



# EXPANDING TOOLS FOR VALUE CREATION AND FINANCIAL FLEXIBILITY

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April 2024

# DISCLAIMER AND FORWARD-LOOKING STATEMENTS

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## FORWARD LOOKING STATEMENTS

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 investment returns, our future performance and financial condition including our future operating results, 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 11, 2024. 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.sixthstreetspecialtylending.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 Sixth Street Specialty Lending, Inc. on May 23, 2024, at 10:00 AM, Eastern Time, at the offices of Simpson Thacher & Bartlett LLP located at 425 Lexington Avenue, 30th Floor, New York, NY 10017. The proxy statement for the Special Meeting was filed and notice sent to stockholders on or about April 11, 2024.

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.

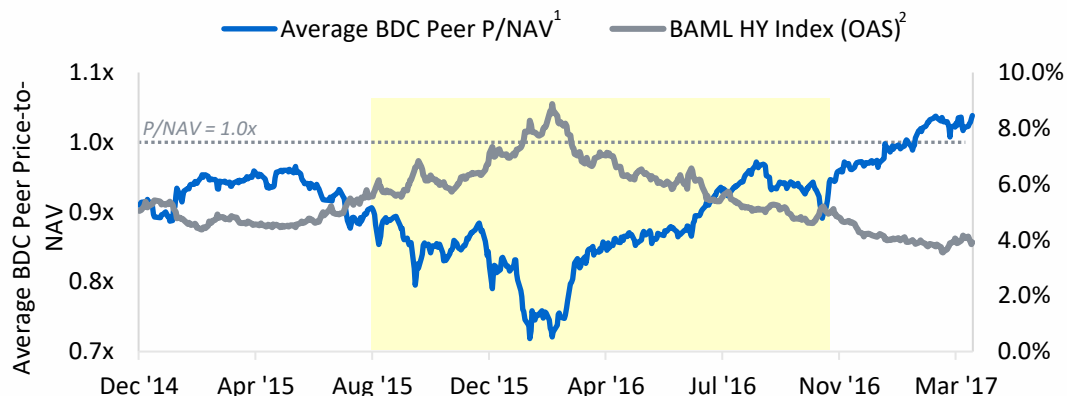
To date, the Company has not issued shares below NAV under prior authorization granted from stockholders. The board believes that having the **flexibility** for the Company to sell common stock below NAV in certain instances is in the Company’s best interest and the best interests of its stockholders.

## 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)



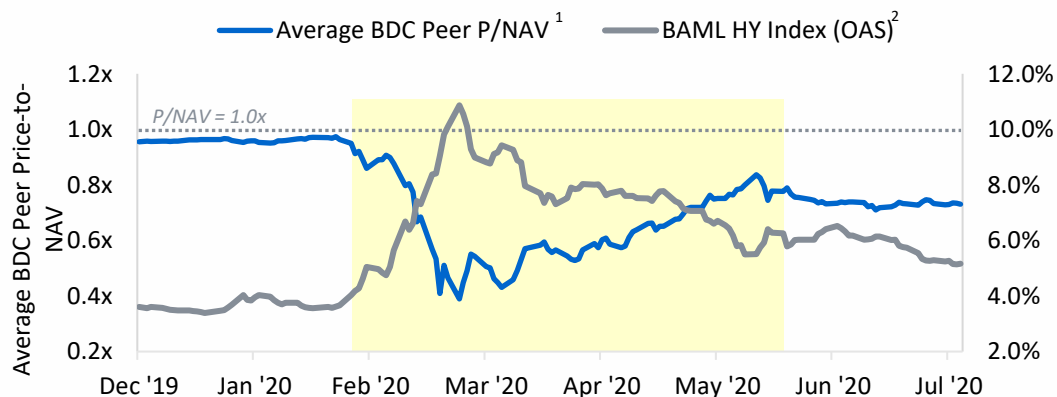
- From time to time, there may be volatility in the broader capital markets, disruption in liquidity in the debt capital markets, significant write-offs in the financial services sector, and / or repricing of credit risk in the broadly syndicated markets
- During these periods, there could be a reduction 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 coincided with lower stock prices for BDCs, with the BDC sector generally trading below NAV

