

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended March 31, 2018

or  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 814-00672

OHA Investment Corporation  
(Exact name of registrant as specified in its  
charter)

Maryland  
(State or other jurisdiction of  
incorporation or organization)

20-1371499  
(I.R.S. Employer  
Identification No.)

1114 Avenue of the Americas,  
27th Floor  
New York, New York  
(Address of principal executive  
offices)

10036  
(Zip Code)

(212) 852-1900

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(Do not check if smaller reporting company)

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of May 14, 2018, there were 20,172,392 shares of the registrant's common stock outstanding.

## Table of Contents

<b><u>PART I – FINANCIAL INFORMATION</u></b>	
<u>Item 1. Financial Statements</u>	<u>3</u>
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>30</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>39</u>
<u>Item 4. Controls and Procedures</u>	<u>39</u>
<b><u>PART II – OTHER INFORMATION</u></b>	
<u>Item 1. Legal Proceedings</u>	<u>40</u>
<u>Item 1A. Risk Factors</u>	<u>40</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>40</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>40</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>40</u>
<u>Item 5. Other information</u>	<u>40</u>
<u>Item 6. Exhibits</u>	<u>40</u>
<b><u>SIGNATURES</u></b>	<u>41</u>

---

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

OHA INVESTMENT CORPORATION  
CONSOLIDATED BALANCE SHEETS  
(in thousands, except share and per share amounts)

	March 31, 2018 (unaudited)	December 31, 2017
<b>Assets</b>		
Investments in portfolio securities at fair value		
Affiliate investments (cost: \$24,267 and \$23,263, respectively)	\$ 18,177	\$ 18,179
Non-affiliate investments (cost: \$129,681 and \$132,429, respectively)	46,863	46,751
Total portfolio investments (cost: \$153,948 and \$155,692, respectively)	65,040	64,930
Investments in U.S. Treasury Bills at fair value (cost: \$14,996 and \$19,994, respectively)	14,996	19,994
Total investments	80,036	84,924
Cash and cash equivalents	22,235	19,939
Accounts receivable and other current assets	6	—
Interest receivable	457	632
Due from broker	103	—
Other prepaid assets	11	21
Deferred tax asset	591	632
Total current assets	23,403	21,224
<b>Total assets</b>	<b>\$ 103,439</b>	<b>\$ 106,148</b>
<b>Liabilities</b>		
Current liabilities		
Distributions payable	\$ 403	\$ 403
Accounts payable and accrued expenses	1,682	1,585
Due to broker	1,250	—
Due to affiliate (Note 4)	96	562
Management and incentive fees payable (Note 4)	400	426
Income taxes payable	30	24
Repurchase agreement	14,695	19,592
Short-term debt, net of debt issuance costs	35,783	35,785
Total current liabilities	54,339	58,377
Long-term debt, net of debt issuance costs	—	—
<b>Total liabilities</b>	<b>54,339</b>	<b>58,377</b>
Commitments and Contingencies (Note 6)		
<b>Net assets</b>		
Common stock, \$.001 par value, 250,000,000 shares authorized; 20,172,392 and 20,172,392 shares issued and outstanding, respectively	20	20
Paid-in capital in excess of par	234,553	234,553
Undistributed net investment loss	(2,611)	(2,113)
Undistributed net realized capital loss	(97,072)	(97,043)
Net unrealized depreciation on investments	(85,790)	(87,646)
<b>Total net assets</b>	<b>49,100</b>	<b>47,771</b>
<b>Total liabilities and net assets</b>	<b>\$ 103,439</b>	<b>\$ 106,148</b>
<b>Net asset value per share</b>	<b>\$ 2.43</b>	<b>\$ 2.37</b>

(See accompanying notes to consolidated financial statements)

**OHA INVESTMENT CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except per share data)  
(unaudited)

	<b>For the three months ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Investment income:</b>		
Interest income:		
Affiliate investments	\$ 122	\$ 103
Payment-in-kind from affiliate investments	988	792
Non-affiliate investments	1,118	1,509
Money market interest	49	—
Other income	6	51
<b>Total investment income</b>	<b>2,283</b>	<b>2,455</b>
<b>Operating expenses:</b>		
Interest expense and bank fees	823	974
Management fees (Note 4)	400	570
Incentive fees (Note 4)	1	—
Costs related to strategic alternatives review	75	—
Professional fees	643	271
Other general and administrative expenses	370	382
Directors fees	61	61
<b>Total operating expenses</b>	<b>2,373</b>	<b>2,258</b>
Waived incentive fees (Note 4)	(1)	—
Income tax provision, net	6	4
<b>Net investment income (loss)</b>	<b>(95)</b>	<b>193</b>
<b>Realized and unrealized gain (loss) on investments:</b>		
Net realized capital gain (loss) on investments		
Control investments	—	1
Non-affiliate investments	13	94
Benefit (Provision) for taxes on realized gain (loss)	(42)	—
<b>Total net realized capital gain (loss) on investments</b>	<b>(29)</b>	<b>95</b>
Net unrealized appreciation (depreciation) on investments		
Control investments	—	—
Affiliate investments	(1,006)	(299)
Non-affiliate investments	2,862	(19,080)
<b>Total net unrealized appreciation (depreciation) on investments</b>	<b>1,856</b>	<b>(19,379)</b>
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>\$ 1,732</b>	<b>\$ (19,091)</b>
Net increase (decrease) in net assets resulting from operations per common share	<u>0.08</u>	<u>(0.95)</u>
Distributions declared per common share	\$ 0.02	\$ 0.02
Weighted average shares outstanding - basic and diluted	20,172	20,172

*(See accompanying notes to consolidated financial statements)*

**OHA INVESTMENT CORPORATION**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**  
(in thousands, except per share data)  
(unaudited)

	<b>For the three months ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Increase (decrease) in net assets from operations</b>		
Net investment income	\$ (95)	\$ 193
Net realized capital gain (loss) on investments	(29)	95
Net unrealized appreciation (depreciation) on investments	1,856	(19,379)
Net increase (decrease) in net assets resulting from operations	1,732	(19,091)
<b>Distributions to common stockholders</b>		
Distributions from net investment income	(403)	(403)
Net decrease in net assets from distributions	(403)	(403)
Net increase (decrease) in net assets	1,329	(19,494)
Net assets, beginning of period	47,771	80,493
Net assets, end of period	\$ 49,100	\$ 60,999
<b>Net asset value per common share at end of period</b>	\$ 2.43	\$ 3.02
<b>Common shares outstanding at end of period</b>	20,172	20,172

*(See accompanying notes to consolidated financial statements)*

**OHA INVESTMENT CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)  
(unaudited)

	<b>For the three months ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities:</b>		
Net increase (decrease) in net assets resulting from operations	\$ 1,732	\$ (19,091)
Adjustments to reconcile net decrease in net assets resulting from operations to net cash provided by (used in) operating activities:		
Payment-in-kind interest	(988)	(1,445)
Net amortization of premiums, discounts and fees	(44)	(81)
Net realized capital (gain) loss on investments	(13)	(95)
Net unrealized depreciation on investments	(1,856)	19,379
Purchase of investments in portfolio securities	(10,858)	(9,925)
Proceeds from redemption or sale of investments in portfolio securities	13,649	8,490
Purchase of investments in U.S. Treasury Bills	(15,000)	(40,000)
Proceeds from redemption of investments in U.S. Treasury Bills	19,998	40,000
Amortization of debt issuance costs on Credit Facility	178	289
Effects of changes in operating assets and liabilities:		
Accounts receivable and other current assets	(6)	(6)
Interest receivable	175	626
Prepaid assets	10	6
Payables and accrued expenses	77	(556)
Deferred tax asset	41	—
Due from broker	(103)	(3,551)
Due to broker	1,250	—
Due to affiliate	(466)	(51)
Net cash provided by (used in) operating activities	<u>7,776</u>	<u>(6,011)</u>
<b>Cash flows from financing activities:</b>		
Borrowings under repurchase agreement	14,695	39,200
Debt issuance cost paid	(180)	—
Repayments on repurchase agreement	(19,592)	(39,200)
Distributions to common stockholders	(403)	(1,210)
Net cash used in financing activities	<u>(5,480)</u>	<u>(1,210)</u>
<b>Net change in cash and cash equivalents</b>	<u>2,296</u>	<u>(7,221)</u>
<b>Cash and cash equivalents, beginning of period</b>	<u>19,939</u>	<u>16,533</u>
<b>Cash and cash equivalents, end of period</b>	<u>\$ 22,235</u>	<u>\$ 9,312</u>

*(See accompanying notes to consolidated financial statements)*

**OHA INVESTMENT CORPORATION**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**March 31, 2018**  
(in thousands, except share amounts and percentages)  
(unaudited)

Portfolio Company	Industry Segment	Investment <sup>(1)</sup>	Principal	Cost	Fair Value <sup>(2)</sup>
<b><u>Affiliate Investments - (5% to 25% owned)</u></b>					
OCI Holdings, LLC	Home Health Services	Subordinated Note (LIBOR+ 12.0% cash with a 1.0% floor plus 3.0% PIK) <sup>(7)</sup> , 20.88%, due 8/15/2018	\$ 21,794	\$ 21,767	\$ 18,015
OCI Holdings, LLC	Home Health Services	100% of Class A Units in OHA/OCI Investments, LLC representing 20.8% diluted ownership of OCI Holdings, LLC <sup>(11)</sup>		2,500	162
<b>Subtotal Affiliate Investments - (5% to 25% owned)</b>				<b>\$ 24,267</b>	<b>\$ 18,177</b>
<b><u>Non-affiliate Investments - (Less than 5% owned)</u></b>					
Equinox Holdings, Inc.	Leisure Goods, Activities, Movies	Second Lien Term Loan (LIBOR+7.0% with a 1.0% floor), 8.88%, due 9/6/2024 <sup>(3)</sup>	7,000	6,953	7,193
PAE Holding Corporation	Aerospace and Defense	Second Lien Term Loan (LIBOR+9.50% with a 1.0% floor), 11.49%, due 10/20/2023 <sup>(3)</sup>	6,888	6,734	6,940
Berlin Packaging	Packaging	Second Lien Term Loan (LIBOR +6.75% with a 1.0% floor), 8.42%, due 10/1/2022 <sup>(3)</sup>	6,705	6,457	6,780
CVS Holdings I, LP (MyEyeDr)	Retail	Second Lien Term Loan (LIBOR+6.75% with a 1.0% floor), 8.54%, due 2/6/2025 <sup>(3)</sup>	5,000	4,975	5,006
Avantor Performance Materials, Inc.	Chemicals	Senior Unsecured Notes 9.0% due 10/1/2025 <sup>(3)</sup>	5,000	5,000	4,925
WASH Multifamily Acquisition, Inc.	Industrials - Laundry Equipment	Second Lien Term Loan (LIBOR + 7.0% with a 1.0% floor), 8.88%, due 5/14/2023 <sup>(3)</sup>	3,404	3,386	3,387
DexKo Global, Inc.	Automotive	Second Lien Term Loan (LIBOR+8.25% with a 1.0% floor), 10.55%, due 7/24/2025 <sup>(3)</sup>	3,000	2,978	3,045
TIBCO Software, Inc.	Software	Senior Unsecured Notes, 11.38%, due 12/1/2021 <sup>(3)</sup>	2,100	1,974	2,286
MW Industries (Helix Acquisition)	Industrials	Second Lien Term Loan (LIBOR+8.0%), 10.30%, due 9/27/2025 <sup>(3)</sup>	1,400	1,387	1,426
Hayward Industries, Inc.	Consumer Goods	Second Lien Term Loan (LIBOR+8.25%), 10.13%, due 8/4/2025 <sup>(3)</sup>	1,302	1,280	1,299
Allied Universal Holdco, LLC	Business Services	Second Lien Term Loan (LIBOR+8.5% with a 1.0% floor), 10.27%, due 7/28/2023 <sup>(3)</sup>	1,250	1,250	1,244
Safe Fleet Holdings, LLC	Industrials	Second Lien Term Loan (LIBOR+6.75% with a 1.0% floor), 8.53%, due 2/1/2026 <sup>(3)</sup>	700	697	712

*(See accompanying notes to consolidated financial statements)*

**OHA INVESTMENT CORPORATION**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**March 31, 2018**  
(in thousands, except share amounts and percentages)  
(unaudited — continued)

Portfolio Company	Industry Segment	Investment <sup>(1)</sup>	Principal	Cost	Fair Value <sup>(2)</sup>
<b><u>Non-affiliate Investments - (Less than 5% owned) - Continued</u></b>					
Coinamatic Canada, Inc. <sup>(5)</sup>	Industrials - Laundry Equipment	Second Lien Term Loan (LIBOR + 7.0% with a 1.0% floor), 8.88%, due 5/14/2023 <sup>(3)(5)</sup>	596	593	593
ClearChoice (CC Dental Implants Intermediate)	Healthcare	First Lien Revolver (Last Out) (Funded: LIBOR+6.5% with a 1.0% floor), 8.48%, due 1/2/2023 <sup>(12)(13)</sup>	563	547	547
ClearChoice (CC Dental Implants Intermediate)	Healthcare	First Lien Term Loan (Last Out) (LIBOR+6.5% with a 1.0% floor), 8.66% due 1/2/2023 <sup>(13)</sup>	500	495	495
MedRisk, LLC	Healthcare	Second Lien Term Loan (LIBOR+6.75%), 8.63%, due 12/28/2025 <sup>(3)</sup>	500	498	500
EaglePicher Technologies, LLC	Aerospace and Defense	Second Lien Term Loan (LIBOR+7.25%), 8.96% due 3/28/2026 <sup>(3)</sup>	300	298	303
Gramercy Park CLO Ltd. <sup>(5)</sup>	Financial Services	Subordinated Notes, Residual Interest, 13.46% based on cost, due 7/17/2023	9,000	19	182
Castex Energy 2005, LP	Oil & Natural Gas Production and Development	Redeemable Preferred LP Units (current pay 8.0% cash or 10.0% PIK) <sup>(6)(8)</sup>	62,529	56,315	—
ATP Oil & Gas Corporation/Bennu Oil & Gas, LLC	Oil & Natural Gas Production and Development	Limited Term Royalty Interest (notional rate of 13.2%) <sup>(9)</sup>		27,845	—
Globe BG, LLC	Coal Production	Contingent earn-out related to July 2011 sale of royalty interests in Alden Resources, LLC <sup>(10)</sup>		—	—
<b>Subtotal Non-affiliate Investments - (Less than 5% owned)</b>				<b>\$ 129,681</b>	<b>\$ 46,863</b>
<b>Subtotal Portfolio Investments (81.3% of total investments)</b>				<b>\$ 153,948</b>	<b>\$ 65,040</b>
<b><u>GOVERNMENT SECURITIES</u></b>					
U.S. Treasury Bills <sup>(4)</sup>			\$ 15,000	\$ 14,996	\$ 14,996
<b>Subtotal Government Securities (18.7% of total investments)</b>				<b>\$ 14,996</b>	<b>\$ 14,996</b>
<b>TOTAL INVESTMENTS</b>				<b>\$ 168,944</b>	<b>\$ 80,036</b>

