

3rd Quarter 2014 and YTD Performance Report ⁽¹⁾⁽²⁾

	2014		Inception To Date
	Q3	2014	
ADW Capital Partners, L.P.			
Gross Return	-3.99%	14.17%	246.90%
Net Return	-3.84%	9.75%	179.50%

Major Market Indices

Dow Jones	1.88%	4.61%	60.18%
S&P 500	1.13%	8.34%	68.21%
NASDAQ	1.93%	7.59%	67.59%
Russell 2000	-7.36%	-4.41%	47.54%

(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, and 2013 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 4**.

(2) References to Dow Jones, S&P 500, NASDAQ, Russell 2000 and other indices are for informational purposes only. See Important Notes on page 4.

Dear Partners,

It is our pleasure to report results for the third quarter of 2014, the 15th quarter since inception.

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:

The path that the stock market has taken this year has been anything but up and to the right. While the prevailing larger capitalization indices -- S&P 500 and DJIA -- would imply that 2014 has been an "average" year for equities, a deeper look into the data tells a largely different and perhaps scarier story. We believe that because of artificial and unsustainably low interest rates money is clamoring into equities because of the institutional mandate of "having to be invested". How this has manifested itself is that smaller investors have pushed themselves out farther on the risk curve into lower quality, more highly leveraged, and more cyclical businesses like airlines while larger investors are bidding up "have to own" stocks as they will pay "any price" for quality. If we remove companies like Facebook, Apple, Microsoft and a few others from our sample set, the data looks quite different. The shares of most companies have treaded water this year and in many cases are down -- as evidenced by the performance of the Russell 2000. This divergence in company performance tells us that the market is beginning to catch on to the farce that is indefinite free money and that it's not really helping the lion's share of businesses / Americans at this stage of the economic recovery.

But our job as stock pickers is not to time the market or invest based on macro themes. Our job is to be consistent and stick to our knitting over the course of the market cycle. We acknowledge that certain industries and companies go in and out of vogue in the short term but believe that if we maintain our discipline and invest in companies that generate earnings/free-cash-flow yields of 10-20 percent and can re-invest that capital at high rates of return, we will be positioned for long-term success.

In a conversation with an investor yesterday, we asked him, "Why would we buy a company like Procter and Gamble at 18.7x 2015 earnings with limited reinvestment opportunities when we could invest in Graphic Packaging who makes its paperboard packaging at a 14 percent free-cash-flow yield, is re-investing in productivity improvements with a 1-2 year payback period, has a large runway for accretive M&A and is about to initiate a large shareholder return program in early 2015?"

The moral of this story is that there will always be mispricing like this in the marketplace and our job is to find these companies, let them compound our/their capital and ride them until investors realize that they deserve a market multiple. While we won't be right on all of them, we believe that investing in companies with these types of cash flows provides a margin of safety to limit our losses when we are "wrong" or when the market inevitably swoons.

Operational Update/Conclusion:

The Fund is doing well in 2014 and continues to grow. We have settled into our new office at 1133 Broadway and would encourage you to stop by and see us anytime. 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, myself and Peter Hanselmann, ADW's CFO and Director of Operations, are always 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.