

# First Eagle Alternative Capital BDC, Inc.

March 14, 2022

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# First Eagle Alternative Capital BDC, Inc. (the “Company”) Strategic Update

In keeping with its strategic initiatives, the Company refinanced the capital structure at the Company’s joint venture, Logan JV, to restructure its debt structure into a middle market CLO and amended the Company’s credit facility.

## **Priced Logan JV Middle Market CLO on March 10, 2022, with expected close date of April 19, 2022**

- LJV I MM CLO LLC has priced a three-year reinvestment period, eleven-year final maturity \$300.135 million debt securitization in the form of a collateralized loan obligation (“CLO”)
- Potential for enhanced returns for the Company and its joint venture partner through additional leverage
- Adviser will waive management fees in 2Q 2022 up to amount to maintain at least a \$0.10 net investment income per share in the second quarter to partially offset the upfront refinancing costs

## **Amended Senior Secured Revolving Credit Agreement with ING Capital LLC on March 11, 2022**

- Reduced interest rate spread from 3.0% to 2.5%
- Increased the size of the lenders’ commitments to \$175 million
- Extended the revolver maturity date from October 16, 2023 to March 11, 2026 and the facility maturity date from October 16, 2024 to March 11, 2027

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# Potential Benefits to Shareholders

Initiatives targeting an increase to Net Investment Income by 20-30% over the next 4 quarters

## **Improved investment income**

- Logan JV's investment in the subordinated notes of the Logan JV Middle Market CLO are anticipated to be higher yielding than its existing portfolio, which is expected to increase distributions to the Company
- Modeled returns on middle market CLO notes held by Logan JV expected to be 10-15% annualized in base case scenario

## **Further improved borrowing costs**

- The Company's amended credit facility will reduce weighted average borrowing cost to 3.97% from 4.24% as of December 31, 2021

## **Further diversification of portfolio**

- Investment in Logan JV (as % of FMV Portfolio) expected to decrease from 18.6% as of December 31, 2021, to between 12.5% and 15.5%
- CLO will maintain the same, highly diversified portfolio profile:
  - +95% first lien senior secured directly originated, club and syndicated bank loans

**There can be no assurances or guarantees that the Company's investment objectives will be realized or that the Company investment strategy will prove successful.** There can be no guarantee that such targets will be achieved. Target returns are subject to numerous assumptions that are unlikely to be consistent with, and may differ materially from, actual events.

# Refinancing of Logan JV to MM CLO

On March 10, 2022, First Eagle Logan JV, LLC through its wholly-owned and consolidated subsidiary, LJV I MM CLO LLC priced a \$303M new issue middle-market CLO

	Logan JV SPV <sup>1</sup>	LJV I MM CLO LLC <sup>2</sup>
Portfolio Assets (par):	\$234 million	\$303 million
Borrowings Outstanding:	\$147 million	\$243 million <sup>3</sup>
Debt to Equity:	~1.62x	~4.16x
Other Changes:	<ul style="list-style-type: none"> <li>• Lender approval required for investments held in portfolio</li> <li>• Financing subject to borrowing base and advance rates, which can fluctuate due to changes in market conditions                             <ul style="list-style-type: none"> <li>– May require selling assets to meet borrowing base requirements at inopportune points in the market cycle, permanently realizing losses</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Generally no lender involvement in investment decisions</li> <li>• No changing advance rates due to market conditions                             <ul style="list-style-type: none"> <li>– Tempers need to sell assets at inopportune point in market cycle and recognizing permanent losses</li> </ul> </li> <li>• Potential for return of capital to Company for reinvestment in direct lending assets.</li> </ul>

1. As of December 31, 2021

2. CLO only. Does not include assets not transferred to CLO, which may be liquidated and/or distributed to joint venture partners.

3. Excludes notes held directly by the Logan JV.

# Amendment to BDC Credit Facility

FCRD maintains a diversified and flexible capital structure with approximately 51% of outstanding debt in unsecured notes and the remainder represented by borrowings under a revolving credit facility.

## FCRD Borrowing Summary as of March 11, 2022

<i>\$ in millions</i>	Commitment	Outstanding	Interest Rate <sup>5</sup>	Maturity
<b>Revolving Credit Facility<sup>4</sup></b>	\$175.0 Option to upsize to \$250.0	\$107.1	3.00% (50 bps Adjusted SOFR Floor + 250)	- Revolving period through March 2027 and final maturity of March 2028
<b>2026 Notes<sup>3</sup> - NYSE: FCRX</b>	\$111.6	\$111.6	4.90%	- 2026 Notes mature on May 25, 2026 - Interest payable quarterly
<b>Total</b>	\$286.6	\$218.7	3.97% <sup>2</sup>	

## FCRD Borrowing Summary as of December 31, 2021

<i>\$ in millions</i>	Commitment	Outstanding	Interest Rate <sup>1</sup>	Maturity
<b>Revolving Credit Facility<sup>4</sup></b>	\$150.0	\$114.1	3.50% (50 bps LIBOR Floor + 300)	- Revolving period through October 2023 and final maturity of October 2024
<b>2026 Notes<sup>3</sup> - NYSE: FCRX</b>	\$111.6	\$111.6	4.90%	- 2026 Notes mature on May 25, 2026 - Interest payable quarterly
<b>Total</b>	\$261.6	\$225.7	4.24% <sup>2</sup>	

1. Based on one-month LIBOR effective December 31, 2021.

2. Total Interest Rate reflects weighted average.

3. The 2026 Notes were issued in May 2021 and November 2021. The proceeds from the public offering were used to redeem the 2022 Notes and 2023 Notes.

4. The Revolving Credit Facility commitments were upsized from \$150.0 million to \$175.0 million on March 11, 2022.

5. Based on one-month SOFR (with adjustment) effective March 11, 2022.

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# Corporate Data

## Board of Directors

CHRISTOPHER J. FLYNN

EDMUND P. GIAMBASTIANI, JR.

NANCY HAWTHORNE, CHAIRPERSON

JAMES D. KERN

DEBORAH MCANENY

JANE MUSSER NELSON

## Executive Management

CHRISTOPHER J. FLYNN  
President

JAMES FELLOWS  
Chief Investment Officer

SABRINA RUSNAK-CARLSON  
General Counsel

JENNIFER M. WILSON  
Chief Accounting Officer

## Investment Committee

### *Primary Members:*

CHRISTOPHER J. FLYNN  
President

JAMES FELLOWS  
Chief Investment Officer

ROBERT HICKEY  
Senior Managing Director

MICHELLE HANDY  
Head of Portfolio & Underwriting, Managing  
Director

### *Rotating Industry Experts:*

LARRY KLAFF  
Senior Managing Director, Head of ABL

PATRICK McAULIFFE  
Managing Director, Head of Sponsor Origination

HOWARD WU  
Managing Director

GARRETT STEPHEN  
Managing Director

JASON WENDORF  
Managing Director

## Corporate Counsel

Simpson Thacher & Bartlett LLP  
New York, NY

## Independent Registered Public Accounting Firm

PRICEWATERHOUSECOOPERS LLP  
Boston, MA

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## Securities Listing and Website

NASDAQ: FCRD (Common Stock)  
NYSE: FCRW (Notes)  
NYSE: FCRZ (Notes)  
[www.feacbd.com](http://www.feacbd.com)

## Transfer Agent

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