

Presentation

OHA Investment Corporation Q2 2017 Earnings Results

August 11, 2017



Disclaimer

THIS PRESENTATION MAY CONTAIN FORWARD-LOOKING STATEMENTS OF OHA INVESTMENT CORPORATION ("OHA" OR THE "COMPANY"). WE MAY USE WORDS SUCH AS "ANTICIPATES," "BELIEVES," "INTENDS," "PLANS," "EXPECTS," "PROJECTS," "ESTIMATES," "WILL," "SHOULD," "MAY" AND SIMILAR EXPRESSIONS TO IDENTIFY FORWARD-LOOKING STATEMENTS. THESE FORWARD-LOOKING STATEMENTS ARE SUBJECT TO VARIOUS RISKS AND UNCERTAINTIES. CERTAIN FACTORS COULD CAUSE ACTUAL RESULTS AND CONDITIONS TO DIFFER MATERIALLY FROM THOSE PROJECTED, INCLUDING THE UNCERTAINTIES ASSOCIATED WITH THE TIMING OR LIKELIHOOD OF TRANSACTION CLOSINGS, CHANGES IN INTEREST RATES, AVAILABILITY OF TRANSACTIONS, THE FUTURE OPERATING RESULTS OF OUR PORTFOLIO COMPANIES, REGULATORY FACTORS, CHANGES IN REGIONAL, NATIONAL, OR INTERNATIONAL ECONOMIC CONDITIONS AND THEIR IMPACT ON THE INDUSTRIES IN WHICH WE INVEST, OTHER CHANGES IN THE CONDITIONS OF THE INDUSTRIES IN WHICH WE INVEST AND OTHER FACTORS ENUMERATED IN OUR FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION. YOU SHOULD NOT PLACE UNDUE RELIANCE ON SUCH FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE THEY ARE MADE. WE UNDERTAKE NO OBLIGATION TO UPDATE OUR FORWARD-LOOKING STATEMENTS MADE HEREIN, UNLESS REQUIRED BY LAW.

INVESTMENTS ARE CONSIDERED TO BE FULLY REALIZED WHEN THE ORIGINAL INVESTMENT AT THE SECURITY LEVEL HAS BEEN FULLY EXITED. INTERNAL RATE OF RETURN, OR IRR, IS A MEASURE OF OUR DISCOUNTED CASH FLOWS (INFLOWS AND OUTFLOWS). SPECIFICALLY, IRR IS THE DISCOUNT RATE AT WHICH THE NET PRESENT VALUE OF ALL CASH FLOWS IS EQUAL TO ZERO. THAT IS, IRR IS THE DISCOUNT RATE AT WHICH THE PRESENT VALUE OF TOTAL CAPITAL INVESTED IN OUR INVESTMENTS IS EQUAL TO THE PRESENT VALUE OF ALL REALIZED RETURNS FROM THE INVESTMENTS. OUR IRR CALCULATIONS ARE UNAUDITED. CAPITAL INVESTED, WITH RESPECT TO AN INVESTMENT, REPRESENTS THE AGGREGATE COST OF THE INVESTMENT, NET OF ANY UPFRONT FEES PAID AT CLOSING. REALIZED RETURNS, WITH RESPECT TO AN INVESTMENT, REPRESENTS THE TOTAL CASH RECEIVED WITH RESPECT TO AN INVESTMENT, INCLUDING ALL AMORTIZATION PAYMENTS, INTEREST, DIVIDENDS, PREPAYMENT FEES, ADMINISTRATIVE FEES, AMENDMENT FEES, ACCRUED INTEREST, AND OTHER FEES AND PROCEEDS. GROSS IRR, WITH RESPECT TO AN INVESTMENT, IS CALCULATED BASED ON THE DATES THAT WE INVESTED CAPITAL AND DATES WE RECEIVED DISTRIBUTIONS. GROSS IRR REFLECTS HISTORICAL RESULTS RELATING TO OUR PAST PERFORMANCE AND IS NOT NECESSARILY INDICATIVE OF OUR FUTURE RESULTS. IN ADDITION, GROSS IRR DOES NOT REFLECT THE EFFECT OF MANAGEMENT FEES, EXPENSES, INCENTIVE FEES OR TAXES BORNE, OR TO BE BORNE, BY US OR OUR STOCKHOLDERS, AND WOULD BE LOWER IF IT DID.