*(See accompanying notes to consolidated financial statements)*



**OHA INVESTMENT CORPORATION**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**March 31, 2018**  
**(in thousands, except share amounts and percentages)**  
**(unaudited — continued)**

**NOTES TO CONSOLIDATED SCHEDULE OF INVESTMENTS**

- (1) We pledged all of our portfolio investments, except our investments in U.S. Treasury Bills, as collateral for obligations under our Credit Facility. See Note 3 to Consolidated Financial Statements. Percentages represent interest rates in effect as of March 31, 2018, and due dates represent the contractual maturity dates. Common stock, units and earn-outs are non-income producing securities, unless otherwise stated.
- (2) The Audit Committee recommends fair values of each asset to our Board of Directors, which in good faith determines the final fair value for each investment. Fair value is determined using unobservable inputs (Level 3 hierarchy), unless otherwise stated. See Note 7 to the Consolidated Financial Statements.
- (3) Fair value is determined using prices with observable market inputs (Level 2 hierarchy). See Note 7 to the Consolidated Financial Statements.
- (4) Fair value is determined using prices for identical securities in active markets (Level 1 hierarchy). See Note 7 to the Consolidated Financial Statements.
- (5) We have determined that this investment is not a “qualifying asset” under Section 55(a) of the Investment Company Act of 1940, or the 1940 Act. Under the 1940 Act, we may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of our total assets. The status of these assets under the 1940 Act is subject to change. We monitor the status of these assets on an ongoing basis.
- (6) Investment on non-accrual status and therefore non-income producing.
- (7) During the fourth quarter of 2016, we executed a series of amendments to our note purchase and security agreement with OCI Holdings, LLC, or OCI, to allow the company to PIK its LIBOR+12% cash interest for November and December 2016. Also, default interest of \$0.1 million and current unpaid interest of \$0.4 million was added to the principal balance in the fourth quarter 2016. OCI remains in financial covenant default and while in default, we are earning an additional 2% cash interest and 2% PIK interest. In 2017, we have executed a number of amendments to our note purchase and security agreement with OCI that allows the company to continue to PIK its LIBOR +12% cash interest through December 31, 2017.
- (8) By the terms of our original investment, upon redemption, we were due the outstanding face amount of \$50 million, any unpaid and accrued dividends, plus an option to elect to receive either: a) a cash payment resulting in a total 12% return or make-whole (inclusive of the 8% cash distributions even if not paid), or b) our pro rata share of 2% of the outstanding regular limited partner interests in Castex Energy 2005, LP, or Castex (0.67% net to us). Amounts shown for principal and cost include PIK dividends that have been added to the principal balance.  
  
During the first quarter of 2017, we placed our investment in Castex on non-accrual status based on our March 31, 2017 valuation, which reflected a determination that future payments received from this investment would no longer be sufficient to cover all of the contractual principal and dividend amounts on this investment. On October 16, 2017, Castex announced that it (together with certain affiliates) has filed bankruptcy under Chapter 11 of the U.S. Bankruptcy Code. According to the filing, Castex and its affiliates in bankruptcy entered into a restructuring support agreement (“RSA”) with pre-petition lenders holding approximately 86% in principal amount of claims under the pre-petition credit facility. On February 26, 2018, we agreed to a settlement and agreed to withdraw our confirmation objections to the Debtors’ Joint Plan of Reorganization under Chapter 11 of the Bankruptcy code in exchange for the potential to receive some amount of cash and warrants in the reorganized company. This agreement was approved on February 27, 2018. At this time we are unable to determine the value of a recovery, if any, resulting from the settlement which will be dependent upon the ultimate pool of unsecured claims. Therefore, until we are in a position to determine the value and likelihood of a recovery, we continue to estimate \$0 fair market value of our investment in Castex at March 31, 2018 for financial statement purposes.
- (9) Effective July 1, 2015, ATP was placed on non-accrual status based on estimated future production payments and income is recognized to the extent cash received. For more information on ATP, refer to the discussion of the ATP litigation in Note 7 to the Consolidated Financial Statements.

**OHA INVESTMENT CORPORATION**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**March 31, 2018**  
**(in thousands, except share amounts and percentages)**  
**(unaudited — continued)**

**NOTES TO CONSOLIDATED SCHEDULE OF INVESTMENTS - Continued**

- (10) Contingent payment of up to \$6.8 million is dependent upon Alden Resources, LLC's achievement of certain sales volume and operating efficiency levels during the three-year period ended July 2014. The reporting and review mechanism to conclude the ultimate value of the earn-out has not yet been completed. Globe BG, LLC has informally advised us that the company's relative cost of production has not improved since July 2011.
- (11) Non-income producing equity security.
- (12) Represents a revolving line of credit of which \$1.0 million of the \$1.6 million total commitment is unfunded at March 31, 2018. The revolving line of credit includes a 0.75% unused fee applied to the unfunded amount.
- (13) Investment is entitled to skim interest which will result in a higher interest rate spread by approximately 28 basis points.

*(See accompanying notes to consolidated financial statements)*

**OHA INVESTMENT CORPORATION**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**December 31, 2017**  
(in thousands, except share amounts and percentages)

Portfolio Company	Industry Segment	Investment <sup>(1)</sup>	Principal	Cost	Fair Value <sup>(2)</sup>
<b><u>Affiliate Investments - (5% to 25% owned)</u></b>					
OCI Holdings, LLC	Home Health Services	Subordinated Note (LIBOR+ 12.0% cash with a 1.0% floor plus 3.0% PIK) <sup>(7)</sup> , 20.56%, due 8/15/2018	\$ 20,806	\$ 20,763	\$ 18,015
OCI Holdings, LLC	Home Health Services	100% of Class A Units in OHA/OCI Investments, LLC representing 20.8% diluted ownership of OCI Holdings, LLC <sup>(11)</sup>		2,500	164
<b>Subtotal Affiliate Investments - (5% to 25% owned)</b>				<b>\$ 23,263</b>	<b>\$ 18,179</b>
<b><u>Non-affiliate Investments - (Less than 5% owned)</u></b>					
Talos Production, LLC	Oil & Natural Gas Production and Development	Senior Unsecured Notes 9.75%, due 2/15/2018 <sup>(3)</sup>	\$ 11,536	\$ 11,534	\$ 8,652
Equinox Holdings, Inc.	Leisure Goods, Activities, Movies	Second Lien Term Loan (LIBOR+7.0% with a 1.0% floor), 8.57%, due 9/6/2024 <sup>(3)</sup>	7,000	6,951	7,245
PAE Holding Corporation	Aerospace and Defense	Second Lien Term Loan (LIBOR+9.50% with a 1.0% floor), 11.12%, due 10/20/2023 <sup>(3)</sup>	6,888	6,729	6,931
Berlin Packaging	Packaging	Second Lien Term Loan (LIBOR +6.75% with a 1.0% floor), 8.12%, due 10/1/2022 <sup>(3)</sup>	6,705	6,447	6,780
Avantor Performance Materials, Inc.	Chemicals	Senior Unsecured Notes, 9.0%, due 10/1/2025 <sup>(3)</sup>	5,000	5,000	4,925
WASH Multifamily Acquisition, Inc.	Industrials - Laundry Equipment	Second Lien Term Loan (LIBOR + 7.0% with a 1.0% floor), 8.57%, due 5/14/2023 <sup>(3)</sup>	3,404	3,385	3,387
DexKo Global, Inc.	Automotive	Second Lien Term Loan (LIBOR+8.25% with a 1.0% floor), 9.94%, due 7/24/2025 <sup>(3)</sup>	3,000	2,977	3,038
TIBCO Software, Inc.	Software	Senior Unsecured Notes, 11.38%, due 12/1/2021 <sup>(3)</sup>	2,100	1,968	2,286
MW Industries (Helix Acquisition)	Industrials	Second Lien Term Loan (LIBOR+8.0%), 9.69%, due 9/27/2025 <sup>(3)</sup>	1,400	1,386	1,409
Hayward Industries, Inc.	Consumer Goods	Second Lien Term Loan (LIBOR+8.25%), 9.82%, due 8/04/2025 <sup>(3)</sup>	1,302	1,280	1,296

*(See accompanying notes to consolidated financial statements)*

**OHA INVESTMENT CORPORATION**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**December 31, 2017**  
(in thousands, except share amounts and percentages)  
(continued)

Portfolio Company	Industry Segment	Investment <sup>(1)</sup>	Principal	Cost	Fair Value <sup>(2)</sup>
<b><u>Non-affiliate Investments - (Less than 5% owned) - Continued</u></b>					
Coinamatic Canada, Inc.	Industrials - Laundry Equipment	Second Lien Term Loan (LIBOR + 7.0% with a 1.0% floor), 8.57%, due 5/14/2023 <sup>(3)</sup>	\$ 596	\$ 593	\$ 593
Gramercy Park CLO Ltd. <sup>(5)</sup>	Financial Services	Subordinated Notes, Residual Interest, 13.46% based on cost, due 7/17/2023	9,000	19	209
Castex Energy 2005, LP	Oil & Natural Gas Production and Development	Redeemable Preferred LP Units (current pay 8.0% cash or 10.0% PIK <sup>(6)(8)</sup> )	62,529	56,315	—
ATP Oil & Gas Corporation/Bennu Oil & Gas, LLC	Oil & Natural Gas Production and Development	Limited Term Royalty Interest (notional rate of 13.2%) <sup>(9)</sup>	—	27,845	—
Globe BG, LLC	Coal Production	Contingent earn-out related to July 2011 sale of royalty interests in Alden Resources, LLC <sup>(10)</sup>	—	—	—
<b>Subtotal Non-affiliate Investments - (Less than 5% owned)</b>				<b>\$ 132,429</b>	<b>\$ 46,751</b>
<b>Subtotal Portfolio Investments (76.5% of total investments)</b>				<b>\$ 155,692</b>	<b>\$ 64,930</b>
<b><u>GOVERNMENT SECURITIES</u></b>					
U.S. Treasury Bills <sup>(4)</sup>			\$ 20,000	\$ 19,994	\$ 19,994
<b>Subtotal Government Securities (23.5% of total investments)</b>				<b>\$ 19,994</b>	<b>\$ 19,994</b>
<b>TOTAL INVESTMENTS</b>				<b>\$ 175,686</b>	<b>\$ 84,924</b>

*(See accompanying notes to consolidated financial statements)*

**OHA INVESTMENT CORPORATION**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**December 31, 2017**  
**(in thousands, except share amounts and percentages)**  
**(continued)**

**NOTES TO CONSOLIDATED SCHEDULE OF INVESTMENTS**

- (1) We pledged all of our portfolio investments, except our investments in U.S. Treasury Bills, as collateral for obligations under our Credit Facility. See Note 3 to Consolidated Financial Statements. Percentages represent interest rates in effect as of December 31, 2017, and due dates represent the contractual maturity dates. Common stock, units and earn-outs are non-income producing securities, unless otherwise stated.
- (2) The Audit Committee recommends fair values of each asset to our Board of Directors, which in good faith determines the final fair value for each investment. Fair value is determined using unobservable inputs (Level 3 hierarchy), unless otherwise stated. See Note 7 to the Consolidated Financial Statements.
- (3) Fair value is determined using prices with observable market inputs (Level 2 hierarchy). See Note 7 to the Consolidated Financial Statements.
- (4) Fair value is determined using prices for identical securities in active markets (Level 1 hierarchy). See Note 7 to the Consolidated Financial Statements.
- (5) We have determined that this investment is not a "qualifying asset" under Section 55(a) of the Investment Company Act of 1940, or the 1940 Act. Under the 1940 Act, we may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of our total assets. The status of these assets under the 1940 Act is subject to change. We monitor the status of these assets on an ongoing basis.
- (6) Investment on non-accrual status and therefore non-income producing.
- (7) During the fourth quarter of 2016, we executed a series of amendments to our note purchase and security agreement with OCI Holdings, LLC, or OCI, to allow the company to PIK its LIBOR+12% cash interest for November and December 2016. Also, default interest of \$0.1 million and current unpaid interest of \$0.4 million was added to the principal balance in the fourth quarter 2016. OCI remains in financial covenant default and while in default, we are earning an additional 2% cash interest and 2% PIK interest. In 2017, we have executed a number of amendments to our note purchase and security agreement with OCI that allows the company to continue to PIK its LIBOR +12% cash interest through December 31, 2017.
- (8) By the terms of our original investment, upon redemption, we were due the outstanding face amount of \$50 million, any unpaid and accrued dividends, plus an option to elect to receive either: a) a cash payment resulting in a total 12% return or make-whole (inclusive of the 8% cash distributions even if not paid), or b) our pro rata share of 2% of the outstanding regular limited partner interests in Castex Energy 2005, LP, or Castex (0.67% net to us). Amounts shown for principal and cost include PIK dividends that have been added to the principal balance. Please refer to footnote 8 in the December 31, 2016 Consolidated Schedule of Investments for additional information our about our investment in Castex and the put process.  
  
During the first quarter of 2017, we placed our investment in Castex on non-accrual status based on our March 31, 2017 valuation, which reflected a determination that future payments received from this investment would no longer be sufficient to cover all of the contractual principal and dividend amounts on this investment. On October 16, 2017, Castex announced that it (together with certain affiliates) has filed bankruptcy under Chapter 11 of the U.S. Bankruptcy Code. According to the filing, Castex and its affiliates in bankruptcy entered into a restructuring support agreement ("RSA") with pre-petition lenders holding approximately 86% in principal amount of claims under the pre-petition credit facility. On February 26, 2018, we agreed to a settlement and agreed to withdraw our confirmation objections to the Debtors' Joint Plan of Reorganization under Chapter 11 of the Bankruptcy code in exchange for the potential to receive some amount of cash and warrants in the reorganized company. This agreement was approved on February 27, 2018. At this time we are unable to determine the value of a recovery, if any, resulting from the settlement which will be dependent upon the ultimate pool of unsecured claims. Therefore, until we are in a position to determine the value and likelihood of a recovery, we are estimating \$0 fair market value of our investment in Castex at December 31, 2017 for financial statement purposes.
- (9) Effective July 1, 2015, ATP was placed on non-accrual status based on estimated future production payments and income is recognized to the extent cash received. For more information on ATP, refer to the discussion of the ATP litigation in Note 7 to the Consolidated Financial Statements.

