IRONVINE
CAPITAL PARTNERS, LLC

To: Ironvine Capital Investors

From: Ryan Mendlik and Matt Barnes

Date: July 23, 2015

Subject: Second Quarter 2015 Letter – **Complexity Breeds Opportunity**

Our portfolios have grown by 17% over the trailing twelve month period ending June 30th, 2015. From inception now over three years ago, our capital has compounded at an average annual rate of 18.6% after fees and expenses, resulting in a cumulative gain of 74%. The data below is presented on a total return basis, and is shown net of all fees and expenses.

Cumulative Returns	Since Inception[1]	3 Year	1 Year	YTD
Ironvine Capital Partners[2]	74.07%	75.85%	17.11%	9.71%
S&P 500	56.99%	61.43%	7.42%	1.23%

Average Annual Returns	Since Inception[1]	3 Year
Ironvine Capital Partners[2]	18.60%	20.70%
S&P 500	14.89%	17.31%

[1] Composite inception 04/01/2012. Please refer to the Important Disclaimers at the end of this document.
[2] Ironvine Capital Partners performance data is presented net of all fees and expenses.

Note as always that our reported performance figures represent an average, or composite, of our progress, and that individual returns will vary based on the timing of your investment with us, fee differentials, or other account-specific circumstances. As is our custom, client reporting, including positioning and performance, will be sent under separate cover.

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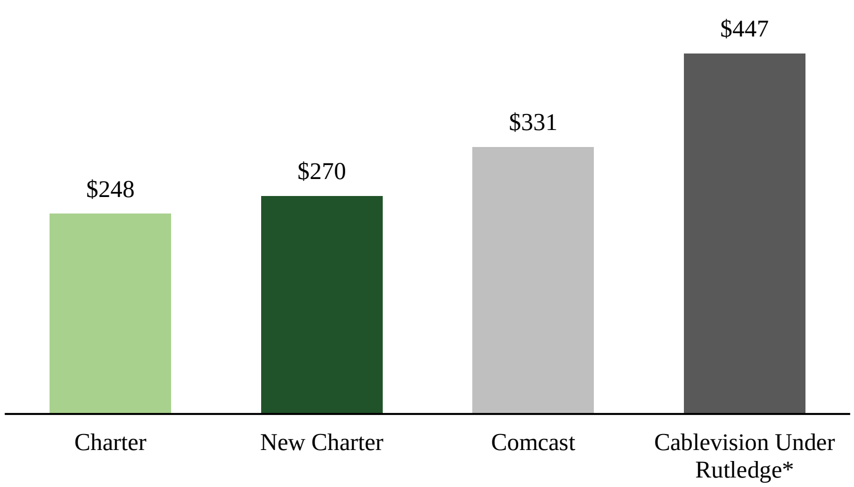
Comcast's inability to secure regulatory approval to acquire Time Warner Cable (TWC) has created an opportunity for substantial capital deployment. We wasted little time, building a nearly 14% position in Liberty Broadband—the publicly-traded conduit through which John Malone and former Liberty Media shareholders own the controlling stake in Charter Communications. Charter, the 4th largest traditional cable system in the United States by video subscriber count, has emerged from the ashes of Comcast's abandoned bid to strike deals for both Time Warner Cable and its affiliate Brighthouse Networks (the 2nd and 6th largest cable systems in the U.S.) for a combined $92 billion. We have been studying what a Charter/TWC combination could accomplish for nearly two years, and are excited to report on its potential. Some history is in order first.

