



# TPG Specialty Lending

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## Expanding Tools for Value Creation and Financial Flexibility

April 2019

# Disclaimer and Forward-Looking Statement

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This Presentation includes forward-looking statements about TSLX that involve substantial risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about us, our current and prospective portfolio investments, our industry, our beliefs, and our assumptions. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "would," "should," "targets," "projects," and variations of these words and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and difficult to predict, that could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Such statements are also subject to a number of uncertainties and factors outside TSLX's control. Such factors include, but are not limited to the risks, uncertainties and other factors we identify in the section entitled "Risk Factors" in filings we make with the Securities and Exchange Commission. Opinions expressed are current opinions as of the date of this Presentation. Should TSLX's estimates, projections and assumptions or these other uncertainties and factors materialize in ways that TSLX did not expect, actual results could differ materially from the forward-looking statements in this Presentation, including the possibility that investors may lose a material portion of the amounts invested. No representation or warranty, express or implied, is made as to the accuracy or completeness of the information contained in this Presentation, and nothing shall be relied upon as a promise or representation as to the performance of any investment. Investors are cautioned not to place undue reliance on such forward-looking statements and should rely on their own assessment of an investment.

## Important Additional Information

In connection with the Company's special meeting of stockholders, the Company has filed a proxy statement with the SEC and mailed the proxy statement and/or Notice of Internet Availability of Proxy Materials to its stockholders on or about April 5, 2019. Stockholders are encouraged to read the proxy statement because it contains important information about the proposal to be voted on at the special meeting. The proxy statement is available at no charge on the SEC's website at <http://www.sec.gov>, on the Company's website at <http://www.tpgspecialtylending.com>, and at [www.proxyvote.com](http://www.proxyvote.com). In addition, stockholders may also request copies of the proxy statement from us free of charge by following the instructions on the Notice of Internet Availability of Proxy Materials.

# Special Meeting of TSLX Stockholders

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To Our Stockholders:

We will be holding a Special Meeting of Stockholders of TPG Specialty Lending, Inc. on May 16, 2019, at 9:30 AM, local time, at the offices of Cleary Gottlieb Steen & Hamilton LLP, 450 Park Avenue, 28th Floor, New York, NY 10022.

At the meeting, you will be asked to consider and vote upon a proposal to authorize the Company, with approval of its board of directors, to sell or otherwise issue shares of its common stock at a price below its then-current net asset value (“NAV”) per share in one or more offerings, subject to certain conditions as set forth in the proxy statement for the Special Meeting, including that the number of shares issued does not exceed 25% of its then-outstanding common stock immediately prior to each such offering. The proxy statement for the Special Meeting was filed and notice sent to stockholders on or about April 5, 2019.