**OHA INVESTMENT CORPORATION**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**  
**December 31, 2017**  
**(in thousands, except share amounts and percentages)**  
**(continued)**

**NOTES TO CONSOLIDATED SCHEDULE OF INVESTMENTS - Continued**

- <sup>(10)</sup> Contingent payment of up to \$6.8 million is dependent upon Alden Resources, LLC's achievement of certain sales volume and operating efficiency levels during the three-year period ended July 2014. The reporting and review mechanism to conclude the ultimate value of the earn-out has not yet been completed. Globe BG, LLC has informally advised us that the company's relative cost of production has not improved since July 2011.
- <sup>(11)</sup> Non-income producing equity security.

*(See accompanying notes to consolidated financial statements)*

**OHA INVESTMENT CORPORATION**  
**CONSOLIDATED FINANCIAL HIGHLIGHTS**  
(unaudited)

<b>Per Share Data<sup>(1)</sup></b>	<b>For the three months ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
Net asset value, beginning of period	\$ 2.37	\$ 3.99
Net investment income, net of tax	(0.01)	0.01
Net realized and unrealized loss on investments <sup>(2)</sup>	0.09	(0.96)
Net decrease in net assets resulting from operations	0.08	(0.95)
Distributions to common stockholders		
Distributions from net investment income	(0.02)	(0.02)
Net decrease in net assets from distributions	(0.02)	(0.02)
Net asset value, end of period	2.43	3.02
Market value, beginning of period	\$ 1.15	\$ 1.72
Market value, end of period	\$ 1.40	\$ 1.54
Market value return <sup>(3)(4)</sup>	23.8 %	(9.5)%
<b>Ratios and Supplemental Data</b>		
(\$ and shares in thousands)		
Net assets, end of period	\$ 49,100	\$ 60,999
Average net assets	\$ 48,516	\$ 76,630
Common shares outstanding, end of period	20,172	20,172
Total operating expenses and taxes/average net assets, before waived incentive fees <sup>(5)</sup>	19.9 %	12.0 %
Total operating expenses and taxes/average net assets, net of waived incentive fees <sup>(5)</sup>	19.9 %	12.0 %
Net investment income(loss)/average net assets, before waived incentive fees <sup>(5)</sup>	(0.8)%	1.0 %
Net investment income (loss)/average net assets, net of waived incentive fees <sup>(5)</sup>	(0.8)%	1.0 %
Portfolio turnover rate	16.7 %	7.8 %
<b>Expense Ratios (as a percentage of average net assets)<sup>(5)</sup></b>		
Interest expense and bank fees	6.9 %	5.2 %
Management fees	3.3 %	3.0 %
Incentive fees	— %	— %
Incentive fees, net of waived incentive fees	— %	— %
Costs related to strategic alternatives review	0.6 %	— %
Other operating expenses, including provision for income taxes	9.1 %	3.8 %
Total operating expenses, including provision for income taxes, before waived incentive fees	19.9 %	12.0 %
Total operating expenses, including provision for income taxes, net of waived incentive fees	19.9 %	12.0 %

(1) Per share data is based on weighted average number of common shares outstanding for the period.

(2) May include a balancing amount necessary to reconcile the change in net asset value per share with other per share information presented due to rounding.

(3) Total return is based on the change in market price per share during the respective periods. Total return calculations take into account distributions, if any, reinvested in accordance with the Company's dividend reinvestment plan and do not reflect brokerage commissions.

(4) Not annualized.

(5) Annualized.

*(See accompanying notes to consolidated financial statements)*

**OHA INVESTMENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2018**  
**(unaudited)**

**Note 1: Organization**

These consolidated financial statements present the financial position, results of operations and cash flows of OHA Investment Corporation and its consolidated subsidiaries (collectively “we,” “us,” “our” and “OHAI”). We are a specialty finance company that was organized in July 2004 as a Maryland corporation. Our investment objective is to generate both current income and capital appreciation primarily through debt investments, some of which include equity components. We are an externally managed, closed-end, non-diversified management investment company that has elected to be regulated as a business development company, or a BDC, under the 1940 Act. For federal income tax purposes we operate so as to be treated as a regulated investment company, or RIC, under Subchapter M of the Internal Revenue Code of 1986, as amended, or the Code. We have several direct and indirect subsidiaries that are single-member limited liability companies and wholly-owned limited partnerships established to hold certain portfolio investments or provide services to us in accordance with specific rules prescribed for a company operating as a RIC. We consolidate the financial results of our wholly-owned subsidiaries for financial reporting purposes, and we do not consolidate the financial results of our portfolio companies.

On September 30, 2014, our stockholders approved the appointment of Oak Hill Advisors, L.P., or OHA, as our investment advisor, replacing NGP Investment Advisor, LP, which had been our investment advisor since our inception. In connection with this change in investment advisor, we changed our name from NGP Capital Resources Company to OHA Investment Corporation. OHA is a registered investment adviser under the Investment Advisers Act of 1940, or the Advisers Act. OHA acts as our investment advisor and administrator pursuant to an investment advisory agreement and an administration agreement, respectively, each dated as of September 30, 2014, which we refer to as the Investment Advisory Agreement and the Administration Agreement, respectively. See Note 4.

**Note 2: Basis of Presentation**

These interim unaudited consolidated financial statements include the accounts of OHAI and its consolidated subsidiaries. The effects of all intercompany transactions between OHAI and its subsidiaries have been eliminated in consolidation. Certain prior period amounts have been reclassified to conform to current period presentation.

We prepare the interim consolidated financial statements in accordance with accounting principles generally accepted in United States of America (“GAAP”) and pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). The Company is an investment company following the accounting and reporting guidance in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 946, *Financial Services - Investment Company* (“ASC 946”). Under the investment company rules and regulations pursuant to Article 6 of Regulation S-X and ASC 946, the Company is precluded from consolidating portfolio company investments, including those in which it has a controlling interest, unless the portfolio company is another investment company. An exception to the general principle occurs if the Company holds a controlling interest in an operating company that provides all or substantially all of its services directly to the Company or to its portfolio companies. None of the portfolio investments made by the Company qualify for this exception. Therefore, the Company's investment portfolio is carried on the Consolidated Balance Sheets at fair value.

We omit certain information and footnote disclosures normally included in audited financial statements prepared in accordance with GAAP pursuant to such rules and regulations. We believe we include all adjustments which are of a normal recurring nature, so that these financial statements fairly present our financial position, results of operations and cash flows. Interim results are not necessarily indicative of results for a full year or any other interim period. You should read these unaudited consolidated financial statements in conjunction with the audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2017.

Preparing interim consolidated financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and the accompanying notes thereto, including the estimated fair values of our investment portfolio discussed in Note 7. Although we believe our estimates and assumptions are reasonable, actual results could differ materially from these estimates.

**Going Concern**

Our consolidated financial statements have been prepared assuming OHAI will continue as a going concern. Under that assumption, we expect that assets will be realized and liabilities will be satisfied in the normal course of business.



**OHA INVESTMENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**  
**March 31, 2018**  
**(unaudited)**

As of May 14, 2018, the total outstanding principal amount of our debt obligations under our Credit Facility (as defined below) is \$36.0 million. This amount, along with accrued interest, will be due and payable upon expiration of our Credit Facility which is scheduled to expire on September 9, 2018. If we do not have a new credit facility in place prior to that date, or if we are unable to extend our existing Credit Facility, we will consider a number of actions in order to increase our liquidity to levels sufficient to meet our debt obligations under the existing Credit Facility and any other anticipated cash needs through May 14, 2019. These actions include: refinancing our debt obligations with other lenders, disposing of certain portfolio investments, and reducing other controllable cash outflows.

We believe we will be able to take such actions in a manner that would enable us to meet our debt obligations and other cash needs through May 14, 2019. However, failure to successfully execute our liquidity plans or otherwise address our liquidity needs may have a material adverse effect on our business and financial position, and may materially affect our ability to continue as a going concern.

***Cash and Cash Equivalents***

Cash and cash equivalents consist of bank demand deposits and investments in money market funds. The Company considers cash and cash equivalents to include money market funds and may invest in money market funds as part of its cash management activities. As of March 31, 2018, the Company held \$1.5 million in cash and cash equivalents and \$20.7 million in money market funds.

***Distributions***

We record distributions to stockholders on the ex-dividend date. We currently intend that our distributions each year will be sufficient to maintain our status as a RIC for federal income tax purposes and to eliminate federal excise tax liability. We currently intend to make distributions to stockholders on a quarterly basis so that substantially all of our net taxable income is distributed on an annual basis. We also intend to make distributions of net realized capital gains, if any, at least annually. However, we may in the future decide to retain such capital gains for investment and designate such retained amounts as deemed distributions. Each quarter, we estimate our annual taxable earnings. The Board of Directors considers this estimate and determines the distribution amount, if any. We generally declare our distributions each quarter and pay them shortly thereafter. The following table summarizes our recent distribution history:

<b>Declaration Date</b>	<b>Per Share Amount</b>	<b>Record Date</b>	<b>Payment Date</b>
March 14, 2017	\$ 0.02	March 31, 2017	April 7, 2017
June 16, 2017	0.02	June 30, 2017	July 10, 2017
September 18, 2017	0.02	September 30, 2017	October 9, 2017
December 12, 2017	0.02	December 31, 2017	January 9, 2018
March 14, 2018	0.02	March 31, 2018	April 9, 2018

**Note 3: Credit Facilities and Borrowings**

We are party to a Credit Agreement (the "Credit Facility"), dated September 9, 2016, with MidCap Financial Trust, as administrative agent, which replaced our prior Third Amended and Restated Revolving Credit Agreement, as amended, with SunTrust Bank, as administrative agent (the "Investment Facility"). As of December 31, 2016, the size of the Credit Facility was \$56.5 million with a maturity date of March 9, 2018, with an option to extend for a six-month period, subject to certain conditions. The initial proceeds of \$40.5 million from the Credit Facility were used to pay off the \$38.5 million outstanding balance on the Investment Facility, pay transaction expenses and provide balance sheet cash. The remaining \$16.0 million consisted of a delayed draw term loan, which was committed for one year, and was available to us to grow our investment portfolio and operate our business.

On February 2, 2018, we exercised the option to extend the Credit Facility through September 9, 2018.

As of March 31, 2018 and December 31, 2017, the total amount outstanding under the Credit Facility was \$36.0 million with \$0.0 million available to draw. The total amount outstanding on the Credit Facility is shown net of unamortized debt issuance costs of \$0.2 million and \$0.2 million on our Consolidated Balance Sheet as of March 31, 2018 and December 31, 2017, respectively. Substantially all of our assets, except our investments in U.S. Treasury Bills, are pledged as collateral for the obligations under the Credit Facility. The Credit Facility bears an interest rate of Adjusted LIBOR plus 5.35% for Eurodollar Loans, subject to a 1% LIBOR floor, and Base

**OHA INVESTMENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**  
**March 31, 2018**  
**(unaudited)**

Rate plus 4.35% for Base Rate Loans. As of March 31, 2018, the interest rate on our outstanding principal balance of \$36.0 million was 7.01%.

On November 10, 2017, we entered into an amendment to the Credit Facility whereby we agreed to make a voluntary principal prepayment in the amount of \$4.5 million, reducing the total principal amount outstanding to \$36.0 million, and the lenders agreed not to test certain covenants at certain determination dates.

The Credit Facility contains affirmative and reporting covenants and certain financial ratio and restrictive covenants. We have complied with these covenants from the date of the Credit Agreement through March 31, 2018, and had no existing defaults or events of default under the Credit Facility. The financial covenants, with terms as defined in the Credit Agreement, are:

- maintain a Debt to Tangible Net Worth Ratio of not more than 0.80:1.00 as determined on the last day of each calendar month,
- maintain at all times a minimum liquidity in the form of Cash or Cash Equivalents of at least \$1.0 million,
- maintain a Debt to Fair Market Value Ratio of not more than 0.50:1.00 at any time, and
- maintain the Fair Market Value of Liquid Portfolio Investments as a percentage of outstanding aggregate principal balance to not be less than 80% through March 9, 2017, 90% through September 9, 2017 and 100% through September 9, 2018.

At the end of each quarter, we may take proactive steps to preserve investment flexibility for the next quarter by investing in cash equivalents, which includes purchasing U.S. Treasury Bills, by utilizing repurchase agreements on a temporary basis. On March 28, 2018, we purchased \$15.0 million of U.S. Treasury Bills and contemporaneously entered into a \$14.7 million repurchase arrangement with a global financial institution to finance such purchase. Under the repurchase arrangement, we transferred \$15.0 million of U.S. Treasury Bills and \$0.3 million of cash as collateral under the repurchase agreement. We repaid the \$14.7 million borrowed under the repurchase agreement, and was returned the \$0.3 million cash collateral, net of a \$6 thousand financing fee, upon maturity of the U.S. Treasury Bills on April 5, 2018. We account for the transfer of the U.S. Treasury Bills under the repurchase agreement as a secured borrowing in accordance with GAAP. As a result, the U.S. Treasury Bills are recorded on our books as investments in U.S. Treasury Bills, and the amount outstanding under the repurchase agreement is recorded as short-term debt at March 31, 2018.

On December 26, 2017, we purchased \$20.0 million of U.S. Treasury Bills and contemporaneously entered into a \$19.6 million repurchase arrangement with a global financial institution to finance such purchase. Under the repurchase arrangement, we transferred \$20.0 million of U.S. Treasury Bills and \$0.4 million of cash as collateral under the repurchase agreement. We repaid the \$19.6 million borrowed under the repurchase agreement, and was returned the \$0.4 million cash collateral, net of a \$8 thousand financing fee, upon maturity of the U.S. Treasury Bills on January 4, 2018. We account for the transfer of the U.S. Treasury Bills under the repurchase agreement as a secured borrowing in accordance with GAAP. As a result, the U.S. Treasury Bills are recorded on our books as investments in U.S. Treasury Bills, and the amount outstanding under the repurchase agreement is recorded as short-term debt at December 31, 2017.

#### **Note 4: Investment Management**

##### ***Investment Advisory Agreement***

On September 30, 2014, we entered into the Investment Advisory Agreement with OHA, an investment adviser registered under the Investment Advisers Act of 1940, or Advisers Act, pursuant to which OHA replaced NGP Investment Advisor, LP as our investment advisor. The Investment Advisory Agreement was most recently approved by our Board of Directors, a majority of whom are not “interested” persons (as defined in the 1940 Act) of us, on August 3, 2017. Pursuant to the Investment Advisory Agreement, OHA implements our business strategy on a day-to-day basis and performs certain services for us subject to the supervision of our Board of Directors. Under the Investment Advisory Agreement, we pay OHA a fee consisting of two components — a base management fee and an incentive fee.

