



# OFS Capital Corporation

Nasdaq: OFS (common stock)

Nasdaq: OFSSL (notes)

First Quarter 2018 Investor Presentation

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# Important Disclosures



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, 2017 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 S.E.C. 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" represents (i) (a) for real assets, the aggregate total gross assets (GAV) at fair value, including the shares of such assets owned by joint venture partners and co-investments, owned and operated by CIM on behalf of partners (including where CIM invests alongside for its own account) and co-investors, whether or not CIM has investment discretion or (b) for operating companies, the aggregate GAV less debt, including the shares of such assets owned by joint venture partners and co-investments, owned and operated by CIM on behalf of partners (including where CIM invests alongside for its own account) and co-investors, whether or not CIM has investment discretion (not in duplication of the assets described in (i)(a)), plus (ii) the aggregate unfunded commitments, as of December 31, 2017 (the "Report Date"). The GAV is calculated in accordance with U.S. generally accepted accounting principles on a fair value basis (the "Book Value") and generally represents the investment's third-party appraised value as reported within the applicable fund's unaudited financial statements as of the Report Date, but in the case of CIM's Cole Net-Lease Asset strategy described below GAV or Book Value generally represents undepreciated cost (as reflected in SEC-filed financial statements) as of September 30, 2017. The only investment currently held by CIM REIT (as defined below) consists of shares of our Common Stock; the Book Value of CIM REIT is determined by assuming the underlying assets of CMCT are liquidated based upon the third-party appraised value. CIM does not presently view the market price of our Common Stock to be a meaningful indication of the fair value of CIM REIT's interest in CMCT due to the fact that the publicly-traded shares of our Common Stock represent less than 4% of the outstanding Common Stock of CMCT and are thinly-traded. Assets Owned and Operated also includes the assets owned/operated by CIM's Cole Net-Lease Asset strategy (formerly Cole Capital), which was under contract to be acquired by a CIM affiliate as of the Report Date and subsequently closed on February 1, 2018. The assets owned/operated by CIM's Cole Net-Lease Asset strategy represent approximately \$7.6 billion of CIM's reported Assets Owned and Operated of \$27.5 billion. Equity Owned and Operated, representing the NAV (as defined below) before incentive fee allocation, plus binding unfunded commitments, is \$15.5 billion as of the Report Date. NAV is based upon the aggregate amounts that would be distributable assuming a "hypothetical liquidation" on the date of determination, assuming that: (x) investments are sold at their Book Value (as defined above); (y) debts are paid and other assets are collected; and (z) appropriate adjustments and/or allocations between equity investors are made in accordance with applicable documents, in each case as determined in accordance with applicable accounting guidance. Assets Owned and Operated for CMMT Partners, L.P. (which represents assets under management), a perpetual-life real estate debt fund, is \$0.3 billion as of the Report Date and Equity Owned and Operated for CMMT Partners, L.P. (which represents equity under management), is \$0.3 billion as of the Report Date.



<p><b>Overview</b></p>	<ul style="list-style-type: none"> <li>OFS is a Nasdaq listed BDC focused on lending to U.S. middle market companies</li> </ul>
<p><b>History</b></p>	<ul style="list-style-type: none"> <li>Raised ~\$100 million in 2012 IPO in addition to ~\$44 million contribution from adviser OFS Capital Management<sup>1</sup></li> <li>Raised \$54 million in 2017 equity follow-on offering</li> </ul>
<p><b>Senior Focused Portfolio</b></p>	<ul style="list-style-type: none"> <li>\$335 million investment portfolio (\$375 total assets)<sup>2</sup></li> <li>78% of loan portfolio is senior secured loans<sup>2,3</sup></li> </ul>
<p><b>Flexible Capital Structure</b></p>	<ul style="list-style-type: none"> <li>\$182 million net asset value (\$13.67 per share)<sup>2</sup></li> <li>Attractive financing through small business investment company (“SBIC”) license</li> <li>\$150 million “non-recourse” SBA<sup>5</sup> debentures have weighted average cash interest rate of 3.18%<sup>4</sup>; total weighted average cost of debt of 3.88%</li> </ul>
<p><b>Strong Track Record</b></p>	<ul style="list-style-type: none"> <li><b><i>Since 2011, OFS has invested \$921 million with a cumulative net realized gain on principal of \$4.7 million<sup>6</sup></i></b></li> </ul>
<p><b>Alignment of Interest with Lenders</b></p>	<ul style="list-style-type: none"> <li>OFS Capital Management owns 22% of OFS's common shares<sup>1</sup></li> </ul>

1 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.

