



# OFS Capital Corporation

Nasdaq: OFS (common stock)

Nasdaq: OFSSL, OFSSZ, and OFSSI (unsecured notes)

Investor Presentation – November 2019

OFS

This presentation contains "forward looking statements" that are subject to risks and uncertainties. Forward-looking statements can be identified by terminology such as "anticipate," "believe," "could," "could increase the likelihood," "estimate," "expect," "intend," "is planned," "may," "should," "will," "will enable," "would be expected," "look forward," "may provide," "would" or similar terms, variations of such terms or the negative of those terms. Such forward-looking statements involve known and unknown risks, uncertainties and other factors including those risks, uncertainties and factors referred to in OFS Capital Corporation's ("OFS" or "OFS Capital") Annual Report on Form 10-K for the year ended December 31, 2018 filed with the Securities and Exchange Commission ("SEC") under the section "Risk Factors," as well as other documents that may be filed by OFS Capital from time to time with the SEC. As a result of such risks, uncertainties and factors, actual results may differ materially from any future results, performance or achievements discussed in or implied by the forward-looking statements contained herein. OFS Capital is providing the information as of this date and assumes no obligations to update the information included in this presentation or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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## CIM Assets Owned and Operated

- **Assets Owned and Operated (AOO)** represents the aggregate assets owned and operated by CIM on behalf of partners (including where CIM contributes alongside for its own account) and co-investors, whether or not CIM has discretion, in each case without duplication. AOO includes total gross assets at fair value, with real assets presented on the basis described in "Book Value" below and operating companies presented at gross assets less debt, as of the Report Date (as defined below) (including the shares of such assets owned by joint venture partners and co-investments), plus binding unfunded commitments. AOO also includes the \$0.3 billion of AOO attributable to CIM Compass Latin America (CCLA), which is 50% owned and jointly operated by CIM. AOO for CMMT Partners, L.P. (CMMT) (which represents assets under management), a perpetual-life real estate debt fund, is \$0.9 billion as of the Report Date.
- **Report Date** is defined to mean as of June 30, 2019.
- **Book Value** for each investment generally represents the investment's book value as reflected in the applicable fund's unaudited financial statements as of the Report Date prepared in accordance with U.S. generally accepted accounting principles on a fair value basis. These book values generally represent the asset's third-party appraised value as of the Report Date, but in the case of CIM's Cole Net-Lease Asset strategy, book values generally represent undepreciated cost (as reflected in SEC-filed financial statements).

Overview	<ul style="list-style-type: none"> <li>OFS is a Nasdaq listed BDC focused on lending to U.S. middle market companies</li> </ul>
History	<ul style="list-style-type: none"> <li>Raised ~\$100 million in 2012 IPO in addition to ~\$43 million contribution from adviser OFS Capital Management<sup>1</sup></li> <li>Raised \$53 million in 2017 equity follow-on offering</li> </ul>
Senior Focused Portfolio	<ul style="list-style-type: none"> <li>\$502 million investment portfolio (\$518 million total assets)<sup>2</sup></li> <li>90% of loan portfolio is senior secured loans<sup>2,3</sup></li> </ul>
Flexible Capital Structure	<ul style="list-style-type: none"> <li>\$170 million net asset value (\$12.74 per share)<sup>2</sup></li> <li>Attractive financing through small business investment company (“SBIC”) license; \$150 million “non-recourse” SBA<sup>4</sup> debentures have weighted average cash interest rate of 3.18%<sup>5</sup></li> <li>80% of debt matures in 2024 and beyond<sup>7</sup>; total weighted average cost of debt of ~4.9%<sup>7</sup></li> </ul>
Strong Track Record	<ul style="list-style-type: none"> <li>Since 2011, OFS has invested ~\$1.3 billion with net realized losses on principal of less than \$0.8 million as of September 30, 2019<sup>6</sup></li> </ul>
Alignment of Interest	<ul style="list-style-type: none"> <li>OFS Capital Management owns ~22% of OFS's common shares<sup>1,2</sup></li> </ul>

<sup>1</sup> Includes OFS Capital Management, LLC, its parent company, Orchard First Source Asset Management, LLC (“OFSAM”), its predecessor entity, as well as other wholly-owned subsidiaries of OFSAM.

<sup>2</sup> As of September 30, 2019.

<sup>3</sup> Based on fair value.

<sup>4</sup> U.S. Small Business Administration.

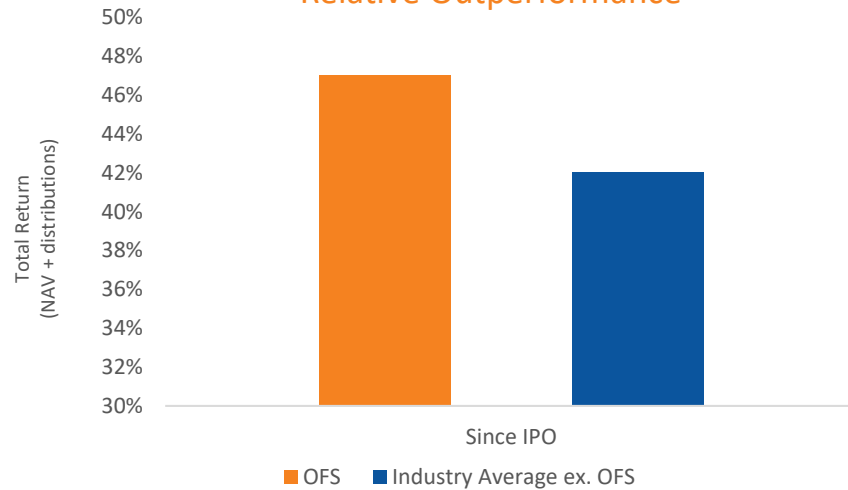
<sup>5</sup> Excludes upfront commitment and leverage fees that are amortized over life of debentures. Effective interest rate, including amortization is 3.43%.