*Base Management Fee:* The base management fee is paid quarterly in arrears and is calculated by multiplying the average value of our total assets (excluding cash, cash equivalents and U.S. Treasury Bills that are purchased with borrowed funds solely for the purpose of satisfying quarter-end diversification requirements related to our election to be taxed as a RIC under the Code), as of the end of the two immediately prior fiscal quarters, by a rate of 1.75% per annum, with a 0.25% reduction in this 1.75% annual rate for the first year following September 30, 2014. Three months ended March 31, 2018 and 2017, we incurred \$0.4 million and \$0.6 million, respectively, in base management fees.

*Incentive Fee:* The incentive fee consists of two parts. The first part, the investment income incentive fee, is calculated and payable quarterly in arrears based on our pre-incentive fee net investment income for the fiscal quarter for which the fee is being calculated. Pre-incentive fee net investment income means interest income, dividend income, royalty payments, net profits interest

**OHA INVESTMENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**  
**March 31, 2018**  
**(unaudited)**

payments, and any other income (including any other fees, such as commitment, origination, syndication, structuring, diligence, monitoring and consulting fees or other fees that we receive from portfolio companies) accrued during the fiscal quarter, minus our operating expenses for the quarter (including the base management fee, expenses payable under the Administration Agreement, and any interest expense and distributions paid on any issued and outstanding preferred stock, but excluding the incentive fee). Pre-incentive fee net investment income includes, in the case of investments with a deferred interest feature (such as original issue discount, debt instruments with payment-in-kind interest and zero coupon securities), accrued income that we have not yet received in cash. Accordingly, we may pay an incentive fee based partly on accrued investment income, the collection of which is uncertain or deferred. Pre-incentive fee net investment income does not include any realized capital gains, realized capital losses, or unrealized capital appreciation or depreciation. Pre-incentive fee net investment income, expressed as a rate of return on the value of our net assets (defined as total assets less liabilities at the end of the immediately preceding fiscal quarter) is compared to a “hurdle rate” of 1.75% per quarter (7% annualized). OHA receives no incentive fee for any fiscal quarter in which our pre-incentive fee net investment income does not exceed the hurdle rate. OHA receives an incentive fee equal to 100% of our pre-incentive fee net investment income for any fiscal quarter in which our pre-incentive fee net investment income exceeds the hurdle rate but is less than 2.1875% (8.75% annualized) of net assets (also referred to as the “catch up” provision) plus 20% of our pre-incentive fee net investment income for such fiscal quarter greater than 2.1875% (8.75% annualized) of net assets. For the three months ended March 31, 2018, and for the three months ended March 31, 2017, we did not incur any investment income incentive fees.

The second part of the incentive fee, the capital gains incentive fee, is determined and payable in arrears as of the end of each fiscal year (or, upon termination of the Investment Advisory Agreement, as of the termination date). The capital gains incentive fee is equal to 20% of our cumulative aggregate realized capital gains from September 30, 2014 through the end of that fiscal year, computed net of our cumulative aggregate realized capital losses and cumulative aggregate unrealized depreciation on investments for the same time period. The aggregate amount of any previously paid capital gains incentive fees to OHA is subtracted from the capital gains incentive fee calculated. If such amount is negative, then there is no capital gains fee for such year. For the purposes of the capital gains fee, any gains and losses associated with our investment portfolio as of September 30, 2014 shall be excluded from the capital gains fee calculation. For the three months ended March 31, 2018, we estimated \$1,000 in capital gain fees which is subject to the Incentive fee waiver agreement. We did not accrue any capital gains incentive fees for the three months ended March 31, 2017.

On November 10, 2017, we entered into an Incentive Fee Waiver Agreement with OHA whereby OHA agreed to waive any incentive fees earned relating to fiscal years 2017 and 2018. Under the Incentive Fee Waiver Agreement, any capitalized gains fees that would have been earned and accrued during 2017 and 2018, which under our Investment Advisory Agreement would not have been paid until 2018 and 2019, respectively, will be waived. For the three months ended March 31, 2018, OHA waived \$1,000 of capital gains incentive fee that would have been accrued as of March 31, 2018.

The Investment Advisory Agreement may be terminated at any time, without the payment of any penalty, by a vote of our Board of Directors or a vote of the holders of at least a majority of our outstanding voting securities (within the meaning of the 1940 Act) on 60 days’ written notice to OHA, and would automatically terminate in the event of its “assignment” (within the meaning of the 1940 Act). OHA may terminate the Investment Advisory Agreement without penalty by providing us at least 60 days’ written notice. Pursuant to the Investment Advisory Agreement, OHA pays the compensation expense of its investment professionals, who provide management and investment advisory services to us. We bear all other costs and expenses of our operations and transactions.

***Administration Agreement***

Under the Administration Agreement, OHA furnishes us with certain administrative services, personnel and facilities. The Administration Agreement was most recently approved by our Board of Directors on August 3, 2017. Payments under the Administration Agreement are equal to our allocable portion of OHA’s overhead in performing its obligations under the Administration Agreement, including all administrative services necessary for our operation and the conduct of our business. The Administration Agreement may be terminated at any time, without penalty, by a vote of our Board of Directors or by OHA upon 60 days’ written notice to the other party.

We owed \$0.1 million and \$0.6 million to OHA under the Administration Agreement as of March 31, 2018 and December 31, 2017, respectively, for expenses incurred on our behalf for the final month of the respective quarterly period. We include these amounts in due to affiliate on our Consolidated Balance Sheets.

**Note 5: Federal Income Taxes**

We operate so as to qualify, for tax purposes, as a RIC under Subchapter M of Chapter 1 of the Code. As a RIC, we are generally not subject to corporate-level U.S. federal income taxes on the portion of our investment company taxable income and net capital gain

**OHA INVESTMENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**  
**March 31, 2018**  
**(unaudited)**

(i.e., realized net long-term capital gains in excess of realized net short-term capital losses) that we distribute to our stockholders. To qualify as a RIC, we are required, among other things, to distribute to our stockholders each year at least 90% of investment company taxable income, as defined by the Code, and to meet certain asset-diversification requirements.

The Taxable Subsidiaries have elected to be taxed as corporations for federal income tax purposes. The Taxable Subsidiaries hold certain of our portfolio investments and are consolidated for financial reporting purposes, but not for income tax reporting purposes. These Taxable Subsidiaries permit us to hold equity investments in portfolio companies that are "pass through" entities for tax purposes, in order to comply with the "source-of-income" requirements that must be satisfied to maintain our qualification as a RIC. The Taxable Subsidiaries may generate net income tax expense or benefit, which is reflected on our Consolidated Statements of Operations.

On December 22, 2017, the U.S. government enacted significant tax legislation commonly referred to as the Tax Act and Job Act (the "Tax Act"). The Tax Act makes broad and complex changes to the U.S. tax code, including but not limited to, (1) reducing the U.S. federal corporate income tax rate from 35 percent to 21 percent, (2) repealing the Corporate Alternative Minimum Tax (AMT), (3) generally eliminating U.S. federal income taxes on dividends from foreign subsidiaries, (4) creating a new limitation on deductible interest expense, (5) changing rules related to the use and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017 and; (6) the requirement to pay a one-time transition tax on all undistributed earnings of foreign subsidiaries.

Recently, the SEC staff also issued Staff Accounting Bulletin 118 ("SAB 118"), which provides guidance on accounting for the tax effects of the Tax Act. SAB 118 provides a measurement period that should not extend beyond one year from the Tax Act enactment date for companies to complete the accounting under ASC 740. In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the Tax Act for which accounting under ASC 740 is complete. To the extent that a company's accounting for certain income tax effects of the Tax Act is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements. If we cannot determine a provisional estimate to be included in the financial statements, it should continue to apply ASC 740 on the basis of the provisions of the tax laws that were in effect immediately before the enactment of the Tax Act.

In connection with our initial analysis of the impact of the Tax Act, we have recorded a net tax expense of approximately \$12.2 million in the period ending December 31, 2017 which consists of a reduction of deferred tax assets previously valued at 34%. This tax expense and reduction in deferred tax assets was fully offset by a simultaneous reduction in our valuation allowance. The reduction in the statutory U.S. federal rate is expected to positively impact our future U.S. after tax earnings.

At December 31, 2017, due to the Tax Act, we determined that we were eligible for a refund of our AMT credit carryforward. Accordingly, the valuation allowance related to this AMT credit carryforward has been released in the amount of \$632,000, or \$0.03 per share. The valuation allowance related to other net deferred tax assets remains. The initial determination of the AMT credit refund was not adjusted for sequestration. Based on guidance the IRS published on March 28, 2018, the AMT tax refund is subject to sequestration (approximately 6.6%). Therefore, the associated deferred tax asset has been reduced at March 31, 2018, for \$42,000 for the sequestration. The provisional amount of \$0.7 million at December 31, 2017 was based on our understanding of the impact of the Tax Act, which changed in the three months ended March 31, 2018 and may still change as notices and regulations regarding the Tax Act are issued. We need more time and further guidance to more accurately account for the tax law changes under ASC 740. While we feel confident we have accounted for the other material changes in the tax law correctly, any future notices or regulations further clarifying the law could alter our analysis.

Our estimate of the impact of the Tax Act is based upon our analysis and interpretations of currently available information. Uncertainties remain regarding the impact of the Tax Act due to future regulatory and rule-making processes, prospects of additional corrective or supplemental legislation, and potential trade or other litigation. These uncertainties, along with our completion of the calculations and potential changes in our initial assumptions as new information becomes available, could cause the actual charge to ultimately differ materially from the provisional amount recorded in 2017 related to the enactment of the Tax Act.

Tax years 2014 through 2017 with respect to the Company and our Taxable Subsidiaries are open to future IRS examination. Our Taxable Subsidiaries have federal net operating loss carryforwards of \$37.5 million that expire in various years through 2037. Federal and state laws impose limitations on the utilization of capital losses and NOLs in the event of an "ownership" change for tax purposes, as defined by Sections 382 and 383 of the Internal Revenue Code. An ownership change at either the RIC entity or Taxable Subsidiary level, if one were to occur, would limit our ability to use pre-ownership change NOLs to offset post-ownership change taxable income. An ownership change would also limit our ability to use pre-ownership change capital losses to offset post-ownership change capital gains.

**Note 6: Commitments and Contingencies**

**OHA INVESTMENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**  
**March 31, 2018**  
**(unaudited)**

As of March 31, 2018, we had investments in 19 active portfolio companies totaling \$153.9 million. Of these 19 active portfolio companies, the Company had already funded investments in the amount of \$152.7 million and there were outstanding unfunded commitments of \$1.0 million related to our investment in the ClearChoice revolving credit facility and \$1.3 million due to broker on unsettled trades. As of December 31, 2017, we had investments in 14 active portfolio companies totaling \$155.7 million. Of these 14 active portfolio companies, the Company had already funded investments in the amount of \$155.7 million and there were no remaining outstanding unfunded commitments.

We have continuing obligations under the Investment Advisory Agreement and the Administration Agreement with OHA. See Note 4. The agreements provide that, absent willful misfeasance, bad faith or gross negligence in the performance of its duties or the reckless disregard of its duties and obligations, OHA and its officers, managers, agents, employees, controlling persons, members and any other person or entity affiliated with OHA will be entitled to indemnification from us for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of services under the agreements or otherwise as our investment advisor or administrator. The agreements also provide that OHA and its affiliates will not be liable to us or any stockholder for any error of judgment, mistake of law, any loss or damage with respect to any of our investments or any action taken or omitted to be taken by OHA in connection with the performance of any of its duties or obligations under the agreements or otherwise as investment advisor or administrator to us, except to the extent specified in Section 36(b) of the 1940 Act concerning loss resulting from a breach of fiduciary duty with respect to the receipt of compensation for services. In the normal course of business, we enter into a variety of undertakings containing a variety of representations that may expose us to some risk of loss. We do not expect significant losses, if any, from such undertakings.

***Legal Proceedings***

From time to time, we are involved in various legal proceedings arising in the normal course of business. While we cannot predict the outcome of these proceedings with certainty, we do not believe that an adverse result in any pending legal proceeding, other than those described below, individually or in the aggregate, would be material to our business, financial condition or cash flows.

*ATP Litigation.* On August 17, 2012, ATP Oil & Gas Corporation, or ATP, filed a petition for relief under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of Texas. Prior to the bankruptcy filing, we purchased limited term overriding royalty interests, or ORRIs, in certain offshore oil and gas producing properties operated by ATP (generally, the Gomez and Telemark properties). On August 23, 2012, on a motion filed by ATP, the bankruptcy judge presiding over ATP's case signed an order (Bankr. Dkt. No. 191) requiring ATP to pay amounts received after August 17, 2012 to those parties it believes are entitled to receive them, including the ORRI holders, provided that the ORRI holders execute a disgorgement agreement providing for the repayment of any amounts that the bankruptcy court later finds to have been inappropriately paid. We executed the disgorgement agreement and began receiving monthly distributions in September 2012 from ATP of our share of production proceeds received by ATP after August 17, 2012.

*Phase 1.* On October 17, 2012, we filed a lawsuit against ATP styled: *OHA Investment Corporation v. ATP Oil & Gas Corporation*, Adv. Proc. No. 12-03443, in the U.S. Bankruptcy Court for the Southern District of Texas, seeking a declaration that the ORRIs are our property and not property of ATP and that the conveyance and purchase and sale documents are not executory contracts that may be rejected in order to remove or recharacterize our interests in the properties (the "Adversary Proceeding"). Also, certain service companies claiming statutory liens or privileges intervened for the purpose of establishing that their alleged statutory liens and privileges are superior to our rights in the ORRIs and asserting related claims for disgorgement of royalties paid to us by ATP. The issues in the Adversary Proceeding were bifurcated such that the issues of (i) whether the conveyances and transactions between us and ATP constituted outright transfers of ownership and (ii) whether the conveyances are executory contracts or leases that ATP may reject, would be tried first as "Phase 1" of the proceeding. And, any additional claims, including the service company statutory lien claims and related issues, would be decided later in "Phase 2." Phase 1 of the litigation proceeded into the discovery stage and dispositive motion practice.

On October 17, 2013, the bankruptcy court entered its Final Sale Order approving the sale of the Telemark properties (Bankr. Dkt. No. 2706) to Bennu Oil & Gas, LLC, or Bennu, a newly formed company owned by the DIP Lenders. (The Gomez properties were abandoned by ATP.)

