

News Release

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CNL STRATEGIC CAPITAL ANNOUNCES YEAR-END 2019 OPERATING RESULTS

(Orlando, Fla.) March 26, 2020 — 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, 2019, CNL Strategic Capital’s second year of operation.

2019 Operating Highlights

- CNL Strategic Capital received approximately \$67.2 million from the sale of approximately 2.5 million shares during the year ended Dec. 31, 2019. This excludes approximately \$0.8 million raised through its distribution reinvestment plan during the year ended Dec. 31, 2019.
- As of Dec. 31, 2019, CNL Strategic Capital had approximately \$175.5 million in total assets, compared with approximately \$104.3 million as of Dec. 31, 2018.
- For the period from Jan 1, 2019, to Dec. 31, 2019, CNL Strategic Capital received investment income of approximately \$8.1 million, which includes approximately \$6.3 million in interest from debt investments and approximately \$1.8 million in dividend income from its portfolio companies.
- In 2019, CNL Strategic Capital declared and paid distributions of approximately \$5.9 million to its shareholders. Since beginning operations in February 2018, the Company has declared and paid distributions of approximately \$9.4 million.
- The total investment return based on net asset value (NAV) after incentive fees per share, for the year ended Dec. 31, 2019, was approximately 8.5% for Class FA shares, 6.7% for Class A shares, 5.6% for Class T shares, 5.9% for Class D shares and 7.1% for Class I shares.¹ These returns are prior to any applicable sales load and assume that a shareholder reinvested their distributions. *(These are not actual shareholder returns. Long-term returns may vary materially from the short-term data shown for the year ended Dec. 31, 2019.)*

Financial and Operational Highlights

For the period from Jan. 1, 2019, to Dec. 31, 2019

Investment Income	\$ 8,138,307
Operating Expenses	
Total Operating Expenses	\$ 4,529,063
Expense Support	\$ (1,372,020)
Net Operating Expenses	\$ 3,157,043
Net investment income	\$ 4,981,264
Net change in unrealized appreciation on investments	\$ 5,195,000
Net increase in net assets resulting from operations	\$ 10,176,264

Investment Portfolio Update

As of Dec. 31, 2019, CNL Strategic Capital's portfolio consisted of four companies, Lawn Doctor and Polyform Products, Co. ("Polyform"), which were acquired in February 2018 when the Company commenced operations, and Auriemma U.S. Roundtables ("Roundtables") and Milton Industries, Inc. ("Milton"), which were acquired in 2019.

Lawn Doctor is a leading franchisor of residential lawn care programs and services, whose core offerings provide residential homeowners with year-round monitoring and treatment by focusing on weed and insect control, seeding, and professionally and consistently-administered fertilization, using its proprietary line of equipment.

Polyform is a leading developer, manufacturer and marketer of polymer clay products worldwide. Through its two primary brands, Sculpey® and Premo!®, Polyform sells a comprehensive line of premium craft products to a diverse mix of customers including specialty and big box retailers, distributors and e-tailers.

In August 2019, CNL Strategic Capital invested in Roundtables, an information services and advisory solutions business to the consumer finance industry. Roundtables offers membership in more than 30 topic-specific roundtables across five verticals (credit cards, auto finance, retail banking, wealth management and fintech) that includes participation in hosted executive meetings, proprietary benchmarking studies, and custom surveys.

CNL Strategic Capital co-invested in Milton in November 2019. Milton is a leading provider of highly-engineered tools and accessories for pneumatic applications across a variety of end markets including vehicle service; industrial maintenance, repair and operating supplies; aerospace and defense; and agriculture.

Recent Events

In January 2020, the Company closed on a co-investment in Resolution Economics, a leading specialty consulting firm that provides services to law firms and corporations in labor and employment and commercial litigation matters.

(1) 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.

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.

About Levine Leichtman Capital Partners

Levine Leichtman Capital Partners, LLC is a middle-market private equity firm with a 36-year track record of successfully investing across various targeted sectors, including franchising, professional services, education and engineered products. LLCP utilizes a differentiated Structured Equity investment strategy, combining debt and equity capital investments in portfolio companies. This unique structure provides a less dilutive solution for management teams and entrepreneurs, while delivering growth and income with a significantly lower risk profile.

LLCP's global team of dedicated investment professionals is led by seven partners who have worked together for an average of 21 years. Since inception, LLCP has managed over \$10.8 billion of institutional capital across 14 investment funds and has invested in over 80 portfolio companies. LLCP currently manages \$6.9 billion of assets – including its most recent flagship fund, Levine Leichtman Capital Partners VI, L.P., which closed in 2018 with \$2.5 billion of committed capital – and has offices in Los Angeles, New York, Dallas, Chicago, Charlotte, Miami, London, Stockholm and The Hague. For additional information, please visit 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.