

Solar Capital Ltd.
Form 10-Q
May 07, 2018
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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 Quarter Ended March 31, 2018

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Commission File Number: 814-00754

SOLAR CAPITAL LTD.

(Exact name of registrant as specified in its charter)

Maryland
(State of Incorporation)

26-1381340
(I.R.S. Employer)

Identification No.)

500 Park Avenue

New York, N.Y.

(Address of principal executive offices)

10022

(Zip Code)

(212) 993-1670

(Registrant's telephone number, including area code)

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 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 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 an emerging growth company. See definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The number of shares of the registrant's Common Stock, \$.01 par value, outstanding as of May 4, 2018 was 42,260,826.

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SOLAR CAPITAL LTD.

FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2018

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In this Quarterly Report, Solar Capital, Company, Fund, we, us, and our refer to Solar Capital Ltd. unless the states otherwise.

Item 1. Financial Statements**SOLAR CAPITAL LTD.****CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES**

(in thousands, except share amounts)

	March 31, 2018 (unaudited)	December 31, 2017
Assets		
Investments at fair value:		
Companies less than 5% owned (cost: \$835,765 and \$835,041, respectively)	\$ 837,782	\$ 834,410
Companies more than 25% owned (cost: \$618,425 and \$609,226, respectively)	634,135	626,760
Cash	4,847	5,963
Cash equivalents (cost: \$139,853 and \$144,826, respectively)	139,853	144,826
Receivable for investments sold	4,836	6,160
Interest receivable	6,670	7,336
Dividends receivable	14,309	15,013
Other receivable	58	58
Prepaid expenses and other assets	840	1,039
Total assets	\$ 1,643,330	\$ 1,641,565
Liabilities		
Revolving credit facility (see notes 6 and 8)	\$ 249,500	\$ 245,600
Unsecured senior notes due 2022 (see notes 6 and 8)	150,000	150,000
Unsecured tranche c senior notes due 2022 (\$21,000 and \$21,000 face amounts, respectively, reported net of unamortized debt issuance costs of \$302 and \$316, respectively. See note 8)	20,698	20,684
Unsecured senior notes due 2023 (\$75,000 and \$75,000 face amounts, respectively, reported net of unamortized debt issuance costs of \$1,735 and \$1,813, respectively. See note 8)	73,265	73,187
Term loans (see notes 6 and 8)	50,000	50,000
Distributions payable	17,327	16,904
Payable for investments and cash equivalents purchased	140,245	145,118
Management fee payable (see note 3)	6,473	7,373
Performance-based incentive fee payable (see note 3)	4,714	4,660
Interest payable (see note 8)	4,511	2,485
Administrative services expense payable (see note 3)	296	2,756

Other liabilities and accrued expenses		1,975		1,193
Total liabilities	\$	719,004	\$	719,960
Commitments and contingencies (see notes 11, 12, 13 and 14)				
Net Assets				
Common stock, par value \$0.01 per share, 200,000,000 and 200,000,000 common shares authorized, respectively, and 42,260,826 and 42,260,826 shares issued and outstanding, respectively	\$	423	\$	423
Paid-in capital in excess of par		991,340		991,340
Distributions in excess of net investment income		(11,789)		(13,319)
Accumulated net realized loss		(73,375)		(73,742)
Net unrealized appreciation		17,727		16,903
Total net assets	\$	924,326	\$	921,605
Net Asset Value Per Share	\$	21.87	\$	21.81

See notes to consolidated financial statements.