- Market conditions in early through mid 2020 driven by the impacts of COVID-19 also coincided with lower stock prices for BDCs, with the BDC sector trading significantly below NAV

- We believe that favorable investment opportunities at attractive risk-adjusted returns may be created during these periods of disruption and volatility

## CREDIT MARKET DISLOCATION (EARLY - MID 2020)



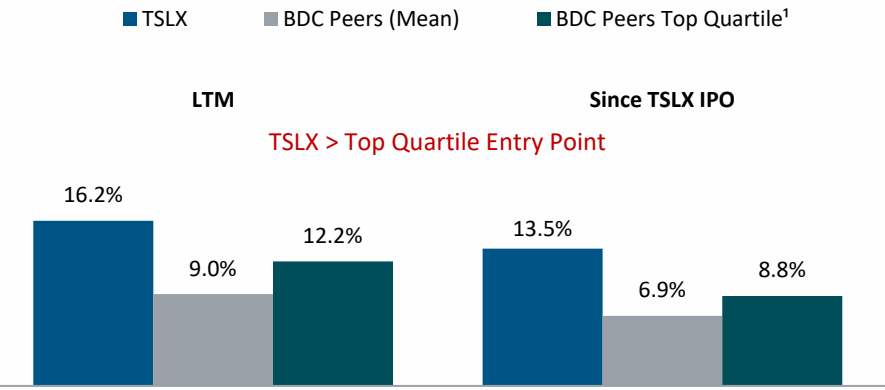
Source: SNL Financial, FRED.