After the bankruptcy case was converted to a case under Chapter 7 of the Bankruptcy Code, we settled Phase 1 of the litigation with the Trustee, Bennu and Credit Suisse AG, as agent to the DIP Lenders (Adv. Dkt. No. 270, 271). On February 4, 2016, an Agreed Final Judgment [Adv. Dkt. No. 276] was entered determining that, among other things, the ORRIs are a real property interest and a "production payment" within the meaning of Sections 101(42A) and 541(b) of the United States Bankruptcy Code. Likewise, our claims against ATP were dismissed without prejudice. The Agreed Judgment resolved Phase 1 of the Adversary Proceeding. It did not address any disputes between us and Bennu or its successors with respect to the proper calculation of the investment balance under the

**OHA INVESTMENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**  
**March 31, 2018**  
**(unaudited)**

terms of the ORRIs, including our legal fees, default interest, or the claims asserted by the statutory lien claimants. Additional detail on Phase 1 and the ATP bankruptcy is set forth in our Form 10Q for the quarter ending March 31, 2016.

Phase 2. On February 3, 2016, we filed our Amended Motion to Dismiss the Complaints in Intervention Filed by the Statutory Lien Claimants, which was subsequently amended [Adv. Dkt. No. 284]. The Amended Motion to Dismiss asserted, among other things, that under the terms of the applicable Louisiana Oil Well Lien Statute, the alleged statutory liens of the lien claimants either cannot attach to overriding royalties, or alternatively, that OHA purchased the ORRIs free and clear of the statutory liens because the lien claimants did not provide notice of the liens as required under the statute. Pursuant to the Memorandum Opinion and the Order, the Court determined that under the Louisiana statute, if we purchased our ORRIs without notice of the lien claimants' liens, in a bona fide transaction, we would take the ORRIs free and clear of the lien claimants' rights.

On May 27, 2016, the Intervenor filed their amended complaints, which made new allegations with respect to the issue of notice. Accordingly, on June 9, 2016, we filed our Motion to Dismiss the amended complaints [Adv. Dkt. No. 310] asserting that the allegations regarding notice are insufficient to state a claim under the statute.

On August 19, 2016, the Bankruptcy Court entered its order [Adv. Dkt. No. 325] and its related Report and Recommendation [Adv. Dkt. No. 326] dismissing, with prejudice, the Intervenor's amended complaints. The Bankruptcy Court's order and the related Report and Recommendation recommended, to the District Court, that Phase II of the lawsuit be fully resolved in our favor. The Report and Recommendation was docketed in the United States District Court for the Southern District of Texas, Case No. 4:16-CV-02556. On September 2, 2016, certain of the Intervenor filed their Objection to Judge Isgur's Report and Recommendation [Dist. Dkt. No. 3] arguing that the Bankruptcy Court's conclusions were erroneous, and that the Intervenor were not required to give notice to OHA in order for their alleged liens to attach. On March 9, 2017, the District Court entered a Memorandum Opinion and Order [Dist. Dkt. No. 17] (the "District Court's Order") adopting the Bankruptcy Court's Report and Recommendation and dismissing the Intervenor's claims with prejudice.

On April 3, 2017, the Intervenor filed their notice to appeal the District Court's Order to the United States Court of Appeals for the Fifth Circuit. On April 11, 2017, we filed a notice of (protective) cross appeal in order to preserve our alternative bases for dismissal which were denied by the Bankruptcy Court and District Court. Oral argument was held on February 7, 2018. On April 17, 2018, in Case No. 17-20224, the United States Court of Appeals for the Fifth Circuit affirmed the District Court's opinion dismissing the claims of the Intervenor. On April 30, 2018, the Intervenor filed a Petition for Rehearing *En Banc* requesting that their appeal be reheard by all of the Fifth Circuit judges, including the panel of three judges that issued the Court's decision, and that the Court reverse the decision. The Company believes that no valid basis exists for further appellate review. Absent further appellate review, including a grant of the Petition for Rehearing, the Fifth Circuit's existing decision will conclude the Adversary Proceeding on a final basis.

Status of Investment. As of March 31, 2018, our unrecovered investment was \$36.9 million, and we had received aggregate royalty payments of \$37.8 million since the date of ATP's bankruptcy filing. As of March 31, 2018, we had incurred legal and consulting fees totaling \$6.4 million in connection with the enforcement of our rights under the ORRIs. On various occasions, we have provided notice that such legal expenses will be added to our unrecovered investment balance to the extent they are not reimbursed. To date, we have not received any payments on account of legal expenses aside from our receipt of regular monthly production payments. As a result, we add our legal expenses to the unrecovered investment balance in accordance with our transaction documents. As of March 31, 2018, \$5.4 million of the \$6.4 million in legal and consulting fees have been added to, and are thus included in the unrecovered investment balance under the terms of our transaction documents. No legal expenses have been added to our unrecovered investment balance during the three months and three months ended March 31, 2018. We note that the fair value of our investment in ATP ORRI remains at \$0 as of March 31, 2018 due to the cessation of monthly production payments beginning in December 2016.

Through March 31, 2018, we received post-petition royalty payments from the Gomez properties and the Telemark properties in the amount of \$8.3 million and \$0.0 million, respectively. It is estimated that the statutory lien claims asserted by the intervenor in the Adversary Proceeding against our ORRIs are in the principal amount of approximately \$35.2 million. At this time, we estimate that there are potential statutory lien claims (including the claims of the intervenor in the Adversary Proceeding, without regard to the validity of such claims) in the principal amount of approximately \$54.2 million. To the extent the Fifth Circuit's Order is reversed on appeal, we have or will assert that we have viable defenses with respect to all of the claims of the statutory lien claimants or any other claim which seeks to avoid or disgorge any pre-petition or post-petition royalty payment which we received in respect of the Telemark or Gomez properties. In the event that the Fifth Circuit's Order is reversed on appeal, and to the extent we do not prevail on our defenses to the statutory lien claims or any other claim seeking to avoid or disgorge pre-petition or post-petition royalty payments, we contend that, pursuant to the terms of our transaction documents, we are entitled to include any amounts disgorged on account of any such claims into the unrecovered investment balance of our ORRIs. Moreover, to the extent we do not prevail on our defenses to any

**OHA INVESTMENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**  
**March 31, 2018**  
**(unaudited)**

action brought by the holder of a statutory lien claim, we contend that we would be permitted to seek contribution from other ORRI and net profits interest holders with respect to any disgorged amounts.

The remaining oil and gas reserves associated with the Telemark properties may be insufficient to provide for a full recovery on our investment and in the event the Fifth Circuit's Order is reversed and it is determined that we are not entitled to include amounts disgorged on account of statutory lien claims or other claims, if any, into the unrecovered investment balance of our ORRIs, any disgorged amounts will result in a failure to achieve our anticipated return and/or a loss on our investment.

Please see our discussion of this history of the Benu Oil and the Gas bankruptcy in the Notes to the December 31, 2017 consolidated Financial Statements. The Company believes that Statoil is seeking to bring the referenced properties and wells back on line.

**Note 7: Fair Value**

Our investments consisted of the following as of March 31, 2018 and December 31, 2017:

(Dollar amounts in thousands)	March 31, 2018				December 31, 2017			
	Cost	% of total	Fair Value	% of total	Cost	% of total	Fair Value	% of total
<b>Portfolio investments</b>								
First lien secured debt	\$ 495	0.3%	\$ 495	0.6%	\$ —	—%	\$ —	—%
Revolving loan facility	547	0.3%	547	0.7%	—	—%	—	—%
Second lien debt	37,486	22.2%	38,428	48.0%	29,748	16.9%	30,679	36.2%
Subordinated debt	28,741	17.0%	25,226	31.5%	39,265	22.4%	33,878	39.9%
Limited term royalties	27,845	16.5%	—	—%	27,845	15.8%	—	—%
Redeemable preferred units	56,315	33.3%	—	—%	56,315	32.1%	—	—%
CLO residual interests	19	—%	182	0.3%	19	—%	209	0.2%
Equity securities	2,500	1.5%	162	0.2%	2,500	1.4%	164	0.2%
Total portfolio investments	153,948	91.1%	65,040	81.3%	155,692	88.6%	64,930	76.5%
<b>Government securities</b>								
U.S. Treasury Bills	14,996	8.9%	14,996	18.7%	19,994	11.4%	19,994	23.5%
Total investments	\$ 168,944	100.0%	\$ 80,036	100.0%	\$ 175,686	100.0%	\$ 84,924	100.0%

We account for all of the assets in our investment portfolio at fair value, following the provisions of the FASB ASC *Fair Value Measurements*, or ASC 820. ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements.

On a quarterly basis, the investment team of our investment advisor prepares fair value recommendations for all of the assets in our portfolio in accordance with ASC 820 and presents them to the Audit Committee of our Board of Directors. The Audit Committee recommends fair values of each asset for which market quotations are not readily available to our Board of Directors, which in good faith determines the final fair value for each investment.

- *Investment Team Valuation.* The investment professionals of our investment advisor prepare fair value recommendations for each investment.
- *Investment Team Valuation Documentation.* The investment team documents and discusses its preliminary fair value recommendations with the investment committee and senior management of our investment advisor.
- *Third Party Valuation Activity.* We may, at our discretion, retain an independent valuation firm to review any or all of the valuation analyses and fair value recommendations provided by the investment team of our investment advisor. Our general practice is that we have an independent valuation firm review all Level 3 investments (those whose value is determined using significant unobservable inputs) with recommended fair values in excess of \$10 million on a quarterly basis, and review all

**OHA INVESTMENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**  
**March 31, 2018**  
**(unaudited)**

Level 3 investments with recommended fair values greater than zero at least annually to provide positive assurance on our valuations.

- *Presentation to Audit Committee.* Our investment advisor and senior management present the valuation analyses and fair value recommendations to the Audit Committee of our Board of Directors.
- *Board of Directors and Audit Committee.* The Board of Directors and the Audit Committee review and discuss the valuation analyses and fair value recommendations provided by the investment team of our investment advisor and the independent valuation firm, if applicable.
- *Final Valuation Determination.* Our Board of Directors discusses the fair values recommended by the Audit Committee and determines the fair value of each investment in our portfolio for which market quotations are not readily available, in good faith, based on the input of the investment team of our investment advisor, our Audit Committee and the independent valuation firm, if applicable.

ASC 820 defines fair value as the price that a seller would receive for an asset or pay to transfer a liability in an orderly transaction between independent, knowledgeable and willing market participants at the measurement date. The fair value definition focuses on exit price in the principal, or most advantageous, market and prioritizes the use of observable market inputs over unobservable entity-specific inputs. In accordance with ASC 820, we categorize our investments based on the inputs to our valuation methodologies as follows:

- *Level 1* — Quoted unadjusted prices for identical instruments in active markets to which we have access at the date of measurement.
- *Level 2* — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets. Level 2 inputs are those in markets for which there are few transactions, the prices are not current, little public information exists or instances where prices vary substantially over time or among brokered market makers.
- *Level 3* — Model-derived valuations in which one or more significant inputs or significant value drivers are unobservable. Unobservable inputs are those inputs that reflect our own assumptions regarding what market participants would use to price the asset or liability based on the best available information.

Fair value accounting classifies financial assets and liabilities in their entirety based on the lowest level of input that is significant to the estimated fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment that may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels. We did not have any liabilities measured at fair value at March 31, 2018 or December 31, 2017. Amounts outstanding under our Credit Facility are carried at amortized cost in the Consolidated Balance Sheets. As of March 31, 2018, the estimated fair value of our Credit Facility approximated its carrying value of \$35.8 million. As of December 31, 2017, the fair value of our Credit Facility approximated its carry value of \$35.8 million. The estimated fair value of the Credit Facility is determined by discounting projected remaining payments using market interest rates for borrowings of the Company.

We occasionally have investments in our portfolio that contain payment-in-kind, or PIK, interest or dividend provisions. We compute PIK interest income or PIK dividend income at the contractual rate specified in each investment agreement, and we add that amount to the principal balance of the investment. For investments with PIK interest or PIK dividends, we calculate our income accruals on the principal balance plus any PIK amounts. If the portfolio company's projected cash flows, further supported by estimated total enterprise value, are not sufficient to cover the contractual principal and interest or dividend amounts, as applicable, we do not accrue PIK interest income or PIK dividend income on the investment. To maintain our RIC status, we must pay out this non-cash income to stockholders in the form of distributions, even though we have not yet collected the cash. We recorded net PIK interest income of \$1.0 million and \$0.8 million in the three months ended March 31, 2018 and 2017, respectively. We did not record PIK dividend income from our investment in Castex Energy 2005, LP, for the three months ended March 31, 2018, and 2017, respectively. During the first quarter of 2017, we placed our investment in Castex on non-accrual status based on our March 31, 2017 valuation, which reflected a determination that future payments received from this investment will no longer be sufficient to cover all of the contractual principal and dividend amounts on this investment.



**OHA INVESTMENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**  
**March 31, 2018**  
**(unaudited)**

The following tables set forth the fair value of our investments by level within the fair value hierarchy as of March 31, 2018 and December 31, 2017 (in thousands):

<b>March 31, 2018</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Portfolio investments</b>				
<b>Affiliate investments</b>				
Subordinated debt	\$ 18,015	\$ —	\$ —	\$ 18,015
Equity securities	162	—	—	162
Total affiliate investments	18,177	—	—	18,177
<b>Non-affiliate investments</b>				
First lien secured debt	495	—	—	495
Second lien debt	38,428	—	38,428	—
Subordinated debt	7,211	—	7,211	—
Limited term royalties	—	—	—	—
Redeemable preferred units	—	—	—	—
CLO residual interests	182	—	—	182
Revolving Loan Facility	547	—	—	547
Total non-affiliate investments	46,863	—	45,639	1,224
Total portfolio investments	65,040	—	45,639	19,401
<b>Government securities</b>				
U.S. Treasury Bills	14,996	14,996	—	—
Total investments	\$ 80,036	\$ 14,996	\$ 45,639	\$ 19,401

<b>December 31, 2017</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Portfolio investments</b>				
<b>Affiliate investments</b>				
Subordinated debt	\$ 18,015	\$ —	\$ —	\$ 18,015
Equity securities	164	—	—	164
Total affiliate investments	18,179	—	—	18,179
<b>Non-affiliate investments</b>				
First lien secured debt	—	—	—	—
Second lien debt	30,679	—	30,679	—
Subordinated debt	15,863	—	15,863	—
Limited term royalties	—	—	—	—
Redeemable preferred units	—	—	—	—
CLO residual interests	209	—	—	209
Total non-affiliate investments	46,751	—	46,542	209
Total portfolio investments	64,930	—	46,542	18,388
<b>Government securities</b>				
U.S. Treasury Bills	19,994	19,994	—	—
Total investments	\$ 84,924	\$ 19,994	\$ 46,542	\$ 18,388

**OHA INVESTMENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**  
**March 31, 2018**  
**(unaudited)**

The following tables present roll-forwards of the changes in fair value for all investments for which we determine fair value using unobservable (Level 3) factors for the periods indicated (in thousands):

