



Project Integrate 2.0

July 28, 2019

Table of Contents

| | | |
|----|--|----|
| 1. | Executive Summary | 2 |
| 2. | MDLY Valuation Analysis (combination with SIC and MCC) | 6 |
| 3. | SIC Pro Forma Analysis (combination with MCC and MDLY) | 14 |
| 4. | MDLY Valuation Analysis (combination with SIC only) | 22 |

| | | |
|--|---------------------------------|----|
| | Appendix – Supporting Materials | 30 |
|--|---------------------------------|----|



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Executive Summary



Transaction Update

Barclays is pleased to present to the Special Committee of the Board of Directors of Medley Management Inc. in connection with the proposed three-way combination of MDLY, MCC and SIC

Situation Overview

- Medley Management Inc. ("MDLY" or the "Company"), Sierra Income Corp. ("SIC") and Medley Capital Corp. ("MCC") signed definitive agreements for the prior transaction on August 9th, 2018
- The board of directors of MDLY has received a revised proposal for a three-way combination of SIC, MCC and MDLY
- Following the announcement of the August 2018 transaction, parties including FrontFour Capital Group LLC ("FrontFour") sought to increase the value received by MCC
 - MCC and FrontFour entered into a settlement on April 26, 2019, amending the proposed merger and, among other matters, provide that if the merger is consummated, a settlement fund will be created, consisting of \$17 million of cash and \$30 million of Pro Forma Sierra common stock
 - SIC has revisited the terms of the original transaction, and the Special Committee of the Board of Directors of the Company (the "Special Committee") has asked Barclays to continue providing financial advisory services and render a written opinion to the Special Committee with respect to the proposed transaction
- SIC revised consideration downwards in absolute terms, attributing the change to the performance of MDLY and MCC and the anticipated costs associated with the settlement
- In addition, we understand that the agreement between SIC and MCC provides for a "go shop" of MCC
 - We understand SIC has agreed to close the transaction of MDLY regardless of the outcome of the MCC "go shop" per the terms of the merger agreement
 - We have analyzed the acquisition of MDLY by SIC, with and without the simultaneous acquisition of MCC by SIC
 - If the SIC acquisition of MCC is not consummated, we assume at your request for purposes of our analyses the MCC management contract with MDLY would be terminated

Changes to Analysis Assumptions

- New management estimates have been provided, including an additional year (2022), refer to slide 31 in the Appendix for a comparison of both sets of estimates
- Management estimates have been provided assuming the acquisition of MCC is consummated simultaneously with the closing of the MDLY / SIC merger and, alternatively, that the acquisition of MCC is not consummated and the MCC management contract with MDLY is terminated; we have considered both scenarios
- In the new proposal, RSUs will receive a differentiated treatment depending on their holder: RSUs held by directors of MDLY will be converted into SIC RSUs. RSUs held by non-management directors of MDLY will be converted into a share of Class A Common Stock that shall participate in the merger on the same basis as the other individual holders of shares of Class A Common Stock
- Class A consideration consists of cash and stock only; there is no special dividend
 - At 1.0x PF SIC NAV, the Class A shareholders will receive a consideration worth up to \$4.72 per share, \$0.69 greater than the \$4.03 offered to the LLC Unitholders
- The multiples from comparable trading firms have been updated to reflect appropriate ranges
- Unlevered FCF analysis for purposes of our MDLY DCF



Transaction Overview

Transaction Highlights

- SIC is the acquirer of both MDLY and MCC
- MCC acquired by SIC for stock
 - 0.6600-0.6800 SIC shares per MCC share⁽¹⁾
 - \$4.48 NAV per MCC share based on SIC 3/31/2019 pro forma NAV⁽²⁾
 - MCC to receive settlement proceeds
 - \$17 million cash settlement
 - \$30 million worth of pro forma SIC shares
- MDLY acquired by SIC for cash and stock
 - **Public Class A Shareholders:**
 - \$2.96 cash consideration and 0.2668 shares of SIC per MDLY share to public
 - Cash consideration per share to Public Class A Shareholders is \$0.30 greater than the cash consideration per share to each LLC Unit
 - **LLC Unitholders:**
 - \$2.66 cash consideration and 0.2072 shares of SIC per LLC Unit to holders
 - **MDLY RSUs:**
 - Each management RSU to be exchanged for 0.7079 SIC RSUs, and each non-management RSU to be converted into one MDLY Class A share
- **Total Consideration from SIC to MDLY = \$4.22 per share for 35.173 million shares⁽³⁾**
 - LLC Unitholders to receive 0% of the Tax Receivable Agreement ("TRA") value (versus 85% share in contractual agreement) consistent with August 2018 deal

Source: MDLY Management.

1. Final exchange ratio dependent on amount of plaintiff fees. For purposes of this presentation and our analysis, we have assumed a 0.6800x exchange ratio of SIC to MCC.

2. Based on MCC, SIC and MDLY estimates per MDLY Management.

3. Sum of Class A, LLC and RSUs.



Pro Forma BDC Market Position (combination with MCC and MDLY)

| Public BDCs by Assets | | | |
|-------------------------------------|----------------------|----------------|---------------|
| (\$ in mm) | | | |
| Manager | Assets | Market Cap | Price / NAV |
| Ares Capital | \$13,962 | \$7,733 | 1.05 x |
| FS KKR Capital | 7,733 | 3,119 | 0.76 |
| Prospect Capital | 5,848 | 2,451 | 0.74 |
| Golub Capital | 4,160 ⁽¹⁾ | 1,106 | 1.14 |
| New Mountain Finance | 2,650 | 1,216 | 1.03 |
| Main Street Capital | 2,595 | 2,607 | 1.70 |
| Apollo Investment | 2,498 | 1,125 | 0.87 |
| TCG BDC | 2,214 | 915 | 0.87 |
| Hercules Capital | 2,139 | 1,347 | 1.26 |
| Bain Capital Specialty Finance | 1,996 | 952 | 0.92 |
| TPG Specialty Lending | 1,850 | 1,299 | 1.20 |
| Solar Capital | 1,807 | 881 | 0.95 |
| Pro Forma SIC ⁽²⁾ | 1,755 | NA | NA |
| BlackRock TCP Capital | 1,663 | 827 | 0.99 |
| Oaktree Specialty Lending | 1,541 | 744 | 0.81 |
| Goldman Sachs BDC | 1,428 | 811 | 1.17 |
| PennantPark Investment | 1,282 | 449 | 0.76 |
| Barings BDC | 1,211 | 501 | 0.86 |
| Sierra Income Corporation | 1,013 | NA | NA |
| PennantPark Floating Rate | 1,012 | 452 | 0.88 |
| Blackrock Capital Investment | 722 | 411 | 0.84 |
| Fidus Investment | 705 | 396 | 0.98 |
| Medley Capital | 696 | 127 | 0.46 |
| Mean | \$2,717 | \$1,403 | 0.96 x |

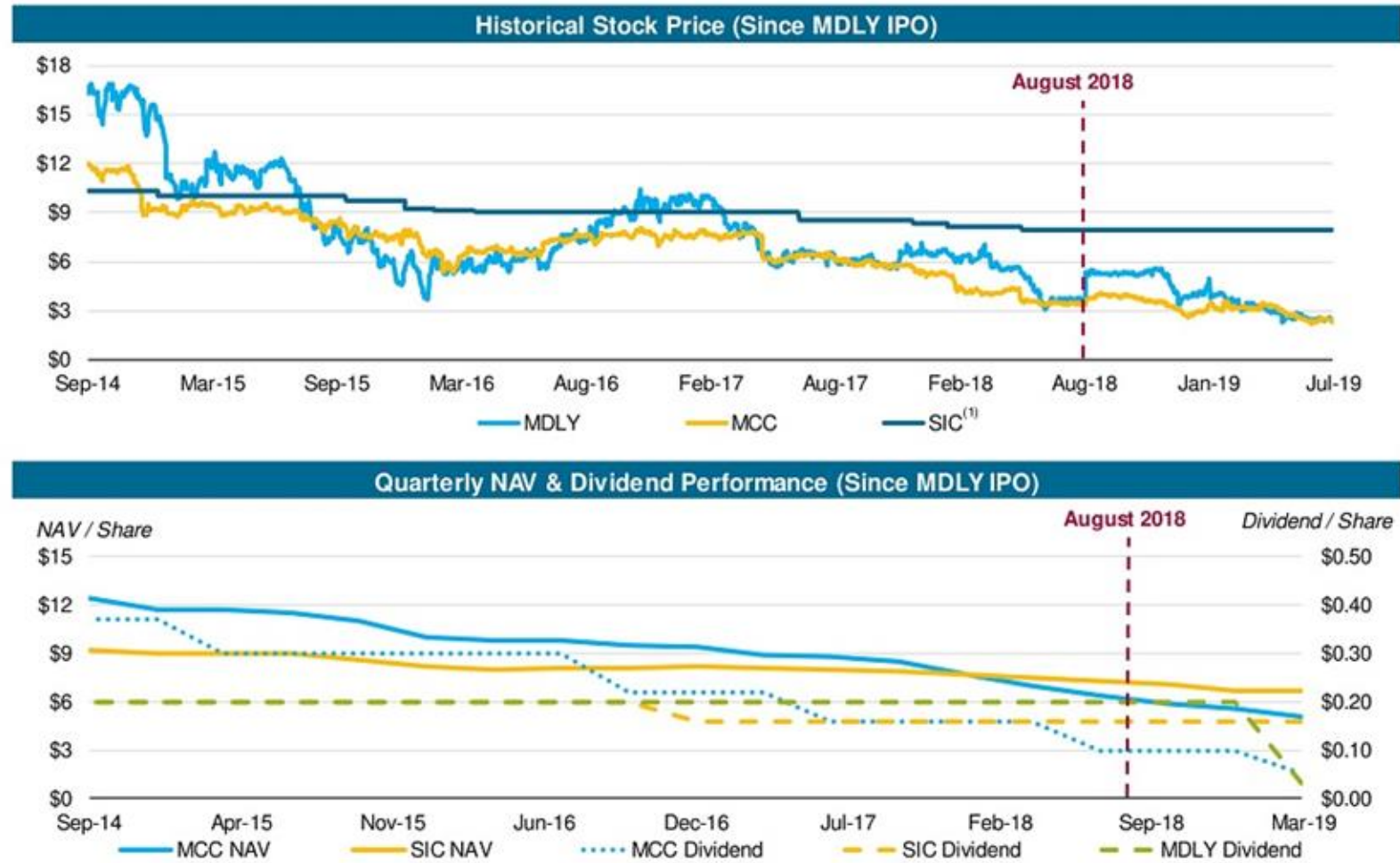
Source: FactSet, SNL Financial, Relevant company filings. Market data as of July 26, 2019.

Note: Bold indicates internally managed BDCs.

1. Pro forma total assets, based on transaction documents, for Golub Capital Investment Corp. / Golub Capital BDC combination announced on November 27, 2018. 2. Per MDLY Management. Pro Forma SIC total assets estimated as follows: SIC assets of \$1,013mm + MCC assets of \$696mm + MDLY assets of \$129mm - \$82mm transaction adjustments = Pro Forma SIC assets of \$1,755mm.



Historical Performance by Entity



MDLY Valuation Analysis (combination with SIC and MCC)



MDLY Historical and Projected Income Statement (combination with MCC and MDLY) ⁽¹⁾

| Historical and Forecasted P&L | | | | | | |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| (\$ in millions) | 2017A | 2018A | 2019E | 2020E | 2021E | 2022E |
| Revenue | | | | | | |
| MCC | \$17.3 | \$13.5 | \$10.5 | \$9.5 | \$10.5 | \$11.0 |
| SIC | 21.2 | 19.0 | 18.3 | 21.5 | 26.3 | 30.0 |
| Other | 12.4 | 14.2 | 14.4 | 20.1 | 27.7 | 37.3 |
| Base Management Fees | \$50.9 | \$46.6 | \$43.1 | \$51.1 | \$64.5 | \$78.3 |
| Origination Fees | 2.3 | 0.5 | 1.8 | 1.8 | 2.5 | 2.3 |
| Incentive Fees | 4.9 | 0.0 | 5.5 | 13.2 | 17.8 | 27.4 |
| Performance Fees | (1.7) | 0.1 | 0.5 | 1.0 | 1.8 | 2.4 |
| Other Revenue and Fees | 9.5 | 10.7 | 10.9 | 10.9 | 10.9 | 10.9 |
| Total Revenue | \$65.8 | \$58.0 | \$61.9 | \$78.1 | \$97.5 | \$121.2 |
| Revenue Growth | | (11.9%) | 6.7% | 26.1% | 24.9% | 24.3% |
| Expenses | | | | | | |
| Compensation & Benefits | \$24.7 | \$28.0 | \$23.0 | \$28.9 | \$34.6 | \$43.0 |
| Investment Expense (Income) | (2.4) | 0.1 | (0.7) | (0.7) | (0.7) | (0.7) |
| G&A and Other | 9.8 | 15.3 | 12.0 | 12.4 | 12.9 | 13.8 |
| NCI | 4.4 | 2.0 | 0.2 | 0.9 | 2.2 | 4.4 |
| Total Expenses | \$36.4 | \$45.4 | \$34.5 | \$41.5 | \$49.0 | \$60.5 |
| Core EBITDA | \$29.4 | \$12.6 | \$27.4 | \$36.6 | \$48.5 | \$60.7 |
| EBITDA Margin | 44.7% | 21.8% | 44.3% | 46.9% | 49.7% | 50.1% |
| D&A | (\$0.9) | (\$0.8) | (\$0.7) | (\$0.7) | (\$0.7) | (\$0.7) |
| Interest Expense | (11.9) | (10.8) | (10.8) | (10.8) | (10.8) | (10.8) |
| Other | 1.1 | 0.6 | 0.0 | 0.0 | 0.0 | 0.0 |
| Pre-Tax Income | 17.8 | \$1.6 | \$15.9 | \$25.1 | \$37.0 | \$49.2 |
| Taxes | (2.2) | (1.8) | (1.8) | (2.4) | (3.6) | (4.8) |
| Core Net Income | \$15.5 | (\$0.1) | \$14.1 | \$22.7 | \$33.4 | 44.4 |
| Fee Earning AUM | \$3,158 | \$2,785 | \$2,841 | \$3,631 | \$4,613 | \$5,467 |
| AUM Growth | | (11.8%) | 2.0% | 27.8% | 27.1% | 18.5% |

Source: Files uploaded to the Integrate ShareVault virtual dataroom 2.5.3 Financials; Strategy - Management Plan.
 1. Assumes MDLY continues to manage MCC and SIC.

