December 20, 2021

Dear Partners,

Lowell Capital Value Partners, L.P. (the "Partnership") was +2.7% in November 2021 vs. (0.7) % for the S&P 500 with dividends reinvested (all returns shown are net to investors). For 2021 year-to-date, the Partnership was +31.8% vs. +23.2% for the S&P 500 with dividends reinvested. As of November 30, 2021, the Partnership had 22 long positions (representing about 83% of total capital) and 5 short positions (representing 2% of total capital). The Partnership had no leverage and a 19% cash position giving our portfolio a net long position of about 81%.

Our focus is on increasing the capital accounts in the Partnership in a conservative and prudent manner by taking what we think are intelligent risks. We seek to carefully allocate our capital into investment opportunities where we believe we have an advantage and where we think the risk-reward ratio is asymmetrically in favor of the Partnership.

Our investment results have been achieved with an average net cash position of over 30%, although we have reduced our net cash position to about 20% in recent months based on the opportunity set of investments we have encountered. The Partnership has avoided the use of leverage and, on the contrary, maintained a significant net cash position, and we believe this has reduced the risk to its capital.

Our area of focus, small cap value, has been heavily out of favor in recent years but has performed strongly in recent periods. We have an approach of investing in under-followed or misunderstood companies which generate strong cash flows, and we think are under-valued. We believe our holdings remain significantly under-valued and will eventually be recognized. We plan to continue our approach to investing which has worked well over many years and with which we are comfortable.

Stock Market, Economy, and Warren Buffett on Inflation

The U.S. and global economies were growing at a modest pace, but the coronavirus pandemic struck in mid-March of 2020 and hit both economies and their stock markets quite hard. We took a more conservative position with the Partnership initially and gradually redeployed capital throughout 2020 into businesses which were under-valued and which we believed would have strong resiliency to or even benefit from the coronavirus impact. Both economies and stock markets globally have recovered strongly thus far but risks certainly remain. These would include recent inflationary pressures which may not be transient, global supply chain problems, continued trade and global leadership battles between the U.S. and China, the large U.S. federal deficits funded at low interest rates, and the build-up of corporate, mortgage, and other debts dependent on low interest rates which could lead to an adverse credit event. Higher tax rates on corporations and capital gains could produce a significant reduction in economic activity and are a major risk. Another risk factor related to inflation is the potential impact of higher interest rates and tighter liquidity as the Federal Reserve responds to recent and persistent inflationary pressures. A pandemic outbreak of a variant form of Covid-19 could require businesses to close again, and this could be a significant risk.

On the positive side, the U.S. economy remains strong and continued low interest rates could put a huge tailwind behind stocks if they remain low. Ten-year treasury rates are the risk-free alternative to investing in equities and they are currently under 2%. Global investors have relied upon treasuries and other low-risk bonds to provide returns to support their investment strategies. The current low interest rates do not provide sufficient returns to hit their investment targets. This forces them to consider alternatives to treasuries and bonds. Stocks generate cash which is either paid out in dividends or retained in earnings but, ultimately, we believe the cash generated by companies finds its way to investors. Our "bond-like" approach to equities targets companies that are generating cash, even if it is not paid out currently to shareholders. If the cash builds up inside the company as earnings are retained, and is used for productive purposes, shareholders will ultimately realize this increased value.

Over the past year, inflation rates have been persistently high, most recently close to 7% above prices over the prior year. This is well above the Fed's long term target rate of 2% inflation. Many believe much of this inflation is transitory and due to supply chain and other disruptions created by the Covid-19 pandemic and the exit from this unique lock-down environment. They believe this inflation will moderate over the next year. Others believe much of this inflation is more permanent in nature and will not moderate over the next year. It is hard to be certain which view is correct and the true answer could be somewhere in the middle.

Since it is impossible to know for certain how the inflation pressures will play out over the next year or so, as well as the ultimate impact on interest rates and stock prices, we have tried to position the Partnership to best manage through the various scenarios with a moderate amount of long-term risk.

Warren Buffett managed Berkshire Hathaway and its equity portfolio during one of the most intense inflationary periods ever to occur in the United States, the mid to late 1970's and early 1980's, until Paul Volcker's Federal Reserve finally broke the back of inflation in the early 1980's with super high interest rates. What does Buffett have to say about inflation?

