

Solomon Hess SBA Loan Fund

2024 IMPACT REPORT



SOLOMON HESS
Capital
Management

YEAR IN REVIEW

Dear Investors,

We sincerely appreciate your ongoing commitment to the Solomon Hess SBA Loan Fund (SBA Loan Fund) and your support for fostering community development in the small business sector. In 2024, America’s small businesses continued to play a vital role in driving the nation’s economy, fueling strong job growth and maintaining historically low unemployment rates. New business applications surged to record levels, with a notable increase in formations led by diverse entrepreneurs, including women, Black, Asian, and Hispanic individuals. In this environment, the Small Business Administration’s 7(a) program achieved its highest volume since inception, delivering over 70,000 loans totaling over \$31 billion to small businesses across the country. Your investment enables the SBA Loan Fund to proudly support the 7(a) program, creating opportunities for entrepreneurs who lack access to conventional financing. Together, we help small businesses, startups and underserved markets thrive, fostering stronger communities.

We are pleased to present the SBA Loan Fund 2024 Impact Report, now in its eighth year, where quantitative metrics and loan profile stories are used to highlight the impact of your investments. Since inception in 2004, the SBA Loan Fund has invested more than \$3.4 billion to fund over 5,800 small business loans that supported the creation and/or retention of over 85,000 jobs nationwide.

As we look ahead, our mission will continue to guide our investment decisions, and we remain dedicated to collaborating with investors to achieve your investment and community development goals. Over the past 20 years, our focus on the niche 7(a) secondary market has given us a deep understanding of the drivers of risk and return, as well as how to assess potential impact within this specialized community development asset. We are committed to maintaining this collaborative approach and are sincerely grateful for your partnership.

With our thanks and best regards,

The Solomon Hess Team

THE LEADERSHIP TEAM



Bill Einstein is a founding partner of Solomon Hess Capital Management and serves as its Chief Financial Officer and Chief Compliance Officer.



Mike Fallon is a partner and Chief Investment Officer at Solomon Hess Capital Management.

ABOUT SOLOMON HESS SBA LOAN FUND

The fund’s mission is to promote permanent job creation, retention, and/or improvement in LMI areas or of LMI persons who are employed by small businesses by creating greater financial liquidity and a lower cost of capital within the SBA 7(a) secondary market.

Investment Asset Class

- Equity: member ownership in a limited liability company

Investment Holdings

- Federally guaranteed portion of US SBA 7(a) loans
- Federally guaranteed portion of US Department of Agriculture (USDA) loans
- SBA 504 loan pools

Target Beneficiaries

- Economically distressed and underserved areas and individuals

Geographic Areas Served

- United States

Certifications

- Community Development Entity, certified by the Community Development Financial Institutions Fund since December 2005
- Certified for Impact Management by Aeris Insight in December 2018*

Ratings

- Aaa-bf by Moody’s Investor Services*

INVESTMENT PROCESS

The SBA Loan Fund’s investment process is targeted for maximum CRA Community Development impact. A bank commits to making an equity investment in the Fund and provides targeted assessment areas.

Watch our video on the investment process!

bitly.com



CRA qualified community development loans are acquired in the **banks’ assessment areas and are allocated dollar for dollar**. There is no double counting of loan balances at any time.



The bank receives **extensive and customized reporting** for each allocated loan, noting how the primary purpose is community development.



Prior to the bank’s CRA exam, a customized report is provided, with a **detailed account of the community development impact** of the bank’s investment for the period.

