

Presentation

OHA Investment Corporation Q3 2016 Earnings Results

November 14, 2016



Disclaimer

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

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

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Section 1

Overview

Overview

Third Quarter Developments

- \$14.1 MM in realizations, no new investments
 - \$10.0 MM second lien term loan in EFS was realized upon payoff in July at 101; generated 11.0% unlevered gross IRR
 - Appriss second lien term loan partial pay-down of \$3.8 MM or 29% of \$13.1 MM position in August; interest rate on remaining amount outstanding increased from L + 8.25% to L + 9.25%
- NAV of \$4.61 per share, 4.0% decline in NAV driven by legacy investments
- Declared distribution of \$0.06 per share (paid in October)
- Castex continues to PIK; has deferred past five quarterly cash payments
 - Put redemption period expired on September 29th, make-whole increased and certain rights have attached
- On September 9th, entered into a new term loan credit facility with MidCap Financial, which refinanced our existing facility
- Subsequent to quarter end:
 - Realized \$16.1 MM from three OHA portfolio investments
 - Purchased \$5.5 MM principal amount in a new portfolio company

Section 2

Financial Results

Financial Results

Q3 2016 Summary

- Investment income of \$4.3 MM, or \$0.21 per share
- Base management fees of \$707 k and incentive fees of \$181 k
- Net investment income of \$1.7 MM, or \$0.08 per share
- Net realized and unrealized losses of \$4.3 MM, or \$0.21 per share
- NAV decreased \$0.19 or 4.0% to \$4.61 per share during the quarter from \$4.80 at the end of Q2
- Positive assurance on valuation of 100% of Level 3 investments provided by a leading independent valuation firm

The information is presented on an unaudited US GAAP basis and provided for informational purposes only. There is no representation being made that an individual investor will achieve returns similar to those shown. Past results are not necessarily indicative of future performance.

Financial Results

Statement Of Operations

(in \$000's)	Q3 2016	Q2 2016	Q3 2015
Investment income	\$4,321	\$4,373	\$5,088
Interest expense	768	975	967
Management and incentive fees	888	767	758
Other G&A	971	1,269	1,276
Income taxes	<u>(6)</u>	<u>99</u>	<u>6</u>
Net investment income	<u>\$1,700</u>	<u>\$1,263</u>	<u>\$2,081</u>
<i>Net investment income per share</i>	<i>\$0.08</i>	<i>\$0.06</i>	<i>\$0.10</i>

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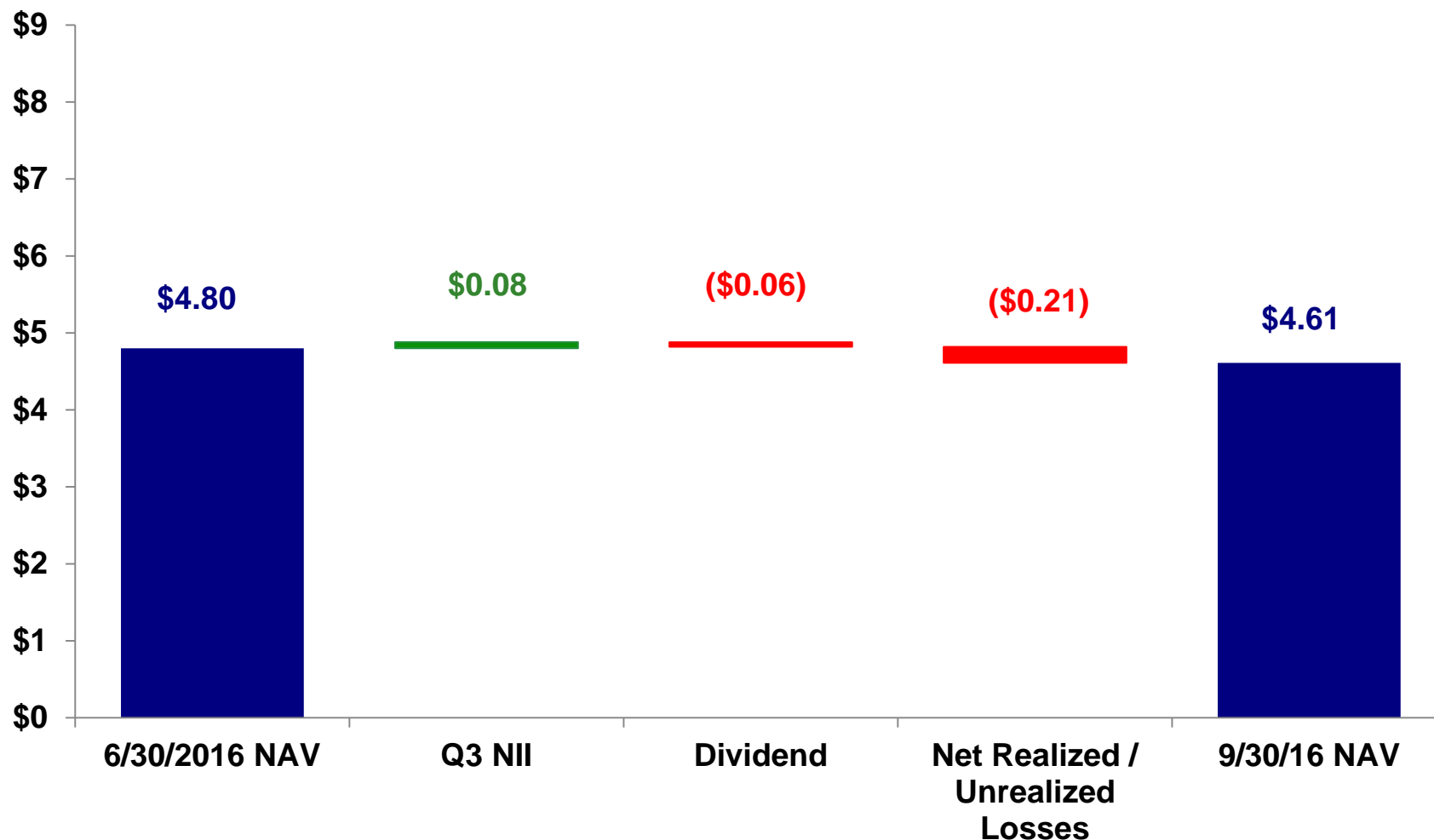
Realized/Unrealized Gain (Losses) Q3 2016

