

| 4th Quarter and 2015 Performance Report <sup>(1)(2)</sup> | 2015<br>Q4 | 2015   | Inception<br>To Date | Average<br>Annual Return |
|-----------------------------------------------------------|------------|--------|----------------------|--------------------------|
| <b>ADW Capital Partners, L.P.</b>                         |            |        |                      |                          |
| Gross Return                                              | -3.31%     | 9.65%  | 319.79%              | 33.23%                   |
| Net Return                                                | -3.24%     | 5.67%  | 229.01%              | 26.89%                   |
| <b>Major Market Indices</b>                               |            |        |                      |                          |
| Dow Jones                                                 | 7.70%      | 0.21%  | 69.16%               | 11.70%                   |
| S&P 500                                                   | 7.04%      | 1.38%  | 78.95%               | 13.03%                   |
| NASDAQ                                                    | 8.71%      | 6.96%  | 98.18%               | 15.49%                   |
| Russell 2000                                              | 3.59%      | -4.41% | 54.75%               | 9.63%                    |

(1) The table above reflects the performance of the Fund for the current quarter, year-to-date and since inception of the Fund. Net returns are net of underlying management and performance fees and expenses as well as brokerage and/or custodial fees and expenses. All returns include the reinvestment of dividends and other earnings. Quarterly and year-to-date figures are estimates and unaudited and have been calculated by the Fund's independent administrator, SS&C Fund Services. The Fund's performance results have been audited for calendar years 2011, 2012, 2013, and 2014 by the Fund's independent auditor, Marcum LLP. Inception-to-date figures incorporate audited results from prior years and unaudited results from the current year. Statements from the fund's prime broker (BTIG) and custodian (Goldman Sachs) can be provided upon further request. Past performance is not necessarily an indication of future performance or profitability. See Important Notes on **page 5**.

(2) References to Dow Jones, S&P 500, NASDAQ, Russell 2000 and other indices are for informational purposes only. See Important Notes on **page 5**.

Dear Partners,

It is our pleasure to report results for the 4th quarter of 2015 and our 20<sup>th</sup> quarter since inception – memorializing our fifth year in operation.

At the risk of sounding like a broken record, we want to reiterate a critical point discussed in all quarterly letters. ADW Capital Partners, L.P. (the “Fund”) operates a concentrated, tax-sensitive and long-term strategy designed to minimize correlation to the broader indices with a focus on **avoiding permanent capital loss**. Inevitably, this approach will result in periods of underperformance. By the same token, our efforts to maintain a lower correlation strategy driven by company-specific outcomes may produce significant outperformance in periods of market weakness, as we saw in 2011. We are not traders, return chasers or month-to-month stock jockeys. We are **investors** who look for opportunities to return multiples on the Fund’s capital in a tax-efficient manner over an extended period of time. While this strategy may yield lumpy results, we believe it limits idea dilution and protects the Fund’s returns from Uncle Sam and Wall Street.

#### **Portfolio Update -- Our Patient Approach at Work:**

While the Fund is not always in a position to discuss names in the portfolio because we are actively adding or subtracting to a position, we do like to update our partners on certain situations when we feel it is appropriate and not detrimental to the Fund’s activities.

Many of these holdings continue to be challenged in 2016 along with the broader market. What we find interesting versus other periods of market weakness is that the Companies in our portfolio continue to report improving results. In many cases, the reported results of our Companies are truly breathtaking and would render under normal environments huge price discovery to the upside. Instead, sovereign wealth fund flows, ETF rebalancing, and sensationalist media are driving the price discovery or “lack thereof.”

While perhaps it is trite or even arrogant to say that the market is getting it wrong and I was/am getting it right, we think Benjamin Graham captures it best: “In the short run, the market is a voting machine but in the long run, it is a weighing machine.”

As many of you know, my first love even before stocks was history. As a child, I was a voracious reader of biographies, encyclopedias, and literally anything I could get my hands on that told “stories of the past”. My compendium of useful and useless factoids even earned me a spot on my high school’s nationally ranked quiz bowl team and multiple appearances on the locally aired “It’s Academic” TV Show. But as an adult what my study of history has given me is an appreciation that while history does not exactly repeat itself, it often rhymes.

