

# Earnings Presentation

*Third Quarter ended September 30, 2015*

# Disclaimer

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*Some of the statements in this presentation constitute forward-looking statements, which relate to future events or our future performance or financial condition. The forward-looking statements contained in this presentation involve risks and uncertainties, including statements as to: our future operating results; changes in political, economic or industry conditions, the interest rate environment or conditions affecting the financial and capital markets, which could result in changes to the value of our assets; our business prospects and the prospects of our current and prospective portfolio companies; the impact of investments that we expect to make; the impact of increased competition; our contractual arrangements and relationships with third parties; the dependence of our future success on the general economy, including general economic trends, and its impact on the industries in which we invest; the ability of our prospective portfolio companies to achieve their objectives; the relative and absolute performance of our investment adviser, including in identifying suitable investments for us; our expected financings and investments; the adequacy of our cash resources and working capital; our ability to make distributions to our stockholders; the effects of legislation and regulations and changes thereto; the timing of cash flows, if any, from the operations of our prospective portfolio companies; and the impact of future acquisitions and divestitures.*

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# Market & Portfolio Trends

## Current Market Trends in the Lower Middle-Market

- ▶ Regulatory pressure and bank consolidation dynamics continue to limit capital availability in the lower middle market
- ▶ Lower middle-market opportunities continue to command better pricing and structures than in the broadly syndicated and upper-middle markets
- ▶ Opportunities will continue to remain competitive as private funds enter the lower middle market and existing funds become more aggressive
- ▶ Capital Markets volatility negatively affected demand for capital over the last few months and sponsor business has decreased

## Trends in Our Portfolio

- ▶ New originations, club deals, purchases and add-ons during Q3 2015 totaled \$39.9 million of par value across four new portfolio companies
- ▶ All Core loan portfolio additions during the quarter were sponsor deals
- ▶ There were \$59.8 million of repayments during Q3 2015
- ▶ Weighted average yield of deals closed during the quarter was 10.5%
- ▶ Leverage of the portfolio remained in line with the prior quarter at 3.7x while weighted average risk rating increased to 2.66 from 2.51
- ▶ Subsequent to quarter-end, funded additional investments and upsizes totaling \$17.3 million across seven new portfolio companies
  - ▶ Included \$15.1 million of transitory investments with a weighted average par of \$1.9 million and a weighted average yield of 6.4%

# Q3 2015 Loan Portfolio Additions



<b>Business Overview</b>	A leading national distributor of incontinence products to Medicaid eligible patients in the U.S.	A developer and manufacturer of elastomeric coated pipes, which transport highly abrasive materials.
<b>Date Closed / Tenor</b>	7/9/2015 5 Year Deal	7/10/2015 5 Year Deal
<b>Interest Rate</b>	L+900 with a 0.50% Floor and 1.75% upfront fee	L+900 with a 1.00% Floor and 1.50% upfront fee
<b>Asset Type</b>	Term Loan – First Lien	Term Loan – First Lien
<b>Invested / Global Facility Size</b>	TL: \$10.3mm / \$31.0mm*	TL: \$8.9mm / \$20.0mm*
<b>Origination Source</b>	Originated	Originated
<b>Call Protection</b>	103/102/101	NC/102/101
<b>Leverage (Debt / EBITDA)**</b>	2.32x	2.55x

\* Portion of the facility held by an affiliate of the Company and other lenders.

\*\* Represents leverage through tranche as of September 30, 2015.