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Section 1

Overview & Financial Results

Overview & Financial Results

Second Quarter Developments

- NAV of \$2.76 per share, a \$0.26 or 9% decline from Q1 2017, substantially driven by net write-downs of legacy investments
 - \$5.0 MM of net write-downs on legacy investments (\$0.25 per share); includes a \$4.7 MM write-down of Castex preferred units
 - OCI continues to PIK its L+12% cash interest
- \$0.01 net investment income per share on a GAAP basis
 - \$0.02 distribution declared per share (paid in July 2017)
- Added \$1.4 MM of PAE Holdings' second lien term loan to our existing \$5.5 MM position
- \$1.4 MM in realizations
 - Talos Production's second lien term loan partial pay-down of \$0.5 MM at par on our \$12.0 MM position
 - \$0.9 MM of Gramercy CLO's quarterly remittance applied to our basis

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Overview & Financial Results

Q2 2017 Summary

- Investment income of \$2.5 MM, or \$0.12 per share
- Weighted average portfolio yield⁽¹⁾ of 13.0% on fair value and 12.6% on cost
- Base management fees of \$0.5 MM, or \$0.02 per share, and no incentive fees
- Net investment income of \$0.1 MM, or \$0.01 per share
- Net realized and unrealized gains (losses) of (\$5.0) MM, or (\$0.25) per share
- NAV decreased (\$0.26) or 9% from \$3.02 to \$2.76 during the quarter
- Received positive assurance on valuation of 99% of Level 3 investments by a leading independent valuation firm

⁽¹⁾ Excludes non-yielding assets.

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Overview & Financial Results

Statement of Operations – GAAP Basis

(in \$000's)	Q2 2017	Q1 2017	Q2 2016
Investment income	\$2,475	\$2,455	\$4,373
Interest expense	984	974	975
Management and incentive fees	496	570	767
Other G&A	840	714	1,269
Income taxes provision (benefit)	<u>10</u>	<u>4</u>	<u>99</u>
Net investment income	<u>\$145</u>	<u>\$193</u>	<u>\$1,263</u>
<i>Net investment income per share</i>	<i>\$0.01</i>	<i>\$0.01</i>	<i>\$0.06</i>

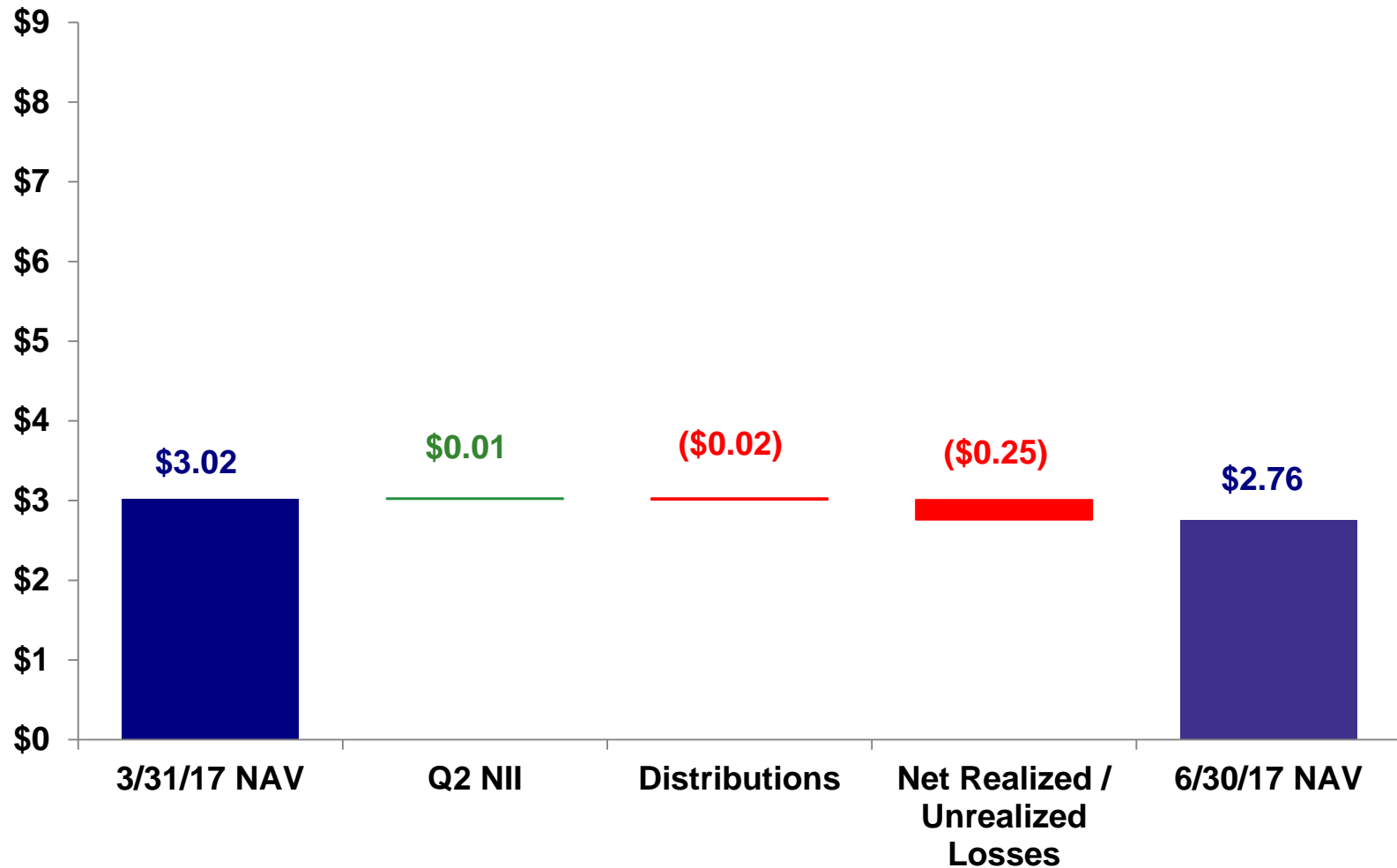
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Overview & Financial Results