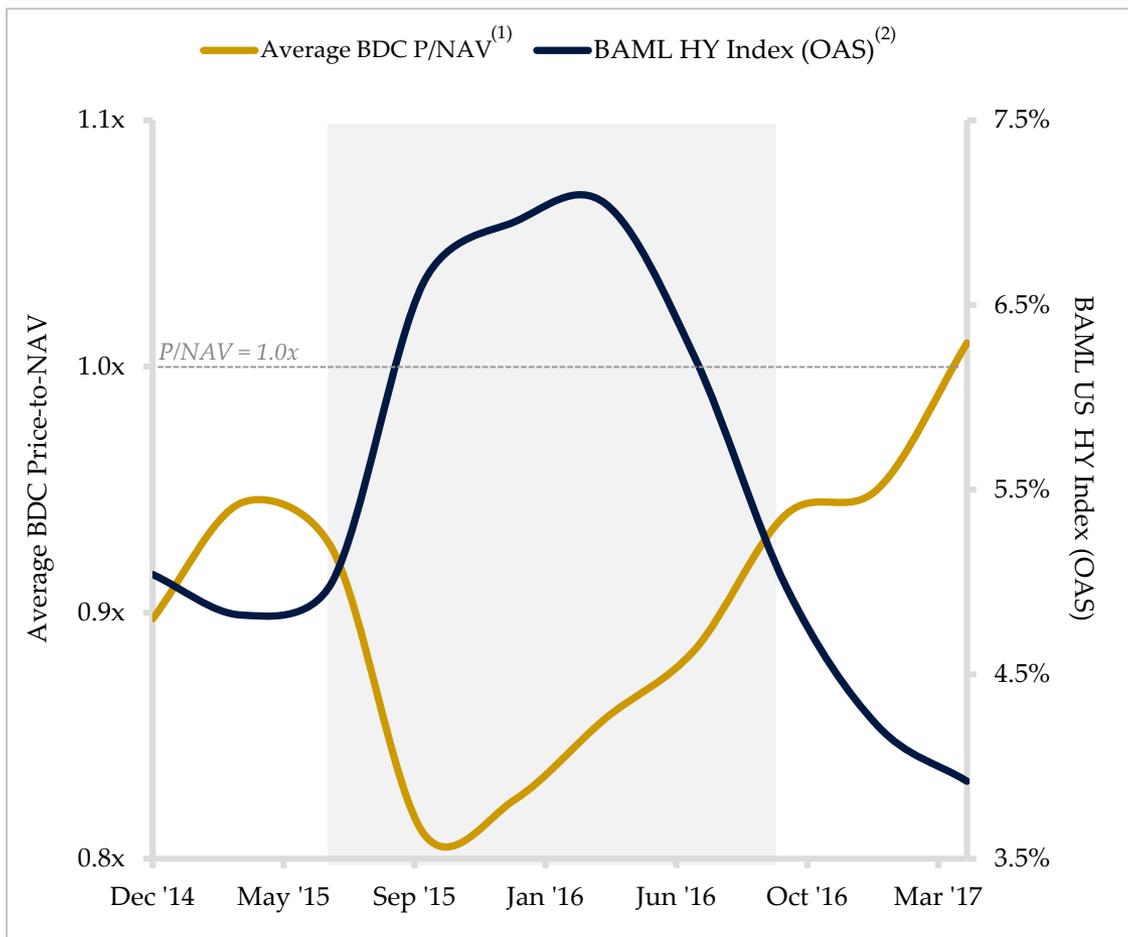
The board believes that having the **flexibility** for the Company to sell common stock below NAV in certain instances is in the Company’s best interest and the best interests of its stockholders.

We urge stockholders to vote “FOR” this proposal:

-  Provide access to capital markets to pursue attractive investment opportunities during periods of volatility
-  Improve capital resources to enable the Company to compete effectively for high quality investment opportunities
-  Add financial flexibility

# Market Conditions May Create Attractive Investment Opportunities

## Credit Market Dislocation (late 2015 – early 2016)



1) Average price-to-NAV calculated as the average trading price of all publicly traded BDCs as a multiple of their respective last reported net asset values per share

2) BofA Merrill Lynch Option-Adjusted Spreads are the calculated spreads between the BofA Merrill Lynch US High Yield Master II Index value (which tracks the performance of US dollar denominated below investment grade rated corporate debt publicly issued in the US domestic market) and a spot Treasury curve

Source: SNL, FRED

- ▶ From time to time, there may be volatility in the broader capital markets, disruption in liquidity in the debt capital markets, significant write-offs in the financial services sector, and / or repricing of credit risk in the broadly syndicated markets
- ▶ During these periods, there could be a reduction in capital available to certain specialty finance companies and / or other capital providers, causing a reduction in competition for investment opportunities. For example, in late 2015 through early 2016, these conditions also coincided with lower stock prices for BDCs, with the BDC sector generally trading below NAV
- ▶ We believe that favorable investment opportunities at attractive risk-adjusted returns may be created during these periods of disruption and volatility