<sup>6</sup> Investments for the years ended December 31, 2012 and 2011 give pro forma effect to OFS Capital's consolidation of OFS Capital WM, LLC as a result of the WM 2012 Credit Facility Amendments, as if the consolidation took place on January 1, 2011. Includes \$2.7 million realized gain from SBIC Fund acquisition.

<sup>7</sup> Based on principal drawn for the three months ended September 30, 2019.

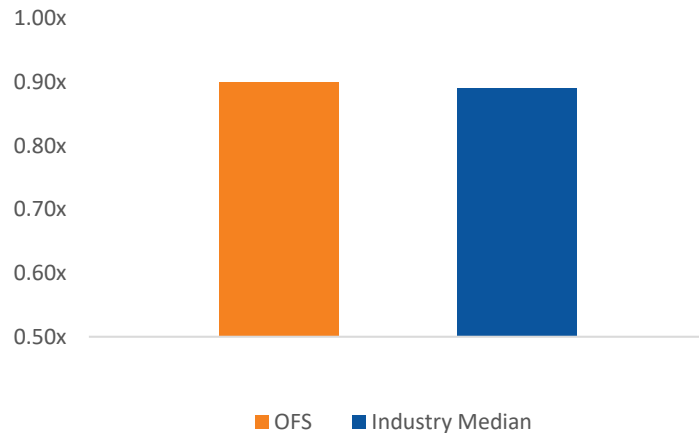
# Fundamental Outperformance & Discounted Valuation OFS

Relative Outperformance<sup>1</sup>

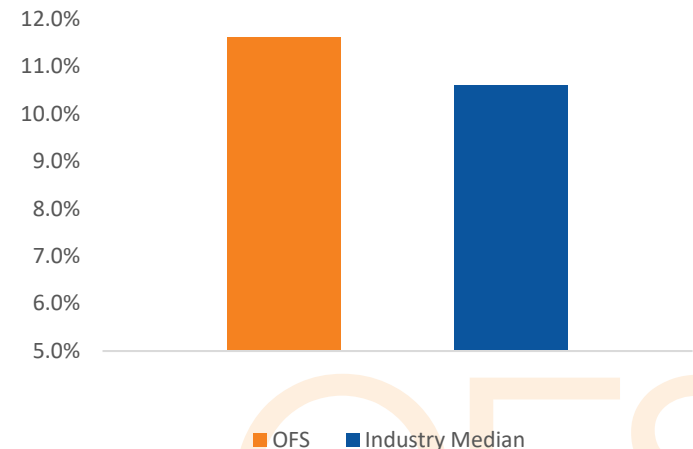


- Dividend Yield exceed industry average by ~100 basis points
- Total return exceeds industry average since IPO<sup>1</sup>

Price to Book<sup>2</sup>



Distribution Yield<sup>3</sup>



1 Total return defined as change in net asset value per share plus cumulative distributions. Past performance is not indicative of future results. Performance data is as of 2Q'19. Industry average data obtained from S & P Global Market Intelligence for all externally managed BDCs. This average is simple and not weighted by market capitalization.

2 NAV data is as of 2Q'19, price data is as of October 30, 2019. Industry Median data obtained from S & P Global Market Intelligence for all externally managed BDCs.

3 Data is as of October 30, 2019. Industry median data obtained from S & P Global Market Intelligence for all externally managed BDCs. Distributions are not guaranteed.

- **Access To Infrastructure And Resources of Large Platform**
  - OFS benefits from shared services provided by CIM Group - owners and operators of \$30.6 billion of assets<sup>1</sup>
  - OFS Capital Management has \$2.2 billion in AUM and owns 22% of OFS's common shares<sup>2,3,11</sup>
- **Strong Track Record of Generating Income For Investors & Preserving Capital**
  - \$ 9.38 per share in distributions declared since 2012 IPO<sup>4</sup>
  - Since 2011, OFS has invested ~\$1.3 billion with cumulative net realized losses *on principal of less than \$0.8 million*<sup>3,5</sup>
- **Senior Secured Focus With Earnings Growth Potential**
  - 90% of loans in investment portfolio are floating rate<sup>3,6,9</sup>
  - New senior loan subsidiary expected to improve ROE
- **Attractive SBIC Financing / Balance Sheet Capacity To Grow**
  - \$150 million in “non-recourse” SBA<sup>7</sup> debentures in separate SBIC fund subsidiary; low cost, fixed-rate notes with weighted average cash interest rate of 3.18%<sup>3,8,10</sup>
  - 80% of total debt matures in 2024 and beyond<sup>3,10</sup>

1. See Important Disclosures beginning on page 2 and, in particular, the section “CIM Assets Owned and Operated” for additional details.

2. Includes OFS Capital Management, LLC, its parent company, Orchard First Source Asset Management, LLC (“OFSAM”), its predecessor entity, as well as other wholly-owned subsidiaries of OFSAM. OFSAM AUM is calculated in accordance with the Investment Advisers Act of 1940, as amended.

3. As of September 30, 2019.

4. Distributions are not guaranteed. Past performance is not indicative of future results.

5. Investments for the years ended December 31, 2012 and 2011 give pro forma effect to OFS Capital's consolidation of OFS Capital WM, LLC as a result of the WM 2012 Credit Facility Amendments, as if the consolidation took place on January 1, 2011. Includes \$2.7 million realized gain from SBIC Fund acquisition.

6. Based on fair value.

7. U.S. Small Business Administration.

8. Excludes upfront commitment and leverage fees that are amortized over life of debentures. Effective interest rate, including amortization is 3.43%.