Table of Contents**SOLAR CAPITAL LTD.****CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)**

(in thousands, except share amounts)

	Three months ended	
	March 31,	March 31,
	2018	2017
INVESTMENT INCOME:		
Interest:		
Companies less than 5% owned	\$ 24,181	\$ 21,818
Companies more than 25% owned	285	334
Dividends:		
Companies less than 5% owned	6	10
Companies more than 25% owned	14,363	11,678
Other income:		
Companies less than 5% owned	62	492
Companies more than 25% owned	63	60
Total investment income	38,960	34,392
EXPENSES:		
Management fees (see note 3)	\$ 6,473	\$ 6,719
Performance-based incentive fees (see note 3)	4,714	4,083
Interest and other credit facility expenses (see note 8)	5,909	5,669
Administrative services expense (see note 3)	1,286	1,335
Other general and administrative expenses	1,721	256
Total expenses	20,103	18,062
Net investment income	\$ 18,857	\$ 16,330
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, CASH EQUIVALENTS AND FOREIGN CURRENCIES:		
Net realized gain (loss) on investments and cash equivalents:		
Companies less than 5% owned	\$ 197	\$ 588
Companies 5% to 25% owned	175	(15)
Companies more than 25% owned	(5)	
Net realized gain on investments and cash equivalents	367	573
Net realized gain (loss) on foreign currencies		(1)
Net realized gain	367	572

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Net change in unrealized gain (loss) on investments and cash equivalents:		
Companies less than 5% owned	2,648	821
Companies 5% to 25% owned		(777)
Companies more than 25% owned	(1,824)	212
Net change in unrealized gain	824	256
Net realized and unrealized gain on investments, cash equivalents and foreign currencies	1,191	828
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 20,048	\$ 17,158
EARNINGS PER SHARE (see note 5)	\$ 0.47	\$ 0.41

See notes to consolidated financial statements.

Table of Contents**SOLAR CAPITAL LTD.****CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**

(in thousands, except share amounts)

	Three months ended March 31, 2018 (unaudited)	Year ended December 31, 2017
Increase in net assets resulting from operations:		
Net investment income	\$ 18,857	\$ 68,363
Net realized gain (loss)	367	(12,015)
Net change in unrealized gain	824	14,082
Net increase in net assets resulting from operations	20,048	70,430
Distributions to stockholders:		
From net investment income	(17,327)	(67,612)
Capital transactions (see note 16):		
Reinvestment of distributions		280
Net increase in net assets resulting from capital transactions		280
Total increase in net assets	2,721	3,098
Net assets at beginning of period	921,605	918,507
Net assets at end of period (1)	\$ 924,326	\$ 921,605
Capital stock activity (see note 16):		
Common stock issued from reinvestment of distributions		12,301
Net increase from capital stock activity		12,301

(1) Includes overdistributed net investment income of (\$11,789) and (\$13,319), respectively.
See notes to consolidated financial statements.

Table of Contents**SOLAR CAPITAL LTD.****CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)**

(in thousands)

	Three months ended	
	March 31,	March 31,
	2018	2017
Cash Flows from Operating Activities:		
Net increase in net assets resulting from operations	\$ 20,048	\$ 17,158
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities:		
Net realized (gain) loss on investments and cash equivalents	(367)	(573)
Net realized (gain) loss on foreign currencies		1
Net change in unrealized (gain) loss on investments and cash equivalents	(824)	(256)
(Increase) decrease in operating assets:		
Purchase of investments	(153,103)	(101,369)
Proceeds from disposition of investments	142,856	83,347
Capitalization of payment-in-kind interest	(49)	(40)
Collections of payment-in-kind interest	740	173
Receivable for investments sold	1,324	(3,924)
Interest receivable	666	2,181
Dividends receivable	704	(642)
Other receivable		(1)
Prepaid expenses and other assets	199	(368)
Increase (decrease) in operating liabilities:		
Payable for investments and cash equivalents purchased	(4,873)	150,086
Management fee payable	(900)	(151)
Performance-based incentive fee payable	54	(329)
Administrative services expense payable	(2,460)	(2,852)
Interest payable	2,026	1,834
Other liabilities and accrued expenses	782	(309)
Net Cash Provided by Operating Activities	6,823	143,966
Cash Flows from Financing Activities:		
Cash distributions paid	(16,904)	(16,899)
Proceeds from issuance of unsecured debt		100,000
Deferred financing costs	92	27
Proceeds from secured borrowings	130,700	97,500
Repayment of secured borrowings	(126,800)	(212,700)
Net Cash Used in Financing Activities	(12,912)	(32,072)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,089)	111,894

CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	150,789	312,046
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 144,700	\$ 423,940
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 3,883	\$ 3,835

See notes to consolidated financial statements.

