



CNL Strategic Capital is pleased to announce a co-investment in Blue Ridge ESOP Associates (Blue Ridge). Blue Ridge is the leading provider of technology-enhanced solutions and services for the administration and recordkeeping of Employee Stock Ownership Plans (ESOP) and associated 401(k) plans. For over 30 years, Blue Ridge's comprehensive service offerings and highly experienced professional administrators have addressed the complex and mission-critical needs of ESOP businesses.

Company Overview



- Established in 1988 and headquartered in Charlottesville, VA
- Blue Ridge has a large and diversified client base with approximately 175,000 plan participants
- Services and solutions include recordkeeping, compliance, reporting, distribution and processing, administrative services and plan management and analysis software tools.

Transaction Details

CNL Strategic Capital's Total Invested Capital alongside LLC Lower Middle Market Fund, L.P.:

\$12.5M

Key Acquisition Attributes

Recognized Leader in the Industry

- 10% market share, servicing approximately 700 of the estimated 6,100 ESOP plans in the U.S.

Engaged Management with Ownership Alongside CNL Strategic Capital

- Blue Ridge is led by a long-tenured and experienced executive management team

Attractive Financial Profile

- From 2005 through the trailing 12 months ended Sept. 30, 2020, Blue Ridge's total revenue grew at a compound annual growth rate of more than 13.6%¹
- Revenue grew each year through the Great Recession¹

Durable and Growing Business Model

- We believe that Blue Ridge's business model and diversified client base position it to be more resilient in economic recessions and have less correlation to the overall economic cycles
- From 2016 through 2019, approximately 75% of Blue Ridge's clients were obtained through referrals

Opportunity

Blue Ridge's potential future growth opportunities include:

- Cross-selling of additional services and expansion of service offerings
- Growth of participants in the ESOP's of existing clients
- Strategic acquisitions

There is no assurance the stated objectives will be met.

All data as of Sept. 30, 2020, unless otherwise noted. Acquisition date was March 24, 2020.

This is not an offer to sell nor a solicitation of an offer to buy shares of CNL Strategic Capital. Only the prospectus makes such an offer. This piece must be read in conjunction with the prospectus in order to understand fully all the objectives, risks, charges and expenses associated with an investment and must not be relied upon to make a decision.

CNL Strategic Capital is managed by CNL Strategic Capital Management, LLC and sub-managed by Levine Leichtman Strategic Capital LLC, which are affiliates of CNL Financial Group and Levine Leichtman Capital Partners, respectively. Each managing entity is an investment adviser registered with the U.S. Securities and Exchange Commission.

Past performance is not indicative of future results. Information subject to change. Businesses acquired may be subject to losses which negatively impact financials.

¹Represents historical financial information prior to acquisition and should not be viewed as current or future performance for this acquired business or CNL Strategic Capital as the future is uncertain. The increase of revenues does not guarantee an increase in profit. Any returns for CNL Strategic Capital will be substantially lower as this figure does not account for fees or expenses, which are applicable to this offering.

RISK FACTORS

- An investment in CNL Strategic Capital, LLC is considered speculative and involves a high degree of risk, including the loss of all or a substantial amount of your investment. CNL Strategic Capital is not a short-term investment. This offering is not suitable for everyone; investors are expected to meet the minimum financial suitability standards. See your firm's policies and the Suitability Standards section of the prospectus for complete details.
- CNL Strategic Capital commenced operations in February 2018 and has a limited operating history. It may be unable to successfully implement its business and acquisition strategies or meet its investment objectives. Investors will not have the opportunity to evaluate businesses prior to acquisition.
- CNL Strategic Capital compensates the managers and CNL Securities for services provided and may also compensate the parties when certain operational and performance thresholds are met. Certain management fees will be paid by investors even if they lose money in the investment. See the prospectus for details.
- If CNL Strategic Capital is unable to raise substantially more funds, it will be limited in the number of businesses it acquires, which reduces diversification and increases the potential for volatility.
- Co-investing with other investment groups will increase the risk that third parties may make decisions with which CNL Strategic Capital does not fully agree. In certain cases, CNL Strategic Capital will invest alongside the sub-manager's affiliates or other clients. CNL Strategic Capital will not purchase these businesses unless a majority of the independent directors determines the transaction is fair and reasonable.
- Distributions paid are not solely based upon performance. Distributions are not guaranteed in frequency or amount. Distributions will be paid from net investment income and, in addition, may be paid from offering proceeds, borrowings or reimbursable expense support, which will reduce future cash available for distributions and be dilutive to future shareholders.
- CNL Strategic Capital's strategy is to use leverage in an amount not to exceed 35% of its gross assets, subjecting it to inflation and interest rate risk. However, the board can approve leverage over the 35% limit at any time, if approved by a majority of our independent directors. Leverage can magnify the potential for loss or gain, which can impact an investment's volatility and returns.
- An investment in CNL Strategic Capital is illiquid. Shares sold in this offering will not be listed on an exchange or quoted through a quotation system for the foreseeable future, if ever. If investors are able to sell their shares, they will likely receive less than their purchase price.
- An investment in CNL Strategic Capital does not provide investors with a direct ownership interest in the underlying businesses.
- Controlling interests in privately held businesses, by nature, pose certain incremental risks as compared to public companies, such as the ability to withstand financial distress.
- The businesses acquired may be unable to meet their debt and other obligations which could negatively impact the overall value of the business.
- CNL Strategic Capital will be dependent upon earnings and cash flow from the businesses it acquires in order to generate earnings and cash flow to, first, satisfy its financial obligations and second, to make distributions to shareholders.
- COVID-19 has had a limited impact on CNL Strategic Capital and the pandemic may have an adverse impact on the portfolio. Further, the spread of COVID-19 has caused severe disruptions in the U.S. and global economy and financial markets causing issues of unknown magnitude and duration.

GENERAL NOTICES

- Broker-dealers and investment advisors are reminded that CNL Strategic Capital's communications must be accompanied or preceded by a prospectus. CNL Strategic Capital, LLC is a unique direct participation program (DPP), taxed as a partnership. CNL Securities and its associates cannot provide investment advice for any individual or any individual situation and are not acting in a fiduciary capacity. Please speak with your financial professional regarding what share class may be best for you economically and for your investment strategy. Managing dealer of CNL Strategic Capital is CNL Securities Corp., member FINRA/SIPC.
- This is not an offer to sell nor a solicitation of an offer to buy shares of CNL Strategic Capital. Only the prospectus makes such an offer. This piece must be read in conjunction with the prospectus in order to understand fully all the objectives, risks, charges and expenses associated with an investment and must not be relied upon to make a decision.
- Neither the U.S. Securities and Exchange Commission, the Attorney General of the State of New York nor any other state regulator has passed on or endorsed the merits of this offering. Any representation to the contrary is unlawful.
- Forward-looking statements are based on current expectations and may be identified by words such as *believes*, *anticipates*, *expects*, *may*, *will*, *continues*, *could*, *targeted* and terms of similar substance, and speak only as of the date made. Actual results could differ materially due to risks and uncertainties that are beyond the offering's ability to control or accurately predict. Investors and financial professionals should not place undue reliance on any forward-looking statements. CNL Strategic Capital undertakes no obligation to publicly update or revise any forward-looking statements.
- Please read the prospectus, including the Risk Factors section, for full details. The prospectus is available at sec.gov and cnlstrategiccapital.com, or may be obtained by calling 866-650-0650.