IPAA and TIPRO Luncheon

Capital Formation in Challenging Times

Tim Murray, Managing Director

June 2017

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All information herein is as of December 31, 2016 unless otherwise noted.

Past performance should not be relied upon as an indication of future results. Investment in a Fund involves significant risks, including loss of the entire investment.

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Please see the last slide of this presentation for important additional information.

Outline

- Introduction to BSP
- Challenging Times
- Why this cycle is different
- The New Normal
- Banks
- Public High Yield and Equity
- SPACs
- Capital Vacuum Will be Filled by Private Equity and Alternative Capital
- Drilling Joint Ventures
- Conclusions

Introduction to Benefit Street Partners

Benefit Street Partners ("BSP") is the credit investment arm of Providence Equity Partners ("PEP"), a leading global alternative investment manager with $50 billion* in committed capital

Providence Platform

	Credit (Benefit Street)	Private Equity (Providence Equity)
Assets / Committed Capital Under Management	$20.3 billion**	$25.0 billion†
Investment Record	8 years[1]	27 years
Dedicated Investment Professionals[2]	90 investment professionals	72 investment professionals
Offices	New York, Houston, Providence, Charlotte	Providence, New York, Boston, London, Hong Kong
Focus Sectors	All industries	Media, communications, education and information sectors
Investment Strategies	*Private Debt / Opportunistic Credit* *Long-Short Credit* *Long-Only Credit* *Commercial Real Estate Debt* *Special Situations*	*Private Equity Buyouts* *Small Growth*

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. ANY INVESTMENT INVOLVES SIGNIFICANT RISKS, INCLUDING LOSS OF THE ENTIRE INVESTMENT.

Note: Please see disclaimer at the end of the presentation for additional information.

*Includes committed equity capital for Providence Equity: Merganser Capital Management L.L.C., Providence Equity Capital Markets L.L.C. ("PECM"), Benefit Street Partners L.L.C. and pro forma for Business Development Corporation of America ("BDCA") acquisition and are unaudited. Certain amounts are preliminary and remain subject to change.

**AUM refers to the assets under management for all credit funds and separately managed accounts managed by BSP and its affiliates. AUM amounts are as of March 31, 2017 and are unaudited. Certain amounts are preliminary and remain subject to change. Please see note 1 at the end of this presentation for additional information.

† Committed capital for all private equity funds managed by Providence and its affiliates are latest available as of March 31, 2017, unless otherwise noted, and remain subject to change. Please refer to the disclaimer for additional information.

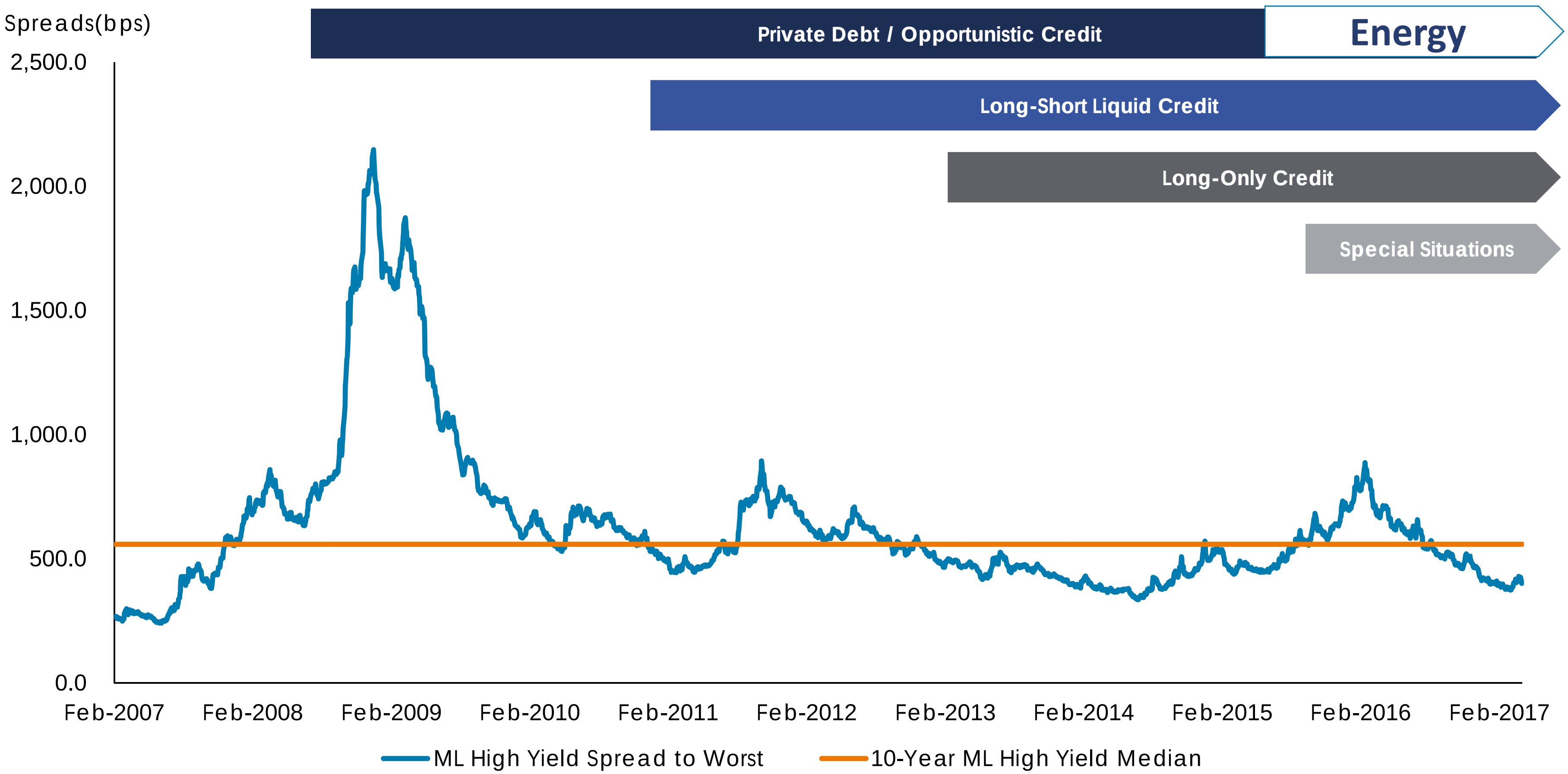
[1] BSP's credit business began in 2008 with the launch of PECM, the affiliated adviser. BSP launched in 2011.

[2] PEP investment professionals are as of March 31, 2017 and BSP investment professionals as of April 30, 2017.

BSP's Corporate Credit Strategies

BSP's corporate credit business evolved in line with the opportunities in the credit markets

High Yield Spreads Overlaid with BSP Corporate Strategy Pillar Timeline[1]



Source: ML High Yield Index.
Note: Information as of March 31, 2017.
[1] Please see note 2 at the end of this presentation for descriptions on the ML High Yield Spread to Worst and 10-Year ML High Yield Median.

BSP Investment Strategies

Multi-strategy approach targeting attractive opportunities in the global credit markets

Benefit Street Partners
$20.3 billion AUM[1]
144 employees[2]

	1 Private Debt / Opportunistic Credit	2 Long-Short Liquid Credit	3 Long-Only Liquid Credit	4 Commercial Real Estate Debt	5 Special Situations Fund
Overview of Strategy	▪ Non-competitive focus ▪ Flexibility to invest across capital structure ▪ Focus on bespoke covenants ▪ Targets best-risk adjusted returns throughout market cycles ▪ Target 50%-60% LTVs	▪ Zero correlation strategy to market indices such as HY credit, equities and rates ▪ Actively trade HY corporate bonds and CDS to apply relative value views ▪ Combine fundamental credit analysis, sophisticated trade structuring to maximize returns and limit downside risk	▪ Leveraged loans and high yield bonds ▪ Inclusive of eleven CLOs with approximately $5.6 billion in assets ▪ Target moderate risk portfolios ▪ Sub-advised high yield bond "beat the benchmark" strategy	▪ Focus on originating middle market commercial real estate loans ▪ First strategy targets a gain-on-sale through sale to the capital markets ▪ Ability to originate floating rate loans ▪ Low volatility and correlation ▪ Target 55%-75% LTVs	▪ Target credits or companies that may be facing financial stress / distress ▪ Expect a concentrated, portfolio targeting attractive risk-adjusted returns ▪ Significant influence approach to investing
AUM[1]	$9.2bn	$1.3bn	$7.3bn	$1.9bn	$560.1mm[3]

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. ANY INVESTMENT INVOLVES SIGNIFICANT RISKS, INCLUDING LOSS OF THE ENTIRE INVESTMENT.

Note: Views expressed are those of Providence / BSP. Categories and terms are as classified by BSP. There is no guarantee that any fund or account would have the features identified above.

[1]AUM refers to the assets under management for all credit funds and separately managed accounts managed by BSP and its affiliates. AUM amounts are as of March 31, 2017 and are unaudited. Certain amounts are preliminary and remain subject to change. Please see note 1 at the end of this presentation for additional information. Target portfolio characteristics are provided for illustrative purposes only and do not reflect guaranteed results.

[2] As of March 31, 2017.

[3]Pro forma for recent capital raised.

