

Earnings Presentation

Fourth Quarter ended December 31, 2018

DISCLAIMER

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.

We use words such as “anticipates,” “believes,” “expects,” “intends” and similar expressions to identify forward-looking statements. Actual results could differ materially from those anticipated in our forward-looking statements for any reason, and future results could differ materially from historical performance. We have based the forward-looking statements included in this presentation on information available to us on the date of this presentation, and we assume no obligation to update any such forward-looking statements. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we have filed or in the future may file with the U.S. Securities and Exchange Commission, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

MARKET TRENDS & QUARTERLY HIGHLIGHTS

CURRENT MARKET TRENDS

- ▶ Yield seeking investors continue to deploy capital to managers raising private credit funds focused on the middle market
- ▶ Given the heightened competition across the middle market, we continue to find more attractive relative value in larger club and syndicated deals as compared to the lower middle market
- ▶ The broadly syndicated leveraged finance markets experienced significant volatility during the latter half of Q4 2018 driven primarily by large capital outflows
- ▶ The market volatility led to widening of yields in the broadly syndicated and club loan markets relative to the lower middle market, providing an opportunity to execute deals at attractive pricing
- ▶ We also continue to focus on servicing our existing sponsor clients who are seeking add-on acquisition financings, recapitalizations and new business

QUARTERLY HIGHLIGHTS

- ▶ New par additions during Q4 2018 totaled \$115.1 million across 19 new portfolio companies at a weighted average yield at cost of 8.5%
- ▶ Repayments during Q4 2018 totaled \$34.1 million at a weighted average yield at cost of 10.1%
- ▶ Declared a Q1 2019 dividend of \$0.23 per share payable on March 29, 2019 to shareholders of record as of March 22, 2019
- ▶ Leverage of the portfolio increased slightly to 3.8x as of December 31, 2018 compared to 3.7x in the prior quarter, as a result of executing deals to larger companies with modestly higher leverage
- ▶ Weighted average risk rating increased to 2.4 from the prior quarter of 2.3
- ▶ Successfully executed the refinancing of our CLO, reducing the effective interest rate by approximately 80 basis points and extending the reinvestment period to November 2022

EARNINGS HIGHLIGHTS

QUARTERLY RESULTS OF OPERATIONS

(\$ in thousands, except per share data)	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Total investment income	\$ 9,561	\$ 9,312	\$ 9,688	\$ 10,221	\$ 9,689
Total expenses	6,401	5,578	5,304	5,307	5,421
Net investment income	3,160	3,734	4,384	4,914	4,268
Net realized gain/(loss) on investments	13	(27)	317	(577)	(25,961)
Net change in unrealized (loss)/gain on investments	(8,886)	(2,218)	(1,857)	(2,312)	25,411
Loss on refinancing of debt	(2,218)	-	-	-	-
Net (decrease)/increase in net assets resulting from operations	(7,931)	1,489	2,844	2,025	3,718
Net investment income per share	0.20	0.23	0.27	0.31	0.27
Net realized/unrealized losses from investments per share	(0.56)	(0.14)	(0.09)	(0.18)	(0.04)
Loss on refinancing of debt per share	(0.14)	-	-	-	-
Net (loss)/earnings per share	(0.50)	0.09	0.18	0.13	0.23
Dividends declared per common share	0.23	0.28	0.28	0.28	0.28
Net asset value per share	10.52	11.25	11.44	11.54	11.69

FINANCIAL HIGHLIGHTS

- ▶ Earned net investment income of \$0.20 per share for the fourth quarter, which was lower than \$0.23 per share in the prior quarter primarily due to higher interest expense of \$0.8 million incurred on the incremental leverage from our CLO, which was upsized in October 2018. This was offset by higher interest income of \$0.2 million earned on investments closed during the second half of the quarter
- ▶ Net realized and unrealized losses on investments of \$8.9 million, or \$0.56 per share, for the three months ended December 31, 2018 were primarily driven by:
 - \$3.1 million of unrealized losses on our investments in Confluence Outdoor, LLC, Cochon – MWS Holdings LLC (f.k.a. Rooster Energy), Gold Coast Bakeries, LLC and Profusion Industries, LLC; and
 - \$5.8 million of negative mark-to-market adjustments on our syndicated loan portfolio driven by the year-end market volatility which has partially reversed subsequent to year-end
- ▶ Recognized a non-recurring charge of \$2.2 million, or \$0.14 per share, in Q4 2018 related to the refinancing and upsize of our CLO

