



## Fifth Street Finance Chief Aims for Higher Dividend

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By Peter J. Brennan

Aug. 12 (Bloomberg) -- Fifth Street Finance Corp., the lender to small- and medium-sized companies that began trading publicly in June, wants to "consistently" raise the dividend for the "foreseeable future," Chief Executive Officer Leonard Tannenbaum said.

"What you should expect from us going forward is increasing the dividend every quarter, quarter over quarter," Tannenbaum said in an interview from the company's headquarters in White Plains, New York. "We should, as we ramp up the portfolio, be able to do that for the foreseeable future."

The shares rose 16 cents, or 1.6 percent, to \$9.94 at 4 p.m. in New York Stock Exchange composite trading. The stock has fallen by almost a third since it went public at \$14.12.

Tannenbaum should succeed in fulfilling the promise, Bruce Toll, his father-in-law and co-founder of Toll Brothers Inc., the biggest U.S. luxury-home builder, said in an interview.

"He's performing in accordance with what he said he would do," said Toll, a board member who owns 8.1 percent of Fifth Street Finance. "The stock market is not giving him credit. As far as return on investments, that's happening."

### Consistent Dividend Increases

Fifth Street Finance on Aug. 7 announced a quarterly dividend of 31 cents, 12.4 percent on an annualized basis, according to Bloomberg data. Tannenbaum intends to consistently increase the dividend by making higher-yielding loans to borrowers with relatively low risks.

The company raised \$141.2 million during its June IPO. It invests in businesses such as Martini Bar, a New York-based bar catering to adults in their mid-20s, and western-apparel retailer Boot Barn.

Customers can borrow \$5 million to \$40 million and Fifth Street sometimes takes an equity stake. Fifth Street Finance had an average yield on its debt investments of 16.5 percent for the quarter ended June 30, according to its quarterly report.

Tannenbaum, 37, was a small-cap equity analyst for Merrill Lynch and has founded several private investment firms. He said his father-in-law gave him good advice about the real estate market.

"I said things are getting worse," Toll recalled telling Tannenbaum about 18 months ago. "I told him that you should stay away from it for the time being."

Toll said the real estate market may be near the bottom within a quarter or two.