



PennantPark

Floating Rate Capital Ltd.

December 31, 2018

NEW YORK • CHICAGO • HOUSTON • LOS ANGELES • LONDON

Forward-looking Statements and Risk Factors

This presentation may include forward-looking statements. These forward-looking statements include comments with respect to our objectives and strategies and results of our operations.

However, by their nature, these forward-looking statements involve numerous assumptions, uncertainties and opportunities, both general and specific. The risk exists that these statements may not be fulfilled. We caution readers of this presentation not to place undue reliance on these forward-looking statements as a number of factors could cause future company results to differ materially from these statements.

Forward-looking statements may be influenced in particular by factors such as fluctuations in interest rates and stock indices, the effects of competition in the areas in which we operate, and changes in economic, political and regulatory conditions. We caution that the foregoing list is not exhaustive.

When relying on forward-looking statements to make decisions, investors should carefully consider the aforementioned factors as well as other uncertainties and events. The performance data quoted represents past performance and does not guarantee future results. The performance stated may have been due to extraordinary market conditions, which may not be duplicated in the future. Current performance may be lower or higher than the performance data quoted.

We do not undertake to update our forward-looking statements unless required by law.

We refer you to the list of risk factors set forth in our most recent Annual Report on Form 10-K, a copy of which may be obtained on our website at www.pennantpark.com or the SEC's website at www.sec.gov. Specifically, an investment in our common stock involves significant risks, including the risk that the secondary market price of our common stock may decline from the offering price and may be less than our net asset value per share, as well as the risk that the price of our common stock in the secondary market may be highly volatile. Please see a discussion of these risks and other related risks in our most recent Annual Report on Form 10-K under Item 1A - "Risks Relating to an Investment in Our Common Stock".

This is not a prospectus and should under no circumstances be understood to be an offer to sell, or a solicitation of an offer to buy, any security of PennantPark Investment Corporation or PennantPark Floating Rate Capital Ltd. These materials and the presentations of which they are a part, and the summaries contained herein, do not purport to be complete and no obligation to update or otherwise revise such information is being assumed. This presentation contains only such information as is set forth in our reports on Form 10-K or 10-Q and we direct you to these reports for further information on our business including investment objectives, risks and expenses.

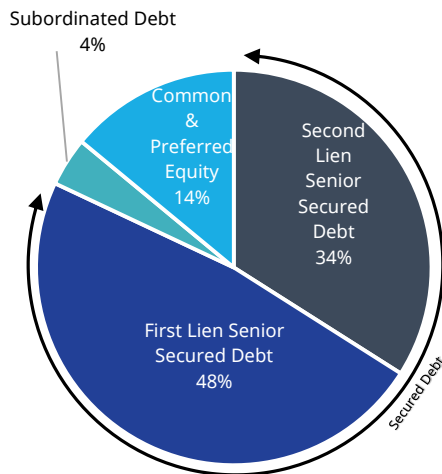
Established Credit Platform

PennantPark Investment Advisers, LLC

\$2.8 billion total Assets Under Management

PennantPark Investment Corporation

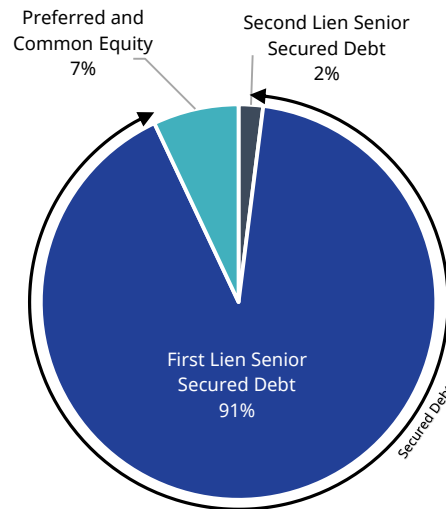
- NASDAQ: "PNNT"
- IPO Date: April 2007
- 82% Secured Debt



\$1,191 million
90% Floating Rate

PennantPark Floating Rate Capital Ltd.