	<b>First Lien Secured Debt and Limited Term Royalties</b>	<b>Revolving Loan Facility</b>	<b>Second Lien Debt</b>	<b>Subordinated Debt and Redeemable Preferred Units</b>	<b>Equity Securities</b>	<b>CLO Residual Interests</b>	<b>Total Investments</b>
<b>For the three months ended March 31, 2018</b>							
Fair value at December 31, 2017	\$ —	\$ —	\$ —	\$ 18,015	\$ 164	\$ 209	\$ 18,388
Total gains, (losses) and amortization:							
Net realized losses	—	—	—	—	—	—	—
Net unrealized gains (losses)	—	—	—	(1,004)	(2)	(27)	(1,033)
Net amortization of premiums, discounts and fees	(5)	(16)	—	16	—	—	(5)
New investments, repayments and settlements, net:							
New investments	500	563	—	—	—	—	1,063
PIK	—	—	—	988	—	—	988
Repayments and settlements	—	—	—	—	—	—	—
Fair value at March 31, 2018	<u>\$ 495</u>	<u>\$ 547</u>	<u>\$ —</u>	<u>\$ 18,015</u>	<u>\$ 162</u>	<u>\$ 182</u>	<u>\$ 19,401</u>
Net change in unrealized gains (losses) from investments still held as of reporting date:							
March 31, 2018	\$ —	\$ —	\$ —	\$ (1,004)	\$ (2)	\$ (27)	\$ (1,033)
March 31, 2017	—	—	(5)	(21,299)	(244)	149	(21,399)

**OHA INVESTMENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**  
**March 31, 2018**  
**(unaudited)**

	<b>Second Lien Debt</b>	<b>Subordinated Debt and Redeemable Preferred Units</b>	<b>Equity Securities</b>	<b>CLO Equity</b>	<b>Total Investments</b>
<b>For the three months ended March 31, 2017</b>					
Fair value at December 31, 2016	\$ 9,137	\$ 49,340	\$ 686	\$ 1,773	\$ 60,936
Total gains, (losses) and amortization:					—
Net realized gains (losses)	—	—	—	—	—
Net unrealized gains (losses)	(5)	(21,299)	(244)	149	(21,399)
Net amortization of premiums, discounts and fees	5	15	—	—	20
New investments, repayments and settlements, net:					
New investments	—	—	—	—	—
PIK	—	1,445	—	—	1,445
Repayments and settlements	—	—	—	(457)	(457)
Fair value at March 31, 2017	<u>\$ 9,137</u>	<u>\$ 29,501</u>	<u>\$ 442</u>	<u>\$ 1,465</u>	<u>\$ 40,545</u>

During the three and three months ended March 31, 2018 and 2017, none of our investments in portfolio companies changed among the categories of Control Investments, Affiliate Investments and Non-Affiliate Investments, and there were no transfers among Levels 3, 2 or 1.

We present net unrealized gains (losses) on our consolidated statements of operations as “Net unrealized appreciation (depreciation) on investments.”

**OHA INVESTMENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**  
**March 31, 2018**  
**(unaudited)**

The following table summarizes the significant unobservable inputs in the fair value measurements of our Level 3 investments by category of investment and valuation technique as of March 31, 2018 (dollars in thousands):

Type of Investment	Fair Value	Valuation Technique	Significant Unobservable Inputs	Range of Inputs	Weighted Average
<b><u>Non-Energy Investments:</u></b>					
First lien debt	\$ 495	Private transaction comparables	EBITDA multiples	10.6x - 13.3x	10.4x
Subordinated debt	18,015	Market comparables	EBITDA multiples	7.3x - 15.2x	13.0x
CLO residual interest	182	Net asset value with discount rate	Discount rate	15.0%	15.0%
Equity securities	162	Market comparables	EBITDA multiples	6.0x - 7.0x	6.5x
Revolving Loan Facility	547	Market comparables	Precedent transaction	N/A	N/A
	<u>19,401</u>				
<b><u>Energy Investments:</u></b>					
Redeemable preferred units	—	Estimated recovery analysis	Residual value <sup>(1)</sup>		
	<u>—</u>				
<b>Total Level 3 investments</b>	<u>\$ 19,401</u>				

<sup>(1)</sup> On October 16, 2017, Castex announced that it (together with certain affiliates) had filed for bankruptcy under Chapter 11 of the U.S. Bankruptcy Code. According to the filing, Castex and its affiliates in bankruptcy have entered into a restructuring support agreement ("RSA") with pre-petition lenders holding approximately 86% in principal amount of claims under the pre-petition credit facility. The RSA outlines a plan of reorganization for Castex and its affiliates in bankruptcy. As currently proposed, the RSA does not provide for any recovery to the holder of the preferred limited partnership units of Castex, including those preferred limited partnership unit holders who have exercised their put rights. OHAI is not a party to the RSA and is exploring all available options in and out of bankruptcy for recovery on its investment in Castex. At this time we are unable to determine the value of a recovery, if any, resulting from the settlement which will be dependent upon the ultimate pool of unsecured claims. Therefore, until we are in a position to determine the value and likelihood of a recovery, we continue to estimate \$0 fair market value of our investment in Castex at March 31, 2018 for financial statement purposes.

As noted above, the income and market approaches were used in the determination of fair value of certain Level 3 assets as of March 31, 2018. The significant unobservable inputs used in the income approach are the discount rate or market yield used to discount the estimated future cash flows expected to be received from the underlying investment, which include future principal and interest payments. An increase in the discount rate or market yield would result in a decrease in the fair value. The significant unobservable inputs used in the market approach are based on market comparable transactions and market multiples of publicly traded comparable companies. Increases or decreases in market multiples would result in an increase or decrease, respectively in the fair value.

**OHA INVESTMENT CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**  
**March 31, 2018**  
**(unaudited)**

**Note 8: Common Stock**

On October 31, 2011, our Board of Directors approved a stock repurchase plan, pursuant to which we may, from time to time, repurchase up to \$10.0 million of our common stock in the open market at prices not to exceed the net asset value of our shares. During 2012 and 2013, we repurchased an aggregate of 1,129,014 shares of our common stock in the open market at an average price of \$6.71 per share, totaling \$7.6 million, in accordance with the stock repurchase plan. These repurchases were made at approximate discounts to our most recently published net asset value of 30%, 26% and 28% in May and November 2012 and May 2013, respectively.

In March 2015, our Board of Directors authorized the Company to repurchase up to the remaining \$2.4 million available to be repurchased under this plan. As of July 14, 2015, we completed the stock repurchases under the stock repurchase plan. During 2015, we repurchased a total of 444,030 shares for \$2.4 million at a weighted average price of \$5.46 per share, a 27% discount to net asset value at December 31, 2014. Repurchases initiated after March 31, 2015 were made pursuant to a plan executed in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934. Our current Credit Facility does not allow us to repurchase common stock.

**Note 9: Subsequent Events**

On May 7, 2018, the Board declared a quarterly distribution of \$0.02 per share payable on July 9, 2018 to holders of record as of June 30, 2018.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

*You should read the following analysis of our financial condition and results of operations in conjunction with management's discussion and analysis contained in our 2017 Annual Report on Form 10-K, as well as our consolidated financial statements and the notes thereto included in this Quarterly Report on Form 10-Q. The terms "we," "us," "our" and "OHA" refer to OHA Investment Corporation and its consolidated subsidiaries. The term "OHA" refers to Oak Hill Advisors, L.P., our investment adviser.*

### Forward-Looking Statements

Certain statements in this Quarterly Report on Form 10-Q that relate to estimates or expectations of our future performance or financial condition may constitute "forward-looking statements." These forward-looking statements are subject to various risks and uncertainties, which could cause actual results and conditions to differ materially from those projected, including, but not limited to:

- uncertainties associated with the timing and likelihood of investment transaction closings;
- changes in interest rates;
- the future operating results of our portfolio companies and their ability to achieve their objectives;
- changes in regional, national or international economic conditions and their impact on the industries in which we invest;
- disruptions in the credit and capital markets;
- changes in the conditions of the industries in which we invest;
- the adequacy of our cash resources and working capital;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- the ability of OHA to locate suitable investments for us and to monitor and administer our investments;
- other factors enumerated in our filings with the SEC; and
- effects of current and pending legislation.

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 and our historical experience. 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.

### Overview

We are a specialty finance company with an investment objective to generate both current income and capital appreciation primarily through debt investments, some of which include equity components. We focus primarily on providing creative direct lending solutions to middle market private companies across industry sectors. Our investment activities are managed by OHA and supervised by our Board of Directors, the majority of whose members are independent of OHA and its affiliates.

We are an externally managed, closed-end, non-diversified management investment company that has elected to be regulated as a BDC under the 1940 Act. For federal income tax purposes, we operate so as to be treated as a RIC, under Subchapter M of the Code. As a BDC and a RIC, we are required to comply with certain investment diversification and other regulatory requirements.

On September 30, 2014, our stockholders approved the appointment of OHA as our investment advisor, replacing NGP Investment Advisor, LP, which had been our investment advisor since our inception. In connection with this change in investment advisor, we changed our name from NGP Capital Resources Company to OHA Investment Corporation. OHA is a registered investment adviser under the Advisers Act. OHA acts as our investment advisor and administrator pursuant to the Investment Advisory Agreement and the Administration Agreement.

OHA seeks to leverage the firm's strong reputation and deep relationships, that it has developed over more than 25 years with financial sponsors, company management teams, bankers, attorneys, consultants, and other industry participants to be a partner of choice and source of attractive investment opportunities. We are advantaged by OHA's integrated approach to investing, which means that all relevant industry analysts and OHA's broad team of U.S. portfolio managers and traders participate, as warranted, in the origination, selection and monitoring of investments for our portfolio. In addition, because services are provided across a larger investment platform, we benefit from the back-office infrastructure of OHA that is utilized across OHA's client base.

The aggregate fair value of our investment portfolio at March 31, 2018 was \$65.0 million, with such value comprised of 19 active portfolio investments. Under our previous investment advisor, we focused our investments primarily on small and mid-size companies

engaged in the upstream sector of the energy industry, which includes businesses that find, develop and extract energy resources, such as natural gas, crude oil and coal.

Part of OHA's investment strategy has been to reduce our historical portfolio concentration in the energy industry and to diversify our portfolio with investments in debt securities of U.S. private and small public middle market companies across industry sectors. The exposure of our investment portfolio to the energy sector decreased to 0% at March 31, 2018 from 74% at September 30, 2014, on a fair value basis.

Our level of investment activity can and does vary substantially from period to period depending on many factors. Some of these factors are the amount of debt and equity capital available to middle market companies, the level of acquisition and divestiture activity for such companies, the general economic environment and the competitive environment for the types of investments we make, and our own ability to raise capital to fund our investments, both through the issuance of debt and equity securities. If a substantial portion of our investment portfolio were to be realized in the near term, OHA may not be able to source sufficient appropriate investments for us to timely replace the investment income from the realized investments.

### **Portfolio and 2018 Investment Activity**

In January 2018, we purchased \$0.7 million of second lien term loan in Safe Fleet Holdings, LLC, or Safe Fleet, a provider of safety products for fleet vehicles worldwide. The Safe Fleet second lien term loan was purchased at a 0.50% discount to par, earns interest payable in cash at a rate of LIBOR+6.75% with a 1% floor and matures in February 2026.

Also in January 2018, we purchased \$0.5 million of second lien term loan in MedRisk, LLC., or MedRisk, a leading provider of managed care services for the workers' compensation industry and related market sectors. The MedRisk second lien term loan was purchased at a 0.50% discount to par, earns interest payable in cash at a rate of LIBOR+6.75% and matures in December 2025.

In February 2018, our remaining position in Talos of \$11.5 million was redeemed at par. This legacy energy investment was initiated in February 2013 and generated a gross unlevered internal rate of return of 9.95% and a return on investment of 1.30x.

In February 2018, we purchased \$7.0 million of second lien term loan in CVS Holdings, I, LP., or MyEyeDr., a provider of vision care services, prescription eyeglasses and sunglasses, and contact lenses. The MyEyeDr second lien term loan was purchased at a 0.50% discount to par, earns interest payable in cash at a rate of LIBOR+6.75% with a 1% floor and matures in February 2026. Subsequently, in February 2018, we sold \$2.0 million of the second lien term loan at par resulting in a realized capital gain of \$10,000.

Also in February 2018, we purchased \$0.3 million of second lien term loan in EaglePicher Technologies, LLC., or EaglePicher, a leading provider of mission-critical power solutions for high-value applications within the defense, aerospace and medical end-markets. The EaglePicher second lien term loan was purchased at a 0.75% discount to par, earns interest payable in cash at a rate of LIBOR+7.25% and matures in March 2026.

In March 2018, we purchased \$1.3 million of second lien term loan in AlliedUniversal HoldCo LLC., or AlliedUniversal, a provider of contract security services in the United States. The AlliedUniversal second lien term loan was purchased at par, earns interest payable in cash at a rate of LIBOR+8.50% with a 1% floor and matures in July 2023.

Also in March 2018, we purchased \$1.6 million of first lien last out revolver and \$0.5 million of first lien last out term loan to ClearChoice (CC Dental Implants Intermediate), or ClearChoice, a provider of full-mouth dental restoration and dental implant services throughout the United States. The ClearChoice first lien last out revolver was purchased at a 1% discount to par, earns interest at a rate of LIBOR+6.50% on amount drawn, earns 0.75% fee on unfunded portion and matures in January 2023. At March 31, 2018, the funded portion balance of the ClearChoice revolver was \$0.6 million. The ClearChoice first lien last out term loan was purchased at a 1% discount to par, earns interest payable in cash at a rate of LIBOR+6.50% and matures in January 2023. Both the first lien last out revolver and term loan are entitled to skim interest on the first lien first out term loan which will initially increase the interest rate spread by approximately 28 basis points.

The table below shows our portfolio investments by type for the periods indicated. We compute yields on investments using interest rates as of the balance sheet date and include amortization of original issue discount and market premium or discount, royalty income and other similar investment income, weighted by their respective costs when averaged. Such weighted average yields are not necessarily indicative of expected total returns on a portfolio.

	March 31, 2018			December 31, 2017		
	Weighted Average Yields <sup>(1)</sup>	Percentage of Portfolio		Weighted Average Yields <sup>(1)</sup>	Percentage of Portfolio	
		Cost <sup>(1)</sup>	Fair Value <sup>(1)</sup>		Cost <sup>(1)</sup>	Fair Value <sup>(1)</sup>
First lien secured debt	8.3%	0.3%	0.8%	—%	—%	—%
Second lien debt	9.6%	24.3%	59.1%	9.7%	19.1%	47.2%
Subordinated debt	18.6%	18.7%	38.8%	15.8%	25.2%	52.2%
Limited term royalties	—%	—%	—%	—%	—%	—%
Redeemable preferred units	—%	—%	—%	—%	—%	—%
Revolving Loan Facility	8.6%	0.4%	0.8%	—%	—%	—%
CLO residual interests(2)	13.5%	—%	0.3%	13.5%	—%	0.3%
<b>Equity Securities</b>						
Membership and partnership units	—%	1.6%	0.2%	—%	1.6%	0.3%
Total equity securities	—%	1.6%	0.2%	—%	1.6%	0.3%
Total portfolio investments	<u>13.6%</u>			<u>13.2%</u>		

(1) Weighted average yield based on cost and excludes non-yielding assets. Yields are based on the most current interest rates in effect at the end of the period.