# Reasons For TSLX to Have Flexibility to Sell Common Stock Below NAV

1

Track Record of Strong Performance



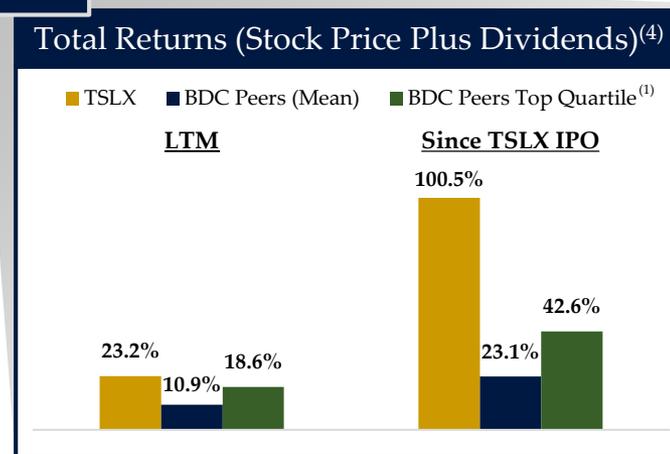
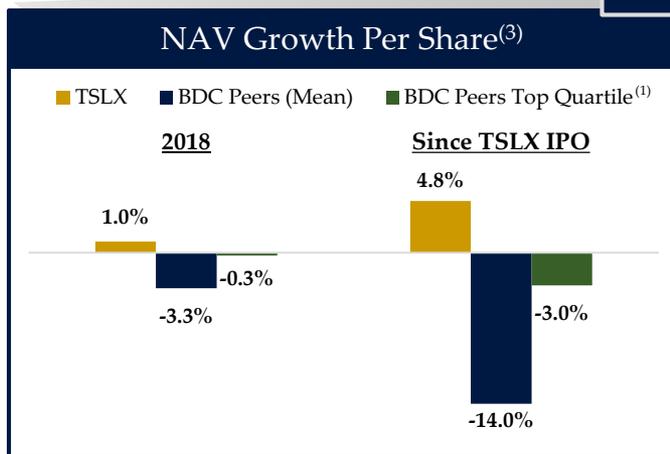
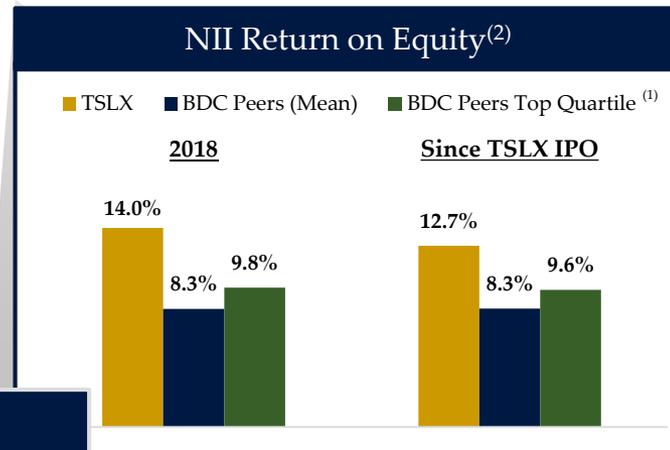
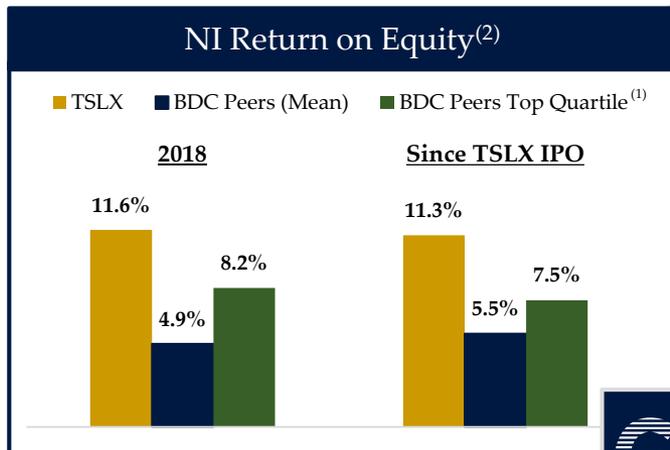
2

Disciplined Capital Allocation

3

Potential ROE-Accretive Opportunities

## Performance Since TSLX IPO



Note: BDC Peers consist of 18 externally managed BDCs in the S&P BDC Index with total assets greater than \$600 million as of 6/30/18 financials, with the addition of TCRD and OXSQ  
 (1) Top quartile constituents for each metric and time period varies based on BDC peer set's performance rankings  
 (2) Calculated as net investment income and net income per share over each time period, divided by beginning NAV per share; "Since TSLX IPO" figure is adjusted for annual basis  
 (3) Calculated as the cumulative change in net asset value per share over each time period  
 (4) Reflects change in market value per share plus dividends for each time period through 3/29/2019; assumes dividend reinvestment  
 Source: SNL Financial