"Businesses that are particularly well adapted to an inflationary environment must have two characteristics: (1) an ability to increase prices rather easily (even when product demand is flat and capacity is not fully utilized) without fear of significant loss of either market share or unit volume, and (2) an ability to accommodate large dollar volume increases in business (often produced more by inflation than by real growth) with only minor additional investment of capital. Managers of ordinary ability, focusing solely on acquisition possibilities meeting these tests, have achieved excellent results in recent decades."

1982 Berkshire Hathaway Annual Letter

We believe our investments align well with business characteristics that Buffett cites are well adapted to an inflationary environment. We believe our companies generally have strong market positions and unique products or services which enables them to increase prices to end customers. Further, our investments are cash-generative and do not require large amounts of capital investment to grow. We believe our investments can perform well in an inflationary environment.

Our primary objective is to find and invest in securities which are mis-priced, generally based on free cash flow generation. Our strategy has not changed - we continue to focus on highly cash generative business models with strong balance sheets and large free cash flow yields that are sustainable. We believe the long-term outlook for American businesses is still strong and interest rates remain low. We continue to use our investment strategy that has worked over many years to purchase companies that we believe are undervalued based on their earnings, cash flow, and balance sheet characteristics.

We believe if inflation and interest rates move higher, our cash-generative equity investments are a relatively good place to have capital. We believe most of our businesses could increase pricing to adjust for inflation and maintain or improve their profitability and cash flow generation. Their asset values have a good chance to increase with inflation to protect the Partnership's purchasing power. This is a far better alternative than most bonds which offer only a fixed return at low rates and would likely drop in value in response to higher market interest rates. There is a tremendous amount of capital in bonds globally and some portion of this could move into equities to preserve purchasing power of investment portfolios.

We expect U.S. government to continue to run deficits and this will likely depreciate its currency. The Partnership's capital is best protected in strong businesses with essential goods and services over long periods of time. Given the current selection of investment alternatives available, we believe under-valued stocks are by the far the best option to grow our capital and protect and improve its purchasing power.

Our long-term goal is to build and accumulate as much sustainable earnings and cash flow underneath our Partnership capital as possible. It is the long-term growth of these earnings and cash flows that will drive and grow our Partnership capital over time.

Good Businesses with Low Expectations

We are focused on investing in good businesses with low expectations (i.e., low valuations). For us, a "good" business is one that earns high returns on invested capital or where you don't spend a lot of money to make a lot of money. We look at businesses where the total investment in tangible assets to run the business (i.e., net working capital plus the book value of property, plant, and equipment) are modest relative to the sustainable operating earnings or free cash flows. These businesses are not capital intensive. Businesses with high returns on invested capital tend to be strong generators of free cash flow. These are businesses that we like very much.

In terms of low expectations, our investments generally have valuations which are low, and this helps reduce risk. The market does not expect much from the business in the future or is worried about current earnings or free cash flow sharply declining. These may also be situations where a business is simply misunderstood or undiscovered. Our general experience is that if the business can exceed these low expectations or generate results that are less bad than expected, the stock price is likely to increase. Also, if expectations are low, when results are disappointing, the stock is likely to decline less than otherwise. We spend a lot of time studying these types of companies to try to get comfortable that their prospects are better than the market believes. Often specific businesses or industries get painted with a broad brush and their valuations are driven down to what we find to be attractive levels. We think our focus on these out-of- favor companies and industries create an opportunity to earn better risk-adjusted returns than the general market.

Focus on Smaller Companies

We focus on smaller companies, searching for "low-risk, high-return" opportunities. We believe a few good ideas can drive the Partnership's results. We believe the Partnership can generally achieve better risk-adjusted returns by uncovering a few small "gems" than by focusing on larger companies or macro issues which are much more widely covered. Our focus on smaller, less-followed companies represents a potential sustainable competitive advantage for the Partnership relative to larger investment funds that must focus on much larger companies. Our empirical investment experience validates this belief, as our most successful investment positions have consistently been smaller companies.