(in \$000's)	Q3 2016	Q2 2016	Q3 2015
Realized capital gains (losses):			
Contour	\$ --	\$ (10,142)	\$ --
Hanson	--	199	--
Black Pool ORRI & warrants	--	--	16
Myriant Warrant	<u>--</u>	<u>--</u>	<u>(49)</u>
Total realized capital gains (losses), net	<u>--</u>	<u>(9,943)</u>	<u>(33)</u>
Unrealized gains (losses):			
Castex	(5,356)	(1,367)	(3,077)
ATP / Bennu	(1,431)	1,767	(1,576)
Talos	1,331	626	(2,284)
OCI	(1,254)	(298)	170
TIBCO	947	(820)	21
Royal	574	(251)	(26)
Gramercy	559	784	(570)
Appriss	549	(6)	(5)
Shoreline	(500)	(2,746)	(8)
Reversals due to realizations	--	10,355	18
Other unrealized gains (losses), net	<u>269</u>	<u>751</u>	<u>(1,358)</u>
Total unrealized gains (losses), net	<u>(4,312)</u>	<u>8,795</u>	<u>(8,695)</u>
Total realized and unrealized (losses), net	<u>\$(4,312)</u>	<u>\$(1,148)</u>	<u>\$(8,728)</u>

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Financial Results

NAV Per Share Declined 4.0% From June 30, 2016



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Section 3

Investment Activity & Portfolio Review

Investment Activity & Portfolio Review

\$112.2⁽¹⁾ MM Of Investments In New Portfolio Companies Under OHA Management

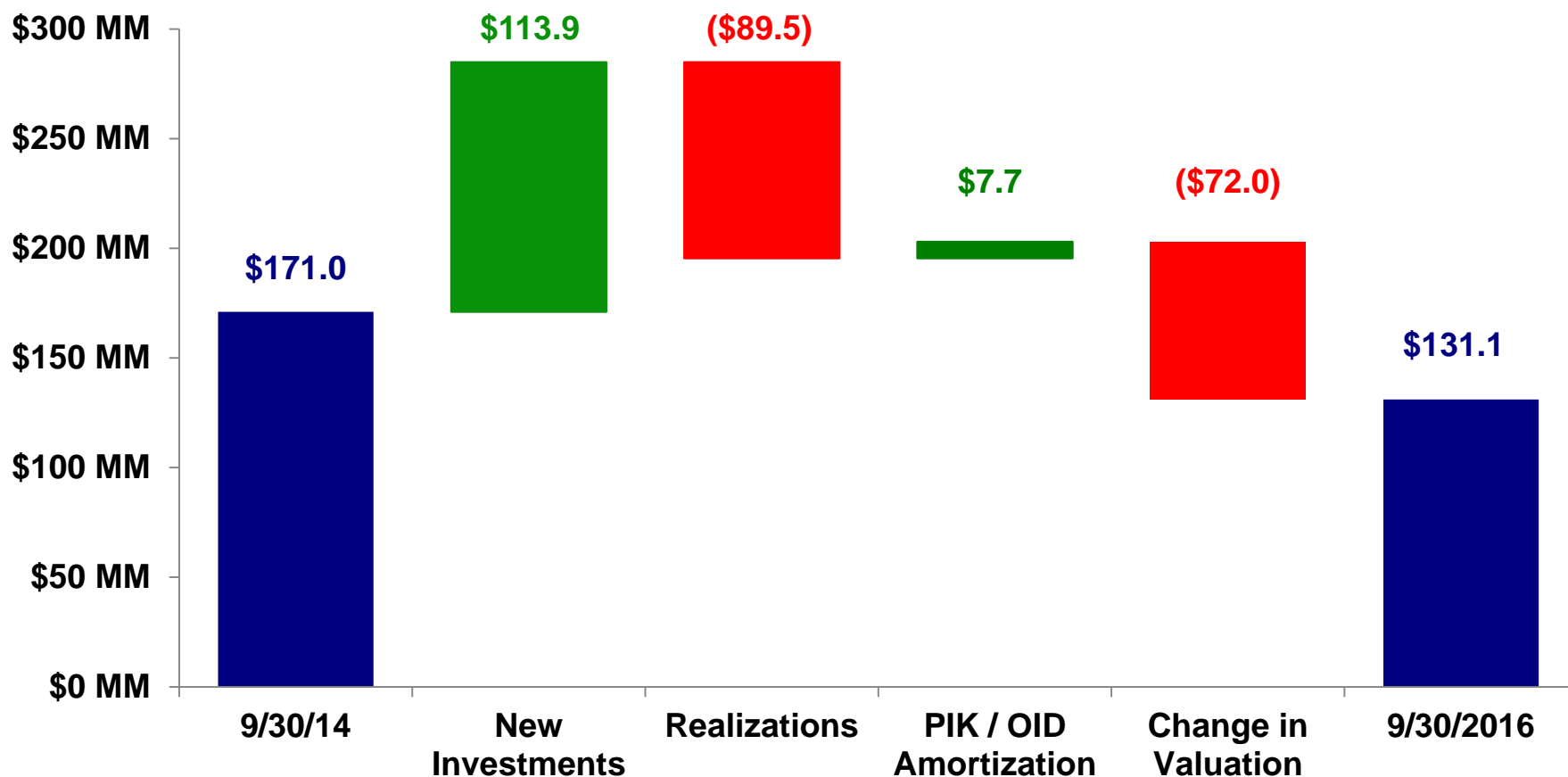
- Have funded \$112.2 MM into new portfolio companies under OHA management
 - Q4 2014 – \$36.8 MM (four portfolio companies)
 - FY 2015 – \$73.8 MM (eleven portfolio companies)
 - Q1 2016 – \$1.6 MM Berlin Packaging (add-on)
- Realizations of \$89.5 MM of principal under OHA management (OHA \$51.5 MM, Legacy \$38.0 MM)
 - Q4 2014/FY2015 – \$58.7 MM includes full realization of two OHA investments, Citadel (\$10.0mm) and Foundation Building Materials (\$18.7 MM), and realization of three legacy investments (\$24.3 MM)
 - Q1 2016 – \$0.6 MM includes realization of Hanson (\$0.5 MM), an OHA investment
 - Q2 2016 – \$16.1 MM includes full realizations of two legacy portfolio companies, Contour (\$1.4mm) and KOVA (\$9.0 MM), and sale of Hanson (\$5.4 MM)
 - Q3 2016 – \$14.1 MM includes full realization of EFS (\$10.0 MM) and \$3.8 MM partial pay-down on Appriss, both OHA investments
- \$131.1 MM of portfolio investments at September 30, 2016
 - 53% floating rate, 47% fixed rate, by total fair value
 - 58% level 3, 42% level 2, by total fair value

⁽¹⁾ Excludes \$1.7 MM of additional capital invested in legacy assets.

