PORTMAN RIDGE

2020 Q3 Earnings Presentation

November 10, 2020

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Important Information

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 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.

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Executive Summary

Current Market Conditions

- As near-term visibility improved, companies appeared to have a better sense of future business prospects and exhibited more optimism
- We saw M&A and refinance activity begin to pick up, particularly toward the end of the quarter, which we believe could have also been driven by both deals that were paused due to the onset of the pandemic and deals initiated because of the impending election
- With an improved market outlook and secondary trading levels returning close to pre-COVID levels, spreads tightened resulting in valuation appreciation across the risk spectrum
- Despite the improvements, borrowers continue to value certainty and are more willing to accept the tighter covenants and structures of private debt than test the syndicated markets

Quarterly Highlights

- NAV increase of $5.2 million to $126.0 million from June 30, 2020 was mainly attributable to unrealized gains, including $4.6 million on our debt securities portfolio, $1.9 million on our legacy CLO equity positions and $1.1 million on our investment in our joint ventures, offset by realized losses of $1.9 million
- Net investment income for the quarter was $0.06 per share - in line with Portman Ridge's current quarterly distribution, which was announced earlier than typical due to the closing of the merger with Garrison Capital; distribution of $0.06 per share was announced on October 16 to be paid on November 27 to shareholders of record as of October 26
- Repurchased 358,959 shares of stock at an average price of $1.27 per share during the quarter as part of the $10 million stock repurchase plan announced in March 2020 ($9.1 million remaining in plan); established 10b5-1 plan in August 2020 to facilitate a portion of the potential future repurchase activity under the stock repurchase plan
- Non-accruals reduced significantly to $11.8 million at cost (3.2% of total investment portfolio) from $21.5 million at cost (5.9% of total investment portfolio) at June 30, 2020 as Roscoe Medical, Inc. improved to performing and OCI Holdings LLC was sold slightly above its Q2 2020 fair market value

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Current Portfolio Profile(1)

Diversified Portfolio of Assets

65 Debt Portfolio Companies and 102 Separate Securities

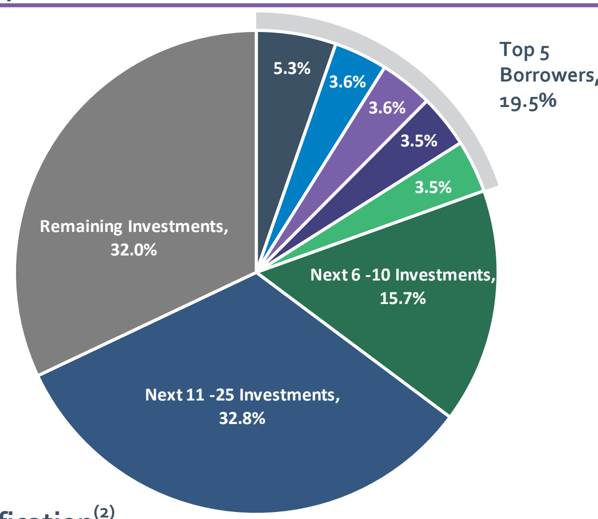
$2.1mm / 1.0% Average Position Size

U.S Centric Investments: ~99% US-Based Companies

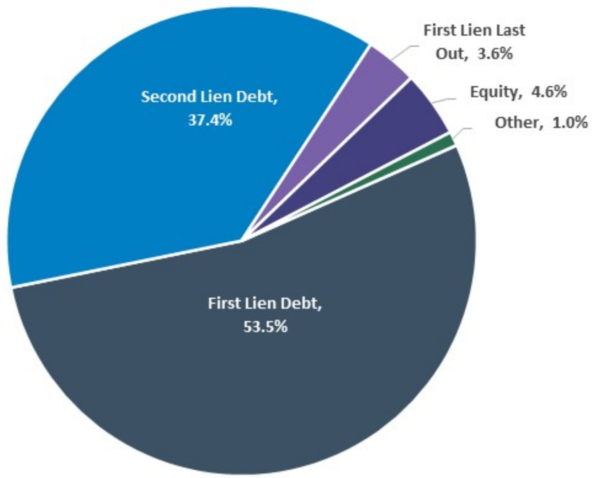
Focus on Non-Cyclical Industries with High FCF Generation

