



## **The Southern Appalachian Fund, L.P. announces fourth investment in six months**

Knoxville, TN and London, KY – September 7, 2004 — The Southern Appalachian Fund, L.P. (SAF), a New Markets Venture Capital Company, announced today it has closed its fourth investment in the past six months. The venture fund has made two investments in NuMarkets, LLC (Etowah, TN), and one investment in each of Smart Furniture, Inc. (Chattanooga, TN) and Tricycle, Inc. (Chattanooga, TN) since the end of February 2004.

The investments were the first institutional venture capital raised by each of the three companies. SAF led the investment rounds, which included co-investors, in NuMarkets and Tricycle. SAF invested in Smart Furniture in an investment round led by Delta Capital Management (Memphis, TN). The three companies have secured a total of more than \$3 million in equity financing since the end of February. Current commitments and ongoing financing discussions with third parties could lead to additional investments in the three companies in excess of \$7 million by the end of the year.

“We are very pleased with the quality of the entrepreneurs and their companies,” said Ray Moncrief, President of Southern Appalachian Management Company, the General Partner of the Southern Appalachian Fund. “These investments point to a strong demand for venture capital in non-traditional markets. We expect to locate and invest in entrepreneurs throughout the southern Appalachian area, where there is a lack of access to venture capital.”

“We are enthusiastic about the investments we have made,” said Grady Vanderhoofven, Executive Vice President of Southern Appalachian Management Company. “Each of the companies has the potential for significant growth and value appreciation. This region of the country has historically suffered from a lack of access to equity capital for young growth companies. It is our expectation that SAF will not only make direct investments in companies but also serve as a catalyst for investment in the region by venture investors based outside the region. We want to identify promising young companies in southern Appalachia and invest our resources, financial and otherwise, to help those companies grow and succeed.”

In addition to equity investment, SAF can provide operational assistance to existing and potential portfolio companies. At no cost to the companies, SAF has provided operational assistance, directly and through third-party service providers, to each of the companies in which the Fund has invested. To date, the operational assistance has included: creation of legal documentation, assessment of intellectual property, development of marketing plans, executive recruitment, construction of financial models, and assistance with the negotiation of financial transactions. The value of the operational assistance provided to date exceeds \$150,000.

Since February 2004, when SAF closed its first investment in NuMarkets, the company has been responsible for the creation of more than 50 jobs in east Tennessee, with an additional 20 new jobs in northern Georgia and Raleigh, North Carolina. As the company continues to open additional stores and increase employment at its Etowah headquarters, more than 125 additional jobs could be created by the end of the year.

“NuMarkets is a very different company today as a result of our relationship with the Southern Appalachian Fund,” said Russ Grove, President and CEO of NuMarkets. “SAF ignited our growth engine by providing the ingredients of capital and executive management to our business model. The second complimentary initiative is that SAF is aligned with our objectives of job creation and economic development for Etowah, Tennessee and eastern Tennessee. In working with SAF, we are committed to providing the leadership position in Tennessee’s high tech growth and career development objectives,” said Grove.

“Our primary objective is to provide a risk-adjusted, market-rate return for our investors,” says Vanderhoofven. “It is our experience that attractive investment opportunities can be found in southern Appalachia, and we intend to capitalize on those opportunities, for the good of our investors and for the good of the region.”

Adds Moncrief, who is also Chairman of the Community Development Venture Capital Alliance, “Every long-term social benefit derived from equity investing comes in the wake of a solid financial return.”



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**About NuMarkets**

Corporate headquarters and centralized commerce support services are located in Etowah TN. NuMarkets™ services help the public and business with a new way of selling items. Just bring in your items and NuMarkets does everything to quickly represent your item to the world market via the eBay venue. NuMarkets will collect payments from the buyer and ship the item (including large) all over the world. Fast, easy and convenient. NuMarkets has spent the past 22 months developing software and support services to build the NuMarkets franchise systems. NuMarkets locations will be sold via a franchise UFOC system. For more information visit [www.numarkets.com](http://www.numarkets.com), call 423-263-5211, or email [franchise@numarkets.com](mailto:franchise@numarkets.com).

**About Smart Furniture**

Smart Furniture® is a patented furniture solution that already has customers in all 50 states and Canada. Combining the most functional aspects of web technology and industrial design, Smart Furniture® is an affordable and efficient space saver for companies and individuals. On the forefront of the accelerating migration to “smart” products, Smart Furniture sets a benchmark in design, mass-customization, and the customer service experience. For more information on Smart Furniture, visit [www.smartfurniture.com](http://www.smartfurniture.com).

**About Tricycle**

Tricycle™ is a technology services company focused on the creative product lifecycle of commercial carpet manufacturers. Tricycle emphasizes profitability, productivity and sustainability with proprietary prototyping technology and sustainable carpet sampling practices. The company has offices in Chattanooga, TN, USA and Ilkley (Leeds), West Yorkshire, UK. For more information call 800-808-4809 or visit [www.tricycleinc.com](http://www.tricycleinc.com).

**About the Community Development Venture Capital Alliance**

The Community Development Venture Capital Alliance (CDVCA) is the trade association for the rapidly growing community development venture capital industry. CDVCA promotes use of the tools of venture capital to create jobs, entrepreneurial capacity and wealth to advance the livelihoods of low-income people and the economies of distressed communities. For more information, visit [www.CDVCA.org](http://www.CDVCA.org).

**About the Southern Appalachian Fund**

The Southern Appalachian Fund, with offices in Oak Ridge, Tennessee and London, Kentucky is a New Markets Venture Capital Company, providing equity capital and operational assistance for early-stage and growth companies in low income areas in Kentucky, Tennessee and the Appalachian counties of Mississippi, Alabama and Georgia. For more information, visit [www.southappfund.com](http://www.southappfund.com), call 865-220-2020, or e-mail [info@southappfund.com](mailto:info@southappfund.com).