Table of Contents**SOLAR CAPITAL LTD.****CONSOLIDATED SCHEDULE OF INVESTMENTS (unaudited)****March 31, 2018****(in thousands, except share/unit amounts)**

Description	Industry	Spread Above LIBOR Index (9)	Floor	Interest Rate (1)	Acquisition Date	Maturity Date	Par Amount	Cost	Fair Value
Senior Secured Loans									
31.0%									
Bank Debt/Senior Secured Loans									
AccentCare, Inc. (10)	Health Care Providers & Services	L+950	1.00%	11.53%	9/3/2015	9/3/2022	\$ 10,000	\$ 9,875	\$ 10,000
Legis Toxicology Sciences Corporation (10)	Health Care Providers & Services	L+850	1.00%	10.79%	2/20/2014	8/24/2021	31,000	30,628	31,000
American Teleconferencing Services, Ltd. (GI) (10)	Communications Equipment	L+650	1.00%	8.29%	5/5/2016	12/8/2021	21,330	20,878	21,220
Merilife Group, LLC (10)	Insurance	L+875	1.00%	10.60%	7/9/2015	1/10/2023	15,000	14,784	14,920
Shop Lifting Products, Inc. (7)(10)	Trading Companies & Distributors	L+800	1.00%	9.88%	3/24/2014	3/27/2022	25,000	24,864	24,000
Atto, Inc. (10)	IT Services	L+800	1.00%	9.72%	12/6/2017	12/7/2022	25,000	24,525	24,500
USA Holdings Acquisition Subsidiary Corp. (10)	Professional Services	L+850	1.00%	10.19%	12/9/2014	6/9/2021	46,476	46,079	46,476
Empower Payments Acquisition, Inc. (LevSpring) (10)	Professional Services	L+450	1.00%	6.80%	1/26/2018	11/30/2023	18,583	18,583	18,583
Plymouth Group Holdings Corp. (MPAC) (10)	Chemicals	L+675	1.00%	8.63%	12/7/2015	12/14/2021	9,298	9,267	9,298
Global Tel*Link Corporation	Communications Equipment	L+400	1.25%	6.30%	11/6/2015	5/23/2020	7,173	6,277	7,220
Global Tel*Link Corporation	Communications Equipment	L+825	1.25%	10.55%	5/21/2013	11/23/2020	18,500	18,331	18,540
Freystone Select Holdings LLC & Freystone & Co., Inc. (10)	Thrifts & Mortgage Finance	L+800	1.00%	9.76%	3/29/2017	4/17/2024	20,000	19,820	20,000

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S Intermediate, c. (10)	Health Care Providers & Services	L+825	1.00%	10.00%	6/19/2015	7/20/2022	25,000	24,655	24,500
2 Pure Solutions oCal, L.P. (10)	Chemicals	L+900	1.00%	10.88%	8/19/2013	2/19/2021	7,475	7,404	7,475
ore Wireless Group, c. (10)	Wireless Telecommunication Services	L+825	1.00%	10.55%	9/12/2014	3/12/2021	55,500	54,909	54,390
RI Software C (10)	Software	L+625	1.00%	8.02%	6/7/2017	6/30/2023	12,607	12,490	12,540
n Location Events, C & PrimeSport oldings Inc. (10)	Media	L+550	1.00%	7.57%	12/7/2017	9/29/2021	14,760	14,589	14,650
yMed Management C (10)	Health Care Providers & Services	L+875	1.00%	10.71%	12/18/2015	5/18/2021	32,321	31,486	31,670
KW, LLC & PDR, C (10)	Health Care Providers & Services	L+826	1.00%	10.56%	10/24/2017	11/25/2021	3,461	3,397	3,390
diology Partners, c. (10)	Health Care Providers & Services	L+575	1.00%	7.59%	11/28/2017	12/4/2023	11,399	11,289	11,280
g Doctor C (3)(10)	Diversified Consumer Services	L+975	1.50%	12.18%	12/23/2013	12/31/2018	9,111	9,042	9,110
lient Partners, P. (10)	Asset Management	L+850	1.00%	10.32%	6/10/2015	6/9/2021	13,680	13,518	13,680
uthern Auto Finance ompany (5)(10)	Consumer Finance			11.15%	10/19/2011	12/4/2019	25,000	24,862	25,000
he Octave Music roup, Inc. ra TouchTunes) (10)	Media	L+825	1.00%	9.94%	5/28/2015	5/27/2022	14,000	13,859	14,000
arilase Finance, c. (10)	Multi-Sector Holdings	L+825	1.00%	9.94%	8/22/2014	8/24/2020	43,000	42,627	43,000
Total Bank Debt/Senior Secured Loans								\$ 508,038	\$ 510,470

