

Presentation

OHA Investment Corporation Q2 2016 Earnings Results

August 11, 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.

Contents

Section 1 Overview

Section 2 Financial Results

Section 3 Investment Activity & Portfolio Review

Additional Information

Q&A

Section 1

Overview

Overview

Second Quarter Developments

- \$16.0 MM in realizations, including two legacy investments
 - \$9.0 MM senior subordinated investment in KOVA (legacy non-energy investment) was realized upon payoff in April; generated 14.8% unlevered gross IRR
 - Sold investments in Contour (legacy energy investment) back to Contour for \$1.5 MM (excludes \$65 K of legal expense); above our March 31, 2016 fair value of \$1.0 MM
 - Sold \$5.4 MM Hanson second lien term loan, (OHA investment) at an average price of \$98.5, generating a realized gain of \$0.2 MM (\$0.01 per share) and unlevered gross IRR of 16.1%
- Shoreline, a legacy energy investment, written down by \$2.7 MM (\$0.14 per share)
- Castex continued to elect to pay us dividends in-kind, rather than in cash, pursuant to the terms of our agreement
- NAV of \$4.80 per share, 1.0% decline in NAV driven primarily by legacy energy investments
- Declared distribution of \$0.06 per share (paid in July)
- Subsequent to quarter end:
 - We delivered a Preferred Unit Put Notice to Castex on July 1, exercising our put right
 - In July, realized \$10.0 MM upon repayment of EFS (OHA investment) at par plus 1% prepayment fee, generating an unlevered gross IRR of 11.0%
 - Extended maturity date of Investment Facility to September 15, 2016

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Section 2

Financial Results

Financial Results

Q2 2016 Summary

- Investment income of \$4.4 MM, or \$0.22 per share
- Base management fees of \$0.8 MM and no incentive fee
- Net investment income of \$1.3 MM, or \$0.06 per share
- Net realized and unrealized losses of (\$1.1) MM, or (\$0.06) per share
- NAV decreased (\$0.05) or 1.0% to \$4.80 per share during the quarter
- Positive assurance on valuation of 100% of Level 3 investments provided by a leading independent valuation firm

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Financial Results

Statement Of Operations

(in \$000's)	Q2 2016	Q1 2016	Q2 2015
Investment income	\$4,373	\$5,157	\$5,914
Interest expense	975	1,088	904
Management and incentive fees	767	930	854
Other G&A	1,269	1,287	1,628
Income taxes	<u>99</u>	<u>17</u>	<u>30</u>
Net investment income	<u>\$1,263</u>	<u>\$1,835</u>	<u>\$2,498</u>
<i>Net investment income per share</i>	<i>\$0.06</i>	<i>\$0.09</i>	<i>\$0.12</i>