Charter was founded in 1993 and grew rapidly by acquiring cable systems across the U.S. fueled by dangerous sums of debt. After eluding insolvency for the better part of a decade, Charter filed for Chapter 11 protection in 2009, wiping out its equity owners—including controlling shareholder and Microsoft co-founder Paul Allen. Many remained bullish on Charter's future, however. These were productive assets after all. They were simply plagued by a top-heavy capital structure. After converting $8 billion in debt obligations to equity and lowering annual interest expense by over $800 million, Charter emerged from bankruptcy in late 2009 in a position to generate surplus cash. Half way across the country in New York, a cable company named Cablevision was defying the laws of nature with respect to competiveness and cash flow. Apollo and Oaktree—Charter's post-bankruptcy controlling shareholders—took notice, and in 2011 began making inbound calls to a man named Tom Rutledge.

Tom Rutledge leaped at the opportunity to become the CEO of Charter after a lengthy career as Cablevision's operating chief. Widely regarded as the best executive in the business, the 37-year cable veteran—who started his career as a pole climber—immediately made his presence felt at Charter by implementing a strategy built on investment for network superiority, customer service, and subscriber growth. While at Cablevision, Rutledge introduced the triple-play bundle to the industry and created a metric now embraced by broadband analysts and cable executives alike—EBITDA (a proxy for cash flow) per home passed. He believed it was the most salient measure of how effectively a management team was executing against its existing capital base. By the time he left Cablevision in 2011, Rutledge had grown this figure to an industry best $450 per home passed. For perspective, cable juggernaut Comcast sported an EBITDA per home passed of $300 at the time, while Charter's was a paltry $220. This was the opportunity.

Adjusted EBITDA/Home Passed, FY 2014



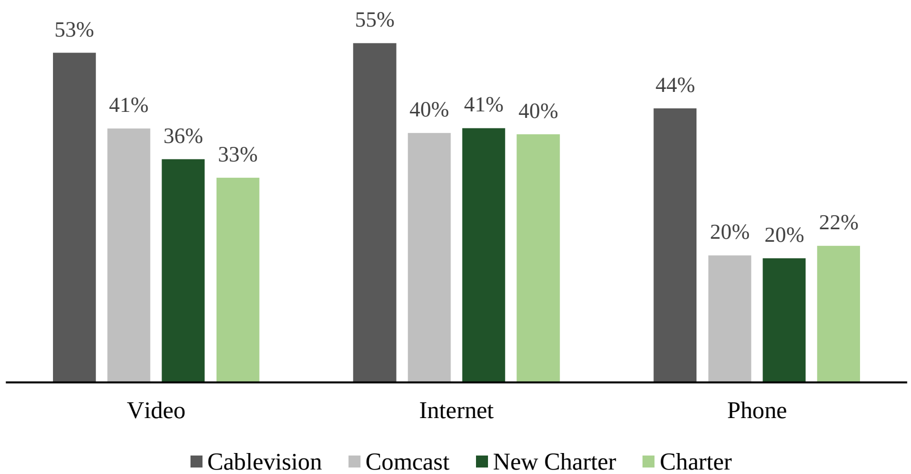
*FY 2011 under Rutledge

About a year after joining Charter, Rutledge got a call from Denver. It was John Malone. Malone was interested in Rutledge's strategy. Chiefly, that consolidating the industry could build scale and allow for increased investments in technology. Those investments would in turn be capable of delivering a superior product at competitive prices that, when paired with a high-quality customer service organization, would drive penetration and take share from satellite TV and phone companies. This wasn't their first conversation. In 2009, while Rutledge was still at Cablevision, Malone tried to recruit him to run Liberty-controlled DirecTV after Rupert Murdoch lured Chase Carey back to News Corp (now Fox). Rutledge declined Malone's overture almost immediately, citing an inferiority of satellite's one-way network, and the two spent the remainder of the meeting talking about how valuable broadband cable could be in a post digital world. Rutledge told the New York Times *"I thought the idea of sitting in a room and telling him why I didn't want to go to DirecTV would be fascinating. He [Malone] is a frictionless thinker. By the end of the conversation, we were talking about how great cable is."* Less than four years later (in 2013), Malone's Liberty Media agreed to acquire a 27% stake in Charter from Apollo, Oaktree, and Crestview Partners for approximately $2.6 billion. Malone had reentered the U.S. cable industry he was so instrumental in building, and he had his operator in place.