See notes to consolidated financial statements.

Table of Contents**SOLAR CAPITAL LTD.****CONSOLIDATED SCHEDULE OF INVESTMENTS (unaudited) (continued)****March 31, 2018****(in thousands, except share/unit amounts)**

Description	Industry	Spread Above LIBOR Index (9) Floor	Interest Rate (1)	Acquisition Date	Maturity Date	Par Amount	Cost	Fair Value	
<u>Life Science</u>									
<u>Senior Secured</u>									
<u>Loans</u>									
Alimera Sciences, Inc. (10)	Pharmaceuticals	L+765		9.34%	1/5/2018	7/1/2022	\$ 35,000	\$ 34,747	\$ 34,650
aTyr Pharma, Inc. (10)	Pharmaceuticals	P+410		8.60%	11/18/2016	11/18/2020	10,000	10,061	10,150
Axcella Health Inc. (10)	Pharmaceuticals	L+850		10.15%	1/9/2018	1/9/2022	21,000	21,051	21,000
Breathe Technologies, Inc. (10)	Health Care Equipment & Supplies	L+850		10.15%	1/5/2018	1/5/2022	22,000	22,070	22,000
CardioDx, Inc. (10)	Health Care Providers & Services	P+670		11.45%	6/18/2015	4/1/2019	3,250	3,823	3,640
CardioFocus, Inc. (10)	Health Care Equipment & Supplies	L+750		9.19%	3/31/2017	7/1/2020	5,300	5,341	5,697
Cardiva Medical, Inc. (10)	Health Care Equipment & Supplies	L+865	0.63%	10.30%	2/2/2017	2/2/2021	9,000	9,180	9,090
CAS Medical Systems, Inc. (10)	Health Care Equipment & Supplies	L+875		10.40%	6/30/2016	7/1/2020	5,600	5,704	5,656
Cianna Medical, Inc. (10)	Health Care Equipment & Supplies	L+900		10.65%	9/28/2016	9/28/2020	9,000	9,151	9,068
Claret Medical, Inc. (10)	Health Care Equipment & Supplies	P+450		9.25%	11/22/2017	10/1/2020	5,000	4,982	4,975
Clinical Ink, Inc. (10)	Health Care Technology	L+850	0.70%	10.16%	3/8/2016	3/8/2020	5,056	5,174	5,363
Corindus Vascular Robotics, Inc. (5)(10)	Health Care Equipment & Supplies	L+725		9.04%	3/9/2018	3/1/2022	6,783	6,696	6,691