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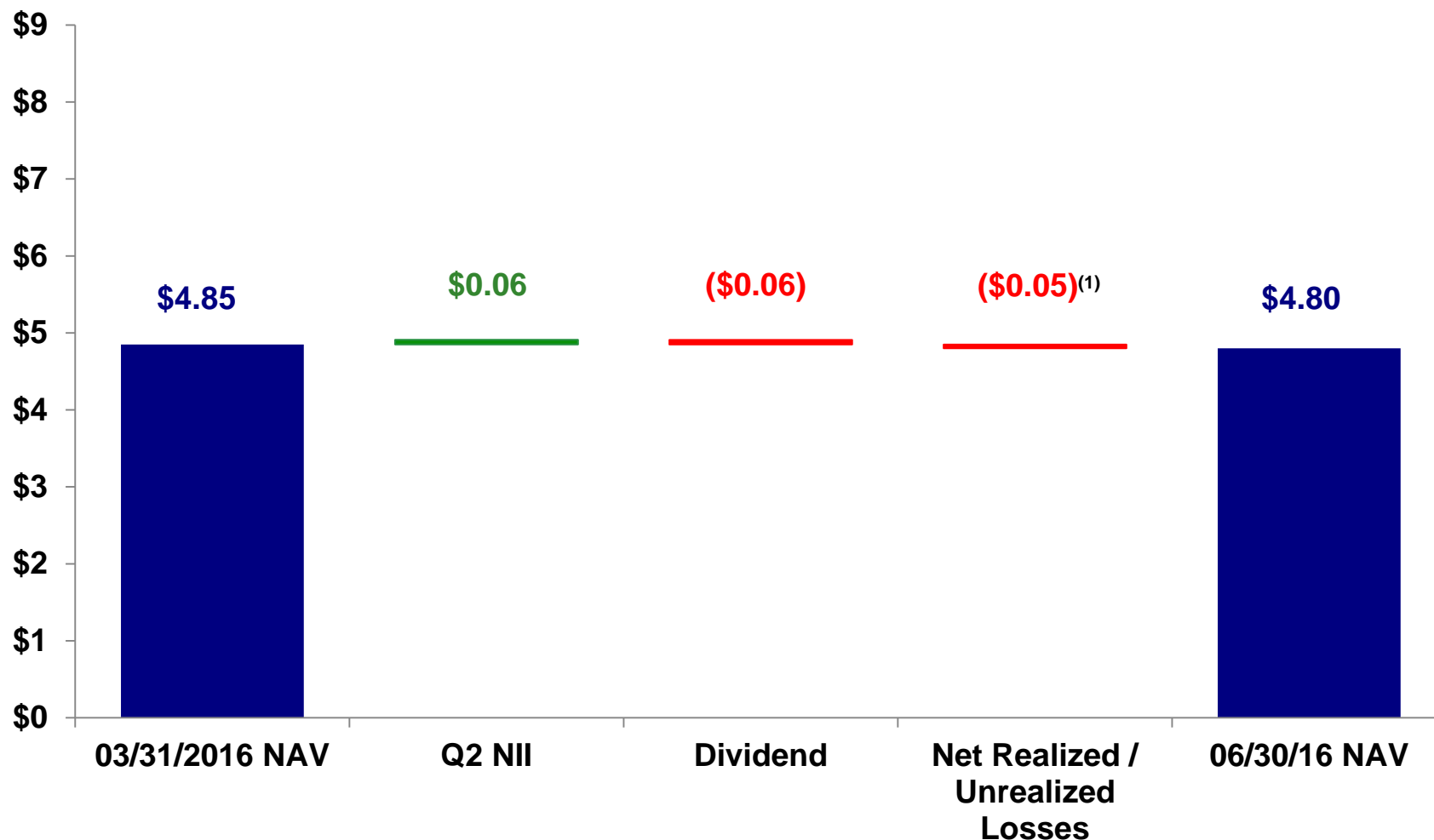
Realized/Unrealized Gain (Losses) Q2 2016

(in \$000's)	Q2 2016	Q1 2016	Q2 2015
Realized capital gains (losses):			
Contour	\$(10,142)	\$ --	\$ --
Hanson	199	24	--
Spirit ORRI	--	--	255
DeanLake LP Units	--	--	(2)
Total realized capital gains (losses), net	<u>(9,943)</u>	<u>24</u>	<u>253</u>
Unrealized gains (losses):			
Shoreline	(2,746)	(5,813)	(1,661)
ATP / Bennu	1,767	(31)	(2,416)
Castex	(1,367)	(6,020)	596
TIBCO	(820)	381	--
Gramercy	784	(1,019)	231
Talos	626	(1,564)	2,037
Berlin	332	(73)	--
OCI	(298)	(35)	719
Reversals due to realizations	10,355	(21)	(539)
Other unrealized gains (losses), net	<u>162</u>	<u>672</u>	<u>(2,202)</u>
Total unrealized gains (losses), net	<u>8,795</u>	<u>(13,523)</u>	<u>(3,235)</u>
Total realized and unrealized (losses), net	<u>\$(1,148)</u>	<u>\$(13,499)</u>	<u>\$(2,982)</u>

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Financial Results

NAV Per Share Declined 1.0% From March 31, 2016



⁽¹⁾ Includes \$0.01 adjustment necessary to reconcile the change in net asset value per share with other per share figures presented due to rounding. 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.