(in \$000's)	Q2 2017	Q1 2017	Q2 2016
Realized capital gains (losses):			
Shoreline	(\$12,659)	\$ --	\$ --
Equinox	--	68	--
Contour	--	--	(10,142)
Hanson	--	--	199
Other	---	27	---
Total realized capital gains (losses), net	(12,659)	5	(9,943)
Unrealized gains (losses):			
Castex*	(4,658)	(21,243)	(1,367)
Gramercy	(167)	150	784
OCI (debt & equity investments)*	(164)	(299)	(298)
Talos*	(135)	776	626
TIBCO	(64)	1,073	(820)
Berlin	(10)	--	332
ATP / Bennu*	--	--	1,767
Shoreline*	--	--	(2,746)
Equinox	34	166	--
Reversals due to realizations	12,659	(82)	10,355
Other unrealized gains (losses), net	123	80	162
Total unrealized gains (losses), net	7,618	(19,379)	8,795
Total realized and unrealized (losses), net	(\$5,041)	(\$19,284)	(\$1,148)

Overview & Financial Results

NAV per Share Declined 9% in Q2, Primarily due to Castex Write-down (Legacy Investment)



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Section 2

Investment Activity & Portfolio Review

Investment Activity & Portfolio Review

\$128.8 MM of Investments in Fourteen New Portfolio Companies Under OHA Management

- 2014 (Q4 only) – \$36.8 MM (four new portfolio companies)
- 2015 – \$73.7 MM (eight new portfolio companies and one add-on to an existing OHA portfolio company)
- 2016 – \$7.0 MM (one new portfolio company and one add-on to an existing OHA portfolio company)
- 2017 – \$11.3 MM (one new portfolio company and one add-on to an existing OHA portfolio company)

- Realizations of \$119.5 MM since September 30, 2014 (\$81.0 MM from OHA Investments)
 - \$50.9 MM realizations in 2016; \$40.5 MM OHA and \$10.4 MM legacy
 - \$9.9 MM realizations in 2017, \$9.4 MM OHA and \$0.5 MM legacy
 - Weighted average unlevered gross IRR of 14.7% on fully-realized OHA investments

- \$84.5 MM of portfolio investments at June 30, 2017⁽¹⁾
 - 68% floating rate, 32% fixed rate, by fair value
 - Fixed rate investments consist of Castex, Talos and TIBCO

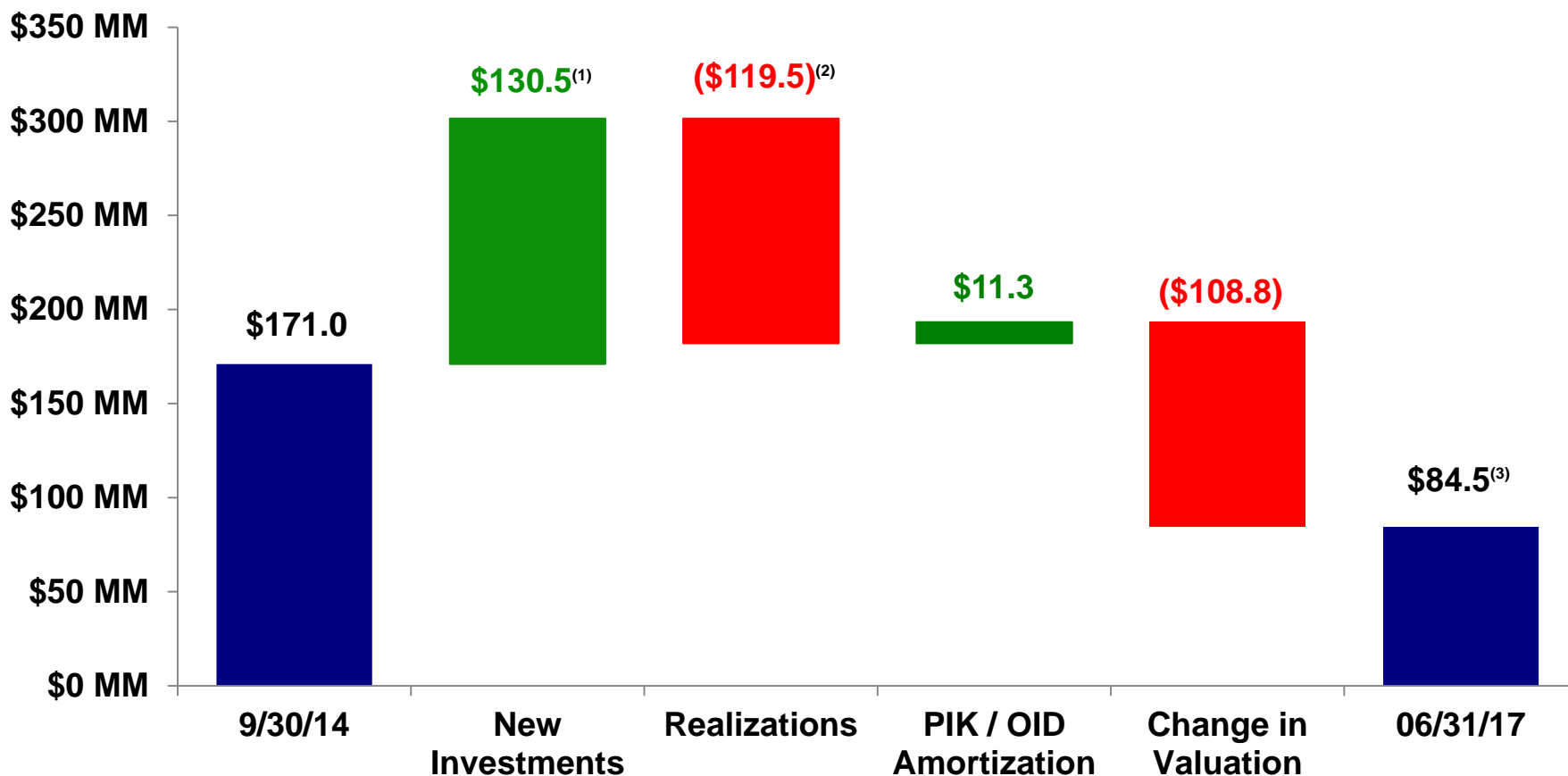
Amounts of new investments presented above are shown at purchase price, not principal amount.