- NASDAQ & TASE: "PFLT"
- IPO Date: April 2011
- 93% Secured Debt



\$980 million
100% Floating Rate

Established Investment Platform

- PennantPark Investment Advisers founded 12 years ago before the financial crisis
- Deep expertise in middle market direct lending
- Longer investment horizon with attractive publicly traded model
- Cohesive, experienced team

PFLT

- \$449 million Market Capitalization
- \$13.66 Net Asset Value per Share
- 100% of Portfolio is Floating Rate
- Benefitting from increasing LIBOR

PennantPark Investment Advisers, LLC

Founded in 2007
Funded \$9B in 507 companies

Disciplined Investor

- Value oriented with goal of capital preservation
- Focused approach to ensure good risk/reward
- Patient and prudently leveraged to capture returns during dislocations

Relationship & Solution Driven

- Team approach
- Build long term relationships – trusted partner
- Independent and conflict free

Middle Market Focus

- Companies with EBITDA of \$10 - \$100 million
- Solutions that traditional lenders find increasingly difficult

Consistent Performance & Track Record

- Low volatility of underlying portfolio EBITDA through the Great Recession

PFLT

- Only 5 non-accruals out of 344 companies since inception
- Blended recovery of 98% on non-accruals

PFLT

Conservative Portfolio Construction

- 85 companies in 24 different industries
- Weighted average debt/EBITDA through PFLT security is 4.6x
- Weighted average cash interest coverage is 2.7x
- 91% of portfolio is first lien senior secured
- 100% of portfolio is floating rate

Why is PFLT Well Positioned?

Experienced Team

- Decades of experience in middle market sponsor-driven direct lending
- Investment committee has worked together for over 20 years
- Stable, consistent investment team
- Headquarters in New York with offices in Los Angeles, Chicago, Houston, and London

Expansive Relationship Network

- Independent
- Established institutionalized relationships
- Focus on building long-term trust
- Brand recognition with about 180 sponsors financed

Strong Capital Base

- Permanent equity capital of \$530 million
- Monthly dividend of 9.5 cents per share
- Leader in the BDC space as measured by expense and efficiency ratios
- Senior Secured Loan Fund Joint Venture, PSSSL, with Kemper Corporation has up to \$630 million of investment capacity
- Debt/Equity Ratio now targeted at 1.4 – 1.7x should improve ROE while maintaining a prudent debt profile

Attractive and Diversified Financing

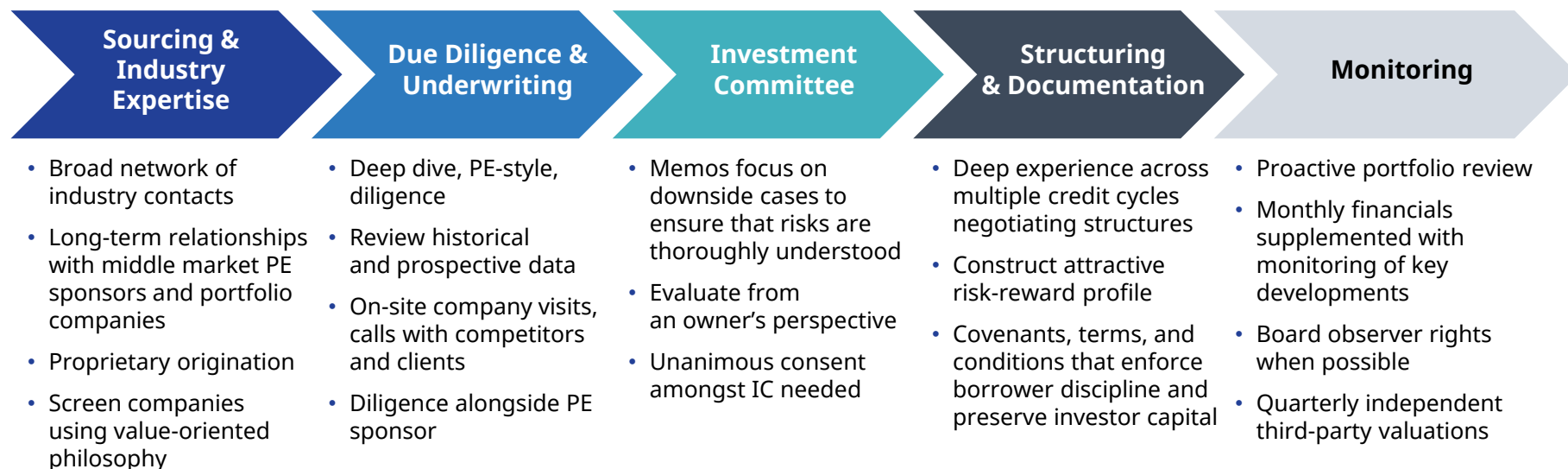
- \$520 million of credit facility at L+225
- \$139 million, long-term, 3.83% bond offering in Israel
- Credit facility uses cost accounting on underlying portfolio
- Credit facility is marked to market for asset coverage test