We have studied the industries and companies we have invested in across a number of cycles and environments to see what “we can learn from the past.” Over time, many of these industries and companies have consolidated and/or rationalized cost structures yielding better companies/investments than in previous eras.

What surprises us the most or perhaps offers the most opportunity is that in many cases, these companies are trading at significantly lower multiples than they did in other periods of extreme market weakness – in some cases even March of 2009 levels.

While we acknowledge more industries/companies are being disrupted than ever, we believe unfounded macro fears and an overly indulgent institutional imperative for “unbridled secular growth” has left many companies and industries trading at multiples lower than even the most extreme economic environments. While this phenomenon can go on for an extended period of time as people vote with what is popular / being aired on TV, we have every confidence that the weighing machine of excess profits in out of favor companies/industries will eventually normalize some of today's skewed corporate valuations.

*IDW Media Holdings f/k/a CTM Media Group (OTC:IDWM)*

The Fund initially profiled our investment in IDW Media Holdings – “IDWM” in our 1Q 2015 letter. To respect our previous reader's time we encourage you to look back to the letter for background in an effort not to repeat ourselves.

We do want to talk to you today about IDW's current progress but also to highlight again the power of history and how we are using it to our advantage. As many of you know, I made a sizable personal investment in IDT (the parent company of IDWM) prior to starting the fund that earned me a 15x return in less than a year and a half. Prior to making this investment and subsequently I spent a lot of time learning about Howard Jonas – its founder and majority shareholder. Howard was and STILL is an entrepreneur and business builder at his core. While there have been a number of setbacks along the way – one of which when paired with the great recession allowed us to come in to IDT at an amazing level, he has always come back and found a way to nurture, grow, and monetize his various assets. These monetizations have come in the way of spinoffs but have also included outright sales.

In studying Howard's / IDT's various monetizations we stumbled across a transaction that took place in late '06. While the transaction was complex in nature – it involved redemption of a minority investment in IDT, cash consideration, and assumption of debt, when all the parts were put together it was effectively a sale of IDT's Entertainment division for almost \$500 MM. IDT Entertainment was a studio that Howard and his team started from scratch and effectively sold to John Malone (Liberty) for \$500 MM. IDT Entertainment had no meaningful IP/content and effectively licensed and grew its catalog of content organically.

While history doesn't repeat itself, it often rhymes. For several years post its own spinoff from IDT, IDWM grew its core businesses – digital billboard/brochure stand/location based advertising and its comic book/media/games business – IDW Publishing. Management of these two businesses consistently blocked and tackled to build a niche and growing platform that we estimate was earning roughly \$7 MM of EBIT (after all corporate overheads). With a nice runway for stable growth in its core businesses, Howard decided to “reinvest” some of these profits into an arena that could catapult the business to the next level. Howard decided to setup IDW Entertainment (it's only one letter off from the business he sold to John Malone).

But IDW Entertainment has something that IDT didn't...**AN INTERNAL PORTFOLIO OF CONTENT.** IDW Publishing is the fourth-largest comic book / graphic novel company globally and has successfully built a group of extremely talented editorial, artists, and writers. The Company is also aggressively acquiring new content through acquisition of whole companies

and successful partnerships with creators. One of the Company's most famous properties, "Locke and Key," is co-owned with Joe Hill (Stephen King's son).

In the last year, we estimate the Company has invested almost \$3 MM in incremental fixed costs to launch its entertainment division that has yet to bear revenues/profits, but the fruits we believe are imminent. On April 1, 2016, SyFy will air "Wynonna Earp," the first of three television series that IDW has successfully sold. We expect at least two of the three will air this year and potentially three. "Brooklyn Animal Control" will star Jane Alexander (Oscar winner) and was sold to USA. "Dirk Gently Holistic Detective Agency" is based on characters from renowned author Douglas Adams and was recently sold to BBC. We believe IDW's strategy to leverage its existing portfolio of content through TV shows where they are putting up minimal capital is low risk and has the potential for geometric return. We also don't believe we are paying for it in the stock at these prices.