2 As of March 31, 2018.

3 Based on fair value.

4 Excludes upfront commitment and leverage fees of approximately 3.43% that are amortized over life of debentures.

5 U.S. Small Business Administration.

6 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.

# OFS Capital Corporation (NASDAQ: OFS)

- **Access To Infrastructure And Resources of Large Platform**
  - OFS Capital Management has \$2.3 billion in AUM and owns 22% of OFS's common shares<sup>1</sup>
  - OFS benefits from shared services provided by CIM Group - owners and operators of \$27.5 billion of assets<sup>2</sup>
- **Strong Track Record of Generating Income For Investors & Preserving Capital**
  - \$7.68 per share in distributions declared since 2012 IPO
  - Since 2011, OFS has invested \$921 million with a cumulative net realized *gain on principal* of \$4.7 million<sup>1,3</sup>
- **Earnings Growth Given Balance Sheet Capacity & Floating Rate Portfolio**
  - \$98.2 million in 1Q'18 investments → we expect investment income to be higher beginning in 2Q'18
  - 76% of loans are floating while all long term debt is fixed rate after April 2018 bond offering<sup>1,4</sup>
  - Recent regulatory changes allow 2x1 leverage<sup>5</sup> – we believe OFS is uniquely positioned to benefit given its expertise in the senior loan market and potential access to attractive capital given size of platform
- **Attractive SBIC Financing**
  - \$150 million in “non-recourse” SBA<sup>6</sup> debentures in separate SBIC fund subsidiary<sup>7</sup>
  - SBA debentures are low cost, fixed-rate notes with weighted average cash interest rate of 3.18%<sup>1,8</sup>

1 As of March 31, 2018.

2 See Important Disclosures beginning on page 2 and, in particular, the section “CIM Assets Owned and Operated” for additional details. OFSAM AUM is calculated in accordance with the Investment Advisers Act of 1940, as amended.

3 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.

4 Based on fair value.

5 Subject to board or stockholder approval. The OFS Board of Directors approved the application of the reduced asset coverage ratio beginning on May 3, 2019.