We are specifically looking for small companies that may appear risky on the surface but are less risky due to characteristics such as: (a) cash-rich, "Ft. Knox" type balance sheets, (b) consistent free cash flows; (c) unique niches or business models; (d) very low valuations with minimal expectations imbedded in the stock price; and (e) honest and intelligent management teams that are highly focused on driving shareholder value. Most small companies do not possess **any** of these characteristics. We focus most of our attention on a handful of companies that we believe possess almost **all** these characteristics.

Top Long and Short Positions

Our top long positions, as of November 30, 2021, were as follows:

New Zealand Media & Entertainment (NZME.AX)
Terravest Industries (TVK.TO)
Kirkland's (KIRK)
Celestica (CLS)
Redishred Capital (KUT.V)
Tilly's Class A (TLYS)
Saga Communications (SGA)
Calloway's Nursery (CLWY)
Insight Enterprises (NSIT)
UFP Technologies (UFPT)

We believe our long positions have strong competitive niches, large and sustainable free cash flow yields, low-risk balance sheets, recession earnings capability, shareholder- oriented management teams, and attractive risk-reward characteristics as investments. You will find that most of these companies are not household names and that is exactly as we have intended it. We are seeking to maximize our competitive advantage by investing in under-followed companies where we may have a greater opportunity to understand the company and the investment better than other investors.

Position Sizes

The Partnership's investments are diversified across a wide range of businesses. Our goal is generally to have core position sizes in the 3% to 6% of total capital range and limit our exposure to any one specific investment to approximately 10% of capital or less. We think this helps limit our downside exposure to any one investment position while retaining substantial upside for those investment positions that work out as expected. Our investment positions are also diversified across several different industries.

Northern Exposure

We continue to seek out what we believe are attractive values for good businesses in Canada, our neighbor to the north. Canada has a population of about 35m or about 10% of the U.S. and we believe its economy remains in reasonable shape. Canada's debt to GDP is currently well below U.S. levels. Canadian banks avoided much of the real estate problems of 2008-9 in the U.S. by maintaining more disciplined underwriting standards in making real estate loans. Canada is a natural resource-oriented economy with substantial oil and gas reserves. We will continue to carefully monitor the impact of oil price changes upon the Canadian economy.

Recent Investments

Our optimism regarding the future of the Partnership relates directly to our specific investment positions, which we believe are significantly mispriced relative to their intrinsic values. Certain of these are detailed below:

Redishred Capital Corp (KUT.V) provides document destruction services on-site to small and medium sized businesses and is the third largest document destruction company in the U.S. KUT operates under three brands: ProShred, ProScan, and Secure e-cycle. KUT has over 30 locations across the U.S. with a blend of corporate and franchised locations serving 40 markets. KUT is a consolidator in a fragmented U.S. market of about $3.6b.

Over the last five years, KUT has grown overall revenues close to 30% per year and organic revenues have grown almost 9% per year. KUT's industry is highly fragmented and provides the company with a long runway for growth. KUT has a low valuation and a high quality, high return on invested capital (ROIC) business. Customer attrition is low, the business is recession-resistant, has no customer concentration, and is diversified across a broad range of geographies. 50% of KUT's revenues are from recurring monthly payments and almost all revenues are based on recurring relationships with established customers. We were impressed with the resiliency of KUT's business model during the pandemic and its aggressive cost reductions and cash generation. KUT has a highly cash-generative business model with modest maintenance capital expenditures and strong free cash flow generation.

We originally invested in KUT at about C$0.80 per share in 2021 with about 80m shares outstanding for a market cap of about C$64m. KUT had net debt of about C$20m for an enterprise value (EV) of about C$84m at investment. We expected KUT would generate adjusted EBITDA of C$10m plus for 2021 and C$12m for 2022 so we believed it was trading at 7x adjusted EBITDA for 2022 when we invested. (These estimates exclude KUT's recent NYC-NJ acquisition discussed below). We believe this was an attractive valuation given the near 30% per annum long-term revenue and 60% per annum long-term EBITDA growth. In addition, KUT had a low-risk business model, strong competitive position, and large runway for growth via industry consolidation.