Immediately after taking the job, Rutledge assembled a team (that he was a member of) to walk Charter's 200,000 miles of infrastructure and began redirecting investment to bring network deficiencies borne from Charter's past distress up to date. He also improved the customer experience by streamlining pricing and packaging, bringing back overseas customer call centers, and investing in the craftsmanship of his field technicians. Then he embarked on an all-digital strategy, clearing out bandwidth-hogging analog signals from the network which paved the way for dramatically higher internet speeds and a robust video product.

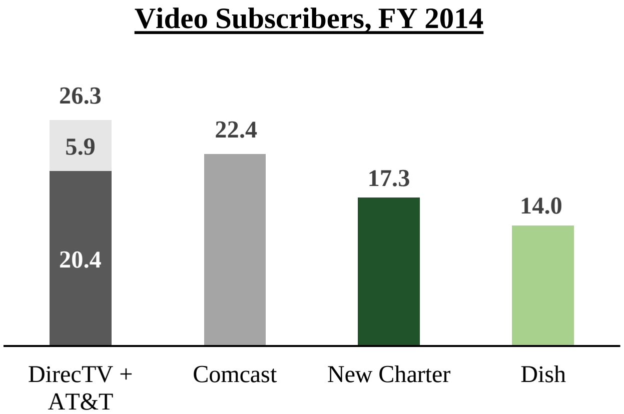
Charter's upgraded network is beginning to make life difficult for its competitors. Its triple play bundle includes internet speeds 10x-30x faster than FiOS or DSL, unlimited national calling, and an interactive video package that's superior to satellite in picture quality and number of HD channels for the first time in over a decade. And it's cheaper. It will take time to reverse the inertia built up from years of weak products and poor customer service, but the foundation from which Charter can grow its market share has been laid.

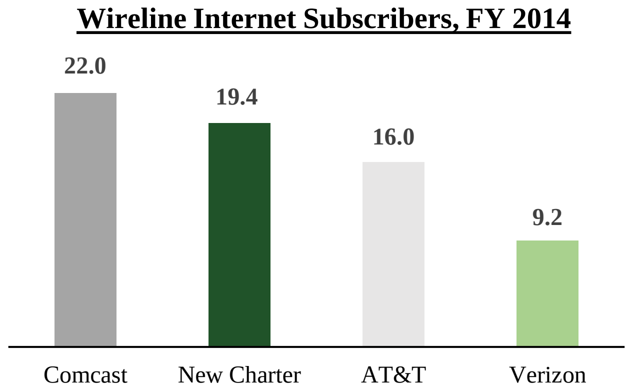
Share of Homes Passed, FY 2014



In just three years, Charter has transformed from a group of unfocused and disparate cable systems that was losing subscribers, into a centralized and consumer-friendly company that's invested heavily in its network and is growing again. In 2014, Charter grew its residential and commercial customer relationships by 5% and 3%, respectively, and its revenue growth has averaged nearly 7% each quarter dating back two years. Residential revenue growth has accelerated from 4% to as high as 8% in recent quarters, and commercial revenue is growing at an average annual rate of 18.5%. The story is developing just as it was planned, but it is far from over. Tom Rutledge has been quite articulate about the benefits of bringing this operating strategy to bear on a bigger footprint. Which brings us current to today.

On May 26th, Charter announced it had reached an agreement to acquire Time Warner Cable for $81 billion, and Bright House Networks for $11 billion. The combination will quadruple the number of homes and businesses Charter's network passes to 48 million, and increase Charter's subscriber relationships to 24 million—including 17.3 million video, 19.4 million internet, and 9.4 million voice subscribers as shown below.