*Solomon Hess compensated Aeris and Moody’s for third-party rating

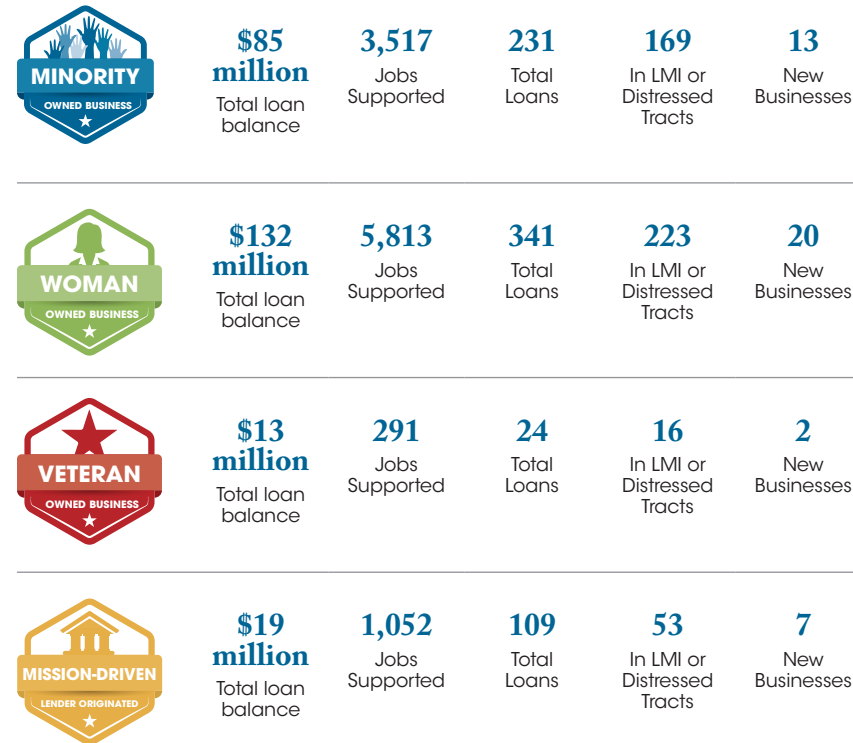
FUND IMPACT

The SBA Loan Fund has been helping clients invest for both return and impact potential since 2004. We are intentional about investing for positive community impact and tracking the results.

Community and Economic Development Impact

It has been proven that the underserved segments of the population and low- and moderate-income neighborhoods are disproportionately impacted by the negative effects of economic disruptions and high inflation in the United States.

As of December 31, 2024, the SBA Loan Fund had **\$848 million** in assets and capital from **128 bank investors**.



Impact Metrics as of December 31, 2024. Loan characteristics are not mutually exclusive.

LOAN FUNDING

During 2024, equity and assets under management in the SBA Loan Fund increased by 4% and 3%, respectively. This growth meant the Fund was able to invest in over 500 small business loans this year.

SBA Loan Fund Growth

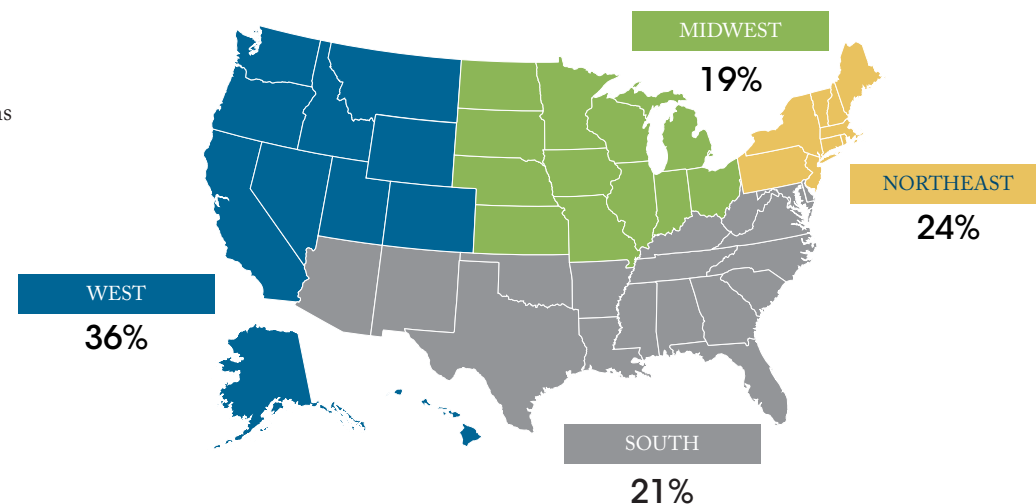
Dollar Amount of Loan Investments and Number of Loans Funded (cumulative since inception)



Geographic Distribution of Loans

The Fund primarily invests in small business loans located in LMI or otherwise distressed economic regions across the country.

Geographic Distribution of Jobs Supported, by region



Community Development Entity

A Community Development Entity (CDE) is a domestic corporation or partnership that is an intermediary vehicle for the provision of loans, investments, or financial counseling in Low-Income Communities (LICs).

To become certified as a CDE by the Community Development Financial Institutions (CDFI) Fund, an organization must:



Demonstrate a primary mission of serving, or providing investment capital for LICs or low-income persons and target at least 60% of activities to these groups, and



Maintain accountability to residents of its targeted LICs through their representation on an advisory board to the CDE.

Solomon Hess SBA Loan Fund was certified as a CDE by the CDFI Fund on July 25, 2005, with accountability to LICs nationwide. The Fund is intentional about investment decisions which are driven in a large part by its commitment to maintaining its status as a CDE.

LOAN PROFILES

The following pages include a sampling of the Solomon Hess SBA Loan Fund portfolio acquisitions with impact stories.



Western Spirit Cycling

Cycling tour company that organizes road, gravel, and mountain bike trips of varying difficulty in national parks.

55 jobs created and/or retained



Location
Grand, UT

Loan
Property finance

Community Development Impact
The borrower is located in a moderate-income census tract that is a CDFI Fund Qualified Investment census tract.

Location
Fresno, CA

Loan
Equipment finance

Community Development Impact
The borrower is located in a moderate-income census tract that is a CDFI Fund Qualified Investment census tract.

Brighthouse

Home solar panel installation company dedicated to modernization through energy efficiency.



13 jobs created and/or retained



Happyland Food Store

Independent grocery store operating in a CDFI Fund identified food desert that meets both low-income and low-access thresholds.



