



2020 Q1 Earnings Presentation

May 7, 2020

Cautionary Statement Regarding Forward-Looking Statements

This presentation contains forward-looking statements. The matters discussed in this presentation, as well as in future oral and written statements by management of Portman Ridge Finance Corporation ("PTMN", "Portman Ridge" or the "Company"), that are forward-looking statements are based on current management expectations that involve substantial risks and uncertainties which could cause actual results to differ materially from the results expressed in, or implied by, these forward-looking statements.

Forward-looking statements relate to future events or our future financial performance and include, but are not limited to, projected financial performance, expected development of the business, plans and expectations about future investments, our contractual arrangements and relationships with third parties, the ability of our portfolio companies to achieve their objectives, the ability of the Company's investment adviser to attract and retain highly talented professionals, our ability to qualify and maintain our qualification as a regulated investment company and as a business development company, our compliance with covenants under our borrowing arrangements, and the future liquidity of the Company. We generally identify forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "outlook", "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other similar words. Forward-looking statements are based upon current plans, estimates and expectations that are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove to be incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements.

Forward-looking statements are subject to change at any time based upon economic, market or other conditions, including with respect to the impact of the COVID-19 pandemic and its effects on the Company and its portfolio companies' results of operations and financial condition. More information on these risks and other potential factors that could affect the Company's financial results, including important factors that could cause actual results to differ materially from plans, estimates or expectations included herein, is included in the Company's filings with the Securities and Exchange Commission (the "SEC"), including in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of the Company's most recently filed quarterly report on Form 10-Q and annual report on Form 10-K, as well as in subsequent filings. In addition, there is no assurance that the Company will purchase additional shares of its common stock under its announced \$10 million stock repurchase plan at any specific discount levels or in any specific amounts. There is no assurance that the market price of the Company's shares, either absolutely or relative to net asset value, will increase as a result of any share repurchases, or that any repurchase plan will enhance stockholder value over the long term. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this presentation should not be regarded as a representation by us that our plans and objectives will be achieved. We do not undertake to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required to be reported under the rules and regulations of the SEC.

Earnings Highlights

- As of March 31, 2020, our NAV stood at \$120.4 million or \$2.69 per share
 - The NAV decrease of \$31.8 million from December 31, 2020 was mainly attributable to unrealized losses, including \$11.7 million on our CLO equity positions and \$7.3 million on our investment in the KCAP Freedom 3 joint venture. Our debt securities portfolio experienced unrealized losses of approximately \$10.8 million in the quarter.
- Net investment income for the quarter was \$0.06 / share - in line with Portman Ridge's current quarterly distribution
- During late March 2020 we opportunistically purchased \$21.5 million of high quality, liquid first lien loans at an average price of 80.9% of par value - this collection of assets has an extremely attractive total return profile, which will benefit shareholders on a go forward basis
 - Such timely purchases were possible thanks to the BC Partners' human capital infrastructure, multi-strategy platform and our ability to adapt to the investing environment
- Consistent with the prior announcement of our board's approval of a \$10 million stock repurchase plan on March 2, 2020, we repurchased 121,548 shares of stock at an average price of \$1.01 per share over the course of March 2020, and look to continue to buy stock back depending on market conditions and certain other limitations
 - In addition to our common equity, because of the deep market discount on our publicly traded bonds (KCAPL), we repurchased and retired approximately \$573 thousand of our bonds at par value and recognized a gain on extinguishment of debt of approximately \$154 thousand.

