoughtful and mission-oriented investments.”

MARC MORIAL, PRESIDENT & CHIEF EXECUTIVE OFFICER OF THE NATIONAL URBAN LEAGUE

STONEHENGE GROWTH CAPITAL

“Stonehenge Capital has been a reliable and strategic co-investment partner to Connecticut Innovations over the last decade. We have witnessed firsthand the thoughtful and insightful guidance that Stonehenge provides to each company in which it invests, in addition to the patient, flexible capital it provides to Connecticut-based businesses. We congratulate Stonehenge on 20 years of transformational success in Connecticut and beyond.”

DAVID WURZER, CONNECTICUT INNOVATIONS

By The Numbers

Over the past 20 years, Stonehenge has expanded, adapted and thrived as we pursue our core mission to invest capital in underserved communities – while at the same time achieving double-bottom-line returns for our investors.

INVESTED IN

333
COMPANIES

DIRECTLY FINANCED

$1.5
BILLION

CREATED OR RETAINED

43,000
JOBS

INVESTED IN

200+
REHABILITATION PROJECTS

PARTICIPATED IN

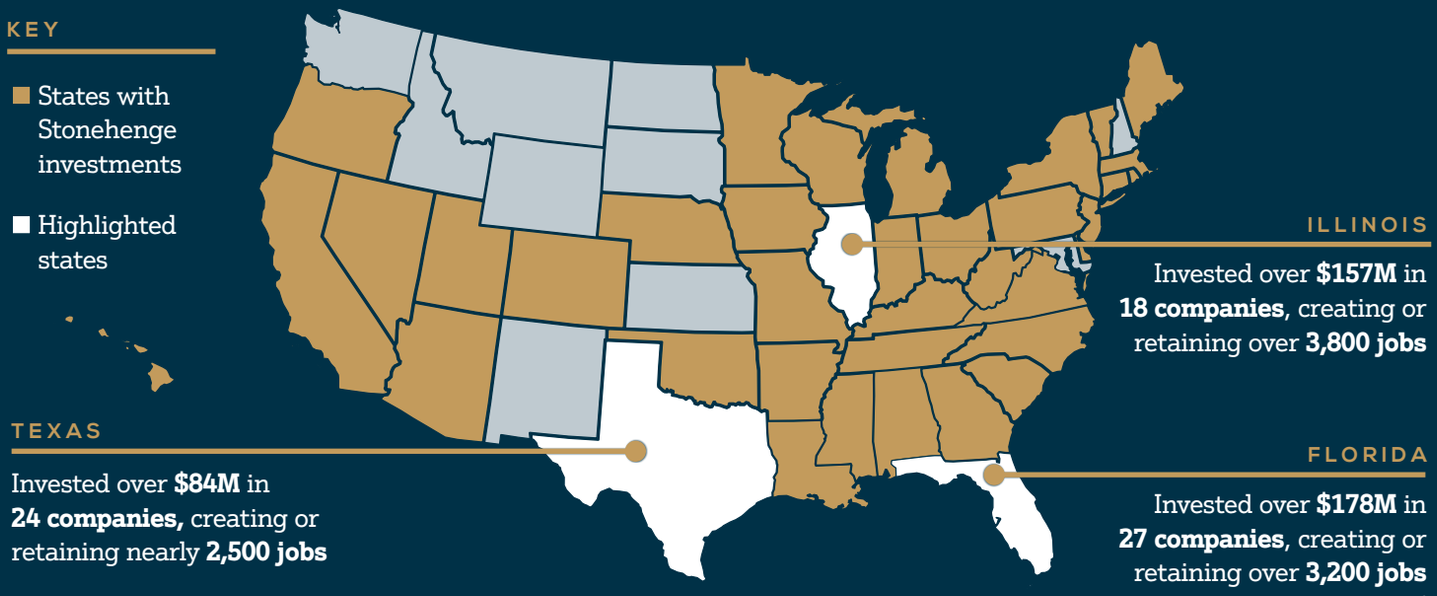
61
STATE TAX CREDIT INCENTIVE PROGRAMS

GENERATED

$3.5 BILLION
THROUGH VARIOUS INCENTIVES

A snapshot of our investments in operating companies in 84 cities in 36 states

GROWTH CAPITAL AND COMMUNITY DEVELOPMENT BUSINESS LINES



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