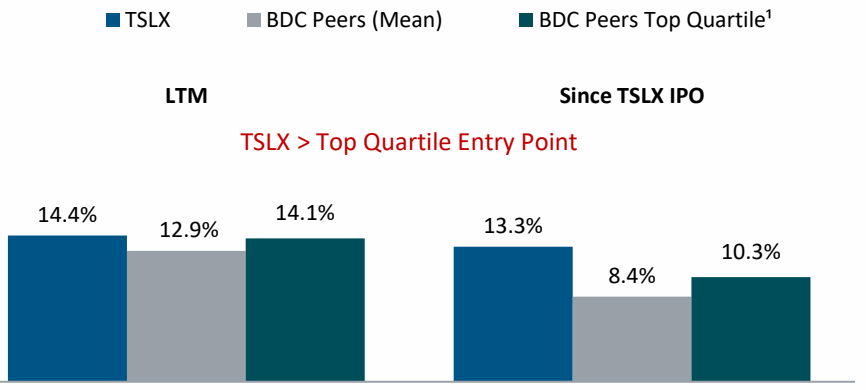
# REASONS FOR TSLX TO HAVE FLEXIBILITY TO SELL COMMON STOCK BELOW NAV

## 1 Track Record of Strong Performance

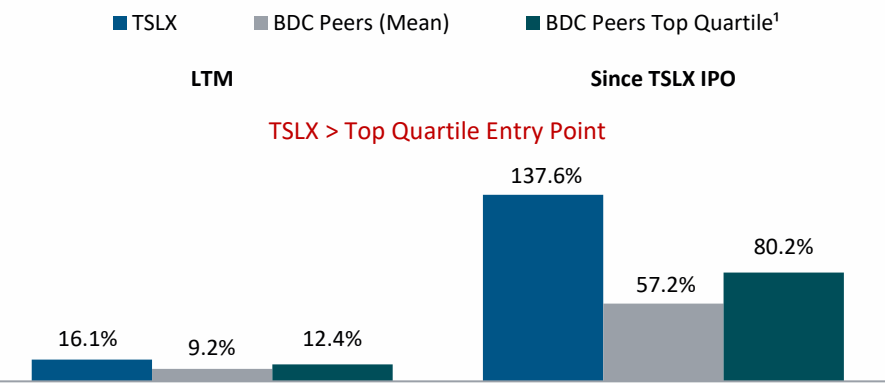
### NI RETURN ON EQUITY<sup>2</sup>



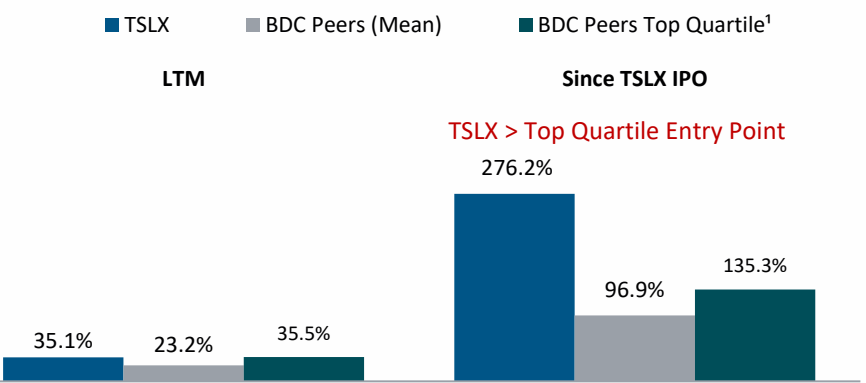
### NII RETURN ON EQUITY<sup>2</sup>



### TOTAL ECONOMIC RETURN (CHANGE IN NAV PLUS DIVIDENDS)<sup>3</sup>



### TOTAL RETURNS (STOCK PRICE PLUS DIVIDENDS)<sup>4</sup>



Source: SNL Financial and company filings, data as of quarter ended 12/31/2023. Please see notes at the end of this presentation for additional important information.