RECENT PORTFOLIO ACTIVITY

PORTFOLIO TURNOVER

Par (\$ in millions)	Q4 2018	Q3 2018	Q2 2018	Q1 2018 ⁽¹⁾	Full Year 2018	Quarterly Average
Originated	\$ -	\$ 7.8	\$ 8.3	\$ 19.5	\$ 35.6	\$ 8.9
Club	57.7	7.1	32.1	6.0	102.9	25.7
Purchased	21.5	12.9	34.9	3.6	72.9	18.2
Total add-on investments	35.9	23.3	10.3	7.8	77.3	19.3
Total new investments	115.1	51.1	85.6	36.9	288.7	72.1
Less: Total repayments/sales	(34.1)	(68.2)	(73.8)	(35.9)	(212.0)	(53.0)
Net additions/(repayments)	\$ 81.0	\$ (17.1)	\$ 11.8	\$ 1.0	\$ 76.7	\$ 19.1

Summary	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Full Year 2018	Quarterly Average
Number of investments to new portfolio companies	19	10	17	5	51	13
Weighted average yield of new investments at amortized cost ⁽¹⁾	8.5%	8.5%	8.7%	9.7%	8.6%	8.8%
Number of repayments/sales	3	4	8	5	20	5
Weighted average yield of repayments/sales at amortized cost ⁽¹⁾	10.1%	11.0%	11.4%	11.2%	11.0%	10.9%

(1) Q1 2018 excludes the non-cash structuring of Rooster Energy Ltd which resulted in a realization event of \$1.3 million

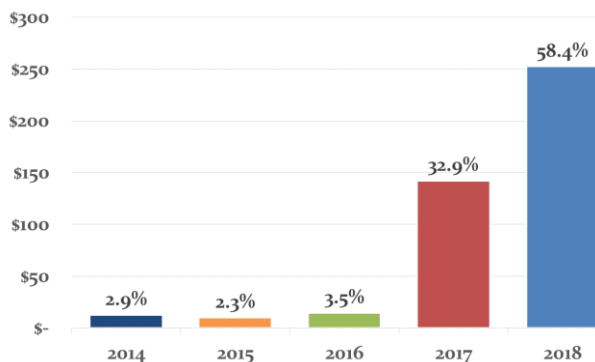
PORTFOLIO COMPOSITION AS OF DECEMBER 31, 2018

PORTFOLIO HIGHLIGHTS

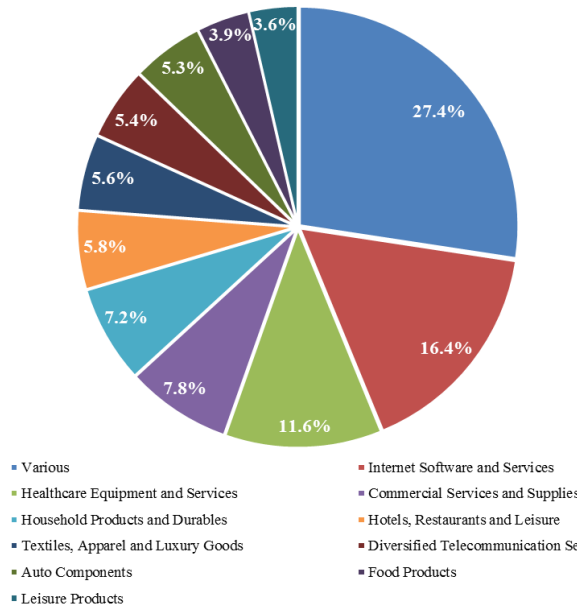
- ▶ As of December 31, 2018, the 2017 and 2018 vintages represent approximately 91.3% of our portfolio
- ▶ Portfolio consists of 118 investments across 93 portfolio companies diversified across approximately 30 industries
- ▶ As of December 31, 2018, the weighted average adjusted EBITDA continues to increase