BSP's Proven Track Record

Strong performance across the BSP platform over an eight-year history

(As of 03/31/17) $ in millions*		Opportunistic Credit			Opportunistic Private Debt		Long-Short Credit	Long-Only Credit	CRE
		PVI Debt Allocation**	Fund I	Special Situations Fund	Fund II	Fund III	Long-Short Liquid Strategy[1] *(Performance as of 1/31/17)*	CLOs I-XI *(Performance as of 1/15/17 and ranged for CLOs I-VII)*	High Yield CMBS Bond
Inception Date		Mar 2008	May 2008	Dec 2015	Sep 2010	Jul 2013	Feb 2011	Oct 2012	Aug 2013 / Nov 2014 / Jan 2016 / Sept 2016
ITD Returns Gross		**17.1%**	**17.7%**	**36.8%**	**13.9%**	**14.1%**	**6.6%**	**-**	**32.0%**
ITD Returns Net		**12.8%**	**14.4%**	**29.3%**	**11.2%**	**10.8%**	**4.0%**	**15.7%-23.3%**	**16.8%**
Market Performance Since Inception[2]	ML HY	8.6%	8.2%	16.4%	7.4%	5.9%	6.7%	N/A	NA
	S&P LCD	5.8%	5.3%	9.0%	4.9%	3.8%	4.2%	3.5% – 4.6%	NA

Note: PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. INVESTMENT IN A FUND INVOLVES SIGNIFICANT RISKS, INCLUDING LOSS OF THE ENTIRE INVESTMENT. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the investments shown above. The chart above shows BSP and its affiliates' traditional privately offered closed end funds and evergreen funds investing in core credit strategies (Private Debt/Direct Lending and Long-Short Liquid Credit). This performance does not include performance of other funds and accounts managed by the credit team, including mutual funds and separately managed accounts, which pursue tailored strategies and therefore have different performance, including performance that may be lower than that shown. The performance shown above may be for vehicles that are no longer open to investment. There is no guarantee that any subsequent vehicles will have the same performance characteristics or attributes as those shown.

* Gross and net returns are preliminary as of March 31, 2017, except for the CMBS Bond which is as of March 31, 2017, and are subject to change. Valuation of illiquid portion of the Private Debt portfolios are only updated at quarter end. Because PVI Debt Allocation and Long-Short Liquid Strategy do not represent specific investment funds, the calculation of their net returns are provided for illustrative purposes only and take into account certain assumptions regarding applicable management fees, carried interest/incentive fees and expenses. High Yield CMBS Bond gross and net IRRs are as of March 31, 2017 and reflect the performance of the underlying asset. High Yield CMBS Bond returns are net of any permitted hedge losses. Returns are a blend of two series.

** The Providence VI Debt Allocation ("PVI Debt Allocation") is a sleeve of debt investments held within Providence VI. Net performance for the PVI Debt Allocation is net of the allocated management fees and operating expenses for the debt investment sleeve. The carried interest in Providence VI is currently zero and, if carried interest had been generated in Providence VI and then allocated to and deducted from the debt investment sleeve, or carried interest were calculated separately for this sleeve, this net performance would be lower. Please see disclaimer at the end of the presentation for more information on the calculation of returns.

[1] The Long-Short Liquid Strategy refers to the Benefit Street Partners Credit Alpha Fund ("Credit Alpha Fund") and the Long-Short Liquid Strategy sleeve ("SMA #1 Liquid") of a separately managed account ("SMA #1") that, during the period for which its performance is reflected in the composite, had substantially the same investment strategy as the Credit Alpha Fund. Because the Long-Short Liquid Strategy does not represent a specific investment fund, the calculation of its net return is provided for illustrative purposes only and represents performance net of actual management fees, carried interest, and expenses of (a) SMA #1 for the period prior to March 1, 2012, and (b) investors in the Credit Alpha Fund for the period from March 1, 2012 and after. Management fees and carried interest paid by new and existing investors in the Credit Alpha Fund are generally higher than those paid by SMA #1 and may be higher than the effective rate reflected in the returns shown for the Long-Short Liquid Strategy. As a result, a Credit Alpha Fund investor's net performance may be lower than the net performance shown herein. Please see note 3 at the end of this presentation for additional information.

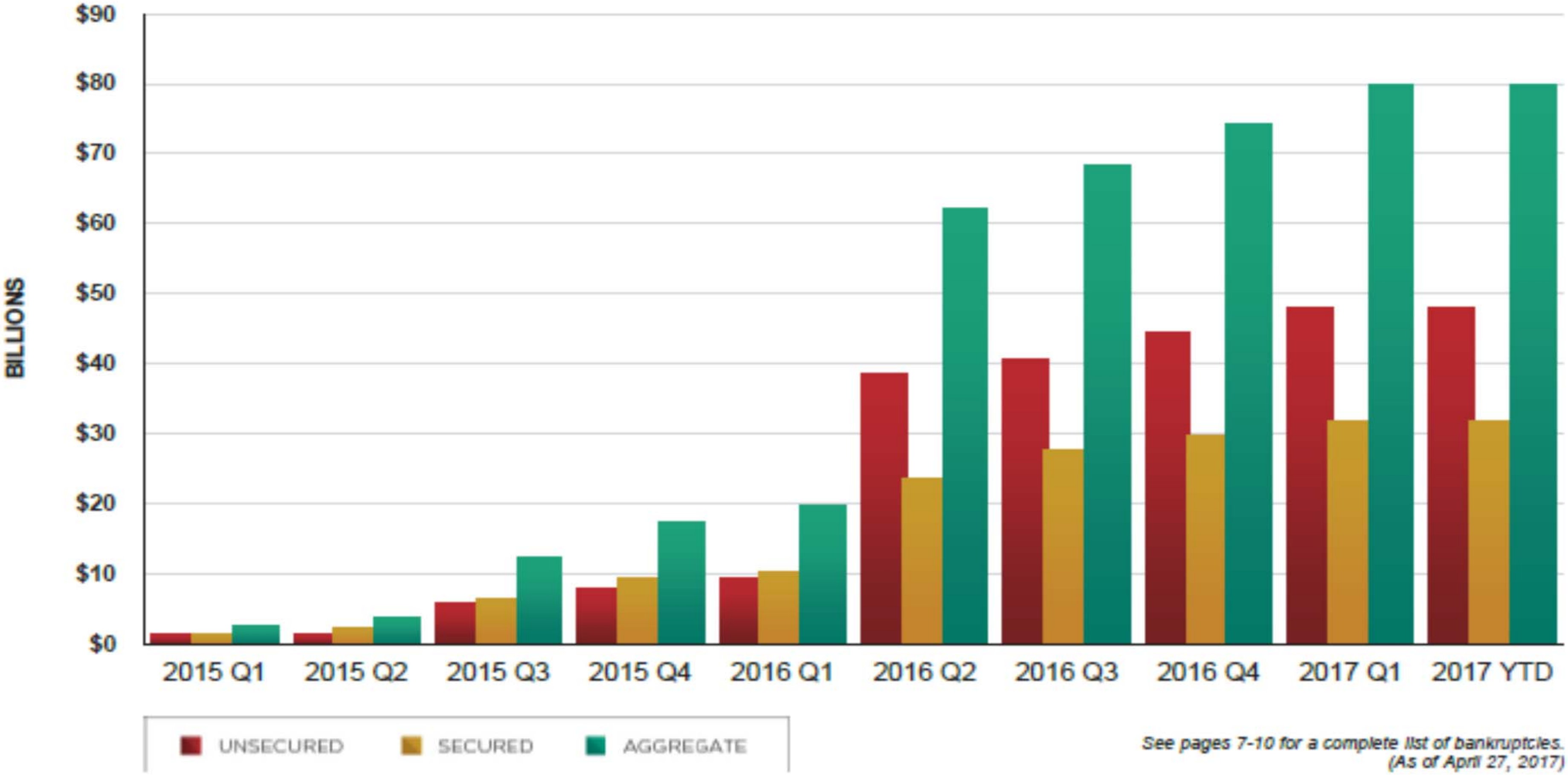
[2] Please see note 2 at the end of the presentation.

Challenging Times

The first unconventional down cycle

2015-2017 CUMULATIVE E&P UNSECURED DEBT, SECURED DEBT AND AGGREGATE DEBT

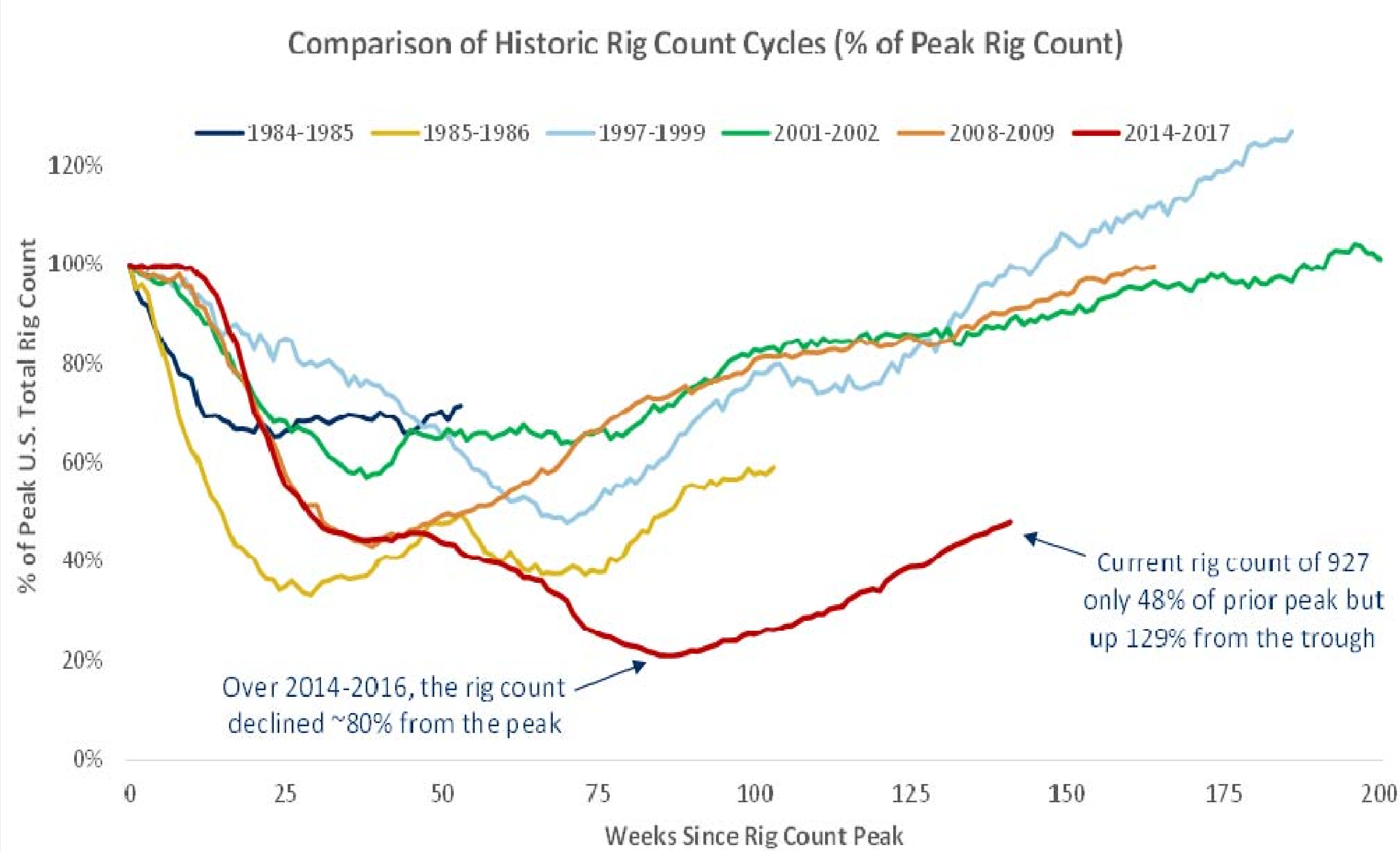
HAYNES AND BOONE OIL PATCH BANKRUPTCY MONITOR



See pages 7-10 for a complete list of bankruptcies.
(As of April 27, 2017)