3 jobs created and/or retained

Location
Houston, TX

Loan
Working capital needs

Community Development Impact
The borrower is located in a low-income census tract and a CDFI Fund Qualified Investment census tract.

LOAN PROFILES



Swank Design

Residential and commercial interior designer with a specialty in modern contemporary design.

6 jobs created and/or retained



Location

San Bernardino, CA

Loan

Equipment finance

Community Development Impact

The borrower is located in a moderate-income census tract and a CDFI Fund Qualified Investment census tract. This loan was originated by CDC Small Business Finance.

Location

Cook, IL

Loan

Property finance

Community Development Impact

The borrower is located in a moderate-income census tract and a CDFI Fund Qualified Investment census tract.

Larry's Barber College

Barber training school with one location inside the Cook County Department of Corrections from which over 300 inmates, both men and women, have graduated since 2010



3 jobs created and/or retained



Location

Oklahoma, OK

Loan

Equipment finance

Community Development Impact

The borrower is located in a moderate-income census tract that is a CDFI Fund Qualified Investment census tract.

Kids 1st OKC Childcare Center

Childcare center that provides a loving and nurturing environment for children aged six months to five years.



31 jobs created and/or retained



Care Resources

Provider of aging life care and offers a variety of services to elder or special needs adults and their families.



7 jobs created and/or retained



Location

Pinellas, FL

Loan

Equipment finance

Community Development Impact

The borrower is located in a moderate-income census tract that is a CDFI Fund Qualified Investment census tract.

LOAN PROFILES



Urban Vegan Roots

Full-service vegan restaurant that serves globally-inspired comfort food.



Location

Queens, NY

Loan

Equipment finance

Community Development Impact

The borrower is located in a moderate-income census tract that is a CDFI Fund Qualified Investment census tract.

Location

King, WA

Loan

Equipment finance

Community Development Impact

The borrower is located in a moderate-income census tract that is a CDFI Fund Qualified Investment census tract.

Hot Mix Pavers

Multi-generational family-owned paving contractor that specializes in asphalt paving.



Location

Ventura, CA

Loan

Equipment

Community Development Impact

The borrower is located in a moderate-income census tract and a CDFI Fund Qualified Investment census tract.

Magnavino Cellars

Family-owned winery that produces exceptional wines and experiences and is dedicated to making a positive impact through community events, charitable initiatives, and supporting local causes.



Panzu Brewery

Family-owned Caribbean brewery that offers year-round craft beverages and high-end tapas in a welcoming environment.



Location

Mecklenburg, NC

Loan

Property finance

Community Development Impact

The borrower is located in a moderate-income census tract that is a CDFI Fund Qualified Investment census tract.

SOLOMON HESS CAPITAL MANAGEMENT is an alternative asset manager specializing in fixed-income investing. Founded in 2004, Solomon Hess has over \$900 million in assets under management (as of 12/31/24). The firm's mission is to provide investors with community and economic development-focused investment solutions that generate both competitive, risk-adjusted returns and positive, quantifiable community impact. Solomon Hess serves accredited individuals and institutional investors, including banking institutions seeking to satisfy Community Development Investment or Lending requirements within the Community Reinvestment Act rules. The firm manages two distinct strategies within the community development asset class: a community development impact strategy and an absolute return strategy. These strategies are available as funds or separate accounts.

Learn more about the Solomon Hess SBA Loan Fund or our other investment opportunities by contacting Investor Services at (703) 466-0483 or by visiting us online at www.SolomonHess.com.

This communication is for informational purposes only and is not an offer to sell or a solicitation of an offer to buy any investments offered by Solomon Hess, nor shall any such investments be offered or sold to any person in any jurisdiction in which such offer, solicitation, purchase, or sale would be unlawful under the securities laws of such jurisdiction.

The loans presented in this report are current and former holdings of the SBA Loan Fund. The loans we have highlighted may not be the highest performing loans in the Fund, but a sampling of small business loans with an impact story. The loans mentioned do not necessarily represent all of the loans held in the Fund and the reader should not assume that the loans identified and discussed were or will be profitable. A complete list of holdings for the Fund can be provided by contacting Solomon Hess Capital Management.

The Solomon Hess SBA Loan Fund LLC attempts to provide its investors with CRA credit related to their participation in the Fund. Investment decisions are not always exclusively based on the economic characteristics or investment merit of a specific asset. Certain CRA eligible securities sought by the Fund in specific geographies may not provide as great an economic benefit to the Fund as the same securities located in non-CRA geographies. The Fund may engage in transactions at times for reasons related to CRA considerations that may not be desirable from an investment standpoint. If one or multiple federal banking regulators, such as the OCC, FDIC or the Federal Reserve Board, were to deem an investment in the Fund as not qualifying for CRA credit, the impact to Fund investors could be material. The SBA Loan Fund is only for qualified institutional buyers or accredited investors.

SOLOMON HESS CAPITAL MANAGEMENT

3811 Fairfax Drive, Suite 710

Arlington, VA 22203

703.466.0483

www.SolomonHess.com