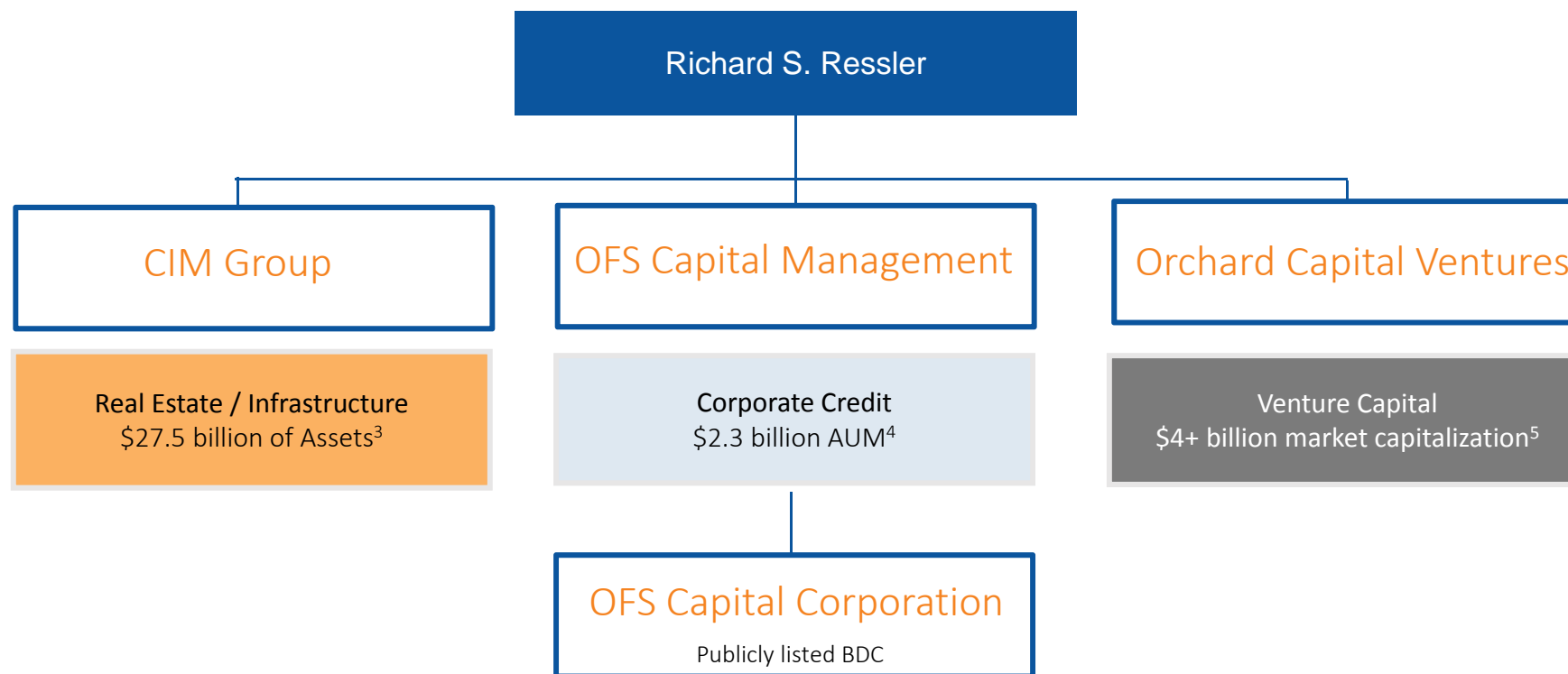
6 U.S. Small Business Administration.

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

8 Excludes upfront commitment and leverage fees that approximate 3.43% and are amortized over life of debentures.

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

- OFS is part of a family of companies with over \$30 billion of assets controlled by Richard Ressler
- 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 Investments 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 affiliates. Members of OFSAM acquired the operations, personnel and infrastructure of Orchard First Source Capital, Inc (f/k/a First Source Financial Inc.) from Dominion Resources, Inc. (NYSE: "D").

<sup>3</sup> Total Assets include the assets of Cole Capital, which a CIM affiliate acquired on February 1, 2018. See Important Disclosures beginning on page 2 and, in particular, the section "CIM Assets Owned and Operated" for additional details.

<sup>4</sup> As of March 31, 2018. Calculated in accordance with the Investment Advisers Act of 1940, as amended.

<sup>5</sup> Utilizing share prices for J2 Global, Inc. (NASDAQ "JCOM") and Presbia PLC (NASDAQ "LENS") as of March 31, 2018.

# Experienced Leadership of OFS Capital Management



**Richard Ressler**  
Chairman of  
Investment Committee

- Co-Founder and Chairman of the Executive Committee of Orchard First Source Asset Management
- 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)
- Director of Presbia PLC (NASDAQ: LENS)

**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

**Mark Hauser**  
Senior Managing Director

- Senior Managing Director of OFS Capital Management and a member of the investment and executive committees
- Also held positions with Sandell Asset Management, FdG Associates and Ocean Capital Corporation