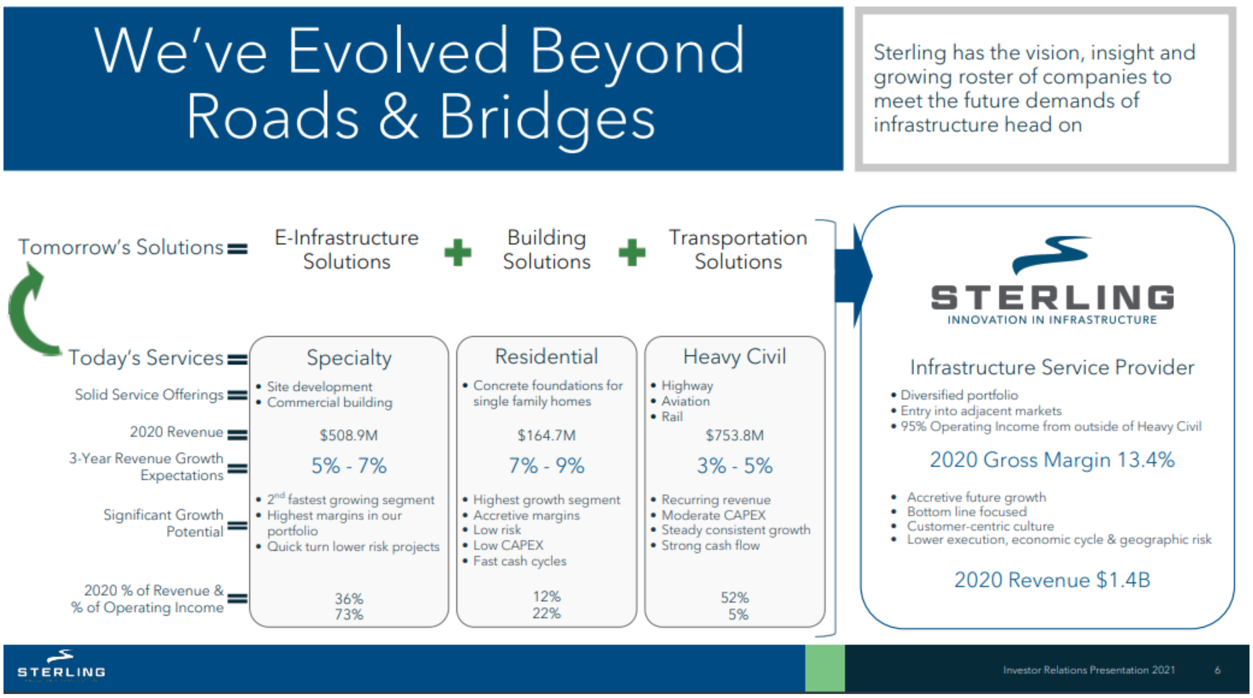
We believed KUT could sustainably generate C$8m of free cash flow per year versus an enterprise value (EV) at investment of C$84m and that KUT was trading at a free cash flow yield of 10%+ on an unleveraged basis. KUT's acquisition strategy of purchasing its franchisees at highly accretive multiples is an attractive long-term platform for growth.
KUT knows these franchise businesses intimately which reduces the risk of acquisitions. This could enable it to create a much larger company over time. KUT's franchisee network of locations has total run-rate revenues of about C$30m and total adjusted EBITDA of about C$10m.

KUT recently announced results for Q3 2021 which were strong – KUT generated total revenues of C$9.8m, growing 47% versus prior year. Adjusted EBITDA of C$2.9m grew 53% versus prior year. Adjusted EBITDA growth was generated by acquisitions in Massachusetts, Richmond, and Atlanta over the last 12 months, increased bookings for new business in all locations, continued return of clients to their facilities driven by easing Covid-19 restrictions, and efficiency gains driven by strong route density and regional cost sharing.

In early December, KUT announced the acquisition of one of the largest independents in the NYC-NJ marketplace for C$9m versus about C$1.5m in run-rate adjusted EBITDA with significant margin enhancement opportunities when overlaid on existing routes. Almost 40% of the purchase price was an earnout over 3 years based on minimum performance levels. We view this as another low-risk acquisition for KUT which should enhance its competitive position.