(1) Excludes cash of \$12.0 MM at June 30, 2017.

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Investment Activity & Portfolio Review

Added \$130.5 MM of New Investments Since OHA Assumed Management on 9/30/14⁽¹⁾



⁽¹⁾ New investments include \$1.7 MM of additional capital invested in legacy assets.

⁽²⁾ \$80.0 MM of realizations/amortization from OHA investments.

⁽³⁾ Excludes cash of \$12.0 MM at June 30, 2017.

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Investment Activity & Portfolio Review

61% of the 9/30/14 Legacy Investment Portfolio Value Written-Off as of 6/30/17

\$ in 000's Legacy Portfolio Investments	Fair Value at 9/30/14	Realized	Written-Off ⁽¹⁾	Remaining Fair Value at 6/30/17 ⁽¹⁾
Castex*	\$54,334	\$ --	(\$47,924)	\$6,410
ATP/Bennu*	25,641	(1,731)	(23,910)	--
Nekoosa	18,199	(18,199)	--	--
OCI Subordinated Notes	15,580	--	(779)	14,801
Shoreline Energy*	13,611	(582)	(13,029)	--
Talos*	12,360	(464)	(4,571)	7,325
KOVA	9,000	(9,000)	--	--
Contour*	7,500	(1,435)	(6,065)	--
Spirit Energy*	7,453	(1,108)	(6,345)	--
Huff Energy*	5,888	(5,888)	--	--
OCI Class A Units	1,390	--	(1,054)	336
Total	<u>\$170,956</u>	<u>(\$38,407)</u>	<u>(\$103,667)</u>	<u>\$28,872</u>

* Energy related investment

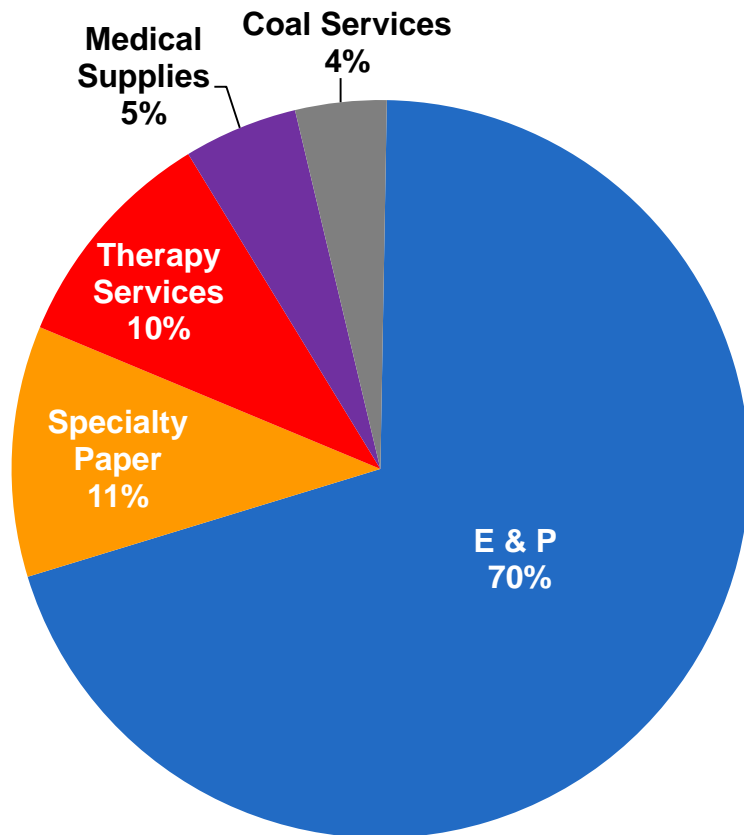
⁽¹⁾ Excludes any amounts written off from additional investment, paid-in-kind interest/dividends, and/or discount accretion subsequent to 9/30/14.

