

Medley Capital Corporation (NYSE: MCC)

Investor Presentation

Quarter Ended December 31, 2019

Important Notice

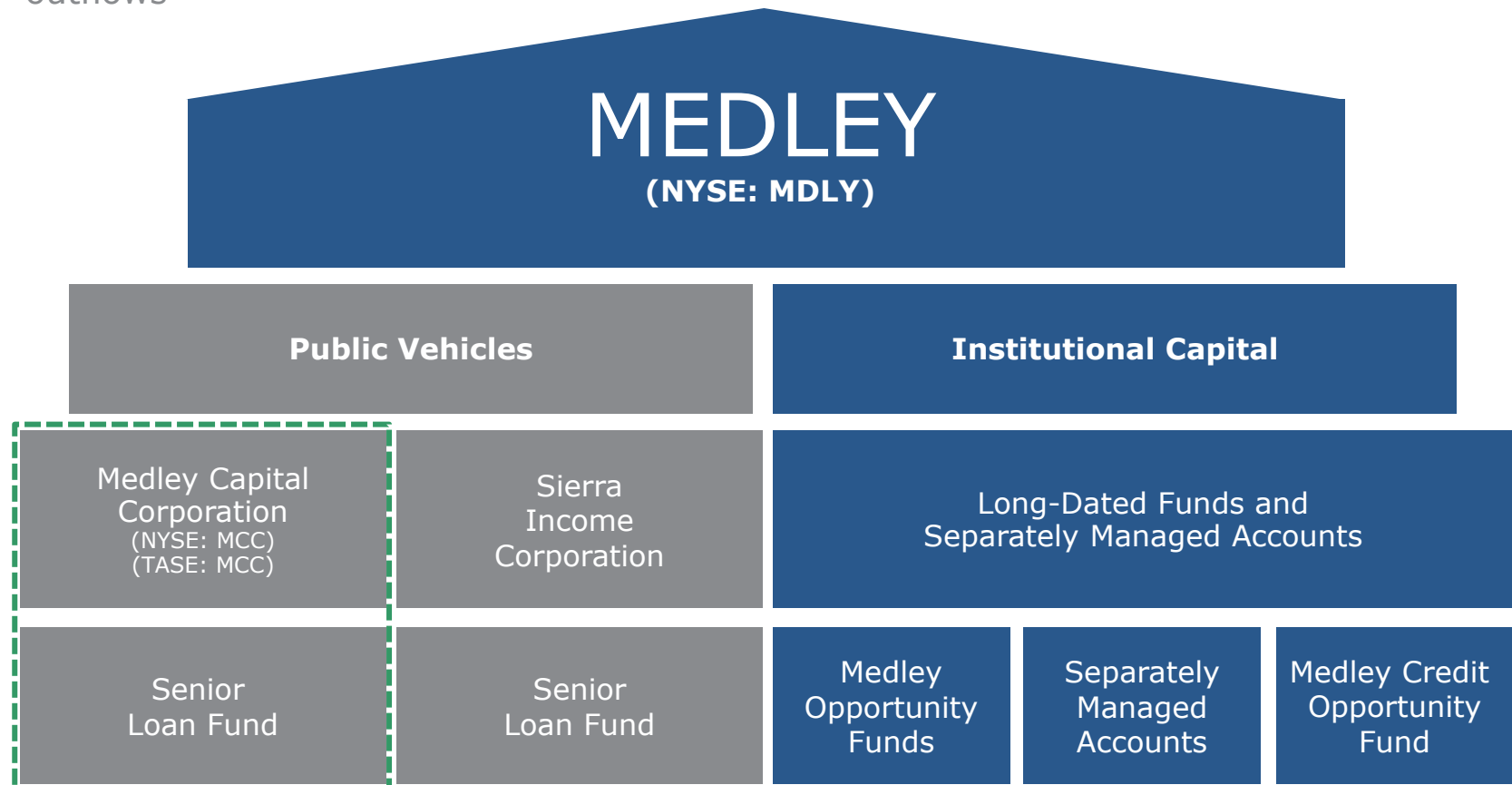
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Diversified AUM Across Multiple Funds