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Delphinus Medical Technologies, Inc. (10)	Health Care Equipment & Supplies	L+850		10.19%	8/18/2017	9/1/2021	3,750	3,681	3,731
Lumeris Solutions Company, LLC (10)	Health Care Technology	L+860	0.25%	10.29%	3/22/2017	2/1/2020	16,000	16,233	16,240
Nabsys 2.0 LLC (10)	Life Sciences Tools & Services			8.90%	4/22/2016	10/13/2018	1,611	2,126	2,095
PQ Bypass, Inc. (10)	Health Care Equipment & Supplies	L+885	1.00%	10.50%	4/21/2016	4/21/2020	5,000	5,031	4,975
Rapid Micro Biosystems, Inc. (10)	Life Sciences Tools & Services	L+880		10.46%	6/30/2015	6/30/2019	15,360	16,210	16,716
scPharmaceuticals, Inc. (10)	Pharmaceuticals	L+845		10.14%	5/23/2017	5/1/2021	5,000	4,964	5,025
Scynexis, Inc. (10)	Pharmaceuticals	L+849		10.18%	9/30/2016	9/30/2020	15,000	15,110	15,000
SentreHeart, Inc. (10)	Health Care Equipment & Supplies	L+885		10.50%	11/15/2016	11/15/2020	10,000	10,003	10,025
Sunesis Pharmaceuticals, Inc. (10)	Pharmaceuticals	L+854		10.23%	3/31/2016	4/1/2020	3,750	3,782	3,769
Trevi Therapeutics, Inc. (10)	Pharmaceuticals	L+775		9.41%	12/29/2014	6/29/2018	1,375	1,799	1,581
Vapotherm, Inc. (10)	Health Care Equipment & Supplies	L+899		10.64%	11/16/2016	5/16/2021	20,000	20,101	21,100
Total Life Science Senior Secured Loans								\$ 237,020	\$ 238,237
Total Senior Secured Loans								\$ 745,058	\$ 748,712

See notes to consolidated financial statements.

Table of Contents**SOLAR CAPITAL LTD.****CONSOLIDATED SCHEDULE OF INVESTMENTS (unaudited) (continued)****March 31, 2018****(in thousands, except share/unit amounts)**

Description	Industry	Interest Rate (1)	Acquisition Date	Maturity Date	Par Amount	Cost	Fair Value
Equipment Financing 26.2%							
Althoff Crane Service, Inc. (10)(12)	Commercial Services & Supplies	10.55%	7/31/2017	6/8/2022	\$ 1,487	\$ 1,487	\$ 1,519
BB578, LLC (10)(12)	Media	10.00%	7/31/2017	11/1/2021	769	769	777
Beverly Hills Limo and Corporate Coach, Inc. (10)(12)	Road & Rail	10.59%	3/19/2018	9/9/2019	568	609	577
Blackhawk Mining, LLC (10)(12)	Oil, Gas & Consumable Fuels	11.34%	2/16/2018	3/1/2022	3,716	3,446	3,716
Blue Star Materials II, LLC (10)(12)	Construction Materials	39.06%	7/31/2017	5/1/2018	27	27	27
Carl R. Bieber, Inc. (10)(12)	Hotels, Restaurants & Leisure	9.92%	7/31/2017	1/13/2024	1,335	1,335	1,321
Central Freight Lines, Inc. (10)(12)	Road & Rail	7.16%	7/31/2017	1/14/2024	1,914	1,914	1,914
Cfactor Leasing Corp. & CZM USA, Corp. (10)(12)	Machinery	12.00-12.59%	7/31/2017	5/31/2019-4/1/2021	2,327	2,323	2,371
Champion Air, LLC (10)(12)	Airlines	10.00%	3/19/2018	1/1/2019	3,565	3,533	3,522
Family First Freight, LLC (10)(12)	Road & Rail	9.29-11.52%	7/31/2017	7/2/2019-1/22/2022	862	862	869
Garda CL Technical Services,	Commercial Services & Supplies	8.12%	3/22/2018	5/16/2023	1,137	1,137	1,137