Section 3

Investment Activity & Portfolio Review

Investment Activity & Portfolio Review

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

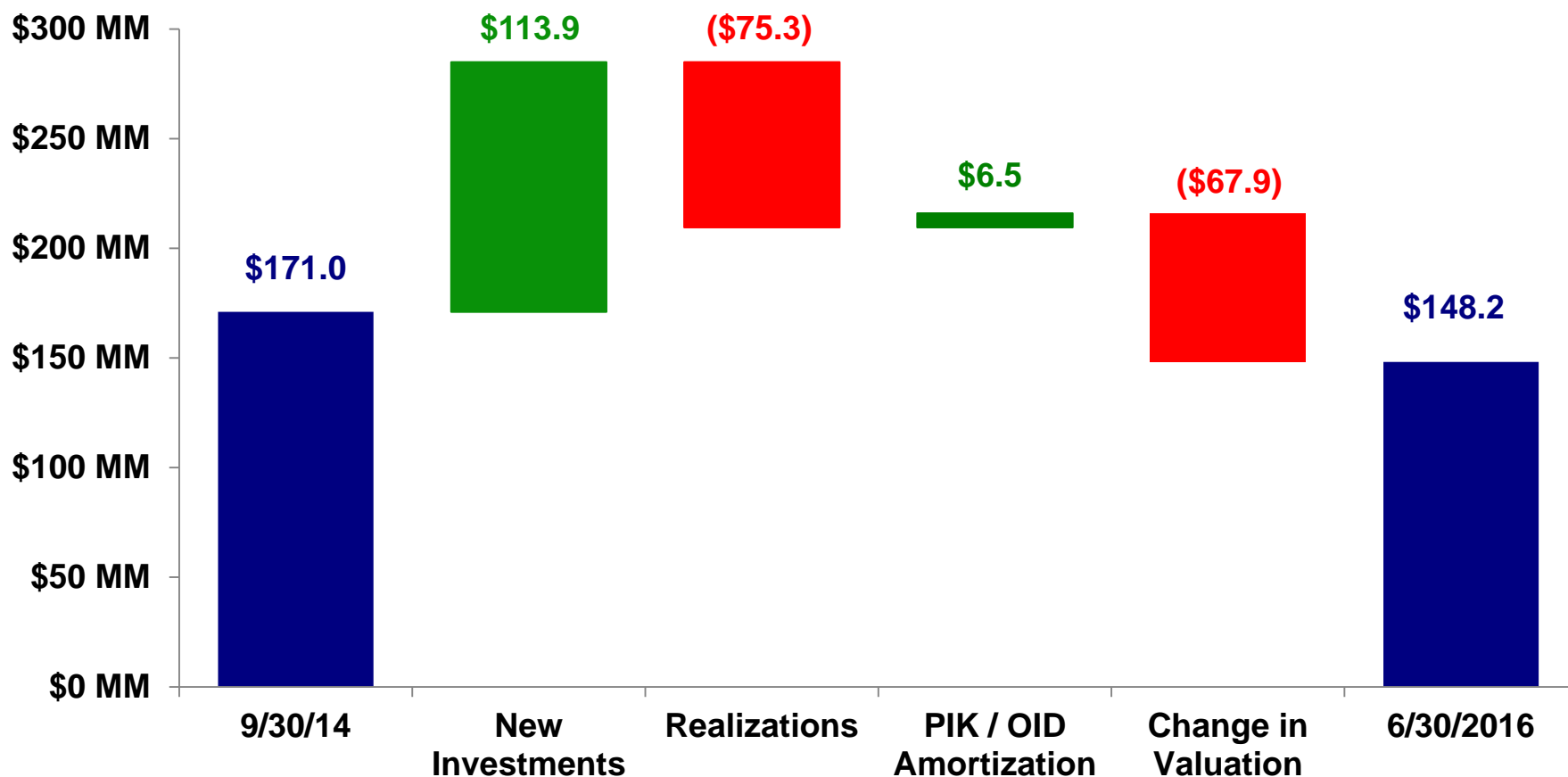
- New investments of \$112.2 MM under OHA management
 - Q4 2014 – \$36.8 MM (four portfolio companies)
 - FY 2015 – \$73.8 MM (eleven portfolio companies)
 - Q1 2016 – \$1.6 MM Berlin Packaging (add-on)
- Realizations of \$85.3 MM under OHA management (includes \$10.0 MM in July 2016)
 - Q4 2014/FY2015 – \$58.7 MM includes full realization of two OHA investments, Citadel and Foundation Building Materials (\$28.7 MM), and realization of three legacy investments (\$24.3 MM), plus portfolio amortization
 - Q1 2016 - \$0.6 MM includes realization of \$0.5 MM Hanson second lien term loan (\$0.4 MM), an OHA investment, plus portfolio amortization
 - Q2 2016 - \$16.0 MM includes full realizations of two legacy portfolio companies, Contour and KOVA, (\$10.4 MM), the sale of \$5.4 MM Hanson second lien term loan (\$5.3 MM), plus portfolio amortization
 - July 2016 - \$10 MM full realization of EFS, an OHA investment
- \$148.2 MM of portfolio investments at June 30, 2016
 - 51% floating rate, 49% fixed rate, by total fair value
 - 59% level 3, 41% 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