The transaction has its share of complexities. It includes agreements between four publicly traded companies, one privately held company, and three private investment partnerships. The acquisition will be financed with cash on hand, three tranches of New Charter stock, assumed debt, newly issued secured and unsecured debt with multiple maturities, New Charter common partnership units, and New Charter convertible preferred partnership units. Two of those tranches of New Charter equity totaling $5 billion will be sold to Liberty Broadband—$700 million at $173/share, and $4.3 billion at $176.95. For its part, Liberty Broadband will use cash on hand, and will issue $4.4 billion of new Liberty Broadband Series C shares to Liberty Interactive (attributable to the Liberty Ventures Group tracking stock) and a consortium of investors including Coatue and JANA Partners at a price per share of $56.23 (equal to Liberty Broadband's net asset value on a sum-of-the parts basis at the time). Liberty Broadband has also agreed to swap a small stake in Time Warner Cable it owns for New Charter shares. The deal will result in a company rank with a complicated organizational structure, seemingly high levels of debt, considerable tax implications, and a concentrated ownership base that will dominate the Board and give proxy-voting advisors nightmares about governance. It is perfection.

We believe synergies from overhead, programming, purchasing, and the elimination of other duplicate costs could quickly reach 6% ($1 billion) of the combined companies' 2014 operating expense, and that those figures may prove to be conservative. The deal will also create substantial financing synergies and accelerate the usage of Charter's nearly $10 billion in net operating losses. However, we are much more focused on the value Charter can bring to a network many multiples larger than its standalone business. Time Warner Cable has been suffering from an identity crisis since its separation from Time Warner in 2009. Management has been reluctant to appropriately invest in the network and was employing a failed operating strategy that up until 2014 was pushing customers away at an alarming rate. In many respects, TWC's absentee owner base was hijacking capital for aggressive dividends and share repurchases while its operations and reputation deteriorated. Some of this was improved upon in 2014, but Charter's strong ownership structure will quicken that progress.

Once closed, Rutledge and his long-time lieutenant John Bickham—who together held several operating roles at TWC and its predecessors before their tenor at Cablevision—will restructure TWC from a group of independent systems managed with differing levels of autonomy, to a centralized and fast moving service operation with one strategy that can more effectively compete in the marketplace. TWC and Brighthouse customers will see their products fully digitized, their minimum internet speeds and HD content significantly increased, and their plans and pricing simplified. Consumers in many of the markets Charter is acquiring will see their monthly bills *go down* despite experiencing an improvement in product quality and customer service.

As Rutledge's philosophy proliferates, Charter's already excellent growth prospects will be heightened. This growth will be realized across a leaner and largely fixed cost base, resulting in 300-600 basis points of operating leverage that will expand EBITDA margins to 40% or higher. Furthermore, the structural evolution to a more cloud-based cable industry has the potential to reduce capital intensity to 10% - 12% of revenues (from 19% today). Finally, Charter won't be a cash tax payer until at least 2020. Higher revenues, lower costs, declining capital intensity, and no taxes will result in dynamic free cash flow growth. In fact, we think Charter will spin off enough excess capital from free cash flow—together with the releveraging of that growing free cash flow—to buy back the entire pro forma market cap (approximately $60 billion) of the company in seven years.

We could also find ourselves pleasantly surprised by additional sources of revenue and savings that we have yet to factor into our projections. For example, 80% to 90% of the bits most consumers use on their 'mobile' devices never touch a cellular network. Charter sees this is a large opportunity to leverage the cable network's backbone and Wi-Fi technologies to take margin from cellular carriers by utilizing an MVNO relationship between TWC & Verizon that Charter will now step into. We also think the combination of Charter's scale and the weakening position of production aggregators like Fox, Disney, Viacom, CBS, and Discovery could drive down content costs—the largest single line item expense for cable operators including Charter. Finally, Charter will be more effective in areas like sales and marketing with increased regional density, and in advertising for national clients with its large presence in five of the 20 biggest TV markets.