We believe as KUT further consolidates its franchisee network and increases its revenues and adjusted EBITDA, KUT could trade for a stronger multiple. We believe KUT could reasonably generate adjusted EBITDA of C$15m in 2022 as a full year of recent franchisee acquisitions is included and strong organic growth continues as customers rebound from the pandemic. Considering KUT's strong growth profile and its unique franchisee acquisition opportunities and it's highly cash-generative business model, we believe KUT could trade for a 10x multiple of adjusted EBITDA in 2022 or about C$150m, less about $20m in net debt at year-end 2022, for a market cap of about C$130m. Based on 80m shares outstanding, this would equate to a share price of about C$1.70 per share versus our purchase price of about C$0.80 per share. Further, KUT's diversified customer base and route structure across 40 cities in the U.S. could make it highly attractive to a strategic or financial buyer.

Sterling Construction (STRL) is a market-leading infrastructure service provider of e-infrastructure, building, and transportation solutions based in Texas. The Company has three divisions: Specialty Services (or E-infrastructure solutions), Residential Solutions (or Building Solutions), and Heavy Civil (or Transportation Solutions). Over the past several years, STRL has undergone a major transformation from complex, long-term, and risky contract work for heavy civil projects. In 2016, STRL implemented a 3-year strategic plan, focused on solidifying its base business and growing higher margin products. In 2018, STRL acquired Tealstone, which represents its Building Solutions segment. In October 2019, STRL acquired Plateau, which represents it's Specialty Solutions segment.



STRL has reduced the risk of its business model by focusing on projects that are less complicated with shorter durations and which are not as large. STRL margins have steadily increased over the last 4 to 5 years. STRL has pivoted from its legacy business in heavy civil construction in Texas and other western and mid-western states. Heavy civil projects were almost 95% of business in 2015 and projects were mis-bid which created large losses. In early 2015, new management entered and eventually stabilized the Heavy Civil segment by improving bidding processes and accountability. Joe Cutillo became CEO in 2017 and helped develop and lead a strategy to transform STRL. STRL has moved into areas with higher revenue growth and strong margins and less risky, shorter duration projects.

Residential Solutions is a market leader in commercial and residential concrete construction in Dallas but has expanded into the Houston and Phoenix markets as well. Residential Solutions provides residential services including concrete foundations for single family homes to homebuilders in entry level markets like Dallas and Houston and, most recently, Phoenix, for companies like Lennar, Pulte, and D.R. Horton. We believe this is a market with strong growth potential over the next several years given the demand for entry level housing in these geographic markets.

Specialty Solutions essentially provides large scale site infrastructure improvements contracting services and is the largest excavating company in the southeastern U.S. Specialty Solutions provides specialty services including site development and land excavation and commercial building for ecommerce warehouses and data centers to ecommerce companies like Amazon, FedEx, and Facebook. This is also a market we expect to have strong growth over the next few years.

Heavy Civil has shifted its bidding away from low-bid, heavy highway projects to work at airports, rail, and alternative delivery projects. These projects have better margins and less risk than legacy Heavy Civil projects. Heavy Civil provides heavy civil services for projects including highways, airports/aviation, and railroads for clients such as Houston Spaceport and BNSF Railway.

STRL has achieved steadily improving margins, from 4% in 2015 to almost 14% in 2021, by expanding into higher margin and lower risk areas. In 2020, Heavy Civil segment provided 53% of total revenues and 5% of operating income. Specialty Solutions provided 36% of total revenues and 73% of operating income. Residential Solutions provided 12% of total revenues and 22% of operating income. Further, STRL has continued to build its backlog and the margins in its backlog have continued to increase over time as it adds higher margin projects.

STRL generates strong cash flows which it has used to rapidly reduce debt incurred from the Tealstone and Plateau acquisitions. Since Plateau was acquired in October 2019, net debt to adjusted EBITDA has been reduced from 3.5x to almost 2.0x at present. We expect STRL to continue to deleverage from its strong cash flows and to continue to further diversify its business model with low-risk acquisitions in markets adjacent to existing operations.