In recent months, IDWM has sold off with the broader market and now trades for roughly a \$95 MM enterprise value. If we eliminate the "growth investments/capex" for the entertainment division, the core businesses are generating roughly \$10 MM of EBIT(DA) and that still includes corporate overheads and various independent company costs. We think to a strategic the base businesses could contribute almost \$12 MM of EBIT(DA) immediately and still ascribes zero value to the Company's entertainment division where revenues/profits are forthcoming. At 8x EBIT for the core businesses we believe the opportunity to own the Company's entertainment division for free is quite compelling. We would also point out that David Ozer, who is running IDW Entertainment, was also an integral part of the successful growth and monetization of IDT Entertainment. While history doesn't repeat itself it often rhymes. We think IDW is at a point where the financial results are about to inflect. It is an orphan stock that is not even listed on a major exchange, let alone has research coverage. We anticipate that in conjunction with the airing of its upcoming TV shows, media/investor interest will build and will ultimately culminate with a NASDAQ listing/"IPO" in late 2016 or early 2017. We also think longer term a sale to a major media company or someone like John Malone a la IDT Entertainment seems to make sense given the **history**.

Below is link to the Wynonna Earp trailer:

<https://www.youtube.com/watch?v=JcdgoOs4Nto>

**Operational Update/Conclusion:**

We want to thank all of you again for the opportunity to steward your capital and look forward to many more years with you as partners.

As always, we are available to answer any and all of your questions regarding the operations of the Fund or about the exciting opportunity set we are currently deploying capital into.

Regards,

Adam D. Wyden

**IMPORTANT NOTES**

This report is being furnished by ADW Capital Management, LLC ("**ADW**") on a confidential basis to existing limited partners in ADW Capital Partners, L.P. (the "**Fund**") and does not constitute an offer, solicitation or recommendation to sell or an offer to buy any securities, investment products or investment advisory services. This report is being provided to existing limited partners for informational purposes only, and may not be disseminated, communicated or otherwise disclosed by the recipient to any third party without the prior written consent of ADW. Any offer or solicitation of an investment in the Fund may be made only by delivery of the Fund's confidential private offering memorandum to qualified investors.

An investment in the Fund involves a significant degree of risk, and there can be no assurance that its investment objectives will be achieved or that its investments will be profitable. Unless otherwise noted, the performance results of the Fund included in this report are presented on a net-of-fees basis and reflect the deduction of, among other things, underlying management and performance fees and expenses as well as brokerage and/or custodial fees and expenses. Performance results also include the reinvestment of dividends and other earnings. Certain of the performance information presented in this report are unaudited estimates based upon the information available to ADW as of the date hereof, and are subject to subsequent revision as a result of the Fund's audit. An investor's actual performance and actual fees may differ from the performance information shown due to, among other factors, capital contributions, withdrawals and eligibility to participate in "new issues." The value of investments can go down as well as up. Past performance is not necessarily an indication of future performance or profitability. An investment in the Fund is subject to a wide variety of risks and considerations as detailed in the confidential private offering memorandum of the Fund.

References to Dow Jones, S&P 500, NASDAQ, Russell 2000 and other indices herein are for informational and general comparative purposes only. There are significant differences between such indices and the investment program of the Fund. The Fund does not invest in all or necessarily any significant portion of the securities, industries or strategies represented by such indices. References to indices do not suggest that the Fund will, or is likely to achieve returns, volatility or other results similar to such indices.

This report and the accompanying discussion include forward-looking statements. All statements that are not historical facts are forward-looking statements, including any statements that relate to future market conditions, results, operations, strategies or other future conditions or developments and any statements regarding objectives, opportunities, positioning or prospects. Forward-looking statements are necessarily based upon speculation, expectations, estimates and assumptions that are inherently unreliable and subject to significant business, economic and competitive uncertainties and contingencies. Forward-looking statements are not a promise or guaranty about future events.

The information in this presentation is not intended to provide, and should not be relied upon for, accounting, legal, or tax advice or investment recommendations. Each recipient should consult its own tax, legal, accounting, financial, or other advisors about the issues discussed herein.