Credit quality has been stable during the rotation period

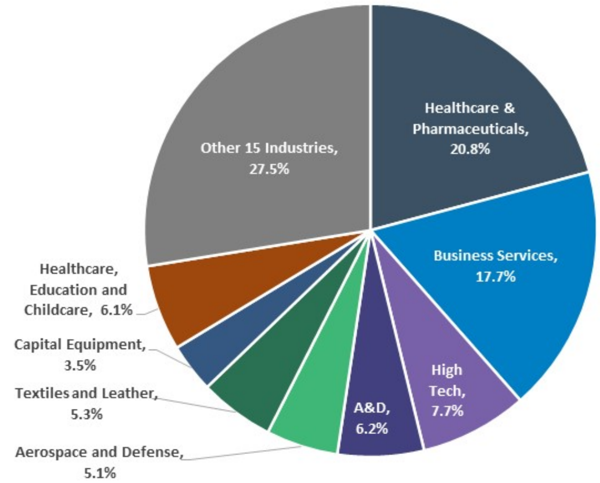
Diversification by Borrower(2)



Asset Mix(2)



Industry Diversification(2)



1. As of September 30, 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

Merger with Garrison Capital Inc.

- On June 24, 2020, the Company entered into a merger agreement with Garrison Capital ("Garrison") for a cash and stock transaction (the "Merger")
- The Merger closed on October 28, 2020 with strong support from both stockholder bases; post closing, Portman Ridge and Garrison stockholders owned approximately 59.0% and 41.0%, respectively, of the combined company
- Garrison stockholders received a $5 million cash payment from an affiliate of BC Partners Advisors, plus merger consideration of (i) approximately $19.1 million in cash from Portman Ridge and (ii) approximately 30.8 million shares of Portman Ridge common stock
- Accordingly, each share of Garrison common stock received (a) $1.50 in cash and (b) 1.917 shares of Portman Ridge common stock
- Total combined assets at closing was approximately $638 million, with the merged portfolio substantially weighted to first lien securities
- Portman Ridge expects the transaction to be accretive in the mid-single digits, driven by the reduction in overhead
- Concurrently with the merger, the Board of Directors was expanded from 7 to 9 members, and Matthew Westwood and Joseph Morea (each of whom previously served as a member of the board of directors of GARS) were appointed to the Board
- We are immediately focused on reducing current leverage and also gradually transitioning the portfolio to be comprised primarily of directly originated senior secured debt investments
- To date, we have sold approximately $87 million of assets originated by Garrison at a slight premium to fair value at the time of the Merger; pro forma for the Merger and these asset sales, Portman Ridge's leverage on a net cash basis (i.e., after the use of net cash on hand to pay down debt once it becomes callable) is approximately 1.4x

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Financial Highlights

($ in '000s)	Q3 2019*	Q4 2019	Q1 2020	Q2 2020	Q3 2020*
Total investment income	**$7,076**	**$6,705**	**$7,754**	**$7,314**	**$7,787**
Management fees	1,026	1,077	1,012	1,008	1,044
Performance-based incentive fees	--	--	102	455	572
Interest and amortization of debt issuance costs	2,281	2,197	2,350	2,395	2,240
Operating expenses	1,527	1,284	1,627	1,311	1,235
Total expenses	4,834	4,559	5,090	5,169	5,090
Management and performance-based incentive fees waived	--	--	(102)	(455)	--
Net expenses	4,834	4,559	4,988	4,714	5,090
Net investment income	**2,242**	**2,147**	**2,766**	**2,600**	**2,696**
Net realized gain/(loss) on investments	(1,176)	1,177	(1,048)	(882)	(1,890)
Net change in unrealized (loss)/gain on investments	(5,317)	1,269	(30,925)	1,565	7,512
Realized loss on debt extinguishment	-	(1,055)	-	-	-
Net (decrease)/increase in net assets resulting from operations	**$(6,493)**	**$3,517**	**$(29,059)**	**$3,283**	**$8,319**