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Investment Activity & Portfolio Review

\$131.1 MM Investment Portfolio Value At September 30, 2016



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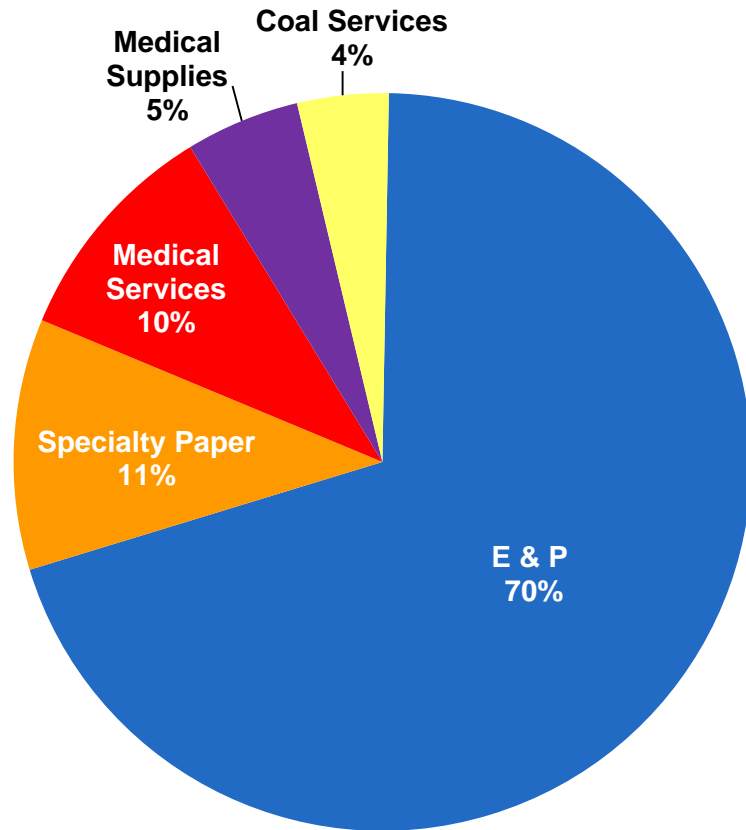
(1) New investments include \$1.7 MM of additional capital invested in legacy assets.



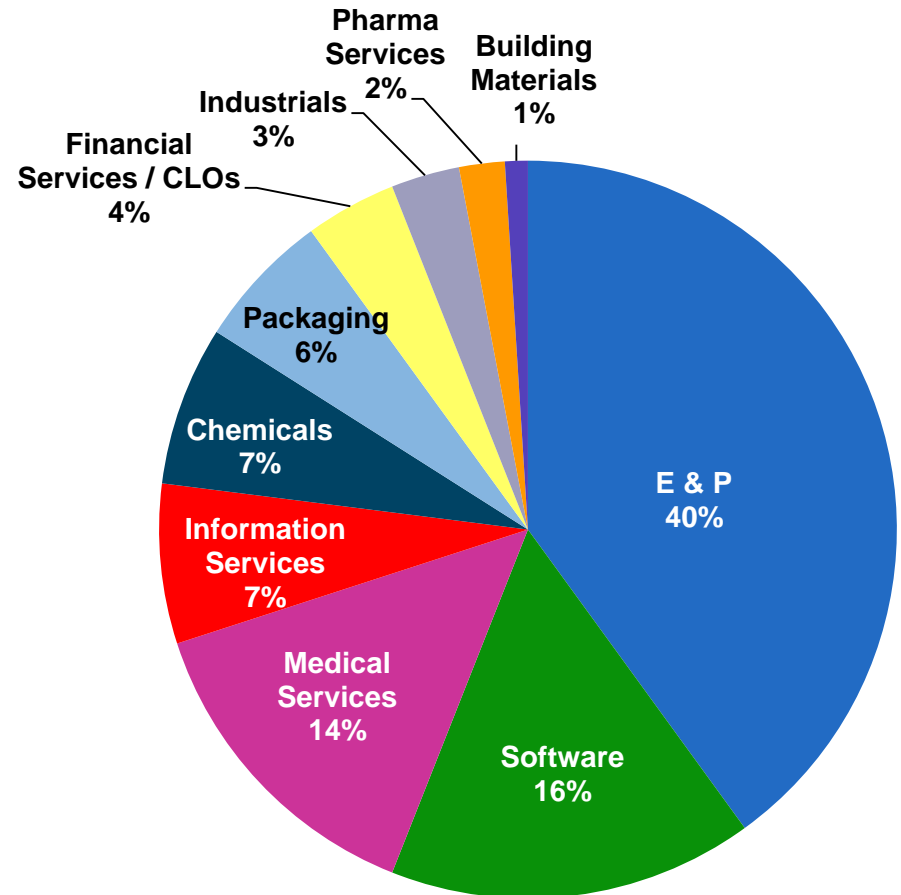
Investment Activity & Portfolio Review

Energy Exposure Reduced From 74% At 9/30/14 To 40% At 09/30/16⁽¹⁾

September 30, 2014



September 30, 2016



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¹⁾ As a percentage of total fair value.