\$148.2 MM Investment Portfolio Value at June 30, 2016



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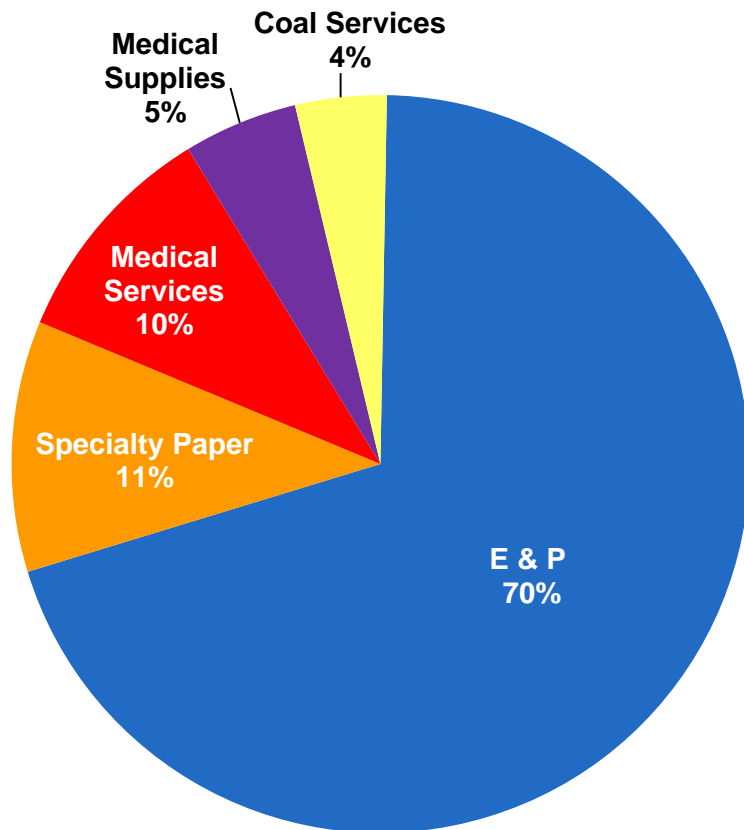
⁽¹⁾ New investments include \$1.7 MM of additional capital invested in legacy assets.



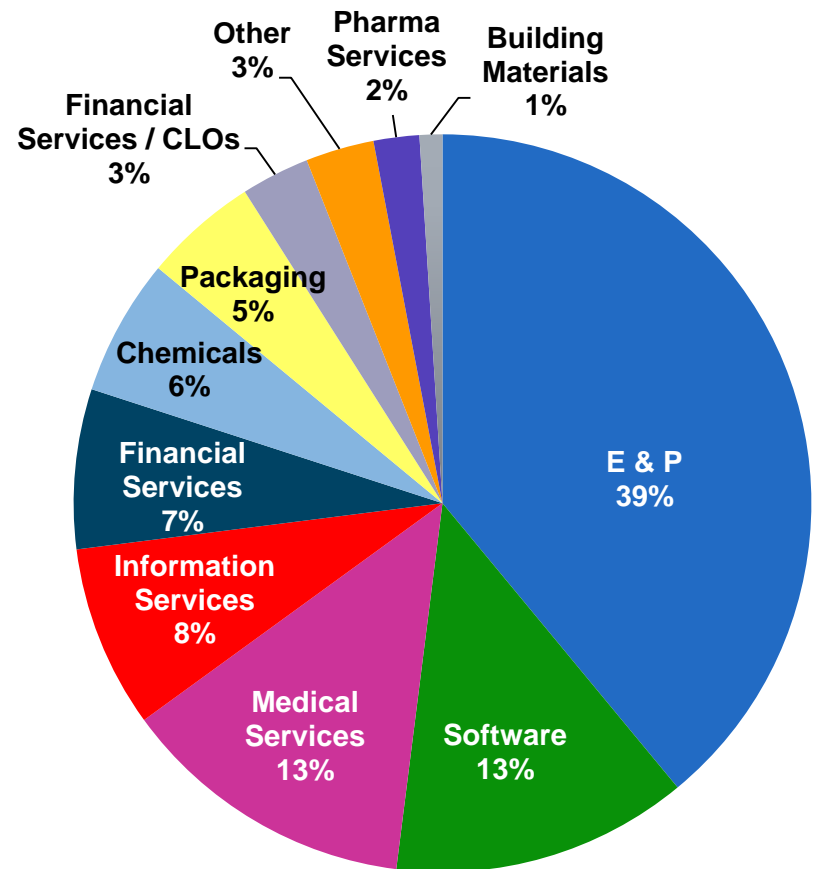
Investment Activity & Portfolio Review

Energy Exposure Reduced From 74% at 9/30/14 to 39% at 06/30/16⁽¹⁾

September 30, 2014



June 30, 2016



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¹⁾ As a percentage of total fair value.