9. Excludes Structured Finance Notes

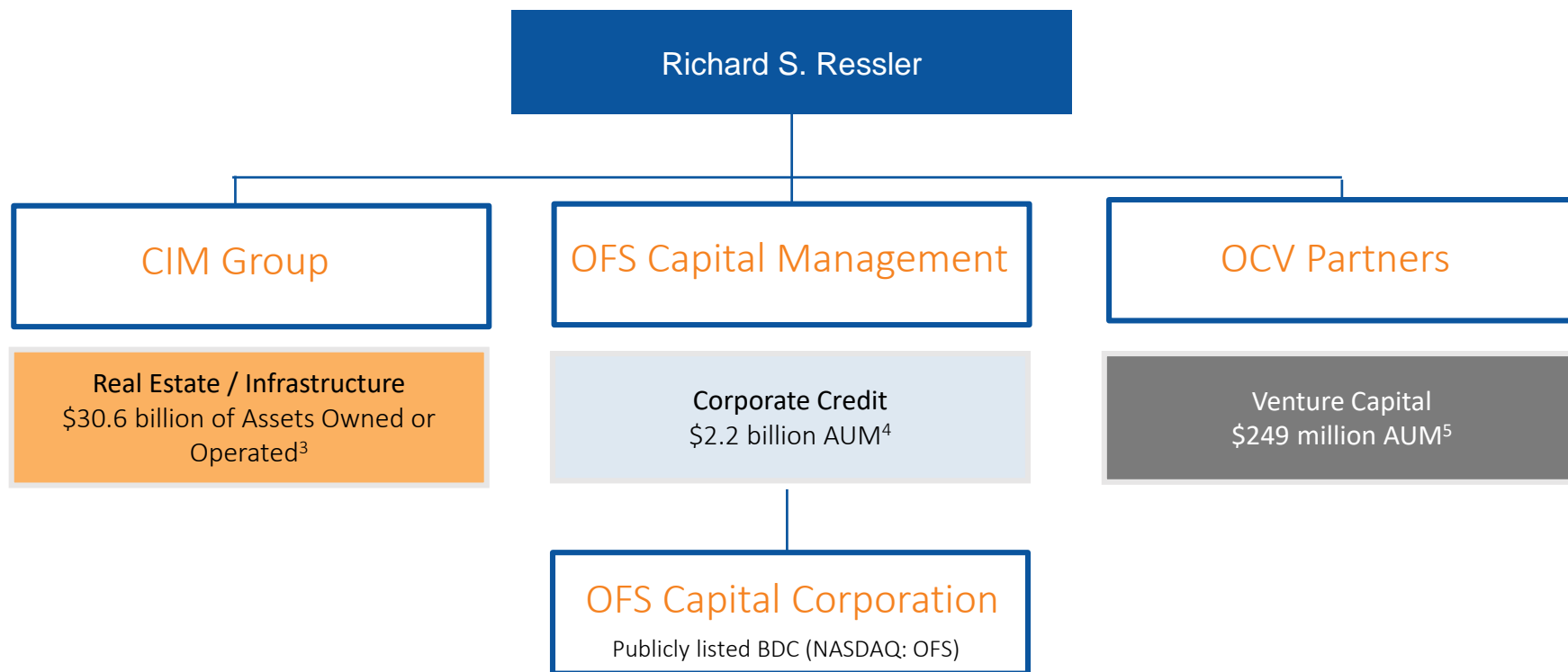
10. Based on principal drawn as of September 30, 2019.

11. AUM is preliminary and subject to change.

# Access To Infrastructure And Resources of Large Platform<sup>1</sup>

OFS

- OFS is part of a group of affiliated firms controlled by Richard Ressler that own, operate and manage more than \$30 billion of real assets and corporate credit
- Since 1994, OFS Capital Management has invested over \$12 billion in more than 4,000 transactions and has offices in Chicago, Los Angeles and New York City<sup>2</sup>



<sup>1</sup> Despite Mr. Ressler's involvement in each, none of CIM, OFS, or Orchard Capital Ventures has the benefit of any cross-guarantee. None of these entities are entitled to draw on the capital of any other, and no guarantee of the liabilities of any such entity by any other such entity should be inferred from their relationship.

<sup>2</sup> Includes Orchard First Source Asset Management, LLC, its predecessor entity, and its direct or indirect subsidiaries.

<sup>3</sup> As of June 30, 2019. See Important Disclosures on page 2.

<sup>4</sup> Preliminary as of September 30, 2019. Calculated in accordance with the Investment Advisers Act of 1940, as amended.

<sup>5</sup> As of December 31, 2018.

- Investing across the U.S. corporate loan market
- Seasoned investment team with diverse skill set - dedicated industry analysts and loan and CLO structuring expertise

## OFS

**\$2.2 Billion  
Assets Under Management<sup>1,2</sup>  
46 Professionals**

### Middle Market Lending

- Primarily invests in senior secured, floating rate loans to US based middle-market borrowers
- “OFS” - Publicly listed BDC
- “HPCI” - Non-listed BDC

### Structured Credit Investing

- Structure and invest in CLO equity and debt
- “OCCI” - Publicly-listed closed end fund

### Broadly Syndicated Loans

- Invests in broadly syndicated loans, primarily in the 1st lien, senior secured tranches of the capital structure.
- 5 Active CLOs

## OFS Platforms

BDCs

Closed-end Listed Fund

Co-Investments/ SMAs

CLO Facilities

1. Preliminary, as of September 30, 2019 in accordance with the Investment Advisers Act of 1940, as amended.

2. Includes approximately \$87.0 million of AUM in separately managed accounts, including proprietary investments.

## New Senior Loan Subsidiary

- Announced formation of senior loan facility in June 2019
- Reduced a portion of the base management fee to 1% (from 1.75%) of the average value of assets held in subsidiary to the extent that such portion of the assets are financed using leverage that causes OFS Capital's statutory asset coverage ratio to fall below 200%<sup>1</sup>
- New entity is expected to invest primarily in first lien loans