Investment Activity & Portfolio Review

Unrealized Losses Driven By Write-downs In Legacy Energy Related Investments And OCI Equity

(in \$000's)	Fair Value Category	Principal/ Total Sum	Value at 6/30/16	Net New Investments (Realizations)	PIK/OID	Write-up / (Write-down)	Value at 9/30/2016	% of Portfolio Value
Legacy Energy:								
Castex redeemable preferred units	Level 3	\$ 55,226	\$ 39,086	\$ -	\$ 977	\$ (5,357)	\$ 34,706	27%
ATP/Bennu limited term royalty interest	Level 3	30,328	13,717	-	-	(1,431)	12,286	9%
Talos senior unsecured notes	Level 2	12,000	4,230	-	4	1,331	5,565	4%
Shoreline second lien term loan	Level 3	13,094	500	-	-	(500)	-	0%
Spirit senior secured term loans and preferred equity	Level 3	9,069	-	-	-	-	-	0%
Legacy Energy total		119,717	57,533	-	981	(5,957)	52,557	40%
Other Legacy:								
OCI subordinated note	Level 3	16,686	16,559	-	142	(15)	16,686	13%
OCI equity units	Level 3	n/a	2,277	-	-	(1,239)	1,038	1%
Other Legacy total		16,686	18,836	-	142	(1,254)	17,724	14%
Legacy Total		136,403	76,369	-	1,123	(7,211)	70,281	54%
OHA Portfolio:								
Kronos second lien term loan	Level 2	12,000	12,105	-	(7)	127	12,225	9%
Royal Holdings second lien term loan	Level 2	10,000	9,300	-	1	574	9,875	7%
Appriss second lien term loan	Level 3	9,323	12,314	(3,777)	51	549	9,137	7%
TIBCO senior unsecured notes	Level 2	10,100	8,030	-	12	947	8,989	7%
Berlin second lien term loan	Level 2	7,205	7,151	-	10	98	7,259	6%
Gramercy Park CLO residual interest	Level 2	n/a	4,939	(323)	-	559	5,175	4%
WASH second lien term loan	Level 2	4,000	3,945	-	1	24	3,970	3%
Bioclinica first lien secured notes	Level 3	2,400	2,400	-	2	118	2,520	2%
Hanson second lien term loan	Level 2	1,687	1,636	-	2	49	1,687	1%
EFS second lien term loan	Level 2	-	10,000	(10,000)	-	-	-	0%
OHA Portfolio Total		56,715	71,820	(14,100)	72	3,045	60,837	46%
Grand Total		\$ 193,118	\$ 148,189	\$ (14,100)	\$ 1,195	\$ (4,166)	\$ 131,118	100%

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

Investment Activity & Portfolio Review

Current Weighted Average Yield Of 11.8%⁽¹⁾ On Fair Value Basis As Of September 30, 2016

(in \$000's)	Principal/ Total Sum	Cost	Fair Value	Current Yield at Cost	Current Yield at Fair Value	% of Portfolio Value
< 10% Current Yield at Fair Value						
Gramercy Park CLO residual interest	n/a	5,519	5,175	6.3%	6.7%	4%
Bioclinica first lien secured notes	2,400	2,349	2,520	8.3%	7.7%	2%
WASH second lien term loan	4,000	3,974	3,970	8.0%	8.0%	3%
Berlin second lien term loan	7,205	6,875	7,259	8.7%	8.3%	6%
Royal Holdings second lien term loan	10,000	9,929	9,875	8.6%	8.6%	8%
Kronos second lien term loan	12,000	12,124	12,225	9.4%	9.3%	9%
Total < 10% Current Yield at Fair Value	35,605	40,770	41,024	8.5%	8.4%	32%
10-15% Current Yield at Fair Value:						
Castex redeemable preferred units	55,226	54,783	34,706	6.4%	10.1%	27%
Apriss second lien term loan	9,323	9,212	9,137	10.6%	10.7%	7%
Hanson second lien term loan	1,687	1,632	1,687	11.2%	10.8%	1%
TIBCO senior unsecured notes	10,100	9,742	8,989	12.3%	13.3%	7%
Total 10-15% Current Yield at Fair Value	76,336	75,369	54,519	7.8%	10.8%	42%
> 15% Current Yield at Fair Value:						
OCI subordinated note	16,686	16,565	16,686	16.5%	16.3%	13%
ATP/Bennu limited term royalty interest ⁽²⁾	30,328	27,845	12,286	7.8%	17.6%	9%
Talos senior unsecured notes	12,000	11,976	5,565	9.9%	21.3%	4%
Total > 15% at Current Yield at Fair Value	59,014	56,386	34,537	10.8%	17.6%	26%
Current Yielding Investments	170,955	172,525	130,080	8.9%	11.8%	100%
Other Investments:						
Shoreline second lien term loan	13,094	12,659	0	N/A	N/A	0%
Spirit senior secured term loans and preferred equity	9,069	17,030	0	N/A	N/A	0%
OCI equity units	n/a	2,500	1,038	N/A	N/A	<1%
Total non-yielding investments	22,163	32,189	1,038	N/A	N/A	0%
Grand Total	193,118	204,714	131,118	7.5%	11.7%	100%