- Broad distribution through public and private vehicles
- Permanent capital, long-dated funds and managed accounts not subject to traditional outflows



Investment Strategy Shift Overview

Beginning in 2015, the MCC lending platform shifted its focus to first lien loans provided to larger, sponsor backed borrowers

- **Results have been strong**
 - New investments post Q2 2015 have produced an IRR of 11.6%¹
 - New investments post Q2 2015 have experienced 0.04% of annualized realized and unrealized losses²
 - One non-accrual out of 42 borrowers' loans originated since the beginning of 2015
- **Significant structural and personnel changes designed to create an effective investing culture**
 - New Head of Investing
 - New Head of Risk
 - Recomposition of the Investment Committee and its subcommittees
 - Added new senior credit and investing professionals
 - Separation of Origination and Underwriting

Source: Management, Past performance is not indicative of future results.

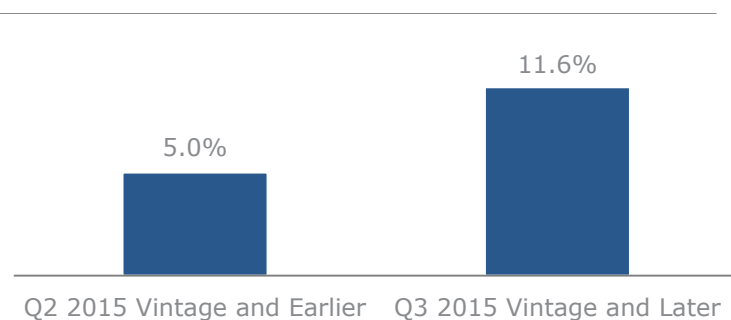
1. IRR includes both realized and unrealized investments and excludes the impact of base management fees, incentive fees and other fund related expenses. For realized investments, the investment returns were calculated based on the actual cash outflows and inflows for each respective investment and include all interest, principal and fee note repayments, dividends and transaction fees, if applicable. For unrealized investments, the investment returns were calculated based on the actual cash outflows and inflows for each respective investment and include all interest, principal and fee note repayments, dividends and transaction fees, if applicable. The investment return assumes that the remaining unrealized portion of the investment is realized at the investment's most recent fair value, as calculated in accordance with GAAP. There can be no assurance that the investments will be realized at these fair values and actual results may differ significantly.

2. Annualized loss utilizes the loss for each realized and unrealized investment over total capital invested during the life of the investment. The terminal value for unrealized investments is the fair market value as of September 30, 2019.

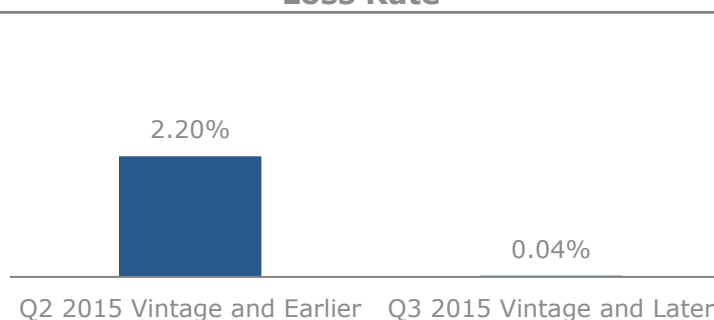
Investment Strategy Shift

- Originations post Q2 2015 continue to perform well with higher asset level IRRs and lower annualized realized loss rates compared to the earlier vintage
- MCC invested total capital of \$392 million in post Q2 2015 vintage investments

MCC IRR¹



MCC Annualized Realized & Unrealized Loss Rate²



Source: Management

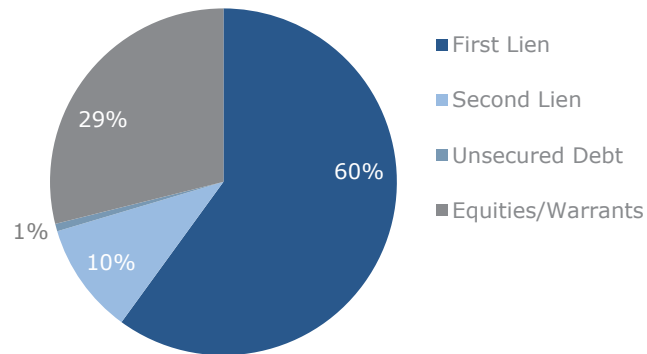
Note: Portfolio data as of September 30, 2019. Past performance is not indicative of future results. For information about past performance prior to 2015 and since inception, see the public filings for MCC.

