

February 25, 2022



# BARINGS BDC, INC. COMPLETES MERGER WITH SIERRA INCOME CORPORATION

CHARLOTTE, N.C., Feb. 25, 2022 /PRNewswire/ -- Barings BDC, Inc. (NYSE: BBDC) ("Barings BDC") announced today the closing of the previously announced merger with Sierra Income Corporation ("Sierra"). The combined company, which will remain externally managed by Barings LLC, is expected to have more than \$2.7 billion of assets under management on a pro forma basis.



As a result of the merger, Sierra shareholders will receive the following in exchange for each share of Sierra common stock held at the effective time of the merger: (i) 0.44973 of a share of Barings BDC common stock, and (ii) approximately \$0.9783641 of cash as transaction support provided by Barings LLC. Barings BDC will issue approximately 45,996,985 shares of Barings BDC common stock to Sierra shareholders in connection with the merger, resulting in former Sierra stockholders and current Barings BDC stockholders owning 41.3% and 58.7% of the combined company, respectively, at closing.

## **Second Amended and Restated Investment Advisory Agreement and Credit Support Agreement**

In addition, following the closing of the merger, Barings LLC and Barings BDC entered into a second amended and restated investment advisory agreement that will increase the incentive fee hurdle rate from 8.00% to 8.25% (annualized).

Barings LLC also entered into a credit support agreement with Barings BDC, for the benefit of the combined company, to protect against net cumulative unrealized and realized losses of up to \$100.0 million on the acquired Sierra investment portfolio over the next 10 years.

## **Share Repurchase Program**

In connection with the closing of the merger, Barings BDC's board of directors affirmed Barings BDC's commitment to open-market purchases of shares of Barings BDC's common stock in an aggregate amount of up to \$30.0 million at then-current market prices at any time shares trade below 90% of Barings BDC's then most recently disclosed net asset value per share. Any repurchases pursuant to the authorized program will occur during the 12-month

period commencing on April 1, 2022 and are expected to be made in accordance with a Rule 10b5-1 purchase plan that qualifies for the safe harbors provided by Rules 10b5-1 and 10b-18 under the Securities Exchange Act of 1934, as amended, as well as subject to compliance with Barings BDC's covenant and regulatory requirements.

### **Appointment of New Independent Directors**

Effective immediately after the closing of the Merger, Barings BDC increased the size of its board of directors from eight directors to 10 directors and appointed Valerie Lancaster-Beal and Stephen R. Byers, former directors of Sierra, to serve as independent members of the board of directors. Ms. Lancaster-Beal and Mr. Byers have also been appointed to serve on each standing committee of the board of directors.

### **Forward-Looking Statements**

This press release contains "forward-looking statements," which are statements other than statements of historical facts, are not guarantees of future performance or results of Barings BDC, including the combined company following the Barings BDC's acquisition of Sierra (the "Merger"), and involve a number of risks and uncertainties. Such forward-looking statements may include statements preceded by, followed by or that otherwise include the words "may," "might," "will," "intend," "should," "could," "can," "would," "expect," "believe," "estimate," "anticipate," "predict," "potential," "plan" or similar words. Actual results may differ materially from those in the forward-looking statements as a result of a number of factors, including those described from time to time in filings made by Barings BDC with the Securities and Exchange Commission ("SEC"). Certain factors could cause actual results and conditions to differ materially from those projected, including, but not limited to, the uncertainties associated with (i) the expected synergies and savings associated with the Merger, (ii) the expected elimination of certain expenses and costs due to the Merger, (iii) the operating results of Barings BDC or its portfolio companies subsequent to the Merger, (iv) fluctuations in the market price of Barings BDC's common stock, and (v) the Merger's effect on the relationships of Barings BDC with its investors, portfolio companies, lenders and service providers. You should not place undue reliance on such forward-looking statements, which are based upon Barings BDC management's current views and assumptions regarding future events and operating performance, and speak only as of the date any such statement is made.

More information on these risks and other potential factors that could affect Barings BDC's financial results, including important factors that could cause actual results to differ materially from plans, estimates or expectations included herein is included in Barings BDC's filings with the SEC, including in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of Barings BDC's most recently filed annual report on Form 10-K, as well as in subsequent filings, including Barings BDC's quarterly reports on Form 10-Q. In addition, there is no assurance that Barings BDC or any of its affiliates will purchase additional shares of Barings BDC at any specific discount levels or in any specific amounts. There is no assurance that the market price of Barings BDC's shares, either absolutely or relative to net asset value, will increase as a result of any share repurchases, or that any repurchase plan will enhance shareholder value over the long term. Barings BDC undertakes no duty to update any forward-looking statement made herein. All forward-looking statements speak only as of the date of this communication.

## **About Barings BDC**

Barings BDC, Inc. (NYSE: BBDC) is a publicly traded, externally managed investment company that has elected to be treated as a business development company under the Investment Company Act of 1940. Barings BDC seeks to invest primarily in senior secured loans to private U.S. middle market companies that operate across a wide range of industries. Barings BDC's investment activities are managed by its investment adviser, Barings LLC, a leading global asset manager based in Charlotte, NC with over \$391 billion\* of AUM firm-wide. For more information, visit [www.baringsbdc.com](http://www.baringsbdc.com).

## **About Barings LLC**

Barings is a \$391+ billion\* global investment manager sourcing differentiated opportunities and building long-term portfolios across public and private fixed income, real estate, and specialist equity markets. With investment professionals based in North America, Europe and Asia Pacific, the firm, a subsidiary of MassMutual, aims to serve its clients, communities and employees, and is committed to sustainable practices and responsible investment. Learn more at [www.barings.com](http://www.barings.com).

\*Assets under management as of December 31, 2021.

## **Media Contact**

Cheryl Krauss, Media Relations, Barings, 980-417-5858, [cheryl.krauss@barings.com](mailto:cheryl.krauss@barings.com)

## **Investor Relations**

[BDCinvestorrelations@barings.com](mailto:BDCinvestorrelations@barings.com), 888-401-1088

📄 View original content to download multimedia <https://www.prnewswire.com/news-releases/barings-bdc-inc-completes-merger-with-sierra-income-corporation-301490878.html>

SOURCE Barings BDC, Inc.