## TRACK RECORD OF OUTPERFORMANCE ACROSS VARIOUS PERFORMANCE METRICS

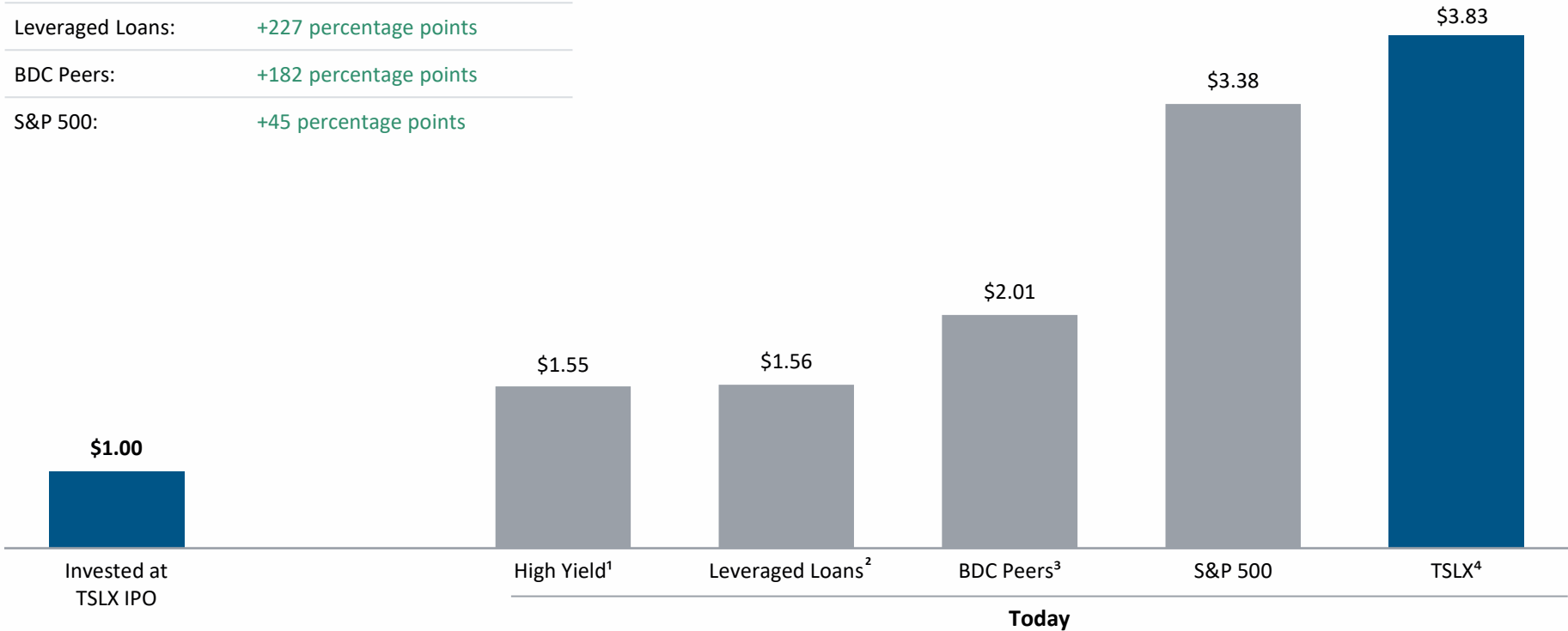
# REASONS FOR TSLX TO HAVE FLEXIBILITY TO SELL COMMON STOCK BELOW NAV

## 1 Track Record of Strong Performance

### TOTAL RETURNS (SINCE TSLX IPO)

#### TSLX Total Returns Performance (Since IPO) Versus:

High Yield:	+228 percentage points
Leveraged Loans:	+227 percentage points
BDC Peers:	+182 percentage points
S&P 500:	+45 percentage points



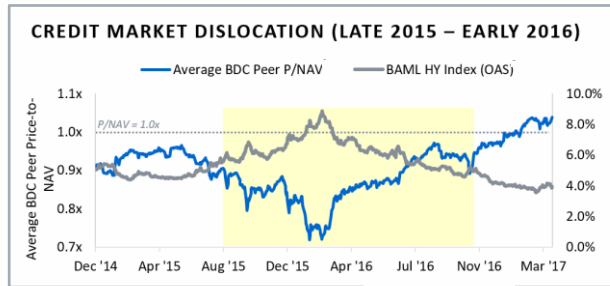
Note: Returns from 3/20/2014 through 3/31/2024. Please see notes at the end of this presentation for additional important information.

## STRONG STOCKHOLDER TOTAL RETURNS VERSUS PEER AND INDUSTRY BENCHMARKS

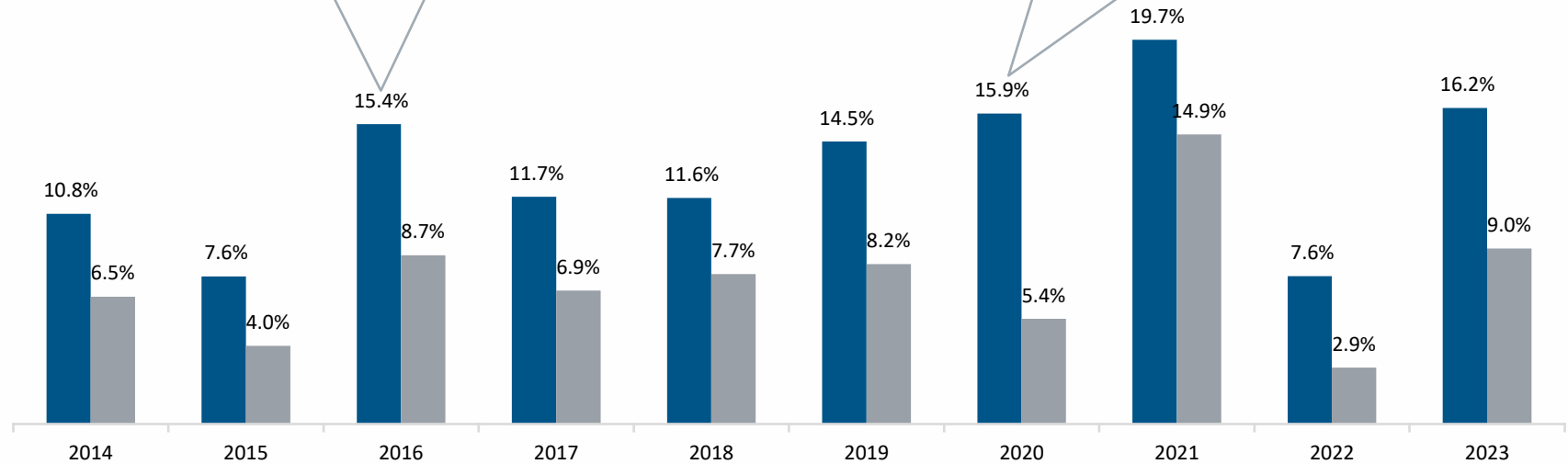
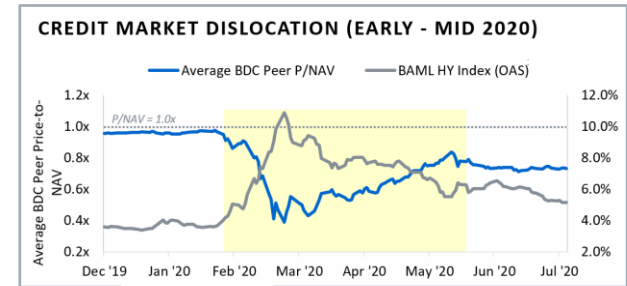
# REASONS FOR TSLX TO HAVE FLEXIBILITY TO SELL COMMON STOCK BELOW NAV

