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Saratoga Investment Corp. Strengthens Base of Liquidity

Extends Maturity of Revolving Credit Facility

NEW YORK, May 18, 2017 /PRNewswire/ -- Saratoga Investment Corp. (NYSE: SAR) ("Saratoga Investment" or "the Company"), a business development company, today announced successfully extending the commitment period and maturity date of its \$45 million revolving credit facility with Madison Capital by three years, as well as improving certain other terms.

In addition to (1) extending the commitment termination date from September 17, 2017 to September 17, 2020, (2) extending the maturity date from September 17, 2022 to September 17, 2025, and (3) keeping the rate unchanged at LIBOR plus 4.75%, the following additional changes were made, among other things: (i) reduction of the floor on LIBOR borrowings from 1.25% to 1.00%, and (ii) reduction of commitment fee from 0.75% to 0.50% if utilization is greater than 50%.

"Extending the commitment period and maturity of our revolver with Madison Capital by three years with improved terms while maintaining the same flexibility, is the most recent step in our efforts to create a diversified and long-term capital structure and liquidity base to support our overall growth strategy," said Christian L. Oberbeck, Chairman and Chief Executive Officer of Saratoga Investment. "In conjunction with our SBA debentures and publicly-traded baby bonds, we now benefit from a fixed-rate capital structure with maturity periods of six years or more, positioning us well for potentially higher interest rates. In fact, because more than 80% of our investments are at floating rates and almost all of them through their interest rate floors, we stand to be beneficiaries of this rising rate environment."

In addition to extending the Madison Capital facility, Saratoga Investment has made substantial progress strengthening its capital structure and available liquidity. On December 21, 2016, the Company issued \$74.5 million in aggregate principal amount of our 6.75% fixed-rate notes due 2023 (the "2023 Notes") for net proceeds of \$71.7 million. Interest on the 2023 Notes is paid quarterly in arrears on March 15, June 15, September 15 and December 15, at a rate of 6.75% per year, beginning March 30, 2017. The 2023 Notes mature on December 30, 2023, and commencing December 21, 2019, may be redeemed in whole or in part at any time or from time to time at our option. The net proceeds from the offering were used to repay all \$61.8 million of the outstanding indebtedness under the 2020 Notes, and for general corporate purposes. The 2023 Notes are listed on the NYSE under the trading symbol "SAB" with a par value of \$25.00 per share.

On March 16, 2017, Saratoga Investment entered into an equity distribution agreement with Ladenburg Thalmann & Co. Inc., through which it may offer for sale, from time to time, up to \$30.0 million of its common stock through an ATM offering. As of May 18, 2017, the Company sold 60,679 shares at an average price of \$22.49 for aggregate proceeds net of transaction costs of \$1.3 million.

About Saratoga Investment Corp.

Saratoga Investment Corp. is a specialty finance company that provides customized financing solutions to U.S. middle-market businesses. The Company invests primarily in mezzanine debt, senior and unitranche leveraged loans and, to a lesser extent, equity to provide financing for change of ownership transactions, strategic acquisitions, recapitalizations and growth initiatives in partnership with business owners, management teams and financial sponsors. Saratoga Investment Corp.'s objective is to create attractive risk-adjusted returns by generating current income and long-term capital appreciation from its debt and equity investments. Saratoga Investment Corp. has elected to be regulated as a business development company under the Investment Company Act of 1940 and is externally-managed by Saratoga Investment Advisors, LLC, an SEC-registered investment advisor focusing on credit-driven strategies. Saratoga Investment Corp. owns an SBIC-licensed subsidiary and manages a \$300 million collateralized loan obligation ("CLO") fund. It also owns 100% of the subordinated notes of the CLO. These diverse funding sources, combined with a permanent capital base, enable Saratoga Investment Corp. to provide a broad range of financing solutions.

Forward Looking Statements

This press release contains certain forward-looking statements. These forward-looking statements are subject to risks and uncertainties and other factors enumerated in this press release and the filings Saratoga Investment Corp. makes with the SEC. Saratoga Investment Corp. undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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