# Reasons For TSLX to Have Flexibility to Sell Common Stock Below NAV

1

Track Record of Strong Performance

2

Disciplined Capital Allocation

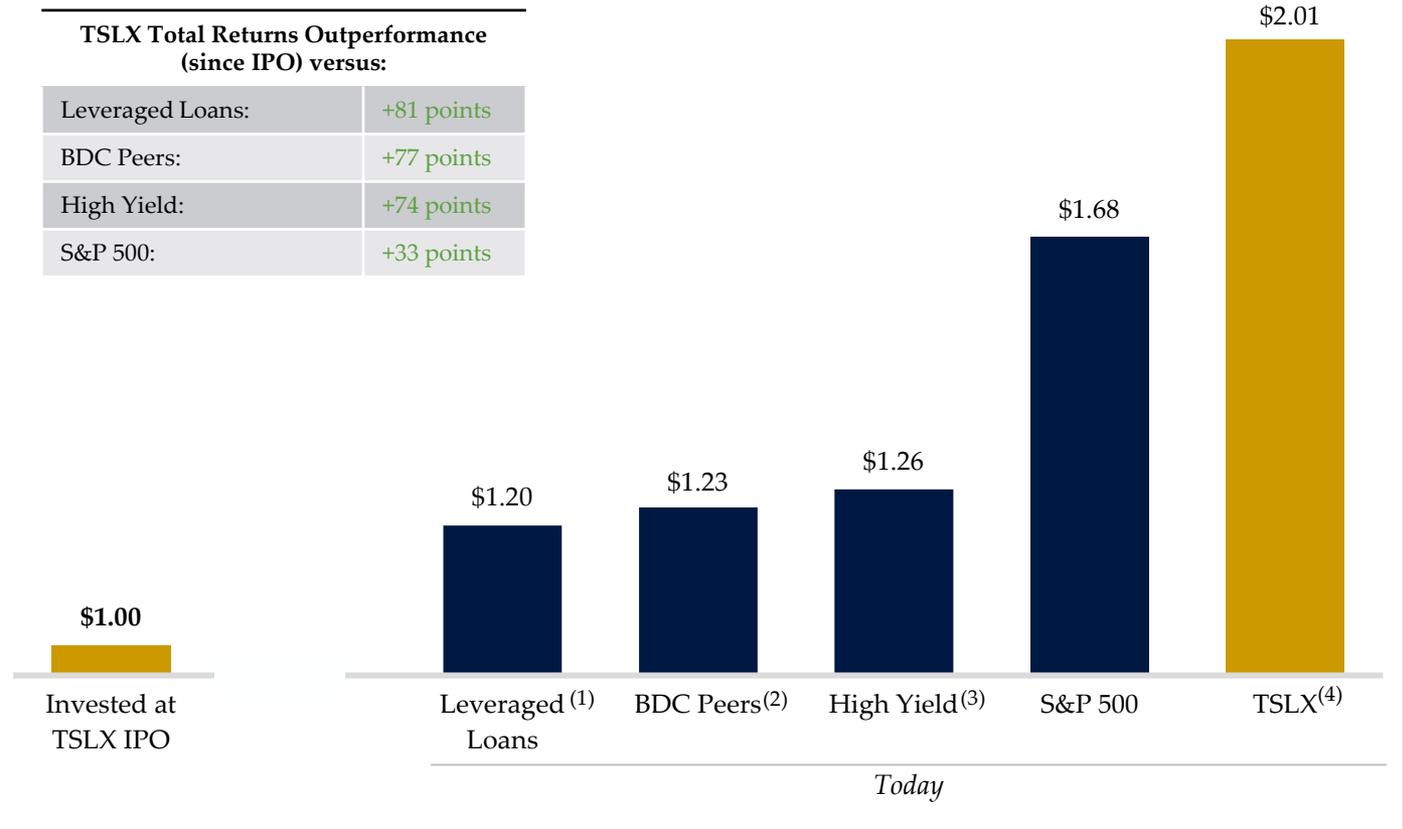
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Potential ROE-Accretive Opportunities