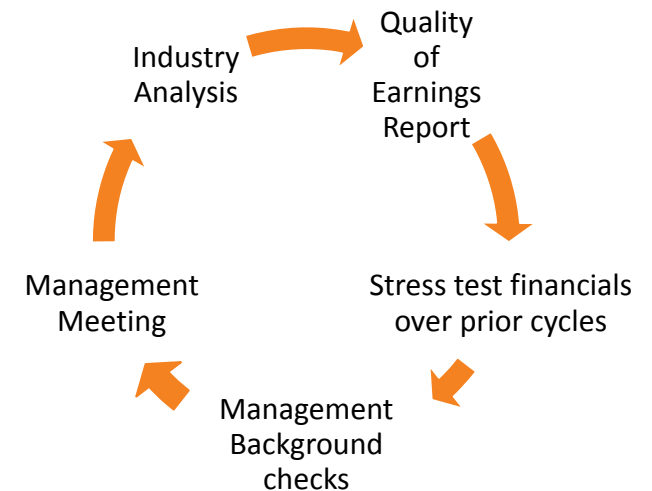
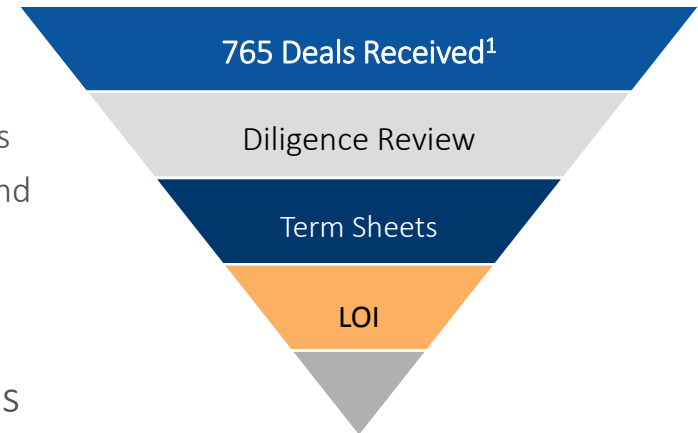
Experienced management team that has underwritten through multiple business cycles



# Quality Origination, Underwriting and Monitoring Process

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- 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)
- ...Leads 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 cycles

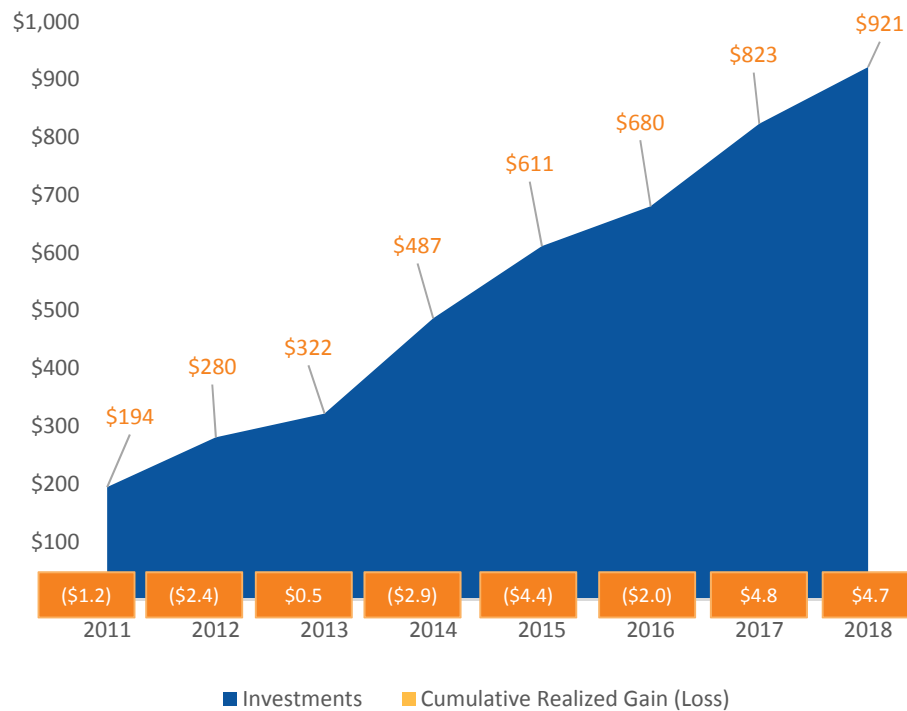


<sup>1</sup> For trailing twelve months ending December 31, 2017.