Regarding regulatory approval, Charter and Liberty had an advantaged seat at the table during Comcast's failed attempt to buy TWC by virtue of agreements to swap several systems with Comcast, and to manage other assets being divested. As involved parties, they were capable of carefully studying the concerns the DOJ and FCC brought forth. In each case, they concluded that this was a vastly different transaction—in order of magnitude, dominance of the market, and with respect to the vertical/horizontal integration of content ownership and distribution. Comcast has a significant content position through its ownership of NBC—Charter has none. In sum, we believe Charter lacks the *ability*, and the *intent* to "foreclose" on OTT competition (read Netflix). In fact, we think this deal could close quite quickly. All four parties to this transaction have submitted the bulk of the data necessary for regulators to complete their review. As John Malone so cleverly put it at Liberty's annual meeting last month, "there is very little dirty underwear left at the bottom of the suitcase for anyone to uncover."

The subject of this letter suggests complexity often times breeds opportunity. Although we found it absurd, it wasn't surprising to us that for a period of time after the deal was announced, investors could have bought both Charter and Liberty Broadband shares at a *discount* to where two of the cable industry's most highly revered investors—John Malone, through Liberty, and Brighthouse-owner Advance Newhouse—are committing new capital to, or swapping assets worth $13.4 billion in New Charter shares.

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As we cross the midway point of our fourth year, we remain humble yet confident in our philosophy, our process, the competitive positioning of the businesses we own, and the management teams we are partnered with. We have expressed this conviction through a level of concentration that would result in us losing our employment positions at most investment management firms. At the time of this writing, over 95% of our capital is employed in just 11 businesses, with 60% concentrated in our five largest investments. You should expect your returns to be more volatile than the market *over short measurement periods*. In exchange, however—and by design—when measured through the indefinite lens we prefer to examine the world with, your returns will be dominated not by those of the market, but by the progress this small collection of businesses make. Stay tuned.

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Ironvine Capital Partners (IVCP) is an investment adviser registered with the states of Nebraska and Washington that commenced managing client assets in November of 2013 as the successor firm to the strategy that its co-founder—Matt Barnes—employed since March of 2012 for assets in which he had full discretion over at McAdams Wright Ragen. The Firm definition includes all assets that are managed by Ironvine.

Ironvine Capital Partners claims compliance with the Global Investment Performance Standards (GIPS®). To receive a description of Ironvine Capital Partners' composite and a presentation that adheres to the GIPS standards, please contact Ryan Mendlik, rmendlik@ironvinecapital.com, 402.715.5224, or write Ironvine Capital Partners; 9290 W. Dodge Rd, Ste 203; Omaha, NE 68114.

The Ironvine Composite *includes all accounts over which Ironvine deems to have discretion and that follow the composite strategy. Ironvine seeks to earn above average returns by investing primarily in a concentrated portfolio of global issuers in all facets of capital structures, including but not limited to common and preferred stocks, debt instruments, & convertible securities.*

The Ironvine Composite was created on December 1, 2013, with an inception date of April 1, 2012. For comparison purposes the composite is compared against the S&P 500. The benchmark includes 500 stocks representing all major industries of the economy. Ironvine employs a total return strategy and the S&P 500 is provided for illustrative purposes only, as it is the most widely-recognized alternative to any actively managed mandate amongst global investors. Past performance is not indicative of future results.

The composite benchmark is the S&P 500 which is an index of 500 stocks selected based on market size, liquidity, and sector and is designed to provide a broad snapshot of the overall U.S. equity market. New accounts that fit the composite definition are added at the beginning of the first full calendar month for which the account is under management. Closed account data is included in the composite as mandated by the standards in order to eliminate a survivorship bias. Portfolios that are deemed too small to receive the Ironvine Composite allocation are considered to be non-discretionary and are not included in the composite. All returns are expressed in US dollars. All performance data reported in this document is net of all fees and commissions.