Analysis of Proposed Consideration (combination with MCC and MDLY)

Value to MDLY shareholders is dependent upon the Price to NAV valuation of Pro Forma SIC

| Valuation at Various Pro Forma SIC Assumed NAV Multiples | | | | | | | |
|--|----------|----------------------|----------------|----------------|----------------|----------------|------------------------------|
| | Metric | 0.46x ⁽⁶⁾ | 0.60x | 0.70x | 0.80x | 0.90x | 1.00x ⁽⁷⁾ |
| Implied SIC NAV per Share | | \$3.02 | \$3.95 | \$4.61 | \$5.27 | \$5.93 | \$6.59 |
| PF SIC NAV per Share ⁽¹⁾ | \$6.59 | | | | | | |
| MDLY ⁽²⁾ | | | | | | | |
| To MDLY | | | | | | | |
| Stock Consideration | | \$0.84 | \$1.11 | \$1.29 | \$1.47 | \$1.66 | \$1.84 |
| Cash Consideration | | 2.38 | 2.38 | 2.38 | 2.38 | 2.38 | 2.38 |
| Total Consideration per Share | | \$3.22 | \$3.49 | \$3.67 | \$3.85 | \$4.04 | \$4.22 |
| OW RSUs | | | | | | | |
| Stock Consideration | 0.7079 x | \$2.14 | 2.80 | 3.27 | 3.73 | 4.20 | 4.66 |
| Cash Consideration | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Consideration to Unvested RSUs | | \$2.14 | \$2.80 | \$3.27 | \$3.73 | \$4.20 | \$4.66 |
| OW LLCs | | | | | | | |
| Stock Consideration | 0.2072 x | \$0.63 | 0.82 | 0.96 | 1.09 | 1.23 | 1.37 |
| Cash Consideration | | 2.66 | 2.66 | 2.66 | 2.66 | 2.66 | 2.66 |
| Total Consideration to LLC Unitholders | | \$3.29 | \$3.48 | \$3.62 | \$3.75 | \$3.89 | \$4.03 |
| OW Class A | | | | | | | |
| Stock Consideration | 0.2668 x | 0.81 | 1.06 | 1.23 | 1.41 | 1.58 | 1.76 |
| Cash Consideration | | 2.96 | 2.96 | 2.96 | 2.96 | 2.96 | 2.96 |
| Total Consideration to Class A Shareholders | | \$3.77 | \$4.02 | \$4.19 | \$4.37 | \$4.54 | \$4.72 ⁽⁸⁾ |
| Premium / (Discount) for Class A Shareholders | | | | | | | |
| Current Share Price (July 26, 2019) | \$2.38 | 58.2% | 68.7% | 76.1% | 83.5% | 90.9% | 98.3% |
| 52-Week High (November 23, 2018) | 5.60 | (32.8%) | (28.3%) | (25.2%) | (22.0%) | (18.9%) | (15.7%) |
| 52-Week Low (May 17, 2019) | 2.33 | 61.6% | 72.3% | 79.9% | 87.4% | 95.0% | 102.5% |
| 90-Day VWAP | 2.60 | 45.0% | 54.6% | 61.4% | 68.2% | 75.0% | 81.7% |
| Implied Enterprise Value | | | | | | | |
| Equity Capitalization ⁽³⁾ | | \$113.4 | \$122.6 | \$129.1 | \$135.6 | \$142.0 | \$148.5 |
| Plus: Net Debt ⁽⁴⁾ | | 110.1 | 110.1 | 110.1 | 110.1 | 110.1 | 110.1 |
| Implied Enterprise Value | | \$223.5 | \$232.7 | \$239.2 | \$245.7 | \$252.1 | \$258.6 |
| Summary MDLY Valuation Metrics ⁽⁵⁾ | | | | | | | |
| 2019E P / E | \$14.1 | 8.0x | 8.7x | 9.1x | 9.6x | 10.1x | 10.5x |
| 2020E P / E | 22.7 | 5.0 | 5.4 | 5.7 | 6.0 | 6.3 | 6.5 |
| 2019E EV / EBITDA | 27.4 | 8.2 | 8.5 | 8.7 | 9.0 | 9.2 | 9.4 |
| 2020E EV / EBITDA | 36.6 | 6.1 | 6.4 | 6.5 | 6.7 | 6.9 | 7.1 |

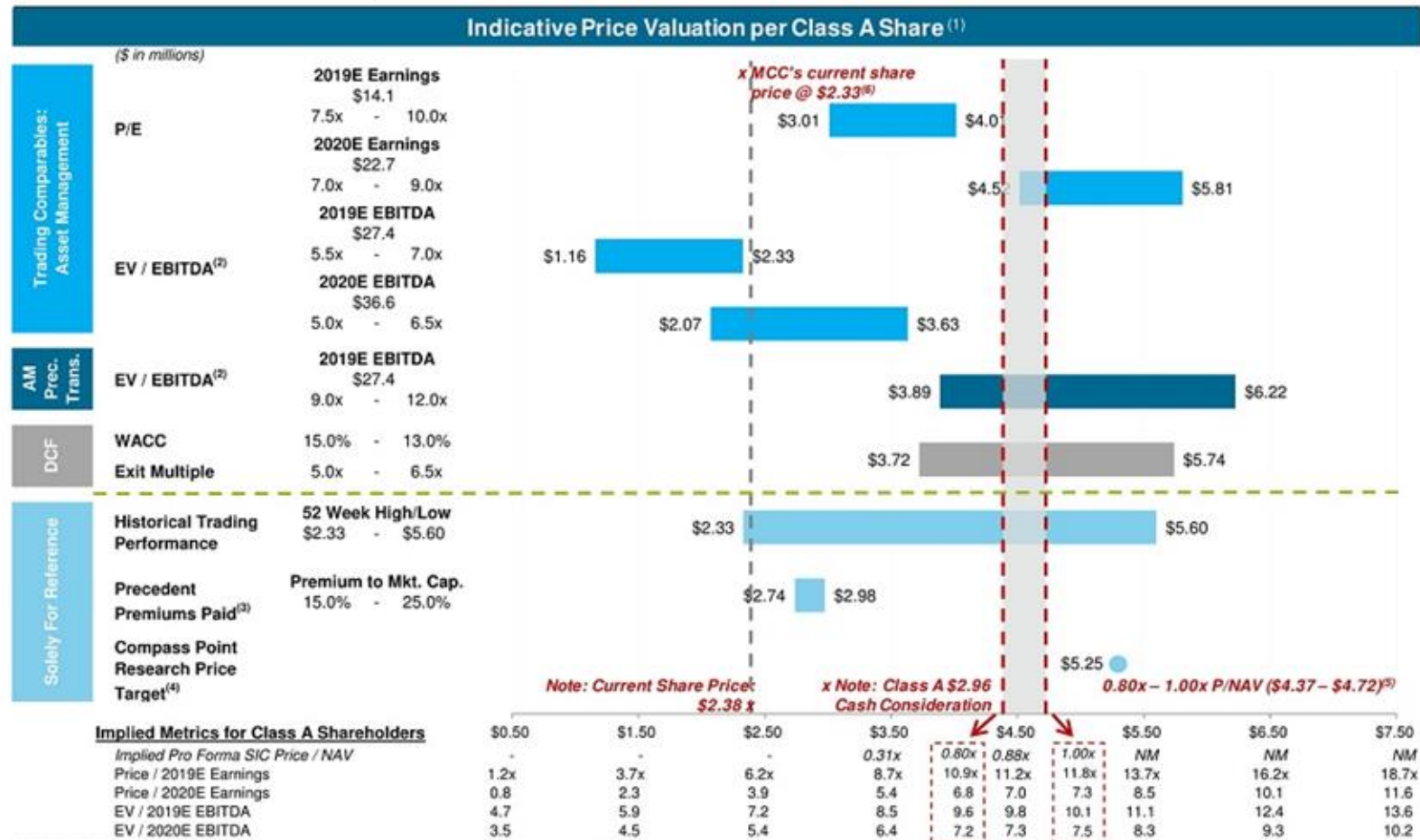
Source: Bloomberg, FactSet, Company Filings, MDLY Management estimates. Files uploaded to the Integrate ShareVault virtual dataroom 2.5.3 Financials; Strategy - Management Plan.

Note: Market data as of July 26, 2019. Financial data based on management estimates.

1. Total NAV of Pro Forma SIC (including MCC) is \$994mm per MDLY management.
2. Total consideration by type (stock, cash, and stock plus cash) received collectively by Class A Shareholders, LLC Unitholders, and Unvested RSU holders, divided by the number of Class A Shares Outstanding (5,960mm), plus the number of LLC Units (24,839mm), plus the number of RSUs (4,373mm).
3. Calculated as per share total consideration to Class A Shareholders times the number of Class A Shares Outstanding (5,960mm), plus per unit Total Consideration to LLC Unitholders times the number of LLC Units (24,839mm), plus per unit Total Consideration to Unvested RSUs times the number of units (4,373mm). Share counts per MDLY management.
4. Net debt calculated as follows: principal balance of debt outstanding of \$122.6mm - cash and equivalents of \$12.5mm = \$110.1mm.
5. Forward looking EBITDA and EPS estimates per MDLY Management forecasts posted to the Integrate ShareVault virtual data room.
6. Current Medley Capital Corporation P/NAV is 0.4580x.
7. Selected range of 0.80x - 1.00x Pro Forma SIC P / NAV multiples.
8. At 1.0x NAV, the total consideration per share to the Class A Shareholders is 69 cents greater than to the LLC Unitholders.