# Q3 2015 Loan Portfolio Additions



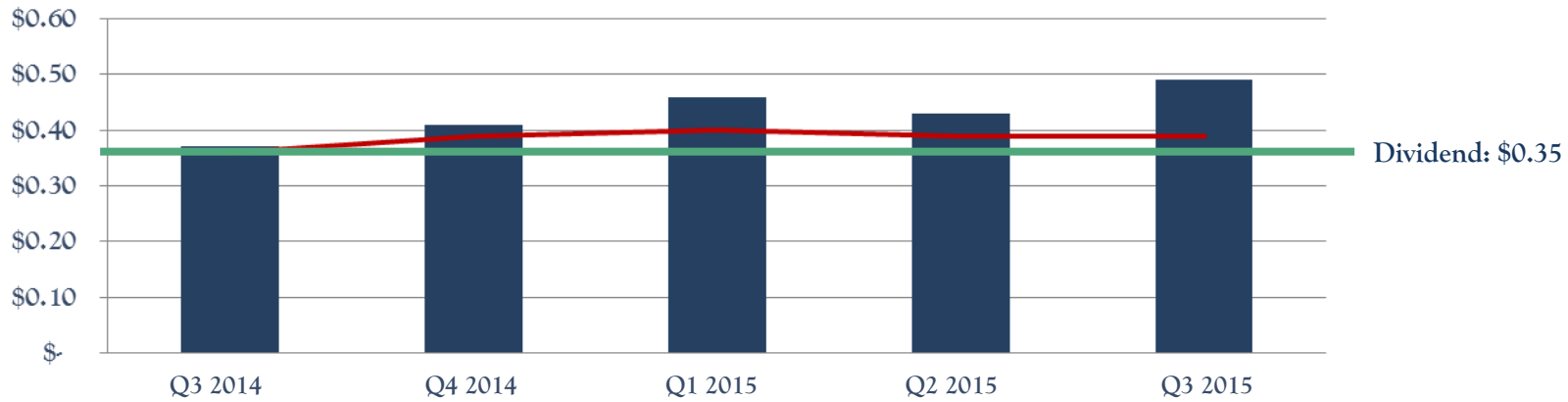
<b>Business Overview</b>	A B2B marketing and data analytics services and solutions provider.	Arizona headquartered holding company with eight investment management affiliates based across the U.S.
<b>Date Closed / Tenor</b>	7/14/2015 5 Year Deal	9/15/2015 5 Year Deal
<b>Interest Rate</b>	L+1000 with a 1.00% Floor and 2.0% upfront fee	L+800 with a 1.00% Floor and 1.50% upfront fee
<b>Asset Type</b>	Term Loan – First Lien	Term Loan – First Lien
<b>Invested / Global Facility Size</b>	TL: \$10.3mm / \$51.0mm*	TL: \$4.8mm / \$47.5mm*
<b>Origination Source</b>	Originated	Club
<b>Call Protection</b>	103/102/101	102/101
<b>Leverage (Debt / EBITDA)**</b>	3.05x	3.10x

\* Portion of the facility held by an affiliate of the Company and other lenders.

\*\* Represents leverage through tranche as of September 30, 2015.

# Q3 2015 Earnings Highlights

<i>(per share)</i>		Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
Adjusted net investment income <sup>(1)</sup>	\$	0.36	0.39	0.40	0.39	0.39
Net investment income	\$	0.37	0.41	0.46	0.43	0.49
Net realized/unrealized gain (loss) on investments		(0.07)	(0.07)	(0.28)	(0.20)	(0.50)
Net increase in net assets from operations	\$	0.30	0.34	0.18	0.23	(0.01)



- ▶ Paid a Q3 2015 dividend of \$0.35 per share and declared a Q4 2015 dividend of \$0.35 per share payable on December 28, 2015
- ▶ Continued coverage of our dividend by earning adjusted NII of \$6.5 million, or \$0.39 per share, for the third quarter of 2015
- ▶ Net realized & unrealized losses of \$(8.5) million, or \$(0.50) per share, for the three months ended September 30, 2015
  - Realized losses were driven by the restructuring of one investment offset by gains on the partial sale of our equity position in Prosper
  - Net unrealized losses were driven by credit-related markdowns of three investments and the negative market-related adjustment of one investment

