

ARES CAPITAL CORP
Form 10-Q
November 05, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2013

OR

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period to

Commission File No. 814-00663

ARES CAPITAL CORPORATION

(Exact name of Registrant as specified in its charter)

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Maryland
(State or other jurisdiction of
incorporation or organization)

33-1089684
(I.R.S. Employer
Identification Number)

245 Park Avenue, 44th Floor, New York, NY 10167

(Address of principal executive office) (Zip Code)

(212) 750-7300

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

| Class | Outstanding at November 4, 2013 |
|---------------------------------|---------------------------------|
| Common stock, \$0.001 par value | 281,246,111 |

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ARES CAPITAL CORPORATION

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(in thousands, except per share data)

| | September 30, 2013 (unaudited) | As of | December 31, 2012 |
|------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-------|-------------------|
| ASSETS | | | |
| Investments at fair value | | | |
| Non-controlled/non-affiliate investments | \$ 5,016,880 | \$ | 3,822,715 |
| Non-controlled affiliate company investments | 278,630 | | 323,059 |
| Controlled affiliate company investments | 2,089,775 | | 1,778,781 |
| Total investments at fair value (amortized cost of \$7,277,712 and \$5,823,451, respectively) | 7,385,285 | | 5,924,555 |
| Cash and cash equivalents | 135,487 | | 269,043 |
| Receivable for open trades | 13,121 | | 131 |
| Interest receivable | 120,503 | | 108,998 |
| Other assets | 99,749 | | 98,497 |
| Total assets | \$ 7,754,145 | \$ | 6,401,224 |
| LIABILITIES | | | |
| Debt | \$ 3,137,883 | \$ | 2,195,872 |
| Management and incentive fees payable | 136,196 | | 131,585 |
| Accounts payable and other liabilities | 58,202 | | 53,178 |
| Interest and facility fees payable | 28,860 | | 30,603 |
| Payable for open trades | 648 | | 1,640 |
| Total liabilities | 3,361,789 | | 2,412,878 |
| Commitments and contingencies (Note 6) | | | |
| STOCKHOLDERS' EQUITY | | | |
| Common stock, par value \$.001 per share, 500,000 common shares authorized 268,596 and 248,653 common shares issued and outstanding, respectively | 269 | | 249 |
| Capital in excess of par value | 4,465,173 | | 4,117,517 |
| Accumulated overdistributed net investment income | (7,317) | | (27,910) |
| Accumulated net realized loss on investments, foreign currency transactions, extinguishment of debt and other assets | (173,342) | | (202,614) |
| Net unrealized gain on investments | 107,573 | | 101,104 |
| Total stockholders' equity | 4,392,356 | | 3,988,346 |
| Total liabilities and stockholders' equity | \$ 7,754,145 | \$ | 6,401,224 |
| NET ASSETS PER SHARE | \$ 16.35 | \$ | 16.04 |

See accompanying notes to consolidated financial statements.

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| | For the three months ended | | For the nine months ended | |
|-------------------------------------------------------------------------------|----------------------------|--------------------|---------------------------|--------------------|
| | September 30, 2013 | September 30, 2012 | September 30, 2013 | September 30, 2012 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| INVESTMENT INCOME: | | | | |
| From non-controlled/non-affiliate company investments: | | | | |
| Interest income from investments | \$ 102,222 | \$ 84,767 | \$ 281,734 | \$ 234,127 |
| Capital structuring service fees | 18,257 | 20,324 | 35,888 | 40,769 |
| Dividend income | 4,486 | 3,821 | 13,583 | 11,144 |
| Management and other fees | 286 | 334 | 949 | 994 |
| Other income | 3,612 | 2,156 | 12,944 | 9,371 |
| Total investment income from non-controlled/non-affiliate company investments | 128,863 | 111,402 | 345,098 | 296,405 |
| From non-controlled affiliate company investments: | | | | |
| Interest income from investments | 4,097 | 6,185 | 15,748 | 16,444 |
| Capital structuring service fees | | | | 895 |
| Dividend income | 5,258 | 147 | 6,421 | 786 |
| Management and other fees | | 63 | | 189 |
| Other income | 37 | 38 | 166 | 332 |
| Total investment income from non-controlled affiliate company investments | 9,392 | 6,433 | 22,335 | 18,646 |
| From controlled affiliate company investments: | | | | |
| Interest income from investments | 63,304 | 53,686 | 174,287 | 164,994 |
| Capital structuring service fees | 13,298 | 9,251 | 25,807 | 26,838 |
| Dividend income | 25,104 | 5,432 | 62,711 | 15,627 |
| Management and other fees | 5,098 | 4,310 | 13,926 | 12,968 |
| Other income | 1,742 | 58 | 3,815 | 387 |
| Total investment income from controlled affiliate company investments | 108,546 | 72,737 | 280,546 | 220,814 |
| Total investment income | 246,801 | 190,572 | 647,979 | 535,865 |
| EXPENSES: | | | | |
| Interest and credit facility fees | 44,424 | 35,702 | 124,032 | 103,496 |
| Base management fees | 27,467 | 22,316 | 75,587 | 63,113 |
| Incentive fees | 35,199 | 34,139 | 88,658 | 83,258 |
| Professional fees | 3,143 | 1,923 | 10,023 | 9,157 |
| Administrative fees | 3,346 | 2,269 | 8,544 | 6,806 |
| Other general and administrative | 3,009 | 2,726 | 10,525 | 8,001 |
| Total expenses | 116,588 | 99,075 | 317,369 | 273,831 |

