

1st Quarter and 2015 YTD Performance Report ⁽¹⁾⁽²⁾	2015 Q1	Inception To Date	Average Annual Return
ADW Capital Partners, L.P.			
Gross Return	17.54%	343.84%	42.00%
Net Return	13.55%	253.53%	34.60%
Major Market Indices			
Dow Jones	0.31%	69.07%	13.15%
S&P 500	0.95%	78.19%	14.56%
NASDAQ	3.79%	92.30%	16.63%
Russell 2000	4.32%	68.80%	13.11%

(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 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 our pleasure to report results for the 1st quarter of 2015 and our 17th 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 Fund is off to a great start in 2015. We produced respectable results in the 1st quarter and have since experienced additional gains compounding our year to date results. Our performance was reasonably distributed with Diamond Resorts and Graphic Packaging adding nicely to results, as well as a substantial new investment the Fund is still building a position in which we hope to discuss with you in the future. The new investment is the largest market capitalization the Fund has ever invested in and coincidentally was also the largest contributor to this quarter's results.

During the quarter we experienced two notable events that we would like to share with you. The first event is the fund's final exit of its position in Radiant Logistics (RLGT). As many of you may remember, Radiant was the fund's first core position. We established the position towards the end of the 1st quarter of 2011, contributing a substantial portion of the fund's assets at the time. Radiant was an owner/operator (CEO owned > 30 percent of the company) and capital-light business with a huge runway for growth/consolidation while it traded at a third of its peers. We believed this discount to be based on its small market capitalization (~30 mm), lack of market awareness/research, and over-the-counter listing.

Over the last four years, Radiant has successfully grown its market capitalization from ~30 MM to 250 MM, up-listed its shares to the NYSE AMEX, and grew its pre-tax profits from roughly 5 MM to 30 MM pro-forma for its most recent acquisition. Our initial investment in the Company at an average price of \$1.00 a share is today worth roughly \$5.60 a share -- yielding roughly a 46.5 percent pre-tax IRR. While the road in Radiant had its share of bumpy steps along the way, the fund's underwriting process of the business and motivations of management yielded incredibly attractive returns to our partners -- compounding our capital at 46.5 percent on average over four years while borrowing the money from Uncle Sam!

The firm's decision to exit the position was based on unusually strong macro tailwinds and perceived acquirer premium being placed on the shares based on historically low interest rates and accelerated consolidation in the space. We expect the Company to continue to execute on its strategy and build shareholder value for long term owners but felt the opportunity cost of our

capital in this investment just became too high. We will follow the business closely and do not rule out coming back to the fold if the Company stumbles again in the future.

The second development is the planned re-listing / IPO of CTM Media Holdings (CTMMB, CTMMA) as IDW Media on a major exchange. Again, for those of you who have followed my personal investment track record pre-dating the launch of the fund, many of you will remember that I made a titanic sized bet with my own personal portfolio in IDT Corporation (IDT) towards the end of 2009. At the time, IDT was trading for roughly ~\$3.00 a share and had \$10.00 a share of cash and marketable securities, \$10.00 of tax-loss carry forwards, real estate, shale assets, and a plethora of other intellectual property it acquired over the years.

The Company was started in the early '90s by a serial entrepreneur named Howard Jonas. As a college student at Harvard, Howard was selling Venus fly traps through the mail out of his dorm room. And when he wasn't doing that, he was driving a station wagon to deliver travel brochures to stands that he owned and serviced at different tourist destinations. As an adult Howard quickly built his new company, IDT, into a large media/telecommunications business with successful sales of assets he built from scratch to the likes of ATT and John Malone. Howard deployed some of this cash into additional intellectual property / venture ideas but also grew the business into an "Amazon style" incubator where development and G&A costs far exceeded revenues. The goal was to internally generate/nurture great businesses and have those one-time gains subsidize the annual losses at the Company. At the same time, Howard took a step back from the CEO role and gave the reigns to long time lieutenants while he observed as Chairman of the board.

As you can imagine, this sequence of decisions/events had incredibly adverse results for the Company. The 2008 financial crisis came and with IDT's venture financed mounting losses and investor impatience, the shares declined almost 95 percent. With the help of his son, Shmuel, Howard came back to the business as CEO and immediately cleaned house, shrinking personnel and selling many non-core assets. The Company quickly went from losing almost 200 mm a year to making 70mm a year – or almost \$2.00 a share of free-cash flow.