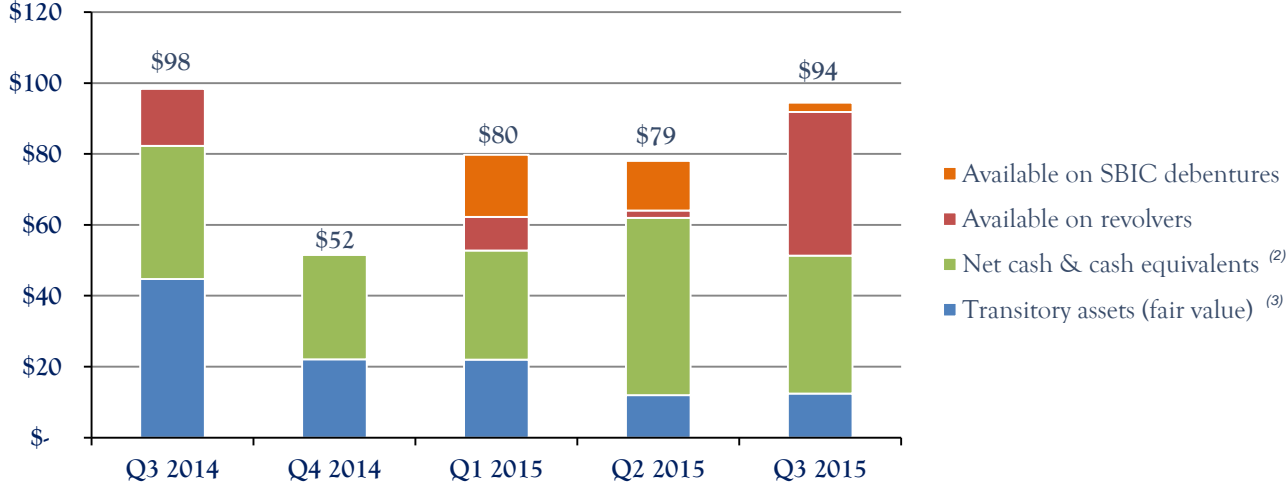
(1) Adjusted net investment income includes any fee waivers and excludes incentive fees related to realized and unrealized gains.

# Q3 2015 Funding & Liquidity

## Funding

- ▶ Our U.S. GAAP debt to equity ratio was 0.82x while our regulatory debt to equity ratio was 0.76x as of September 30, 2015<sup>(1)</sup>
- ▶ SBIC -\$14.8 million of leverage drawn through September 30, 2015
  - SBA completed initial on-site examination in October 2015
  - Expect to receive final results during Q4 2015, potentially unlocking over \$100.0 million of Balance Sheet expansion
- ▶ Share repurchase program - Subsequent to quarter-end, received authorization to purchase up to \$10.0 million of our common stock
- ▶ Weighted average cost of funds as of September 30, 2015 was 3.25%

## Liquidity



Leverage Ratio	0.87x	0.86x	0.88x	0.92x	0.82x
WA Cost of Funds	3.0%	2.9%	3.0%	3.0%	3.3%

(1) Regulatory debt to equity ratio excludes SBIC leverage and unfunded commitments and was 0.76x as of September 30, 2015  
 (2) Cash & cash equivalents net of due to / due from counterparties  
 (3) Transitory portfolio consists of investments below the low end of our yield target. We intend to migrate out of these assets into ones meeting our Core portfolio yield. Excludes same day purchases/sales

# Q3 2015 Portfolio Highlights

## Portfolio Activity

Par (in millions)	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Average
Originated	\$ 71.7	\$ 30.5	\$ 17.2	\$ 31.1	\$ 29.5	\$ 36.0
Club	13.7	19.0	-	7.0	4.8	8.9
Purchased	20.4	16.4	-	-	-	7.4
Consumer loans	-	-	-	-	-	-
Equity	-	-	-	0.1	-	-
Total add-on investments	8.8	11.5	0.9	13.3	5.6	8.0
<b>Total Additions</b>	<b>114.6</b>	<b>77.4</b>	<b>18.1</b>	<b>51.5</b>	<b>39.9</b>	<b>60.3</b>
<b>Less: Total Repayments/Sales<sup>(1)</sup></b>	<b>(95.9)</b>	<b>(56.4)</b>	<b>(29.9)</b>	<b>(70.2)</b>	<b>(59.8)</b>	<b>(62.4)</b>
<b>Net Additions</b>	<b>\$ 18.7</b>	<b>\$ 21.0</b>	<b>\$ (11.8)</b>	<b>\$ (18.7)</b>	<b>\$ (19.9)</b>	<b>\$ (2.1)</b>

Summary	Q3 2014	Q4 2014	Q1 2015 <sup>(2)</sup>	Q2 2015 <sup>(2)</sup>	Q3 2015 <sup>(2)</sup>	Average
Number of new investments	8	7	2	5	4	5
WA yield of additions <sup>(3)</sup>	10.1%	10.0%	12.2%	10.4%	10.5%	10.0%
Number of repayments/sales <sup>(1)</sup>	13	7	3	8	6	7
WA yield of repayments/sales	9.4%	8.6%	11.6%	10.4%	10.3%	10.0%

(1) Q3 2015 repayments include \$(4.1) million of par related to the restructuring of two positions.