Net Asset Value Rollforward⁽¹⁾

(\$ in '000s)	Q2 2019	Q3 2019	Q4 2019	Q1 2020
NAV, Beginning of Period	\$143,686	\$139,178	\$132,723	\$152,199
Realized Gains (Losses) from Investments	(2,271)	(1,176)	(1,326) ⁽²⁾	(1,048)
Unrealized Gains (Losses)	543	(5,317)	(2,649) ⁽²⁾	(30,924)
Net Investment Income	2,311	2,242	2,147	2,766
Lease Impairment	(1,431)	--	--	--
Net Decrease in Assets Resulting from Distributions	(3,733)	(2,242)	(2,242)	(2,653)
Realized Gains (Losses) from Extinguishment of Debt	--	--	(1,076)	154
Impact of OHAI Transaction	--	--	25,824 ⁽³⁾	--
Share Repurchase	--	--	--	(123)
OHAI Transaction Expenses	--	--	(1,238)	--
Other Equity Changes	73	38	36	--
NAV, End of Period	\$139,178	\$132,723	\$152,199	\$120,370

1. Information is presented for periods since the externalization of the Company's management functions.
2. Excluding gains from OHAI merger
3. Including gains from OHAI merger

(\$ in '000s)	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Beginning Balance	\$238,345	\$259,561	\$264,211	\$273,690
Purchases / Draws	38,596	54,874	73,612	44,959
Exits / Repayments / Amortization	(15,651)	(43,731)	(60,155)	(16,818)
Gains / (Losses)	(1,728)	(6,493)	(3,977)	(31,973)
Ending Balance	\$259,561	\$264,211	\$273,690	\$269,859
Average Spread to LIBOR ⁽³⁾	676 bps	706 bps	700 bps	685 bps
Senior Secured Assets (%) ⁽⁴⁾	50%	60%	48% ⁽⁵⁾	57%

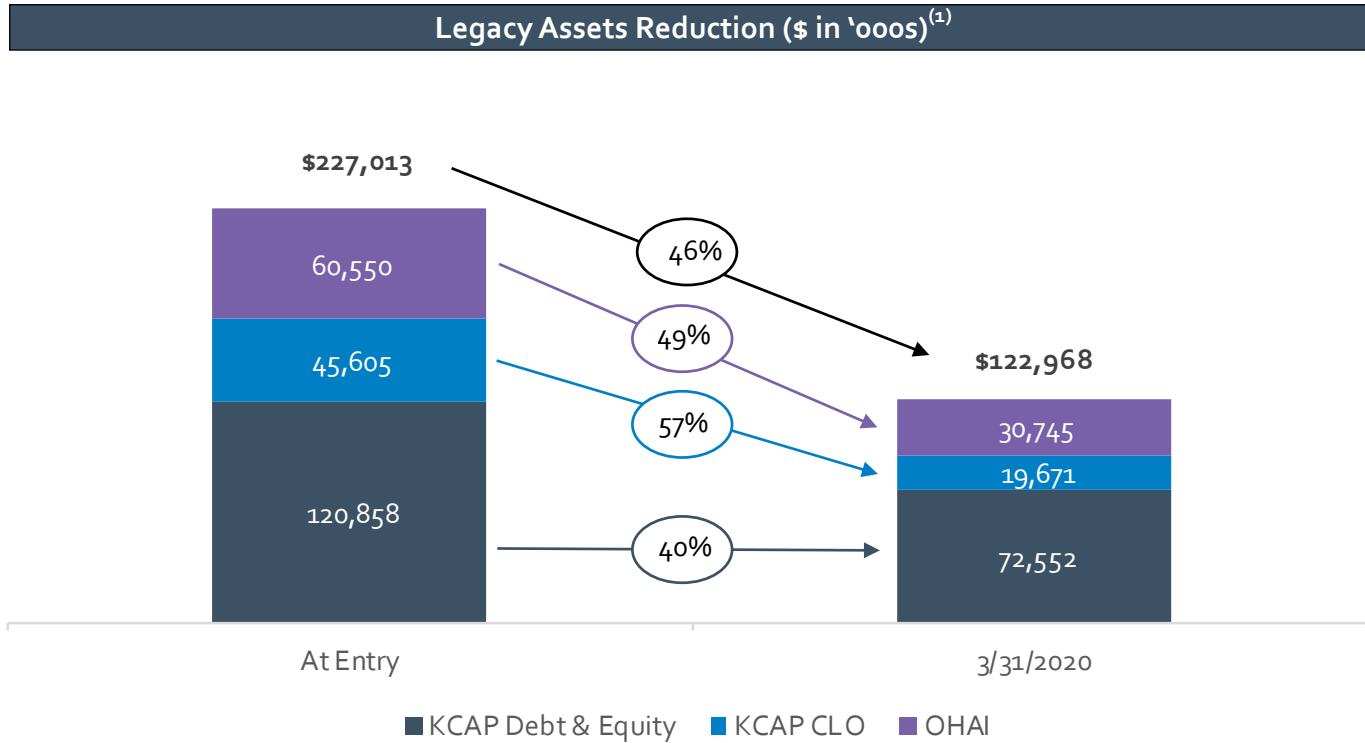
1. Information is presented for periods since the externalization of the Company's management functions.