## 1 Track Record of Strong Performance

### ANNUAL NET INCOME RETURN ON EQUITY (CALENDAR YEAR BASIS)<sup>1</sup>



■ TSLX ■ BDC Peers (Mean)<sup>2</sup>



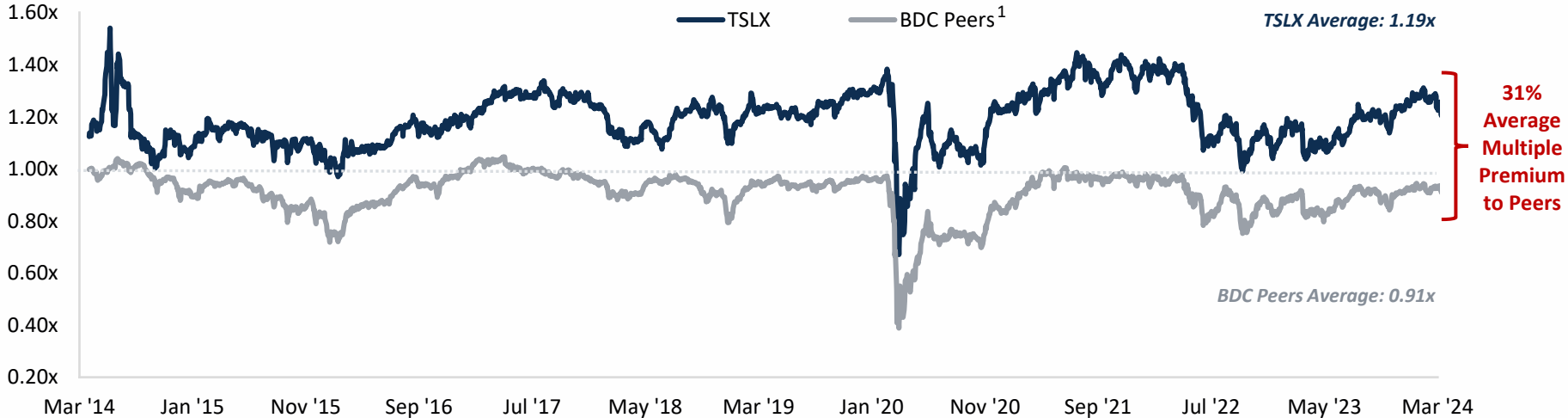
Note: Please see notes at the end of this presentation for additional important information.

**DEMONSTRATED ABILITY TO GENERATE OUTSIZED ROES ESPECIALLY DURING PERIODS OF MARKET VOLATILITY**

# REASONS FOR TSLX TO HAVE FLEXIBILITY TO SELL COMMON STOCK BELOW NAV

## 2 Disciplined Capital Allocation

### EQUITY RAISE DISCIPLINE



Canceled pre-IPO capital commitments	\$900M / \$1.6B of potential fee-paying assets
Potential to raise equity <u>above</u> book value <sup>2</sup>	98.2% of trading days
Authority to issue equity <u>below</u> book value <sup>3</sup>	Since May 2017 ( <i>never exercised</i> )
Primary Equity raises since IPO	Five

Note: SNL Financial, as of 3/31/2024. Please see notes at the end of this presentation for additional important information.