Underwriting Philosophy & Process¹

Investment Philosophy

- ▶ Capital preservation is paramount when investing in middle-market companies
- ▶ Focus on companies in non-cyclical industries that have a viable reason to exist
- ▶ Documentation is critical

Underwriting Process

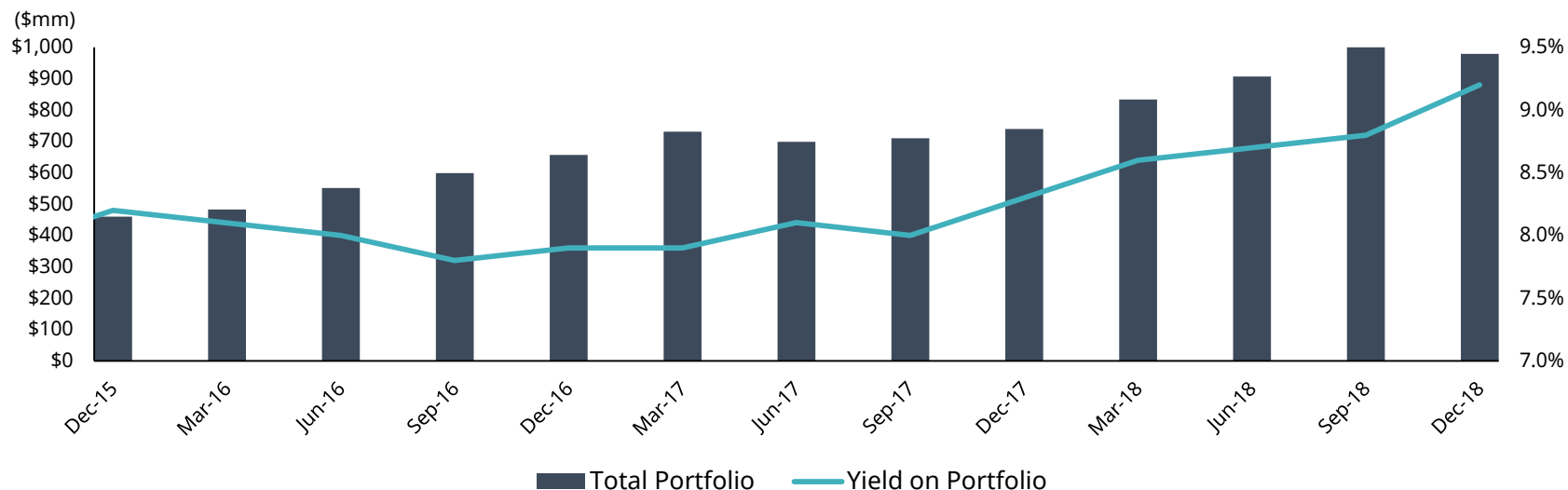


1. The execution of the investment process described herein indicates the Manager's current approach to investing, and this investment approach may be modified in the future by the Manager in its sole discretion at any time and without further notice to investors in response to changing market conditions, or in any manner it believes is consistent with the overall investment objective of an individual fund/vehicle.