2. Does not include activity in short-term investments.

3. Debt Securities only, excludes assets on non-accrual.

4. Based on Fair Market Value, for Debt Securities only.

5. The % of senior secured assets excluding assets acquired in the OHAI acquisition is 56%.



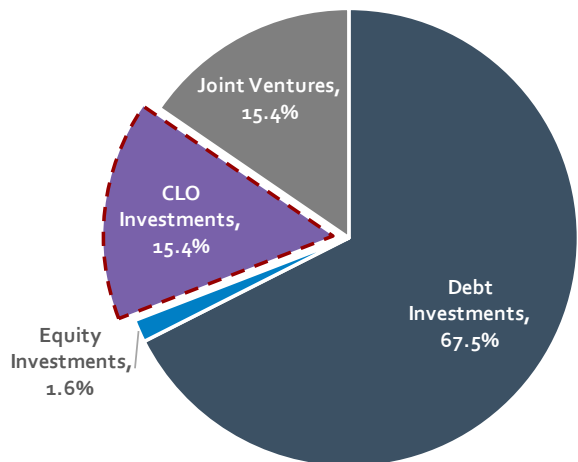
A full year after the externalization of PTMN, the legacy book represents only 33% of current investments at fair value

1. Investments shown on a fair market value basis

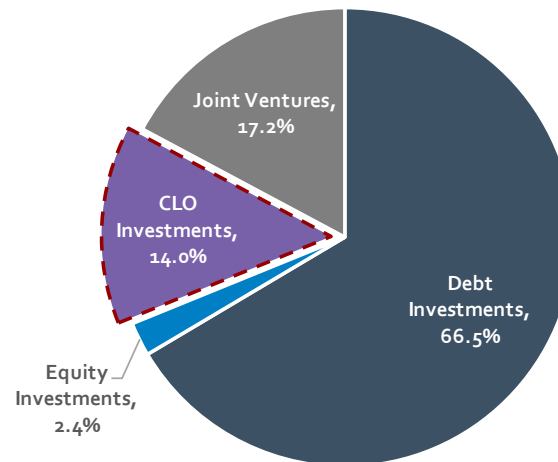
Asset Rotation Over the Last Four Quarters

BC Partners has been actively rotating the Portman Ridge portfolio out of its CLO investments into BC sourced and underwritten investments, both directly as a debt investment on balance sheet as well as through its managed JVs