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Inc. (10)(12)								
Georgia Jet, Inc. (10)(12)	Airlines	8.00%	12/4/2017	12/4/2021	2,786	2,786	2,786	
Great Plains Gas Compression Holdings, LLC (10)(12)	Oil, Gas & Consumable Fuels	9.39%	3/19/2018	8/31/2018	7,595	7,585	7,531	
Haljoe Coaches USA, LLC (10)(12)	Road & Rail	8.12-9.90%	7/31/2017	7/1/2022-11/17/2022	6,034	6,034	6,034	
Hawkeye Contracting Company, LLC (10)(12)(13)	Oil, Gas & Consumable Fuels	10.00%	11/15/2017	11/15/2020	4,896	4,896	4,896	
Knight Transfer Services, Inc. & Dumpstr Xpress, Inc. (10)(12)	Commercial Services & Supplies	12.05-12.76%	7/31/2017	4/11/2020-4/30/2020	772	772	783	
Kool Pak, LLC (10)(12)	Road & Rail	8.58%	2/5/2018	3/1/2024	810	810	810	
Logicorp Enterprises, LLC (10)(12)	Road & Rail	12.18%	7/31/2017	2/3/2021	3,673	3,673	3,832	
Marcal Manufacturing, LLC dba Soundview Paper Company, LLC (10)(12)	Paper & Forest Products	12.91-12.98%	7/31/2017	7/30/2022-10/25/2022	1,572	1,572	1,582	
Meridian Consulting I Corp, Inc. (10)(12)	Hotels, Restaurants & Leisure	10.72%	7/31/2017	12/4/2021	3,734	3,734	3,852	
Mountain Air Helicopters, Inc. (10)(12)	Commercial Services & Supplies	10.00%	7/31/2017	4/30/2022	1,861	1,861	1,883	
OKK Equipment, LLC (10)(12)	Commercial Services & Supplies	10.15%	7/31/2017	8/27/2023	686	686	673	
Reston Limousine & Travel Service, Inc. (10)(12)	Road & Rail	11.81%	9/13/2017	10/1/2021	1,771	1,795	1,771	
Rosco Crane & Rigging, Inc. (10)(12)	Commercial Services & Supplies	11.13-11.53%	8/25/2017	4/1/2021-9/1/2022	944	944	944	
	Road & Rail	10.03%	7/31/2017	8/28/2018	211	211	209	

Royal Coach
Lines,
Inc. (10)(12)

RVR Air Charter, LLC & RVR Aviation, LLC (10)(12)	Airlines	12.00%	7/31/2017	1/1/2022	1,498	1,498	1,543
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See notes to consolidated financial statements.

Table of Contents**SOLAR CAPITAL LTD.****CONSOLIDATED SCHEDULE OF INVESTMENTS (unaudited) (continued)****March 31, 2018****(in thousands, except share/unit amounts)**

Description	Industry	Interest Rate (1)	Acquisition Date	Maturity Date	Par Amount	Cost	Fair Value
Santek Environmental, LLC (10)(12)	Commercial Services & Supplies	10.00%	7/31/2017	3/1/2021	142	142	143
Santek Environmental of Alabama, LLC (10)(12)	Commercial Services & Supplies	8.95-10.00%	7/31/2017	12/18/2020-11/29/2021	235	235	234
Sidelines Tree Service LLC (10)(12)	Diversified Consumer Services	10.31-10.52%	7/31/2017	8/1/2022-10/1/2022	501	502	505
South Texas Oilfield Solutions, LLC (10)(12)	Energy Equipment & Services	16.89%	3/29/2018	6/1/2023	982	982	982
Southern Nevada Oral & Maxillofacial Surgery, LLC (10)(12)	Health Care Providers & Services	12.00%	7/31/2017	3/1/2024	1,493	1,493	1,538
Southwest Traders, Inc. (10)(12)	Road & Rail	9.13%	11/21/2017	11/1/2020	187	187	187
ST Coaches, LLC (10)(12)	Road & Rail	8.21-8.48%	7/31/2017	10/1/2022-11/18/2022	3,650	3,650	3,650
Star Coaches Inc. (10)(12)	Road & Rail	8.42%	3/9/2018	4/1/2025	4,168	4,168	4,168
Sturgeon Services International Inc. (10)(12)	Energy Equipment & Services	18.41%	7/31/2017	2/28/2022	2,045	2,045	2,057
Sun-Tech Leasing of Texas, L.P. (10)(12)	Road & Rail	8.68-10.62%	7/31/2017	5/4/2019-7/25/2021	1,204	1,204	1,204
Superior Transportation, Inc. (10)(12)	Road & Rail	9.77-10.26%	7/31/2017	4/23/2022-7/1/2023	3,499	3,497	3,490
The Smedley Company & Smedley Services,	Commercial Services & Supplies	11.63%	7/31/2017	2/10/2024	3,046	3,046	3,138