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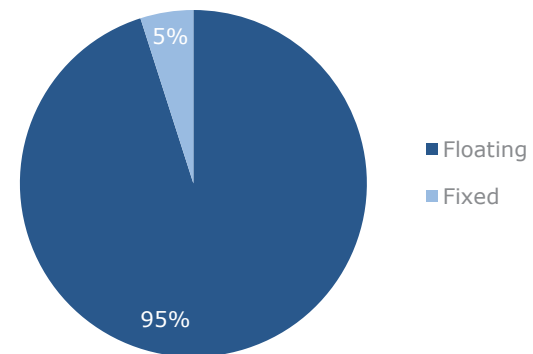
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Diversified Senior Secured Floating Rate Portfolio

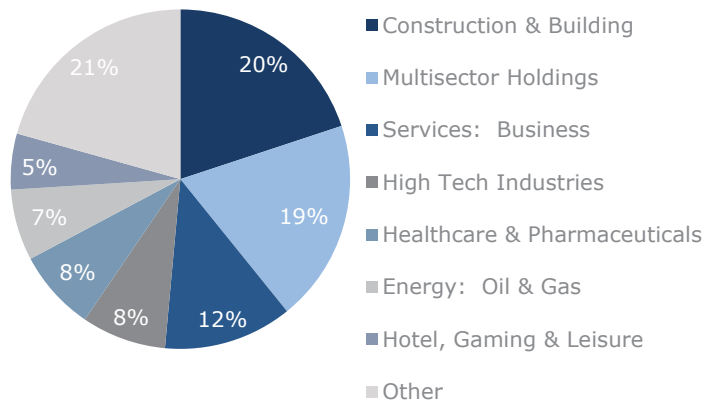
Investment Type¹



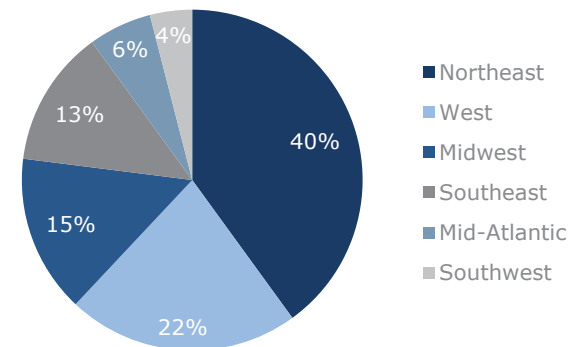
Floating vs Fixed Rate²



Industry³



Geography



Note: Portfolio data as of 12/31/19 based on fair market value. Numbers may not foot due to rounding. Past performance is not indicative of future results.