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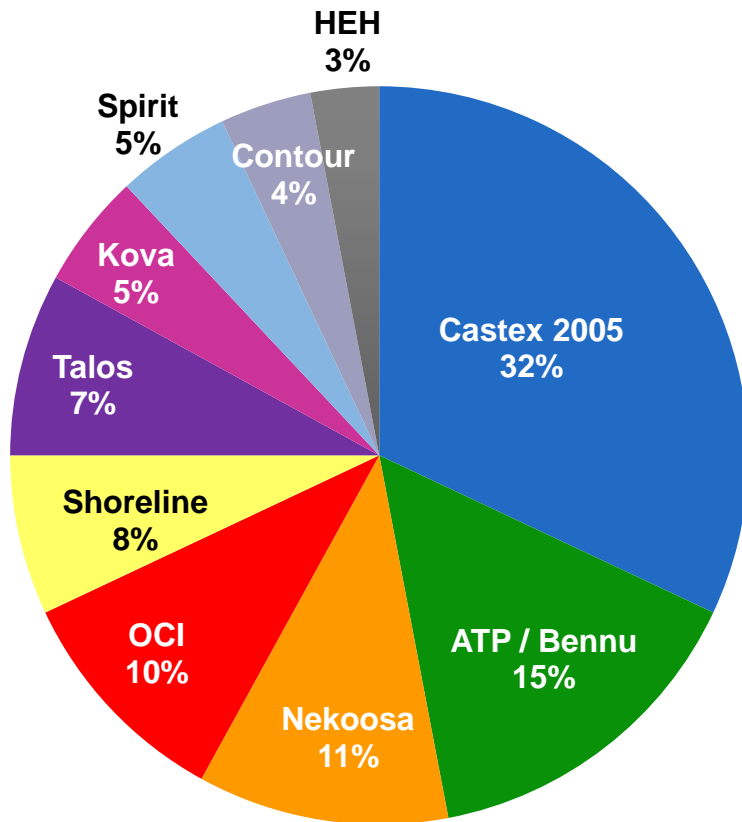
⁽¹⁾ Current yielding investments only.

⁽²⁾ Yield computed by annualizing the most recent quarter's income, which is recognized to the extent cash is received.

