

NORTHWOOD VENTURES

January 2016

Dear Friends of Northwood:

This year, we celebrate the life of Hal Wilson, our friend, colleague and partner of 24 years who passed away unexpectedly in August. Hal will be missed dearly, but we will always remember him as a devoted family man who brought intelligence and dedication to his work where he focused on building the successes of many of our portfolio companies. His sense of humor, commitment to integrity, and values will always be a cherished part of Northwood.

Our portfolio saw a lot of activity in 2015, including some of the highlights below:



Celebration Restaurant Group, which operates 176 Pizza Huts and Taco Bells in Florida, Georgia, Ohio, Kentucky, Indiana and South Carolina, had a record year! CRG acquired 34 Pizza Hut stores in the Cincinnati DMA, opened a new Taco Bell store, and had impressive same store sales growth. CRG also completed a major dividend recapitalization with its existing lenders.



Community Broadcasters, which operates 15 radio stations in upstate New York and South Carolina, more than doubled in size with the acquisition of 12 radio stations and 14 translators in South Carolina this year. Community has recently signed an agreement to acquire four additional stations within existing markets, which it expects to close in early 2016.



Daiya, based in Vancouver, BC, was a new investment in 2015. Daiya is a leading producer of plant-based, dairy-free, soy-free, and gluten-free products. Their core product lines include cheese (slices, blocks and shreds), cream cheese, and pizza. New products launched in 2015 include cheezecake, yogurt and cheezy mac. We are very excited about the growth opportunities available in the dairy-free segment.



Designer Protein, based in Carlsbad, CA sells leading sports nutrition products and launched a new line of plant-based protein powders this year. We are excited about the growth prospects for 2016 and beyond.



Gogo is now installed on over 2,500 commercial aircraft and 6,800 business aircraft across the globe. 2015 saw a record year for Gogo as it rolled out its revolutionary 2Ku satellite technology enabling connectivity speeds of up to 70Mbps and unveiled new pilot and cockpit support applications. They also completed an offering of \$340 million convertible notes, have a significant backlog of 550 planes to be installed, and added numerous international airlines including GOL and Japan Transocean Air. Finally, Gogo moved its headquarters into downtown Chicago. (NASDAQ: GOGO)



Interboro Insurance, Long Island's oldest property and casualty and auto insurer, entered into an agreement to sell its homeowner's insurance business to another New York licensed insurance carrier. The transaction is subject to regulatory approval and is expected to close in early 2016. As a result of another year without a hurricane, the company has had a very successful year.

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Jack Rogers

Jack Rogers, based in New York City, an iconic women's footwear brand, continued its impressive growth, and added a new assortment of sandals with cushioned footbeds and rubberized soles to improve comfort while retaining the classic "Jack" look! In 2016, they will introduce a new line of men's shoes.



JVC Media, which now operates radio stations in Florida and Long Island, NY, completed the integration of the 10 stations it acquired in Florida markets in 2014, including *The Wolf* in Orlando which switched to a Country format. JVC saw continued growth in 2015 in both traditional and non-traditional media, and continues to provide superior, local advertising solutions for its customers.

ORBCOMM

ORBCOMM, based in Rochelle, NJ, a leading global provider of Machine-to-Machine and Internet-of-Things communications, grew to over 1.3 million subscribers in 2015. Additionally, Orbcomm completed the acquisition of SkyWave Mobile Communications, adding 250,000 subscribers, successfully launched 11 OG2 low earth orbiting satellites with Space X, and unveiled numerous new applications to enhance device communications. (NASDAQ: ORBC)



pdvWireless, based in Woodland Park, NJ, is a private carrier wireless communications provider. In 2015, they launched DispatchPlus Business, an integrated cloud-based mobile resource including push-to-talk communications, in numerous top metro markets. pdvWireless was listed on the NASDAQ National Market in February, raised an additional \$65MM in a follow-on public offering, and is pursuing the ability to re-align 900MHz spectrum for broadband applications through petitions to the FCC. (NASDAQ: PDVW)



Rudy's Barbershop, based in Seattle, operates 19 "authentically cool" barbershops, opened three new stores in 2015. It also expanded its management team with several new hires, and rolled out a new point-of-sale system enabling customers to make appointments. Plans for 2016 include continued new store openings and a redesign of the Rudy's 1-2-3 product line.

STONE-GOFF PARTNERS

Stone-Goff Partners, L.P., was a new and less typical investment in 2015. Northwood served as an anchor investor in this new lower middle market private equity fund. In addition to being an LP, we are excited about co-investment opportunities through this partnership. We have invested with the founders of Stone-Goff in the past and look forward to a successful relationship.



Zevia, based in Los Angeles, the leading brand of zero-calorie, naturally sweetened sodas, continued its strong sales growth. This year, Zevia announced the removal of all dyes from its sodas, going "GMO-free", making all sodas clear. They also completed a significant growth capital raise.

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In our passive portfolio of related investments, this year we added equity positions in **Cristcot**, **KeyMe**, **Multimedia Plus**, **Quidd**, **Soludos**, and **YipTV**. Likewise, we either entered into agreements to sell or sold positions in **Health Equity (NASDAQ: HQY)**, **Pangborn** and **Sprout Organic Foods**.

We are actively seeking new investment opportunities and add-on acquisitions for our portfolio companies. Our team is creative, flexible and responsive. Northwood remains enthusiastic about investing in venture capital, expansion/growth and buyout opportunities in the **consumer**, **communications**, and **manufacturing** sectors and we look forward to working with you in the year ahead.

Regards,



Peter G. Schiff
Managing Partner



Paul R. Homer
Principal



James G. Schiff
Principal

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CURRENT PORTFOLIO

Celebration Restaurant Group	Pizza Hut and Taco Bell franchisee in the southeast and midwest
Community Broadcasters	Operates radio stations in upstate New York and South Carolina
Daiya	Deliciously dairy-free foods
Designer Protein	Sports nutrition products
Gogo	Inflight internet and voice communications
Ibex Outdoor Clothing	Wool-based outdoor clothing
Interboro Insurance	Long Island's oldest P&C and auto insurer
Jack Rogers	Iconic women's footwear
JVC Media	Operates radio stations in Florida and Long Island, NY
ORBCOMM	Machine-to-machine satellite communications
pdvWireless	Implementing push-to-talk dispatch networks
RedBuilt	Engineered wood-based structural solutions
Rudy's Barbershop	"Authentically cool" barbershops
Spectrum Five	Direct broadcast satellite spectrum and services
Stone-Goff Partners	Lower middle market private equity fund
Zevia	Zero-calorie, naturally sweetened sodas