PFLT Has a Compelling Track Record

- ▶ **Portfolio growth has been measured and consistent with market opportunity**
- ▶ **Low loss experience: Only one basis point of net realized and unrealized loss since inception**
 - Only 5 non-accruals out of 344 companies since inception, despite recession and credit crisis
 - Strong track record of capital recovery – Blended recovery of 98% on non-accruals¹
- ▶ **100% floating rate portfolio benefitting from increasing LIBOR**

Portfolio Size and Debt Yield

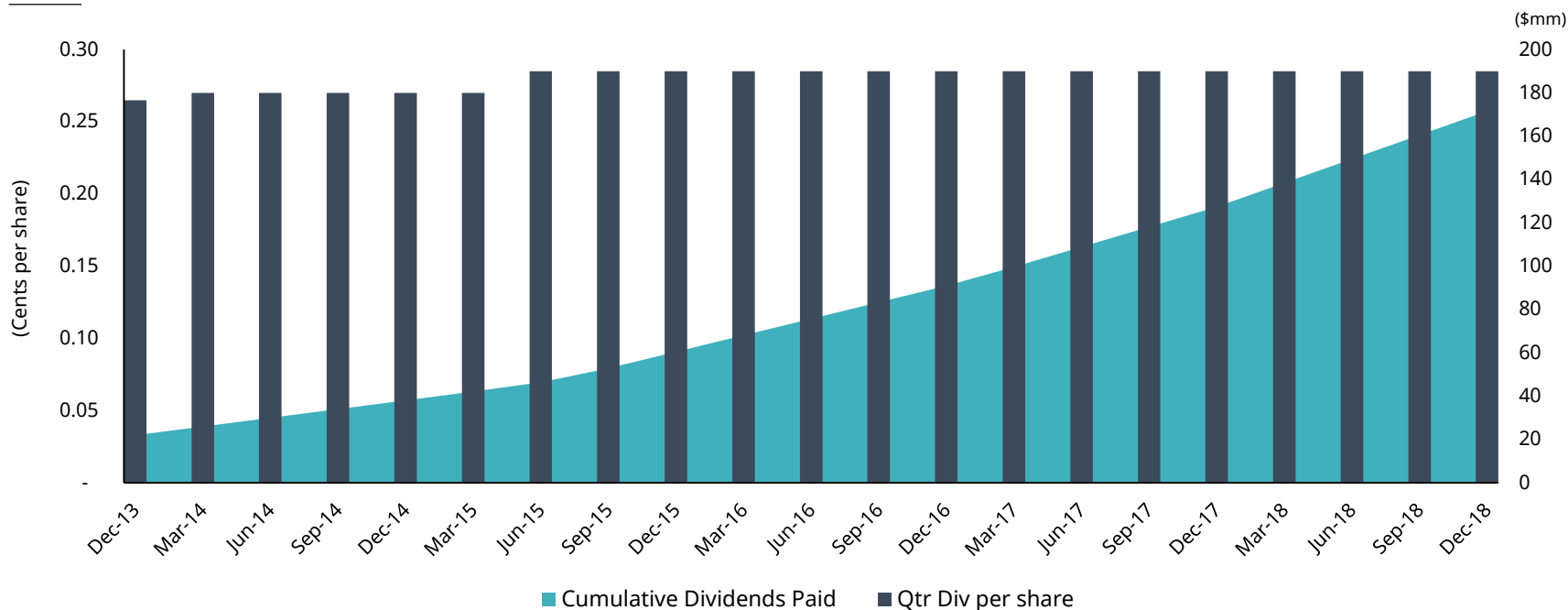


1. Realized and unrealized.

PFLT Has a Compelling Track Record

- ▶ Consistent, steady dividend stream since inception
- ▶ Run rate net investment income covers the dividend
- ▶ Net investment income positioned for growth with a gradual increase in the Debt to Equity ratio