MDLY Valuation Summary per Class A Share (combination with MCC and MDLY)



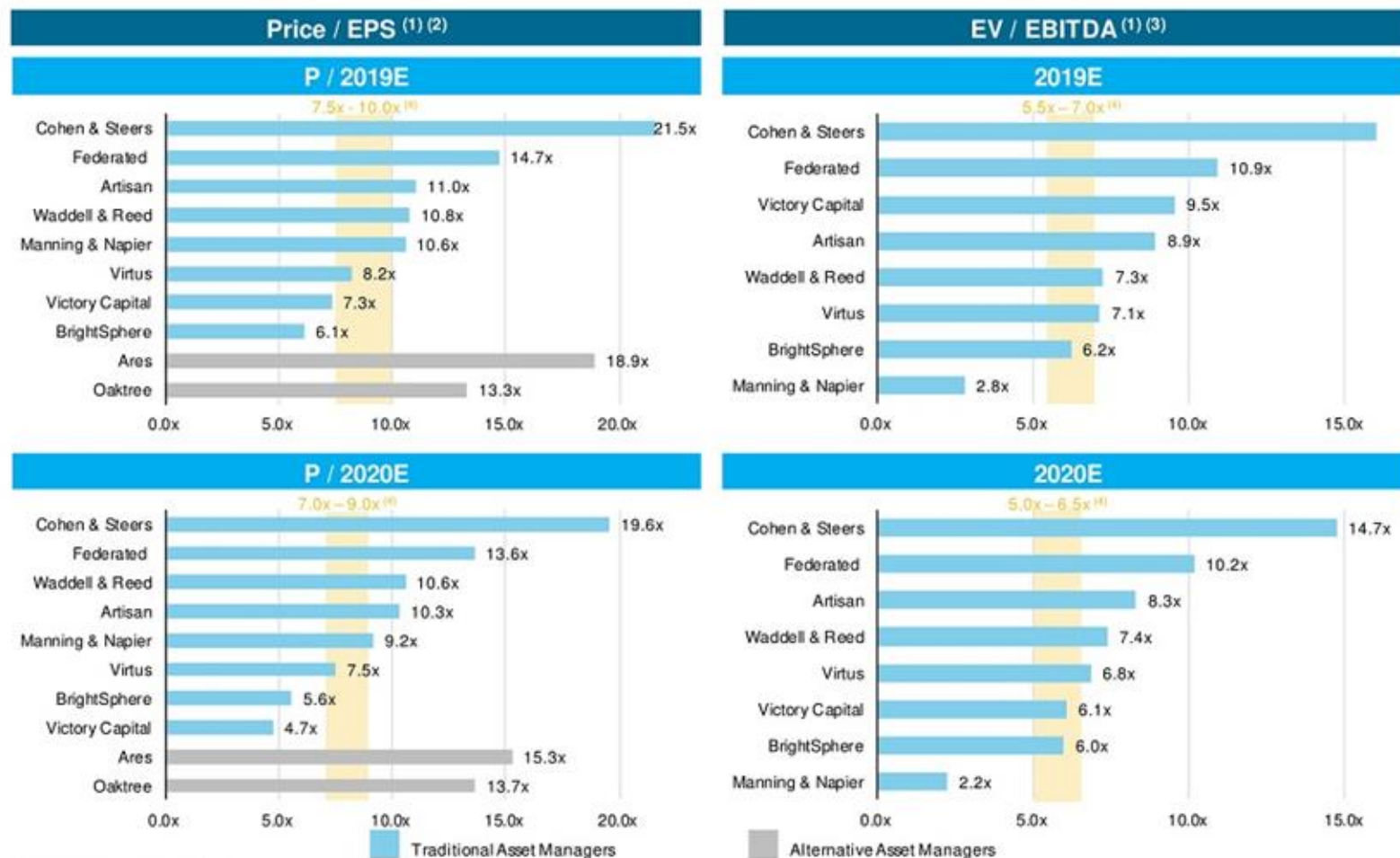
Source: MDLY Management estimates. Files uploaded to the Integrate ShareVault virtual dataroom 2.5.3 Financials; Strategy - Management Plan.

Notes: Market data as of July 26, 2019. Ranges determined based on lower quartile of trading comps. Compare to August 2018 presentation. Forward looking multiples use 2019E and 2020E figures, whereas August 2018 presentation utilized 2018E and 2019E.

1. Analysis presented on a per share basis. Per Medley management, assumes total MDLY shares (35.173mm), which includes Class A (5.960mm), LLC (24.839mm) and RSUs (4.373mm). 2. Net debt of \$110mm.

3. Based on deals between \$100 million and \$300 million where a premium was paid for deals completed between January 1, 2014 through June 28, 2019. August 2018 presentation encompassed January 1, 2014 through July 26, 2018. 4. Analyst price target from Compass Point Research (May 17, 2019). CS no longer covers the Company. 5. Selected range of 0.8x - 1.0x Pro Forma SIC P / NAV multiples. 6. MCC's current share price. MCC's current P/NAV is 0.4580x.

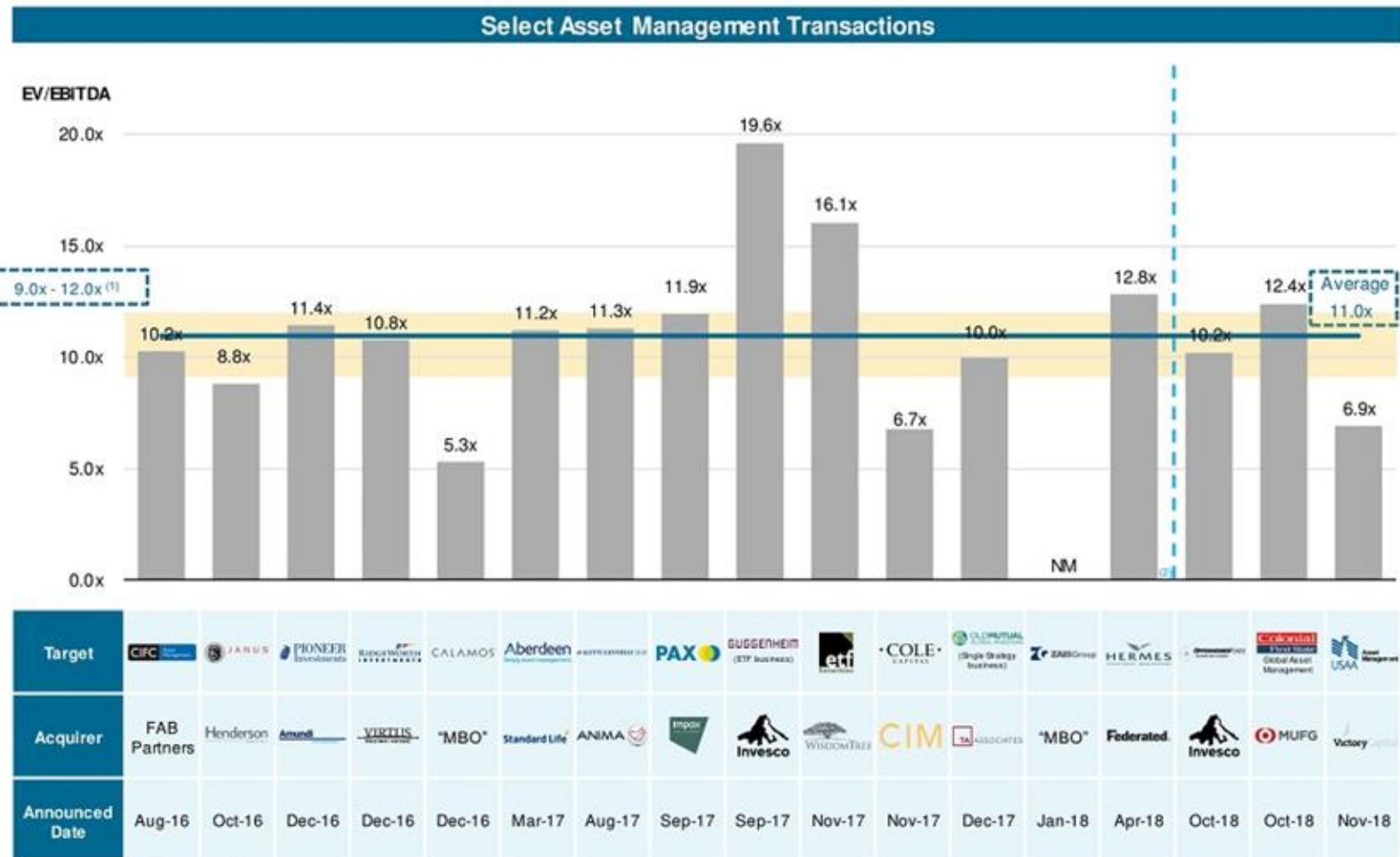
Select Trading Comparables: Asset Management



Sources: Relevant company filings, SNL Financial, FactSet and Bloomberg. Market data as of July 26, 2019. Financial data as of most recent quarter. Ranges determined based on lower quartile of trading comps. Pzena Investment Management removed from analysis due to discontinued analyst coverage and lack of available financial estimates.

1. MDLY multiples not shown due to limited coverage by equity analysts. As of July 26, 2019, the multiples for MDLY were as follows: P/2019E: 29.8x; P/2020E: not available; EV/2019E EBITDA: 12.1x; EV/2010E EBITDA: not available. 2. Multiples calculated based on calendarised year; multiples exclude one time / extraordinary expenses. 3. Enterprise value equal to market value, less cash & equivalents, plus long term debt, plus minority interest. EV / EBITDA multiples not shown for alternative asset managers. 4. Range used on page 8 in the valuation summary for the respective metric. Ranges determined based on lower quartile of trading comps.

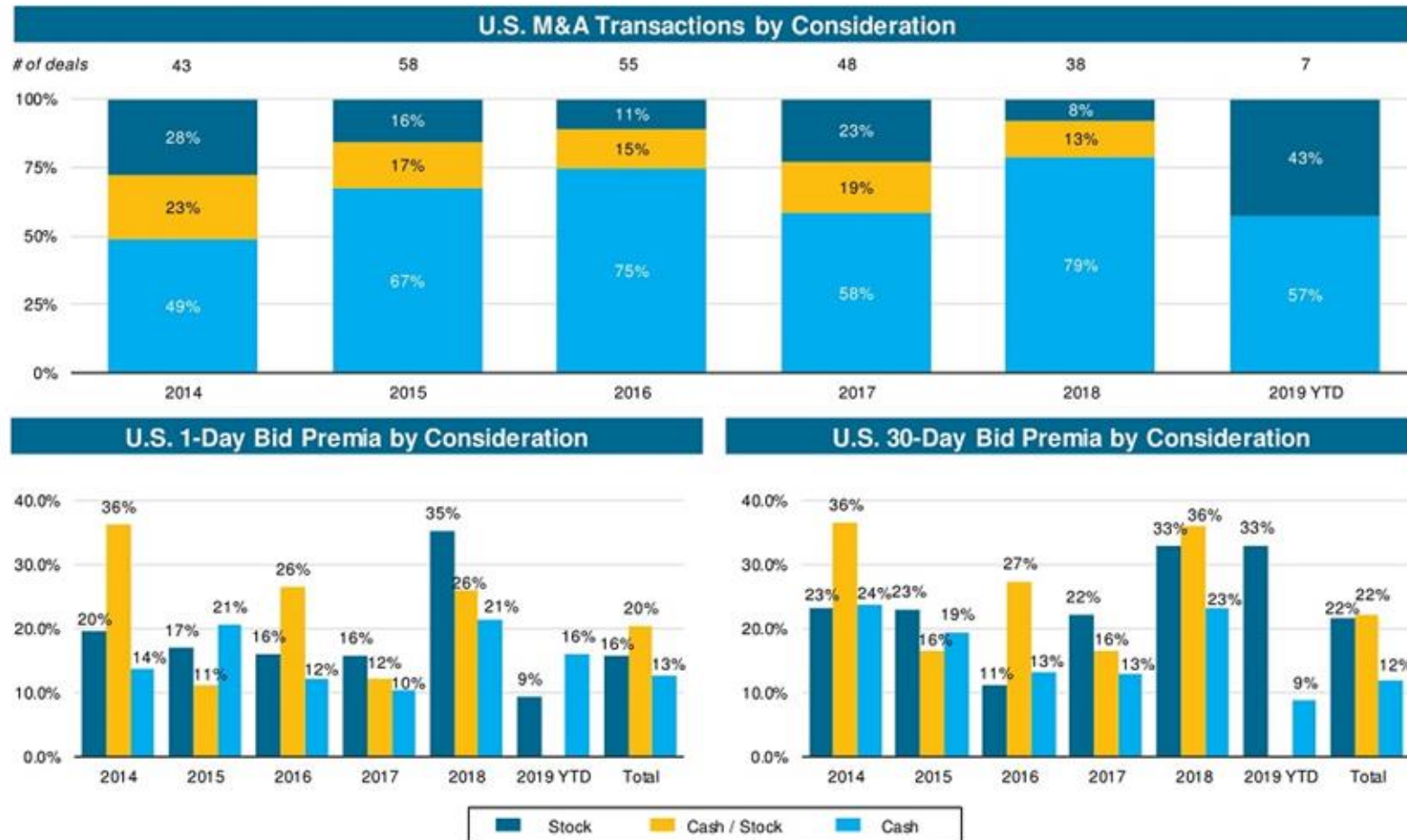
Select Precedent Transactions: Asset Management



Source: Relevant company filings, SNL Financial, FactSet.

1. Range used on page 8 in the valuation summary for the Asset Management precedent transactions. 2. Transactions added to analysis since August 2018 presentation: Oppenheimer Funds / Invesco; Colonial First State Global Asset Management / MUFG; USAA Asset Management / Victory Capital.

U.S. Precedent Transactions: Premium Analysis



Source: Dealogic. Note: Calculations exclude outlier premia in excess of 150%.
 Note: Includes deals between \$100 million and \$300 million where a premium was paid for deals completed between January 1, 2014 through June 26, 2019. August 2018 presentation encompassed January 1, 2014 through July 26, 2018.