Per Share					
Net Investment Income	$0.06	$0.06	$0.06	$0.06	$0.06
Net Realized and Unrealized Gain / (Loss)	($0.17)	$0.06	($0.71)	$0.02	$0.13
Net Earnings	($0.11)	$0.09	($0.65)	$0.07	$0.19
Distributions declared	$0.06	$0.06	$0.06	$0.06	$0.06
Net Asset Value	$3.55	$3.40	$2.69	$2.71	$2.85

*Year over year comparisons with Q3 2019 may not be directly comparable. The OHAI merger was completed on December 18, 2019.

1. Net of incentive fee waivers of $102 thousand and $459 thousand in Q1 and Q2 2020, respectively.

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Net Asset Value Rollforward

($ in '000s)	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
NAV, Beginning of Period	$139,178	$132,723	$152,199	$120,370	$120,714
Realized Gains (Losses) from Investments	(1,176)	(1,326)[1]	(1,048)	(882)	(1,890)
Unrealized Gains (Losses)	(5,317)	(2,649)[1]	(30,924)	1,565	7,512
Net Investment Income	2,242	2,147	2,766	2, 600	2,697
Net Decrease in Assets Resulting from Distributions	(2,242)	(2,242)	(2,653)	(2,656)	(2,631)
Realized Gains (Losses) from Extinguishment of Debt	--	(1,076)	154	0	--
Impact of OHAI Transaction	--	25,824[2]	--	--	--
Share Repurchase	--	--	(123)	(284)	(456)
OHAI Transaction Expenses	--	(1,238)	--	--	--
Other Equity Changes	38	36	--	--	--
NAV, End of Period	**$132,723**	**$152,199**	**$120,370**	**$120,714**	**$125,946**

Leverage and Asset Coverage					
Debt / Equity	0.9x	1.0x	1.0x	1.3x	1.4x
Asset Coverage	204%	195%	188%	167%	172%

1. Excluding gains from OHAI merger
2. Including gains from OHAI merger

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Portfolio Composition [1]

Investment Portfolio ($ in '000s)	Q4 2019	Q1 2020	Q2 2020	Q3 2020
First Lien Debt	$87,522	$105,379	$117,265	$114,022
Second Lien Debt	95,188	83,926	78,366	79,851
First Lien Last Out	500	8,050	7,619	7,583
Equity Securities	9,864	8,046	9,538	9,703
CLO Fund Securities	31,968	19,671	16,892	18,792
Joint Ventures	45,088	41,475	43,926	46,832
Other	3,559	3,313	5,050	2,077
Ending Balance	**$273,690**	**$269,859**	**$278,655**	**$278,860**

Investment Portfolio (% of total)				
First Lien Debt	32.0%	39.0%	42.1%	40.9%
Second Lien Debt	34.8%	31.1%	28.1%	28.6%
First Lien Last Out	0.2%	3.0%	2.7%	2.7%
Equity Securities	3.6%	3.0%	3.4%	3.5%
CLO Fund Securities	11.7%	7.3%	6.1%	6.7%
Joint Ventures	16.5%	15.4%	15.8%	16.8%
Other	1.3%	1.2%	1.8%	0.7%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

1. At Fair Value. Does not include activity in short-term investments.

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Portfolio Trends[1]

($ in '000s)	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Portfolio Sourcing (at Fair Value):				
Sierra Crest Investment Management	104,223	133,315	149,246	148,289
Legacy KCAP	133,686	106,241	100,653	104,023
Legacy OHAI	35,781	30,303	28,757	26,547
Portfolio Summary:				
Total portfolio, at fair value	**$273,690**	**$269,859**	**$278,655**	**$278,860**
Total number of debt portfolio companies	60	65	68	65
Total number of investments[2]	88	102	108	102
Average size of debt portfolio company investment, at fair value	$3,133	$3,088	$3,072	$3,147
Average size of investment, at fair value	$2,234	$2,046	$2,017	$2,091
Portfolio Yields and Spreads:				
Weighted average yield on debt investments at par value[3]	9.0%	8.2%	7.7%	7.9%
Average Spread to LIBOR	700 bps	685 bps	681 bps	715 bps
Portfolio Activity:				
Beginning Balance	$264,211	$273,690	$269,859	$278,655
Purchases / Draws	73,612	44,959	37,920	5,852
Exits / Repayments / Amortization	(60,155)	(16,818)	(29,807)	(11,133)
Gains / (Losses)	(3,977)	(31,973)	683	5,485
Ending Balance	**$273,690**	**$269,859**	**$278,655**	**$278,860**