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| | For the three months ended | | For the nine months ended | |
|--------------------------------------------------------------------------------|----------------------------|--------------------|---------------------------|--------------------|
| | September 30, 2013 | September 30, 2012 | September 30, 2013 | September 30, 2012 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| NET INVESTMENT INCOME BEFORE INCOME TAXES | 130,213 | 91,497 | 330,610 | 262,034 |
| Income tax expense, including excise tax | 3,991 | 2,037 | 11,714 | 7,635 |
| NET INVESTMENT INCOME | 126,222 | 89,460 | 318,896 | 254,399 |
| REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS: | | | | |
| Net realized gains (losses): | | | | |
| Non-controlled/non-affiliate company investments | 7,877 | 26,134 | 24,305 | (8,444) |
| Non-controlled affiliate company investments | 63 | 51 | 208 | 122 |
| Controlled affiliate company investments | 1,006 | 1,482 | 4,759 | (10,579) |
| Net realized gains (losses) | 8,946 | 27,667 | 29,272 | (18,901) |
| Net unrealized gains (losses): | | | | |
| Non-controlled/non-affiliate company investments | 3,817 | 14,293 | 27,915 | 53,515 |
| Non-controlled affiliate company investments | (7,812) | 2,425 | (9,745) | 16,556 |
| Controlled affiliate company investments | 9,624 | 2,710 | (11,701) | 30,143 |
| Net unrealized gains | 5,629 | 19,428 | 6,469 | 100,214 |
| Net realized and unrealized gains from investments | 14,575 | 47,095 | 35,741 | 81,313 |
| REALIZED LOSS ON EXTINGUISHMENT OF DEBT | | | | (2,678) |
| NET INCREASE IN STOCKHOLDERS' EQUITY RESULTING FROM OPERATIONS | \$ 140,797 | \$ 136,555 | \$ 354,637 | \$ 333,034 |
| BASIC AND DILUTED EARNINGS PER COMMON SHARE (Note 9) | \$ 0.52 | \$ 0.59 | \$ 1.36 | \$ 1.49 |
| WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING BASIC AND DILUTED (Note 9) | 268,312 | 233,126 | 261,120 | 224,049 |

See accompanying notes to consolidated financial statements.

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ARES CAPITAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED SCHEDULE OF INVESTMENTS

As of September 30, 2013

(dollar amounts in thousands)

(unaudited)

| Investment Funds and Vehicles | | | | | | |
|------------------------------------------------------------------|------------------------------------|---------------------------------------------------------|-----------------------------|------------|-----------|--------------|
| CIC Flex, LP (9) | Investment partnership | Limited partnership units (0.94 units) | | 9/7/2007 | 962 | 2,908(2) |
| Dynamic India Fund IV, LLC (9) | Investment company | Member interest (5.44% interest) | | 4/1/2010 | 4,822 | 3,228 |
| Imperial Capital Private Opportunities, LP (9) | Investment partnership | Limited partnership interest (80.00% interest) | | 5/10/2007 | 5,731 | 12,571(2) |
| Partnership Capital Growth Investors III, L.P. (9) | Investment partnership | Limited partnership interest (2.50% interest) | | 10/5/2011 | 2,632 | 2,610(2) |
| Senior Secured Loan Fund LLC (7)(10) | Co-investment vehicle | Subordinated certificates (\$1,570,285 par due 12/2022) | 8.27% (Libor + 8.00%/Q)(22) | 10/30/2009 | 1,568,578 | 1,593,839 |
| | | | | | 1,568,578 | 1,593,839 |
| | | | | | 1,586,485 | 1,622,123 |
| | | | | | | 36.93% |
| AxelaCare Holdings, Inc. and AxelaCare Investment Holdings, L.P. | Provider of home infusion services | First lien senior secured loan (\$7,453 par due 4/2019) | 5.75% (Libor + 4.50%/Q) | 4/12/2013 | 7,453 | 7,453(2)(21) |
| | | | | 4/12/2013 | 7 | 9(2) |

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| | | Common units (75,000 units) | | | | |
|----------------------------------------------------------------------------------|-------------------------------------------|-----------------------------------------------------------|-----------------------------|------------|--------|---------------|
| California Forensic Medical Group, Incorporated | Correctional facility healthcare operator | First lien senior secured loan (\$53,775 par due 11/2018) | 9.25% (Libor + 8.00%/Q) | 11/16/2012 | 53,775 | 53,775(3)(21) |
| CT Technologies Intermediate Holdings, Inc. and CT Technologies Holdings LLC (6) | Healthcare analysis services provider | First lien senior secured loan (\$5,102 par due 3/2017) | 8.75% (Base Rate + 5.50%/M) | 3/15/2011 | 5,102 | 5,102(2)(21) |
| | | First lien senior secured loan (\$2,348 par due 3/2017) | 7.75% (Libor + 6.50%/M) | 3/15/2011 | 2,348 | 2,348(2)(21) |
| | | Class A common stock (9,679 shares) | | 6/15/2007 | 4,000 | 6,448(2) |
| | | | | | 18,513 | 22,739 |
| | | Second lien senior secured loan (\$56,500 par due 2/2021) | 9.75% (Libor + 8.50%/Q) | 8/16/2013 | 56,500 | 56,500(2)(21) |
| Genocea Biosciences, Inc. | Vaccine discovery technology company | First lien senior secured loan (\$3,500 par due 4/2017) | 8.00% | 9/30/2013 | 3,430 | 3,500(2) |
| | | | | | 3,430 | 3,500 |

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As of September 30, 2013

(dollar amounts in thousands)

(unaudited)

| | | | | | | |
|--------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------|-----------|---------|----------------|
| INC Research, Inc. | Pharmaceutical and biotechnology consulting services | Common stock (1,410,000 shares) | | 9/27/2010 | 1,512 | 1,381(2) |
| JHP Group Holdings, Inc. | Marketer and manufacturer of branded and generic specialty pharmaceutical products | Series A preferred stock (1,000,000 shares) | 6.00% PIK | 2/19/2013 | 1,000 | 1,470(2) |
| Magnacare Holdings, Inc., Magnacare Administrative Services, LLC, and Magnacare, LLC | Healthcare professional provider | First lien senior secured loan (\$135,610 par due 3/2018) | 9.00% (Libor + 8.00%/Q) | 9/15/2010 | 136,251 | 135,610(2)(21) |
| | | First lien senior secured loan (\$4,747 par due 3/2018) | 9.00% (Libor + 8.00%/Q) | 3/16/2012 | 4,747 | 4,747(4)(21) |
| MW Dental Holding Corp. | Dental services provider | First lien senior secured revolving loan (\$3,500 par due 4/2017) | 8.50% (Libor + 7.00%/M) | 4/12/2011 | 3,500 | 3,500(2)(21) |
| | | First lien senior secured loan (\$48,881 par due 4/2017) | 8.50% (Libor + 7.00%/M) | 4/12/2011 | 48,881 | 48,881(3)(21) |
| | | | | | 119,811 | 119,811 |
| | | First lien senior secured loan (\$33,350 par due | 6.50% (Libor + 5.25%/Q) | 4/15/2011 | 33,283 | 33,350(3)(21) |