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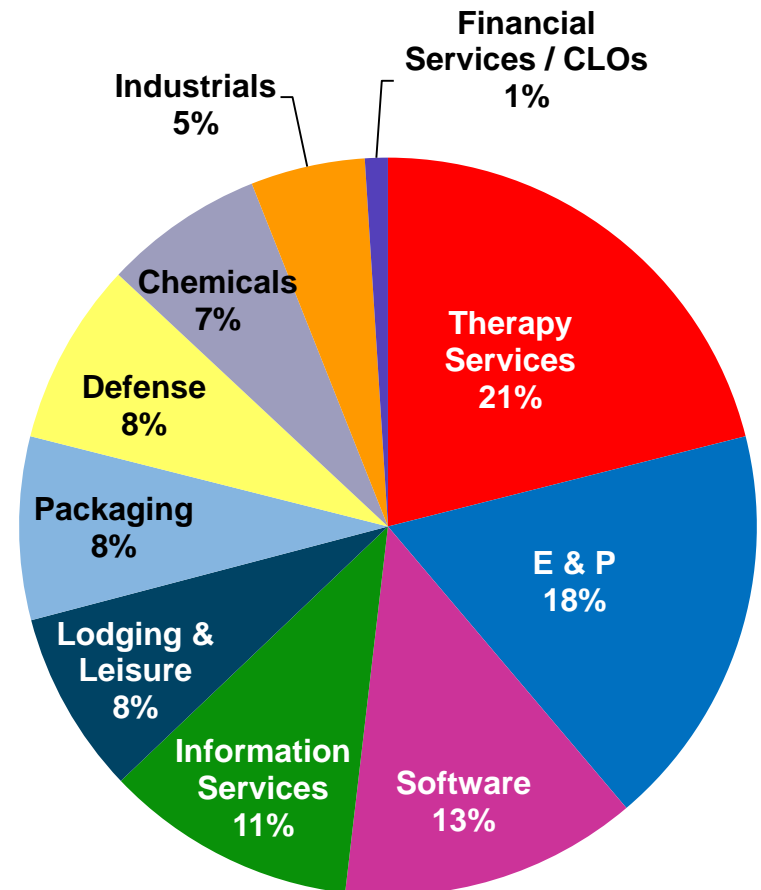
Investment Activity & Portfolio Review

Energy Exposure ⁽¹⁾ Reduced From 74% at 9/30/14 to 18% at 6/30/17

September 30, 2014



June 30, 2017



(1) As a percentage of total fair value.

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Investment Activity & Portfolio Review

Unrealized Losses Driven by \$5.0 MM Legacy Portfolio Write-downs

(in \$000's)	Fair Value Category	Principal/ Total Sum	Value at 3/31/17	Net New Investments (Realizations)	PIK/OID	Write-up / (Write-down)	Value at 6/30/17	% of Portfolio Value
Legacy Portfolio								
OCI subordinated note	Level 3	\$ 18,963	\$ 17,216	\$ -	\$ 856	\$ (57)	\$ 18,015	21%
Castex redeemable preferred units	Level 3	59,496	12,285	-	-	(4,658)	7,627	9%
Talos senior unsecured notes	Level 2	11,536	7,920	(464)	4	(135)	7,325	9%
OCI equity units	Level 3	n/a	442	-	-	(106)	336	0%
ATP/Bennu limited term royalty interest	Level 3	33,429	-	-	-	-	-	0%
Subtotal - Legacy Portfolio		123,424	37,863	(464)	860	(4,956)	33,303	39%
OHA Portfolio								
TIBCO senior unsecured notes	Level 2	10,100	11,186	-	13	(64)	11,135	13%
Appriss second lien term loan	Level 3	9,323	9,137	-	5	181	9,323	11%
Equinox second lien term loan	Level 2	7,000	7,114	-	1	34	7,149	8%
PAE second lien term loan	Level 2	6,888	5,569	1,374	4	(7)	6,940	8%
Berlin second lien term loan	Level 2	6,705	6,789	-	10	(10)	6,789	8%
Royal Holdings second lien term loan	Level 2	5,517	5,559	-	1	(50)	5,510	7%
WASH second lien term loan	Level 2	4,000	4,000	-	1	(1)	4,000	5%
Gramercy Park CLO residual interest	Level 3	n/a	1,465	(946)	-	(167)	352	1%
Subtotal - OHA Portfolio		49,534	50,819	428	35	(84)	51,198	61%
Grand Total		\$ 172,958	\$ 88,682	\$ (36)	\$ 895	\$ (5,040)	\$ 84,501	100%

Since "principal" does not apply to instruments other than debt, "N/A" is shown in the "Principal" column for investments other than debt securities. The information is unaudited and provided for informational purposes only. There is no representation being made that an individual investor will achieve returns similar to those shown. Past results are not necessarily indicative of future performance.