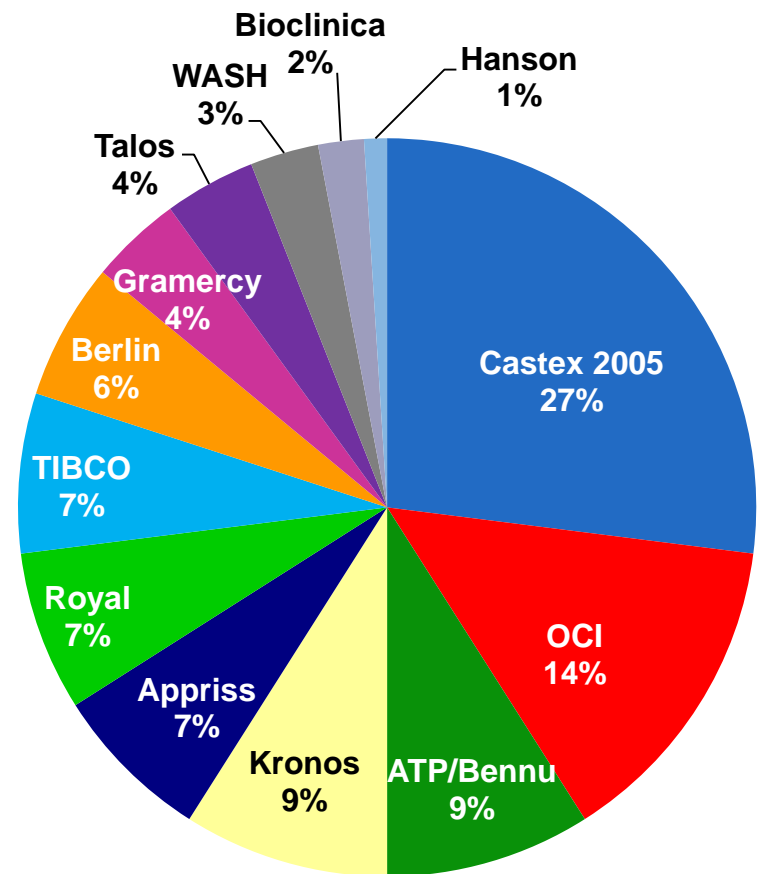
Investment Activity & Portfolio Review

Portfolio Value Is Derived From 13 Active Investments At 9/30/16 vs. 10 At 9/30/14⁽¹⁾