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| | | 4/2018) | | | | |
|-------------------------------------------|----------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|-------------------------|------------|--------|-------------------|
| | | | | | 61,838 | 64,045 |
| | | First lien senior secured loan (\$36,492 par due 12/2017) | 7.25% (Libor + 6.00%/Q) | 12/18/2012 | 36,492 | 36,492(2)(18)(21) |
| | | | | | 41,843 | 41,882 |
| OnCURE Medical Corp. | Radiation oncology care provider | Common stock (857,143 shares) | | 8/18/2006 | 3,000 | (2) |
| | | Common stock (16,106 shares) | | 7/30/2008 | 100 | (2) |
| PG Mergersub, Inc. and PGA Holdings, Inc. | Provider of patient surveys, management reports and national databases for the integrated healthcare delivery system | Second lien senior secured loan (\$21,316 par due 10/2018) | 8.25% (Libor + 7.00%/Q) | 4/19/2012 | 21,316 | 21,316(2)(21) |
| | | Common stock (16,667 shares) | | 3/12/2008 | 167 | 821(2) |
| POS I Corp. (fka Vantage Oncology, Inc.) | Radiation oncology care provider | Common stock (62,157 shares) | | 2/3/2011 | 4,670 | 2,263(2) |

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As of September 30, 2013

(dollar amounts in thousands)

(unaudited)

| 11/2018) | | | | | | |
|-----------------------------------|------------------------------------------------------------------|----------------------------------------------------------------------|---------------------------|------------|--------|---------------|
| | | Second lien senior secured loan (\$85,000 par due 5/2019) | 11.50% (Libor + 10.00%/Q) | 11/4/2011 | 85,000 | 85,000(2)(21) |
| Reed Group, Ltd. | Medical disability management services provider | Equity interests | | 4/1/2010 | | (2) |
| | | Warrants to purchase up to 99,094 shares of Series C preferred stock | | 6/28/2012 | 38 | 29(2) |
| Sage Products Holdings III, LLC | Patient infection control and preventive care solutions provider | Second lien senior secured loan (\$75,000 par due 6/2020) | 9.25% (Libor + 8.00%/Q) | 12/13/2012 | 75,000 | 75,000(2)(21) |
| | | Warrant to purchase up to 727,272 shares of Series C preferred stock | | 4/23/2013 | | 25(2) |
| Soteria Imaging Services, LLC (6) | Outpatient medical imaging provider | Second lien senior secured loan (\$916 par due 11/2010) | | 4/1/2010 | 714 | 71(20) |
| | | Preferred member units (1,823,179 units) | | 4/1/2010 | | |
| SurgiQuest, Inc. | Medical device company | First lien senior secured loan (\$6,767 par due 10/2016) | 10.00% | 9/28/2012 | 6,596 | 6,767(2) |

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| | | | | | | |
|-------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------------------|-----------------------------|------------|-----------|-------------------|
| | | Warrants to purchase up to 54,672 shares of Series D-4 convertible preferred stock | | 9/28/2012 | | (2) |
| U.S. Anesthesia Partners, Inc. | Anesthesiology service provider | First lien senior secured loan (\$14,925 par due 12/2018) | 6.50% (Libor + 5.50%/Q) | 12/27/2012 | 14,925 | 14,925(2)(21) |
| | | First lien senior secured loan (\$20 par due 1/2019) | 6.75% (Base Rate + 3.50%/Q) | 1/31/2013 | 20 | 20(4)(21) |
| | | First lien senior secured loan (\$13,938 par due 1/2019) | 5.75% (Libor + 4.50%/M) | 1/31/2013 | 13,938 | 13,938(4)(21) |
| | | | | | 1,124,986 | 1,128,962 |
| | | | | | | 25.70% |
| Access CIG, LLC | Records and information management services provider | First lien senior secured loan (\$992 par due 10/2017) | 7.00% (Libor + 5.75%/Q) | 10/5/2012 | 992 | 992(2)(21) |
| Cast & Crew Payroll, LLC and Centerstage Co-Investors, L.L.C. (6) | Payroll and accounting services provider to the entertainment industry | First lien senior secured loan (\$18,360 par due 12/2017) | 7.50% (Libor + 6.50%/Q) | 12/24/2012 | 18,360 | 18,360(2)(16)(21) |
| | | First lien senior secured loan (\$45,900 par due 12/2017) | 7.50% (Libor + 6.50%/Q) | 12/24/2012 | 45,900 | 45,900(3)(16)(21) |

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As of September 30, 2013

(dollar amounts in thousands)

(unaudited)

| | | | | | | |
|-------------------------------|----------------------------------------------------------------|----------------------------------------------------------------------|-------------------------|------------|--------|---------------|
| | | | | | | |
| | | | | | | 12/2017) |
| | | Class B membership units (2,500,000 units) | | 12/24/2012 | 2,500 | 2,748(2) |
| CIBT Investment Holdings, LLC | Expedited travel document processing services | Class A shares (2,500 shares) | | 12/15/2011 | 2,500 | 3,587(2) |
| | | First lien senior secured loan (\$53,623 par due 12/2013) | 8.50% Cash, 5.50% PIK | 4/1/2010 | 53,623 | 53,623(2) |
| | | Common stock (37,024 shares) | | 4/1/2010 | | |
| Command Alkon, Inc. | Software solutions provider to the ready-mix concrete industry | Second lien senior secured loan (\$39,130 par due 3/2018) | 9.75% (Libor + 8.50%/Q) | 9/28/2012 | 39,130 | 39,130(2)(21) |
| Coverall North America, Inc. | Commercial janitorial services provider | Letter of credit facility | | 1/17/2013 | | (2)(25) |
| | | Class A units (14,293,110 units) | | 6/26/2008 | 12,793 | (2) |
| IfByPhone Inc. | Voice-based marketing automation software provider | First lien senior secured loan (\$1,733 par due 11/2015) | 11.00% | 10/15/2012 | 1,678 | 1,733(2) |
| | | Warrant to purchase up to 124,300 shares of Series C preferred stock | | 10/15/2012 | 88 | 71(2) |