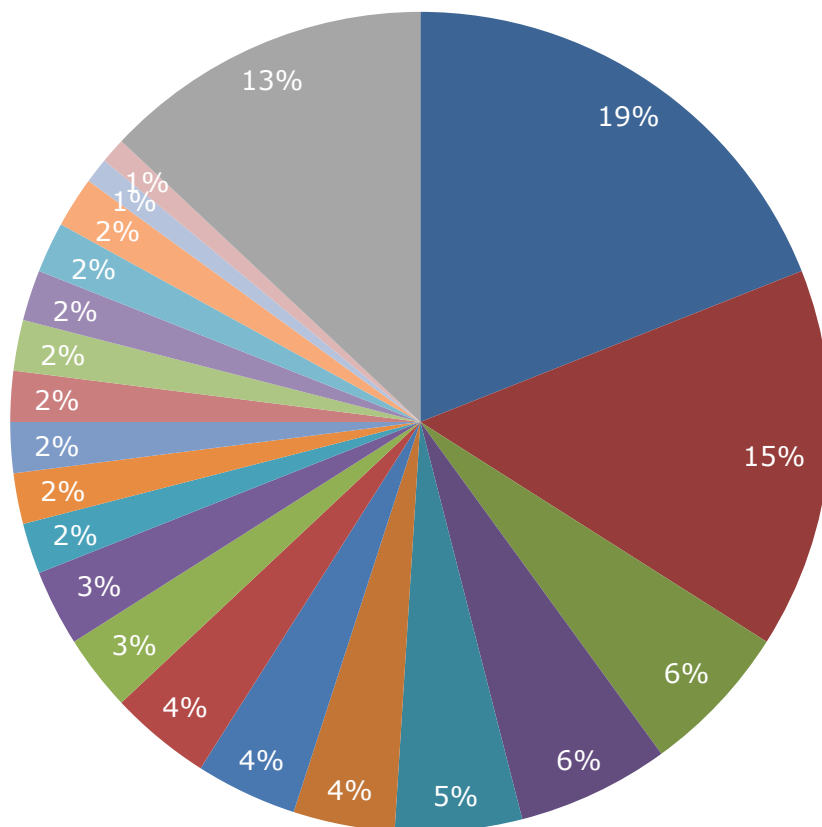
1. MCC SLS JV equity is categorized as First Lien.

2. Based on income bearing investments; excludes preferred and common equity.

3. Other category includes any industry with less than 5% portfolio concentration; "Other" consists of 13 different industries.

Portfolio by Issuer

Top 20 Investments: 87%



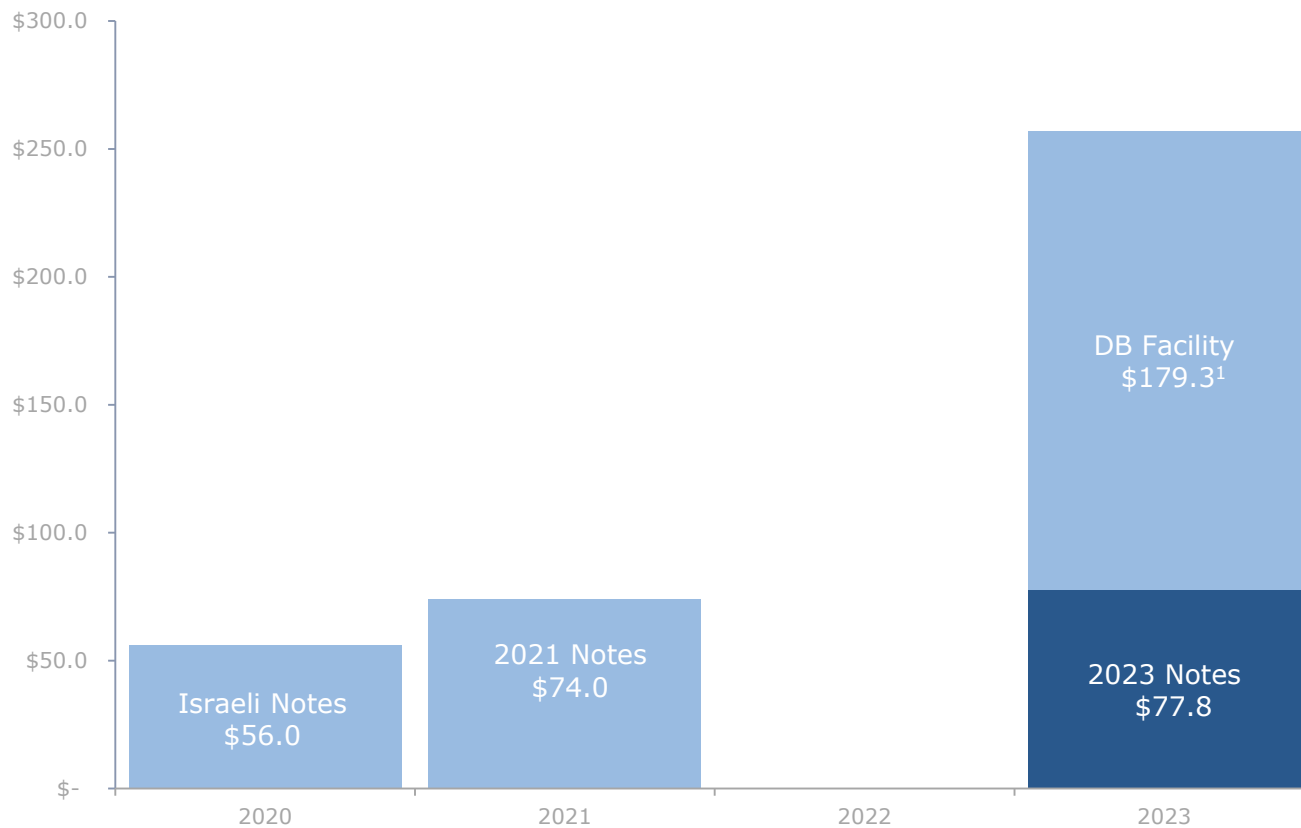
- MCC Senior Loan Strategy JV I LLC
- JFL-NGS Partners, LLC
- 1888 Industrial Services, LLC
- URT Acquisition Holdings Corporation
- Avantor, Inc.
- Autosplice, Inc.
- Path Medical, LLC
- InterFlex Acquisition Company, LLC
- Impact Group, LLC
- US Multifamily, LLC
- NVTN LLC
- Black Angus Steakhouses, LLC
- SFP Holding, Inc.
- Alpine SG, LLC
- Footprint Acquisition, LLC
- Walker Edison Furniture Company LLC
- CT Technologies Intermediate Holdings, Inc.
- Manna Pro Products, LLC
- Dream Finders Homes, LLC
- DataOnline Corp.
- Other