## Total Returns (since TSLX IPO)

### TSLX Total Returns Outperformance (since IPO) versus:

Leveraged Loans:	+81 points
BDC Peers:	+77 points
High Yield:	+74 points
S&P 500:	+33 points



Note: Returns from 3/20/2014 through 3/29/2019

1) Source: S&P LSTA Leveraged Loan Index

2) BDC Peers consist of 18 externally managed BDCs in the S&P BDC Index with total assets greater than \$600 million as of 6/30/18 financials, with the addition of TCRD and OXSQ

3) Source: Bloomberg Barclays US Corporate High Yield Total Return Index (Index Code: LF98TRUU)

4) TSLX total return is measured by change in market value per share plus dividends earned during the period; assumes reinvestment of dividends

Strong stockholder total returns versus peer and industry benchmarks

# Reasons For TSLX to Have Flexibility to Sell Common Stock Below NAV

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Track Record of Strong Performance

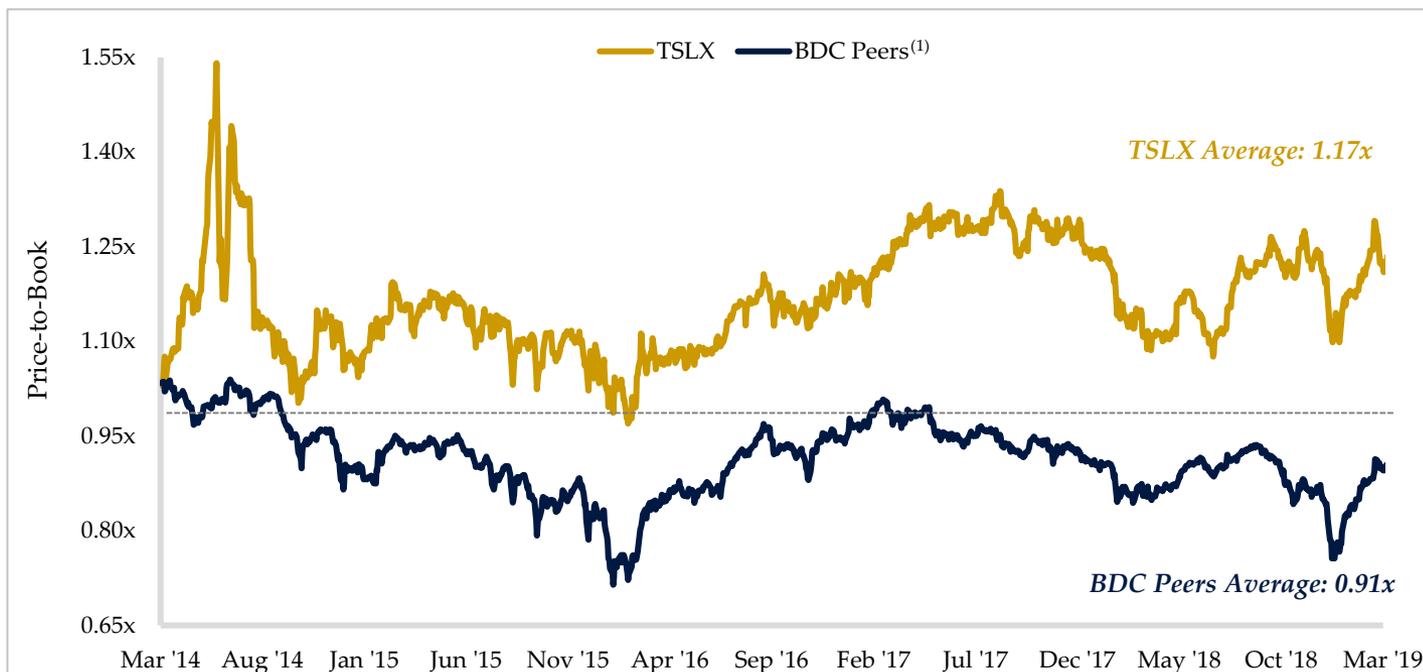
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## Equity Raise Discipline