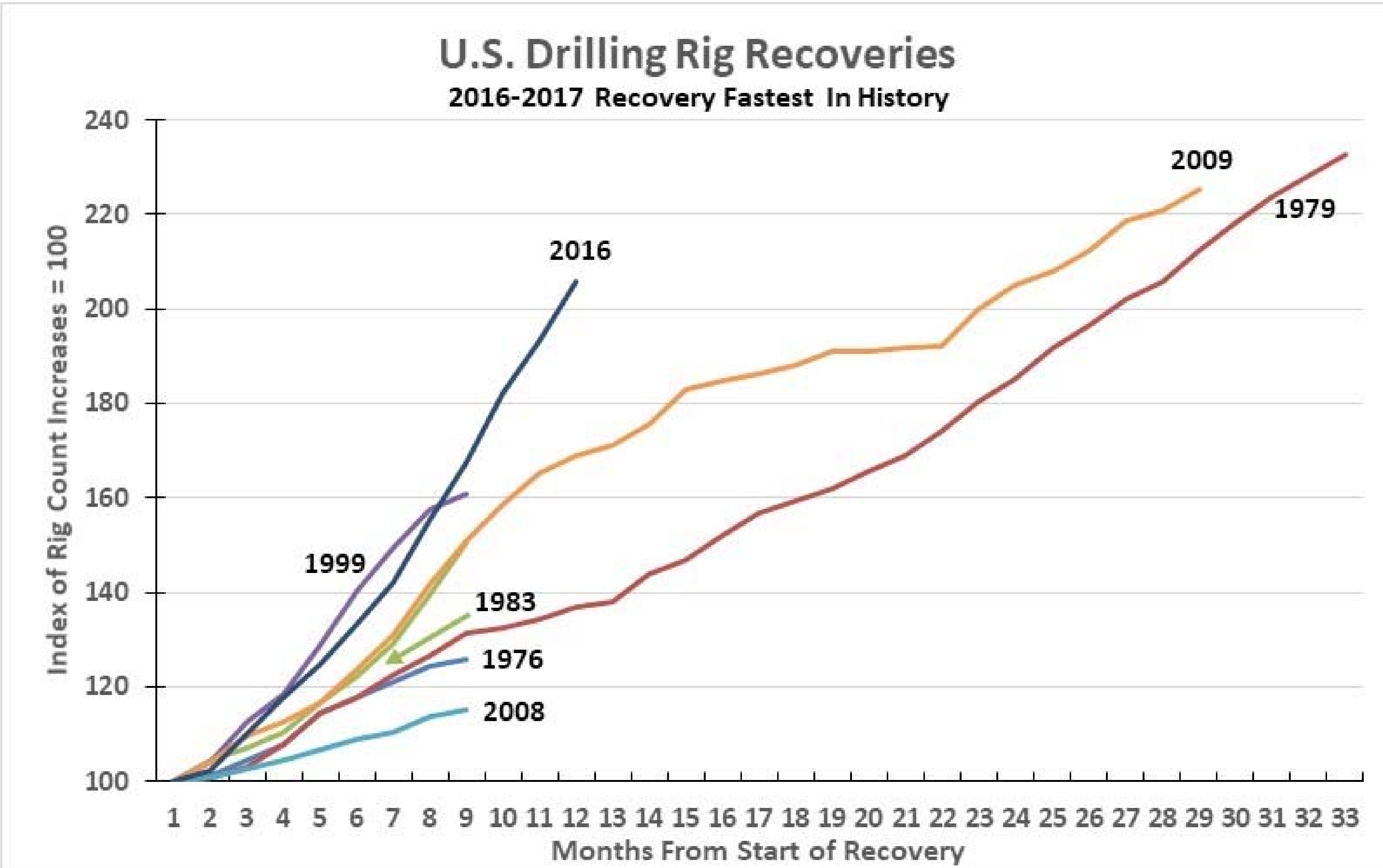
How is this cycle different from past cycles?

BENEFIT STREET PARTNERS



Source: Baker Hughes, Raymond James Research

Rate of change is accelerated in the Unconventional world



PPHB Energy Investment Banking

STANDARD & POOR'S RatingsDirect®

RESEARCH

Bank Loan Recovery Analysis For Oil & Gas Exploration And Production Companies

Publication date: 25-Oct-2002
Credit Analyst: Bruce Schwartz, CFA, New York (1) 212-438-7809

Lending to the exploration and production (E&P) segment of the oil and gas industry can be a relatively safe endeavor because of low default rates and potentially good recoveries on defaulted debt. Less than 1% of the bank debt issued by the oil and gas industry (including investment-grade issuance) from 1995 to 2002 that is tracked by Standard & Poor's Leveraged Commentary & Data (LCD) unit has defaulted and the recovery rate has been nearly 100%, although other forms of secured debt have experienced worse recoveries.

In Standard & Poor's opinion, the good performance of certain lending activities to the oil and gas industry reflects the favorable attributes of the collateral, well-structured transactions, and active debt management by lenders. Many of the defaulted companies tracked by Standard & Poor's emerged from bankruptcy in mid-2000, when oil and natural gas prices were unusually high, which could have biased the results toward more favorable outcomes. While such prices undoubtedly did help the recovery levels of junior creditors, the range of outcomes experienced by senior secured creditors still suggests that transaction structure and active debt management is highly important even in a better-than-normal pricing environment.

Students of the energy finance business should purchase Buddy Clark's book,
Oil Capital – The History of American Oil, Wildcatters, Independents and Their Bankers

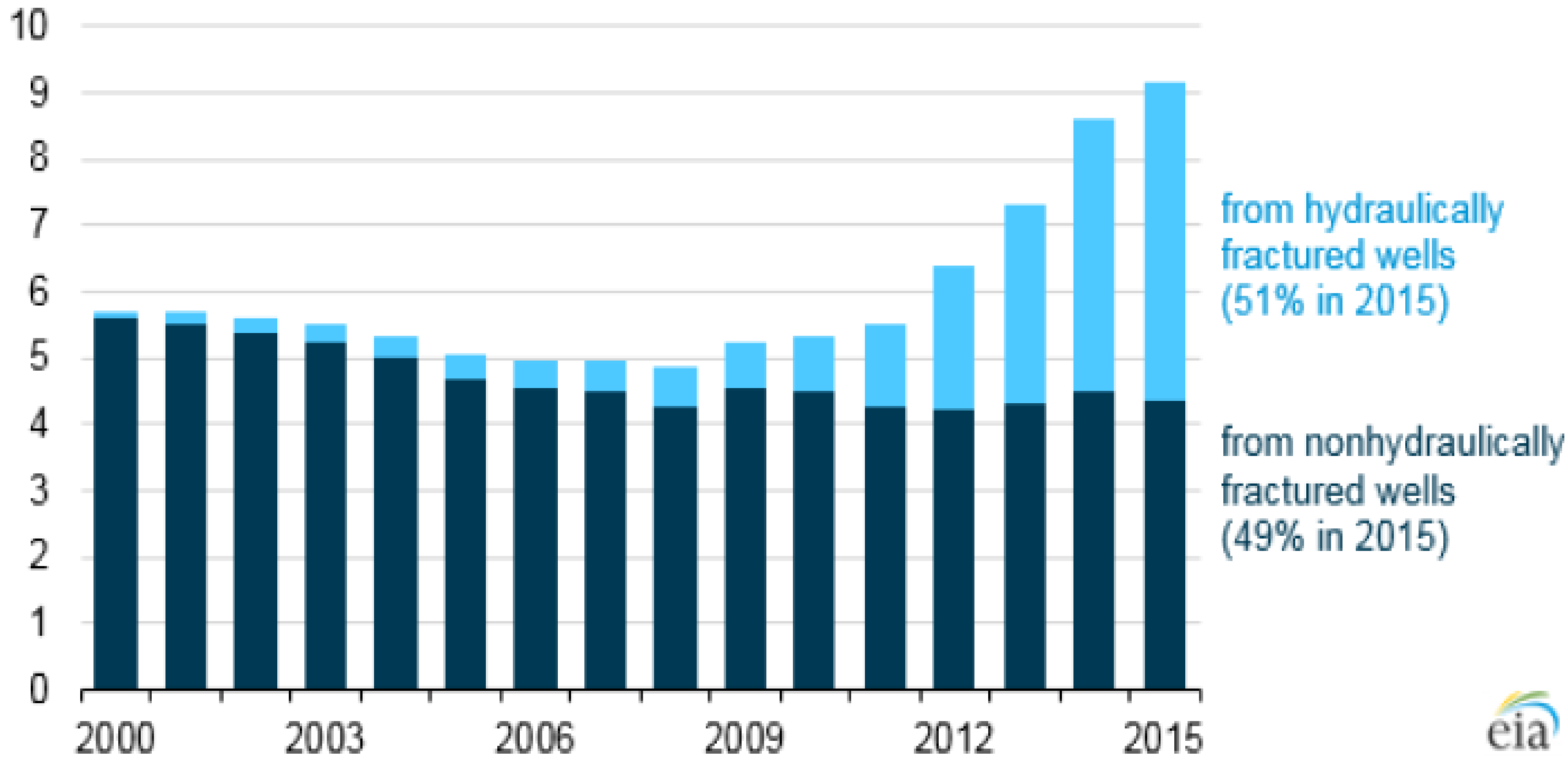
Why was this cycle different?