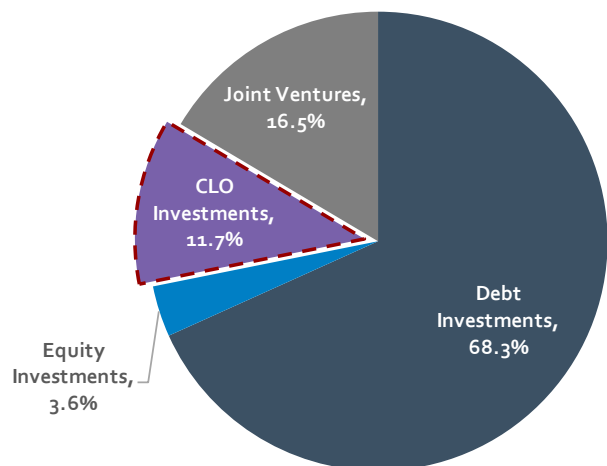
June 30, 2019⁽¹⁾



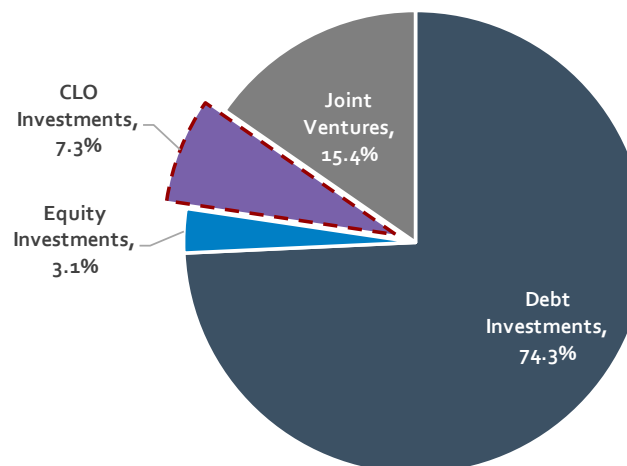
September 30, 2019⁽¹⁾



December 31, 2019⁽¹⁾



March 31, 2020⁽¹⁾

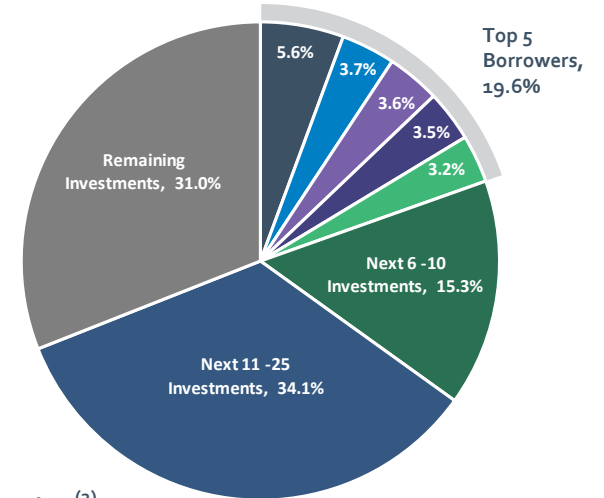


1. Investments shown on a fair market value basis net of short-term investments for comparability purposes

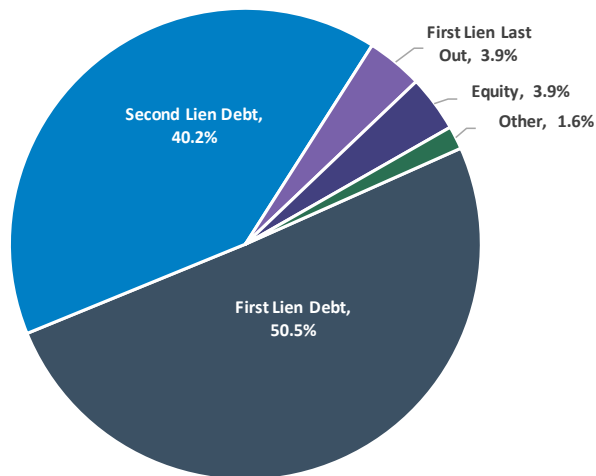
Diversified Portfolio of Assets

- 71 Portfolio Companies and 102 Separate Securities
- \$2.0mm / 1.0% Average Position Size
- U.S Centric Investments: ~100% US Based Companies
- Focus on Non-Cyclical Industries with High FCF Generation
- Credit quality has been stable during the rotation period

