

# News Release

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## CNL STRATEGIC CAPITAL ANNOUNCES YEAR-END 2018 OPERATING RESULTS

(Orlando, Fla.) March 21, 2019 — CNL Strategic Capital, LLC (“CNL Strategic Capital,” the “Company” or “we”) seeks to provide current income and long-term appreciation to its investors by acquiring controlling equity stakes in combination with loan positions in privately owned middle-market businesses. The Company announced its operating results for the year ended Dec. 31, 2018, CNL Strategic Capital’s first year of operation.

### 2018 Operating Highlights

- CNL Strategic Capital commenced operations on Feb. 7, 2018. We acquired our initial businesses, Lawn Doctor and Polyform, on Feb. 7, 2018, for approximately \$76.8 million.<sup>1</sup>
- As of Dec. 31, 2018, CNL Strategic Capital had approximately \$104 million in total assets.
- For the period from Feb. 7, 2018, to Dec. 31, 2018, CNL Strategic Capital received investment income of approximately \$6.8 million, which includes approximately \$4.5 million in interest from debt investments, approximately \$2.2 million in dividend income from its portfolio companies and approximately \$0.1 million in interest earned on cash and cash equivalents.
- The Company began paying monthly cash distributions within two months of acquiring its first two portfolio companies. As of Dec. 31, 2018, CNL Strategic Capital had declared and paid cash distributions of approximately \$3.5 million to its shareholders.
- CNL Strategic Capital’s annualized distribution rate as of Dec. 31, 2018, was approximately 4.7 percent for Class FA shares, 4.3 percent for Class A shares, 3.6 percent for Class T shares, 4.3 percent for Class D shares and 4.7 percent for Class I shares.<sup>2</sup>
- The total investment return based on net asset value (NAV) after incentive fees per share, as of Dec. 31, 2018, was approximately 10.9 percent for Class FA shares, 9.6 percent for Class A shares, 7.9 percent for Class T shares, 6.2 percent for Class D shares and 9.9 percent for Class I shares.<sup>3</sup>

*(These are not actual shareholder returns. Long-term returns may vary materially from the short-term data shown from March 7, 2018 through Dec. 31, 2018.)*

## Financial and Operational Highlights

For the period from Feb. 7, 2018, (commencement of operations) to Dec. 31, 2018

Investment Income	\$ 6,792,445
Operating Expenses	
Total Operating Expenses	\$ 3,792,847
Expense Support	\$ (389,774)
Net Operating Expenses	\$ 3,403,073
Net investment income	\$ 3,389,372
Net change in unrealized appreciation on investments	\$ 5,725,661
Net increase in net assets resulting from operations	\$ 9,115,033

### Investment Portfolio Update

CNL Strategic Capital's portfolio consists of two companies, Lawn Doctor and Polyform.

Lawn Doctor is a leading franchisor of residential lawn care programs and services. In addition to its core business, in 2018 Lawn Doctor acquired Mosquito Hunters, a franchisor of mosquito and pest services currently operating in five states.

Polyform is a leading developer, manufacturer and marketer of polymer clay products worldwide, largely through its Sculpey and Premo! brands. Polyform products are available in more than 16,000 retail locations in 48 countries.

<sup>(1)</sup> The term "Lawn Doctor" refers to Lawn Doctor, Inc. and the term "Polyform" refers to Polyform Holdings, Inc.

<sup>(2)</sup> As of Dec. 31, 2018. The annualized distribution rate is calculated by annualizing the distributions paid and dividing by the current price per share. For the year ended Dec. 31, 2018, approximately 85.2 percent of distributions were paid from net investment income before expense support, 11.1 percent from reimbursable expense support payments, and 3.7 percent paid from offering proceeds. Distributions are not guaranteed in frequency or amount. Distributions from sources other than income may lower overall returns and will be dilutive to later investors. CNL Strategic Capital is obligated to repay expense support to its external managers over several years, which will reduce future income available for distributions. Please see the Company's Annual Report on Form 10-K for the year ended Dec. 31, 2018, for additional information regarding distribution amounts and composition of coverage for each of the Company's share classes.

<sup>(3)</sup> This is not shareholder returns. Total investment return is calculated for each share class as the change in the net asset value for such share class during the period and assuming all distributions are reinvested. Amounts are not annualized and are not representative of total return as calculated for purposes of the total return incentive fee. Since there is no public market for the Company's shares, terminal market value per share is assumed to be equal to net asset value per share on the last day of the period presented. The Company's performance changes over time and currently may be different than that shown above. Past performance is no guarantee of future results. Investment performance is presented without regard to sales load that may be incurred by shareholders in the purchase of the Company's shares.

### **About CNL Strategic Capital**

CNL Strategic Capital is a publicly registered, non-traded limited liability company that seeks to provide current income and long-term appreciation to individuals by acquiring controlling equity stakes in combination with loan positions in durable and growing middle-market businesses. The company is externally managed by CNL Strategic Capital Management, LLC and Levine Leichtman Strategic Capital, LLC. For additional information, please visit [cnlstrategiccapital.com](http://cnlstrategiccapital.com).

### **About CNL Financial Group**

CNL Financial Group (CNL) is a private investment management firm providing real estate and alternative investments. Since inception in 1973, CNL and/or its affiliates have formed or acquired companies with more than \$34 billion in assets. CNL is headquartered in Orlando, Florida. For more information, visit [cnl.com](http://cnl.com).

### **About Levine Leichtman Capital Partners**

Levine Leichtman Capital Partners (LLCP) is a Los Angeles, California-based investment management firm that has managed approximately \$10.2 billion of institutional capital since its inception. LLCP invests in middle market companies located in the United States and Europe. LLCP has offices in Los Angeles, New York, Dallas, Chicago, Charlotte, and London. For additional information, please visit [llcp.com](http://llcp.com).

*The information in this press release may include “forward-looking statements.” These statements are based on the beliefs and assumptions of CNL Strategic Capital’s management and on the information currently available to management at the time of such statements. Forward-looking statements generally can be identified by the words “believes,” “expects,” “intends,” “plans,” “estimates” or similar expressions that indicate future events. Forward-looking statements are subject to substantial risks and uncertainties, many of which are difficult to predict and are generally beyond CNL Strategic Capital’s control. Important risks, uncertainties and factors that could cause actual results to differ materially from those in the forward-looking statements include the risks associated with the Company’s ability to pay distributions and the sources of such distribution payments, the Company’s ability to locate and make suitable investments and other risks described in the “Risk Factors” section of the Company’s Annual Report on Form 10-K and the other documents filed by the Company with the Securities and Exchange Commission. This press release shall not constitute an offer to sell or the solicitation of an offer to buy securities.*

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