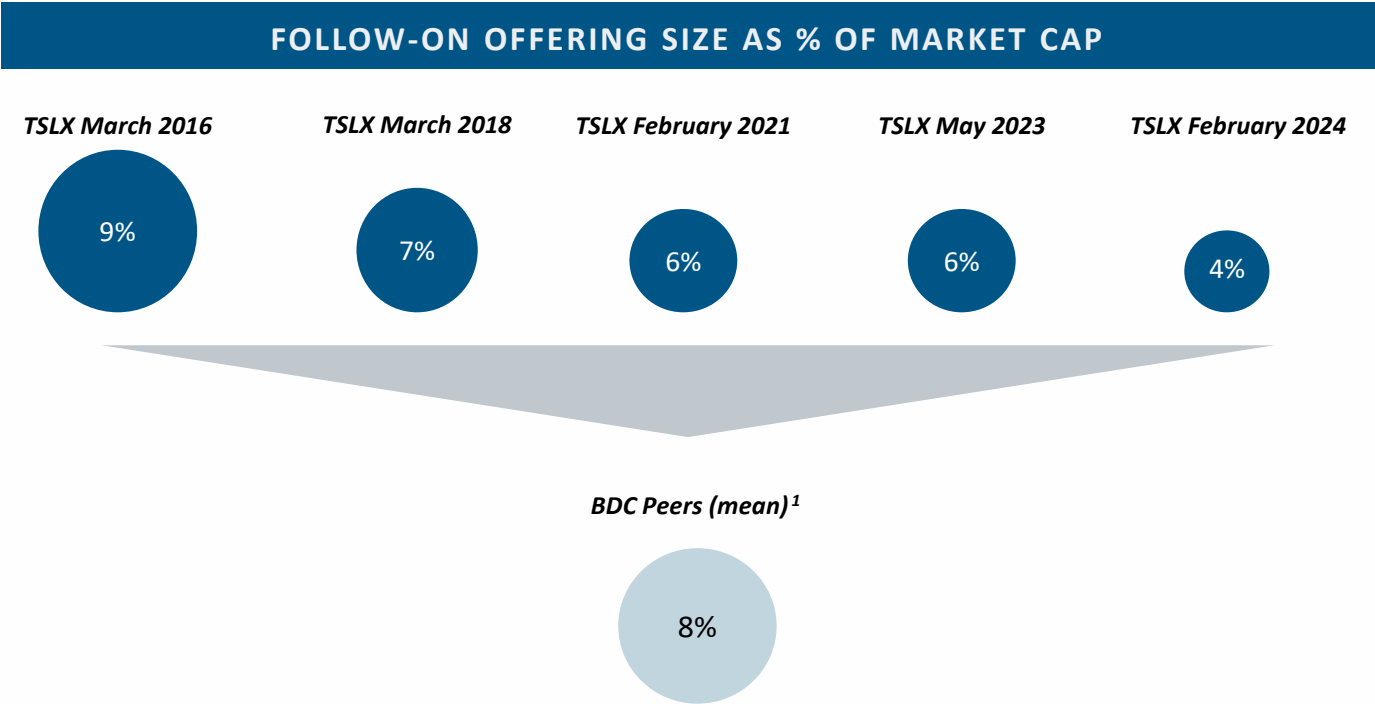
**DISCIPLINE IN ACCESSING THE EQUITY CAPITAL MARKETS REFLECTIVE OF STOCKHOLDER ALIGNMENT. AUTHORITY TO ISSUE EQUITY BELOW NAV HAS NEVER BEEN EXERCISED**



# REASONS FOR TSLX TO HAVE FLEXIBILITY TO SELL COMMON STOCK BELOW NAV

## 2 Disciplined Capital Allocation

### TSLX FOLLOW-ON EQUITY RAISES POST IPO



Source: Raymond James “BDC Weekly Insight” as of April 5, 2024.  
Note: Please see notes at the end of this presentation for additional important information.