September 30, 2014



September 30, 2016

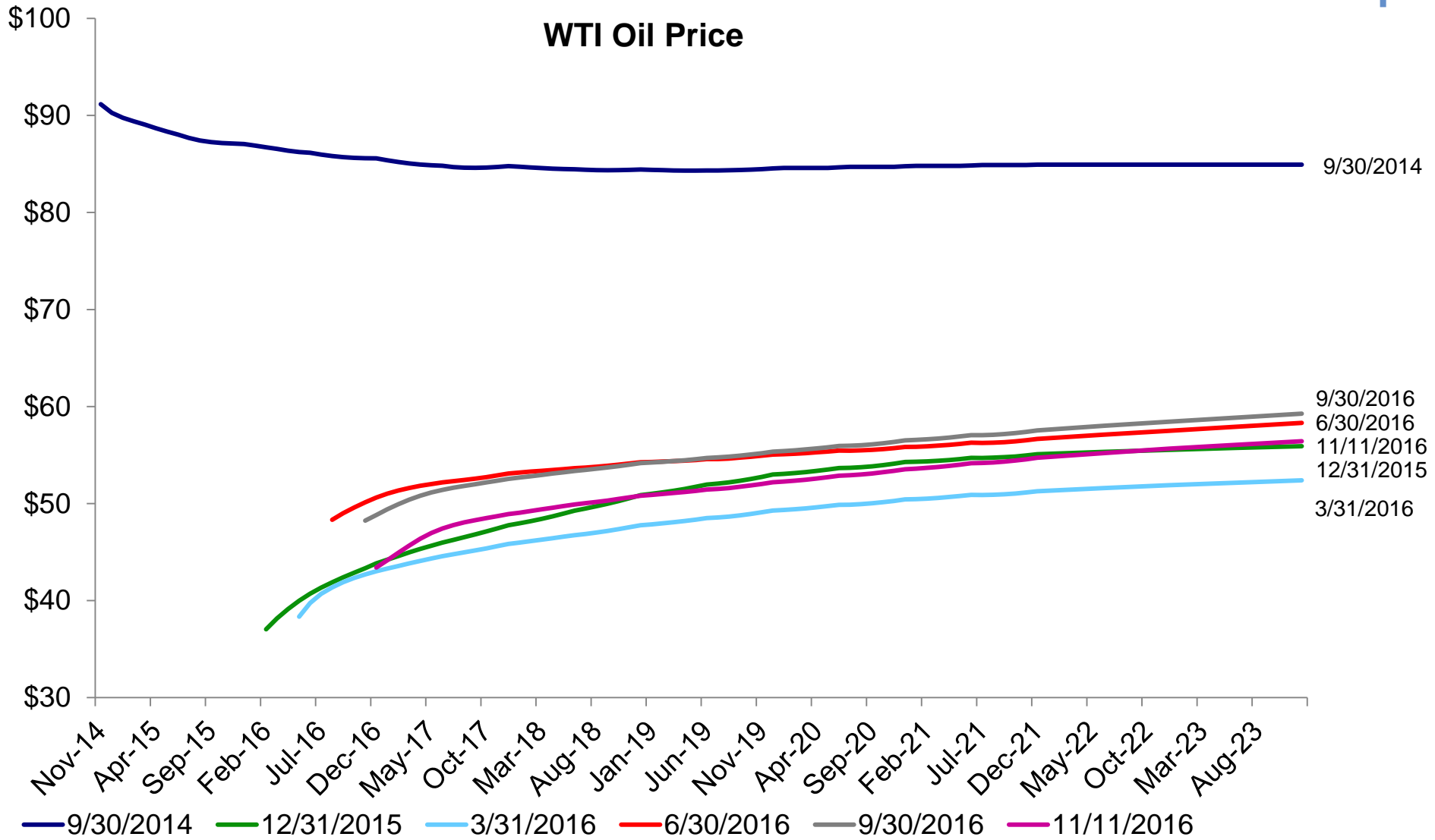


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