

# *News Release*

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## **CNL STRATEGIC CAPITAL ANNOUNCES OPERATING RESULTS FOR THIRD QUARTER OF 2021**

(Orlando, Fla.) Nov. 18, 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.

As highlighted below, the Company had positive performance for the three and nine months ended Sept. 30, 2021, and has seen total assets increase by 46.7% since Dec. 31, 2020.

### **Third Quarter Highlights**

- As of Sept. 30, 2021, CNL Strategic Capital had approximately \$460.9 million in total assets, compared with \$314.1 million in total assets as of Dec. 31, 2020.
- CNL Strategic Capital received approximately \$113.7 million in net proceeds from the sale of approximately 3.7 million shares through its public offering for the nine months ended Sept. 30, 2021. Between beginning operation in February 2018 and Sept. 30, 2021, the Company received approximately \$405.9 million from the sale of shares through its offerings, including approximately \$5.8 million received through its distribution reinvestment plan.
- As of Sept. 30, 2021, CNL Strategic Capital had closed on investments of approximately \$267.7 million in eight portfolio companies. The portfolio had a fair market value of approximately \$332.2 million, compared with \$231.2 million as of Dec. 31, 2020.
- For the nine months ended Sept. 30, 2021, CNL Strategic Capital had total investment income of approximately \$23.2 million. That compares with total investment income of approximately \$8.8 million for the nine months ended Sept. 30, 2020.
- During the nine months ended Sept. 30, 2021, the Company recognized a net change in unrealized appreciation on investments of \$30.8 million due to earnings growth in our portfolio companies.

Sources of declared distributions on a GAAP basis:

	Nine Months Ended Sept. 30,			
	2021		2020	
	Amount	% of Cash Distributions Declared	Amount	% of Cash Distributions Declared
Net investment income <sup>1</sup>	\$ 6,944,454	63.4 %	\$ 5,349,240	76.3 %
Distributions in excess of net investment income <sup>2</sup>	4,000,804	36.6 %	1,661,654	23.7 %
Total distributions declared	<u>\$ 10,945,258</u>	<u>100.0 %</u>	<u>\$ 7,010,894</u>	<u>100.0 %</u>

Cash distributions net of distributions reinvested during the periods presented were funded from the following sources:

	Nine Months Ended Sept. 30,			
	2021		2020	
	Amount	% of Cash Distributions Net of Distributions Reinvested	Amount	% of Cash Distributions Net of Distributions Reinvested
Net investment income before expense support (reimbursement)	\$ 7,999,851	100.5 %	\$ 2,191,941	40.0 %
Expense support (reimbursement)	(1,055,397)	(13.3) %	3,157,299	57.7 %
Net investment income	6,944,454	87.2 %	5,349,240	97.7 %
Cash distributions net of distributions reinvested in excess of net investment income <sup>2</sup>	1,015,355	12.8 %	123,644	2.3 %
Cash distributions net of distributions reinvested <sup>3</sup>	<u>\$ 7,959,809</u>	<u>100.0 %</u>	<u>\$ 5,472,884</u>	<u>100.0 %</u>

Total Investment Return Based on Net Asset Value (NAV) After Incentive Fees Per Share for the Nine Months Ended Sept. 30, 2021:<sup>4</sup>

Class FA	Class A	Class T	Class D	Class I	Class S
11.3%	10.5%	9.6%	10.3%	10.6%	11.8%

*(These returns are prior to any applicable sales load and assume shareholders reinvested their distributions. These are not actual shareholder returns. Actual returns may vary materially.)*

Cumulative Total Investment Return Based on NAV After Sales Fees Since Inception and Through the Nine Months Ended Sept. 30, 2021:<sup>4</sup>

Class FA	Class A	Class T	Class D	Class I	Class S
51.5%	44.5%	37.6%	37.2%	45.9%	26.1%

*(These returns are prior to any applicable sales load and assume shareholders reinvested their distributions. These are not actual shareholder returns. Actual returns may vary materially.)*

Estimated NAV As of Sept. 30:

	Class FA	Class A	Class T	Class D	Class I	Class S
2021	\$32.44	\$30.80	\$30.65	\$30.27	\$31.18	\$32.64
2020	\$29.00	\$27.91	\$27.88	\$27.44	\$28.19	\$29.07

### Subsequent Events

In October, CNL Strategic Capital acquired a majority equity stake and made a concurrent debt investment in Douglas Machines Corp. in partnership with Douglas' management. This is the ninth Company in CNL Strategic Capital's portfolio. Founded in 1979 and headquartered in Clearwater, Florida, Douglas is a leading manufacturer of innovative and customizable commercial cleaning and sanitizing equipment to the food, pet food, nutraceutical and industrial end markets in the United States.

On Nov. 1, 2021, the U.S. Securities and Exchange Commission declared CNL Strategic Capital's \$1.1 billion follow-on offering effective. The offering includes \$100 million in shares to be issued pursuant to the Company's reinvestment plan.

<sup>1</sup> Net investment income includes expense support from the Manager and Sub-Manager of \$3,157,299 for the nine months ended Sept. 30, 2020. During the nine months ended Sept. 30, 2021, the Company did not receive expense support and accrued expense support reimbursement of \$1,055,397. <sup>2</sup> Consists of distributions made from offering proceeds for the periods presented. <sup>3</sup> For the nine months ended Sept. 30, 2021, and 2020, excludes \$2,985,449 and \$1,538,010, respectively, of distributions reinvested pursuant to our distribution reinvestment plan. <sup>4</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 (LLSC). 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 Strategic Capital**

LLSC is an affiliate of Levine Leichtman Capital Partners, LLC (LLCP), a middle-market private equity firm with a 38-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 22 years. Since inception, LLCP has managed approximately \$12.7 billion of institutional capital across 15 investment funds and has invested in over 90 portfolio companies. LLCP currently manages \$9 billion of assets and has offices in Los Angeles, New York, Dallas, Chicago, Charlotte, London, Stockholm and The Hague. 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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