MDLY: Discounted Cash Flow Analysis

Build of Free Cash Flow and Total Value⁽¹⁾

Free Cash Flow

(\$ in millions)

| | Historical Financials | | | Projected Financials ⁽²⁾ | | | |
|--|-----------------------|--------|--------|-------------------------------------|--------|--------|---------|
| | 2016A | 2017A | 2018A | 2019E | 2020E | 2021E | 2022E |
| Total Revenues | \$76.0 | \$65.8 | \$58.0 | \$61.9 | \$78.1 | \$97.5 | \$121.2 |
| EBITDA | \$38.5 | \$29.4 | \$12.6 | \$27.4 | \$36.6 | \$48.5 | \$60.7 |
| Less: Taxes ⁽³⁾ | | | | (9.1) | (12.1) | (16.1) | (20.1) |
| Less: Capital Expenditures ⁽⁴⁾ | | | | (0.2) | (0.2) | (0.2) | (0.2) |
| Less: Growth in Net Working Capital ⁽⁵⁾ | | | | 2.3 | (1.7) | (1.7) | (2.5) |
| Free Cash Flows | | | | \$20.5 | \$22.6 | \$30.5 | \$37.8 |

Sensitivities

| WACC | NPV of Cash Flows (2020-22) | Terminal Value: 2022 EV/EBITDA Multiple | | | Total EV: 2022 EV/EBITDA Multiple | | |
|-------|-----------------------------|---|-------|-------|-----------------------------------|-------|-------|
| | | 5.00x | 5.75x | 6.50x | 5.00x | 5.75x | 6.50x |
| 13.0% | \$70 | \$186 | \$214 | \$242 | \$256 | \$284 | \$312 |
| 14.0% | 69 | 180 | 207 | 234 | 248 | 275 | 302 |
| 15.0% | 68 | 173 | 199 | 226 | 241 | 267 | 293 |

| WACC | Implied TV Growth Rate at 2022 EV/EBITDA Multiples | | | Total Equity Value: 2022 EV/EBITDA Multiple | | | Total Eq. Value per Share: 2022 EV/EBITDA Multiple | | |
|-------|--|-------|-------|---|-------|-------|--|--------|--------|
| | 5.00x | 5.75x | 6.50x | 5.00x | 5.75x | 6.50x | 5.00x | 5.75x | 6.50x |
| 13.0% | 0.5% | 1.9% | 3.1% | \$146 | \$174 | \$202 | \$4.15 | \$4.95 | \$5.74 |
| 14.0% | 1.4% | 2.8% | 4.0% | 138 | 165 | 192 | \$3.93 | \$4.70 | \$5.47 |
| 15.0% | 2.2% | 3.7% | 4.9% | 131 | 157 | 183 | \$3.72 | \$4.46 | \$5.20 |

Sources: MDLY Management estimates. Files uploaded to the Integrate ShareVault virtual dataroom 2.5.3 Financials; Strategy - Management Plan.
Note: See appendix for WACC calculation detail.

1. Unlevered FCF analysis.
2. Projected financials provided by MDLY Management and revised since August 2018 presentation.
3. Taxes calculated and used only for DCF purposes.
4. Management assumption: \$150k per year, primarily related to technology.
5. Management assumption: Net working capital equal to 25 – 30% (shown as 27.5%) of annual operating expenses.

MDLY: Discounted Cash Flow Analysis Sensitivity

Total Equity Value Per Share Sensitizing FPAUM CAGR and EBITDA Margin

| | | Fee Paying AUM CAGR (2018A-2022E) | | | | |
|---------------|-----|-----------------------------------|--------|--------|--------|--------|
| | | 0% | 5% | 10% | 15% | 20% |
| EBITDA Margin | 30% | (\$0.34) | \$0.10 | \$0.61 | \$1.18 | \$1.83 |
| | 35% | \$0.11 | \$0.63 | \$1.23 | \$1.90 | \$2.67 |
| | 40% | \$0.56 | \$1.16 | \$1.85 | \$2.63 | \$3.50 |
| | 45% | \$1.01 | \$1.69 | \$2.47 | \$3.35 | \$4.34 |
| | 50% | \$1.46 | \$2.22 | \$3.09 | \$4.07 | \$5.17 |

- For 2022E, management projects year over year growth in fee-paying AUM of 18.5% and an EBITDA margin of 50.1%
- Sensitivity table for reference only, ranges are illustrative. Sensitivity analysis not incorporated elsewhere in Barclays analysis.

Sources: MDLY Management estimates. Files uploaded to the Integrate ShareVault virtual dataroom: 2.5.3 Financials; Strategy - Management Plan.

Note: Assumes WACC constant at 14.0% and terminal value of 5.75x 2022 EBITDA.

Management's projections (page 6) show a fee-paying AUM CAGR of ~18% (2018-2022E) and an average EBITDA margin of ~48% (2019E-2022E).



SIC Pro Forma Analysis (combination with MCC and MDLY)



MCC and SIC Historical and Projected Financial Data

| Historical and Forecasted P&L – MCC | | | | | | |
|-------------------------------------|---------------|---------------|----------------|---------------|---------------|----------------|
| (\$ in millions) | 2017A | 2018A | 2019E | 2020E | 2021E | 2022E |
| Investment Income | \$90.8 | \$60.4 | \$46.6 | \$55.6 | \$65.6 | \$69.8 |
| Expenses | | | | | | |
| Management Fees | \$17.3 | \$13.8 | \$10.5 | \$9.5 | \$10.5 | \$17.0 |
| Interest Expenses | 30.4 | 27.2 | 22.2 | 17.9 | 21.0 | 20.9 |
| G&A | 9.7 | 12.4 | 21.1 | 9.4 | 9.4 | 9.4 |
| Total Expenses | \$57.4 | \$53.4 | \$53.8 | \$36.7 | \$40.8 | \$47.3 |
| Net Investment Income | \$33.4 | \$7.0 | (\$7.2) | \$18.9 | \$24.9 | \$22.5 |
| Growth | (31.2%) | (79.1%) | (203.5%) | (361.2%) | 31.5% | (9.6%) |
| AUM | \$835.9 | \$714.5 | \$535.0 | \$575.7 | \$611.4 | \$638.2 |
| Growth | (8.9%) | (14.5%) | (25.1%) | 7.6% | 6.2% | 4.4% |
| NAV | 419.8 | 305.7 | 287.9 | 293.4 | 296.4 | 297.1 |
| Growth | (17.9%) | (27.2%) | (5.8%) | 1.9% | 1.0% | 0.2% |
| Historical and Forecasted P&L – SIC | | | | | | |
| (\$ in millions) | 2017A | 2018A | 2019E | 2020E | 2021E | 2022E |
| Investment Income | \$107.2 | \$97.2 | \$96.6 | \$122.5 | \$153.4 | \$175.8 |
| Expenses | | | | | | |
| Management Fees | \$25.9 | \$19.0 | \$23.6 | \$33.9 | \$42.2 | \$47.9 |
| Interest Expenses | 18.3 | 21.4 | 21.6 | 27.2 | 37.0 | 45.0 |
| G&A | 8.3 | 10.5 | 8.9 | 9.6 | 10.4 | 11.3 |
| Total | \$52.5 | \$50.9 | \$54.1 | \$70.7 | \$89.6 | \$104.2 |
| Net Investment Income | \$54.7 | \$46.3 | \$42.5 | \$51.7 | \$63.8 | \$71.7 |
| Growth | (8.8%) | (15.3%) | (8.1%) | 21.7% | 23.2% | 12.4% |
| AUM | \$1,064.1 | \$1,033.1 | \$1,097.7 | \$1,319.0 | \$1,606.3 | \$1,771.7 |
| Growth | 5.8% | (2.9%) | 6.2% | 20.2% | 21.8% | 10.3% |
| NAV | 740.0 | 662.1 | 666.3 | 722.6 | 777.9 | 836.3 |
| Growth | (4.3%) | (10.5%) | 0.6% | 8.5% | 7.7% | 7.5% |

Sources: Company filings. Files uploaded to the Integrate ShareVault virtual dataroom: 6.1.38 Vehicle Financials – MCC; 6.2.8 Vehicle Financials – SIC.

Pro Forma SIC Financial Information (combination with MCC and MDLY)

| Pro Forma SIC P&L (Year Ending December 31) | | | | | |
|---|-----------------------------------|----------------|----------------|----------------|----------------|
| | (\$ in millions) | 2019E | 2020E | 2021E | 2022E |
| MDLY P&L | MDLY | | | | |
| | MDLY Pre-Tax Net Income | \$15.9 | \$25.1 | \$37.0 | \$49.2 |
| | (-) Step-Up Amortization | (15.2) | (15.2) | (15.2) | (15.2) |
| | MDLY Taxable Net Income | \$0.7 | \$9.9 | \$21.7 | \$34.0 |
| | (-) Tax Expense | (0.2) | (3.3) | (7.2) | (11.3) |
| | (+) Step-Up Amortization | 15.2 | 15.2 | 15.2 | 15.2 |
| | (-) TRA Payments | 0.0 | 0.0 | 0.0 | 0.0 |
| | MDLY After-Tax Net Income | \$15.7 | \$21.8 | \$29.7 | \$37.9 |
| Pro Forma SIC P&L | Pro Forma SIC P&L | | | | |
| | SIC NII | \$42.5 | \$51.7 | \$63.8 | \$71.7 |
| | (+) MCC NII | (7.2) | 18.9 | 24.9 | 22.5 |
| | (+) MDLY NI | 15.7 | 21.8 | 29.7 | 37.9 |
| | (+) Synergies | 6.8 | 6.8 | 6.8 | 6.8 |
| | (-) Incremental Compensation | (5.3) | (5.3) | (5.3) | (5.3) |
| | (-) Incremental Insurance Expense | (3.0) | (3.0) | (2.6) | (2.3) |
| | PF SIC NII | \$49.5 | \$90.9 | \$117.2 | \$131.2 |
| | NII / Share | \$0.33 | \$0.57 | \$0.71 | \$0.76 |
| | NAV | \$1,003 | \$1,064 | \$1,123 | \$1,182 |
| | NAV / Share | \$6.63 | \$6.71 | \$6.76 | \$6.82 |
| | SIC Shares | 99.813 | 107.237 | 114.621 | 121.957 |
| | Shares Issued to MCC | 41.517 | 41.517 | 41.517 | 41.517 |
| | Shares Issued to MDLY | 9.831 | 9.831 | 9.831 | 9.831 |
| | PF SIC Shares Outstanding | 151.161 | 158.584 | 165.969 | 173.305 |

Sources: MDLY Management estimates. Files uploaded to the Integrate ShareVault virtual dataroom: 2.5.3 Financials; Strategy - Management Plan; 6.1.38 Vehicle Financials - MCC; 6.2.8 Vehicle Financials - SIC.

Merger Analysis – Pro Forma NAV as of Q1 2019 (combination with MCC and MDLY)

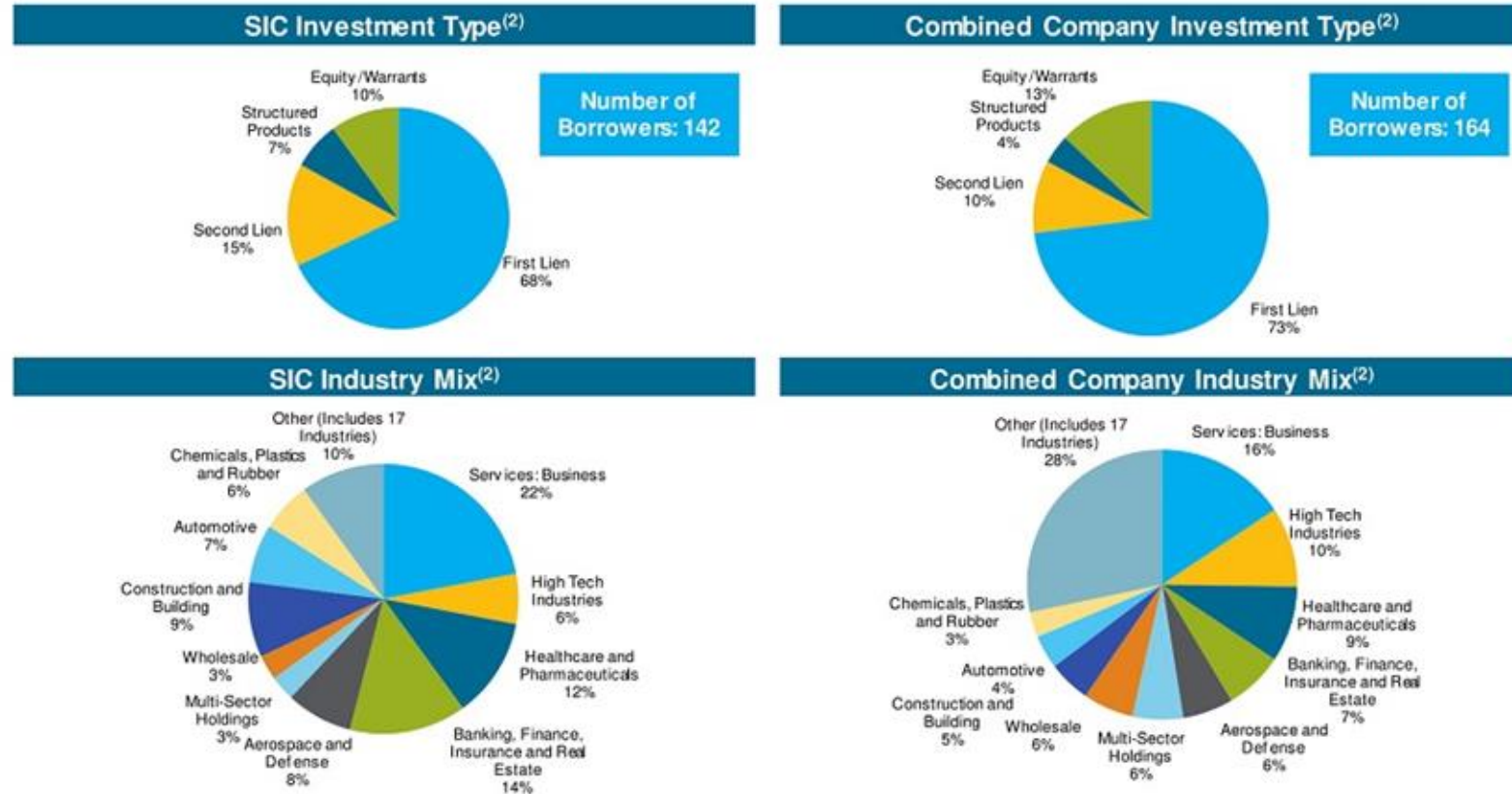
| Pro Forma Fully Diluted Shares Outstanding (mm) | 3/31/2019 |
|---|------------------|
| SIC shares outstanding | 99.5 |
| Issued to MCC | 37.0 |
| Issued to MDLY ⁽¹⁾ | 9.8 |
| Issued to MCC shareholders in relation to settlement ⁽²⁾ | 4.5 |
| Pro forma shares outstanding | 150.8 |
| Net Asset Value per Share Accretion / Dilution (\$mm) | 3/31/2019 |
| SIC net asset value | \$667.4 |
| MCC net asset value | 248.5 |
| MDLY net asset value | 44.6 |
| Stock settlement expense | 30.0 |
| Integrate insurance expense recovery | 8.5 |
| Estimated net plaintiff fees | (5.0) |
| Pro forma adjusted net asset value | 994.0 |
| Pro forma net asset value per share | \$6.59 |
| Standalone SIC net asset value per share | 6.71 |