**SIZE OF TSLX FOLLOW-ON OFFERINGS RELATIVELY SMALL COMPARED TO THE SECTOR REFLECTIVE OF DISCIPLINED CAPITAL ALLOCATION**

**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

## 3 Potential ROE Accretive Opportunities

### ANALYSIS FRAMEWORK

		Illustrative NAV Dilution (%) <sup>(2)</sup>					
		Issuance Amount					
		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>					
		Issuance Amount					
		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)	(\$0.06)	(\$0.06)
	5.0%	(\$0.04)	(\$0.06)	(\$0.08)	(\$0.09)	(\$0.11)	(\$0.13)
	7.5%	(\$0.06)	(\$0.09)	(\$0.12)	(\$0.14)	(\$0.17)	(\$0.19)
	10.0%	(\$0.08)	(\$0.12)	(\$0.15)	(\$0.19)	(\$0.22)	(\$0.25)
	12.5%	(\$0.10)	(\$0.15)	(\$0.19)	(\$0.24)	(\$0.28)	(\$0.32)

Source: Company 10-K, filed 2/15/2024.

Note: Please see notes at the end of this presentation for additional important information.

**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

## 3 Potential ROE Accretive Opportunities

### ANALYSIS FRAMEWORK

Illustrative Annual ROE Accretion (%) <sup>(2)</sup>		All-in-Yield on New Investments					
		15.0%	16.0%	17.0%	18.0%	19.0%	20.0%
All in Discount to NAV <sup>(1)</sup>	2.5%	2.0%	2.0%	4.0%	4.0%	6.0%	6.0%
	5.0%	1.9%	1.9%	3.9%	3.9%	5.9%	5.9%
	7.5%	1.9%	1.9%	3.8%	3.8%	5.7%	5.7%
	10.0%	1.9%	1.9%	3.7%	3.7%	5.6%	5.6%
	12.5%	1.8%	1.8%	3.6%	3.6%	5.5%	5.5%

*Impact per share on entire shareholder base*

Illustrative Annual ROE Accretion (Per Share) <sup>(2)</sup>		All-in-Yield on New Investments					
		15.0%	16.0%	17.0%	18.0%	19.0%	20.0%
All in Discount to NAV <sup>(1)</sup>	2.5%	\$0.04	\$0.04	\$0.08	\$0.08	\$0.12	\$0.12
	5.0%	\$0.03	\$0.03	\$0.07	\$0.07	\$0.11	\$0.11
	7.5%	\$0.03	\$0.03	\$0.07	\$0.07	\$0.11	\$0.11
	10.0%	\$0.02	\$0.02	\$0.06	\$0.06	\$0.10	\$0.10
	12.5%	\$0.02	\$0.02	\$0.06	\$0.06	\$0.09	\$0.09

Note: Please see notes at the end of this presentation for additional important information.

**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

3

Potential ROE Accretive Opportunities

ANALYSIS FRAMEWORK

		Illustrative Payback Period on Equity Raise (years) <sup>(2)</sup>					
		All-in-Yield on New Investments					
		15.0%	16.0%	17.0%	18.0%	19.0%	20.0%
All in Discount to NAV <sup>(1)</sup>	2.5%	0.8	0.8	0.4	0.4	0.2	0.2
	5.0%	1.8	1.8	0.8	0.8	0.5	0.5
	7.5%	3.1	3.1	1.3	1.3	0.8	0.8
	10.0%	4.9	4.9	1.9	1.9	1.2	1.2
	12.5%	7.6	7.6	2.6	2.6	1.6	1.6

Note: Please see notes at the end of this presentation for additional important information.

## AND A REASONABLE PAYBACK PERIOD

# TO VOTE

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**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

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## **VOTE BY TELEPHONE**

Call 1-800-690-6903. Have your control number listed on the proxy card or voting instruction form ready and follow the instructions

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## **VOTE BY MAIL**

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

# FOOTNOTES

## Slide 4:

1. BDC Peers consist of 25 externally managed BDCs in the S&P BDC Index with total assets greater than \$1.0 billion measured as of 6/30/2023
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