“ ***Those who don’t study the past are doomed to repeat it***”

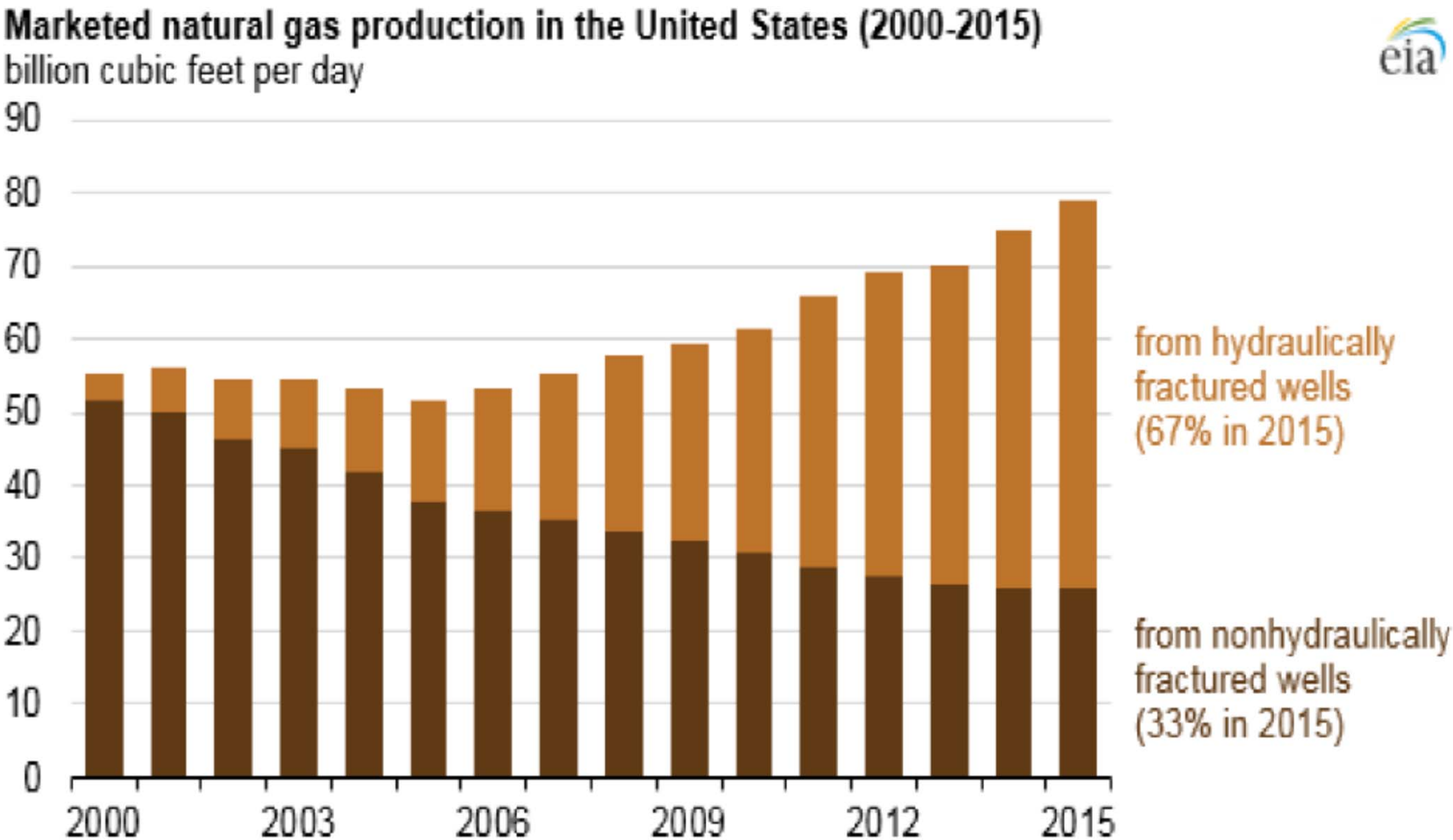
- Lenders and investors advanced capital for acreage, which typically provides no cash return and spoils over time
- Development capital was readily available and predicated on a futures curve that often times was not sufficiently hedged
- Debt was raised on expected “type curve” results that often disappointed
- The type curve mentality (aka “manufacturing”) was extended to marginal acreage and teams
- Commodity price strength drove oilfield service cost inflation and elevated breakeven price requirements
- “Science” consumed capital and delayed economic development

Unconventional Evolution is now the new “Normal”

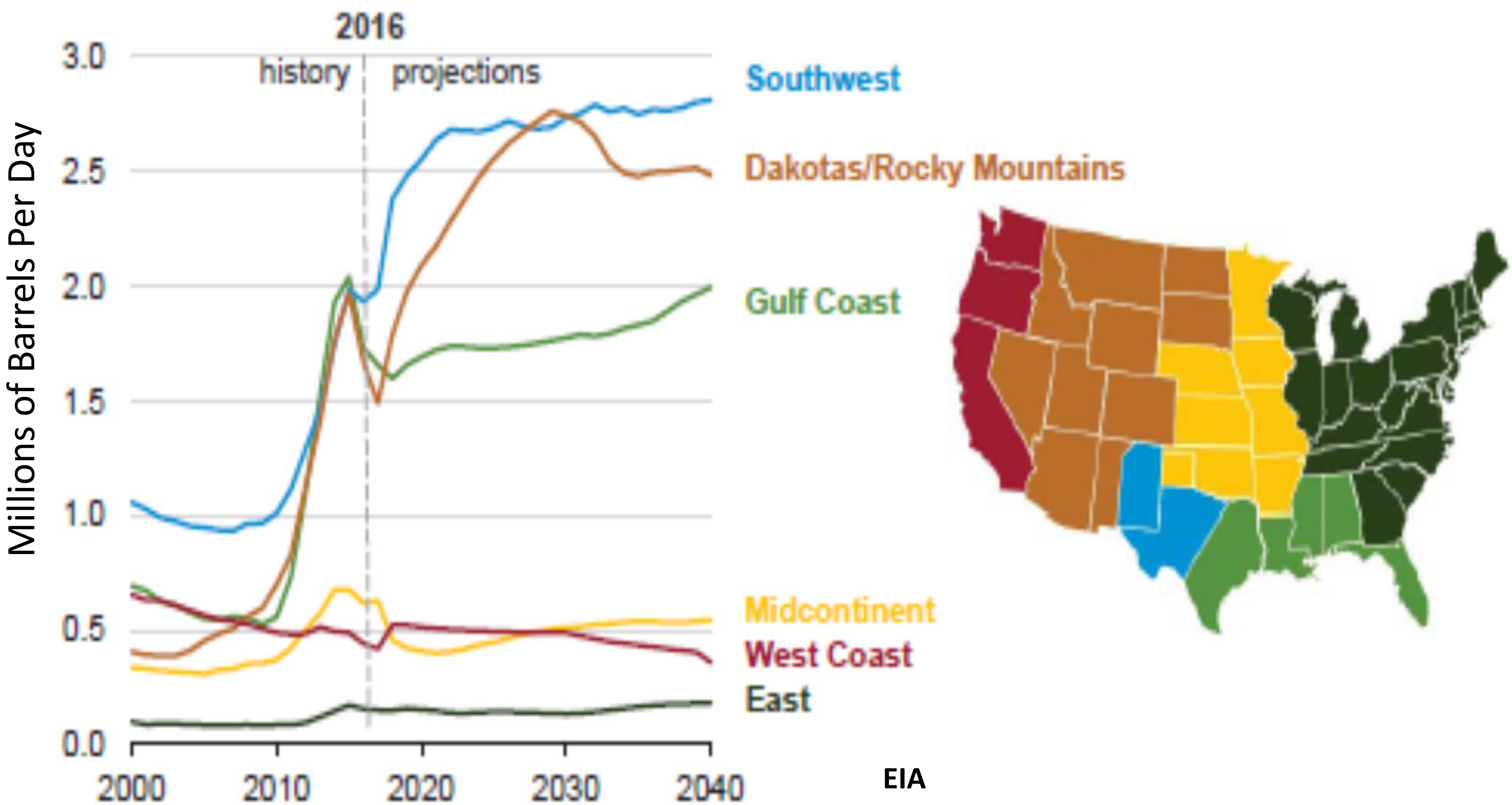
Oil production in the United States (2000-2015)
million barrels per day