Source: MDLY Management forecasts. Shares in millions except per share metrics. 1. Fully diluted, includes RSUs. 2. Per MDLY management.



Asset Mix and Industry Diversification (combination with MCC and MDLY)

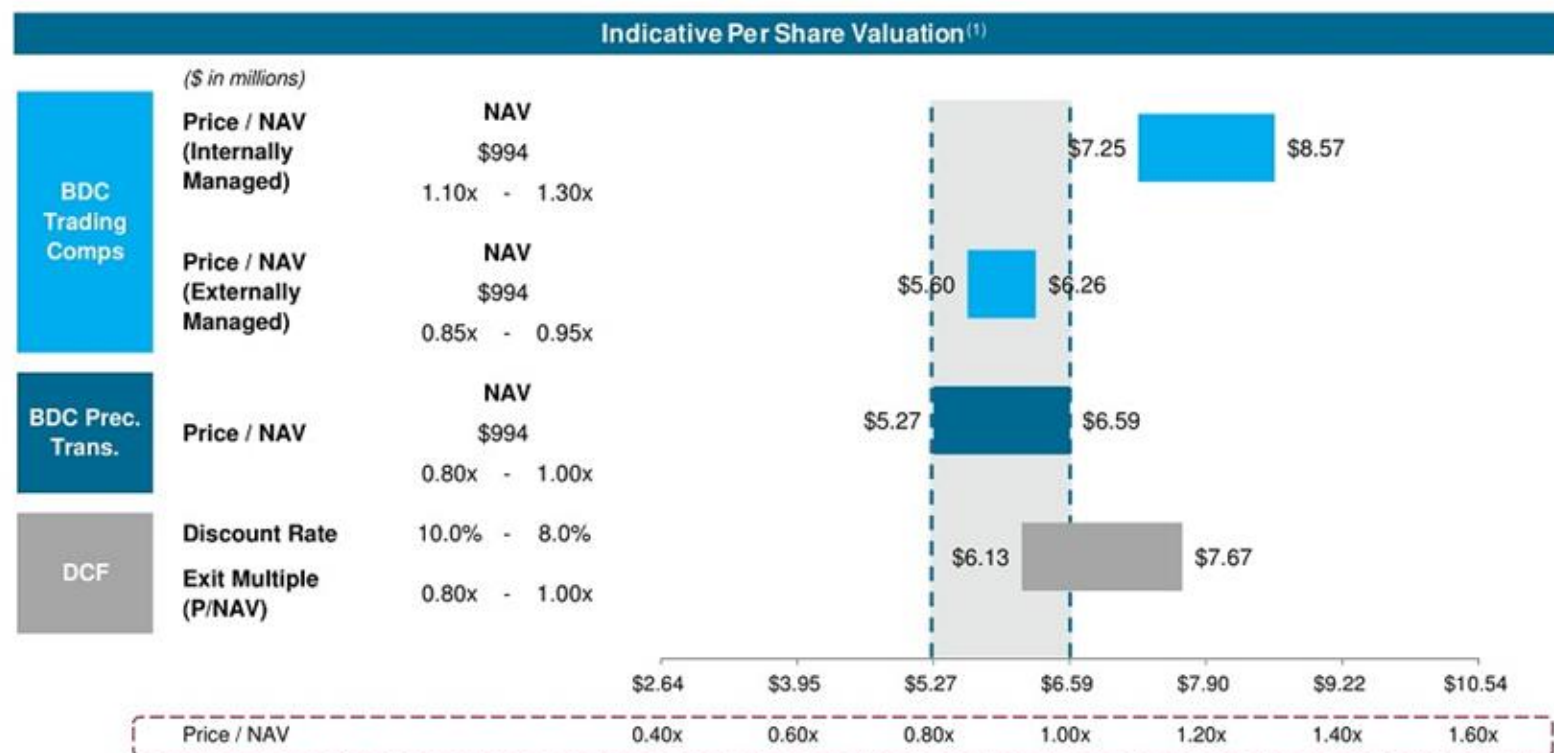
The Pro Forma Combined Company⁽¹⁾ is more diversified with a comparable asset mix



Source: Medley management, MCC filings, Sierra filings.
Note: Portfolio data as of March 31, 2019.

1. Combined Company defined as the result of the Merger of MCC into Sierra and the acquisition of MDLY by Sierra; MDLY to operate as a subsidiary of Sierra. The portfolio data for the Combined Company refers to the combined portfolio of MCC and Sierra as though they were combined during the referenced period. The Combined Company excludes the value of the joint ventures which has an 87.5% economic exposure to the assets.
2. Based on fair market value and includes on-book and SLS JV portfolio.

Pro Forma SIC Valuation Summary (combination with MCC and MDLY)

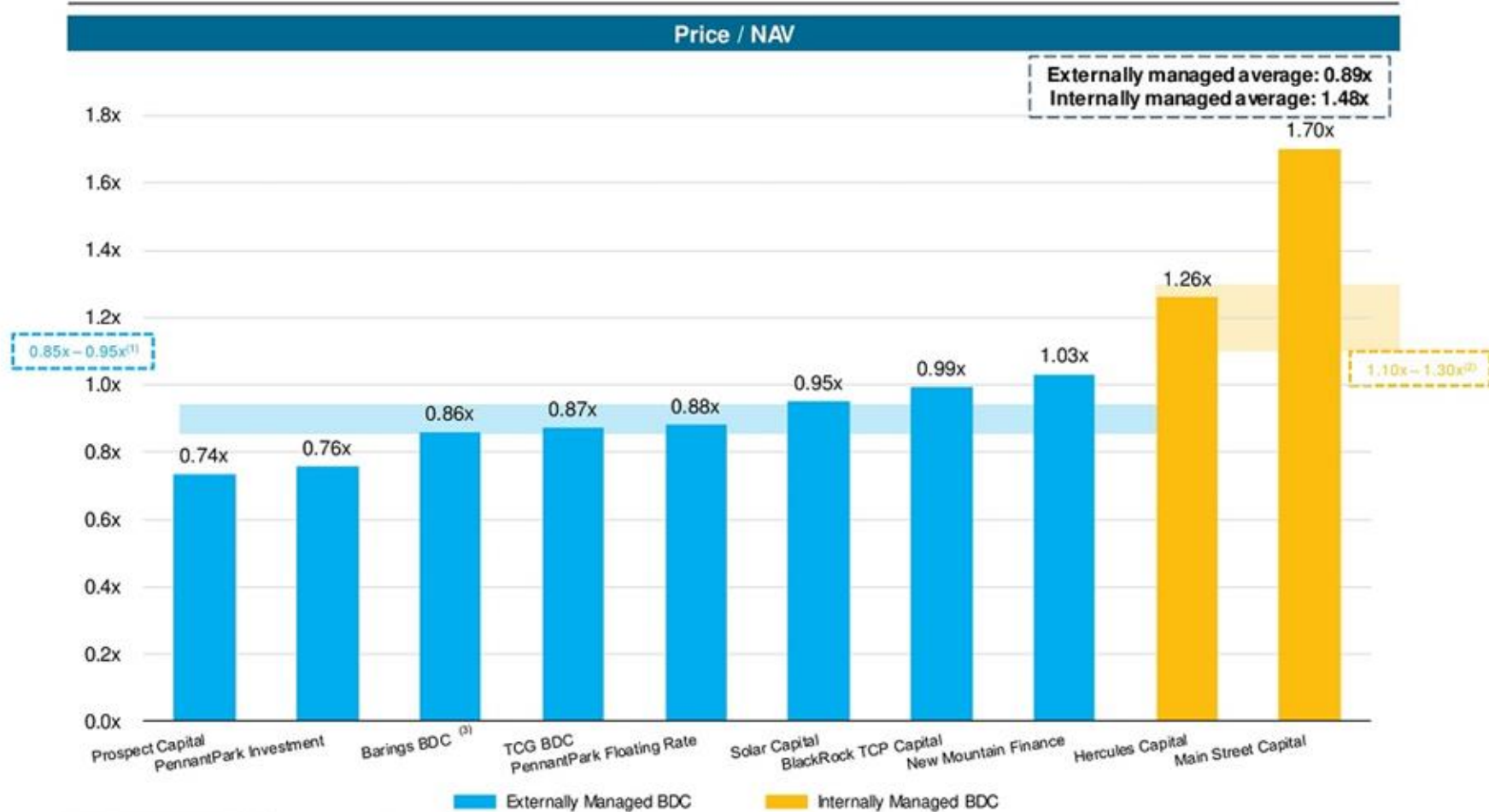


Sources: MDLY Management estimates. Files uploaded to the Integrate ShareVault virtual dataroom 6.1.38 Vehicle Financials - MCC.

Note: NAV per MDLY Management. Selected range represents 0.8x - 1.0x Pro Forma SIC P / NAV multiples.

1. Value to pro forma SIC shares, assumes ~151mm FDSO.

Select Trading Comparables: BDCs



Source: FactSet, SNL Financial, Relevant company filings. Note: Market data as of July 26, 2019.

Note: Includes select BDCs with assets greater than \$700mm.

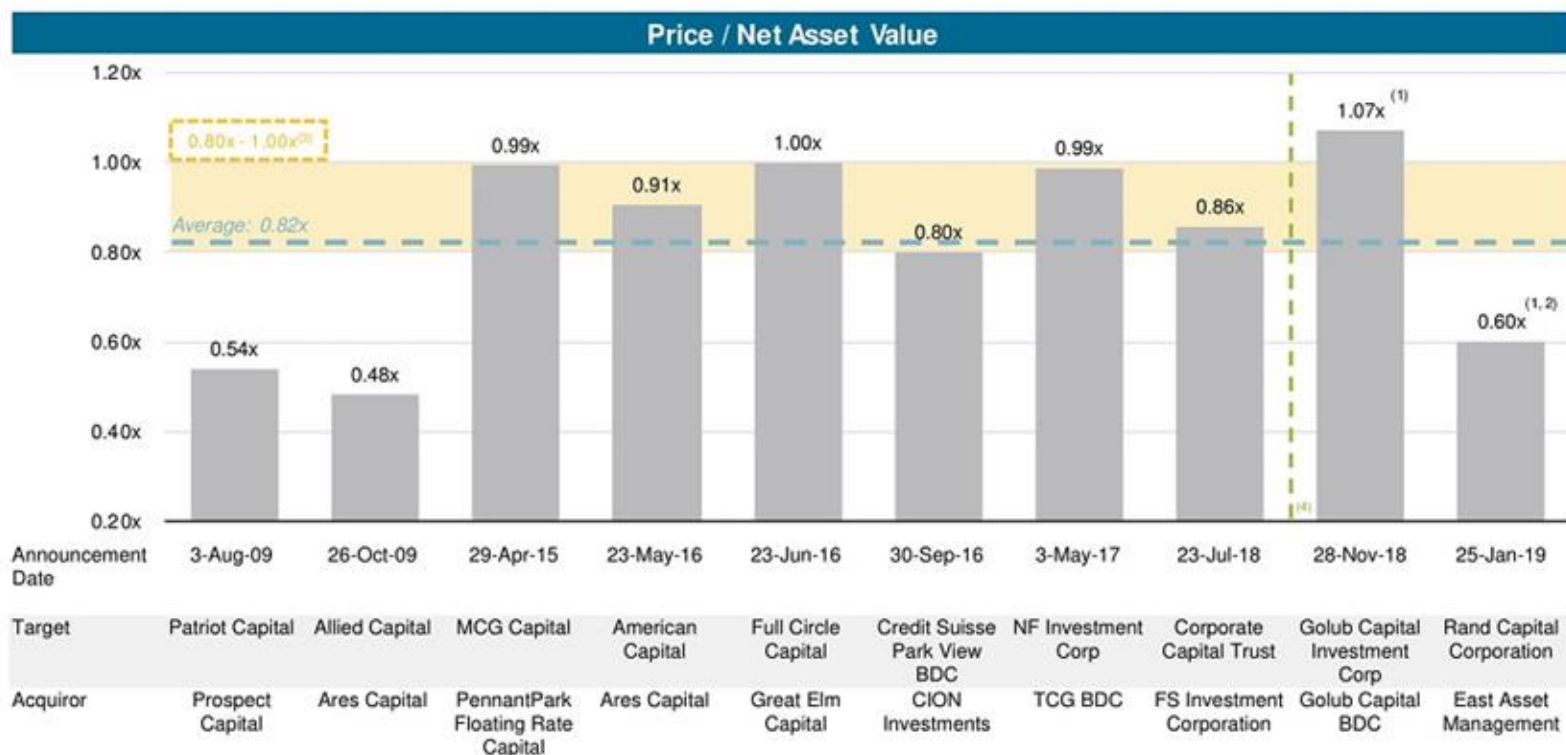
1. Range used on page 18 in the valuation summary for Externally Managed BDCs.