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| | | | | | | |
|--------------------------------------------------------------|---------------------------------------------------------------------------|-----------------------------------------------------------|-------------------------|-----------|---------|----------------|
| Impact Innovations Group, LLC | IT consulting and outsourcing services | Member interest (50.00% interest) | | 4/1/2010 | | 200 |
| IronPlanet, Inc. | Online auction platform provider for used heavy equipment | First lien senior secured loan (\$5,000 par due 7/2017) | 9.25% | 9/24/2013 | 4,687 | 4,800(2) |
| | | | | | 4,901 | 5,014 |
| Keynote Systems, Inc. and Hawaii Ultimate Parent Corp., Inc. | Web and mobile cloud performance testing and monitoring services provider | First lien senior secured loan (\$175,000 par due 2/2020) | 9.50% (Libor + 8.50%/S) | 8/22/2013 | 175,000 | 175,000(2)(21) |
| | | Class B common stock (1,956,522 shares) | | 8/22/2013 | 30 | 30(2) |
| Multi-Ad Services, Inc. (6) | Marketing services and software provider | Preferred units (1,725,280 units) | | 4/1/2010 | 788 | 2,102 |
| | | | | | 788 | 2,102 |
| | | Junior subordinated loan (\$185 par due 7/2012) | | 4/1/2010 | | (2)(20) |
| | | | | | 34,636 | 6,952 |

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As of September 30, 2013

(dollar amounts in thousands)

(unaudited)

| | | | | | | |
|--------------------------------------------------|----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|-------------------------|------------|--------|--------------|
| | technology service provider | 7/2016) | | | | |
| | | | | | 6,500 | 6,506 |
| | | | | | | |
| | | First lien senior secured loan (\$7,375 par due 5/2019) | | 11/20/2007 | 5,862 | (2)(20) |
| | | | | | 15,318 | 4,764 |
| PSSI Holdings, LLC | Provider of mission-critical outsourced cleaning and sanitation services to the food processing industry | First lien senior secured loan (\$1,000 par due 6/2018) | 6.00% (Libor + 5.00%/Q) | 8/7/2013 | 1,000 | 1,000(2)(21) |
| Rainstor, Inc. | Database solutions provider | First lien senior secured loan (\$3,000 par due 4/2016) | 11.25% | 3/28/2013 | 2,925 | 3,000(2) |
| | | | | | 3,013 | 3,070 |
| | | First lien senior secured loan (\$9,603 par due 7/2018) | 6.50% (Libor + 5.25%/Q) | 7/26/2012 | 9,603 | 9,603(4)(21) |
| Summit Business Media Parent Holding Company LLC | Business media consulting services | Limited liability company membership interest (45.98% interest) | | 5/20/2011 | | 1,489(2) |

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| | | | | | | | |
|-----------------------------------------------------------|-----------------------------------------------------------------------------|------------------------------------------------------------------------|-------------------------|------------|---------|----------------|--------|
| | | Warrant to purchase up to 2,509,770 shares of Series D preferred stock | | 10/31/2012 | 605 | 1,032(2) | |
| Tripwire, Inc. | IT security software provider | First lien senior secured loan (\$104,950 par due 5/2018) | 8.00% (Libor + 6.75%/Q) | 5/23/2011 | 104,950 | 104,950(2)(21) | |
| | | First lien senior secured loan (\$9,975 par due 5/2018) | 8.00% (Libor + 6.75%/Q) | 5/23/2011 | 9,975 | 9,975(4)(21) | |
| | | Class B common stock (2,655,638 shares) | | 5/23/2011 | 30 | 76(2) | |
| Venturehouse-Cibernet Investors, LLC | Financial settlement services for intercarrier wireless roaming | Equity interest | | 4/1/2010 | | | |
| X Plus Two Solutions, Inc. and X Plus One Solutions, Inc. | Provider of open and integrated software for digital marketing optimization | First lien senior secured revolving loan (\$5,640 par due 9/2014) | 8.50% | 4/1/2013 | 5,640 | 5,640(2) | |
| | | Warrant to purchase up to 999,167 shares of Series C preferred stock | | 4/1/2013 | 284 | 284(2) | |
| | | | | | 691,441 | 630,994 | 14.37% |

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As of September 30, 2013

(dollar amounts in thousands)

(unaudited)

| Education | | | | | | |
|-----------------------------------|-------------------------------------------------------------|------------------------------------------------------------|------------------------------------------|------------|--------|-------------------|
| | | First lien senior secured loan (\$59,236 par due 3/2019) | 6.00% (Libor + 5.00%/Q) | 3/18/2011 | 59,236 | 59,236(3)(21) |
| | | | | | 68,737 | 68,737 |
| Community Education Centers, Inc. | Offender re-entry and in-prison treatment services provider | First lien senior secured loan (\$14,643 par due 12/2014) | 6.25% (Libor + 5.25%/Q) | 12/10/2010 | 14,643 | 14,643(2)(15)(21) |
| | | Second lien senior secured loan (\$10,475 par due 12/2015) | 15.28% (Libor + 8.50% Cash, 6.50% PIK/Q) | 12/10/2010 | 10,475 | 10,161(2) |
| | | | | | 59,824 | 59,559 |
| | | Common stock (50,800 shares) | | 8/1/2011 | | 2,307(2) |
| Infilaw Holding, LLC | Operator of for-profit law schools | First lien senior secured revolving loan | | 8/25/2011 | | (2)(23) |
| | | First lien senior secured loan (\$18,943 par due 8/2016) | 9.50% (Libor + 8.50%/Q) | 8/25/2011 | 18,943 | 18,943(3)(21) |