No longer a natural gas importer, but an exporter



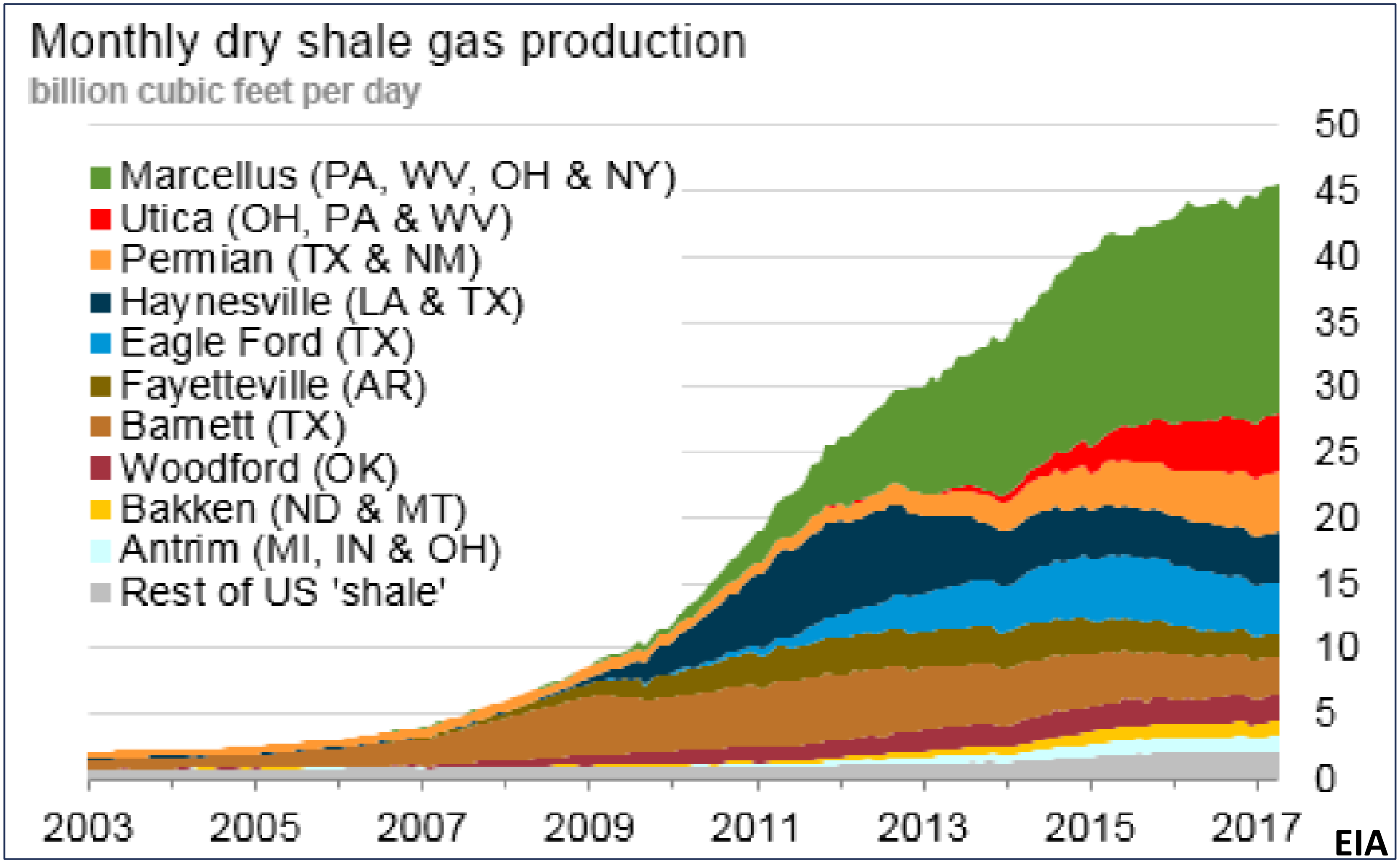
Permian leads US oil production growth



EIA

Significant production growth is projected in unconventional, high decline rate plays – which implies an immense amount of capital to achieve and maintain these levels.

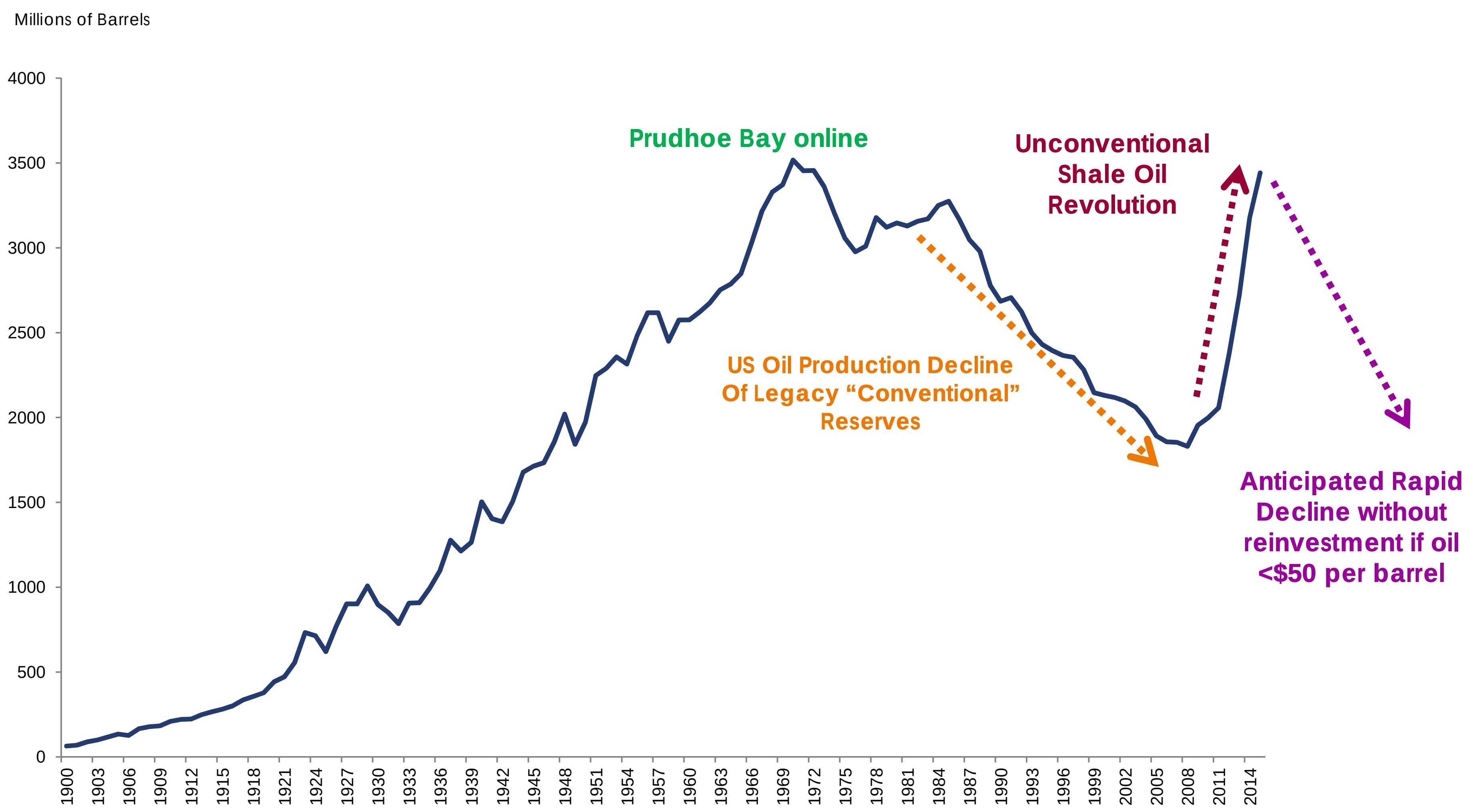
Marcellus will meet US Natural Gas demand



Associated gas in the Permian and a resurgence in the Haynesville will compete for LNG and Mexican exports, and petrochemical demand on the gulf Coast

Depletion will rebalance the oil market

Historical U.S. Field Production of Crude Oil



Source: U.S. Energy Information Administration (EIA) as of 2016.

Banks and SNC Exams – “Paying the Piper”

In March 2016, Federal bank examiners (OCC, FDIC, Fed) revised decades-old standards for rating bank loans. The likely result will be increased loan pricing and more restrictive lending.

		Regulatory credit ratings	Description
		Pass	Credit in good standing; not criticized in any way
"Criticized"		Special Mention	Potential weaknesses identified which require attention
	"Classified"	Substandard	Well-defined weaknesses that present positibility of loss
		Doubtful	Collection in full is highly questionable or improbable.
		Loss	Debt is uncollectible and should be charged off

Source: Company data, Goldman Sachs Global Investment Research.

A recent analysis by Scott Johnson at Chiron Financial of 150 public E&P companies determined that 86 of the companies bank debt may be rated “Substandard” or worse. This suggests $75BN of substandard bank debt is on the books, and this does not include any company which filed for bankruptcy.