2. Range used on page 18 in the valuation summary for Internally Managed BDCs.

3. On April 4, 2018, Triangle Capital Corp. announced the sale of its investment portfolio to Benefit Street Partners, LLC and that it would become externally managed by Brings LLC. Effective August 2, 2018, the company changed its name from Triangle Capital Corporation to Barings BDC.



Select Precedent Transactions: BDCs



Source: Relevant company filings, SNL.

1. Based on transaction announcement documents, subject to change upon close.

2. East Asset Management will hold approximately 57% of shares outstanding following the share purchase.

3. Range used on page 18 in the valuation summary for BDC transactions multiples.

4. Transactions added to analysis since August 2018 presentation: Golub Capital Investment Corp. / Golub Capital BDC; Rand Capital Corporation / East Asset Management.



Pro Forma SIC: Discounted Cash Flow Analysis (combination with MCC and MDLY)

Build of Free Cash Flow and Total Value

(\$ in millions)

| | Projected Financials ⁽¹⁾ | | | |
|-------------------------------------|-------------------------------------|-----------|-----------|-----------|
| | 2019E | 2020E | 2021E | 2022E |
| Pro Forma SIC Net Investment Income | \$49.5 | \$90.9 | \$117.2 | \$131.2 |
| Pro Forma SIC Net Asset Value | \$1,002.5 | \$1,064.3 | \$1,122.7 | \$1,181.7 |

Equity Value Sensitivities

| Cost of Equity | NPV of Cash Flows (2020-22) | Terminal Value: 2022 P/NAV Multiple | | | Total Equity Value: 2022 P/NAV Multiple | | |
|----------------|-----------------------------|-------------------------------------|-------|-------|---|---------|---------|
| | | 0.80x | 0.90x | 1.00x | 0.80x | 0.90x | 1.00x |
| 8.0% | \$289 | \$695 | \$782 | \$869 | \$984 | \$1,071 | \$1,158 |
| 9.0% | 283 | 670 | 753 | 837 | 953 | 1,037 | 1,121 |
| 10.0% | 278 | 646 | 726 | 807 | 924 | 1,005 | 1,085 |

| Cost of Equity | Implied TV Growth Rate at 2022 P/NAV Multiples | | |
|----------------|--|--------|--------|
| | 0.80x | 0.90x | 1.00x |
| 8.0% | (5.2%) | (3.9%) | (2.8%) |
| 9.0% | (4.3%) | (3.0%) | (1.9%) |
| 10.0% | (3.4%) | (2.1%) | (1.0%) |

Sources: MDLY Management estimates. Files uploaded to the Integrate ShareVault virtual dataroom 6.1.38 Vehicle Financials - MCC.
1. Projected financials provided by MDLY Management and revised since August 2018 presentation.

MDLY Valuation Analysis (combination with SIC only)



MDLY Historical and Projected Income Statement (combination with SIC only) ⁽¹⁾

| Historical and Forecasted P&L | | | | | | |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| (\$ in millions) | 2017A | 2018A | 2019E | 2020E | 2021E | 2022E |
| Revenue | | | | | | |
| MCC ⁽²⁾ | \$17.3 | \$13.5 | \$9.3 | \$0.0 | \$0.0 | \$0.0 |
| SIC | 21.2 | 19.0 | 18.3 | 21.5 | 26.3 | 30.0 |
| Other | 12.4 | 14.2 | 14.4 | 20.1 | 27.7 | 37.3 |
| Base Management Fees | \$50.9 | \$46.6 | \$42.0 | \$41.6 | \$54.0 | \$67.2 |
| Origination Fees | 2.3 | 0.5 | 1.8 | 1.8 | 2.5 | 2.3 |
| Incentive Fees | 4.9 | 0.0 | 5.5 | 13.2 | 17.8 | 21.4 |
| Performance Fees | (1.7) | 0.1 | 0.5 | 1.0 | 1.8 | 2.4 |
| Other Revenue and Fees | 9.5 | 10.7 | 10.0 | 7.4 | 7.4 | 7.4 |
| Total Revenue | \$65.8 | \$58.0 | \$59.8 | \$65.1 | \$83.5 | \$100.7 |
| Revenue Growth | | (11.9%) | 3.2% | 8.7% | 28.4% | 20.5% |
| Expenses | | | | | | |
| Compensation & Benefits | \$24.7 | \$28.0 | \$20.8 | \$20.2 | \$25.9 | \$34.3 |
| Investment Expense (Income) | (2.4) | 0.1 | (0.7) | (0.7) | (0.7) | (0.7) |
| G&A and Other | 9.8 | 15.3 | 11.8 | 11.4 | 11.9 | 12.8 |
| NCI | 4.4 | 2.0 | 0.2 | 0.9 | 2.2 | 4.4 |
| Total Expenses | \$36.4 | \$45.4 | \$32.0 | \$31.7 | \$39.3 | \$50.8 |
| Core EBITDA | \$29.4 | \$12.6 | \$27.8 | \$33.3 | \$44.2 | \$49.9 |
| EBITDA Margin | 44.7% | 21.8% | 46.5% | 51.2% | 52.9% | 49.5% |
| D&A | (\$0.9) | (\$0.8) | (\$0.7) | (\$0.7) | (\$0.7) | (\$0.7) |
| Interest Expense | (11.9) | (10.8) | (10.8) | (10.8) | (10.8) | (10.8) |
| Other | 1.1 | 0.6 | 0.0 | 0.0 | 0.0 | 0.0 |
| Pre-Tax Income | 17.8 | \$1.6 | \$16.3 | \$21.8 | \$32.7 | \$38.4 |
| Taxes | (2.2) | (1.8) | (1.8) | (2.1) | (3.2) | (3.9) |
| Core Net Income | \$15.5 | (\$0.1) | \$14.5 | \$19.7 | \$29.5 | 34.5 |
| Fee Earning AUM | \$3,158 | \$2,785 | \$2,306 | \$3,055 | \$4,002 | \$4,829 |
| AUM Growth | | (11.8%) | (17.2%) | 32.5% | 31.0% | 20.7% |

Sources: MDLY Management estimates. Files and information received from MDLY Management on July 19 and 20, 2019.

1. Assuming MCC's merger with SIC does not close simultaneously with the MDLY and SIC merger and that MCC terminates its investment management contract with MDLY.

2. Per MDLY Management, MDLY and MCC's advisory contract would be expected to terminate in 4Q 2019; estimates show management's expected revenue for 1Q19E through 3Q19E for 2019E.



Analysis of Proposed Consideration (combination with SIC only)

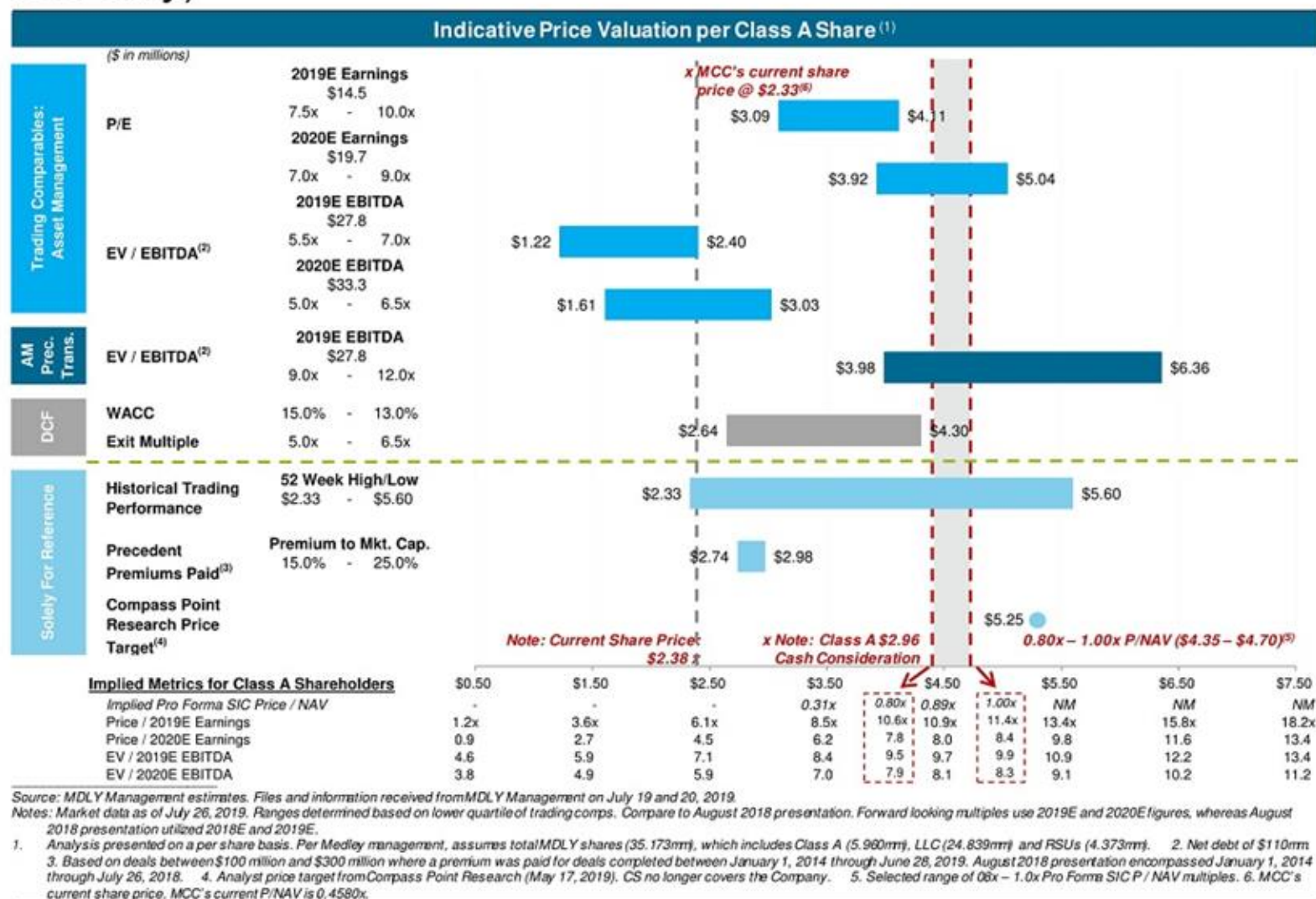
Value to MDLY shareholders is dependent upon the Price to NAV valuation of Pro Forma SIC ex MCC

