

| 1st Quarter 2014 and YTD Performance Report ⁽¹⁾⁽²⁾ | 2014 | | Inception To Date |
|---|--------|--------|----------------------|
| | Q1 | 2014 | |
| ADW Capital Partners, L.P. | | | |
| Gross Return | -1.24% | -1.24% | 207.67% |
| Net Return | -1.84% | -1.84% | 149.97% |
| Major Market Indices | | | |
| Dow Jones | -0.11% | -0.11% | 52.94% |
| S&P 500 | 1.81% | 1.81% | 58.06% |
| NASDAQ | 0.54% | 0.54% | 56.61% |
| Russell 2000 | 1.12% | 1.12% | 56.07% |

(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, EAS Accounting Services. The Fund's performance results have been audited for calendar years 2011 and 2012 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 6.

(2) References to Dow Jones, S&P 500, NASDAQ, Russell 2000 and other indices are for informational purposes only. See Important Notes on page 6.

Dear Partners,

It is my pleasure to report results for the first quarter of 2014, the 13th quarter since inception.

At the risk of sounding like a broken record, I 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 tax-efficiently 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:

I want to take this opportunity to update you on our portfolio. While 2013 and the first quarter of 2014 drove many momentum chasers into the milieu of high growth companies like Facebook, Netflix, and Tesla, we are proud to announce that we do not own a single internet and/or technology stock today (or at the start of the second quarter for that matter!).

In fact, we believe our value discipline on cash flows and unloved "boring businesses" is coming back into vogue as evidenced by solid and broad-based gains across the portfolio since the start of the second quarter.

To that end, we would like to share a new investment with you that we are particularly excited about in a prototypical unloved industry -- timeshare. Historically, the growth in timeshare properties has been driven by real estate developers seeking to earn at or above traditional condo returns. The real estate developer often outsourced the management of the property to a third-party yet usually extended financing to the borrower -- albeit the underwriting standards employed were very loose. In summary, the developer "sold" the product to whoever would buy it and then it rushed to pull out the proceeds from primitive lending facilities and securitizations.

While this process worked for most developers for almost 30 years, time-share was another industry that did not escape the "Great Recession." While most developers saw a pretty stable level of demand for their timeshare in 2008 and 2009, the companies were unable to extend financing to the end consumer -- hampering sales. Advance rates on securitizations ballooned with interest rates while total availability of credit contracted precipitously. To compound this issue, developers were faced to meet capital calls/debt service on properties that were still being constructed. The end result was a wasteland of capital-constrained timeshare developers / management companies and a massive opportunity for a disciplined buyer with access to capital to scoop these companies up on the cheap.

Enter Stephen J. Cloobek. Steve Cloobek, a Las Vegas native, had spent his entire career in the timeshare industry. He began at his father Sheldon's knee helping him to run Cloobek Enterprises. Subsequently, he began to develop and manage timeshare resorts of his own with the help of high profile partners like Starwood Capital. In 2003, Steve sold the vast majority of his timeshare holdings to Marriott and spent the next few years looking for the "next big thing."

In mid-2007, Cloobek was presented exactly that. A large timeshare developer by the name of Sunterra was forced to delist due to accounting irregularities from its European operations. Cloobek saw this as a temporary opportunity to buy great assets at a super discounted price. Steve contributed the remainder of his timeshare holdings and some cash and renamed the company Diamond Resorts (DRII). It is our belief that Steve originally viewed this as a "trade." Buy it, fix it, and then sell it. But in the words of John Lennon, "life is what happens to you while you're busy making other plans."

With the help of a seasoned new management team and steady private equity capital, Cloobek quickly got to work repairing his new Diamond Resorts. But by late 2008, the credit tsunami began to take down timeshare companies one by one. Fortunately, Diamond was in a position to play offense while the whole industry was busy playing defense. With the help of private capital sources like Soros and Guggenheim, Cloobek and his team quickly went after distressed timeshare management companies and paid "once in a lifetime" prices (0-2x EBITDA).