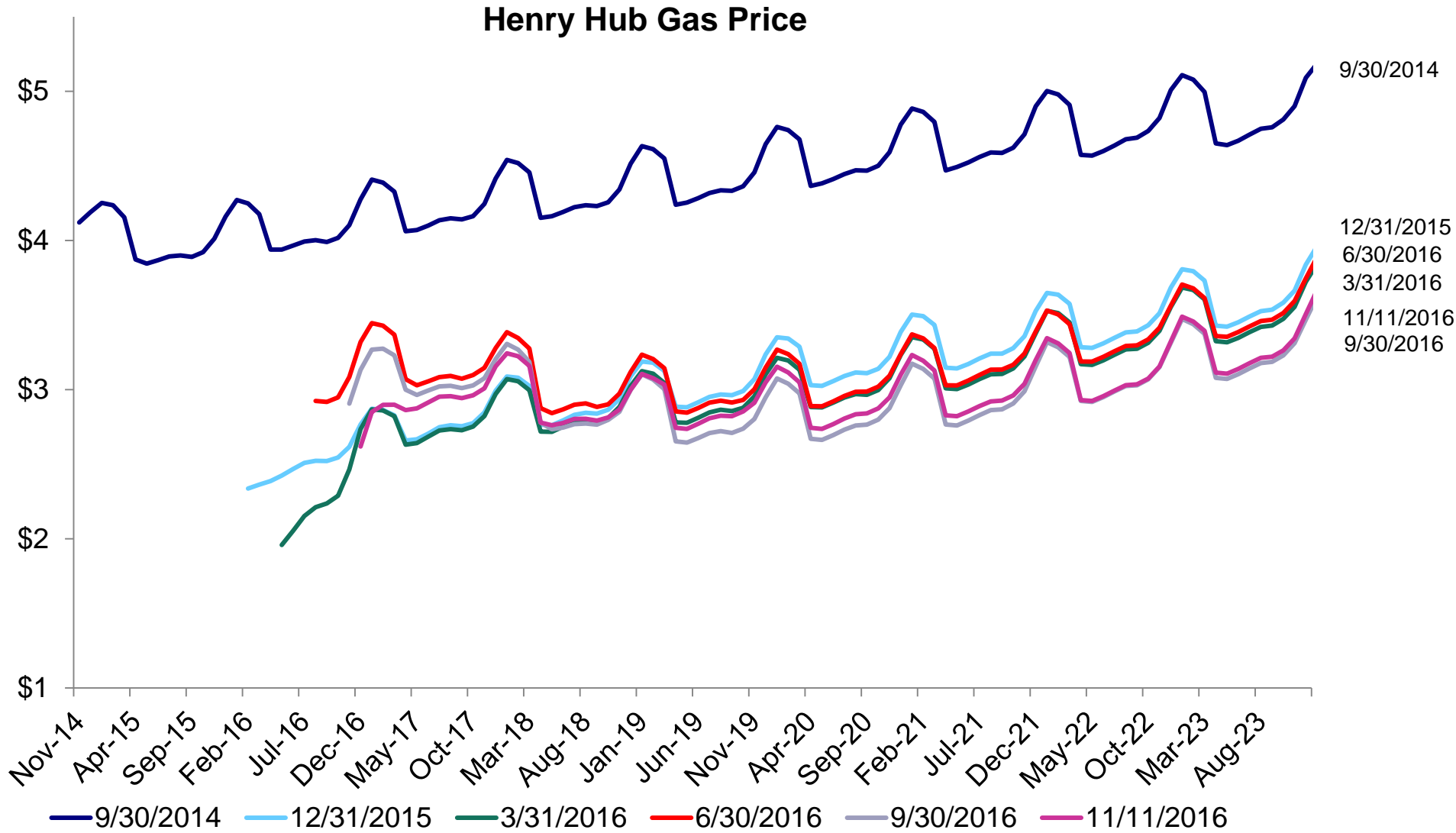
⁽¹⁾ As a percentage of total fair value.

Additional Information

Oil Price Strip



Natural Gas Price Strip



Q&A