The market's disbelief in Howard's desire to run the Company for a profit and its general skepticism following one of the largest eviscerations of wealth in the modern era allowed us to purchase shares in the Company at an average of \$3.00 which I sold less than a year and half later at over \$30.00 a share (inclusive of dividends) -- yielding perhaps one of the best IRR's of my career to date.

In Howard's quest to unlock the latent value at IDT, which included buying back 20-25 percent of the Company, he decided to spin off a sub-scale holding company on the "pink-sheets" called CTM Media Holdings, Inc. (CTMMB, CTMMA). Again, this Company when spun off was trading below cash -- to which Howard quickly responded, "OK, I'll tender for shares at cash." This got my attention. I analyzed the two unrelated businesses and found that one of them was actually the same travel brochure business Howard started when he was in college.

While I didn't view the business (CTM) as a high octane growth business, I thought it was a necessary one with pricing power that occupied real estate in places (Statue of Liberty, Staten Island Ferry, Amish Country, etc.) where people needed print brochures/maps on demand while retaining a decent moat against technology – like a billboard. The other business was a comic book business (IDW) that along with its own intellectual property was doing licensing work for

Hasbro, Star Trek, GI Joe and others. Again, comic books had a pretty big moat as far as print went but also had a huge funnel of original content that could be distributed through other mediums –TV shows, movies, board games, video games, etc. We thought that there could be a lot of upside to profitability if the Company began focusing on these initiatives.

We began acquiring shares in CTM in early 2011 at around \$2.00 a share (or adjusted for the reverse-split roughly \$40.00). Today, the shares trade at roughly \$210.00 a share yielding over a “5 bagger”. If we include the \$25.00 in dividends the Company has paid out since we invested, it would yield almost a **six times multiple** on our original purchases – again no sales, so no taxes!

But what happened at the Company? Over the last four plus years, the Company has executed a plan in a fashion in line with what we had expected. The Company grew its brochure business thoughtfully through organic growth of new locations and pricing, while opportunistically purchasing other small assets. But on the comic book side, the Company far exceeded our expectations. While CTM Holdings retained the majority share of IDW, the Company’s founder – Ted Adams retained a minority interest close to 20 percent of the Company. Ted for being a comic book/media guy is quite the economic animal. In addition to acquiring new monetizable original content, Ted has built a nice recurring cash flow to start growing its own entertainment division which will produce and distribute TV shows, movies, video games, etc. Today we believe that these verticals could drive exponential growth at IDW over the next few years and build a comic book / media business that as a close third to DC and Marvel could yield a potential \$1billion valuation.

When we invested four years ago, the two companies (IDW and CTM) did about 2.5mm of EBITDA between them. Today, the Company produces almost 10 mm of EBITDA with the lion share being contributed from IDW and includes elevated spend to bring its new media initiatives online. We think that one could easily make the argument that a fast growing content business like this could easily trade at a 200-300 mm valuation TODAY – which would yield share prices in the range of \$475.00 - \$700.00 for shares that today trade around \$200.00 a share on the pink sheets. Over the last four years, the fund has slowly acquired a substantial stake of the Company and plans to work with management to help maximize the value through its planned IPO process. Another added benefit of being on a major exchange is that the Company will have a currency to continue to acquire sub-scale travel brochure assets and comic book media assets. These assets in the private markets trade between 4x and 8x EBITDA pre-synergies -- offering some pretty mouth-watering accretion if the Company gets the valuation we suspect it will when re-listed on the NASDAQ with research coverage. We view this situation as the gift that keeps on giving and will gladly let Howard and Ted usher in the new era at IDW while we borrow the money from Uncle Sam!

We would like to make a point though to avoid any confusion. While we continue to hold some of our smaller capitalization names from the beginning of the fund, we want to remind investors that our assets have grown substantially since inception. While we continue to look for activist / constructivist ideas in the smaller capitalizations, the vast majority of our assets are deployed in companies with market capitalizations of 3 billion or greater. It is to that end, that we are confident and optimistic that the fund will be able to recreate its recent returns even on a base of capital many multiples larger than the assets of the Fund today.

Operational Update/Conclusion:

The Fund is doing well in 2015 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, 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.

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