As the credit/securitization markets thawed in 2012 and 2013, Cloobek was armed with an arsenal of timeshare inventory that consumers with available financing began to purchase en masse. With total industry sales more than 40 percent below pre-crisis levels, a robust credit market, and an adept management team, we thought we were being presented with a compelling opportunity.

As we peeled back the onion, we realized that there was really more to the opportunity. In investing, we often look for situations that we call "renaissances" – situations where a company and/or industry (preferably both) have been in the dark ages for years and an industry shift or new management team bring on a new "age of enlightenment." Sunterra fit that bill. Sunterra was an extremely mismanaged asset and the timeshare industry was characteristically cash-poor with developers constantly putting money into the next new development to sustain timeshare sales.

Cloobek and his team realized that for the timeshare industry to thrive again it needed a facelift. Was there a way to deliver more value to the customer while concurrently improving overall returns on the industry's capital? What Cloobek envisioned and subsequently implemented was a transition in focus from a real estate developer to a hospitality and brand management company – similar to what we saw in the hotel industry several years ago. As Cloobek acquired properties / management contracts, he quickly went to work rehabbing the properties financed by higher owner management fees. Cloobek realized that owners were paying too little to maintain the properties and it began to show in the upkeep. When a property was purchased, a Diamond flag went up LITERALLY. From the thread count of the pillows to the attitude of the fitness instructors, Diamond brought a renewed focus on customer service to every single resort it acquired.

Fast forward to today; Diamond has 90 owned resorts and relationships with over 300 affiliated resorts worldwide. The Company's income from owner management fees now represents half of the Company's earnings and substantially reduces the underlying effect of volatility in timeshare sales and the capital demands of the business.

Most importantly, we believe the Company is delivering significantly more value to the customer than in years past. With the implementation of its points and club program, members are now able to access 300 resorts worldwide seamlessly, while limiting their reliance on complicated, cumbersome, and expensive exchange networks like Interval and RCI. The idea of a fixed week time share at one resort is a thing of the past at Diamond.

Going forward, we expect the Company to grow thoughtfully with minimal capital requirements. We expect much of this growth to mirror transactions like the joint venture the Company structured with Dorsett (a large Asian hotel company) last year. A deal like this allows Diamond members access to new resorts in Asia without having to purchase the resort outright. These arrangements not only enhance Diamond's consumer value proposition but also creates real revenue opportunities in terms of cross-selling and potential third-party management agreements.

Longer term, when the market fully recognizes the intrinsic value of the Company's assets it may make sense for the Company to consolidate larger private timeshare companies that lack Diamond's scale and expertise.

Why are we excited about the Company now? Like most investments we are excited about, we believe we are purchasing the Company at a fraction of its peer group with substantial industry tailwinds. Among the variety of differences between our views on the business and the analyst community's, we believe Wall Street analysts do not firmly grasp the operational leverage in Diamond's business and have yet to model in a substantial refinance in the Company's senior notes that we expect to be completed in the second quarter. We believe that in a modest economic environment the Company could earn around \$3.75 a share of free cash flow in 2015 and that does not include the benefit of any changes to the business like acquisitions. If the Company were to trade today at an 8 percent yield on our estimates of 2015 cash flow like its peer Marriot Vacations (VAC), Diamond could be valued at or around \$47.00 a share. While we cannot control the weather or the bumps and jumps in a company's operating projections, we believe purchasing shares in the Company at \$17.00 – \$18.00 a share provides us a substantial margin of safety and offers us a free call option on the Company building a world leading hospitality brand.

For those of you interested in learning more about Stephen Cloobek and the formation of Diamond Resorts (DRII), I encourage you to watch Stephen present at the 2010 Milken Conference. You can also go to the front desk of every Diamond Resorts property and find his business card there and you can e-mail him directly. Needless to say, the interview is extremely informational and provides a unique lens into the industry.

(See link below)

<http://www.milkeninstitute.org/events/gcprogram.taf?function=detail&EvID=2217&eventid=GC10>

Operational Update/Conclusion:

The Fund is off to a strong start in 2014 and continues to grow.

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

As always, I am available by phone/email to discuss any other questions you may have 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.