

NEWS ANNOUNCEMENT
FOR IMMEDIATE RELEASE

Caltius Mezzanine Provides \$29.0 Million to Hill Country Holdings

Los Angeles, CA 3/31/14 – Caltius Mezzanine is pleased to announce the recent closing of a \$29.0 million investment in Hill Country Holdings (“HCH”). Headquartered in San Antonio, TX, HCH is the largest licensee and independent operator of Ashley Furniture HomeStores. The proceeds from Caltius’ investment were used to help finance management’s purchase of the equity owned by a non-active shareholder.

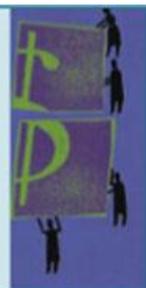
Ashley Furniture Industries is the largest home furniture manufacturer in the world and through its HomeStores retail network is the largest furniture retailer in the United States. Founded in 2002, HCH opened its first Ashley Furniture HomeStore in Austin, TX. Since then, the company has successfully expanded its store count and geographic coverage, currently operating 24 stores in Texas, Washington, and Oregon.

"Caltius provided a financing solution that enabled us to close our share repurchase and position the business for growth," said Gary Seals, HCH’s Founder & Chief Executive Officer. "We are excited to have Caltius as a financial partner and look forward to working with them as we continue to expand our HomeStore network."

"We are impressed with HCH’s management team, which has developed a remarkable retail organization to complement the deep and proven strength of the AFI brand," said Gavin Bates, Principal of Caltius Mezzanine. "We believe HCH has a unique culture and value proposition in the furniture retail market and we are excited to partner with Gary and his team as they continue to grow the business."

Based in Los Angeles, Caltius Mezzanine provides innovative capital solutions in amounts of \$10 to \$100 million to middle market companies throughout North America. Since its founding in 1997, Caltius Mezzanine has invested over \$1.0 billion in a broad range of industries to support acquisitions, recapitalizations, buyouts, and organic growth. Caltius Mezzanine is currently investing out of its fourth fund, Caltius Partners IV, LP which has capital commitments in excess of \$500 million. For more information or to refer an investment opportunity, please call us at (310) 996-9585.



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