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Inc. (10)(12).. Tornado Bus Company (10)(12) Up Trucking Services, LLC (10)(12) Waste Services of Tennessee, LLC (10)(12) Waste Services of Texas, LLC (10)(12) WJV658, LLC (10)(12) W.P.M., Inc., WPM-Southern, LLC, WPM Construction Services, Inc.(10)(12).	Road & Rail Road & Rail Commercial Services & Supplies Commercial Services & Supplies Airlines Construction & Engineering	10.78% 11.91% 8.95-10.15% 8.95% 8.50% 7.50%	7/31/2017 3/23/2018 7/31/2017 7/31/2017 7/31/2017 7/31/2017	9/1/2021 4/1/2022 2/7/2021-11/29/2021 12/6/2021 7/1/2022 10/1/2022	2,589 2,642 925 179 8,315 3,831	2,589 2,693 925 179 8,315 3,831	2,624 2,642 917 177 8,271 3,774
NEF Holdings, LLC Equity Interests (3)(10)(11)	Multi-Sector Holdings		7/31/2017		200	145,000	145,000
Total Equipment Financing						\$ 240,982	\$ 241,580
Preferred Equity							
1.3%							
SOAGG LLC (3)(5)(6)(10) SOINT, LLC (3)(5)(6)(10)	Aerospace & Defense Aerospace & Defense	8.00% 15.00%	12/14/2010 6/8/2012	6/30/2020 6/30/2020	3,727 72,398	\$ 3,727 7,240	\$ 4,137 7,914
Total Preferred Equity						\$ 10,967	\$ 12,051

See notes to consolidated financial statements.

Table of Contents**SOLAR CAPITAL LTD.****CONSOLIDATED SCHEDULE OF INVESTMENTS (unaudited) (continued)****March 31, 2018****(in thousands, except share/unit amounts)**

Description	Industry	Acquisition Date	Shares/ Units	Cost	Fair Value
Common Equity/Equity Interests/Warrants 50.8%					
Ark Real Estate Partners LP (2)(3)(10)*	Diversified Real Estate Activities	3/12/2007		\$ 527	\$ 154
Ark Real Estate Partners II LP (2)(3)(10)*	Diversified Real Estate Activities	10/23/2012		12	4
aTyr Pharma, Inc. Warrants (10)*	Pharmaceuticals	11/18/2016	88,792	106	51
B Riley Financial Inc. (5)	Research & Consulting Services	3/16/2007	38,015	2,684	741
CardioDx, Inc. Warrants (10)*	Health Care Providers & Services	6/18/2015	3,986	129	
CardioFocus, Inc. Warrants (10)*	Health Care Equipment & Supplies	3/31/2017	440,816	51	61
CAS Medical Systems, Inc. Warrants (10)*	Health Care Equipment & Supplies	6/30/2016	48,491	38	14
Cianna Medical, Inc. Warrants (10)*	Health Care Equipment & Supplies	9/28/2016	134,590	56	68
Claret Medical, Inc. Warrants (10)*	Health Care Equipment & Supplies	11/22/2017	367,737	42	60
Conventus Orthopaedics, Inc. Warrants (10)*	Health Care Equipment & Supplies	6/15/2016	157,500	65	61
Corindus Vascular Robotics, Inc. Warrants (5)(10)*	Health Care Equipment & Supplies	3/9/2018	79,855	40	47
Crystal Financial LLC (3)(5)(10)	Diversified Financial Services	12/28/2012	280,303	280,737	300,000
Delphinus Medical Technologies, Inc. Warrants (10)*	Health Care Equipment & Supplies	8/18/2017	380,904	74	88
Essence Group Holdings Corporation (Lumeris) Warrants (10)*	Health Care Technology	3/22/2017	208,000	63	205
PQ Bypass, Inc. Warrants (10)*	Health Care Equipment & Supplies	4/21/2016	176,471	70	54
RD Holdco Inc. (Rug Doctor) (3)(10)*	Diversified Consumer Services	12/23/2013	231,177	15,683	12,699
	Diversified Consumer Services	12/23/2013	522	5,216	5,216