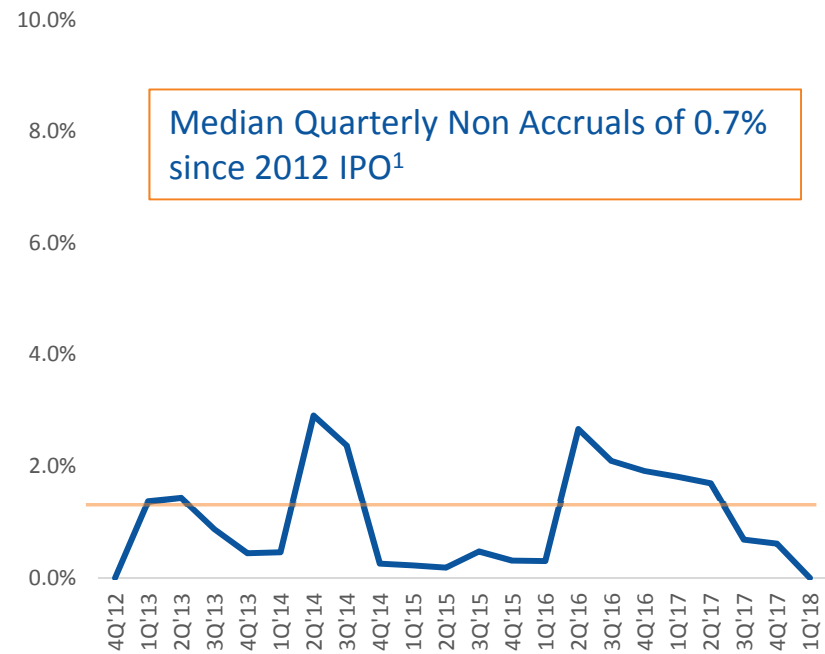
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# Low Loss Experience

**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>**



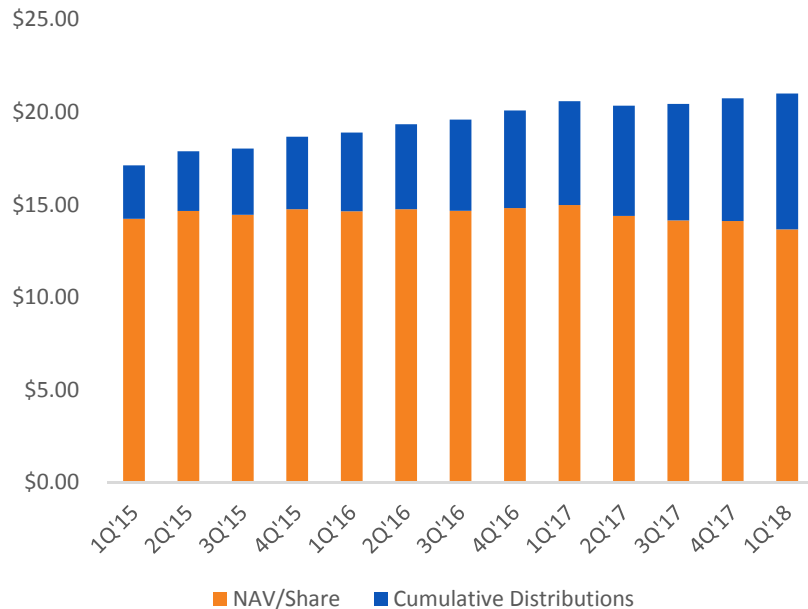
1 As of March 31, 2018.  
 2 Investments and cumulative realized gains (loss) for the years ended December 31, 2012 and 2011 give pro forma effect to OFS Capital's consolidation of OFS Capital WM, LLC as a result of the WM 2012 Credit Facility Amendments, as if the consolidation took place on January 1, 2011. Includes \$2.7 million realized gain from SBIC Fund acquisition.  
 3 Quarterly values calculated on the basis of fair values.