(2) Yields from investments in CLO residual interests represent the implied internal rate of return calculation expected from cash flows.

As of March 31, 2018 and December 31, 2017, the total fair value of our portfolio investments was \$65.0 million and \$64.9 million, respectively. Of those fair value totals, approximately \$19.4 million, or 29.8%, as of March 31, 2018, and \$18.4 million, or 28.3%, as of December 31, 2017 are determined using significant unobservable (i.e., Level 3) inputs.

## Results of Operations

### Investment Income

Investment income includes interest on our investments and dividend income. Dividend income is income we receive from certain of our equity investments. Other income includes prepayment fees and modification fees we receive in connection with certain of our investments. These fees are recognized as earned.

### Investment Income

(in thousands)

	For the three months ended March 31,	
	2018	2017
Interest income	\$ 2,228	\$ 2,404
Dividend income	—	—
Other income	55	51
Total investment income	<u>\$ 2,283</u>	<u>\$ 2,455</u>

For the three months ended March 31, 2018, total investment income was \$2.3 million, a 7% decrease from \$2.5 million of total investment income for the three months ended March 31, 2017. The decrease was primarily attributable to a decrease in investment income due to a lower average portfolio balance partially offset by higher weighted average yield on our investments for the three months ended March 31, 2018 as compared to the three months ended March 31, 2017.

### Operating Expenses

Operating expenses include interest expense and our allocable portion of operating expenses incurred on our behalf by our investment advisor and our administrator. Other general and administrative expenses include our allocated share of employee, facilities, and stockholder services incurred by our administrator.



**Operating Expenses**

(in thousands)

	<b>For the three months ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
Interest expense and bank fees	\$ 823	\$ 974
Management fees	400	570
Incentive fees	1	—
Costs related to strategic alternatives review	75	—
Professional fees	643	271
Other general and administrative expenses	370	382
Directors fees	61	61
Operating expenses before incentive fee waiver	<u>\$ 2,373</u>	<u>\$ 2,258</u>
Incentive fee waiver	<u>(1)</u>	<u>—</u>
Total operating expenses, net of incentive fee waiver	<u>2,372</u>	<u>2,258</u>

For the three months ended March 31, 2018, operating expenses increased by 5.1% to \$2.4 million from \$2.3 million compared to the three months ended March 31, 2017. Interest expense and bank fees decreased by 15.5% to \$0.8 million from \$1.0 million compared to the same period in the prior year largely due to lower principal balance due to a partial repayment in December 2017. Management fees decreased by 29.8% to \$0.4 million from \$0.6 million due to lower base management fees as a result of lower average asset base subject to the base management fee. Professional fees increased by 137.3% to \$0.6 million from \$0.3 million primarily due to an increase in legal fees. Other general and administrative expenses decreased by 3.1% to \$0.4 million from \$0.4 million primarily due to a decrease in employee related expenses since the three months ended March 31, 2017.

Under the Investment Advisory Agreement, the investment income incentive fee is calculated quarterly at a rate of 20% of quarterly net investment income above a “hurdle rate” of 1.75% per quarter (7% annualized) with a “catch up” provision. For the three months ended March 31, 2018 and March 31, 2017, we did not incur any investment income incentive fees.

The second part of the incentive fee, the capital gains fee, is determined and payable in arrears as of the end of each fiscal year (or, upon termination of the Investment Advisory Agreement, as of the termination date). The capital gains fee is equal to 20% of our cumulative aggregate realized capital gains from September 30, 2014 through the end of that fiscal year, computed net of our cumulative aggregate realized capital losses and cumulative aggregate unrealized depreciation on investments for the same time period. The aggregate amount of any previously paid capital gains incentive fees to OHA is subtracted from the capital gains incentive fee calculated. If such amount is negative, then there is no capital gains fee for such year. For the purposes of the capital gains fee, any gains and losses associated with our investment portfolio as of September 30, 2014 shall be excluded from the capital gains fee calculation. For the three months ended March 31, 2018, we accrued \$1,000 of capital gains incentive fees. For the three months ended March 31, 2017, we did not accrue any capital gains incentive fees.

On November 10, 2017, we entered into an Incentive Fee Waiver Agreement with OHA whereby OHA agreed to waive any incentive fees earned relating to fiscal years 2017 and 2018. Under the Incentive Fee Waiver Agreement, any capitalized gains fees that would have been earned and accrued during 2017 and 2018, which under our investment advisory agreement would not have been paid until 2018 and 2019, respectively, will be waived.

	<b>For the three months ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
Net investment income (loss)	\$ (95)	\$ 193
Net investment income (loss) per common share	\$ (0.01)	\$ 0.01

During the three month period ended March 31, 2018, the decrease in net investment income compared to the three month period ended March 31, 2017 was driven by lower investment income and an increase in legal fees.

## Net Realized Gains and Losses

Net realized gains and losses is the difference between the net proceeds received from dispositions of portfolio investments and their stated costs. Realized losses may also be recorded in connection with our determination that certain investments are considered worthless securities and/or meet the conditions for loss recognition per the applicable tax rules.

Net Realized Gains and Losses (in thousands, except per share data)	For the three months ended March 31,	
	2018	2017
Net realized capital gain (loss) on investments	\$ 13	\$ 95
Benefit (Provision) for taxes on realized loss	(42)	—
Net realized capital gains (losses)	\$ (29)	\$ 95
Net realized capital gains (losses) per common share	\$ —	\$ —

For the three months ended March 31, 2018, we realized capital gains of \$12.7 thousand related to our investment in MyEyeDr, second lien term loan, and SMG Holdings, Inc., second lien term loan. For the three months ended March 31, 2017, we realized capital gains of \$95 thousand related to the sales of a \$3.0 million principal amount of our investment in Equinox and a \$0.5 million principal amount of our investment in Berlin.

## Net Unrealized Appreciation (Depreciation) on Investments

Net unrealized appreciation or depreciation is the net change in the fair value of our investments during the reporting period, including the reversal of previously recorded unrealized appreciation or depreciation when gains or losses are realized.

Net Unrealized Appreciation (Depreciation) on Investments (in thousands, except per share data)	For the three months ended March 31,	
	2018	2017
Control investments	\$ —	\$ —
Affiliate investments	(1,006)	(299)
Non-affiliate investments	2,862	(19,080)
Net unrealized appreciation (depreciation) on investments	\$ 1,856	\$ (19,379)
Net unrealized appreciation (depreciation) on investments per common share	\$ 0.09	\$ (0.96)

### Control Investments

For the three months ended March 31, 2018 and 2017 there were no changes in the unrealized depreciation or appreciation of our control investments.

### Affiliate Investments

For the three months ended March 31, 2018 and March 31, 2017, the decrease in net unrealized depreciation on our affiliate investments was attributable to unrealized depreciation of our investments in OCI.

### Non-Affiliate Investments

For the three months ended March 31, 2018, the increase in net unrealized depreciation on our non-affiliate investments was primarily attributable to \$2.9 million unrealized appreciation in Talos Production, LLC, senior unsecured note upon its maturity and repayment. For the three months ended March 31, 2017, the increase in net unrealized depreciation on our non-affiliate investments was primarily due to a decrease in the fair value of our investments in Castex of \$21.2 million. This was partially offset by an increase in fair value of our investments in TIBCO of \$1.1 million, Talos Production LLC, or Talos, of \$0.8 million. Gramercy CLO of \$0.2 million and Equinox of \$0.2 million.

Net Increase (Decrease) in Net Assets Resulting from Operations (in thousands, except per share data)	For the three months ended March 31,	
	2018	2017
Net increase (decrease) in net assets resulting from operations	\$ 1,732	\$ (19,091)
Net increase (decrease) in net assets resulting from operations per common share	\$ 0.08	\$ (0.95)

For the three months ended March 31, 2018, the net increase in net assets resulting from operations compared to the three months ended March 31, 2017 primarily is attributable net unrealized appreciation on investments totaling \$21.2 million and a decrease in net investment income of \$0.3 million.

### Financial Condition, Liquidity and Capital Resources

We expect to fund our investments and our operations in 2018 from available cash, proceeds from realizations of existing investments and from borrowings under the Credit Facility. In the future, we may also fund a portion of our investments with issuances of equity or senior debt securities. We expect our primary use of funds to be investments in portfolio companies, cash distributions to holders of our common stock and payment of fees, debt service, and other operating expenses.

#### Cash Flows

At March 31, 2018 and March 31, 2017, we had cash and cash equivalents totaling \$22.2 million and \$19.9 million, respectively.

Our portfolio may consist of a combination of temporary investments in U.S. Treasury Bills, repurchase agreements, money market funds or repurchase agreement-like treasury securities. These temporary investments with original maturities of 90 days or less are deemed cash equivalents and are included in the Consolidated Schedule of Investments. At the end of each fiscal quarter, we may take proactive steps to preserve investment flexibility for the next quarter by investing in cash equivalents, which is dependent upon the composition of our total assets at quarter-end. We may accomplish this in several ways, including purchasing U.S. Treasury Bills and closing out positions on a net cash basis after quarter-end, or utilizing repurchase agreements or other balance sheet transactions as are deemed appropriate for this purpose. These amounts are excluded from adjusted gross assets for purposes of computing the Investment Adviser's base management fee.

During the three months ended March 31, 2018, we experienced a net increase in cash and cash equivalents in the amount of \$2.3 million. During the period, our operating activities provided \$7.8 million in cash, consisting of \$10.9 million in purchases of new investments in portfolio securities of which \$1.1 million was not yet settled at March 31, 2018, partially offset by \$13.6 million provided by proceeds from redemptions of investments in portfolio securities. Financing activities used cash of \$5.5 million, consisting of net borrowings under repurchase agreement of \$4.9 million, cash distributions paid to our stockholders in the amount of \$0.4 million, and debt issuance cost paid in the amount of \$0.2 million.

During three months ended March 31, 2017, we experienced a net decrease in cash and cash equivalents in the amount of \$7.2 million. During the period, our operating activities used \$6.0 million in cash, consisting of a \$9.9 million purchase of a new investment in a portfolio security, partially offset by \$8.5 million provided by proceeds from redemptions of investments in portfolio securities of which \$3.6 million is due from broker. In addition, financing activities used cash of \$1.2 million, consisting of cash distributions paid to our stockholders in the amount of \$1.2 million.

#### Distributions to Stockholders

For the three months ended March 31, 2018, we paid cash distributions totaling \$0.4 million, or \$0.02 per share, to our common stockholders compared to \$1.2 million, or \$0.06 per share, during the three months ended March 31, 2017. We currently intend to continue to distribute, out of assets legally available for distribution and as determined by our Board of Directors, in the form of quarterly distributions, a minimum of 90% of our annual investment company taxable income to our stockholders. In March 2015, our Board of Directors authorized us to repurchase up to the remaining \$2.4 million available to be repurchased under a previously approved stock repurchase plan, which was completed in the third quarter of 2015. See Note 8 to our consolidated financial statements.

#### Credit Facility

We are party to a Credit Agreement, which replaced our prior Third Amended and Restated Revolving Credit Agreement as amended, with SunTrust Bank, as administrative agent (the "Investment Facility"). The initial amount we could borrow under the Credit Facility was \$56.5 million and had a maturity date of March 9, 2018, with an option to extended for a six-month period, subject to certain conditions. The initial proceeds of \$40.5 million from the Credit Facility were used to pay off the \$38.5 million outstanding

balance on the Investment Facility, pay transaction expenses and provide balance sheet cash. The remaining \$16.0 million consisted of a delayed draw term loan, which was committed for one year, and is available to us to grow our investment portfolio and operate our business.

On November 10, 2017, we entered into an amendment to the Credit Facility whereby we agreed to make a voluntary principal prepayment in the amount of \$4.5 million, reducing the total principal amount outstanding to \$36.0 million, and the lenders agreed not to test certain covenants at certain determination dates.

On February 2, 2018, we exercised the option to extend the Credit Facility to September 9, 2018, as permitted in our credit existing Credit Agreement.

As of March 31, 2018 and December 31, 2017, the total amount outstanding under the Credit Facility was \$36.0 million with \$0.0 million available to draw. The total amount outstanding on the Credit Facility is shown net of unamortized debt issuance costs of \$0.2 million and \$0.2 million on our Consolidated Balance Sheet as of March 31, 2018 and December 31, 2017, respectively. Substantially all of our assets, except our investments in U.S. Treasury Bills, are pledged as collateral for the obligations under the Credit Facility. The Credit Facility bears an interest rate of Adjusted LIBOR plus 5.35% for Eurodollar Loans, subject to a 1% LIBOR floor, and Base Rate plus 4.35% for Base Rate Loans. As of March 31, 2018, the interest rate on our outstanding principal balance of \$36.0 million was 7.01%.

The Credit Facility contains affirmative and reporting covenants and certain financial ratio and restrictive covenants. We have complied with these covenants from the date of the Credit Agreement through March 31, 2018, and had no existing defaults or events of default under the Credit Facility. The financial covenants, with terms as defined in the Credit Agreement, are:

- maintain a Debt to Tangible Net Worth Ratio of not more than 0.80:1.00 as determined on the last day of each calendar month,
- maintain at all times a minimum liquidity in the form of Cash or Cash Equivalents of at least \$1.0 million,
- maintain a Debt to Fair Market Value Ratio of not more than 0.50:1.00 at any time, and
- maintain the Fair Market Value of Liquid Portfolio Investments as a percentage of outstanding aggregate principal balance to not be less than 80% through March 9, 2017, 90% through September 9, 2017 and 100% through September 9, 2018.

#### ***Repurchase Agreements***

At the end of each quarter, we may take proactive steps to preserve investment flexibility for the next quarter by investing in cash equivalents, which includes purchasing U.S. Treasury Bills, by utilizing repurchase agreements on a temporary basis. On March 28, 2018, we purchased \$15.0 million of U.S. Treasury Bills and contemporaneously entered into a \$14.7 million repurchase arrangement with a global financial institution to finance such purchase. Under the repurchase arrangement, we transferred \$15.0 million of U.S. Treasury Bills and \$0.3 million of cash as collateral under the repurchase agreement. We repaid the \$14.7 million borrowed under the repurchase agreement, and was returned the \$0.3 million cash collateral, net of an \$6 thousand financing fee, upon maturity of the U.S. Treasury Bills on April 5, 2018. We account for the transfer of the U.S. Treasury Bills under the repurchase agreement as a secured borrowing in accordance with GAAP. As a result, the U.S. Treasury Bills are recorded on our books as investments in U.S. Treasury Bills, and the amount borrowed under the repurchase agreement is recorded as short-term debt at March 31, 2018.