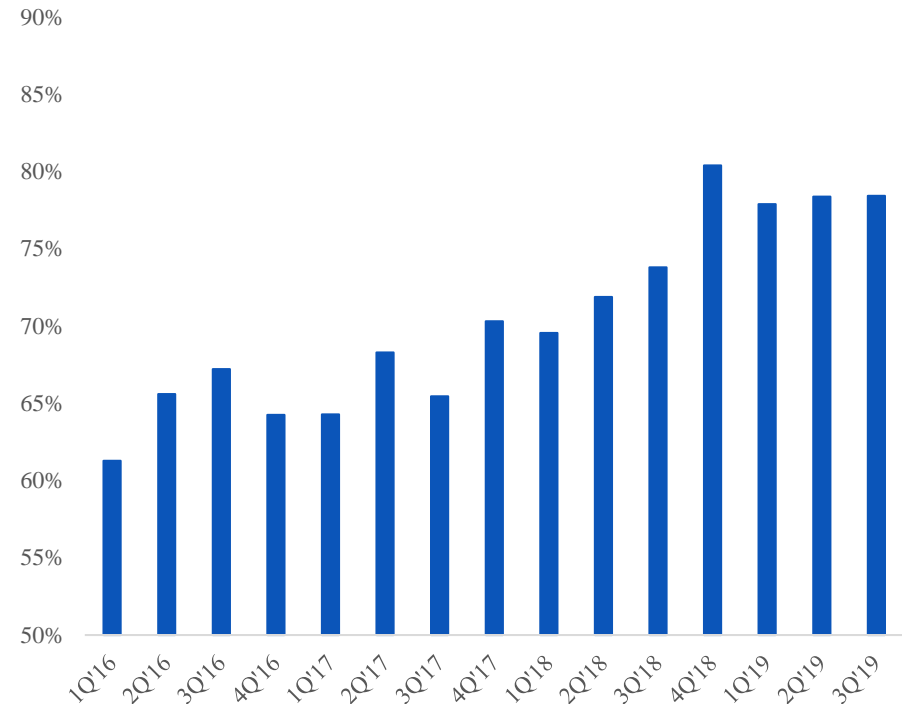
## Aims To Increase Return on Equity for Shareholders

- New leverage provisions allows OFS to invest in high quality, lower yielding loans that previously did not meet return targets.
- Expected increase to deal flow - quantity and consistency
  - Ability to deploy capital in lower yielding loans
  - Improves competitive position – larger capital base reduces closing certainty for borrower
- Accelerates recent shift towards senior investments

## Benefits of Being Part of Large Platform

- Access to attractive financing
- OFS Capital Management has the experience/capabilities to invest across the corporate loan market
  - Large investment team to source, underwrite and manage larger portfolio

## Senior Loans As % of OFS Portfolio<sup>2</sup>

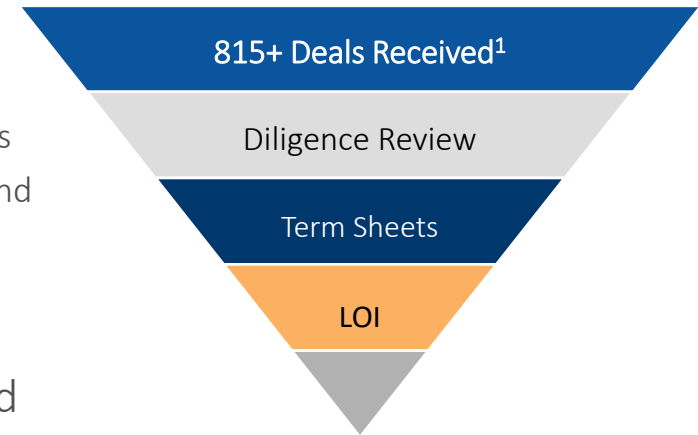


<sup>1</sup> Subject to annual renewal by OFS Advisor. The amount of the base management fee waived shall not be subject to recoupment by OFS Advisor.

<sup>2</sup> As of September 30, 2019 and based on Fair Value.



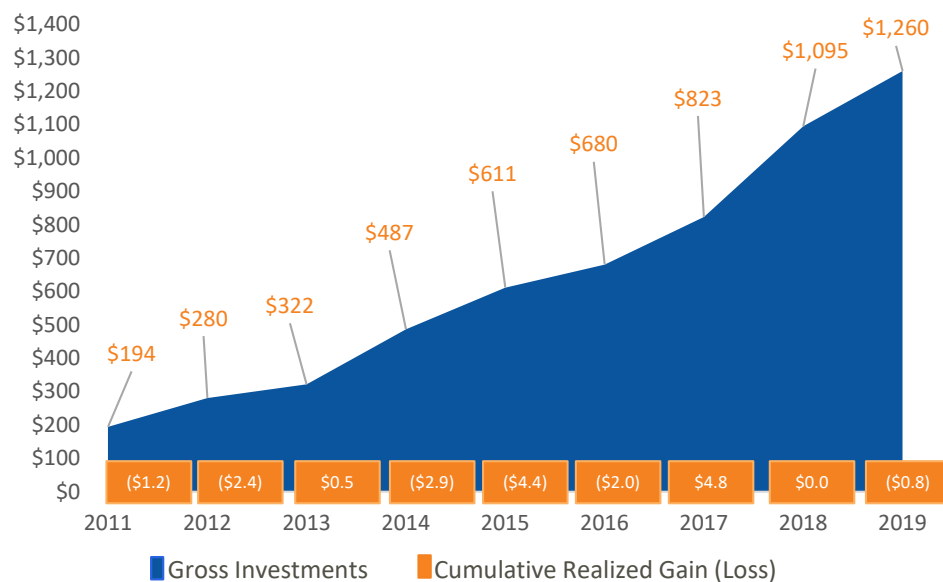
- Proprietary Loan Origination Capabilities...
  - National footprint with offices in Chicago, New York and Los Angeles
  - Long standing relationships with intermediaries, business owners and financial sponsors
  - Large database of contacts (10,000+ industry contacts)
- ...Has the Potential to Lead to Stronger Loan Selection and Lender Protections
  - Board seats and/or observation rights
  - Covenants
  - Low leverage
- Proven Ability to Effectively Handle Due Diligence & Manage Loans
  - Access to highly experienced team of investment professionals
  - Experienced management team that has underwritten through multiple credit cycles