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| | | | | | | |
|-------------------------------------|-----------------------------|---------------------------------------------------------------------|--------------------------|------------|--------|-------------------|
| | | Series B preferred units (3.91 units) | | 10/19/2012 | 9,245 | 10,652(2) |
| Instituto de Banca y Comercio, Inc. | Private school operator | First lien senior secured loan (\$39,760 par due 6/2015) | 10.50% (Libor + 8.25%/Q) | 4/24/2013 | 39,681 | 38,965(3)(21) |
| | | Series B preferred stock (1,750,000 shares) | | 8/5/2010 | 5,000 | 7,990(2) |
| | | Common stock (20 shares) | | 6/7/2010 | | (2) |
| Lakeland Tours, LLC | Educational travel provider | First lien senior secured revolving loan (\$18,000 par due 12/2016) | 5.25% (Libor + 4.25%/Q) | 10/4/2011 | 18,000 | 18,000(2)(21)(24) |
| | | First lien senior secured loan (\$61,326 par due 12/2016) | 8.50% (Libor + 7.50%/Q) | 10/4/2011 | 61,244 | 61,326(2)(14)(21) |
| | | First lien senior secured loan (\$40,362 par due 12/2016) | 8.50% (Libor + 7.50%/Q) | 10/4/2011 | 40,271 | 40,362(3)(14)(21) |
| | | Common stock (5,000 shares) | | 10/4/2011 | 5,000 | 5,336(2) |
| R3 Education, Inc. and EIC | Medical school operator | Preferred stock (8,800) | | 7/30/2008 | 2,200 | 1,936(2) |

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| | | | | | | |
|-----------------------|--------------------------------------------------------------------|------------------------------------------------------------------|------------------------------------------|------------|--------|---------------|
| Acquisitions Corp. | | | | | | |
| | | shares) | | | | |
| | | Warrants to purchase up to 27,890 shares | | 12/8/2009 | | (2) |
| RuffaloCODY, LLC | Provider of student fundraising and enrollment management services | First lien senior secured loan (\$30,693 par due 5/2019) | 5.50% (Libor + 4.25%/Q) | 5/29/2013 | 30,693 | 30,693(2)(21) |
| Services-Other | | | | | | |
| | | First lien senior secured loan (\$34,719 par due 8/2018) | 7.00% (Libor + 5.75%/Q) | 8/9/2012 | 34,719 | 34,719(3)(21) |
| | | | | | 71,163 | 71,163 |
| | | First lien senior secured revolving loan (\$900 par due 11/2018) | 9.00% (Libor + 7.75%/Q) | 11/30/2012 | 900 | 810(2)(21) |
| | | First lien senior secured loan (\$29,851 par due 11/2018) | 10.00% (Libor + 7.75% Cash, 1.00% PIK/Q) | 11/30/2012 | 29,851 | 26,866(3)(21) |
| | | | | | 60,490 | 52,840 |
| | | First lien senior secured loan (\$44,887 par due 6/2018) | 6.50% (Libor + 5.50%/Q) | 6/5/2013 | 44,887 | 44,887(3)(21) |
| Massage Envy, LLC | | | | 9/27/2012 | 29,366 | 29,366(2)(21) |

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|-------------------------------|------------------------------------------------------------------------------------------|----------------------------------------------------------|-------------------------|------------|---------|---------------|
| | Franchisor in the massage industry | First lien senior secured loan (\$29,366 par due 9/2018) | 8.50% (Libor + 7.25%/Q) | | | |
| | | Common stock (3,000,000 shares) | | 9/27/2012 | 3,000 | 3,421(2) |
| McKenzie Sports Products, LLC | Designer, manufacturer and distributor of taxidermy forms and supplies | First lien senior secured loan (\$9,314 par due 3/2017) | 6.00% (Libor + 4.75%/M) | 3/30/2012 | 9,314 | 9,314(4)(21) |
| | | | | | 9,325 | 9,325 |
| The Dwyer Group (6) | Operator of multiple franchise concepts primarily related to home maintenance or repairs | Senior subordinated loan (\$25,686 par due 6/2018) | 12.00% Cash, 1.50% PIK | 12/22/2010 | 25,686 | 25,686(2) |
| | | | | | 32,410 | 43,118 |
| | | | | | 533,212 | 536,691 |
| | | | | | | 12.22% |
| Brush Power, LLC | Gas turbine power generation facilities operator | First lien senior secured loan (\$91,770 par due 8/2020) | 6.25% (Libor + 5.25%/Q) | 8/1/2013 | 91,770 | 91,770(2)(21) |

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| Centinela Funding, LLC | Solar power generation facility developer and operator | First lien senior secured loan (\$56,000 par due 11/2020) | 10.00% (Libor + 8.75%/Q) | 11/14/2012 | 56,000 | 56,000(2)(21) |
| | | Warrant to purchase up to 32,051 shares of Series C-2 preferred stock | | 7/25/2013 | | 34(2)(8) |
| La Paloma Generating Company, LLC | Natural gas fired, combined cycle plant operator | Second lien senior secured loan (\$68,000 par due 8/2018) | 10.25% (Libor + 8.75%/M) | 8/9/2011 | 67,021 | 67,320(2)(21) |
| Panda Temple Power, LLC | Gas turbine power generation facilities operator | First lien senior secured loan (\$60,000 par due 7/2018) | 11.50% (Libor + 10.00%/Q) | 7/17/2012 | 58,338 | 60,000(2)(21) |
| Sunrun Solar Owner Holdco X, LLC | Residential solar energy provider | First lien senior secured loan (\$60,000 par due 6/2019) | 9.50% (Libor + 8.25%/Q) | 6/7/2013 | 60,000 | 60,000(2)(21) |
| Financial Services | | | | | | |
| Callidus Capital Corporation (7) | Asset management services | Common stock (100 shares) | | 4/1/2010 | 3,000 | 1,725 |
| | | First lien senior secured loan (\$28,000 par due 12/2016) | 12.00% | 11/29/2010 | 28,000 | 28,000(2) |
| | | | | | 95,374 | 54,907 |