Quarterly Dividends & Cumulative Dividends Paid

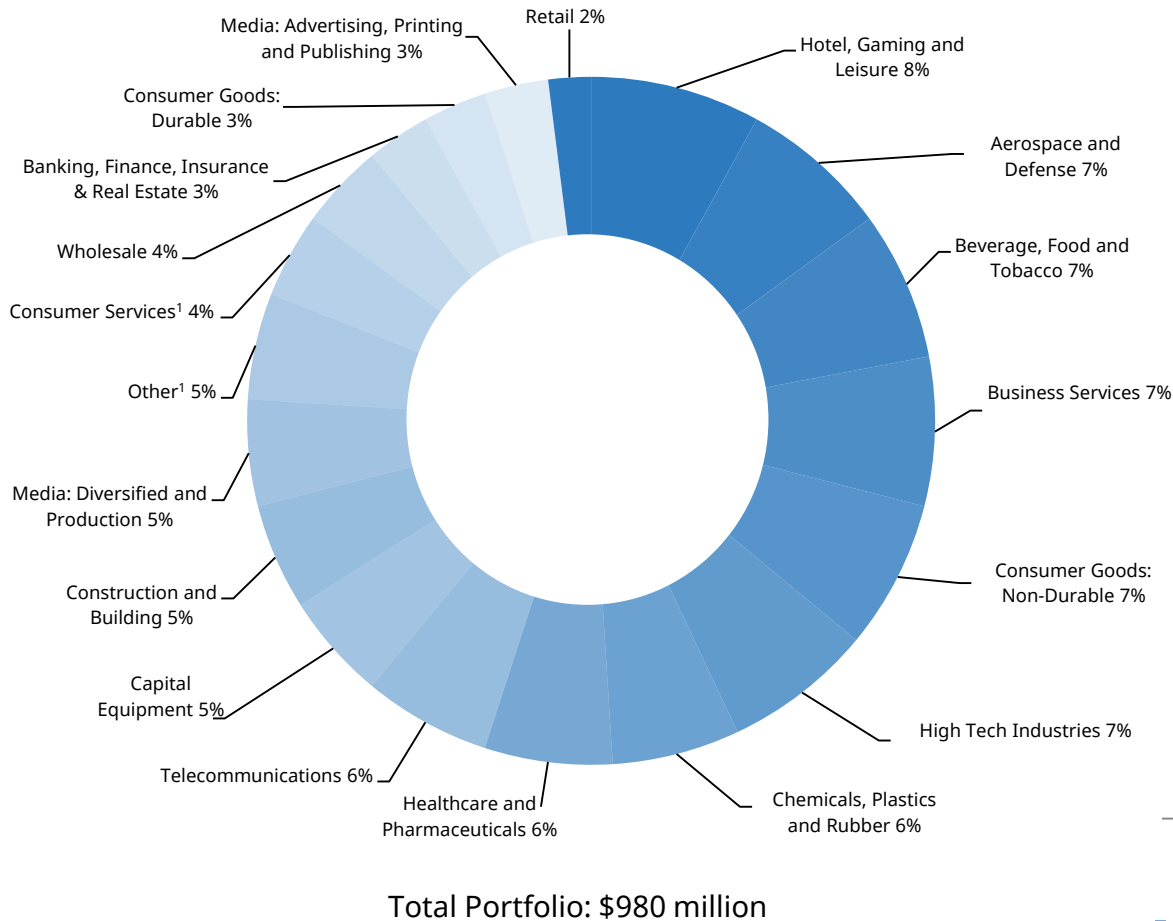


Senior Secured Loan Fund

- ▶ **Invests in primarily middle market, directly originated first lien loans**
- ▶ **\$630 million of total capacity**
- ▶ **Total commitments of \$210 million in first lien notes and equity from PFLT and Kemper Corporation**
- ▶ **Up to \$420 million of third party debt financing**
- ▶ **Expands ability to serve sponsor and borrower clients with larger bite sizes**
- ▶ **Leads to higher ROE and NII per share for PFLT**

