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THREE ROOTS CAPITAL

STRONG ROOTS. SMART BUSINESS.

Winter 2025 Newsletter

Capital Deployed	Square Feet Developed	Jobs Created/ Retained	New Market Tax Credits
$170M	3,963,949	3,601	$95M

2024 Leave Behind

As we look ahead to the opportunities that 2025 holds, we want to take a moment to reflect on the meaningful impact Three Roots Capital made across the Appalachian and Delta regions in 2024. In the first quarter of 2024, 3Roots deployed $45 million of New Markets Tax Credits (NMTCs) that had been awarded to 3Roots at the end of the third quarter of 2023. 3Roots financed two small, multi-generational, family-owned, manufacturing businesses, driving economic growth in distressed, rural communities in Tennessee and Kentucky, and creating 370 new jobs in these communities.

While the NMTC allocations contribute to our ability to accomplish our mission, we recognize our success would not be possible without the support of our bank partners. Between January 2022 and December 2024, we raised approximately $102 million in new capital from nine bank partners, allowing us to close 45 transactions that created or retained more than 1,750 jobs. All of this capital was deployed to small businesses throughout Appalachia, with a focus on East Tennessee, reinforcing our commitment to the region's economic vitality.

Our dedication to fostering entrepreneurship is equally strong. Through the end of 2024, we have financed 14 startups, and we have invested more than 5,800 hours in operational and technical assistance to help hundreds of small businesses thrive. Through strategic partnerships with multiple banks, we provided more than $25.5 million in direct financing for real estate development projects at the University of Tennessee Research Park (Cherokee Farm), including the new Innovation South building and the Nursing Scholars Program Facility within the Innovation North building.

As we enter 2025, we remain optimistic about the path ahead. We are eager to continue expanding our impact, strengthening our partnerships, and making meaningful loans and investments that drive sustainable growth across our communities.

Grady Vanderhoofven, CEO

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New Markets Tax Credits

Eurotranciatura (Euro) USA

Tate Access Floors, Inc.

Three Roots Capital has fully deployed its $50 million allocation from the 2023 NMTC Program, investing $25 million each in Eurotranciatura (Euro) USA in Paris, Tennessee, and Tate Access Floors, Inc. (Tate) in St. Paul, Virginia. These investments support manufacturing expansion, job creation, and economic development in highly distressed communities in Appalachia and the Delta region. Euro will use the funding to expand into data centers and electric vehicles, retaining 177 jobs and adding 25 new full-time positions, while Tate's renovation of a 284,000-square-foot facility will create 170 permanent jobs and 61 temporary construction jobs. 3Roots remains committed to utilizing NMTC financing to strengthen rural economies and increase access to quality, sustainable employment opportunities.

Read the Article

Satellite Location Ribbon Cutting

On January 24, 2025, Three Roots opened a new office at the University of Tennessee Research Foundation's Business Incubator, reinforcing our commitment to entrepreneurship and innovation. Founder & CEO Grady Vanderhoofven highlighted the firm's impact, including managing $190 million of assets, deploying $170 million of capital, and supporting the creation or retention of 3,600 jobs. Strengthening its collaboration with UT, the firm is also partnering on two National Science Foundation grant applications, each exceeding $100 million in total award potential. Watch coverage from the event here.

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3Roots Updates

On November 14, 2024, Three Roots hosted its annual Stakeholder Appreciation Reception, bringing together bank partners, borrowers, portfolio companies, community partners, vendors, board members, and staff. This event was a celebration of the invaluable contributions of our stakeholders, whose support makes our work possible. We were grateful for the opportunity to recognize and honor everyone's dedication, hard work, and shared commitment to our mission.

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In December, Three Roots' Chief Lending Officer Keith Hickey attended Capital Conversations, where he shared insights on accessing capital and represented Three Roots Capital as a trusted source of financing for local and regional small business owners, entrepreneurs, and real estate developers. The event brought together innovators, lenders, and community leaders to explore how to fuel entrepreneurial growth across the state.

Three Roots co-hosted with the Knoxville Area Urban League (KAUL) a meaningful discussion addressing the growing challenges of affordable and accessible childcare in the region. The event was held at the KAUL this past December, where the 3Roots team led conversations regarding challenges and opportunities to help close the gap through capital investment while strengthening

community support, recognizing the critical need for solutions that help families and the workforce.

Community stakeholders explored strategies to lower childcare costs, expand support services, and scale facilities to meet increasing demand. Organizations participating in the discussion, in addition to 3Roots and KAUL, included the YMCA of East TN, East TN Development District, Knoxville Leadership Foundation, Knoxville Chamber of Commerce, Knox Education Foundation, United Way of Greater Knox, Tennesseans for Quality Early Education and City of Knoxville - Community Safety and Empowerment.

Three Roots Founder & CEO Grady Vanderhoofven attended the New Markets Tax Credit (NMTC) Coalition Annual Conference in Washington, DC in December. The NMTC Coalition is a national membership organization founded in 1998 to advocate on behalf of the NMTC program. Today, the NMTC Coalition includes approximately 150 member organizations.

While in DC, Grady invested half a day on Capitol Hill with his friends Hank Helton of Pathway Lending and Bob Rapoza of Rapoza Associates, advocating for NMTC permanency and for disaster relief funding for areas recently impacted by the aftermath of Hurricane Helene, including parts of East Tennessee and Western North Carolina.

Portfolio Company Updates

3Roots is proud to support Eonix in advancing battery technology through financing their lab expansion at UT's Zeanah Engineering Complex. Eonix recently secured a $1.7M Air Force contract to develop ultra-high-power batteries for counter-drone systems and piloted a non-flammable DoD prototype with superior safety and performance. They are now scaling production to meet growing Defense and Aerospace demands.

Three Roots Capital is pleased to have LaunchTN participate — through the InvestTN program — as an investor in Authentrics.ai. 3Roots invested in Authentrics.ai in September and is bullish about the young company.

In January 2025, Three Roots Capital participated in an equity financing investment round for SmartRIA. 3Roots has been an investor in SmartRIA since 2019 and is pleased to participate in financing the company's next phase of growth.

3Roots Resources

Products and Services

Meet the Team