STRL's shares currently trade at about $25 with about 29m shares outstanding for a market cap of about $700m. STRL has a modestly levered balance sheet with net debt of $280m or about 2x LMT adjusted EBITDA. The Company has a total enterprise value (EV) of about $1b. LTM EBITDA is about $140m so STRL trades at about 7x LTM EBITDA. We expect free cash flow for 2021 to be $100m or more so STRL trades at a FCF yield of about 10% on an unleveraged basis.

We believe STRL could grow adjusted EBITDA to $200m or more by 2024. We believe as investors better appreciate STRL's shorter duration, lower risk project profile, and the cash-generative business model and the solid growth in its end markets, that its multiple could improve. STRL's legacy heavy civil construction division currently represents less than 10% of total operating income and adjusted EBITDA, although it is a much larger share of total revenues. We further expect STRL margins to continue to expand as management focused on higher value-added areas with lower risk profiles and shorter durations. We believe STRL could trade for 8x adjusted EBITDA or about $1.6b with net debt of about $200m by year end 2024 for a market cap of about $1.4b. Based on 29m shares outstanding, this would imply a share price of $48 per share, or about 90% higher than the current price of $25 per share. Further, we believe STRL's strong competitive infrastructure niches could be attractive to a strategic or financial purchaser.

Short Positions

We have sought to protect the Partnership's capital with short positions of 1% or less on several companies with extremely high valuations and unsustainable business models. As of November 30, 2021, the Partnership had 5 short positions. We continue to research several short position candidates.

Concluding Thoughts

We think we own an excellent group of businesses with asymmetrical risk-reward characteristics biased in the Partnership's favor. We have long-term confidence in the North American economy and believe carefully selected equities remain one of the best ways to participate in their economic growth and protect purchasing power from inflation. We have tried to position the portfolio to achieve these objectives.

We focus on detailed research on individual investment opportunities with asymmetrical risk-reward characteristics in the Partnership's favor. We are keeping the Partnership's capital well-diversified in companies with "Ft. Knox" balance sheets. We are doing our best to balance well-publicized macro risks against our micro work on specific companies. A "Ft. Knox" balance sheet, both at the Partnership level and at our individual investments, helps us sleep better at night. Our first goal is always capital preservation, followed closely by prudent, intelligent growth of capital.

We believe that small cap stocks offer us excellent opportunities for attractive risk-adjusted returns. Most investors on Wall Street simply cannot focus on these smaller companies due to their small size. This should give the Partnership an advantage over time. There are greater opportunities to find a specific business or security which is meaningfully mispriced before it becomes clear to other investors. We do a large amount of research on these individual positions to achieve a high conviction level which allows us to establish and remain committed to a larger position. We often have detailed discussions with the senior management of our investments to better understand these companies and their industries and thereby strive to increase our competitive advantage.

We are one of the largest investors in the Partnership and continue to have a significant investment. We will always maintain a large amount of capital in the Partnership and make sure our interests are closely aligned with our limited partners.

Our goal is to significantly outperform the major indices over a three- to five-year period while taking a conservative approach to risk and we continue to believe we can achieve this goal.

We remain cautiously optimistic on our investments due to our continued ability to find what we believe to be good businesses that are under-valued. We are doing our best to position the Partnership to earn attractive risk-adjusted returns in this environment. We appreciate your patience.

Please do not hesitate to call (310-426-2045) or email (jez@lowellcap.com) us with any questions. We appreciate your confidence in the Partnership and we will do our best to protect and conservatively grow the Partnership's capital over time.

Sincerely,

Jim Zimmerman

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The S&P 500 is referenced merely to show the general trend in the markets in the periods indicated and are not intended to imply that the underlying returns were comparable to the index either in composition or element of risk. There are significant differences between the Partnership and the S&P 500 including, but not limited to, risk profile, liquidity, volatility, and asset composition. References to the S&P 500 is for comparative purposes only. THE CHARACTERISTICS OF THE S&P 500 MAY BE MATERIALLY DIFFERENT FROM THAT OF LOWELL, AND THUS, LITTLE CORRELATION MAY EXISTS BETWEEN THE RETURN OF LOWELL AND THE S&P 500.