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|----------------------------------------|-----------------------------|-------------------------------------------------------------------|--------------------------|------------|---------|------------------|
| Cook Inlet Alternative Risk, LLC | Risk management services | Senior subordinated loan (\$2,000 par due 9/2015) | 9.00% | 9/30/2011 | 2,000 | 2,000(2) |
| Imperial Capital Group LLC | Investment services | Class A common units (7,710 units) | | 5/10/2007 | 14,997 | 19,280(2) |
| | | 2007 Class B common units (315 units) | | 5/10/2007 | | 1(2) |
| Ivy Hill Asset Management, L.P. (7)(9) | Asset management services | Member interest (100.00% interest) | | 6/15/2009 | 170,961 | 275,462 |
| Restaurants and Food Services | | | | | | |
| | | First lien senior secured loan (\$9,104 par due 11/2015) | 12.50% (Libor + 9.50%/Q) | 11/27/2006 | 9,104 | 9,104(2)(21) |
| | | Promissory note (\$21,240,073 par due 11/2016) | 12.00% PIK | 11/27/2006 | 17,804 | 21,195(2) |
| | | | | | 38,848 | 43,647 |
| Hojeij Branded Foods, Inc. | Airport restaurant operator | First lien senior secured revolving loan (\$2,350 par due 2/2017) | 9.00% (Libor + 8.00%/Q) | 2/15/2012 | 2,350 | 2,350(2)(21)(24) |
| | | Warrants to purchase up to | | 2/15/2012 | | 276(2) |

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| | | 7.5% of membership interest | | | 28,131 | 32,198 |
| | | First lien senior secured loan (\$33,147 par due 9/2014) | 10.00% (Libor + 8.50%/Q) | 4/1/2010 | 33,147 | 33,147(3)(21) |
| | | Preferred units (10,000 units) | | 10/28/2010 | | (2) |
| | | Class B common units (1,122,452 units) | | 4/1/2010 | | (2) |
| OTG Management, LLC | Airport restaurant operator | First lien senior secured loan (\$30,500 par due 12/2017) | 8.75% (Libor + 7.25%/Q) | 12/11/2012 | 30,500 | 30,500(2)(21) |
| | | Warrants to purchase up to 7.73% of common units | | 6/19/2008 | 100 | 3,830(2) |
| Performance Food Group, Inc. and Wellspring Distribution Corp | Food service distributor | Second lien senior secured loan (\$74,812 par due 11/2019) | 6.25% (Libor + 5.25%/Q) | 5/14/2013 | 74,456 | 74,812(2)(21) |
| | | | | | 80,759 | 81,220 |
| | | | | 2/17/2012 | 9,158 | 9,295(4)(21) |

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| | | | | | | |
|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------|-------------------------|------------|---------|---------------|
| | | First lien senior secured loan (\$9,295 par due 2/2017) | 9.00% (Libor + 7.50%/M) | | | |
| S.B. Restaurant Company | Restaurant owner and operator | Preferred stock (46,690 shares) | | 4/1/2010 | | (2) |
| Containers-Packaging | | | | | | |
| | | First lien senior secured loan (\$25,997 par due 8/2016) | 7.00% (Libor + 6.00%/Q) | 8/31/2011 | 25,997 | 25,997(2)(21) |
| | | First lien senior secured loan (\$61,679 par due 8/2016) | 7.00% (Libor + 6.00%/Q) | 8/31/2011 | 61,679 | 61,679(3)(21) |
| | | | | | 139,378 | 139,247 |
| | | Common stock (50,000 shares) | | 12/14/2012 | 5,000 | 6,242(2) |
| Pregis Corporation, Pregis Intellipack Corp. and Pregis Innovative Packaging Inc. | Provider of a broad range of highly-customized, tailored protective packaging solutions | First lien senior secured loan (\$985 par due 3/2017) | 7.75% (Libor + 6.25%/M) | 4/25/2012 | 985 | 985(2)(21) |

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| Consumer Products- Non-durable | | | | | | |
|-----------------------------------|----------------------------------------------------------------------------|-------------------------------------------------------------|-------------------------|------------|--------|--------------|
| | | First lien senior secured loan (\$22,393 par due 10/2013) | 13.44% Cash, 2.00% PIK | 4/1/2010 | 22,389 | 21,722(2) |
| Implus Footcare, LLC | Provider of footwear and other accessories | Preferred stock (455 shares) | 6.00% PIK | 10/31/2011 | 5,095 | 5,095(2) |
| | | | | | 5,550 | 5,948 |
| | | Class A common stock (155,000 shares) | | 8/26/2011 | 6,035 | 7,110(2) |
| | | | | | 31,227 | 33,530 |
| | | Warrants to purchase up to 1,654,678 shares of common stock | | 7/27/2011 | | 1,144(2) |
| Oak Parent, Inc. | Manufacturer of athletic apparel | First lien senior secured loan (\$5,624 par due 4/2018) | 7.50% (Libor + 7.00%/Q) | 4/2/2012 | 5,603 | 5,624(2)(21) |
| | | First lien senior secured loan (\$8,906 par due 4/2018) | 7.50% (Libor + 7.00%/Q) | 4/2/2012 | 8,872 | 8,906(4)(21) |
| PG-ACP Co-Invest, LLC | Supplier of medical uniforms, specialized medical footwear and accessories | Class A membership units (1,000,000 units) | | 8/29/2012 | 1,000 | 1,365(2) |