Investment Activity & Portfolio Review

Unrealized Losses Driven By Shoreline, Castex, and TIBCO Partially Offset by ATP, Gramercy, and Talos

(in \$000's)	Fair Value Category	Principal/ Total Sum	Value at 3/31/16	Net New Investments (Realizations)	PIK/OID	Write-up / (Write-down)	Value at 6/30/2016	% of Portfolio Value
Energy:								
Castex redeemable preferred units	Level 3	\$ 53,878	\$ 39,215	\$ -	\$ 1,238	(1,367)	\$ 39,086	26%
Talos senior unsecured notes	Level 2	12,000	3,600	-	4	626	4,230	3%
Subtotal		65,878	42,815	-	1,242	(741)	43,316	29%
Energy Non-accruals:								
ATP/Bennu limited term royalty interest ⁽¹⁾	Level 3	29,846	11,950	-	-	1,767	13,717	10%
Shoreline second lien term loan	Level 3	13,049	3,246	-	-	(2,746)	500	<1%
Contour senior secured term loan, unsecured note and equity	Level 3	-	1,000	(1,435)	-	435	-	0%
Spirit senior secured term loans and preferred equity	Level 3	9,069	-	-	-	-	-	0%
Subtotal		51,964	16,196	(1,435)	-	(544)	14,217	10%
Energy total		117,842	59,011	(1,435)	1,242	(1,285)	57,533	39%
Other Sectors:								
OCI subordinated note	Level 3	16,559	16,434	-	139	(14)	16,559	11%
Appriss second lien term loan	Level 3	13,100	12,314	-	6	(6)	12,314	8%
Kronos second lien term loan	Level 2	12,000	11,985	-	(7)	127	12,105	8%
EFS second lien term loan	Level 2	10,000	9,875	-	5	120	10,000	7%
Royal Holdings second lien term loan	Level 2	10,000	9,550	-	1	(251)	9,300	6%
TIBCO senior unsecured notes	Level 2	10,100	8,838	-	12	(820)	8,030	5%
Berlin second lien term loan	Level 2	7,205	6,809	-	10	332	7,151	5%
Gramercy Park CLO residual interest	Level 2	n/a	4,455	(300)	-	784	4,939	3%
WASH second lien term loan	Level 2	4,000	3,800	-	1	144	3,945	3%
Bioclinica first lien secured notes	Level 3	2,400	2,340	-	2	58	2,400	2%
OCI equity units	Level 3	n/a	2,561	-	-	(284)	2,277	2%
Hanson second lien term loan	Level 2	1,687	6,874	(5,281)	3	40	1,636	1%
KOVA senior subordinated notes	Level 2	-	9,000	(9,000)	-	-	-	0%
Subtotal		87,051	104,835	(14,581)	172	230	90,656	61%
Grand Total		\$ 204,893	\$ 163,846	\$ (16,016)	\$ 1,414	\$ (1,055)	\$ 148,189	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.

⁽¹⁾ In July 2015, ATP was placed on non-accrual status based on estimated future production payments and income is recognized to the extent cash is received.

Investment Activity & Portfolio Review

Current Weighted Average Yield Of 12.8%⁽¹⁾ On Fair Value Basis As Of June 30, 2016