PORTFOLIO VINTAGE, INDUSTRY DIVERSIFICATION AND ADJUSTED EBITDA RANGES⁽¹⁾

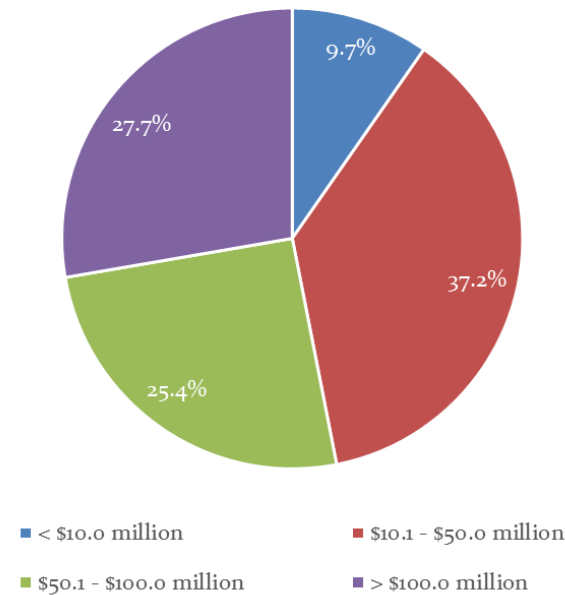
INVESTMENT VINTAGE⁽²⁾
(\$ in millions)



TOP 10 INDUSTRIES⁽³⁾



TRAILING TWELVE MONTH ADJUSTED EBITDA RANGES OF PORTFOLIO COMPANIES⁽⁴⁾



(1) Charts based on fair values as of December 31, 2018
 (2) Investment vintage represents the later of (1) an investment's original issuance date or (2) the date of the most recent upside/refinancing at which point a re-underwriting of the credit was performed
 (3) Various classification includes 19 different industries. Refer to the Consolidated Schedule of Investments in the Garrison Capital Inc. Annual Report on Form 10-K for the full list of our investments by industry
 (4) Excludes consumer loan portfolio investment, debt investments placed on non-accrual, equity investments and non-operating portfolio companies as defined on page 8

CREDIT QUALITY

RISK RATINGS

Risk Rating Description

1	High quality investment with no loss of principal expected
2	Moderate to high quality investment with no loss of principal expected
3	Moderate quality investment with market rates of expected loss of principal and potential non-compliance with financial covenants
4	Low quality investment with an expected loss of principal. In the case of risk rating 4 loans, our investment adviser will assign a recovery value to the loan

(\$ in thousands)	As of December 31, 2018		As of September 30, 2018		As of December 31, 2017	
	Investments at Fair Value	Percentage of Total Investments	Investments at Fair Value	Percentage of Total Investments	Investments at Fair Value	Percentage of Total Investments
Risk Rating 1	\$ 26,431	5.9 %	\$ 24,197	6.5%	\$ 33,643	8.7%
Risk Rating 2	260,914	58.6	227,338	61.0	164,242	42.4
Risk Rating 3	147,463	33.1	118,657	31.8	185,484	47.8
Risk Rating 4	10,585	2.4	2,781	0.7	4,111	1.1
	<u>\$ 445,393</u>	<u>100.0 %</u>	<u>\$ 372,973</u>	<u>100.0%</u>	<u>\$ 387,480</u>	<u>100.0%</u>

* Risk Rating table excludes consumer loans and equity investments

PORTFOLIO TRENDS

<i>\$ in millions, Percentages based on fair value unless otherwise noted*</i>	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Portfolio Summary:					
Total portfolio, at fair value	\$ 454.0	\$ 383.0	\$ 401.9	\$ 392.8	\$ 394.7
Total number of portfolio companies	93	77	71	62	62
Total number of investments	118	98	92	82	81
Average size of debt investments	\$ 4.6	\$ 4.6	\$ 5.2	\$ 5.7	\$ 6.0
Weighted average price of debt investments	95.7	97.2	97.8	98.1	98.6
Portfolio Yields:⁽¹⁾					
Weighted average yield on debt investments at amortized cost ⁽²⁾	9.1%	9.2%	9.5%	10.0%	9.9%
Weighted average yield on debt investments at fair value ⁽²⁾	10.2%	9.6%	9.7%	10.0%	10.1%
Weighted average yield on total portfolio at amortized cost	8.5%	8.7%	9.1%	9.5%	9.7%
Weighted average yield on total portfolio at fair value	9.9%	9.1%	9.3%	9.5%	9.9%
Portfolio Structure:					
First lien senior secured debt investments	98.3%	97.6%	97.9%	97.2%	98.2%
Equity and other investments	1.7%	2.4%	2.1%	2.8%	1.8%
Floating rate debt investments	99.7%	99.6%	99.5%	99.4%	99.3%
Fixed rate debt investments	0.3%	0.4%	0.5%	0.6%	0.7%
Portfolio Sourcing:					
Originated ⁽³⁾	25.3%	29.9%	34.9%	46.4%	45.1%
Club ⁽⁴⁾	37.8%	35.0%	32.2%	27.0%	29.9%
Purchased ⁽⁵⁾	36.9%	35.1%	32.9%	26.6%	25.0%
Portfolio Credit Quality:					
Performing debt investments	99.5%	99.3%	98.8%	98.8%	98.9%
Non-accrual debt investments	0.5%	0.7%	1.2%	1.2%	1.1%
Weighted average debt / EBITDA of our portfolio companies ⁽⁶⁾	3.8x	3.7x	3.7x	3.8x	3.7x
Weighted average risk rating of our debt investments	2.4	2.3	2.3	2.3	2.4

