

News Release

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CNL STRATEGIC CAPITAL ANNOUNCES YEAR-END 2020 OPERATING RESULTS

(Orlando, Fla.) April 20, 2021 — 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, 2020, CNL Strategic Capital’s third year of operation.

2020 Highlights

- CNL Strategic Capital received approximately \$125.3 million from the sale of approximately 4.4 million shares during the year ended Dec. 31, 2020, bringing total gross proceeds to \$291 million.
- As of Dec. 31, 2020, CNL Strategic Capital had approximately \$314.1 million in total assets, compared with approximately \$175.5 million as of Dec. 31, 2019.
- CNL Strategic Capital closed on investments of approximately \$64.2 million in three portfolio companies in 2020 bringing total portfolio companies to seven as of Dec. 31, 2020.
- CNL Strategic Capital’s portfolio generated \$22.8 million in unrealized gains during the year ended Dec. 31, 2020.
- The total investment return based on net asset value (NAV) after incentive fees per share, for the year ended Dec. 31, 2020, was approximately 13.2% for Class FA shares, 11.9% for Class A shares, 10.1% for Class T shares, 10.7% for Class D shares, 12.0% for Class I shares and 12.8% for Class S shares.¹ These returns are prior to any applicable sales load and assume shareholders reinvested their distributions.
- The total investment return based on net asset value (NAV) after incentive fees per share, since inception through the year ended Dec. 31, 2020, was approximately 36.1% for Class FA shares, 30.8% for Class A shares, 25.6% for Class T shares, 24.4% for Class D shares, 31.9% for Class I shares and 12.8% for Class S shares.¹ These returns are prior to any applicable sales load and assume shareholders reinvested their distributions.

- In 2020, CNL Strategic Capital declared distributions of approximately \$9.9 million to its shareholders. Since beginning operations in February 2018, the Company has declared distributions of approximately \$19.3 million.

“We are pleased with our portfolio companies’ performance during 2020, particularly given the disruption from COVID-19,” said Chirag Bhavsar, CEO of CNL Strategic Capital.

Investment Portfolio Update

As of Dec. 31, 2020, CNL Strategic Capital’s portfolio consisted of investments in seven companies across six industries. The company’s investments at fair value grew by approximately \$87 million to nearly \$231.2 million as of Dec. 31, 2020, compared to \$144.2 million as of Dec. 31, 2019.

CNL Strategic Capital closed on investments of approximately \$64.2 million in three portfolio companies in 2020. In January 2020, the company closed on an 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. In March 2020, the company invested in Blue Ridge ESOP Associates, a third-party administrator of employee stock ownership plans and 401(k) plans. CNL Strategic Capital invested in Healthcare Safety Holdings LLC (HSH) in July 2020. HSH produces daily use insulin pens, syringes and related products for the human and animal diabetes care markets.

“A key focus for CNL Strategic Capital in 2020 was continuing our investment strategy to grow the portfolio with durable middle-market businesses,” said Brett Schlemovitz, chief operating officer of CNL Strategic Capital.

(1) This is not shareholder returns. Long-term returns may vary materially from the short-term data shown for the year ended Dec. 31, 2020. 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. For the year ended Dec. 31, 2020, distributions were paid from multiple sources and these sources included net investment income before expense support of 42.2%, reimbursable expense support of 33.2%, and offering proceeds of 24.6%. For additional information regarding sources of distributions, please see the Annual Report on Form 10-K for the year ended Dec.31, 2020, filed by the Company with the Securities and Exchange Commission. The Company may be required to repay expense support to the Manager and Sub-Manager in future periods which may reduce future income available for distributions.

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 (LLSC). 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 Strategic Capital

LLSC is an affiliate of Levine Leichtman Capital Partners, LLC (LLCP), a middle-market private equity firm with a 37-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 approximately \$11.7 billion of institutional capital across 15 investment funds and has invested in over 90 portfolio companies. LLCP currently manages \$8.2 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, 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.

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