1. For comparability purposes, portfolio trends metrics exclude short-term investments
2. CLO holdings and Joint Ventures are excluded from investment count.
3. Excluding non-accrual and partial non-accrual investments and excluding CLO holdings and Joint Ventures.

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Credit Quality

As shown below, the percentage of non-accrual assets (both on a cost and fair value basis) as a percentage of total has been decreasing on a quarter over quarter basis

($ in '000s)	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Investments on Non-Accrual Status				
Number of Non-Accrual Investments	7	9	9	8
Non-Accrual Investments at Cost	$22,691	$24,674	$21,458	$11.764
Non-Accrual Investments as a % of Total Cost	6.8%	6.9%	5.9%	3.2%
Non-Accrual Investments at Fair Value	$15,880	$13,816	$10,325	$3,788
Non-Accrual Investments as a % of Total Fair Value	5.7%	4.8%	3.7%	1.3%

Investments on Non-Accrual Status as of September 30, 2020 ($ in '000s)	Industry	Cost	Fair Value
Advanced Lighting Second Lien Notes	Consumer Goods: Durable	$951	$3
Digitran First Lien Term Loan	High Tech Industries	1,044	489
GI Advo Opco	Healthcare	165	--
GK Holdings	Services: Business	1,494	820
Grupo HIMA Second Lien Term Loan	Healthcare	7,146	1,927
Ravn Air Group	Aerospace & Defense	272	248
Tank Partners Equipment Holdings	Energy: Oil & Gas	620	302
TRSO II	Energy: Oil & Gas	71	--
Total		**$11,764**	**$3,788**

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Corporate Leverage & Liquidity

Cash and Short-term Investments

- Unrestricted cash and short-term investments totaled **$10.9 million** at September 30, 2020
- Restricted cash of **$4.9 million** at September 30, 2020 represents cash held in our revolving credit facility

Debt Summary

- Balanced mix between unsecured and secured borrowings with no near-term maturities

($ millions)	Total Committed Amount	Principal Amount Outstanding	Maturity Date
Corporate Unsecured Revolving Facility	$115	$94.3	12/18/23
6.125% Secured Notes (publicly traded: KCAPL)	n/a	$76.7	9/30/22
Total Debt		**$171.0**	

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Appendix

BC Partners Credit Platform

BC PARTNERS CREDIT: A FULL CREDIT CYCLE INVESTMENT PLATFORM

BC PARTNERS

2017	18	17	c. $4.2bn[1]
FOUNDED PLATFORM	INVESTMENT PROFESSIONALS	AVG. YEARS OF EXPERIENCE OF SENIOR INVESTMENT TEAM	IN AUM ACROSS CREDIT PLATFORM

Yield: $3.3bn in AUM

- Direct lending focused on less competitive segments of the U.S. middle-market
- Balanced portfolio of sponsor-backed and non-sponsor companies
- Proprietary sourcing channels
- High current income generation

Portman Ridge Finance Corporation | BC Partners Lending Corporation | Mount Logan Capital | Other (e.g. SMAs)

Opportunistic: $950m in AUM

- Mandate to invest where other capital is retrenching due to limited duration and regulatory restrictions
- Ability to invest across the capital structure
- Price opportunities with adequate compensation for risk and illiquidity
- Mix of current income and price appreciation

SOF I | SOF II (Currently Fundraising) | Other (e.g. SMAs)

1. Reflects commitments to commingled funds, IMAs, signed term sheets. Figures are subject to completion of certain agreements