Newly revised SNC loan rating guidelines

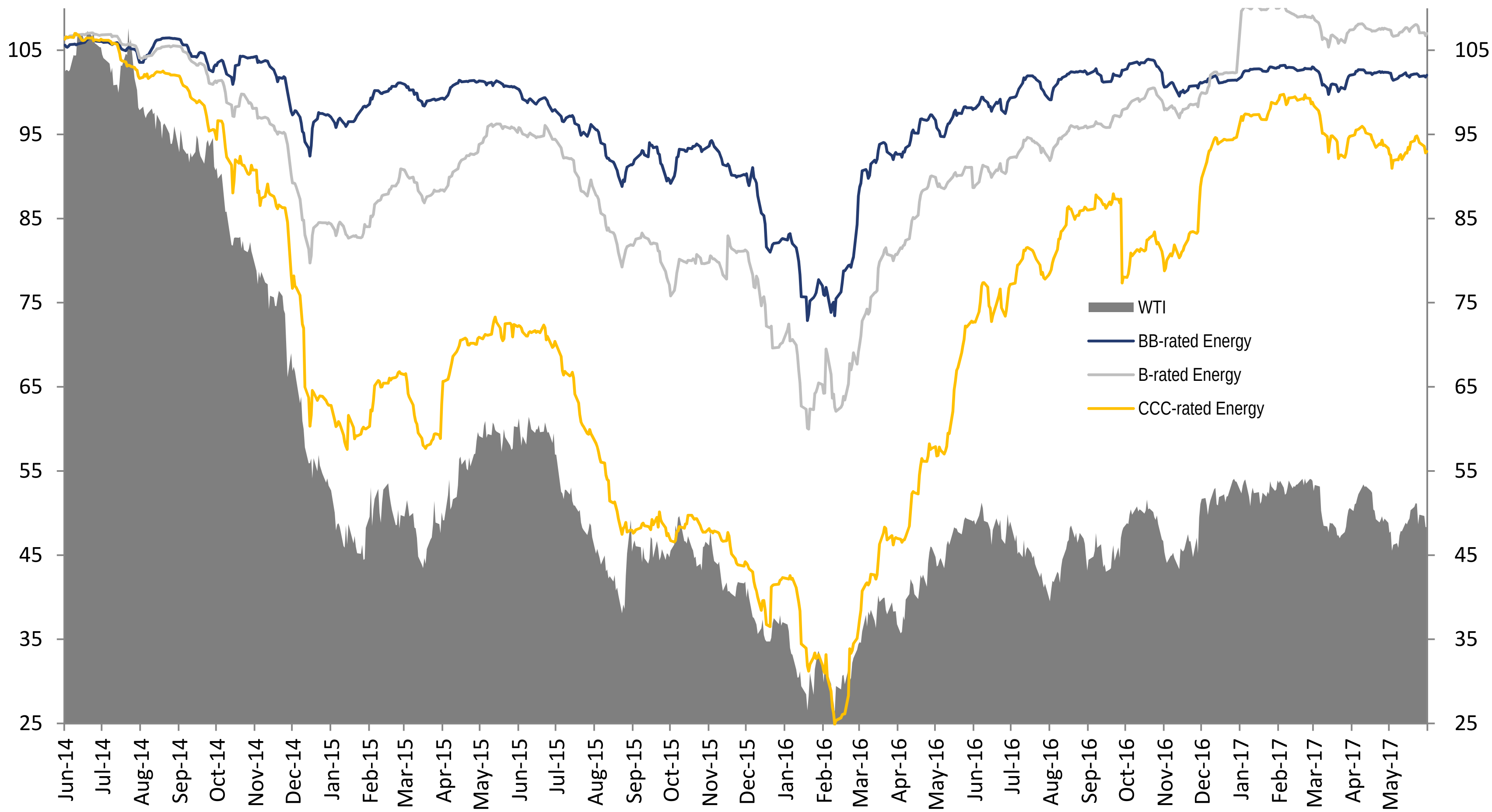
Test	RBL Loan Rating				
	Pass	Criticized	Classified		
		Special Mention	Substandard	Doubtful	Loss
Repayment RBL	<.60 Reserve Life	.60 - .75 Reserve Life	>.75 Reserve Life		
Repayment Total Secured	< .75 Reserve Life	.75 - .90 Reserve Life	>.90 Reserve Life		
Funded Debt / EBITDAX	<3.5X	3.5 - 4.0X	>4.0X		
Funded Debt / Capital	<.50	.50 - .60	>.60		
Committed Debt / Total Reserves	<.65	.65 - .75	>.75		
			Debt <100% RiskedReserves	Incremental Debt Above Substandard <100% Unrisked Reserves	Remaining Debt >100% Unrisked Reserves

Haynes and Boone

Significant Changes:

- **Senior secured first lien bank revolvers will be rated on recovery of ALL DEBT, not just the first lien debt**
- **Reserve life remaining at total secured debt repayment has been added**
- **Funded debt/EBITDAX ceilings have been added**
- **Funded debt/capital ceilings have been added**
- **Committed debt (including unfunded revolver amounts) ceilings have been added**

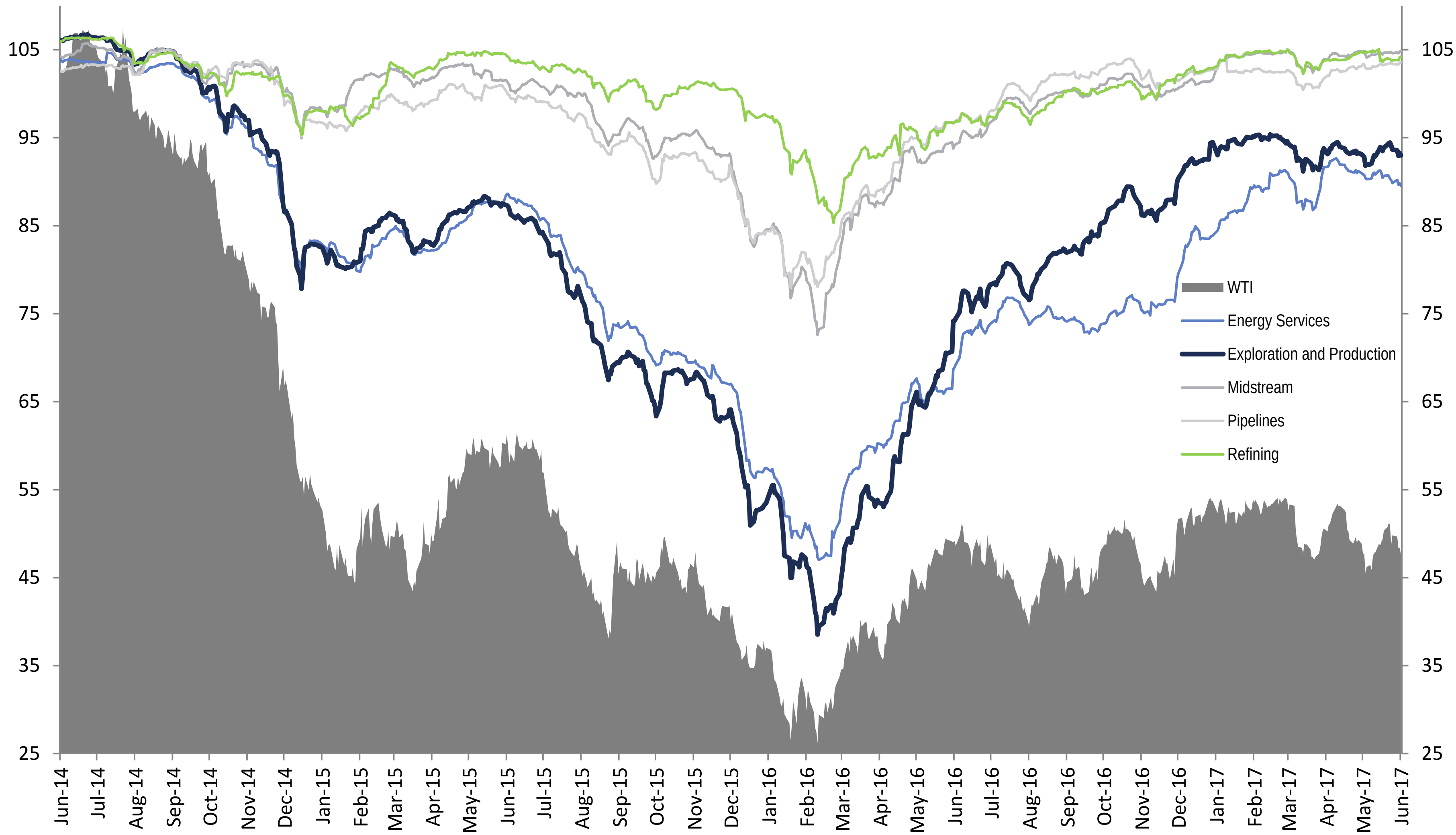
Energy high yield has traded off with oil prices



Source: JP Morgan Capital Markets

Credit risk premiums have widened to levels not seen since the financial crisis of 2008-09
Lower rated debt was priced like equity. Recovery has largely occurred.

Upstream and OFS Segments have suffered most



Source: JP Morgan Capital Markets

Upstream and OFS have traded off directly proportional with oil prices.

Upstream High Yield - haves and have nots

BENEFIT STREET PARTNERS

E&P High Yield Bond Issuance

Company	Issue Month	Amount ($MM)	Security	Coupon	Maturity	Rating	Issue Yield
Parsley Energy	5/16	200	Sr Nts	6.25%	6/1/24	B3/B-	6.25%
Extraction Oil & Gas	7/16	550	Sr Nts	7.88%	7/15/21	Caa1/B-	7.88%
Murphy Oil	8/16	550	Sr Nts	6.88%	8/15/24	B1/BBB-	6.88%
Parsley Energy (add-on)	8/16	200	Sr Nts	6.25%	6/1/24	B3/B-	5.84%
SM Energy	9/16	500	Sr Nts	6.75%	9/15/26	B3/B+	6.75%
PDC Energy	9/16	400	Sr Nts	6.13%	9/15/24	B2/B+	6.13%
Callon Petroleum	9/16	400	Sr Nts	6.13%	10/1/24	B3/B+	6.13%
Great Western Petroleum	9/16	300	Sr Nts	9.00%	9/30/21	Caa1/CCC+	9.25%
Gulfport Energy	10/16	650	Sr Nts	6.00%	10/15/24	B2/B+	6.00%
Diamondback Energy	10/16	500	Sr Nts	4.75%	11/1/24	B2/BB-	4.75%
EP Energy	11/16	500	Sr Sec	8.00%	11/29/24	B3/BB-	8.00%
Alta Mesa	12/16	500	Sr Nts	7.88%	12/15/24	Caa1/B-	7.88%
Matador Resources (add-on)	12/16	175	Sr Nts	6.88%	4/15/23	B3/B	5.44%
Parsley Energy	12/16	650	Sr Nts	5.38%	1/15/25	B3/B+	5.38%
Chesapeake Energy	12/16	1,000	Sr Nts	8.00%	1/15/25	Caa3/CCC-	8.25%
Antero Resources	12/16	600	Sr Nts	5.00%	3/1/25	Ba3/BB	5.00%
RSP Permian	12/16	450	Sr Nts	5.25%	1/15/25	B3/B+	5.25%
Concho Resources	12/16	600	Sr Nts	4.38%	1/15/25	Ba2/BB+	4.38%
Diamondback Energy	12/16	500	Sr Nts	5.38%	5/31/25	B1/BB-	5.50%
Gulfport Energy	12/16	600	Sr Nts	6.38%	5/15/25	B2/B+	6.38%
2016 Total		**9,825**					
2015 Total		**16,500**					