# Strong Track Record - Low Loss Experience

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**Cumulative Investments,  
Realized Gain (Loss) of Principal since 2011<sup>1,2</sup>**  
(in millions; excludes Interest and Fee Income)



**Loan Non Accruals as % of Loan Portfolio<sup>3</sup>**

10.0%

Median Quarterly Non Accruals of 0.5%  
since 2012 IPO<sup>1</sup>

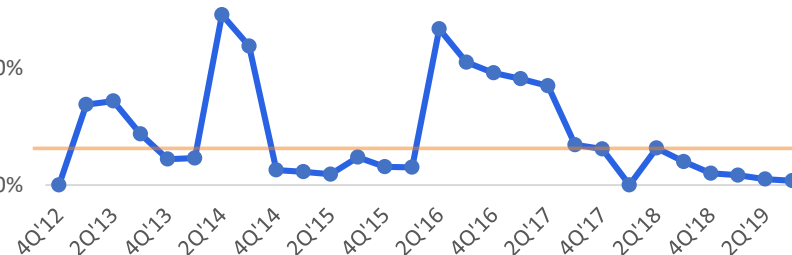
8.0%

6.0%

4.0%

2.0%

0.0%



<sup>1</sup> As of September 30, 2019.

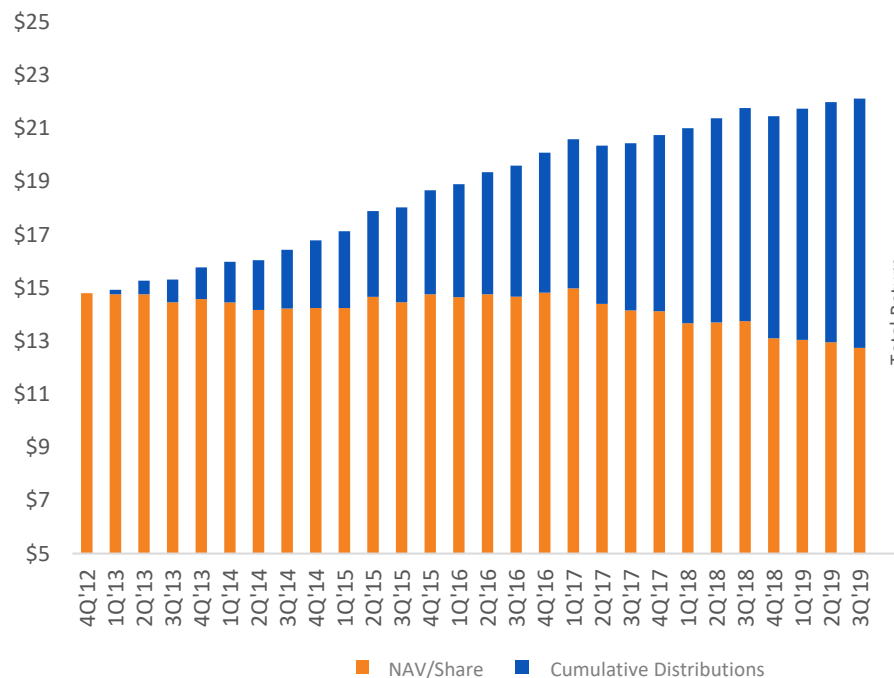
<sup>2</sup> Investments and cumulative realized gains (loss) for the years ended December 31, 2012 and 2011 give pro forma effect to OFS Capital's consolidation of OFS Capital WM, LLC as a result of the WM 2012 Credit Facility Amendments, as if the consolidation took place on January 1, 2011. Includes \$2.7 million realized gain from SBIC Fund acquisition.

<sup>3</sup> Quarterly values calculated on the basis of fair values.

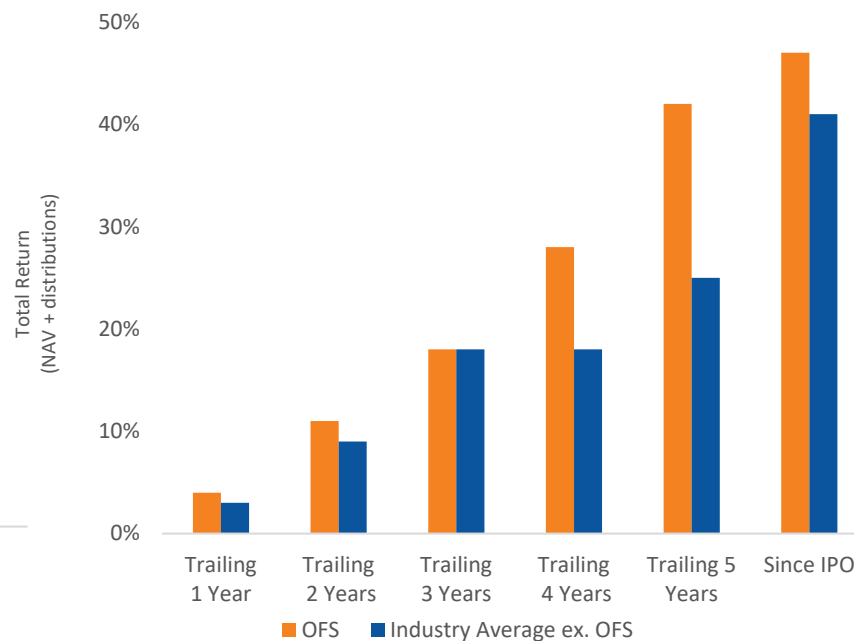
# Strong Track Record - Consistent Distributions