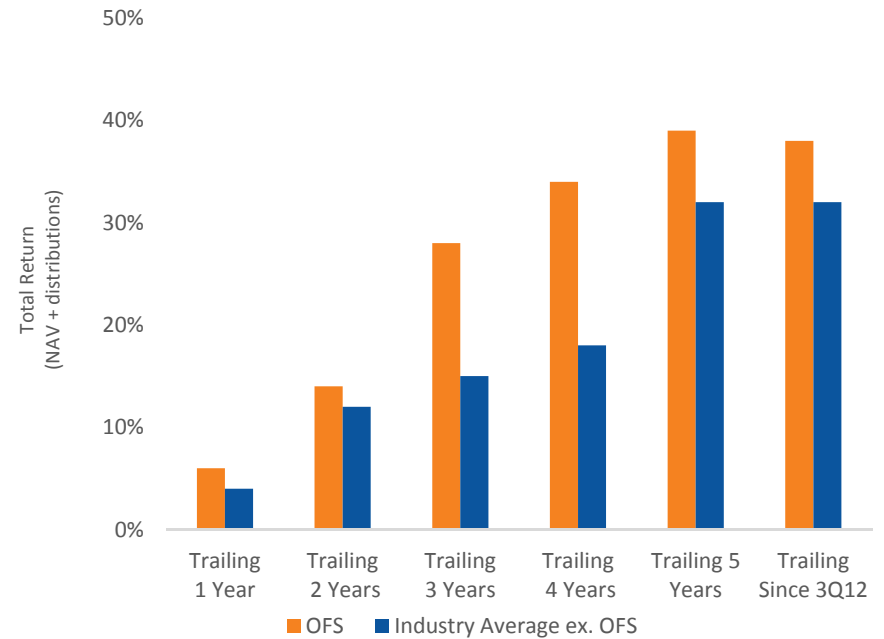
# Strong Track Record - Stable NAV & Consistent Distributions



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



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



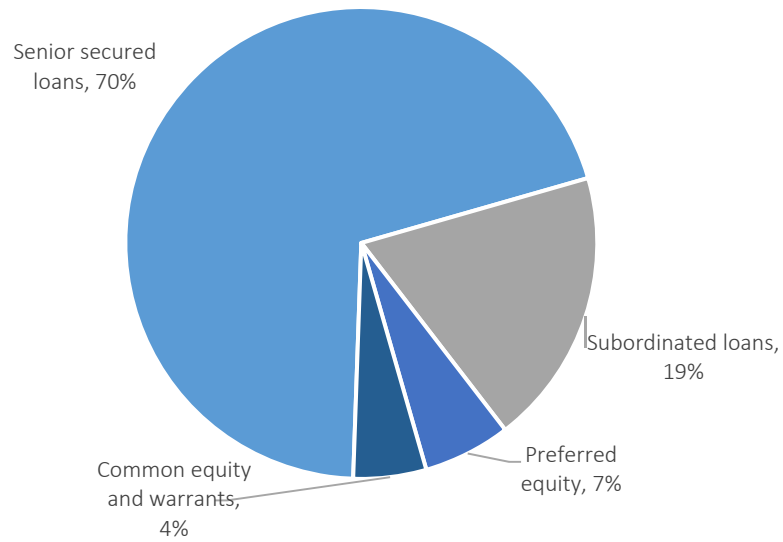
\$7.68 Per Share in Distributions Declared since 4Q'12 IPO



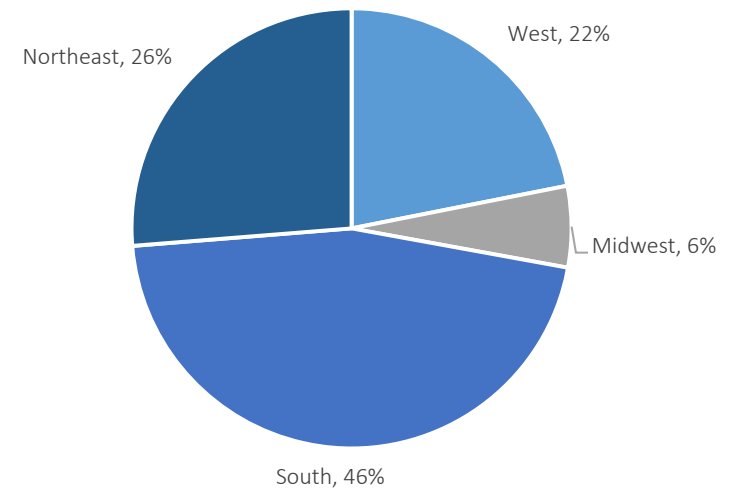
<sup>1</sup> Distributions are not guaranteed.

<sup>2</sup> Past performance is not indicative of future results. Performance data is as of 4Q'17. Industry Average data obtained from SNL Financial for all externally managed BDCs

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



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



<sup>1</sup> Based on fair value as of March 31, 2018.