Investment Activity & Portfolio Review

Current Weighted Average Yield of 13.0%⁽¹⁾ on Fair Value Basis as of June 30, 2017

(in \$000's)	Principal/ Total Sum	Cost	Fair Value	Current Yield at Cost	Current Yield at Fair Value	% of Portfolio Value
< 10% Current Yield at Fair Value						
Royal Holdings second lien term loan	5,517	5,480	5,510	8.8%	8.7%	7%
Berlin second lien term loan	6,705	6,425	6,789	8.8%	8.3%	8%
WASH second lien term loan	4,000	3,976	4,000	8.1%	8.0%	5%
Equinox second lien term loan	7,000	6,949	7,149	8.2%	7.9%	8%
Gramercy Park CLO residual interest	n/a	126	352	13.5%	4.8%	1%
Total < 10% Current Yield at Fair Value	23,222	22,956	23,800	8.5%	8.2%	29%
10-15% Current Yield at Fair Value:						
Talos senior unsecured notes	11,536	11,525	7,325	9.9%	15.6%	9%
PAE second lien term loan	6,888	6,719	6,940	11.2%	10.8%	8%
TIBCO senior unsecured notes	10,100	9,780	11,135	12.3%	10.8%	13%
Appriss second lien term loan	9,323	9,227	9,323	10.7%	10.6%	11%
Total 10-15% Current Yield at Fair Value	37,847	37,251	34,723	11.0%	11.8%	41%
> 15% Current Yield at Fair Value:						
OCI subordinated note	18,963	18,886	18,015	20.6%	21.6%	21%
Total > 15% at Current Yield at Fair Value	18,963	18,886	18,015	20.6%	21.6%	21%
Current Yielding Investments	80,033	79,093	76,538	12.6%	13.0%	91%
Other Investments:						
Castex redeemable preferred units	59,496	56,315	7,627	N/A	N/A	9%
OCI equity units	n/a	2,500	336	N/A	N/A	<1%
ATP/Bennu limited term royalty interest	33,429	27,845	0	N/A	N/A	0%
Total non-yielding investments	92,925	86,660	7,963	N/A	N/A	9%
Grand Total	172,958	165,753	84,501	6.0%	11.8%	100%

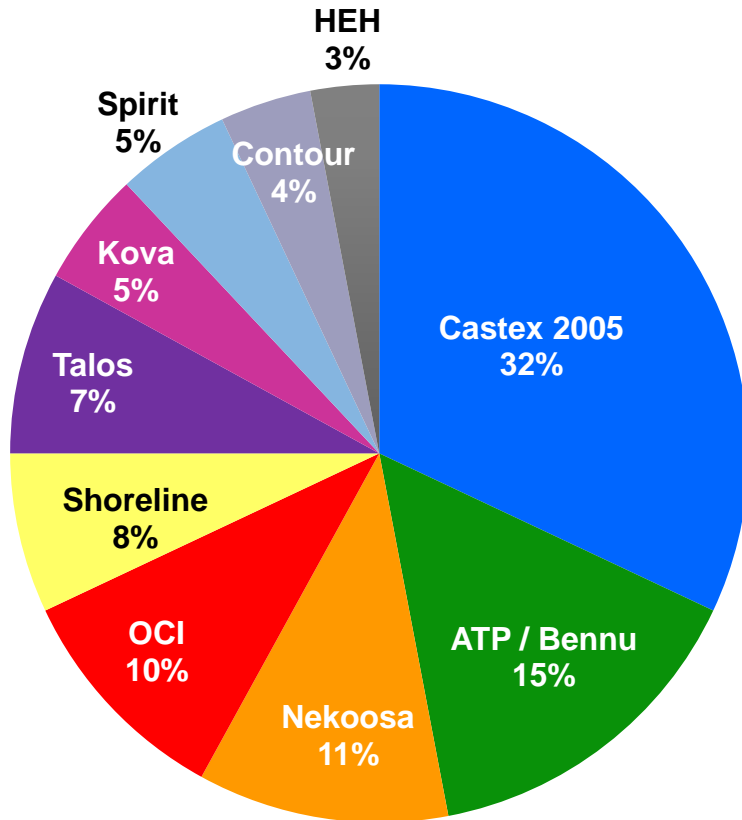
⁽¹⁾ Current yielding investments only.