(1) Weighted average yield represents the portfolio's return from the all-in interest rate plus the annualized accretion income from (i) any original issue discount or premium when calculating weighted average yield at amortized cost and (ii) any market discount or premium when calculating weighted average yield at fair value as of the balance sheet date to par at each investments contractual maturity date, excluding the effect of any scheduled principal amortization payments. For those investments valued based on an estimated recovery rate, the weighted average yield calculation is based on redeeming the investment at the current expected recovery rate rather than at par.

(2) Calculation excludes consumer loan portfolio investment, unfunded revolvers, debt investments placed on non-accrual and equity investments

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

(4) Club positions include debt investments with a total tranche size less than \$250.0 million where we provide direct lending to a borrower with a small number of other lenders but did not lead the deal

(5) Purchased positions include debt investments with a total tranche size greater than \$250.0 million that was sourced from a bank loan syndication or the secondary market

(6) Excludes consumer loan portfolio investment, unfunded revolvers, debt investments placed on non-accrual, equity investments and non-operating portfolio companies, which we define as those investments collateralized by real estate, commodity reserves or other hard assets. As of December 31, 2018, \$7.7 million of par value and \$7.7 million of fair value was excluded

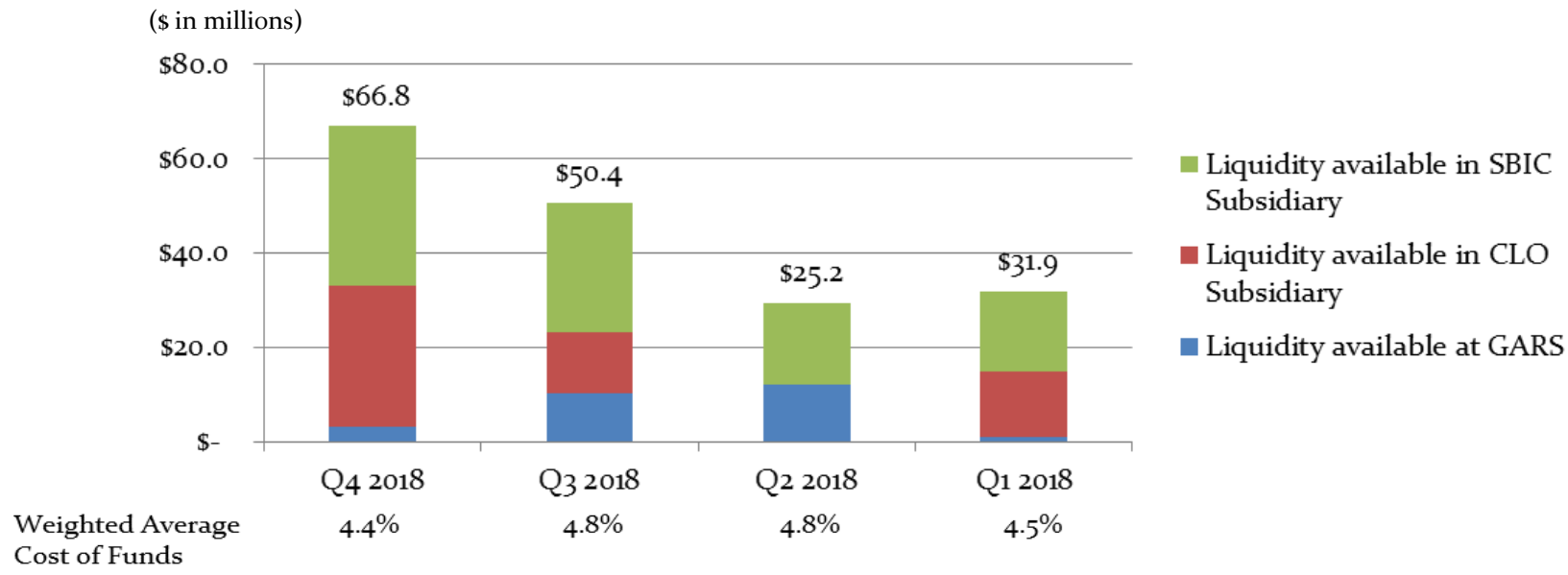
* Table as of each respective quarter end and excludes investments with a fair value of zero from all figures except for the total number of portfolio companies and total number of investments