(2) Activity includes repayment of certain investments in which we continue to hold an equity investment in the portfolio company

(3) Excludes non-performing portfolio companies.



# Current & Historical Investment Portfolio Composition

Portfolio characteristics (\$ in millions)	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
Total Market Value	\$448.6	\$467.8	\$452.0	\$435.1	\$407.8
Number of portfolio companies	56	57	57	54	52
Average investment size <sup>(1)</sup>	\$6.6	\$6.8	\$6.7	\$7.4	\$7.8
Weighted average yield <sup>(2)</sup>	10.0%	10.5%	10.8%	11.0%	10.9%
Weighted average price <sup>(1)</sup>	98.0	97.1	95.9	97.1	97.3
First lien	78.8%	85.3%	85.8%	88.8%	90.6%
Second lien & Mezzanine	8.7%	5.4%	5.5%	2.6%	1.8%
Consumer loans	9.0%	7.8%	6.9%	6.1%	5.4%
Equity & Other	3.5%	1.5%	1.8%	2.5%	2.2%
Originated <sup>(3)</sup>	46.9%	48.1%	50.4%	55.3%	61.1%
Club <sup>(4)</sup>	24.2%	27.4%	27.0%	28.7%	27.6%
Purchased	28.9%	24.5%	22.6%	16.0%	11.3%
Fixed <sup>(1)</sup>	13.8%	9.2%	9.1%	9.0%	8.0%
Floating <sup>(1)</sup>	86.2%	90.8%	90.9%	91.0%	92.0%
Performing <sup>(1)</sup>	99.1%	99.1%	99.1%	99.0%	95.6%
Non-Accrual <sup>(1)</sup>	0.9%	0.9%	0.9%	1.0%	4.4%
Weighted average debt / EBITDA <sup>(1)(2)(5)</sup>	3.4x	3.6x	3.6x	3.7x	3.7x
Weighted average risk rating <sup>(1)</sup>	2.40	2.52	2.48	2.51	2.66

<sup>(1)</sup> Excludes consumer loans and equity investments

<sup>(2)</sup> Excludes investments with a risk rating of 4, unfunded revolvers and equity investments.

<sup>(3)</sup> Originated positions include investments where we have sourced and led the execution of the deal

<sup>(4)</sup> Club positions include investments where we provide direct lending to a borrower with one or two other lenders but did not lead the deal

<sup>(5)</sup> Excludes non-operating portfolio companies, which we define as those investments collateralized by real estate, proved developed producing value ("PDP") or other hard assets. PDPs are proven revenues that can be produced with existing wells. As of September 30, 2015, \$43.1 million of par value related to non-operating portfolio companies was excluded.

# Top 10 Loan Portfolio Investments as of September 30, 2015

Issuer (\$ in millions)	Fair Value	% of Loan Portfolio	Yield
GLC Trust 2013-2 Consumer Loan Portfolio <sup>(1)(2)</sup>	\$22.1	5.4%	8.2%
MXD Group, Inc. (fka Exel Direct Inc.)	\$13.3	3.3%	16.3%
HC Cable OpCo, LLC	\$10.8	2.6%	9.5%
CR Brands, Inc.	\$10.4	2.5%	12.5%
Worley Claims Services, LLC	\$10.3	2.5%	9.2%
Badlands Production Company (fka Gasco) Term Loan	\$10.3	2.5%	14.3%
NPI Holding Corp. (Nudo Products, Inc.)	\$10.3	2.5%	11.3%
Lexmark Carpet Mills, Inc.	\$10.3	2.5%	11.6%
AbelConn, LLC (Atrenne Computing)	\$10.3	2.5%	10.0%
AP Gaming I, LLC	\$10.2	2.5%	9.4%
<b>Total</b>	<b>\$118.3</b>	<b>29.0%</b>	<b>11.1%</b>

(1) The GLC Trust 2013-2 Consumer Loan Portfolio holds a portfolio of small balance consumer loans. As of September 30, 2015 the portfolio included 2,892 loans with an average par balance of \$7,832, a weighted average interest rate of 15.6% and a weighted average maturity of April 10, 2018.