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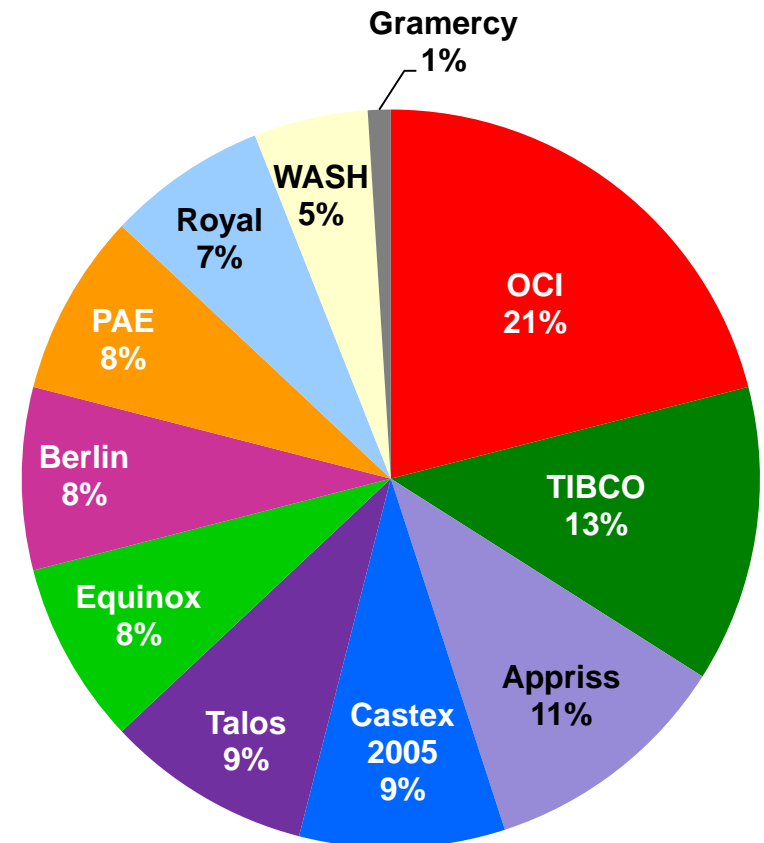
Investment Activity & Portfolio Review

Portfolio Value⁽¹⁾ is Derived From 12 Active Investments⁽²⁾ at 6/30/17 vs. 10 at 9/30/14

September 30, 2014



June 30, 2017



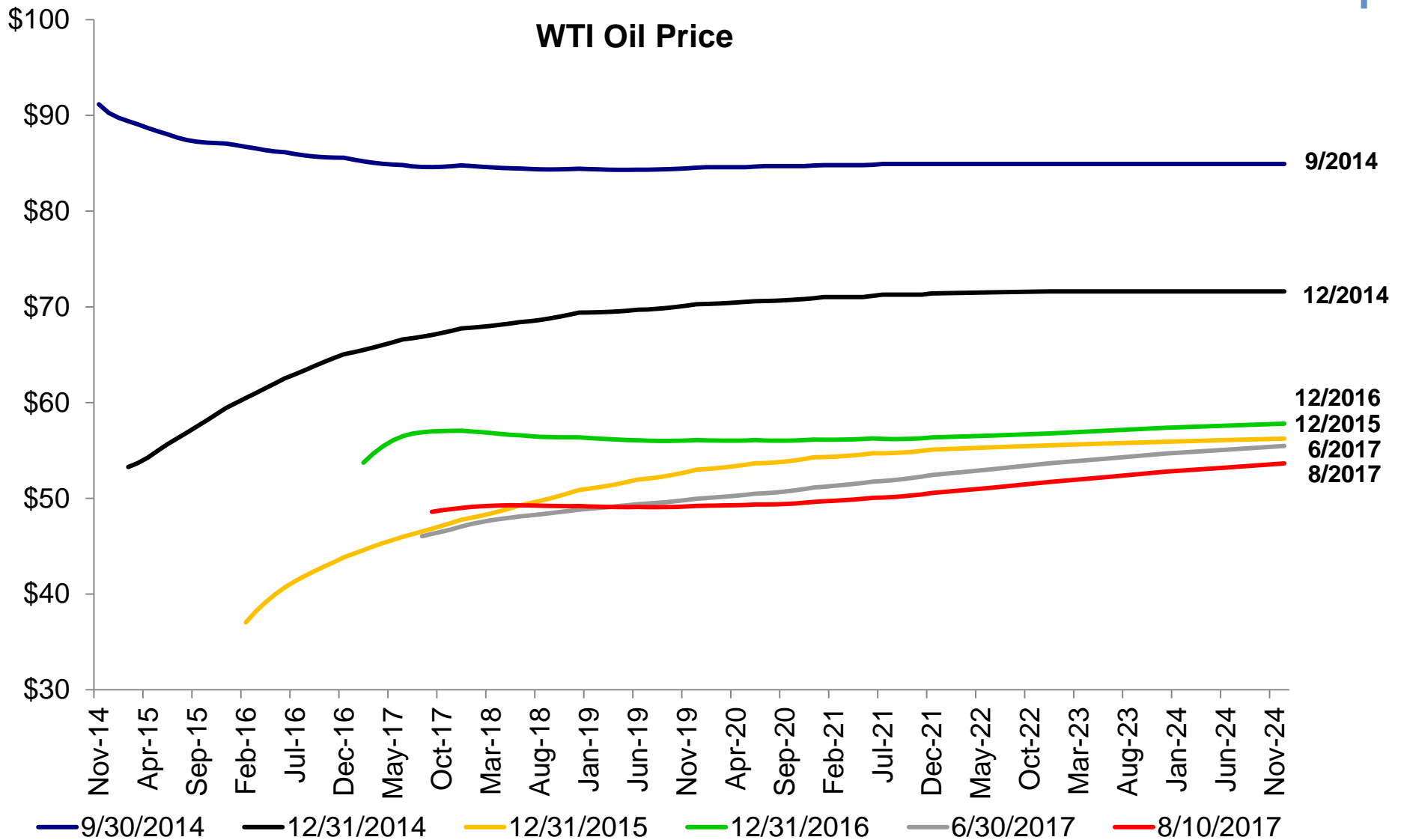
⁽¹⁾ As a percentage of total fair value.