Note: Portfolio includes 46 total issuers; the 13% of Portfolio Issuer Concentration represents 26 MCC borrowers.

Debt Maturity Profile

(\$ in millions)

- MCC's liabilities are 100.0% fixed rate



1. Facility is maintained at MCC Senior Loan Strategy JV I LLC and is not consolidated for GAAP financial reporting purposes.

MCC Financial Results

Performance Overview

- Net asset value of \$4.05 per share for the quarter ended 12/31/19, up 2.0% from \$3.97 at 9/30/19
- Net investment income of \$0.06 per share for the quarter ended 12/31/19
 - Adjusted net investment loss per share excluding merger related expenses, legal discounts and reimbursements¹: \$(0.03)
- The board of directors did not declare a dividend this quarter
- 9.4% portfolio yield as of 12/31/19²

1. Adjusted net investment income is a non-GAAP financial measure. Adjustments include the add back of \$2.5 million of merger related expenses incurred during the quarter, the removal of \$2.9 million of negotiated discounts on legal fees and the removal of \$4.2 million of insurance proceeds received during the quarter. Per share amounts are based on 54,474,211 weighted average shares outstanding for the period.

2. Represents annualized portfolio yield to maturity of income bearing investments, excluding fees, while utilizing industry standard forward LIBOR curve assumptions.

Financial & Portfolio Highlights

Financial Highlights

	12/31/19	9/30/19	6/30/19	3/31/19	12/31/18
Net investment income (loss) per share	\$ 0.06	\$ (0.15)	\$ (0.07)	\$ (0.19)	\$ 0.03
Net realized gains (losses) per share	\$ (0.03)	\$ (0.66)	\$ (0.16)	\$ (0.19)	\$ (1.04)
Loss on extinguishment of Debt	\$ (0.02)	\$ (0.00)	\$ (0.03)	\$ -	\$ -
Net unrealized gains (losses)	\$ 0.07	\$ 0.23	\$ (0.29)	\$ (0.06)	\$ 0.83
Net income (loss) per share ¹	\$ 0.08	\$ (0.58)	\$ (0.56)	\$ (0.45)	\$ (0.18)
Net asset value per share	\$ 4.05	\$ 3.97	\$ 4.55	\$ 5.11	\$ 5.61