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NAV Per Share + Cumulative Distributions<sup>1</sup>



OFS Capital Historical Performance<sup>1,2</sup>  
Total return compared with industry



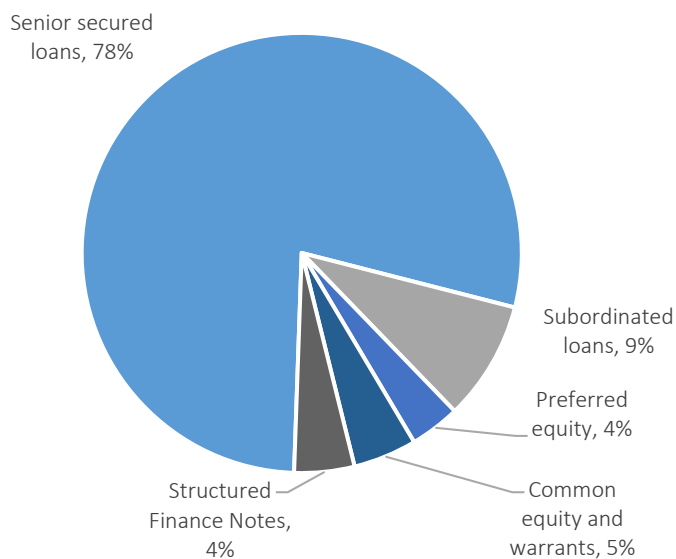
**\$9.38 Per Share in Distributions Declared since 4Q'12 IPO<sup>1</sup>**

<sup>1</sup> Distributions are not guaranteed. Past performance is not indicative of future results.

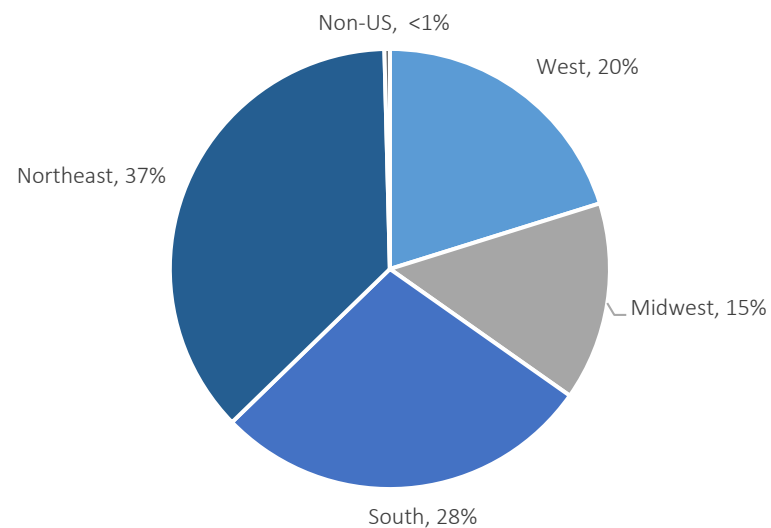
<sup>2</sup> Past performance is not indicative of future results. Performance data is as of 2Q'19. Industry Average data obtained from SNL Financial for all externally managed BDCs. This average is simple and not weighted by market capitalization.

## Investment Portfolio - Diversified & Senior Focused

### Senior Loan Focus<sup>1</sup>



### Geographic Diversification<sup>1,2</sup>



<sup>1</sup> Based on fair value as of September 30, 2019. Percentages may not sum to 100% due to rounding.

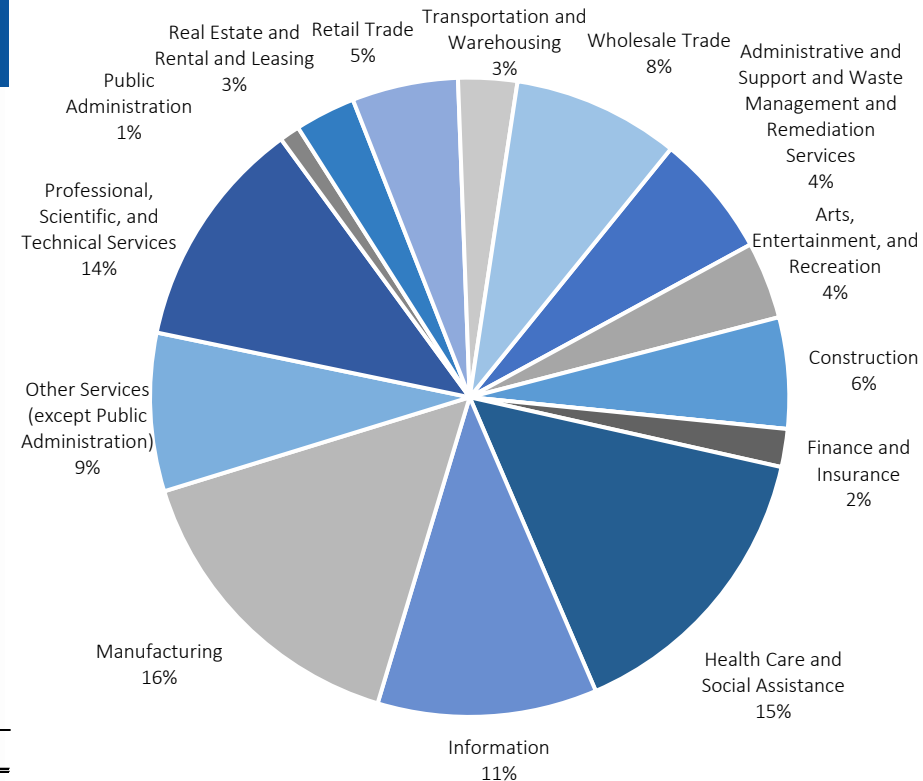
<sup>2</sup> Based on locations of the portfolio companies' headquarters.