46% of bond proceeds in 2016 were deployed in the Permian

YTD 2017 ~$9 BN of HY was raised, but only 16% for Permian

E&P Term Loan Issuance

Company	Issue Month	Amount ($MM)	Security	Coupon	Maturity	Rating
Clayton Williams	3/16	350	2nd Lien	12.50%	3/8/21	NR/CCC+
Chesapeake Energy	8/16	1,500	1.5 Lien	L+750	8/23/21	Caa1/B-
California Resources	8/16	1,000	1.5 Lien	L+1037.5	12/31/21	Caa1/B
W&T Offshore	9/16	75	1.5 Lien	11.00%	11/15/19	Caa3/CC
PetroQuest Energy	10/16	50	1st Lien	10.00%	10/17/20	NR/NR
Legacy Reserves	10/16	300	2nd Lien	12.00%	8/31/21	NR/CCC
2016 Total		**3,275**				
2015 Total		**1,531**				

YTD 2017 ~$2.5 BN of leveraged loans were raised

Source: Company data, Bloomberg, Seaport Global Securities

Permian attracts the most of the equity raises

Company	Ticker	Date	Shares (MM)	Stock Price	Amount ($MM)
High Yield Issuers					
Diamondback Energy	FANG	1/13/2016	4.0	56.50	226
Oasis Petroleum	OAS	1/28/2016	34.0	4.74	161
Energen	EGN	2/17/2016	15.8	21.15	334
Newfield Exploration	NFX	2/25/2016	30.0	23.25	698
QEP Resources	QEP	2/29/2016	33.0	10.00	330
Callon Petroleum	CPE	3/3/2016	13.3	6.50	86
Matador Resources	MTDR	3/7/2016	7.5	18.98	142
Gulfport Energy	GPOR	3/9/2016	14.7	25.25	371
PDC Energy	PDCE	3/11/2016	5.9	51.00	302
Parsley Energy	PE	4/5/2016	18.3	21.40	391
Rice Energy	RICE	4/15/2016	29.9	16.35	489
Callon Petroleum	CPE	4/25/2016	25.3	8.50	215
Gastar Exploration	GST	5/12/2016	50.0	0.95	48
Laredo Petroleum	LPI	5/10/2016	10.9	11.15	122
Parsley Energy	PE	5/23/2016	9.5	24.60	233
WPX Energy	WPX	6/6/2016	56.9	9.80	558
Antero Resources	AR	6/9/2016	26.8	28.50	762
QEP Resources	QEP	6/21/2016	23.0	18.35	422
Eclipse Resources	ECR	6/28/2016	37.5	3.50	131
Southwestern Energy	SWN	6/29/2016	98.9	13.00	1.286
Diamondback Energy	FANG	7/13/2016	6.3	89.25	565
Laredo Petroleum	LPI	7/14/2016	15.0	10.70	160
Clayton Williams (1)	CWEI	7/25/2016	5.1	29.70	150
SM Energy	SM	8/12/2016	18.4	30.00	552
Concho Resources	CXO	8/19/2016	10.4	130.90	1.355
Parsley Energy	PE	8/19/2016	8.3	33.55	280
Jones Energy	JONE	8/26/2016	24.2	2.77	67
Callon Petroleum	CPE	9/12/2016	29.9	14.60	437
PDC Energy	PDCE	9/14/2016	9.1	63.25	575
Rice Energy	RICE	9/26/2016	46.0	25.50	1.173
Antero Resources (1)	AR	10/7/2016	6.7	26.00	175
Extraction Oil & Gas	XOG	10/12/2016	38.3	19.00	728
RSP Permian	RSPP	10/18/2016	25.3	39.75	1.006
Oasis Petroleum	OAS	10/21/2016	55.2	10.80	596
Carrizo Oil & Gas	CRZO	10/24/2016	6.0	37.50	225
SM Energy	SM	12/7/2016	10.9	38.25	418
Matador Resources	MTDR	12/9/2016	6.0	24.65	148
Bill Barrett	BBG	12/12/2016	15.5	7.40	115
Extraction Oil & Gas (1)	XOG	12/15/2016	25.0	18.25	457
Callon Petroleum	CPE	12/19/2016	40.0	16.40	656
Diamondback Energy	FANG	12/20/2016	10.5	97.00	1.019
Gulfport Energy	GPOR	12/21/2016	29.0	21.50	624
Lonestar Resources	LONE	12/22/2016	13.8	5.75	79
Resolute Energy	REN	12/23/2016	4.4	38.00	166
2016 High Yield Total					**19,030**

Company	Ticker	Date	Shares (MM)	Stock Price	Amount ($MM)
Investment Grade					
Pioneer Natural Resources	PXD	1/5/2016	12.0	117.00	1,404
Hess	HES	2/5/2016	25.0	39.00	975
Devon Energy	DVN	2/18/2016	69.0	18.75	1,294
EQT Corp	EQT	2/19/2016	6.5	58.50	380
Marathon Oil	MRO	3/1/2016	145.0	7.65	1,109
EQT Corp	EQT	5/3/2016	10.5	67.00	704
Pioneer Natural Resources	PXD	6/15/2016	5.3	157.50	827
Anadarko Petroleum	APC	9/12/2016	35.3	54.50	1,921
Encana	ECA	9/19/2016	123.1	9.35	1,151
2016 Investment Grade Total					**9,764**
Other					
Synergy Resources	SYRG	1/22/2016	14.0	5.75	81
Cabot Oil & Gas	COG	2/22/2016	44.0	20.00	880
Silver Run Acquisition	SRAQU	2/23/2016	50.0	10.00	500
KLR Energy Acquisition	KLREU	3/10/2016	8.2	10.00	82
Synergy Resources	SYRG	4/14/2016	22.4	7.70	173
Ring Energy	REI	4/21/2016	11.5	5.60	64
Synergy Resources	SYRG	5/10/2016	45.0	5.80	261
Abraxas Petroleum	AXAS	5/20/2016	28.8	1.00	29
Earthstone Energy	ESTE	6/16/2016	4.5	10.50	47
Contango Oil & Gas	MCF	6/21/2016	5.0	10.00	50
Viper Energy Partners	VNOM	7/26/2016	8.1	16.00	129
Ring Energy	REI	12/9/2016	6.5	11.50	75
WildHorse Resource Dev	WRD	12/13/2016	27.5	15.00	413
2016 Other Total					**2,783**
				2016 Total Raised	**31,577**

(1) Private placement

Source: Bloomberg, Company Information, Seaport Global Research

46% of equity raised in 2016 was deployed in the Permian

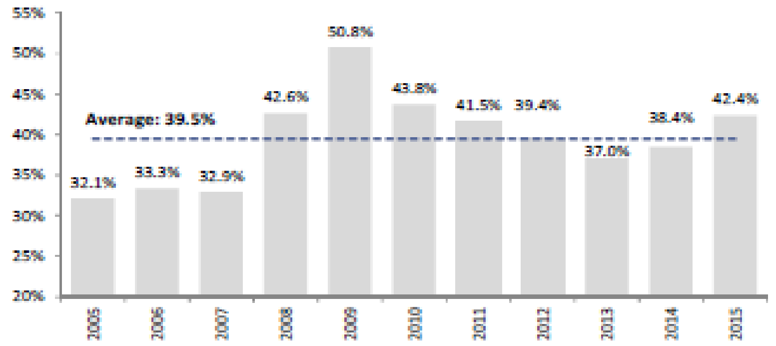
SPACS – Shortcut to the public equity markets

Special Purpose Acquisition Companies have been a fixture in the oil and gas sector for many years, but recently have seen a resurgence in popularity. Private equity funds and others are sponsoring management teams with SPAC vehicles to acquire assets and enter the public market in expedited fashion. The recent SPAC offerings below raised ~$3.4 BN of equity, most of it with an announced focus on the Permian.

Date	Sponsor	SPAC	Amount, MM$	Management
Mar-16	Riverstone	Silver Run Acquisition Corp	450	Mark Papa, former EOG CEO
Mar-17	Riverstone	Silver Run Acquisition Corp II	1035	Jim Hackett, former Anadarko CEO
Apr-17	Kayne Anderson	Kayne Anderson Acquisition Corp.	350	Robert Pugason, former Williams SVP
Apr-17	NGP	Vantage Energy Acquisition	480	Roger Beimans, former Encana CEO
Apr-17	KLR and Rosemore	Rosehill Resources	400	Former Tema Oil and Gas managers
May-17	TPG	TPG Pace Energy Holdings	650	Steve Chazen, former OXY CEO

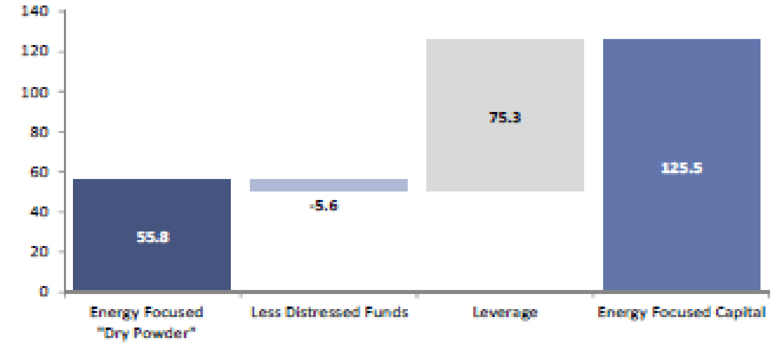
Capital vacuum will be filled by Private Equity and Alternative Capital

Exhibit 39: ...and 40% is the average equity contribution to deals historically
Average Equity Contribution to LBOs



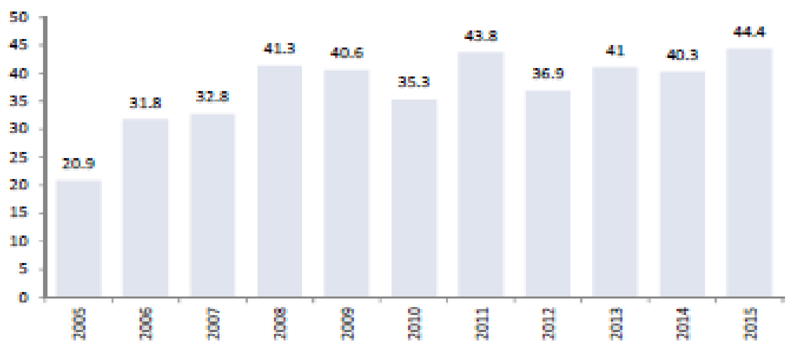
Source: S&P Capital IQ, Goldman Sachs Global Investment Research