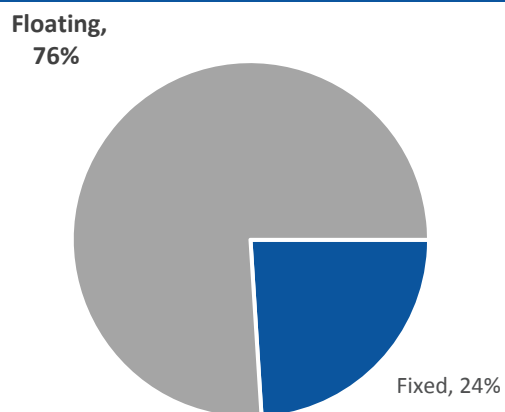
- \$98.2 million in 1Q'18 investments
  - We expect investment income to be higher beginning in 2Q'18
- Cash and cash equivalents
  - \$31.9 million<sup>1</sup>
- Revolving credit facility
  - \$50 million undrawn<sup>1</sup>
- Recent regulatory changes allows 2x1 leverage<sup>2</sup> – OFS is uniquely positioned to benefit
  - OFS Capital Management has \$2.3 billion in AUM – a majority of the AUM are invested in lower yielding, senior loans
  - Ability to obtain attractive bank financing given size and scale of \$30+ billion platform

<sup>1</sup> As of March 31, 2018.

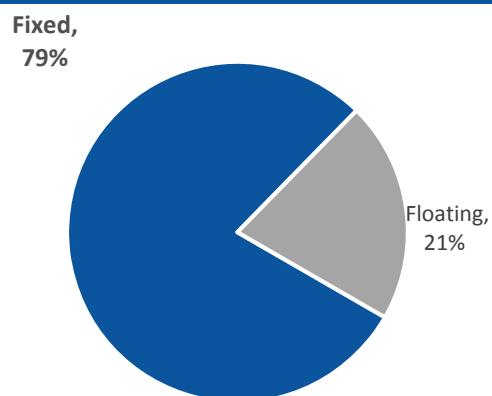
<sup>2</sup> Subject to board or stockholder approval. The OFS Board of Directors approved the application of the reduced asset coverage ratio beginning on May 3, 2019.

# Earnings Growth- Positioned To Benefit From Rising Rates

## Assets<sup>1,2</sup>



## Debt<sup>1</sup>



## Earnings Sensitivity of Loan Portfolio<sup>1,3</sup> (Annual change)

Basis Point Change In Libor	NII/Share Cumulative Benefit
(250)	(\$0.15)
(200)	(\$0.15)
(150)	(\$0.14)
(100)	(\$0.11)
(50)	(\$0.05)
50	\$0.08
100	\$0.14
150	\$0.20
200	\$0.26
250	\$0.32

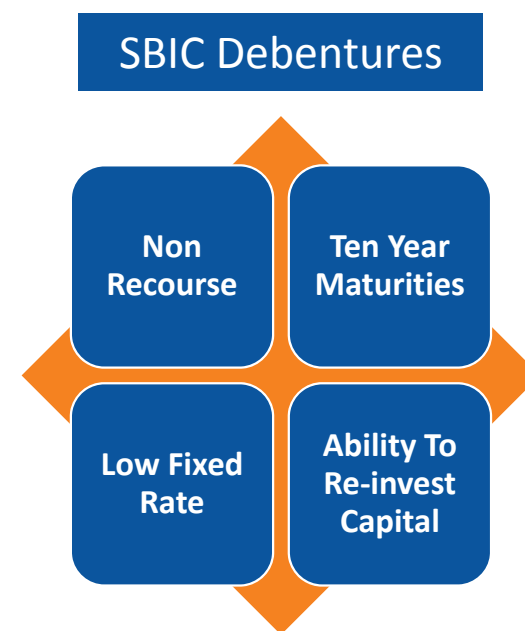
1 As of March 31, 2018.

2 Based on fair value.

3 Assumes 20% incentive fee and a constant balance sheet; does not adjust for potential changes in the credit market, credit quality, size and composition of the assets in our portfolio.