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| | | | | | | | |
|----------------------|--------------------------------------------|-----------------------------------------------------------|-------------------------|------------|---------|--------------|-------|
| | | Second lien senior secured loan (\$32,450 par due 4/2015) | 10.00% | 4/1/2010 | 30,802 | 25,960(2) | |
| | | Warrants to purchase up to 3,157,895 units | | 4/1/2010 | | | |
| The Thymes, LLC (7) | Cosmetic products manufacturer | Preferred units (6,283 units) | 8.00% PIK | 6/21/2007 | 5,206 | 4,753 | |
| | | | | | 5,206 | 9,388 | |
| | | Senior subordinated loan (\$73,102 par due 2/2017) | 11.00% | 4/18/2012 | 70,351 | 72,371(2) | |
| | | Common stock (4,254 shares) | | 1/22/2010 | 1,222 | 2,294(2) | |
| | | | | | 270,481 | 278,265 | 6.33% |
| Driven Holdings, LLC | Automotive aftermarket car care franchisor | Preferred stock (247,500 units) | | 12/16/2011 | 2,475 | 2,797(2) | |
| | | | | | 2,500 | 3,105 | |
| | | First lien senior secured loan (\$8,220 par due | 7.25% (Libor + 6.00%/Q) | 7/12/2012 | 8,220 | 8,220(2)(21) | |

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| | | | | | |
| | | | | | 7/2017) |
| | | | | | |
| | Series A preferred stock (1,800 shares) | | 7/12/2012 | 1,800 | 1,989(2) |
| | | | | | |
| | | | | 52,627 | 52,877 |
| | | | | | |
| | First lien senior secured loan (\$5,000 par due 7/2016) | 10.13% | 12/28/2012 | 4,878 | 5,000(2) |
| | | | | | |
| | | | | 9,878 | 10,043 |
| | | | | | |
| | First lien senior secured loan (\$4,850 par due 8/2017) | 4.50% (Libor + 3.50%/Q) | 8/20/2012 | 4,850 | 5,270(2)(21) |
| | | | | | |
| | First lien senior secured loan (\$9,699 par due 8/2017) | 4.50% (Libor + 3.50%/Q) | 8/20/2012 | 9,699 | 10,539(4)(21) |
| | | | | | |
| | | | | 147,399 | 148,927 |
| | | | | | |
| Manufacturing | | | | | |
| | | | | | |
| | First lien senior secured loan (\$10,862 par due 5/2019) | 5.75% (Libor + 4.75%/S) | 5/31/2013 | 10,862 | 10,862(2)(21) |
| | | | | | |

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|--------------------------------|---------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------|-----------|--------|---------------|
| | | | | | 12,124 | 12,124 |
| | | | | | | |
| | | Warrants to purchase up to 400,000 shares of Series D-4 convertible preferred stock | | 8/7/2012 | | 6(2) |
| | | | | | | |
| Component Hardware Group, Inc. | Commercial equipment | First lien senior secured loan (\$25,766 par due 7/2019) | 5.50% (Libor + 4.50%/M) | 7/1/2013 | 25,766 | 25,766(2)(21) |
| | | | | | | |
| MWI Holdings, Inc. | Engineered springs, fasteners, and other precision components | First lien senior secured loan (\$38,274 par due 3/2019) | 9.38% (Libor + 8.13%/Q) | 6/15/2011 | 38,274 | 38,274(2)(21) |
| | | | | | | |
| | | | | | 48,274 | 48,274 |
| | | | | | | |
| Pelican Products, Inc. | Flashlights | First lien senior secured loan (\$7,900 par due 7/2018) | 7.00% (Libor + 5.50%/Q) | 7/13/2012 | 7,900 | 7,900(4)(21) |
| | | | | | | |
| | | | | | 39,900 | 39,900 |
| | | | | | | |
| | | Senior subordinated loan (\$733 par due 5/2018) | 8.00% Cash, 7.25% PIK | 5/23/2011 | 733 | 733(2) |
| | | | | | | |
| | | | | | 3,040 | 6,274 |

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| Saw Mill PCG Partners LLC | Metal precision engineered components manufacturer | Common units (1,000 units) | | 1/30/2007 | 1,000 | (2) | |
| TPTM Merger Corp. | | | | | | | |
| | Time temperature indicator products | First lien senior secured revolving loan (\$540 par due 9/2018) | 7.50% (Base Rate + 4.25%/Q) | 9/12/2013 | 540 | 540(2)(21) | |
| | | | | | 34,040 | 34,040 | |
| Retail | | | | | | | |
| | | First lien senior secured loan (\$40,000 par due 5/2018) | 8.50% | 5/28/2010 | 40,000 | 40,000(3)(12) | |
| | | | | | 84,461 | 84,741 | |
| | | First lien senior secured loan (\$25,000 par due 9/2018) | 7.25% (Libor + 6.25%/Q) | 9/23/2013 | 25,000 | 25,000(2)(21) | |
| | | | | | 31,333 | 31,333 | |
| | | | | | 130,644 | 130,924 | 2.98% |
| Cadence Aerospace, LLC (fka PRV Aerospace, LLC) | Aerospace precision components manufacturer | First lien senior secured loan (\$1,127 par due 5/2018) | 6.50% (Libor + 5.25%/Q) | 5/15/2012 | 1,122 | 1,127(2)(21) | |

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|-------------------------------------------------|-----------------------------------------------------------------------------------------|-----------------------------------------------------------|--------------------------|-----------|--------|---------------|-------|
| | | Second lien senior secured loan (\$79,658 par due 5/2019) | 10.50% (Libor + 9.25%/Q) | 5/10/2012 | 79,658 | 79,658(2)(21) | |
| ILC Industries, LLC | Designer and manufacturer of protective cases and technically advanced lighting systems | First lien senior secured loan (\$4,796 par due 7/2018) | 8.00% (Libor + 6.50%/Q) | 7/13/2012 | 4,720 | 4,700(2)(21) | |
| | | | | | 23,822 | 23,738 | |
| Wyle Laboratories, Inc. and Wyle Holdings, Inc. | Provider of specialized engineering, scientific and technical services | Senior preferred stock (775 shares) | 8.00% PIK | 1/17/2008 | 109 | 109(2) | |
| | | | | | 2,400 | 1,916 | |
| Consumer Products- Durable | | | | | | | |
| | | Second lien senior secured loan (\$43,675 par due 2/2016) | 9.50% (Libor + 8.00%/Q) | 4/30/2012 | 43,675 | 43,675(2)(21) | |
| | | | | | 88,626 | 92,500 | 2.11% |