| Valuation at Various Pro Forma SIC Assumed NAV Multiples | | | | | | | | |
|--|---|----------|----------------------|---------|---------|---------|---------|-----------------------|
| | | Metric | 0.46x ⁽⁶⁾ | 0.60x | 0.70x | 0.80x | 0.90x | 1.00x ⁽⁷⁾ |
| Implied SIC NAV per Share | | | \$2.98 | \$3.91 | \$4.56 | \$5.21 | \$5.86 | \$6.51 |
| PF SIC NAV per Share ⁽¹⁾ | | \$6.51 | | | | | | |
| To MDLY | MDLY ⁽²⁾ | | | | | | | |
| | Stock Consideration | | \$0.83 | \$1.09 | \$1.27 | \$1.46 | \$1.64 | \$1.82 |
| O/W RSUs | Cash Consideration | | 2.38 | 2.38 | 2.38 | 2.38 | 2.38 | 2.38 |
| | Total Consideration per Share | | \$3.21 | \$3.47 | \$3.65 | \$3.84 | \$4.02 | \$4.20 |
| O/W LLCs | Stock Consideration | 0.7079 x | \$2.11 | 2.77 | 3.23 | 3.69 | 4.15 | 4.61 |
| | Cash Consideration | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Total Consideration to Unvested RSUs | | \$2.11 | \$2.77 | \$3.23 | \$3.69 | \$4.15 | \$4.61 |
| O/W Class A | Stock Consideration | 0.2072 x | \$0.62 | 0.81 | 0.94 | 1.08 | 1.21 | 1.35 |
| | Cash Consideration | | 2.66 | 2.66 | 2.66 | 2.66 | 2.66 | 2.66 |
| | Total Consideration to LLC Unitholders | | \$3.28 | \$3.47 | \$3.60 | \$3.74 | \$3.87 | \$4.01 |
| O/W Class A | Stock Consideration | 0.2668 x | 0.80 | 1.04 | 1.22 | 1.39 | 1.56 | 1.74 |
| | Cash Consideration | | 2.96 | 2.96 | 2.96 | 2.96 | 2.96 | 2.96 |
| | Total Consideration to Class A Shareholders | | \$3.76 | \$4.00 | \$4.18 | \$4.35 | \$4.52 | \$4.70 ⁽⁸⁾ |
| Premium / (Discount) for Class A Shareholders | | | | | | | | |
| Current Share Price (July 26, 2019) | | \$2.38 | 57.8% | 68.2% | 75.5% | 82.8% | 90.1% | 97.4% |
| 52-Week High (November 23, 2018) | | 5.60 | (32.9%) | (28.5%) | (25.4%) | (22.3%) | (19.2%) | (16.1%) |
| 52-Week Low (May 17, 2019) | | 2.33 | 61.2% | 71.8% | 79.2% | 86.7% | 94.1% | 101.6% |
| 90-Day VWAP | | 2.60 | 44.7% | 54.2% | 60.8% | 67.5% | 74.2% | 80.9% |
| Implied Enterprise Value | | | | | | | | |
| Equity Capitalization ⁽³⁾ | | \$113.0 | \$122.1 | \$128.5 | \$134.9 | \$141.3 | \$147.7 | |
| Plus: Net Debt ⁽⁴⁾ | | 110.1 | 110.1 | 110.1 | 110.1 | 110.1 | 110.1 | |
| Implied Enterprise Value | | \$223.1 | \$232.2 | \$238.6 | \$245.0 | \$251.4 | \$257.8 | |
| Summary MDLY Valuation Metrics ⁽⁵⁾ | | | | | | | | |
| 2019E P / E | | \$14.5 | 7.8x | 8.4x | 8.9x | 9.3x | 9.8x | 10.2x |
| 2020E P / E | | 19.7 | 5.7 | 6.2 | 6.5 | 6.8 | 7.2 | 7.5 |
| 2019E EV / EBITDA | | 27.8 | 8.0 | 8.4 | 8.6 | 8.8 | 9.0 | 9.3 |
| 2020E EV / EBITDA | | 33.3 | 6.7 | 7.0 | 7.2 | 7.4 | 7.5 | 7.7 |

Source: Bloomberg, FactSet, Company Filings, MDLY Management estimates. Files and information received from MDLY Management on July 19 and 20, 2019. Financial data based on management estimates.

1. Total NAV of Pro Forma SIC (without MCC) is \$712mm per MDLY management.
2. Total consideration by type (stock, cash, and stock plus cash) received collectively by Class A Shareholders, LLC Unitholders, and Unvested RSU holders, divided by the number of Class A Shares Outstanding (5.960mm), plus the number of LLC Units (24.839mm), plus the number of RSUs (4.373mm).
3. Calculated as per share total consideration to Class A Shareholders times the number of Class A Shares Outstanding (5.960mm), plus per unit Total Consideration to LLC Unitholders times the number of LLC Units (24.839mm), plus per unit Total Consideration to Unvested RSUs times the number of units (4.373mm). Share counts per MDLY management.
4. Net debt calculated as follows: principal balance of debt outstanding of \$122.6mm, cash and equivalents of \$12.5mm = \$110.1mm.
5. Forward looking EBITDA and EPS estimates per MDLY Management forecasts posted to the Integrate ShareVault virtual data room.
6. Current Medley Capital Corporation P/NAV is 0.4580x.
7. Selected range of 0.80x – 1.00x Pro Forma SIC P / NAV multiples.
8. At 1.0x NAV, the total consideration per share to the Class A Shareholders is 69 cents greater than to the LLC Unitholders.

MDLY Valuation Summary per Class A Share (combination with SIC only)



MDLY (combination with SIC only): Discounted Cash Flow Analysis

Build of Free Cash Flow and Total Value

| | | | | | | | | |
|-----------------|--|-----------------------|---|--------|-------------------------------------|--|--------|---------|
| Free Cash Flow | (\$ in millions) | Historical Financials | | | Projected Financials ⁽¹⁾ | | | |
| | | 2016A | 2017A | 2018A | 2019E | 2020E | 2021E | 2022E |
| | Total Revenues | \$76.0 | \$65.8 | \$58.0 | \$59.8 | \$65.1 | \$83.5 | \$100.7 |
| | EBITDA | \$38.5 | \$29.4 | \$12.6 | \$27.8 | \$33.3 | \$44.2 | \$49.9 |
| | Less: Taxes ⁽²⁾ | | | | (9.2) | (11.1) | (14.7) | (16.6) |
| | Less: Capital Expenditures ⁽³⁾ | | | | (0.2) | (0.2) | (0.2) | (0.2) |
| | Less: Growth in Net Working Capital ⁽⁴⁾ | | | | 3.0 | 0.3 | (1.7) | (2.5) |
| Free Cash Flows | | | | | \$21.4 | \$22.4 | \$27.7 | \$30.6 |
| Sensitivities | NPV of Cash Flows (2020-22) | | Terminal Value: 2022 EV/EBITDA Multiple | | | Total EV: 2022 EV/EBITDA Multiple | | |
| | WACC | | 5.00x | 5.75x | 6.50x | 5.00x | 5.75x | 6.50x |
| | 13.0% | \$63 | \$153 | \$176 | \$199 | \$216 | \$239 | \$261 |
| | 14.0% | 62 | 148 | 170 | 192 | 209 | 231 | 254 |
| | 15.0% | 61 | 143 | 164 | 185 | 203 | 224 | 246 |
| | Implied TV Growth Rate at 2022 EV/EBITDA Multiples | | Total Equity Value: 2022 EV/EBITDA Multiple | | | Total Eq. Value Per Share: 2022 EV/EBITDA Multiple | | |
| | WACC | | 5.00x | 5.75x | 6.50x | 5.00x | 5.75x | 6.50x |
| | 13.0% | 0.6% | 2.1% | 3.2% | \$106 | \$128 | \$151 | \$3.00 |
| | 14.0% | 1.5% | 3.0% | 4.2% | 99 | 121 | 143 | \$2.82 |
| | 15.0% | 2.4% | 3.9% | 5.1% | 93 | 114 | 136 | \$2.64 |

Source: MDLY Management estimates. Files and information received from MDLY Management on July 19 and 20, 2019.
Note: See appendix for WACC calculation detail.

1. Projected financials provided by MDLY Management and revised since August 2018 presentation.

2. Taxes calculated and used only for DCF purposes.

3. Management assumption: \$150k per year, primarily related to technology.

4. Management assumption: Net working capital equal to 25 – 30% (shown as 27.5%) of annual operating expenses.

Pro Forma SIC Financial Information (combination with SIC only)

| Pro Forma SIC P&L (Year Ending December 31) | | | | | |
|---|-----------------------------------|----------------|----------------|----------------|----------------|
| | (\$ in millions) | 2019E | 2020E | 2021E | 2022E |
| MDLY P&L | MDLY | | | | |
| | MDLY Pre-Tax Net Income | \$16.3 | \$21.8 | \$32.7 | \$38.4 |
| | (-) Step-Up Amortization | (15.2) | (15.2) | (15.2) | (15.2) |
| | MDLY Taxable Net Income | \$1.1 | \$6.6 | \$17.5 | \$23.2 |
| | (-) Tax Expense | (0.4) | (2.2) | (5.8) | (7.7) |
| | (+) Step-Up Amortization | 15.2 | 15.2 | 15.2 | 15.2 |
| | (-) TRA Payments | 0.0 | 0.0 | 0.0 | 0.0 |
| | MDLY After-Tax Net Income | \$15.9 | \$19.6 | \$26.9 | \$30.7 |
| Pro Forma SIC P&L | Pro Forma SIC P&L | | | | |
| | SIC NII | \$42.5 | \$51.7 | \$63.8 | \$71.7 |
| | (+) MCC NII ⁽¹⁾ | (5.4) | 0.0 | 0.0 | 0.0 |
| | (+) MDLY NI | 15.9 | 19.6 | 26.9 | 30.7 |
| | (+) Synergies | 1.0 | 1.0 | 1.0 | 1.0 |
| | (-) Incremental Compensation | (5.3) | (5.3) | (5.3) | (5.3) |
| | (-) Incremental Insurance Expense | 0.0 | 0.0 | 0.0 | 0.0 |
| | PF SIC NII | \$48.7 | \$67.1 | \$86.4 | \$98.0 |
| | NII / Share | \$0.44 | \$0.57 | \$0.69 | \$0.74 |
| | NAV | \$711 | \$767 | \$822 | \$881 |
| | NAV / Share | \$6.48 | \$6.55 | \$6.61 | \$6.68 |
| | SIC Shares | 99.813 | 107.237 | 114.621 | 121.957 |
| | Shares Issued to MCC | 0.000 | 0.000 | 0.000 | 0.000 |
| | Shares Issued to MDLY | 9.831 | 9.831 | 9.831 | 9.831 |
| | PF SIC Shares Outstanding | 109.644 | 117.068 | 124.452 | 131.789 |

Source: MDLY Management estimates. Files and information received from MDLY Management on July 19 and 20, 2019.

1. Per MDLY Management, MDLY and MCC's advisory contract would be expected to terminate in 4Q 2019; we have assumed 75% of the full year MCC NII for 2019E.

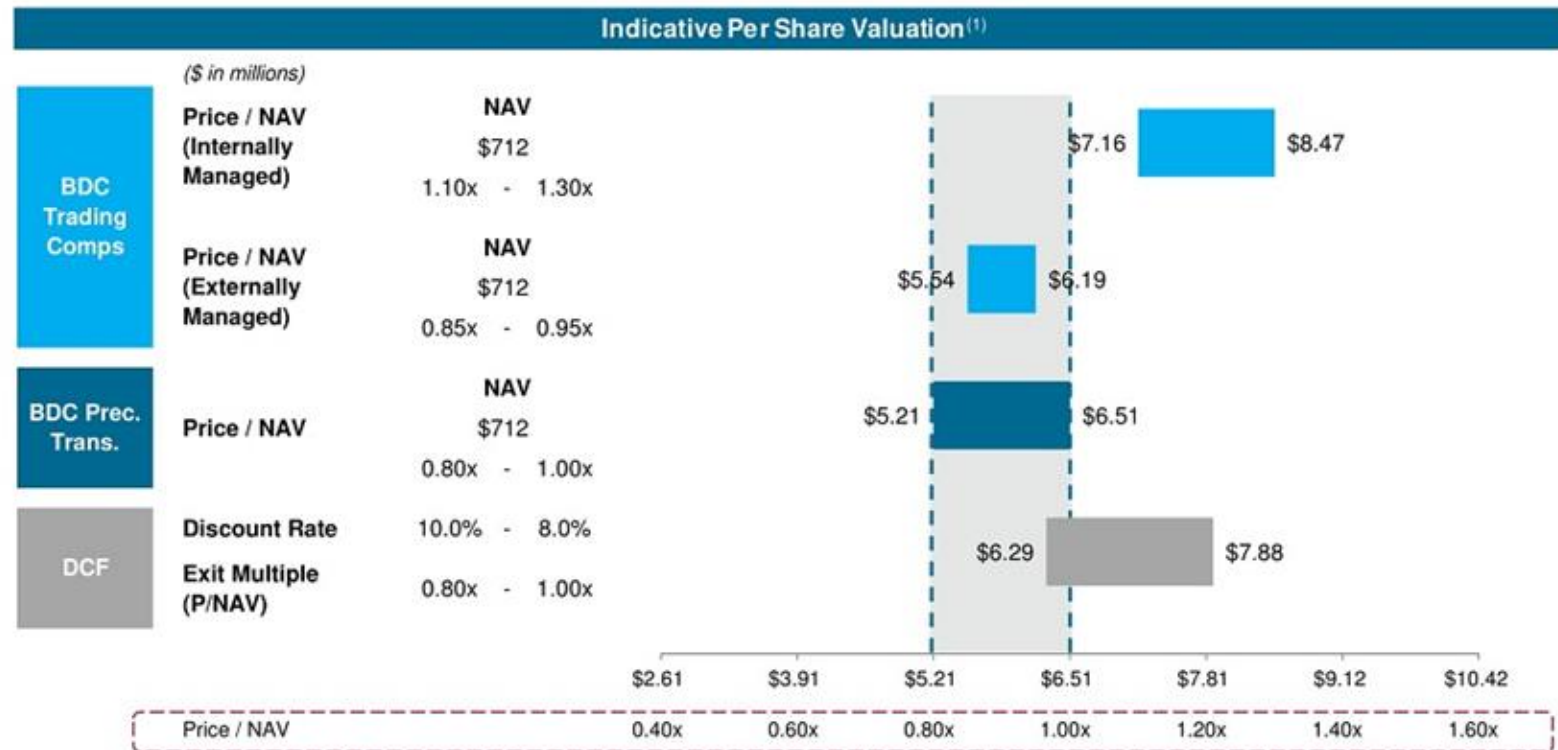
Merger Analysis – NAV as of Q1 2019 (combination with SIC only)

| Pro Forma Fully Diluted Shares Outstanding (mm) | 3/31/2019 |
|--|----------------------|
| SIC shares outstanding | 99.5 |
| Issued to MCC | 0.0 |
| Issued to MDLY ⁽¹⁾ | 9.8 |
| Issued to MCC shareholders in relation to settlement | 0.0 |
| Pro forma shares outstanding | 109.3 |
| Net Asset Value per Share Accretion / Dilution (\$mm) | 3/31/2019 |
| SIC net asset value | \$667.4 |
| MCC net asset value | 0.0 |
| MDLY net asset value | 44.6 |
| Stock settlement expense | 0.0 |
| Integrate insurance expense recovery | 0.0 |
| Estimated net plaintiff fees | 0.0 |
| Pro forma adjusted net asset value | 711.9 |
| Pro forma net asset value per share | \$6.51 |
| Standalone SIC net asset value per share | 6.71 |

Source: MDLY Management forecasts. Files and information received from MDLY Management on July 19 and 20, 2019. Shares in millions except per share metrics. 1. Fully diluted, includes RSUs.