Portfolio Highlights

- \$342.0 million total fair value of investments as of December 31, 2019
- \$58.3 million net repayments during quarter ended December 31, 2019

Asset Mix by Investment Type

Asset Class	12/31/2019	9/30/2019	6/30/2019	3/31/2019	12/31/2018
Senior Secured 1st Lien	40.7%	48.6%	52.2%	60.7%	64.0%
Senior Secured 2nd Lien	10.4%	9.2%	7.4%	5.9%	5.7%
Unsecured Debt	0.7%	0.7%	0.6%	0.4%	0.5%
MCC Senior Loan Strategy JV I LLC	19.3%	17.6%	15.3%	12.3%	11.8%
Equity/Warrants	28.9%	23.9%	24.5%	20.7%	18.0%

Asset Mix by Rating

Rating	12/31/2019	9/30/2019	6/30/2019	3/31/2019	12/31/2018
1	23.9%	26.5%	26.6%	34.5%	14.0%
2	42.7%	36.8%	34.1%	37.6%	60.1%
3	28.7%	31.1%	31.8%	17.8%	19.0%
4	-	1.2%	-	3.8%	0.1%
5	4.7%	4.4%	7.5%	6.3%	6.8%

1. May not foot due to rounding.

Select Financial & Portfolio Information

**As of and for the Three Months Ended
 (dollars in millions, except per share data)**

	12/31/19	9/30/19	6/30/19	3/31/19	12/31/18
Net investment income (loss) per share - basic & diluted	\$ 0.06	\$ (0.15)	\$ (0.07)	\$ (0.19)	\$ 0.03
Net realized and unrealized gains (losses) per share - basic & diluted ^{1,2}	0.02	(0.43)	(0.48)	(0.26)	(0.22)
GAAP EPS - basic & diluted ³	0.08	(0.58)	(0.56)	(0.45)	(0.18)
Dividend declared per share	-	-	-	-	0.05
Stockholders' equity	220.6	216.4	248.1	278.3	305.7
Net asset value per share	4.05	3.97	4.55	5.11	5.61
Market Capitalization ⁴	\$ 118.8	\$ 141.1	\$ 127.5	\$ 169.4	\$ 144.9
Common stock data:					
High Price ⁵	2.63	2.81	3.45	3.60	3.95
Low Price ⁵	1.93	2.24	2.20	2.62	2.66
Closing Price	2.18	2.59	2.34	3.11	2.66
Investments at fair value	\$ 342.0	\$ 396.9	\$ 475.8	\$ 612.5	\$ 642.9
% Floating Rate ⁶	83.5%	85.2%	76.6%	80.4%	82.4%
% Fixed Rate ⁶	16.5%	14.8%	23.4%	19.6%	17.6%
Number of Portfolio Companies	46	51	54	60	62
Gross originations for the quarter	\$ 6.7	\$ 7.3	\$ 6.7	\$ 13.3	\$ 39.1
Realizations/amortizations for the quarter	65.0	65.0	120.1	31.0	43.8
Net originations/(realizations) for the quarter	(58.3)	(57.7)	(113.4)	(17.7)	(4.7)

Note: Basic and diluted per share data reflects weighted average common shares outstanding of 54,474,211 as of 12/31/19, 9/30/19, 6/30/19, 3/31/19 and 12/31/18.

1. Inclusive of change in provision for taxes of \$0 for the quarter ended 12/31/19, \$0 for the quarter ended 9/30/19, \$0 for the quarter ended 6/30/19, \$0 for the quarter ended 3/31/19 and \$0 for the quarter ended 12/31/18.

2. Inclusive of loss on extinguishment of debt.

3. May not foot due to rounding.

4. Reflects common shares outstanding of 54,474,211 and a closing price of \$2.18 as of 12/31/19, 54,474,211 and a closing price of \$2.59 as of 9/30/19, 54,474,211 and a closing price of \$2.34 as of 6/30/19, 54,474,211 and a closing price of \$3.11 as of 3/31/19 and 54,474,211 and a closing price of \$2.66 as of 12/31/18 and 54,474,211.