⁽²⁾ Includes \$0 fair value investment ATP/Bennu.

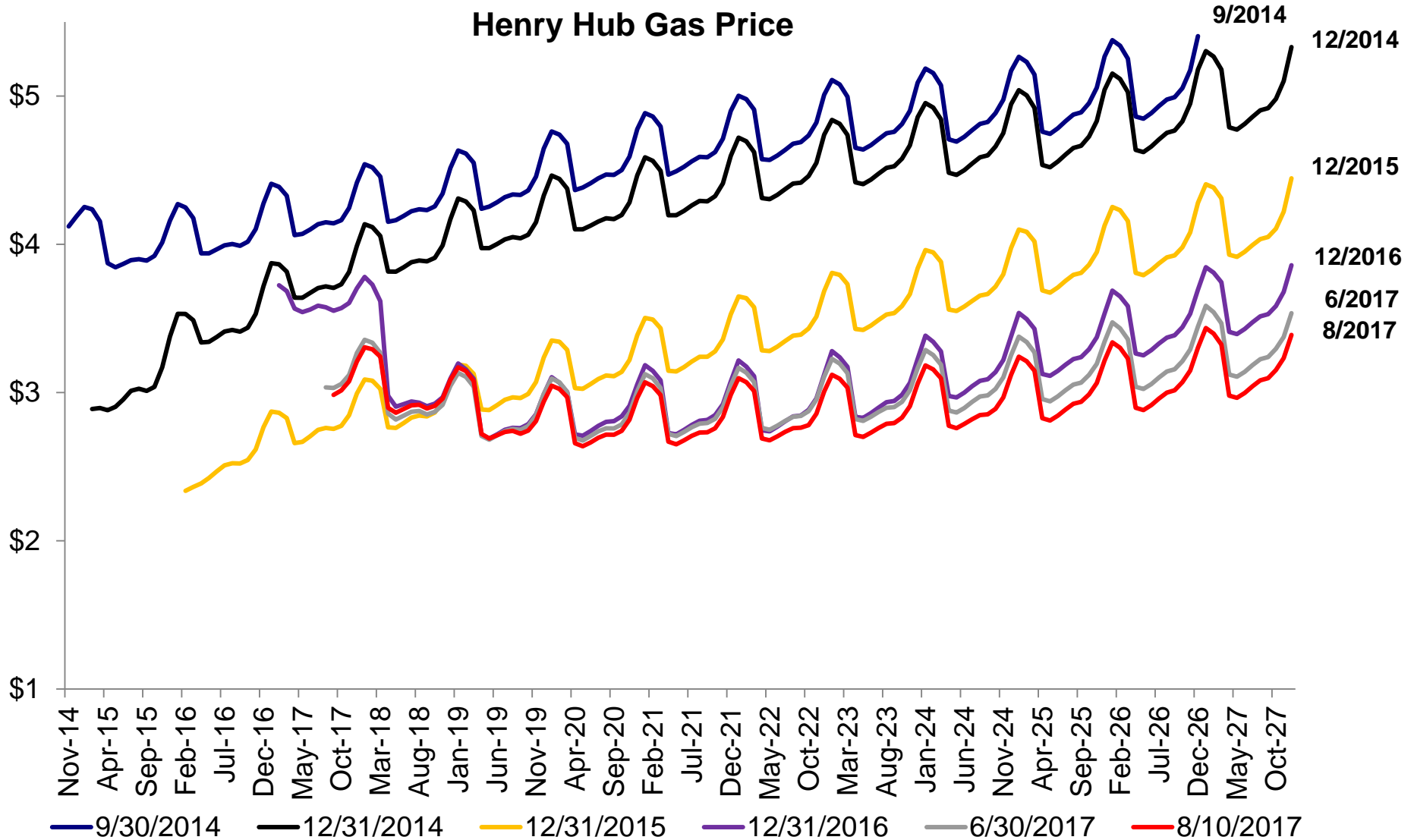
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Additional Information

Oil Price Strip



Natural Gas Price Strip



Q&A