## Slide 5:

1. Top quartile constituents for each metric and time period varies based on BDC peer set's performance rankings
2. Calculated as reported net investment income and reported net income per share over each time period, divided by beginning NAV per share; "Since TSLX IPO" figure is adjusted for annual basis. TSLX NI and NII are adjusted to exclude the capital gains incentive fee expense that was accrued, but not paid, related to cumulative unrealized capital gains in excess of cumulative net realized capital gains less any cumulative unrealized losses and capital gains incentive fees paid inception to date
3. For "LTM" and "Since TSLX IPO", reflects change in NAV per share plus dividends paid from 12/31/2022 through 12/31/2023, or latest available, and 3/21/2014 through 12/31/2023, or latest available, respectively
4. For "LTM 4Q'23" and "Since TSLX IPO", reflects change in market value per share plus dividends paid from 12/31/2022 through 12/31/2023, or latest available, and 3/21/2014 through 12/31/2023, or latest available, respectively; assumes reinvestment of dividends

Note: BDC Peers consist of 25 externally managed BDCs in the S&P BDC Index with total assets greater than \$1.0 billion as of 6/30/2023 financials

## Slide 6:

1. Source: Bloomberg Barclays US Corporate High Yield Total Return Index (Index Code: LF98TRUU)
2. Source: S&P LSTA Leveraged Loan Index
3. BDC Peers consist of 25 externally managed BDCs in the S&P BDC Index with total assets greater than \$1.0 billion measured as of 6/30/2023
4. TSLX total return is measured by change in market value per share plus dividends earned during the period; assumes reinvestment of dividends

## Slide 7:

1. Calculated as cumulative net income per share divided by beginning NAV per share over that period. TSLX is adjusted to exclude the capital gains incentive fee expense that was accrued, but not paid, related to cumulative unrealized capital gains in excess of cumulative net realized capital gains less any cumulative unrealized losses and capital gains incentive fees paid inception to date. 2014 figures represent the full calendar year including returns prior to the IPO
2. BDC Peers consist of 25 externally managed BDCs in the S&P BDC Index with total assets greater than \$1.0 billion measured as of 6/30/2023

## Slide 8:

1. BDC Peers consist of 25 externally managed BDCs in the S&P BDC Index with total assets greater than \$1.0 billion measured as of 6/30/2023
2. Reflects trading days that TSLX closed above 100% of last reported book value
3. Authority granted through shareholder approval to sell or otherwise issue shares of its common stock at a price below its then-current net asset value per share, subject to certain conditions. Approval most recently granted at a Special Meeting of Stockholders held 5/25/2023

## Slide 9:

1. Reflects all BDC offerings from 3/15/2019 through 4/5/2024. Sizing calculated based on market capitalization at the time of each follow-on offering

## Slide 11:

1. Inclusive of underwriting discount and other offering expenses
2. Based on 12/31/2023 pro forma NAV per share of \$16.96 (pro forma for the supplemental dividend of \$0.08/share, which was declared in Q1 2024) and shares outstanding of 87,829,499. Cost of funds is adjusted for the \$350M 2029 Unsecured Notes issuance which settled on 1/16/24. Total proceeds from the issuance was used to paydown a portion of the revolving credit facility

## Slide 12:

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 11)
2. Reflects the ROE pro forma for new investments compared to the ROE prior to new investment. ROE calculations based on leverage ratio of 1.1x. Cost of funds reflects the average estimated interest cost of liability debt. Note that interest costs also include fees (such as fees on undrawn amounts and amortization of upfront fees) and reflect the swap-adjusted interest rate on our convertible notes and unsecured notes. Cost of funds is adjusted for the \$350M 2029 Unsecured Notes issuance which settled on 1/16/24. Total proceeds from the issuance was used to paydown a portion of the revolving credit facility. Operating expenses based on 3-year historical average ending 12/31/2023. Reflects base management fee waiver of 50 bps on assets financed with leverage over 1.0x debt-to-equity

## Slide 13:


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 11)
2. Reflects the number of years it will take to offset the dilution to NAV from stock issuance through incremental ROEs generated from new investments. This is calculated as the ROE accretion as a result of new investments expressed on a per share basis (shown on slide 12) divided by NAV dilution per share from the equity offering (shown in column 2 of slide 11)



## CONTACT US


**For Assistance Voting Your TSLX Shares:**

**D.F. King**

 Toll-free at (866) 207-2356 or  
Collect at (212) 269-5550

**For other questions:**

**TSLX Investor Relations**

 (469) 621-2033  
(212) 601-4739

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