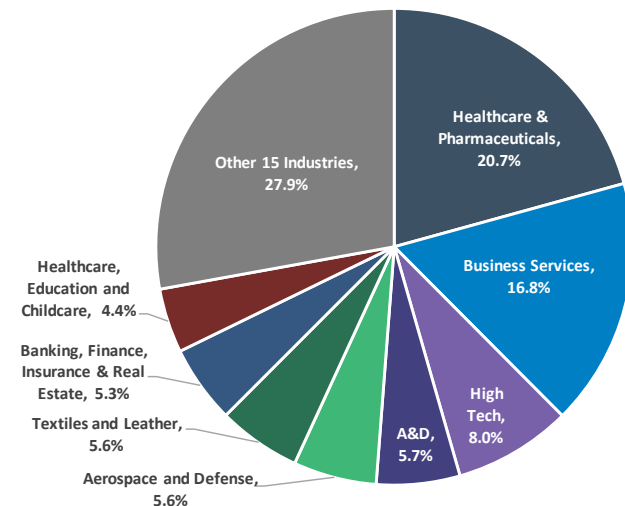
Diversification by Borrower⁽²⁾



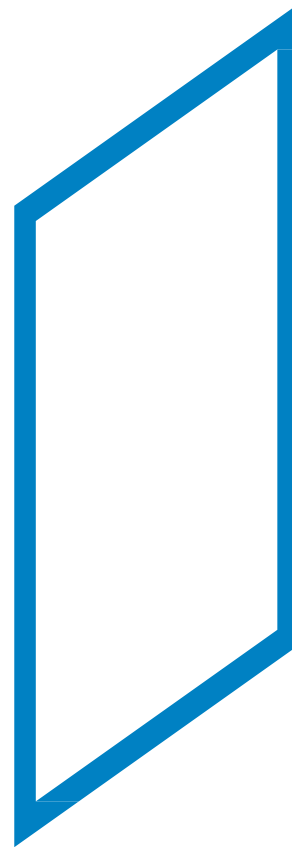
Asset Mix⁽²⁾



Industry Diversification⁽²⁾

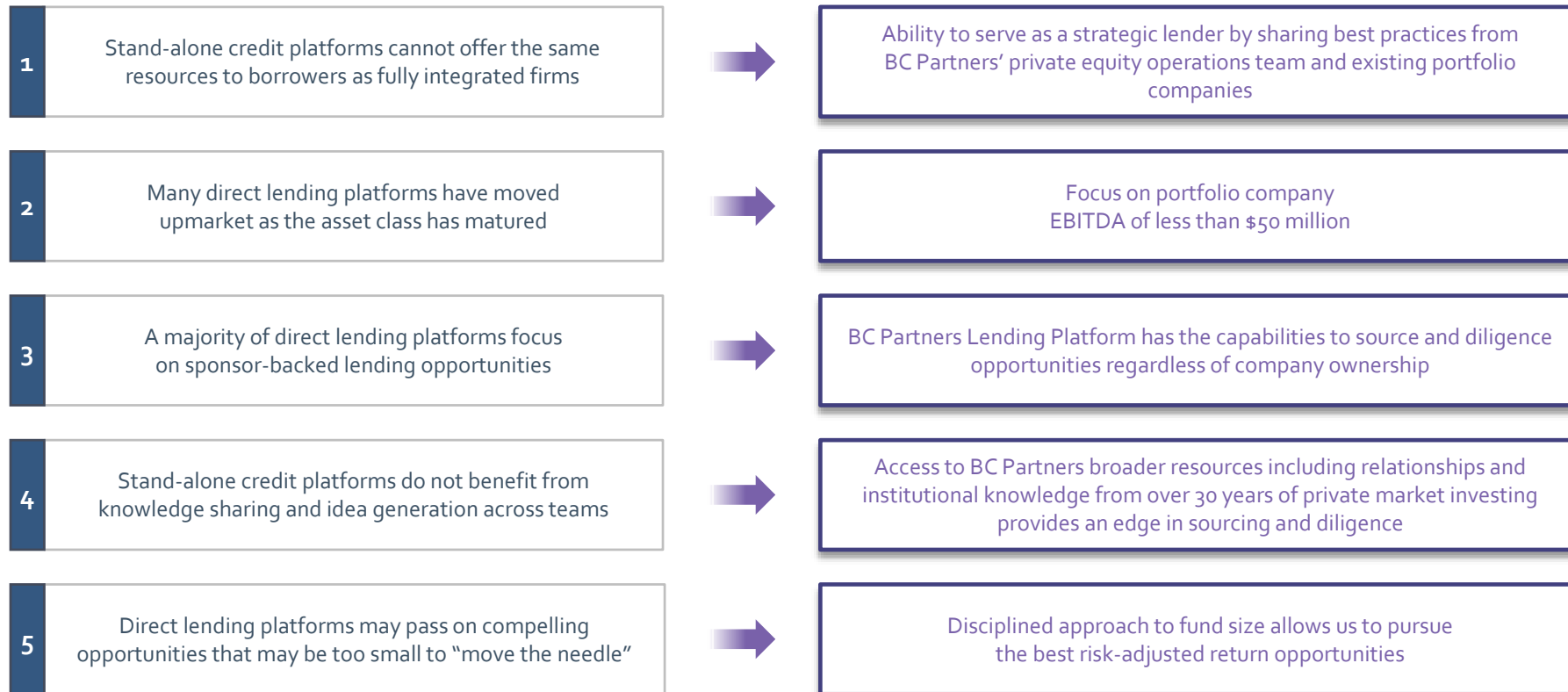


1. As of March 31, 2020. Figures shown do not include short term investments, CLO holdings, F3C JV portfolio companies or Great Lakes JV portfolio companies
 2. Shown as % of debt, equity and derivatives investments at fair market value



Appendix

- While the increasing popularity of direct lending has gathered many headlines as of late, we believe the BC Partners Credit platform is differentiated in five key areas from other direct lenders



BC PLATFORM

- Access to deal flow and sourcing through fully integrated model
- BCP Operations team supports our ability to add value to portfolio companies
- Utilization of BC Partners' broader resources, including relationships and institutional knowledge from over 30 years of private market investing
- Highly experienced administrator, custodian and auditor relationships and robust policies concerning third-party valuation

FLEXIBLE, DIFFERENTIATED STRATEGY

- Target smaller capital structures which are insufficiently compelling for large funds
- Core Plus strategy permits us to capitalize on opportunities in non-sponsored and niche specialty verticals alongside Core corporate lending
- Optimize exposures as the opportunity set changes
- Stockholders friendly fee and governance structure



DIVERSIFIED SOURCES OF DEAL FLOW

- Proactive sourcing model not reliant on one individual source or type of source
- Seek off-the-radar situations for bespoke solutions
- Develop proprietary, unbiased viewpoints on credit performance
- Origination and syndication capabilities allow for consideration of a wider range of transactions
- Exclusive unitranche partnership with a top lender to sponsor-backed middle-market companies

EXPERIENCED INVESTMENT TEAM

- Ted Goldthorpe served as President of Apollo Investment Corporation (one of the largest publicly traded U.S. BDCs) and CIO of the sub-advisor to CION Investment Corporation (one of the largest private BDCs)
- Senior team members with strong track record managing assets throughout multiple credit cycles at best-in-class institutions including Goldman Sachs, Apollo and TPG
 - Portfolio monitoring processes developed over 15+ years working with middle-market companies and include serving on corporate boards

HIGH QUALITY UNDERWRITING

- Strong focus on balancing yield while mitigating the risk of principal impairment through financial and structural protection
- Experience with and ability to complete innovative and complex transactions
- Applies the same private equity style investment process employed for over 30 years at BC Partners

Full integration with the BC Partners platform provides an edge at every stage of the investment process