5. Reflects the high and low closing share price during the periods ended 12/31/19, 9/30/19, 6/30/19, 3/31/19 and 12/31/18.

6. Based on income bearing investments.

Balance Sheet

As of
(dollars in thousands, except per share data)

	12/31/19	9/30/19	6/30/19	3/31/19	12/31/18
	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)
ASSETS					
Investments at fair value					
Non-controlled/non-affiliated investments	\$ 138,892	\$ 189,895	\$ 229,402	\$ 351,330	\$ 372,306
Affiliated investments	108,581	99,540	122,953	118,216	110,753
Controlled investments	94,531	107,454	123,424	142,954	159,819
Total investments at fair value	<u>342,004</u>	<u>396,889</u>	<u>475,779</u>	<u>612,500</u>	<u>642,878</u>
Cash and cash equivalents	81,737	68,245	49,444	73,407	62,696
Restricted Cash	-	16,039	-	-	-
Interest receivable	1,221	1,592	3,448	5,779	4,930
Receivable for dispositions and investments sold	632	419	261	512	290
Other assets	6,189	3,083	4,767	3,335	3,676
TOTAL ASSETS	<u>\$ 431,783</u>	<u>\$ 486,267</u>	<u>\$ 533,699</u>	<u>\$ 695,533</u>	<u>\$ 714,470</u>
LIABILITIES					
Notes payable	\$ 204,463	\$ 251,732	\$ 265,719	\$ 265,156	\$ 264,597
SBA debentures payable	-	-	-	133,119	133,013
Management and incentive fees payable	2,008	2,231	2,689	3,084	3,185
Interest and fees payable	802	2,905	4,368	3,008	4,646
Accounts payable, accrued expenses and other liabilities	3,908	12,966	12,843	12,845	3,375
TOTAL LIABILITIES	<u>\$ 211,181</u>	<u>\$ 269,834</u>	<u>\$ 285,619</u>	<u>\$ 417,212</u>	<u>\$ 408,816</u>
NET ASSETS					
Common stock, par value \$.001 per share, 100,000,000 common shares authorized, 54,474,211 common shares issued and outstanding as of December 31, 2019	\$ 54	\$ 54	\$ 54	\$ 54	\$ 54
Capital in excess of par value	673,533	673,533	698,587	698,587	698,587
Total distributable earnings/(loss)	(452,985)	(457,154)	(450,561)	(420,320)	(392,987)
Total net assets	<u>220,602</u>	<u>216,433</u>	<u>248,080</u>	<u>278,321</u>	<u>305,654</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 431,783</u>	<u>\$ 486,267</u>	<u>\$ 533,699</u>	<u>\$ 695,533</u>	<u>\$ 714,470</u>
NET ASSET VALUE PER SHARE	<u>\$ 4.05</u>	<u>\$ 3.97</u>	<u>\$ 4.55</u>	<u>\$ 5.11</u>	<u>\$ 5.61</u>

Corporate Information

Board of Directors

BROOK TAUBE
Chairman & Chief Executive Officer

SETH TAUBE
Director

JEFF TONKEL
Director

ARTHUR AINSBERG
Independent Director

KARIN HIRTLER-GARVEY
Independent Director

DAVID A. LORBER
Independent Director

LOWELL W. ROBINSON
Independent Director

Corporate Officers

BROOK TAUBE
Chairman & Chief Executive Officer

RICHARD T. ALLORTO, JR.
Chief Financial Officer & Secretary

JOHN FREDERICKS
Chief Compliance Officer

Corporate Headquarters

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Head of Capital Markets & Risk
Management
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Washington, DC

Independent Registered Public Accounting Firm

ERNST & YOUNG, LLP
New York, NY

Securities Listing

NYSE: MCC (Common Stock)
MCX (Senior Notes Due 2021)
MCV (Senior Notes Due 2023)
TASE: MCC (Common Stock)
MCC.B1 (Series A Israeli Notes)

Transfer Agent

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