Canceled pre-IPO capital commitments	\$900m / \$1.6bn of potential fee paying assets
Potential to raise equity <sup>(2)</sup>	99% of trading days
Primary Equity raises since IPO	Two

1) BDC Peers consist of 18 externally managed BDCs in the S&P BDC Index with total assets greater than \$600 million as of 6/30/18 financials, with the addition of TCRD and OXSQ

2) Reflects trading days that TSLX closed above 100% of last reported book value

Source: SNL Financial, as of 3/29/2019

Discipline in accessing the equity capital markets reflective of stockholder alignment

# Reasons For TSLX to Have Flexibility to Sell Common Stock Below NAV

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Track Record of Strong Performance

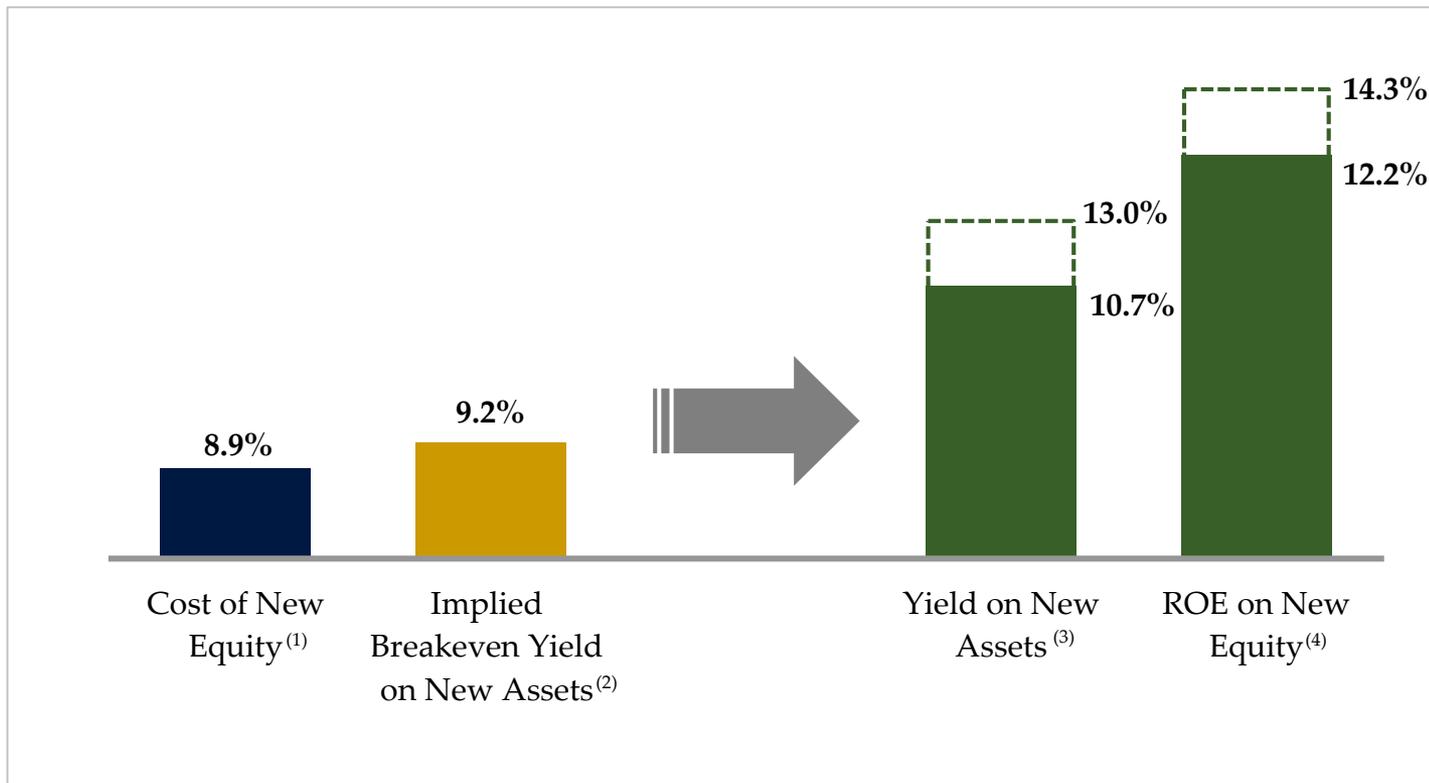
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Potential ROE-Accretive Opportunities