## SBIC Subsidiary

- 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>
- OFS's total net asset value is \$182.4 million<sup>3</sup>



1 Excludes upfront commitment and leverage fees that approximate 3.43% and are amortized over life of debentures.

2 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.

3 As of March 31, 2018.

# Attractive SBIC Financing



## Debt Summary

(\$ in millions)

	Capacity	Drawn	Maturity	Fixed/Variable	Rate
SBA debentures	\$150.0				
		\$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>	\$150.0	<b>\$149.9</b>		<b>Weighted Avg.</b>	<b>3.18%</b>
Unamortized debt issuance costs		<u>(\$2.6)</u>			
<b>Total SBA debentures</b>		<b>\$147.3</b>		<b>Effective Avg.</b>	<b>3.43%</b> <sup>1</sup>
<b>Revolving credit facility</b>	\$50.0	<u>\$41.0</u>	Oct-18	Variable	Prime + 0.75% <sup>2</sup>
<b>Total</b>		<b>\$188.3</b>			

<sup>1</sup> Includes upfront commitment and leverage fees that are amortized over the life of the debentures.

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



# Financials



# Condensed Consolidated Balance Sheets



(\$ in thousands)

	3/31/18	12/31/17	9/30/17	6/30/17	3/31/17
	(unaudited)	(audited)	(unaudited)	(unaudited)	(unaudited)
Investments, at fair value	\$ 335,464	\$ 277,499	\$ 296,630	\$ 296,908	\$ 258,311
Cash and cash equivalents	31,926	72,952	53,868	46,920	44,087
Other assets	7,318	7,327	6,011	5,132	5,031
Total assets	<u>\$ 374,708</u>	<u>\$ 357,778</u>	<u>\$ 356,509</u>	<u>\$ 348,960</u>	<u>\$ 307,429</u>
SBA debentures	\$ 147,316	\$ 147,223	\$ 147,128	\$ 147,033	\$ 146,938
Revolving line of credit	40,950	17,600	17,100	6,000	8,000
Other liabilities	4,011	4,619	3,625	3,931	7,104
Total liabilities	<u>192,277</u>	<u>169,442</u>	<u>167,853</u>	<u>156,964</u>	<u>162,042</u>
Net assets	<u>182,431</u>	<u>188,336</u>	<u>188,656</u>	<u>191,996</u>	<u>145,387</u>
Total liabilities and net assets	<u>\$ 374,708</u>	<u>\$ 357,778</u>	<u>\$ 356,509</u>	<u>\$ 348,960</u>	<u>\$ 307,429</u>



# Condensed Consolidated Statements of Operations

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## Three Months Ended (Unaudited)

	3/31/18	12/31/17	9/30/17	6/30/17	3/31/17
Investment income					
Interest income	\$ 8,082	\$ 7,189	\$ 7,333	\$ 6,635	\$ 6,967
Payment-in-kind interest and dividend income	\$ 712	\$ 708	\$ 772	\$ 730	\$ 697
Dividends and fees	209	395	1,018	613	370
Total investment income	9,003	8,292	9,122	7,978	8,034
Expenses					
Interest expense	1,634	1,584	1,503	1,339	1,387
Management fees	1,360	1,273	1,310	1,224	1,192
Incentive fees	736	713	1,090	(22)	1,181
Other expenses	1,457	903	817	1,121	934
Total expenses	5,187	4,473	4,720	3,662	4,694
Net investment income	3,816	3,819	4,402	4,316	3,340
Net gain (loss) on investments	(324)	331	(3,227)	(6,597)	1,526
Net increase (decrease) in net assets resulting from operation	\$ 3,492	\$ 4,150	\$ 1,175	\$ (2,281)	\$ 4,866
Net investment income per share <sup>1</sup>	\$ 0.29	\$ 0.29	\$ 0.33	\$ 0.33	\$ 0.34
Net increase (decrease) in net assets resulting from operation	\$ 0.26	\$ 0.31	\$ 0.09	\$ (0.17)	\$ 0.50
Dividends and distributions declared per share	\$ 0.71	\$ 0.34	\$ 0.34	\$ 0.34	\$ 0.34
Basic and diluted weighted average shares outstanding	13,341	13,335	13,332	13,198	9,700

1 Based on weighted average shares outstanding for the respective period.

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