# Senior Secured Focus With Earnings Growth Potential

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## Debt and Equity Investment Portfolio - Diversified & Senior Focused

Industry Group	Fair Value <sup>1</sup>	%
Administrative and Support and Waste Management and Remediation Services	\$ 18,206	4%
Arts, Entertainment, and Recreation	18,505	4%
Construction	26,684	6%
Education Services	-	0%
Finance and Insurance	9,115	2%
Health Care and Social Assistance	71,417	15%
Information	52,732	11%
Manufacturing	75,607	16%
Other Services (except Public Administration)	41,541	9%
Professional, Scientific, and Technical Services	67,014	14%
Public Administration	4,861	1%
Real Estate and Rental and Leasing	14,570	3%
Retail Trade	25,495	5%
Transportation and Warehousing	14,166	3%
Wholesale Trade	40,054	8%
	<u>\$ 479,967</u>	<u>100%</u>

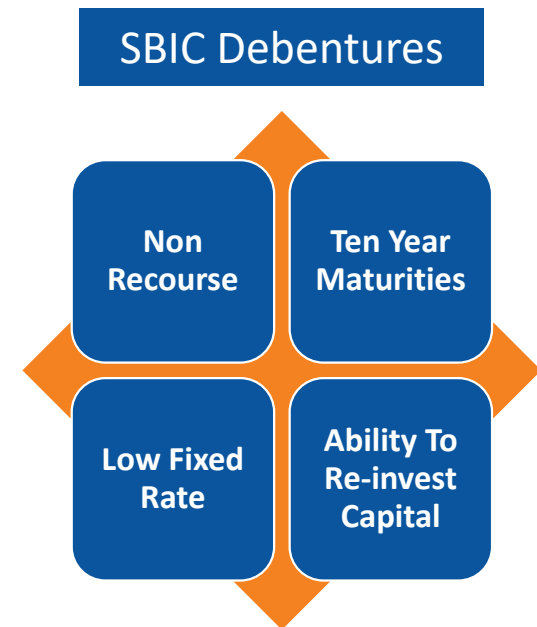


- \$480.0 million investment portfolio<sup>1</sup>
- 69 portfolio companies<sup>1</sup> / \$7.0 million average investment<sup>1</sup>
- Avoid material exposure to cyclical sectors (No direct oil and gas exposure)

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## Attractive SBIC Financing

- The SBIC program is administered by the U.S. Small Business Administration (“SBA”), which is a U.S. federal government agency
- SBICs are privately owned and managed investment funds that can use their own capital along with funds borrowed with an SBA guarantee (“SBA debentures”) to make debt and equity investments in U.S. small businesses
- An SBIC license provides OFS access to 10-year fixed rate, “non-recourse” low cost financing of 3.18%<sup>1</sup> (since the debentures are guaranteed by the SBA)
- SBIC fund (subsidiary) has \$225 million in lending capacity
  - \$75 million in contributed equity
  - \$150 million in non-recourse SBA debentures<sup>2</sup>



<sup>1</sup> Excludes upfront commitment and leverage fees that are amortized over life of debentures. Effective interest rate, including amortization is 3.43%.

<sup>2</sup> On November 3, 2013, we received exemptive relief to allow us to exclude SBA guaranteed indebtedness from the definition of senior securities in our statutory 200% asset coverage ratio under the 1940 Act.

## Balance Sheet Capacity To Grow

- Cash and cash equivalents
  - \$8.0 million<sup>1</sup>
- Debt Capacity
  - Corporate revolving credit facility
    - \$54.2 million of \$100 million available<sup>1, 3</sup>
  - Senior Loan Subsidiary
    - \$103.5 million available on revolving credit facility<sup>1,3</sup>
    - Base management fees reduced to 1% (from 1.75%) of assets for certain assets held in subsidiary to the extent that such portion of the assets are financed using leverage that causes OFS Capital's statutory asset coverage ratio to fall below 200%<sup>2</sup>

<sup>1</sup> As of September 30, 2019.

<sup>2</sup> Subject to annual renewal by OFS Advisor. The amount of the base management fee waived shall not be subject to recoupment by OFS Advisor

<sup>3</sup> Availability of borrowing capacity is limited by borrowing base, advance rates, and other factors specified in the credit agreements. The maximum available may be less than the stated capacity in the agreements.