## Equity Raise Discipline (March 2018)



- 1) Reflects base dividend per share annualized and expressed as a percentage of offering price per share of \$17.45 adjusted for offering fees and expenses
- 2) Average all-in yield required on new assets in order to achieve 8.9% ROE based on the midpoint of our then target leverage ratio (0.8x) and cost and operating structure
- 3) Range's lower bound reflects average all-in yield that may be achieved on new assets and range's upper bound reflects potential yield that may be achieved through prepayment fees, syndication fees and other income on those assets
- 4) Implied ROE based on our target leverage ratio and cost and operating structure

Responsible past use of share issuance;  
ROE-accretive equity raise with ROE on new equity exceeding cost of new equity

# Reasons For TSLX to Have Flexibility to Sell Common Stock Below NAV

1

Track Record of  
Strong  
Performance

2

Disciplined  
Capital  
Allocation

3

Potential ROE-  
Accretive  
Opportunities



**Flexibility for the Company to sell its common stock below NAV is in the Company's best interests and the best interests of its stockholders as it would provide:**

- ✓ Access to the capital markets to pursue attractive investment opportunities during periods of elevated volatility and / or dislocation
- ✓ Improved capital resources to enable the Company to compete more effectively for high quality investment opportunities
- ✓ Added financial flexibility to comply with regulatory requirements and debt facility covenants

# Reasons For TSLX to Have Flexibility to Sell Common Stock Below NAV

1

Track Record of Strong Performance

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Potential ROE-Accretive Opportunities

## Analysis Framework

		Illustrative NAV Dilution (%) <sup>(2)</sup>					
		% of Shares Outstanding Issued					
		5.0%	7.5%	10.0%	12.5%	15.0%	17.5%
All-In Discount to NAV <sup>(1)</sup>	2.5%	(0.1%)	(0.2%)	(0.2%)	(0.3%)	(0.3%)	(0.4%)
	5.0%	(0.2%)	(0.3%)	(0.5%)	(0.6%)	(0.7%)	(0.7%)
	7.5%	(0.4%)	(0.5%)	(0.7%)	(0.8%)	(1.0%)	(1.1%)
	10.0%	(0.5%)	(0.7%)	(0.9%)	(1.1%)	(1.3%)	(1.5%)
	12.5%	(0.6%)	(0.9%)	(1.1%)	(1.4%)	(1.6%)	(1.9%)

		Illustrative NAV Dilution (\$ per share) <sup>(2)</sup>					
		% of Shares Outstanding Issued					
		5.0%	7.5%	10.0%	12.5%	15.0%	17.5%
All-In Discount to NAV <sup>(1)</sup>	2.5%	(\$0.02)	(\$0.03)	(\$0.04)	(\$0.05)	(\$0.05)	(\$0.06)
	5.0%	(\$0.04)	(\$0.06)	(\$0.07)	(\$0.09)	(\$0.11)	(\$0.12)
	7.5%	(\$0.06)	(\$0.09)	(\$0.11)	(\$0.14)	(\$0.16)	(\$0.18)
	10.0%	(\$0.08)	(\$0.11)	(\$0.15)	(\$0.18)	(\$0.21)	(\$0.24)
	12.5%	(\$0.10)	(\$0.14)	(\$0.18)	(\$0.23)	(\$0.26)	(\$0.30)

1) Inclusive of underwriting discount and other offering expenses

2) Based on last reported NAV of \$16.25 per share and last reported shares outstanding of 65,625,635

TSLX's proposal has a per offering issuance limit of 25% of then-outstanding shares

