



## OFS Forms Senior Loan Subsidiary

June 24, 2019

### ***Debt Facility Designed to Focus on Senior Secured Loans***

### ***Waives 75 Basis Points of Base Management Fees on Assets Held in Subsidiary***

CHICAGO--(BUSINESS WIRE)--Jun. 24, 2019-- OFS Capital Corporation (NASDAQ:OFS) ("OFS Capital" or the "Company"), a business development company, announced today that it has established a \$150 million secured revolving credit facility (the "Credit Facility") through a newly formed indirect wholly owned subsidiary of the Company.

The new entity will primarily hold first lien loans, including unitranche loans. Management believes that the Credit Facility will provide sponsors and management teams with continued access to flexible capital and improve OFS Capital's deal flow.

OFS Capital Management, LLC, the Company's investment adviser, has agreed to waive a portion of its base management fee by reducing it to 1%, from 1.75%, on assets held in the subsidiary. Such waiver will be renewable on an annual basis and will apply when statutory leverage exceeds 1.0x debt to equity.

"We are excited to announce this new financing arrangement, which we believe will improve OFS's return on equity," said Bilal Rashid, OFS Capital's Chairman and Chief Executive Officer. "We have been gravitating toward more senior loans, and we expect that this additional credit facility will provide us with the flexibility to capitalize on the benefits provided by the Small Business Credit Availability Act. OFS Capital Management manages \$2.2 billion in assets, employs 46 professionals and invests across the corporate loan market. As a result, we believe that we are well positioned to benefit from this opportunity."

The Credit Facility has a five-year term with a three-year investment period, during which pricing will range from Libor plus 160-250 basis points, depending on asset type.

The Credit Facility is secured by all of the assets held by the new subsidiary and includes customary covenants, including minimum asset coverage and minimum equity requirements.

The description above is only a summary of the material provisions of the Credit Facility and is qualified in its entirety by reference to the documentation for the Credit Facility.

### **ABOUT OFS CAPITAL**

The Company is an externally managed, closed-end, non-diversified management investment company that has elected to be regulated as a business development company. The Company's investment objective is to provide stockholders with both current income and capital appreciation primarily through debt investments and, to a lesser extent, equity investments. The Company invests primarily in privately held middle-market companies in the United States, including lower-middle-market companies, targeting investments of \$3 to \$20 million in companies with annual EBITDA between \$3 million and \$50 million. The Company offers flexible solutions through a variety of asset classes including senior secured loans, which includes first-lien, second-lien and unitranche loans, as well as subordinated loans and, to a lesser extent, warrants and other equity securities. The Company's investment activities are managed by OFS Capital Management, LLC, an investment adviser registered under the Investment Advisers Act of 1940, as amended, and headquartered in Chicago, Illinois, with additional offices in New York and Los Angeles.

### **FORWARD-LOOKING STATEMENTS**

Statements in this press release regarding management's future expectations, beliefs, intentions, goals, strategies, plans or prospects, including statements relating to: management's belief that the Credit Facility will provide sponsors and management teams with continued access to flexible capital and improve OFS Capital's deal flow; management's belief that the Credit Facility will benefit OFS Capital or improve return on equity, when there can be no assurance that such outcomes will occur; expectations that the Credit Facility will provide flexibility to capitalize on the benefits provided by the Small Business Credit Availability Act; and other factors may constitute forward-looking statements for purposes of the safe harbor protection under applicable securities laws. 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's Annual Report on Form 10-K for the year ended December 31, 2018 filed with the Securities and Exchange Commission under the section "Risk Factors," as well as other documents that may be filed by OFS Capital from time to time with the Securities and Exchange Commission. 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 in this press release as of this date and assumes no obligations to update the information included in this press release or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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