Overall Portfolio as of December 31, 2018

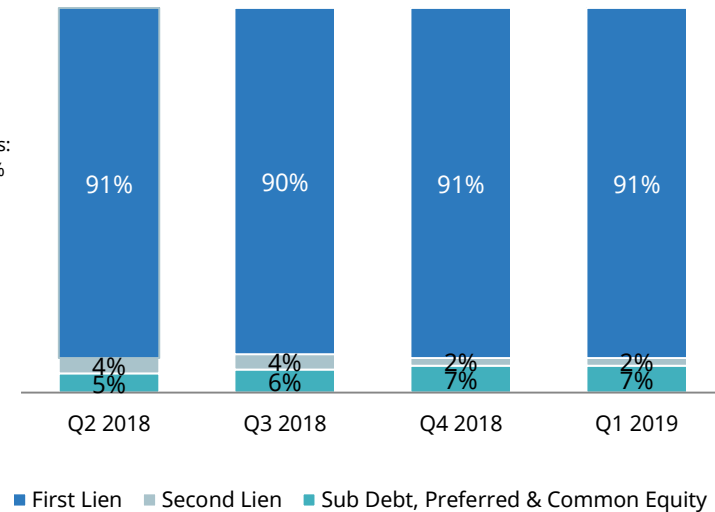
Highly Diversified Industry Mix¹



Portfolio Overview

- ▶ 85 Different Companies
- ▶ Average Investment Size: \$11.5 million
- ▶ Yield at Cost on Debt Portfolio: 9.2%
- ▶ 100% Floating Rate Investments
- ▶ Annualized Dividend Yield of 9.9%

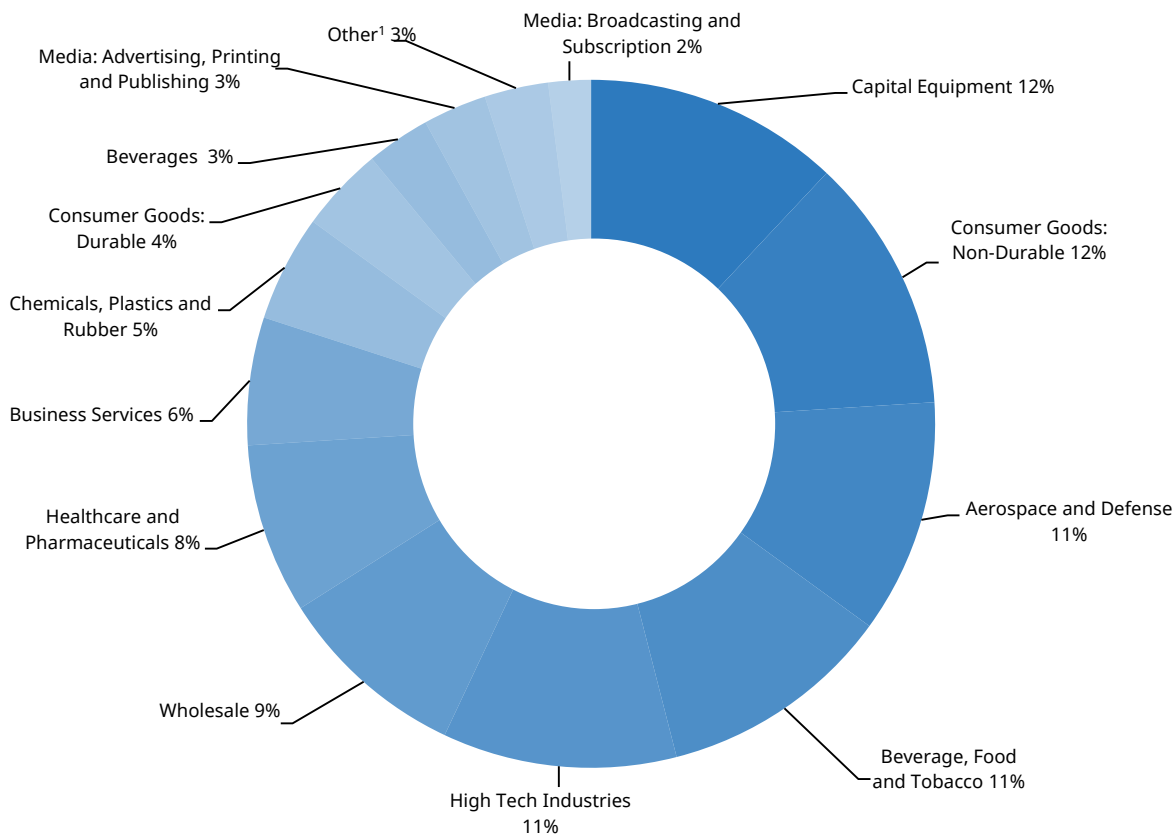
Portfolio Mix



1. Excluding investment in PSSL. Total of 24 industries. "Other" includes Beverages / Building Products / Environmental Industries / Media: Broadcasting and Subscription / Software / Transportation: Consumer.