Pro Forma SIC Valuation Summary (combination with SIC only)



Sources: MDLY Management estimates. Files and information received from MDLY Management on July 19 and 20, 2019.

Note: NAV per MDLY Management. Selected range represents 0.8x - 1.0x Pro Forma SIC P / NAV multiples.

1. Value to pro forma SIC shares, assumes ~109mm FDSO.

Pro Forma SIC: Discounted Cash Flow Analysis (combination with SIC only) ⁽¹⁾

Build of Free Cash Flow and Total Value

(\$ in millions)

| | Projected Financials ⁽¹⁾ | | | |
|--|-------------------------------------|---------|---------|---------|
| | 2019E | 2020E | 2021E | 2022E |
| Pro Forma SIC Net Investment Income ⁽²⁾ | \$48.7 | \$67.1 | \$86.4 | \$98.0 |
| Pro Forma SIC Net Asset Value | \$710.8 | \$767.1 | \$822.4 | \$880.8 |

Equity Value Sensitivities

| Cost of Equity | NPV of Cash Flows (2020-22) | Terminal Value: 2022 P/NAV Multiple | | | Total Equity Value: 2022 P/NAV Multiple | | |
|----------------|-----------------------------|-------------------------------------|-------|-------|---|-------|-------|
| | | 0.80x | 0.90x | 1.00x | 0.80x | 0.90x | 1.00x |
| 8.0% | \$214 | \$518 | \$583 | \$647 | \$732 | \$797 | \$861 |
| 9.0% | 210 | 499 | 562 | 624 | 709 | 772 | 834 |
| 10.0% | 206 | 481 | 541 | 602 | 687 | 747 | 808 |

| Cost of Equity | Implied TV Growth Rate at 2022 P/NAV Multiples | | |
|----------------|--|--------|--------|
| | 0.80x | 0.90x | 1.00x |
| 8.0% | (5.2%) | (3.9%) | (2.8%) |
| 9.0% | (4.3%) | (3.0%) | (1.9%) |
| 10.0% | (3.4%) | (2.1%) | (1.0%) |

Source: MDLY Management estimates. Files and information received from MDLY Management on July 19 and 20, 2019.

1. Assuming MCC is sold to a third party pursuant to "go shop".

2. Per MDLY Management, MDLY and MCC's advisory contract would be expected to terminate in 4Q 2019; we have assumed 75% of the full-year MCC NII for 2019E.



Appendix – Supporting Materials



Pro Forma BDC Market Position (combination with SIC only)

| Public BDCs by Assets | | | |
|-------------------------------------|----------------------|----------------|---------------|
| (\$ in mm) | | | |
| Manager | Assets | Market Cap | Price / NAV |
| Ares Capital | \$13,962 | \$7,733 | 1.05 x |
| FS KKR Capital | 7,733 | 3,119 | 0.76 |
| Prospect Capital | 5,848 | 2,451 | 0.74 |
| Golub Capital | 4,160 ⁽¹⁾ | 1,106 | 1.14 |
| New Mountain Finance | 2,650 | 1,216 | 1.03 |
| Main Street Capital | 2,595 | 2,607 | 1.70 |
| Apollo Investment | 2,498 | 1,125 | 0.87 |
| TCG BDC | 2,214 | 915 | 0.87 |
| Hercules Capital | 2,139 | 1,347 | 1.26 |
| Bain Capital Specialty Finance | 1,996 | 952 | 0.92 |
| TPG Specialty Lending | 1,850 | 1,299 | 1.20 |
| Solar Capital | 1,807 | 881 | 0.95 |
| BlackRock TCP Capital | 1,663 | 827 | 0.99 |
| Oaktree Specialty Lending | 1,541 | 744 | 0.81 |
| Goldman Sachs BDC | 1,428 | 811 | 1.17 |
| PennantPark Investment | 1,282 | 449 | 0.76 |
| Barings BDC | 1,211 | 501 | 0.86 |
| Pro Forma SIC ⁽²⁾ | 1,077 | NA | NA |
| Sierra Income Corporation | 1,013 | NA | NA |
| PennantPark Floating Rate | 1,012 | 452 | 0.88 |
| Blackrock Capital Investment | 722 | 411 | 0.84 |
| Fidus Investment | 705 | 396 | 0.98 |
| Medley Capital | 696 | 127 | 0.46 |
| Mean | \$2,687 | \$1,403 | 0.96 x |

Source: FactSet, SNL Financial, Relevant company filings. Market data as of July 26, 2019.

Note: Bold indicates internally managed BDCs.

1. Pro forma total assets, based on transaction documents, for Golub Capital Investment Corp. / Golub Capital BDC combination announced on November 27, 2018. 2. Per MDLY Management, Pro Forma SIC total assets estimated as follows: SIC assets of \$1,013mm + MDLY assets of \$129mm - \$65mm transaction adjustments = Pro Forma SIC assets of \$1,077mm in combination with SIC only.

MDLY Projections Comparison (Current vs. Prior – Aug 2018) (combination with SIC and MCC)

| Current Projections | | | | | | Variance (Current versus Prior) \$ | | | | | |
|---------------------|---------|---------|---------|---------|---------|------------------------------------|---------|----------|----------|---------|------|
| (\$ in millions) | 2018A | 2019E | 2020E | 2021E | 2022E | (\$ in millions) | 2018 | 2019 | 2020 | 2021 | 2022 |
| Total Revenue | \$58.0 | \$61.9 | \$78.1 | \$97.5 | \$121.2 | Total Revenue | (\$5.3) | (\$15.4) | (\$12.9) | (\$8.4) | NA |
| Total Expenses | 45.4 | 34.5 | 41.5 | 49.0 | 60.5 | Total Expenses | 8.5 | (4.7) | (2.8) | (2.3) | NA |
| Core EBITDA | 12.6 | 27.4 | 36.6 | 48.5 | 60.7 | Core EBITDA | (13.9) | (10.8) | (10.2) | (6.1) | NA |
| Core Net Income | (0.1) | 14.1 | 22.7 | 33.4 | 44.4 | Core Net Income | (12.8) | (9.5) | (8.8) | (5.0) | NA |
| Fee Earning AUM | \$2,785 | \$2,841 | \$3,631 | \$4,613 | \$5,467 | Fee Earning AUM | (\$436) | (\$932) | (\$983) | (\$924) | NA |

| Prior Projections | | | | | | Variance (Current versus Prior) % | | | | | |
|-------------------|---------|---------|---------|---------|-------|-----------------------------------|--------|-------|-------|-------|------|
| (\$ in millions) | 2018E | 2019E | 2020E | 2021E | 2022E | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Total Revenue | \$63.3 | \$77.3 | \$91.0 | \$105.9 | NA | Total Revenue | (8%) | (20%) | (14%) | (8%) | NA |
| Total Expenses | 36.8 | 39.1 | 44.2 | 51.4 | NA | Total Expenses | 23% | (12%) | (6%) | (5%) | NA |
| Core EBITDA | 26.5 | 38.2 | 46.8 | 54.5 | NA | Core EBITDA | (52%) | (28%) | (22%) | (11%) | NA |
| Core Net Income | 12.6 | 23.6 | 31.5 | 38.4 | NA | Core Net Income | (101%) | (40%) | (28%) | (13%) | NA |
| Fee Earning AUM | \$3,222 | \$3,773 | \$4,614 | \$5,537 | NA | Fee Earning AUM | (14%) | (25%) | (21%) | (17%) | NA |

Source: MDLY Management estimates. Files uploaded to the Integrate ShareVault virtual dataroom 6.1.38 Vehicle Financials - MCC. See August 2018 presentation for prior projection details.

WACC Calculation: MDLY

| Commentary | Summary Outputs | | |
|--|--|---|--------------|
| <ul style="list-style-type: none"> Barclays calculated MDLY's Weighted Average Cost of Capital ("WACC") using the Capital Asset Pricing Model ("CAPM") Peer Comparables used to determine a peer average beta: APAM, BSIG, CNS, FII, MN, PZN, VCTR, VRTS and WDR Debt / Capitalization ratio is based on net debt and implied equity market capitalization, assuming LLC units are valued equally to Class A shares | WACC Analysis: Capital Asset Pricing Model (CAPM) | | |
| | Assumption | Commentary | |
| | Market Risk Premium (MRP) | Duff & Phelps U.S. Market Risk Premium | 6.9% |
| | Risk Free Rate (R_f) | Yield on 10-Year T-Bond (Treasury; as of June 28, 2019) | 2.0% |
| | Beta _U (Unlevered) | Peer Average Beta | 1.07 |
| | Beta _L (Levered) | Beta _U * (1 + D/E * (1-t)) | 1.94 |
| | Cost of Equity | $R_f + \text{MRP} * \text{Beta}_L$ | 15.4% |
| | Size Premium Adjustment | Duff & Phelps Size Premium | 5.2% |
| | Tax Rate (t) | Normalized Tax Rate | 33.2% |
| | Adjusted Cost of Equity (K_E) | | 20.6% |
| | Pre-tax Cost of Debt (K_D) ⁽¹⁾ | | 9.1% |
| | Post-tax Cost of Debt (K_D) | | 6.1% |
| | Target Debt / Total Capitalization | | 55.1% |
| | Weighted Average Cost of Capital (WACC) | $K_E * E/(D+E) + K_D * (1-t) * D/(D+E)$ | 12.6% |
| | Weighted Average Cost of Capital (WACC) - August 2018 | | 13.9% |

1. Calculated as annualized Q1 interest expense / Q1 average debt. 2. WACC inputs updated utilizing market data as of July 1, 2019.



Cost of Equity Calculation: Pro Forma SIC

| Commentary | Summary Outputs | | |
|--|--|--|-------------|
| <ul style="list-style-type: none"> Barclays calculated the pro forma SIC entity's Cost of Equity using the Capital Asset Pricing Model ("CAPM") Peer Comparables used to determine a peer average beta: CGBD, HTGC, MAIN, NMFC, PFLT, PNNT, PSEC, SLRC, and TCPC | Cost of Equity Analysis: Capital Asset Pricing Model (CAPM) | | |
| | Assumption | Commentary | |
| | Market Risk Premium (MRP) | Duff & Phelps U.S. Market Risk Premium | 6.9% |
| | Risk Free Rate (R_f) | Yield on 10-Year T-Bond (Treasury; as of August 8, 2018) | 2.0% |
| | Beta _U (Unlevered) | Peer Average Beta | 0.36 |
| | Beta _L (Levered) | Beta _U * (1 + D/E * (1-t)) | 0.61 |
| | Cost of Equity | $R_f + \text{MRP} * \text{Beta}_L$ | 6.2% |
| | Size Premium Adjustment | Duff & Phelps Size Premium | 1.8% |
| | Tax Rate (t) | Normalized Tax Rate | 0.0% |
| | Adjusted Cost of Equity (K_E) | | 8.1% |
| | Adjusted Cost of Equity (K_E) - August 2018 | | 8.8% |

Note: BDCs can qualify as regulated investment companies, and therefore may not be subject to corporate-level taxes.
 1. Adjusted Cost of Equity inputs updated utilizing market data as of July 1, 2019.