## Debt Summary as of 9/30/19

	Capacity	Drawn	Maturity	Fixed/Variable	Coupon
<b>SBA debentures</b>					
		\$ 14.0	Sep-22	Fixed	3.05%
		7.0	Sep-23	Fixed	4.45%
		5.0	Mar-24	Fixed	4.00%
		4.1	Sep-24	Fixed	3.82%
		31.3	Sep-24	Fixed	3.37%
		65.9	Mar-25	Fixed	2.87%
		<u>22.6</u>	Sep-25	Fixed	3.18%
<b>Sub-total</b>		<b>149.9</b>		<b>Weighted Avg.</b>	<b>3.18%<sup>1</sup></b>
Unamortized debt issuance costs		<u>(2.0)</u>			
<b>Total SBA debentures</b>		<b>147.9</b>			
<b>Unsecured notes</b>		50.0	Apr-25	Fixed	6.38% <sup>1</sup>
<b>Unsecured notes</b>		<u>48.5</u>	Oct-25	Fixed	6.50% <sup>1</sup>
<b>Sub-total</b>		<b>98.5</b>			
Unamortized debt issuance costs		<u>(2.9)</u>			
<b>Total unsecured notes</b>		<b>95.6</b>			
<b>Revolving credit facilities:</b>					
OFS Capital Corp	\$ 100.00	45.8	Feb-21	Variable	Prime + 0.25% <sup>2</sup>
OFSCC-FS	<u>150.00</u>	<u>46.7</u>	Jun-24	Variable	LIBOR+ Variable Margin <sup>3</sup>
	<b>250.00<sup>4</sup></b>	<b>92.5</b>			
<b>Total debt facilities:</b>		<b><u>\$ 289.3</u></b>			

<sup>1</sup> Excludes upfront commitment and leverage fees and other deferred offering costs that are amortized over the life of the applicable debt instruments.

<sup>2</sup> Subject to 5.25% floor.

<sup>3</sup> Based on composition of collateral when drawn.

<sup>4</sup> Availability of borrowing capacity is limited by borrowing base, advance rates, and other factors specified in the credit agreements. The maximum available may be less than the stated capacity in the agreements.



# APPENDIX

**Richard Ressler**  
Chairman of  
Investment Committee

- Co-Founder and Chairman of the Executive Committee of OFSAM
- Founder of Orchard Capital Corporation, an investment and consulting firm
- Co-Founder and Principal of CIM Group, LLC., a vertically integrated owner and operator of real assets
- Chairman of j2 Global, Inc. (NASDAQ: JCOM) and CIM Commercial Trust Corporation (NASDAQ: CMCT)

**Bilal Rashid**  
Chairman & CEO

- President of OFS Capital Management and a member of the investment and executive committees
- Previously served as Managing Director in the global markets and investment banking division of Merrill Lynch
- Also held positions with Natixis, CIBC, Lehman Brothers and the International Finance Corporation

**Jeff Cerny**  
Chief Financial Officer

- Senior Managing Director of OFS Capital Management and a member of the investment and executive committees
- Previously served as Deputy Division Head of Sanwa Business Credit's Asset Management Division

Experienced management team that has underwritten through multiple business cycles

# Condensed Consolidated Balance Sheets

(\$ in thousands)

	9/30/19 (unaudited)	6/30/19 (unaudited)	3/31/19 (unaudited)	12/31/18 (audited)	9/30/18 (unaudited)
Investments, at fair value	\$ 502,161	\$ 484,718	\$ 437,667	\$ 396,797	\$ 396,033
Cash and cash equivalents	7,974	9,404	15,156	38,172	6,043
Other assets	8,152	10,749	7,379	6,452	6,462
Total assets	<u>\$ 518,287</u>	<u>\$ 504,871</u>	<u>\$ 460,202</u>	<u>\$ 441,421</u>	<u>\$ 408,538</u>
SBA debentures	\$ 147,881	\$ 147,786	\$ 147,692	\$ 147,600	\$ 147,505
Unsecured notes	95,600	95,474	95,349	95,226	48,312
Revolving lines of credit	92,475	38,250	35,750	12,000	17,000
Other liabilities	11,925	50,229	7,153	11,572	12,123
Total liabilities	<u>347,881</u>	<u>331,739</u>	<u>285,944</u>	<u>266,398</u>	<u>224,940</u>
Net assets	<u>170,406</u>	<u>173,132</u>	<u>174,258</u>	<u>175,023</u>	<u>183,598</u>
Total liabilities and net assets	<u>\$ 518,287</u>	<u>\$ 504,871</u>	<u>\$ 460,202</u>	<u>\$ 441,421</u>	<u>\$ 408,538</u>

# Condensed Consolidated Statements of Operations

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(\$ in thousands, except per share data)

	Three Months Ended (Unaudited)				
	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18
Investment income					
Interest income	\$ 13,090	\$ 12,210	\$ 11,234	\$ 11,047	\$ 10,134
Payment-in-kind interest and dividend income	471	424	376	439	514
Dividends and fees	297	266	735	1,085	334
Total investment income	13,858	12,900	12,345	12,571	10,982
Expenses					
Interest expense	4,464	3,645	3,455	3,036	2,393
Management fees	2,164	2,055	1,843	1,749	1,678
Incentive fees	1,214	1,245	1,163	1,368	1,170
Other expenses	1,163	1,095	1,056	1,097	1,051
Total expenses	9,005	8,040	7,517	7,250	6,292
Net investment income	4,853	4,860	4,828	5,321	4,690
Net gain (loss) on investments	(3,091)	(1,507)	(1,096)	(9,416)	489
Net increase (decrease) in net assets resulting from operations	\$ 1,762	\$ 3,353	\$ 3,732	\$ (4,095)	\$ 5,179
Net investment income per share <sup>1</sup>	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.40	\$ 0.35
Net increase (decrease) in net assets resulting from operations per share <sup>1</sup>	\$ 0.13	\$ 0.25	\$ 0.28	\$ 0.30	\$ 0.39
Dividends and distributions declared per share	\$ 0.34	\$ 0.34	\$ 0.34	\$ 0.34	\$ 0.34
Basic and diluted weighted average shares outstanding (000's)	13,367	13,361	13,357	13,353	13,350

<sup>1</sup> Based on weighted average shares outstanding for the respective period

OFS