

Appalachian Micro Equity Fund, LLC

Kentucky Highlands Investment Corporation (“KHIC”) of London, Kentucky and Commonwealth Seed Capital, LLC (“CSC”) of Lexington, Kentucky have established Appalachian Micro Equity Fund, LLC (the “Fund”) to invest in hi-tech businesses in Kentucky.

The Fund focuses on investment in early and expansion-stage companies that have at least 51% of their tangible assets and employees anywhere in Adair, Bath, Bell, Boyd, Breathitt, Carter, Casey, Clark, Clay, Clinton, Cumberland, Edmonson, Elliott, Estill, Fleming, Floyd, Garrard, Green, Greenup, Harlan, Hart, Jackson, Johnson, Knott, Knox, Laurel, Lawrence, Lee, Leslie, Letcher, Lewis, Lincoln, McCreary, Madison, Magoffin, Martin, Menifee, Metcalfe, Monroe, Montgomery, Morgan, Nicholas, Owsley, Perry, Pike, Powell, Pulaski, Robertson, Rockcastle, Rowan, Russell, Wayne, Whitley, and Wolfe counties in Kentucky. KHIC and CSC have each committed \$500,000 to the Fund, making a total fund size of \$1,000,000.

The Fund’s mission is to generate market-rate returns while promoting sustainable business growth throughout its target region. The Fund will invest \$75,000 to \$200,000 in three to five companies with strong management teams, high growth potential, and defensible market positions. The Fund will add value to its portfolio companies through operational assistance, active board participation and mentoring.

KHIC will be the Managing Member for Appalachian Micro Equity Fund, LLC. Ray Moncrief of London, Kentucky will serve as the Fund’s General Manager.

Investment Criteria

Geographic Focus: The Fund will invest in businesses that have at least 51% of their tangible assets and employees anywhere in the following Kentucky counties: Adair, Bath, Bell, Boyd, Breathitt, Carter, Casey, Clark, Clay, Clinton, Cumberland, Edmonson, Elliott, Estill, Fleming, Floyd, Garrard, Green, Greenup, Harlan, Hart, Jackson, Johnson, Knott, Knox, Laurel, Lawrence, Lee, Leslie, Letcher, Lewis, Lincoln, McCreary, Madison, Magoffin, Martin, Menifee, Metcalfe, Monroe, Montgomery, Morgan, Nicholas, Owsley, Perry, Pike, Powell, Pulaski, Robertson, Rockcastle, Rowan, Russell, Wayne, Whitley, and Wolfe.

Company Stage: The Fund will invest in early and expansion-stage companies.

Industry Focus: The Fund will invest in hi-tech businesses. The Fund anticipates those businesses operating in the areas of health and human development, information technology and communications, bioscience, environmental and energy technologies, and materials science and advanced manufacturing.

Investment Size: The Fund will invest \$75,000 to \$200,000 in each portfolio company. The Fund will generally invest in one or more rounds based on the accomplishment of milestones by the portfolio company.

Type of Security: The Fund will make debt and equity investments.

Investment Term: The anticipated time for holding a typical investment is three to five years.

Likely Exit Scenarios: The most likely exit scenarios are external sale/merger or internal management buyout. However, other exit scenarios, including IPO, are possible.

Co-investors: The Fund may be a sole investor on occasion, but most likely will lead an investment syndicate or co-invest in a round led by another institutional investor. When appropriate, the Fund will co-invest with other institutional investors and with seasoned angel investors.