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| Chemicals | | | | | | | |
|-------------------------------------------------------------------|--------------------------------------------------------------------------------------------|--------------------------------------------------------------------|-----------------------------|------------|--------|------------------|-------|
| | | First lien senior secured loan (\$90,000 par due 8/2019) | 7.00% (Libor + 6.00%/M) | 8/19/2013 | 90,000 | 90,000(2)(21) | |
| | | | | | 91,200 | 91,200 | 2.08% |
| Eberle Design, Inc. | Provider of intelligent transportation systems products in the traffic and rail industries | First lien senior secured loan (\$43,000 par due 8/2018) | 7.50% (Libor + 6.25%/Q) | 8/26/2013 | 42,794 | 43,000(2)(21) | |
| United Road Towing, Inc. | Towing company | Warrants to purchase up to 607 shares | | 4/1/2010 | | (2) | |
| Printing, Publishing and Media | | | | | | | |
| | | First lien senior secured loan (\$4,500 par due 9/2017) | 9.60% | 10/31/2012 | 4,500 | 4,500(2)(19) | |
| Earthcolor Group, LLC | Printing management services | Limited liability company interests (9.30%) | | 5/18/2012 | | (2) | |
| | | First lien senior secured revolving loan (\$1,850 par due 10/2013) | 9.00% (Base Rate + 5.00%/Q) | 3/2/2006 | 1,850 | 1,850(2)(21)(24) | |
| | | Preferred stock (9,344 shares) | | 3/2/2006 | 2,000 | 561(2) | |
| The Teaching Company, LLC and The Teaching Company Holdings, Inc. | Education publications provider | First lien senior secured loan (\$20,995 par due | 9.00% (Libor + 7.50%/Q) | 9/29/2006 | 20,995 | 20,995(2)(21) | |

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| | | 3/2017) | | | | |
|-------------------------------------------------------------------------|-----------------------------------------------|-------------------------------------------------------------------------|--------------------------|-----------|--------|-----------|
| | | Preferred stock (10,663 shares) | | 9/29/2006 | 1,066 | 3,334(2) |
| | | | | | 31,815 | 34,088 |
| Environmental Services | | | | | | |
| | | Second lien senior secured loan (\$6,121 par due 6/2015) | 15.00% | 4/18/2011 | 6,121 | 6,121(2) |
| | | | | | 10,333 | 18,238 |
| | | Warrant to purchase 322,422 shares of Series D preferred stock | | 3/28/2013 | | 6(2) |
| RE Community Holdings II, Inc. and Pegasus Community Energy, LLC. | Operator of municipal recycling facilities | Preferred stock (1,000 shares) | | 3/1/2011 | 8,839 | 800(2) |
| | | | | | 32,869 | 47,522 |
| | | | | | | 1.08% |
| 10th Street, LLC (6) | Real estate holding company | Senior subordinated loan (\$25,986 par due 11/2014) | 8.93% Cash, 4.07% PIK | 4/1/2010 | 25,987 | 25,987(2) |

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| | | | | | | | |
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| | | interest) | | | 26,606 | 33,263 | |
| Cleveland East Equity, LLC | Hotel operator | Real estate equity interests | 4/1/2010 | 1,026 | 4,444 | | |
| Crescent Hotels & Resorts, LLC and affiliates (7) | Hotel operator | Senior subordinated loan (\$2,236 par due 9/2011) | 4/1/2010 | | (2)(20) | | |
| | | Common equity interest | 4/1/2010 | | | | |
| Hot Light Brands, Inc. (7) | Real estate holding company | First lien senior secured loan (\$32,957 par due 2/2011) | 4/1/2010 | 1,664 | 1,633(2)(20) | | |
| | | | | 1,664 | 1,633 | | |
| | | | | 35,293 | 47,234 | | 1.08% |
| Geotrace Technologies, Inc. | Reservoir processing and development | Warrants to purchase up to 69,978 shares of common stock | 4/1/2010 | 88 | (2) | | |
| | | | | 2,893 | 2,158 | | |
| | | Second lien senior secured loan (\$5,144 par due 12/2014) | 4/30/2012 | 5,089 | 3,767(2)(20) | | |
| | | Class A common units (151,236 units) | 6/17/2011 | 1,512 | (2) | | |

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|-------------------------------------------------|------------------------------------------------------------------|---------------------------------------------------------|--------|-----------|--------|----------|-------|
| | | Class B-4 common units (50,000 units) | | 6/17/2011 | 500 | (2) | |
| | | | | | 65,793 | 43,573 | |
| Health Clubs | | | | | | | |
| CFW Co-Invest, L.P. and NCP Curves, L.P. | Health club franchisor | Limited partnership interest (4,152,165 shares) | | 7/31/2012 | 4,152 | 3,338(2) | |
| | | | | | 6,000 | 4,824 | |
| Telecommunications | | | | | | | |
| | | Warrants to purchase up to 200 shares | | 9/1/2010 | | 2,636(2) | |
| Quantance, Inc. | Designer of semiconductor products to the mobile wireless market | First lien senior secured loan (\$3,500 par due 9/2016) | 10.25% | 8/23/2013 | 3,396 | 3,430(2) | |
| | | | | | 3,470 | 3,504 | |
| | | | | | 3,470 | 11,122 | 0.25% |
| Apple & Eve, LLC and US Juice Partners, LLC (6) | Juice manufacturer | Senior units (50,000 units) | | 10/5/2007 | 5,000 | 4,201 | |
| | | Preferred stock (6,258 shares) | | 9/1/2006 | 2,567 | 1,848(2) | |
| Distant Lands Trading Co. | Coffee manufacturer | Class A common stock (1,294 shares) | | 4/1/2010 | 980 | (2) | |
| | | | | | 980 | | |
| Wholesale Distribution | | | | | | | |
| | | | | | 2,500 | 2,880 | 0.07% |