(2) Yield on consumer loan portfolio is net of expected credit losses

# Comparative Statement of Financial Condition

<i>(In thousands, except per share data)</i>	September 30, 2015	June 30, 2015	Variance	
<b>Assets</b>	(unaudited)	(unaudited)	\$	%
Investments, fair value	\$ 407,757	\$ 435,072	\$ (27,315)	-6.3%
Cash and cash equivalents	30,602	28,127	2,475	8.8%
Cash and cash equivalents, restricted	6,755	20,616	(13,861)	-67.2%
Due from counterparties	1,541	1,782	(241)	-13.5%
Accrued interest receivable	5,449	4,406	1,043	23.7%
Deferred debt issuance costs	4,509	4,455	54	1.2%
Deferred offering costs	503	440	63	14.3%
Other assets	498	543	(45)	-8.3%
<b>Total Assets</b>	<b>\$ 457,614</b>	<b>\$ 495,441</b>	<b>\$ (37,827)</b>	<b>-7.6%</b>
<b>Liabilities</b>				
Debt	\$ 203,163	\$ 233,669	\$ (30,506)	-13.1%
Due to counterparties	-	110	(110)	NA
Payables to affiliates	2,993	4,224	(1,231)	-29.1%
Interest payable	616	655	(39)	-6.0%
Accrued expenses and other payables	729	564	165	29.3%
<b>Total Liabilities</b>	<b>207,501</b>	<b>239,222</b>	<b>-31,721</b>	<b>-13.3%</b>
<b>Total Net Assets</b>	<b>250,113</b>	<b>256,219</b>	<b>-6,106</b>	<b>-2.4%</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 457,614</b>	<b>\$ 495,441</b>	<b>\$ (37,827)</b>	<b>-7.6%</b>
<b>Net Asset Value per Share</b>	<b>\$ 14.92</b>	<b>\$ 15.29</b>	<b>\$ (0.36)</b>	<b>-2.4%</b>

# Comparative Statement of Quarterly Operating Results

<i>(In thousands, except per share data)</i>	For the Three Months Ended		Variance	
	September 30, 2015 (unaudited)	June 30, 2015 (unaudited)	\$	%
<b>Investment income</b>				
Interest income	\$ 12,285	\$ 12,277	\$ 8	0.1%
Other income	921	875	46	5.3%
<b>Total investment income</b>	<b>13,206</b>	<b>13,152</b>	<b>54</b>	<b>0.4%</b>
<b>Expenses</b>				
Interest expense	1,874	1,816	58	3.2%
Management fees	1,955	1,983	(28)	-1.4%
Incentive fees	(83)	1,017	(1,100)	-108.2%
Professional fees	400	299	101	33.8%
Directors fees	97	101	(4)	-4.0%
Administrator expenses	241	272	(31)	-11.4%
Other expenses	478	487	(9)	-1.8%
<b>Total expenses</b>	<b>4,962</b>	<b>5,975</b>	<b>-1,013</b>	<b>-17.0%</b>
<b>Net investment income</b>	<b>\$ 8,244</b>	<b>\$ 7,177</b>	<b>\$ 1,067</b>	<b>14.9%</b>
<b>Realized and unrealized loss from investments</b>				
Net realized loss from investments	(2,301)	(8,521)	6,220	-73.0%
Net change in unrealized loss from investments	(6,184)	5,221	(11,405)	-218.4%
<b>Net realized and unrealized loss from investments</b>	<b>\$ (8,485)</b>	<b>\$ (3,300)</b>	<b>\$ (5,185)</b>	<b>157.1%</b>
<b>Net increase in net assets resulting from operations</b>	<b>\$ (241)</b>	<b>\$ 3,877</b>	<b>\$ (4,118)</b>	<b>-106.2%</b>
<b>Net investment income per common share</b>	<b>\$ 0.49</b>	<b>\$ 0.43</b>	<b>\$ 0.06</b>	<b>14.0%</b>
<b>Basic earnings per common share</b>	<b>\$ (0.01)</b>	<b>\$ 0.23</b>	<b>\$ (0.25)</b>	<b>-108.7%</b>
<b>Basic weighted average common shares outstanding</b>	<b>16,759</b>	<b>16,759</b>	<b>-</b>	<b>0.0%</b>
<b>Dividends and distributions declared per common share</b>	<b>\$ 0.35</b>	<b>\$ 0.35</b>	<b>\$ -</b>	<b>0.0%</b>

# Contact Information

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