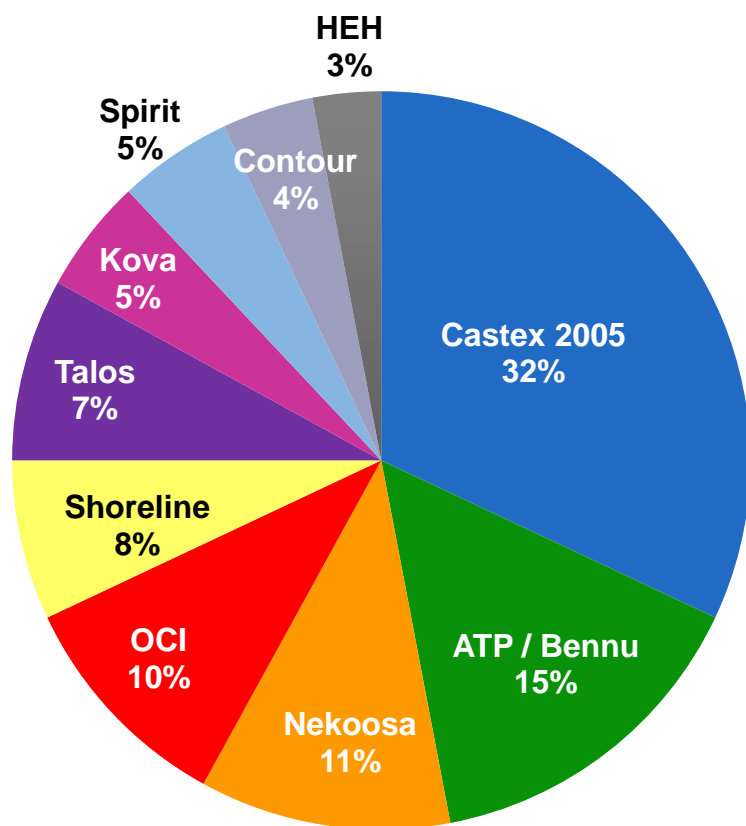
(in \$000's)	Principal/ Total Sum	Cost	Fair Value	Current Yield at Cost	Current Yield at Fair Value	% of Portfolio Value
<u>< 10% Current Yield at Fair Value</u>						
Kronos second lien term loan	12,000	12,131	12,105	9.4%	9.4%	8%
Royal Holdings second lien term loan	10,000	9,928	9,300	8.6%	9.2%	6%
EFS second lien term loan	10,000	9,853	10,000	8.8%	8.7%	7%
Berlin second lien term loan	7,205	6,865	7,151	8.7%	8.4%	5%
Bioclinica first lien secured notes	2,400	2,347	2,400	8.3%	8.1%	2%
WASH second lien term loan	4,000	3,973	3,945	8.0%	8.1%	3%
Total < 10% Current Yield at Fair Value	45,605	45,097	44,901	8.8%	8.9%	31%
<u>10-15% Current Yield at Fair Value:</u>						
TIBCO senior unsecured notes	10,100	9,730	8,030	12.3%	14.9%	5%
Castex redeemable preferred units	53,878	53,807	39,086	10.0%	13.8%	26%
Hanson second lien term loan	1,687	1,630	1,636	11.2%	11.2%	1%
Appriss second lien term loan	13,100	12,938	12,314	9.6%	10.0%	8%
Total 10-15% Current Yield at Fair Value	78,765	78,105	61,066	10.2%	13.1%	40%
<u>> 15% Current Yield at Fair Value:</u>						
Talos senior unsecured notes	12,000	11,972	4,230	9.9%	28.0%	3%
Gramercy Park CLO residual interest	n/a	5,842	4,939	14.4%	17.0%	3%
OCI subordinated note	16,559	16,423	16,559	16.5%	16.3%	11%
ATP/Bennu limited term royalty interest ⁽²⁾	29,846	27,845	13,717	7.8%	15.7%	10%
Total > 15% at Current Yield at Fair Value	58,405	62,082	39,445	11.1%	17.5%	27%
Current Yielding Investments	182,775	185,284	145,412	10.2%	12.8%	98%
<u>Other Investments:</u>						
Shoreline second lien term loan	13,049	12,659	500	N/A	N/A	<1%
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	2,277	N/A	N/A	2%
Total non-yielding investments	22,118	32,189	2,777	N/A	N/A	2%
Grand Total	204,893	217,473	148,189	8.7%	12.7%	100%

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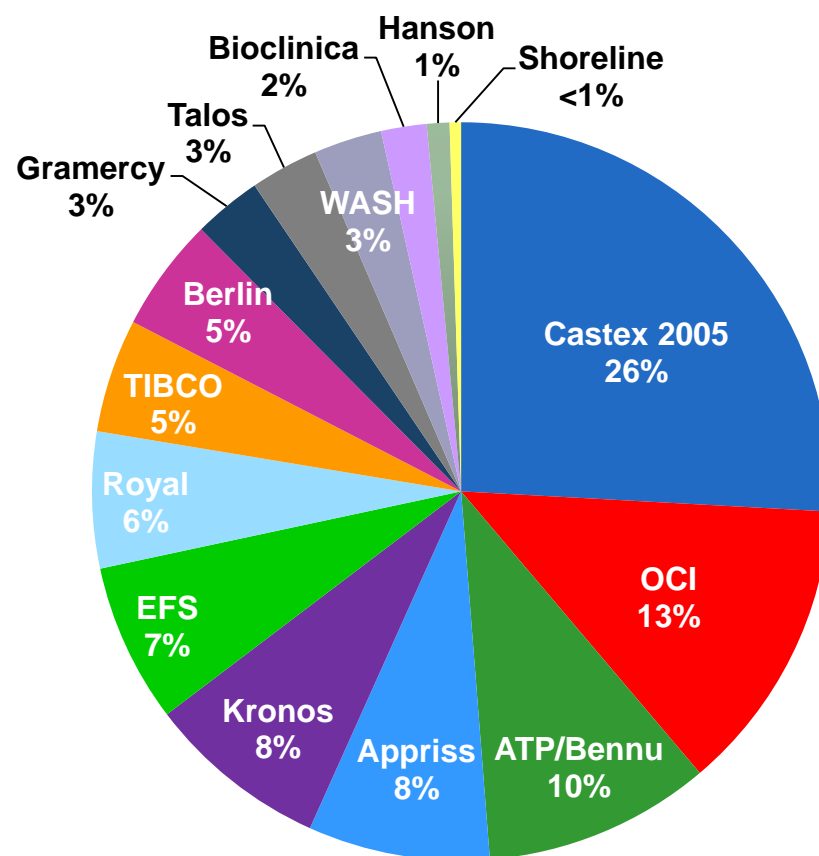
Investment Activity & Portfolio Review

