

December 28, 2016

Gladstone Capital Corporation Closes 2016 with Surge in Portfolio Activity

MCLEAN, Va., Dec. 28, 2016 (GLOBE NEWSWIRE) -- Gladstone Capital Corporation (NASDAQ:GLAD) ("Gladstone Capital") announced that it completed the sale of one of its proprietary investments as well as the funding of three new portfolio investments, closing 2016 on a strong note.

"We are pleased to announce that we realized a nice equity gain on the exit of our investment in Behrens and the reinvestment of the proceeds. We grew our interest earning assets by a net additional \$8.3 million associated with the closing of three new investments. Realizing a capital gain and growing our interest earning assets are two keys to growing our earnings and supporting the distributions to Gladstone Capital's shareholders," commented Bob Marcotte, Gladstone Capital's President.

Specifically, the recent portfolio activity included the following:

On November 18, 2016, Gladstone Capital invested in Sea Link International ("Sea Link") through secured second lien debt and an equity co-investment. Sea Link is a rapidly growing manufacturer and supplier of OEM automotive lighting components and subassemblies and is backed by an experienced private equity firm.

On December 19, 2016, Gladstone Capital completed the sale of its equity interest and the prepayment of its debt investment in Behrens Manufacturing, LLC ("Behrens"). In connection with this transaction, Gladstone Capital realized a capital gain of approximately \$2 million on its equity investment and the repayment of \$4.7 million of debt and associated exit fees. Behrens, headquartered in Winona, MN, is a leading manufacturer of branded metal containers used in a diverse, growing array of consumer and professional applications.

On December 22, 2016, Gladstone Capital invested \$5.0 million in LDiscovery, LLC ("LDiscovery") through broadly syndicated secured second lien debt to support their acquisition of Kroll Ontrack. LDiscovery is a leader in eDiscovery management solutions, providing end-to-end legal and technology consulting services to law firms, companies, and government agencies in the United States and Kroll Ontrack is a global end-to-end provider of eDiscovery and data recovery solutions.

On December 28, 2016, Gladstone Capital invested \$7.0 million in Vacation Rental Pros Property Management, LLC ("VRP") through secured second lien debt to support the company's continued growth and expansion into new markets. VRP is an innovative property management and rental reservation system that leverages a proprietary technology platform to maximize occupancy and revenue. With 2,000 properties under exclusive management, VRP is one of the fastest growing vacation rental management companies in North America.

[Gladstone Capital Corporation](http://www.gladstonecompanies.com) is a publicly traded business development company that invests in debt and equity securities, consisting primarily of secured first and second lien term loans to lower middle market businesses in the United States. Information on the business activities of Gladstone Capital and all the Gladstone funds can be found at www.gladstonecompanies.com.

For Investor Relations inquiries related to any of the monthly dividend paying Gladstone funds, please visit www.gladstone.com.

For further information: Gladstone Capital Corporation, 703-287-5893

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