PORTFOLIO LEVERAGE & CAPITAL STRUCTURE

PORTFOLIO LEVERAGE

- ▶ Our U.S. GAAP debt to equity ratio was 1.85x while our regulatory debt to equity ratio was 1.49x⁽¹⁾ as of December 31, 2018
- ▶ \$60.0 million of SBIC Debentures outstanding as of December 31, 2018 with \$10.0 million of remaining available SBIC capacity
- ▶ Total CLO revolving notes drawn as of December 31, 2018 was \$8.0 million with \$42.0 million of remaining available capacity
- ▶ Weighted average cost of funds decreased to 4.4% as of December 31, 2018 from 4.8% in the prior quarter primarily due to the CLO refinance

LIQUIDITY & CAPITAL STRUCTURE



(1) Regulatory debt to equity ratio excludes SBIC leverage and unfunded commitments

COMPARATIVE STATEMENT OF FINANCIAL CONDITION

Assets <i>(\$ in thousands, except per share data)</i>	December 31, 2018		September 30, 2018		Variance	
	(audited)		(unaudited)		\$	%
Investments, at fair value	\$	453,977	\$	382,966	71,011	18.5%
Cash and cash equivalents		30,138		29,370	768	2.6%
Cash and cash equivalents, restricted		15,584		25,651	(10,067)	-39.2%
Due from counterparties		58		1,337	(1,279)	-95.7%
Accrued interest receivable		2,585		2,127	458	21.5%
Other assets		1,624		1,331	293	22.0%
Total assets		503,966		442,782	61,184	13.8%
Liabilities						
Debt		307,492		243,465	64,027	26.3%
Due to counterparties		23,390		15,041	8,349	55.5%
Payables to affiliates		320		1,749	(1,429)	-81.7%
Accrued interest payable		3,040		1,231	1,809	147.0%
Accrued expenses and other payables		812		761	51	6.7%
Total liabilities		335,054		262,247	72,807	27.8%
Total net assets		168,912		180,535	(11,623)	-6.4%
Total liabilities and net assets		503,966		442,782	61,184	13.8%
Net asset value per share	\$	10.52	\$	11.25	\$ (0.73)	-6.4%

COMPARATIVE STATEMENT OF QUARTERLY OPERATING RESULTS

	Three Months Ended		Variance	
	December 31, 2018	September 30, 2018		
<i>Investment income</i>	(audited)	(unaudited)		
<i>(\$ in thousands, except per share data)</i>				
Interest income	\$ 9,385	\$ 8,862	523	5.9%
Other income	176	450	(274)	-60.9%
Total investment income	9,561	9,312	249	2.7%
Expenses				
Interest expense	3,440	2,981	459	15.4%
Management fee, net of waivers	1,543	1,504	39	2.6%
Incentive fee	271	-	271	N/A
Professional fees	294	326	(32)	-9.8%
Directors' fees	77	76	1	1.3%
Administrator expenses	404	341	63	18.5%
Other expenses	372	350	22	6.3%
Total expenses	6,401	5,578	823	14.8%
Net investment income	3,160	3,734	(574)	-15.4%
Realized and unrealized (losses)/gains				
Net realized gains/(losses) on investments	13	(27)	40	148.1%
Net change in unrealized losses on investments	(8,886)	(2,218)	(6,668)	-300.6%
Loss on refinancing of debt	(2,218)	-	(2,218)	N/A
Net realized and unrealized losses	(11,091)	(2,245)	(8,846)	-394.0%
Net (decrease)/increase in net assets resulting from operations	(7,931)	1,489	(9,420)	-632.6%
Net investment income per common share	\$ 0.20	\$ 0.23	\$ (0.03)	-13.0%
Basic (loss)/earnings per common share	\$ (0.50)	\$ 0.09	\$ (0.59)	-655.6%
Basic weighted average common shares outstanding	16,049,352	16,049,352	-	-
Dividends and distributions declared per common share	\$ 0.23	\$ 0.28	\$ (0.05)	-17.9%

GARRISON CAPITAL INC.

1290 Avenue of the Americas, 9th Floor

New York, NY 10104

Tel: 212-372-9590

Fax: 212-372-9525