Portfolio Value is Derived From 15 Active Investments at 6/30/16 vs. 10 at 9/30/14⁽¹⁾

September 30, 2014



June 30, 2016

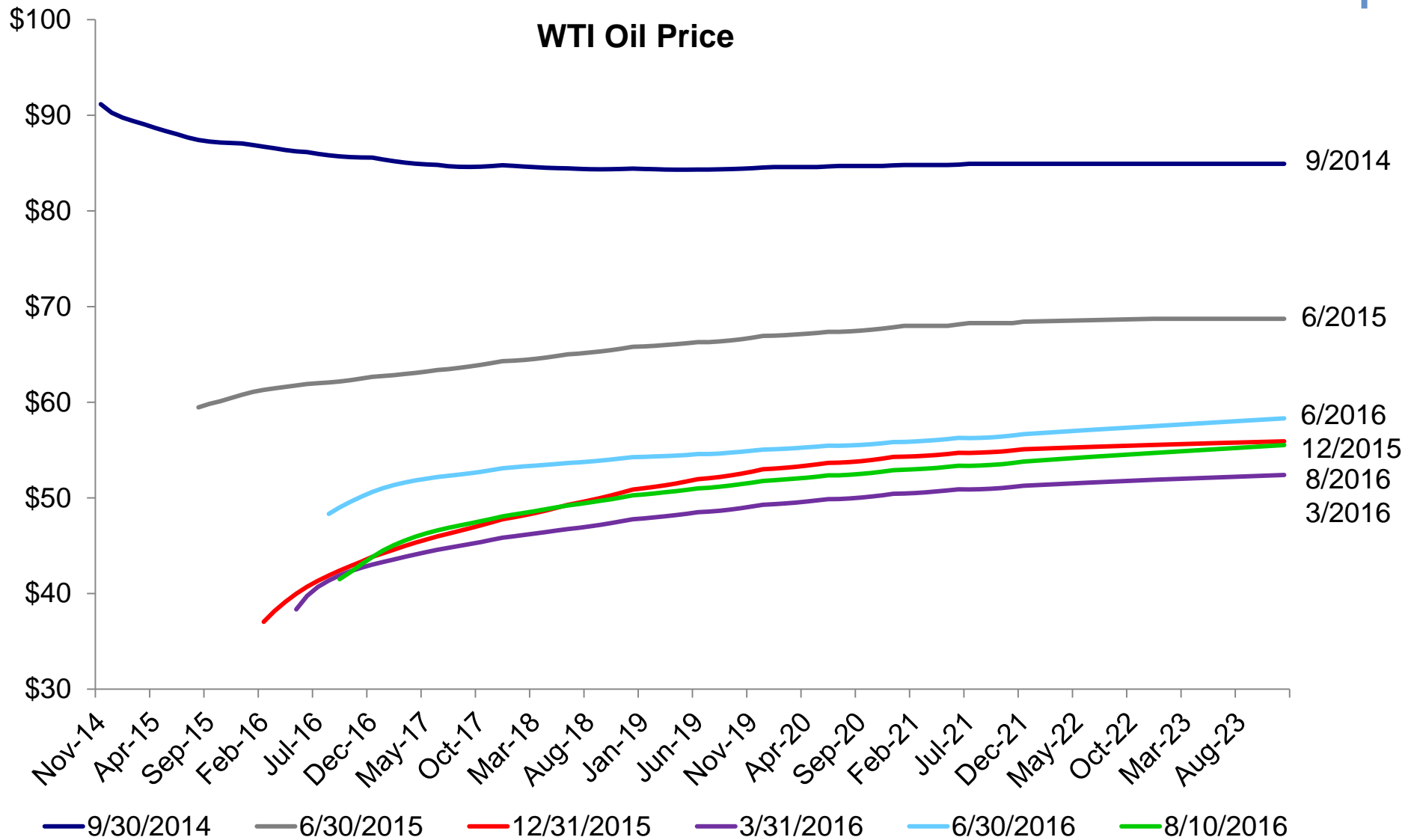