# Reasons For TSLX to Have Flexibility to Sell Common Stock Below NAV

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## Analysis Framework

### Illustrative ROE Accretion / (Dilution) on New Investments (%)<sup>(2)</sup>

		All-in Yield on New Assets					
		10.0%	11.0%	12.0%	13.0%	14.0%	15.0%
All-In Discount to NAV <sup>(1)</sup>	2.5%	1.0%	2.7%	4.4%	6.1%	7.8%	9.5%
	5.0%	0.7%	2.4%	4.1%	5.9%	7.6%	9.3%
	7.5%	0.4%	2.2%	3.9%	5.6%	7.3%	9.0%
	10.0%	0.2%	1.9%	3.6%	5.3%	7.0%	8.7%
	12.5%	(0.2%)	1.6%	3.3%	5.0%	6.7%	8.4%

Impact per share on entire shareholder base

### Illustrative ROE Accretion / (Dilution) on New Investments (\$ per share)

		All-in Yield on New Assets					
		10.0%	11.0%	12.0%	13.0%	14.0%	15.0%
All-In Discount to NAV <sup>(1)</sup>	2.5%	\$0.01	\$0.03	\$0.05	\$0.07	\$0.09	\$0.11
	5.0%	\$0.01	\$0.03	\$0.04	\$0.06	\$0.08	\$0.10
	7.5%	\$0.00	\$0.02	\$0.04	\$0.06	\$0.08	\$0.09
	10.0%	\$0.00	\$0.02	\$0.04	\$0.05	\$0.07	\$0.09
	12.5%	(\$0.00)	\$0.02	\$0.03	\$0.05	\$0.07	\$0.08

1) Inclusive of underwriting discount and other offering expenses. Assumes an issuance of 7.5% of shares outstanding prior to issuance (column 2 of slide 10)

2) Reflects the ROE of new investments less the cost of new equity raised. For this analysis, cost of new equity raised is based on net proceeds to issuer. ROE based on the midpoint of our target leverage ratio (1.075x) and cost and operating structure. Reflects base management fee waiver of 50 bps on assets financed with leverage over 1.0x debt-to-equity

TSLX expects to sell shares below NAV only if the combination of discount to NAV and yield on new assets allows for an accretive investment opportunity...

# Reasons For TSLX to Have Flexibility to Sell Common Stock Below NAV

1

Track Record of Strong Performance

2

Disciplined Capital Allocation

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Potential ROE-Accretive Opportunities

## Analysis Framework

### Illustrative Payback Period on Equity Raise (Years)<sup>(2)</sup>

#### All-in Yield on New Assets

		10.0%	11.0%	12.0%	13.0%	14.0%	15.0%
All-In Discount to NAV <sup>(1)</sup>	2.5%	2.6	1.0	0.6	0.4	0.3	0.3
	5.0%	7.4	2.2	1.3	0.9	0.7	0.6
	7.5%	18.4	3.8	2.1	1.5	1.1	0.9
	10.0%	72.4	6.0	3.1	2.1	1.6	1.3
	12.5%	NM	9.2	4.4	2.9	2.1	1.7

1) Inclusive of underwriting discount and other offering expenses. Assumes an issuance of 7.5% of shares outstanding prior to issuance (shown in column 2 of slide 10)

2) Reflects the ROE accretion from new investments expressed on a per share basis (shown on slide 11) divided by NAV dilution per share from the equity offering (shown in column 2 of slide 10). ROE based on the midpoint of our current target leverage ratio (1.075x) and cost and operating structure. Reflects base management fee waiver of 50 bps on assets financed with leverage over 1.0x debt-to-equity

...And a reasonable payback period

**The proxy statement is now available. You may use one of the following methods to provide your voting instructions:**

**Vote by Internet:**

**Online at [www.proxyvote.com](http://www.proxyvote.com). Have your control number listed on the proxy card or voting instruction form ready and follow the instructions; or**

**Vote by Telephone:**

**Call 1-800-454-8683. Have your control number listed on the proxy card or voting instruction form ready and follow the instructions; or**

**Vote by Mail:**

**Mark, sign, and date your proxy card and return it in the postage-paid return envelope provided.**

# Contact Us:

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**For assistance voting your  
TSLX shares:**

**D.F. King**

Toll-free at (800) 884-4275 or

Collect at (212) 269-5550

**For other questions:**

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