On December 27, 2017, we purchased \$20.0 million of U.S. Treasury Bills and contemporaneously entered into a \$19.6 million repurchase arrangement with a global financial institution to finance such purchase. Under the repurchase arrangement, we transferred \$20.0 million of U.S. Treasury Bills and \$0.4 million of cash as collateral under the repurchase agreement. We repaid the \$19.6 million borrowed under the repurchase agreement, and was returned the \$0.4 million cash collateral, net of an \$8 thousand financing fee, upon maturity of the U.S. Treasury Bills on January 4, 2018. We account for the transfer of the U.S. Treasury Bills under the repurchase agreement as a secured borrowing in accordance with GAAP. As a result, the U.S. Treasury Bills are recorded on our books as investments in U.S. Treasury Bills, and the amount outstanding under the repurchase agreement is recorded as short-term debt at December 31, 2017.

#### ***Distributions***

We have elected to operate our business to be taxed as a RIC for federal income tax purposes. As a RIC, we generally are not required to pay corporate-level U.S. federal income taxes on any ordinary income or capital gains that we distribute to our stockholders as distributions. To maintain our RIC status, we must meet specific source-of-income and asset diversification requirements and distribute annually an amount equal to at least 90% of our "investment company taxable income" (which generally consists of ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, reduced by deductible expenses) and net tax-exempt interest. In order to avoid certain excise taxes imposed on RICs, we generally must distribute during each calendar year an amount at least equal to the sum of (1) 98% of our ordinary income for the calendar year (taking into account certain deferrals and elections), (2) 98.2% of our capital gain net income (i.e., realized capital gains in excess of realized capital losses) for the one-year period ended on October 31 of that calendar year, and (3) 100% of any ordinary income or

capital gain net income not distributed in prior years and on which we did not pay corporate-level federal income taxes. We currently intend to make sufficient distributions to satisfy the annual distribution requirement and to avoid the excise taxes.

Although we currently intend to distribute realized net capital gains (i.e., net long-term capital gains in excess of short-term capital losses), if any, at least annually, we may in the future decide to retain such capital gains for investment and designate such retained amount as a deemed distribution.

We determine the tax characteristics of our distributions to stockholders as of the end of the fiscal year, based on the taxable income for the full year and distributions paid during the year. Taxable income available for distribution differs from consolidated net investment income under GAAP due to (i) temporary and permanent differences in income and expense recognition, (ii) capital gains and losses, (iii) activity at taxable subsidiaries, and (iv) the timing and period of recognition regarding distributions declared in December of one year and paid in January of the following year. We (or the applicable withholding agent) report the tax characteristics of distributions paid annually to each stockholder on Form 1099-DIV after the end of the year.

The tax characteristics of distributions paid in 2017 represented \$1.2 million from ordinary income, \$1.1 million from return of capital and none from capital gains. For tax purposes, 100% of the \$0.4 million distribution paid on January 9, 2018 was treated as arising in 2018.

We may not achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. In addition, we may be limited in our ability to make distributions due to the asset coverage test for borrowings when applicable to us as a BDC under the 1940 Act and due to provisions in our Investment Facility. If we do not distribute a certain percentage of our income annually, we will suffer adverse tax consequences, including possible loss of our status as a RIC. We cannot assure stockholders that they will receive any distributions or distributions at any specific level.

We have established an “opt out” DRIP plan for our stockholders. As a result, if we declare a cash dividend, our plan agent automatically reinvests a stockholder’s cash dividend in additional shares of our common stock unless the stockholder, or his or her broker, specifically “opts out” of the dividend reinvestment plan and elects to receive cash dividends. No action is required on the part of a registered stockholder to have the stockholder’s dividend reinvested in shares of our common stock. The plan administrator will set up an account for shares acquired through the DRIP plan for each stockholder who has not elected to receive dividends in cash, a participant, and hold such shares in non-certificated form. A registered stockholder may terminate participation in the DRIP plan at any time and elect to receive dividends in cash by notifying the plan administrator in writing so that such notice is received by the plan administrator no later than 10 days prior to the record date for dividends to stockholders. Participants may terminate participation in the plan by notifying the plan administrator via its website at [www.amstock.com](http://www.amstock.com), by filling out the transaction request form located at the bottom of their statement and sending it to the plan administrator at American Stock Transfer & Trust Company, Operations Center, 6201 15th Avenue, Brooklyn, NY 11219 or by calling the plan administrator at 1-800-937-5449.

Within 20 days following receipt of a termination notice by the plan administrator and according to a participant’s instructions, the plan administrator will either: (a) maintain all shares held by such participant in a plan account designated to receive all future dividends and distributions in cash; (b) issue certificates for the whole shares credited to such participant’s plan account and issue a check representing the value of any fractional shares to such participant; or (c) sell the shares held in the plan account and remit the proceeds of the sale, less any brokerage commissions that may be incurred and a \$15.00 transaction fee, to such participant at his or her address of record at the time of such liquidation. A stockholder who has elected to receive dividends in cash may re-enroll in the DRIP at any time by providing notice to the plan administrator.

Those stockholders whose shares are held by a broker or other financial intermediary may receive dividends in cash by notifying their broker or other financial intermediary of their election. It is customary practice for many brokers to opt out of dividend reinvestment plans on behalf of their clients unless specifically instructed otherwise.

We intend, when permitted by the DRIP plan, to primarily use newly issued shares for reinvested dividends under the DRIP plan. However, we reserve the right to purchase shares in the open market in connection with the DRIP plan. The number of newly issued shares to be issued to a stockholder is determined by dividing the total dollar amount of the dividend payable to such stockholder by the average market price per share of our common stock at the close of regular trading on the exchange or market on which our shares of common stock are listed for the five trading days preceding the valuation date for such dividend. We can not calculate the number of shares of our common stock to be outstanding after giving effect to payment of the dividend until the value per share at which additional shares will be issued has been determined and elections of our stockholders have been tabulated.

We may not use newly issued shares to satisfy our obligations under the DRIP plan if the market price of our shares is less than our net asset value per share. In such event, the cash dividends are paid to the plan administrator who purchases shares in the open market for credit to the accounts of plan participants unless the average of the closing sales prices for the shares for the five days immediately preceding the payment date exceeds 110% of the most recently reported net asset value per share. The allocation of shares to the participants’ plan accounts is based on the average cost of the shares so purchased, including brokerage commissions. The plan administrator will reinvest all dividends and distributions as soon as practicable, but no later than the next dividend date,

except to the extent necessary to comply with applicable provisions of the federal securities laws. The plan will not pay interest on any uninvested cash payment.

As of January 9, 2018, the date of our most recent dividend payment, holders of approximately 89,000 shares, or approximately 0.4% of the 20,172,392 outstanding shares, were participants in the DRIP plan. During 2017, we declared dividends totaling \$0.08 per common share. During 2016, we declared dividends totaling \$0.24 per common share.

There are no brokerage charges on newly issued shares or other charges to stockholders who participate in the DRIP plan. We pay the plan administrator's fees.

We may terminate the DRIP plan upon notice in writing mailed to each participant at least 30 days prior to any record date for the payment of any dividend. When a participant withdraws from the DRIP plan or when the DRIP plan is terminated, the participant will receive a cash payment for any fractional shares of our common stock based on the market price on the date of withdrawal or termination. Participants and interested stockholders should direct all correspondence concerning the DRIP plan to the plan administrator by mail at American Stock Transfer & Trust Company, Operations Center, 6201 15th Avenue, Brooklyn, NY 11219.

The automatic reinvestment of dividends and distributions will not relieve a participant of any income tax liability associated with such dividend or distribution. A U.S. stockholder participating in the DRIP plan will be treated for U.S. federal income tax purposes as having received a dividend or distribution in an equal amount to the cash that the participant could have received instead of shares. The tax basis of such shares will equal the amount of such cash. In the case of newly issued shares under the dividend reinvestment plan, the dividend and tax basis will generally be the value of the issued shares. A participant will not realize any taxable income upon receipt of a certificate for whole shares credited to the participant's account whether upon the participant's request for a specified number of shares or upon termination of enrollment in the DRIP plan. Each participant will receive each year from us (or the applicable withholding agent) a Form 1099-DIV with respect to the U.S. federal income tax status of all dividends and distributions during the previous year.

A copy of our dividend reinvestment plan is available on our corporate website, [www.ohainvestmentcorporation.com](http://www.ohainvestmentcorporation.com), in the investor relations section.

### Portfolio Credit Quality

At March 31, 2018, a significant portion of our portfolio investments were being negotiated, and often illiquid, securities of middle market businesses. As of March 31, 2018, we had certain investments related to two portfolio companies on non-accrual status with an aggregate cost and fair value of \$84.2 million and \$0.0 million, respectively. Our investment in Castex was placed on non-accrual during the first quarter of 2017. Effective July 1, 2015, Bennu was placed on non-accrual status based on estimated future production payments and income is recognized to the extent cash received. Our portfolio investments at fair value were approximately 42.2% and 41.7% of the related cost basis as of March 31, 2018 and December 31, 2017, respectively.

Non-accruing and non-income producing investments (in thousands)	March 31, 2018		December 31, 2017	
	Cost	Fair Value	Cost	Fair Value
<b>Non-accruing investments</b>				
Castex Energy 2005, LP (non-accrual January 2017)	\$ 56,315	\$ —	\$ 56,315	\$ —
ATP Oil & Gas Corporation/Bennu Oil & Gas, LLC (non-accrual July 2015)	27,845	—	27,845	—
Total non-accruing investments	84,160	—	84,160	—
<b>Non-income producing investments</b>				
OHA/OCI Investments, LLC Class A Units	2,500	162	2,500	164
Total non-income producing investments	2,500	162	2,500	164
Total non-accruing and non-income producing investments	\$ 86,660	\$ 162	\$ 86,660	\$ 164

### Contractual Obligations and Off-Balance Sheet Arrangements

The following table summarizes our contractual payment obligations at March 31, 2018 (in thousands):

Credit facilities <sup>(1)</sup>	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Credit Facility	\$ 36,000	\$ 36,000	\$ —	\$ —	\$ —
Repurchase Agreement <sup>(2)</sup>	14,695	14,695	—	—	—
<b>Total</b>	<b>\$ 50,695</b>	<b>\$ 50,695</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

<sup>(1)</sup> Excludes accrued interest amounts.

<sup>(2)</sup> Amount outstanding under the Repurchase Agreement was repaid on April 5, 2018.

From time to time we could have unused commitments to extend credit to our portfolio companies. Generally, these commitments have fixed expiration dates, and we do not fund the entire amounts before they expire. Therefore, these commitment amounts do not necessarily represent future cash requirements, and we do not report the unused portions of these commitments on our Consolidated Balance Sheets. At March 31, 2018, we had \$1.0 million unused credit commitment of our ClearChoice revolver investment.

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes from the information provided in Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2017.

### Item 4. Controls and Procedures

#### Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended, or the Exchange Act) designed to ensure that information required to be disclosed in our reports that we file under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and accumulated and communicated to management, including our Chief Executive Officer and our Chief Financial Officer, to allow timely decisions regarding required disclosures.

In connection with the preparation of this Quarterly Report on Form 10-Q, as of the end of the fiscal period covered by this Quarterly Report on Form 10-Q (March 31, 2018), we performed an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rules 13a-15(b) and 15d-15(b) of the Exchange Act. Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of March 31, 2018, our disclosure controls and procedures were effective in providing reasonable assurance (i) that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and (ii) that such information is accumulated and communicated to management in a manner that allows timely decisions regarding required disclosure.

#### Changes in Internal Control over Financial Reporting

No changes in internal control over financial reporting occurred during the quarter ended March 31, 2018 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act).

## PART II – OTHER INFORMATION

### Item 1. Legal Proceedings

The information set forth under the heading “Legal Proceedings” in Note 6 to our interim consolidated financial statements is incorporated herein by reference.

### Item 1A. Risk Factors

During the three months ended March 31, 2018, there were no material changes to the risk factors disclosed under Part I, Item 1A, “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The information set forth in Note 8 to our interim consolidated financial statements is incorporated herein by reference. There were no shares of common stock repurchased during the three months ended March 31, 2018.

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

None.

### Item 6. Exhibits

See “Index to Exhibits” following the signature page for a description of the exhibits furnished as part of this Quarterly Report on Form 10-Q.



**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OHA INVESTMENT CORPORATION

Date: May 14, 2018

By: /s/ STEVEN T. WAYNE  
Steven T. Wayne  
President and Chief Executive Officer

Date: May 14, 2018

By: /s/ CORY E. GILBERT  
Cory E. Gilbert  
Chief Financial Officer and Treasurer

## Index to Exhibits

<u>Exhibit No.</u>	<u>Exhibit</u>
31.1	<a href="#">Certification required by Rule 13a-14(a)/15d-14(a) by the Chief Executive Officer</a>
31.2	<a href="#">Certification required by Rule 13a-14(a)/15d-14(a) by the Chief Financial Officer</a>
32.1	<a href="#">Section 1350 Certification by the Chief Executive Officer</a>
32.2	<a href="#">Section 1350 Certification by the Chief Financial Officer</a>

**Certification Required by Rule 13a-14(a)  
or Rule 15d-14(a)**

I, Steven T. Wayne, certify that:

1. I have reviewed this quarterly report on Form 10-Q of OHA Investment Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 14, 2018

/s/ Steven T. Wayne

Steven T. Wayne

President and Chief Executive Officer

**Certification Required by Rule 13a-14(a)  
or Rule 15d-14(a)**

I, Cory E. Gilbert, certify that:

1. I have reviewed this quarterly report on Form 10-Q of OHA Investment Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 14, 2018

/s/ Cory E. Gilbert

Cory E. Gilbert

Chief Financial Officer and Treasurer

**Certification required by Rule 13a-14(b) or  
Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code**

In connection with the Quarterly Report of OHA Investment Corporation (the "Company") on Form 10-Q for the period ended March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven T. Wayne, Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1)The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2)The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 14, 2018

/s/ Steven T. Wayne

---

Steven T. Wayne

President and Chief Executive Officer

**Certification required by Rule 13a-14(b) or  
Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code**

In connection with the Quarterly Report of OHA Investment Corporation (the "Company") on Form 10-Q for the period ended March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Cory E. Gilbert, Chief Financial Officer and Treasurer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 14, 2018

/s/ Cory E. Gilbert

Cory E. Gilbert

Chief Financial Officer and Treasurer