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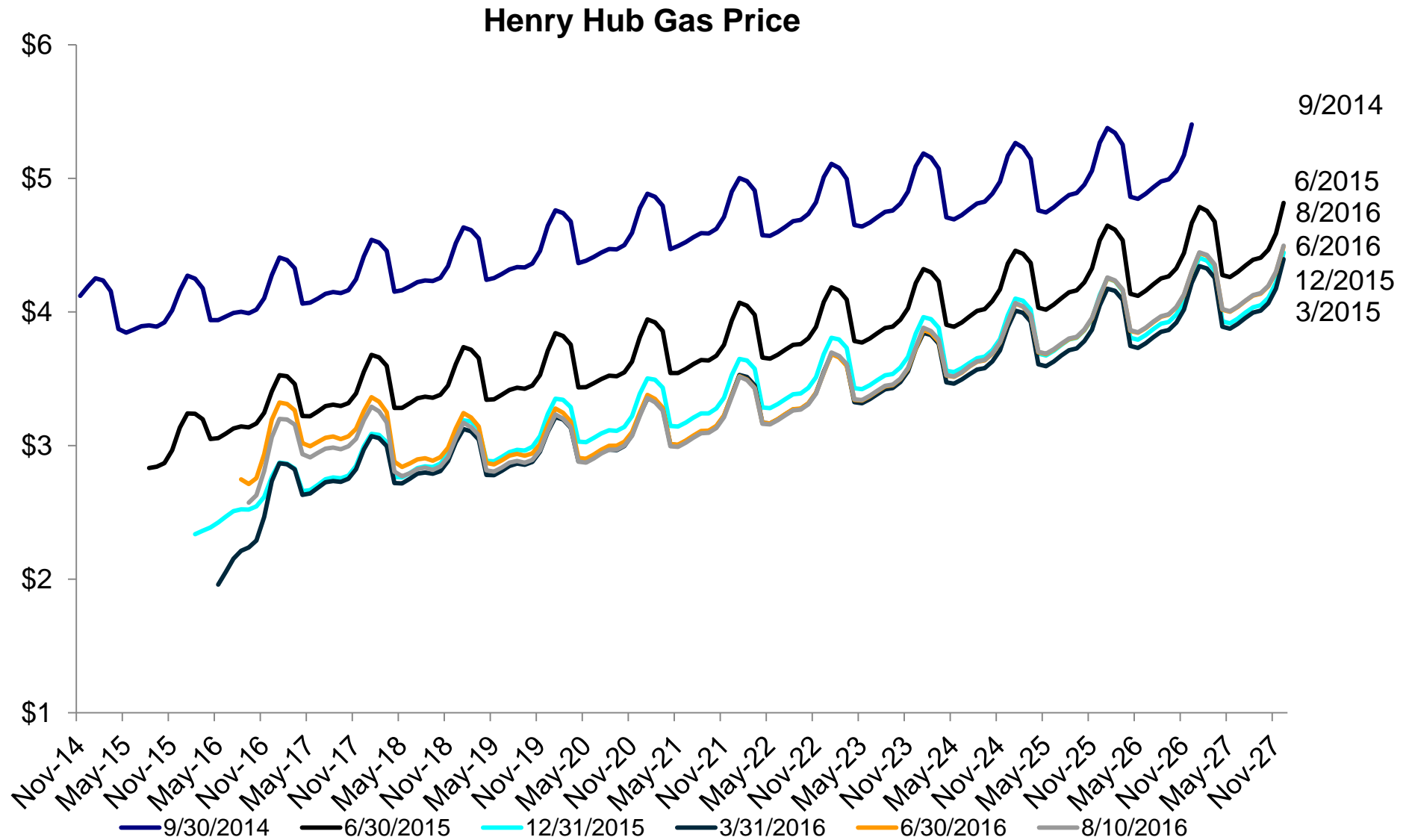
⁽¹⁾ As a percentage of total fair value.

Additional Information

Oil Price Strip



Natural Gas Price Strip



Q&A