Exhibit 40: Excluding distressed funds and adding in leverage, we estimate $126 bn available for asset sales...
Energy Focused Private Equity Capital $ bn



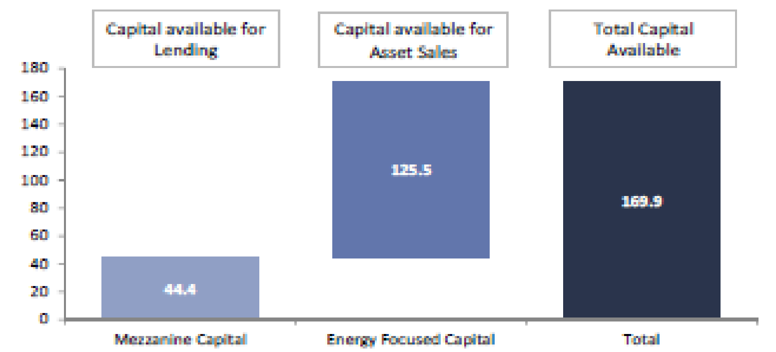
Source: Preqin, S&P Capital IQ, Goldman Sachs Global Investment Research

Exhibit 41: ...with an additional $44 bn raised in mezzanine funds that can lend directly to cash-strapped firms
Dry Powder at Mezzanine Funds $ bn



Source: Preqin, Goldman Sachs Global Investment Research

Exhibit 42: Combined, PE firms can provide $170 bn to Energy firms via loans and/or asset sales
Total Capital Available across Mezz and Buyout Funds $bn



Source: Preqin, S&P Capital IQ, Goldman Sachs Global Investment Research

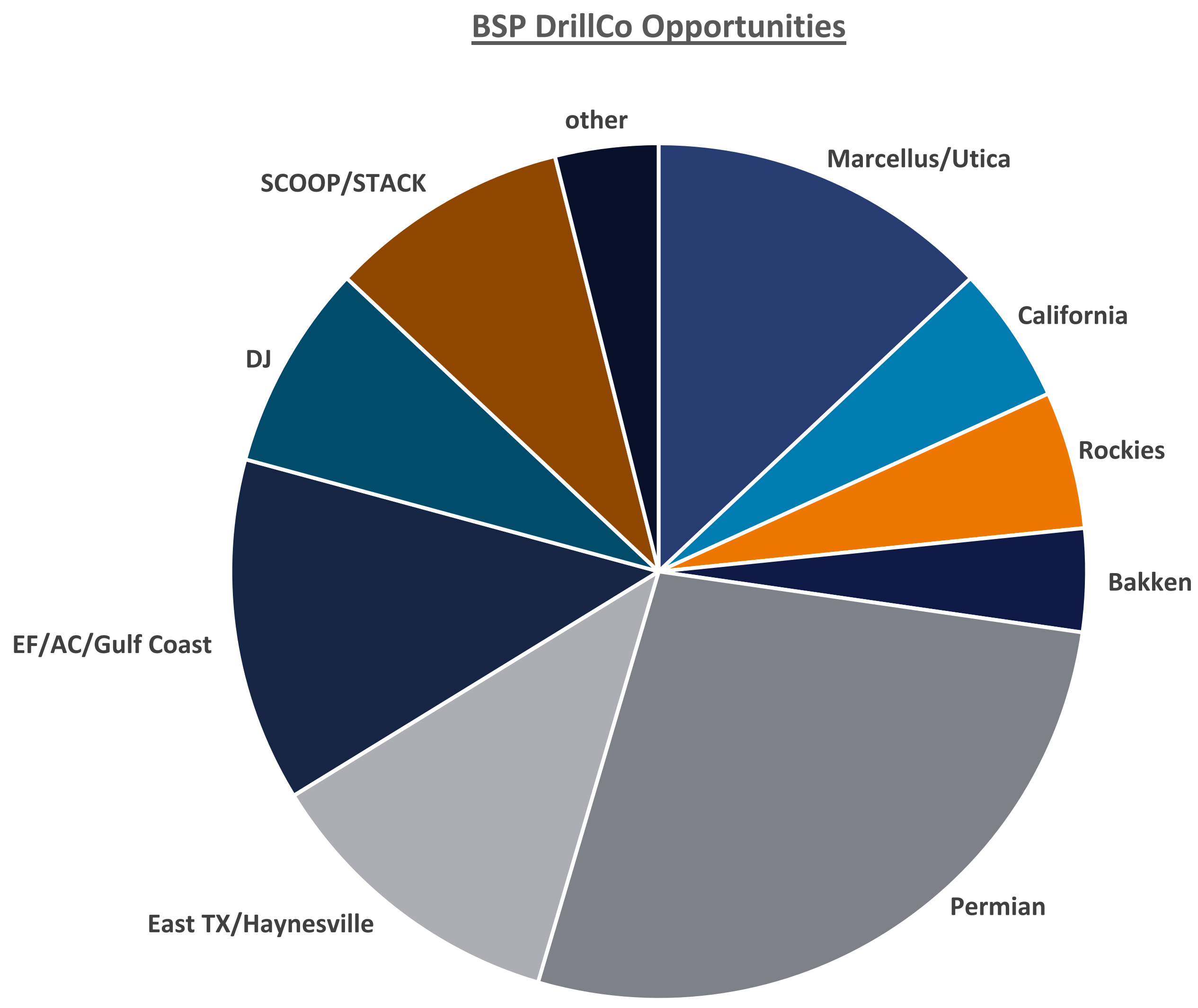
BSP Energy is an Alternative Capital Provider

Commercial Energy Bankers

Private Equity

Alternative Capital

DrillCos – Flavor of the Month



DrillCo Deals in the market recently

Date	Sponsor	Investor	Play	Amount, MM$	Comments
May-17	EOG	Carlyle Mezzanine Opportunities Fund II	Cleveland/Marmaton	400	Reversion at an undisclosed IRR
May-17	EP Energy	Tesoro Corporation	Uinta Basin	200	No IRR Reversion; TSO pays an upfront carry to earn a 50% WI
Apr-17	CRC	Macquarie Infrastructure Fund	San Joaquin Basin	300	10% carry, reversion at an undisclosed IRR, 25% tail
Apr-17	Endeavor Energy	Ares/Development Capital Resources	Midland Basin	300	Reversion at an undisclosed IRR
Apr-17	Non-Permian	Ares/Development Capital Resources	NA	150	Reversion at an undisclosed IRR
Feb-17	CRC	Benefit Street Partners	San Joaquin Basin	250	NPI assignment in existing fields with a low-teens IRR make-whole
Jan-17	EP Energy	Apollo	Southern Midland Basin	450	Reversion at a 12% IRR; 15% tail
Nov-16	PetroQuest	Family Office	Cotton Valley	50	20% Carry and upfront acreage payment
Oct-16	Gastar	Not disclosed	STACK	NA	10% carry with 15% and 20% reversion points; 10% tail
Jun-16	Hunt Oil	TPG Special Situations	Midland Basin	400	Reversion at an undisclosed IRR
Mar-16	Rex Energy	Benefit Street Partners	Marcellus	175	No IRR Reversion; BSP is heads up plus an additional 15-20% acreage assignment in developed DSUs

Conclusions

- **Global oil demand will balance due to natural depletion with reduced reinvestment**
  - Excessive inventories may delay balancing
  - Global/US demand (recession) may delay recovery (2009 is only time oil demand did not increase)
  - Geopolitical events may cause supply disruptions
  - 2+ MMBPOD heavy oil operating cash flow is negative at WTI < $50/BBL
  - Developing economies will demand hydrocarbons to improve their standard of living

- **US natural gas market will re-balance**
  - Demise of coal, proliferation of intermittent sources will increase gas demand for electricity generation
  - LNG and Mexican exports will add significant demand
  - Return to normal weather patterns will increase demand
  - Associated gas production supply may increase with increased domestic oil development

- **Commercial energy banks will endure increased regulation that will diminish capital availability and increase loan pricing**

- **High Yield and public equity markets have largely recovered**

- **Private Equity and Alternative Capital will fill the void until traditional sources fully recover**

Capital will be available but more expensive and more highly structured. Until oil and gas prices recover, some plays and investments will not justify more expensive capital.

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Footnotes

1. Unless otherwise noted, AUM refers to the assets under management for all credit funds and separately managed accounts managed by BSP and its affiliates. For private debt funds and other drawdown funds and separately managed accounts, AUM generally represents the sum of the total investments at fair value plus available capital (undrawn commitments plus distributions subject to recall). For hedge funds and other non-drawdown funds and separately managed accounts, AUM represents the NAV (net asset value) of each fund or separately managed account, plus subsequent month's subscriptions. For CLOs, AUM represents the total amount of the debt tranches and subordinated notes (equity) at closing. For long only liquid accounts, AUM represents the gross asset value of the investments managed by BSP and its affiliates. AUM amounts mentioned are as of September 30, 2015 except for the Long-Short Liquid Strategy and the Commercial Real Estate, which are as of December 31, 2015. Certain amounts are preliminary and remain subject to change. Unless otherwise noted, AUM of Merganser Capital Management, LLC is not included in BSP AUM figures. AUM for CRE platform includes AUM from a CMBS HY bond trade as well as AUM from BSP RE Conduit Company ("BSPCC") and are as of the latest quarter end and unaudited. Certain amounts are preliminary and remain subject to change.
2. JPM US HY Index is the J.P. Morgan Domestic High Yield Index and is an unmanaged index designed to mirror the investable universe of the U.S. dollar domestic high yield corporate debt market. 10-Year US HY Median is the median performance of the JPM US HY Index over the past ten years.

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IPAA and TIPRO Luncheon

Capital Formation in Challenging Times

Tim Murray, Managing Director

June 2017

PROVIDENCE EQUITY