PSSL Portfolio as of December 31, 2018

Highly Diversified Industry Mix¹



Total Portfolio: \$493 million

Portfolio Overview

- ▶ 43 Different Companies
- ▶ Average Investment Size: \$11.5 million
- ▶ Yield at Cost on Debt Portfolio: 8.2%
- ▶ 100% Floating Rate Investments
- ▶ 100% First Lien Investments

1. Total of 17 industries. "Other" includes Banking, Finance, Insurance and Real Estate / Media: Diversified and Production / Retail / Transportation: Consumer.

Selected Financial Highlights





















(\$mm, except per share data)	March Q2 2018	June Q3 2018	September Q4 2018	December Q1 2019
Investment Portfolio	\$834	\$907	\$1,001	\$980
PFLT Investment in PSSL	\$77	\$120	\$146	\$162
PSSL Investment Portfolio	\$221	\$347	\$425	\$493
Debt (Cost)	\$329	\$394	\$472	\$489
Net Assets	\$542	\$536	\$536	\$530
Ending Debt to Equity	0.60x	0.73x	0.87x	0.90x
PFLT Originations	\$139	\$165	\$202	\$181
PSSL Originations	\$80	\$143	\$101	\$142
Per Share Data:				
Net Asset Value	\$13.98	\$13.82	\$13.82	\$13.66
Core Net Investment Income ¹	\$0.24	\$0.28	\$0.29	\$0.30
Dividends declared	\$0.285	\$0.285	\$0.285	\$0.285

1. Core Net Investment Income per Share is a non-GAAP financial measure.

Strategy Targeted to Deliver Returns

- ▶ **Proprietary sourcing network**
- ▶ **Free cash flow and de-leveraging**
- ▶ **Dividends with capital preservation**
- ▶ **Less risky middle market companies**
- ▶ **Captured by interest payments on primarily secured debt**

Selected Investments

 <p>Revolver First Lien Secured Debt</p> <p>J.F. Lehman & Company</p>	 <p>First Lien Secured Debt</p> <p>Gauge Capital</p>	 <p>Revolver First Lien Secured Debt Equity</p> <p>Sagewind Capital</p>	 <p>Revolver First Lien Secured Debt Delayed-Draw Term Loan</p> <p>Quad-C Management</p>	 <p>Revolver First Lien Secured Debt</p> <p>Altamont Capital Partners</p>
 <p>Revolver First Lien Term Loan Equity</p> <p>Lightyear Capital</p>	 <p>First Lien Secured Debt</p> <p>Snow Phipps Group</p>	 <p>Revolver First Lien Secured Debt</p> <p>Zelnick Media Capital</p>	 <p>First Lien Secured Debt Delayed-Draw Term Loan</p> <p>CI Capital Partners</p>	 <p>Revolver First Lien Term Loan Equity</p> <p>Norwest Equity Partners</p>
 <p>Revolver First Lien Secured Debt</p> <p>Atlantic Street Capital</p>	 <p>Revolver First Lien Secured Debt</p> <p>Sentinel Capital Partners</p>	 <p>Revolver First Lien Secured Debt</p> <p>Windjammer Capital</p>	 <p>First Lien Secured Debt</p> <p>Summit Partners LP</p>	 <p>First Lien Secured Debt Delayed-Draw Term Loan</p> <p>Morgan Stanley Private Equity</p>
 <p>Revolver First Lien Secured Debt</p> <p>Platte River Equity</p>	 <p>Revolver First Term Loan</p> <p>MidOcean Partners</p>	 <p>First Lien Secured Debt</p> <p>Tower Arch Capital</p>	 <p>Revolver First Lien Term Loan</p> <p>Arlington Capital Partners</p>	 <p>First Lien Secured Debt</p> <p>Snow Phipps Group</p>