RD Holdco Inc. (Rug Doctor)
Class B (3)(10)*

RD Holdco Inc. (Rug Doctor)						
Warrants (3)(10)*	Diversified Consumer Services	12/23/2013	30,370	381	39	
Scynexis, Inc. Warrants (10)*	Pharmaceuticals	9/30/2016	122,435	105	1	
Senior Secured Unitranche						
Loan Program LLC (3)(5)	Asset Management	11/25/2015		95,106	93,727	
Senior Secured Unitranche						
Loan Program II LLC (3)(5)	Asset Management	8/5/2016		55,754	56,134	
SentreHeart, Inc. Warrants						
(10)*	Health Care Equipment & Supplies	11/15/2016	261,825	126	113	
Sunesis Pharmaceuticals, Inc.						
Warrants (10)*	Pharmaceuticals	3/31/2016	104,001	118	37	
Total Common Equity/Equity Interests/Warrants				\$ 457,183	\$ 469,574	
Total Investments (8) 159.3%				\$ 1,454,190	\$ 1,471,917	

Description	Industry	Acquisition Date	Maturity Date	Par Amount	Cost	Fair Value
Cash Equivalents 15.1%						
U.S. Treasury Bill	Government	3/29/2018	4/26/2018	\$ 140,000	\$ 139,853	\$ 139,853
Total Investments & Cash Equivalents 174.4%				\$ 1,594,043	\$ 1,611,770	
Liabilities in Excess of Other Assets (74.4%)						(687,444)
Net Assets 100.0%						\$ 924,326

- (1) Floating rate debt investments typically bear interest at a rate determined by reference to the London Interbank Offered Rate (LIBOR), and which typically reset monthly, quarterly or semi-annually. For each debt investment we have provided the current rate of interest in effect as of March 31, 2018.
- (2) Ark Real Estate Partners is held through SLRC ADI Corp., a wholly-owned taxable subsidiary.

See notes to consolidated financial statements.

Table of Contents**SOLAR CAPITAL LTD.****CONSOLIDATED SCHEDULE OF INVESTMENTS (unaudited) (continued)****March 31, 2018****(in thousands, except share/unit amounts)**

(3) Denotes investments in which we are deemed to exercise a controlling influence over the management or policies of a company, as defined in the Investment Company Act of 1940 (1940 Act), due to beneficially owning, either directly or through one or more controlled companies, more than 25% of the outstanding voting securities of the investment. Transactions during the three months ended March 31, 2018 in these controlled investments are as follows:

Name of Issuer	Fair Value at December 31, 2017	Gross Additions	Gross Reductions	Change in		Interest/Dividend /Other Income	Fair Value at March 31, 2018
				Realized Gain (Loss)	Unrealized Gain (Loss)		
Ark Real Estate Partners LP	\$ 263	\$	\$	\$ (5)	\$ (109)	\$	\$ 154
Ark Real Estate Partners II LP	6				(2)		4
AviatorCap SII, LLC I	10		10				
Crystal Financial LLC	303,200				(3,200)	7,720	300,000
NEF Holdings, LLC	145,500				(500)	3,000	145,000
RD Holdco Inc. (Rug Doctor, common equity)	10,102				2,597		12,699
RD Holdco Inc. (Rug Doctor, class B)	5,216						5,216
RD Holdco Inc. (Rug Doctor, warrants)	35				4		39
Rug Doctor LLC	9,111				(23)	289	9,111
Senior Secured Unitranche Loan Program LLC (SSLP)	88,736	6,790	1,400		(399)	1,979	93,727
Senior Secured Unitranche Loan Program II LLC (SSLP II)	51,744	6,694	2,016		(288)	1,375	56,134
SOAGG LLC	4,537		420		20	78	4,137
SOINT, LLC (preferred equity)	8,300		462		76	270	7,914
	\$ 626,760	\$ 13,484	\$ 4,308	\$ (5)	\$ (1,824)	\$ 14,711	\$ 634,135

- (4) Denotes investments in which we are an Affiliated Person but not exercising a controlling influence, as defined in the 1940 Act, due to beneficially owning, either directly or through one or more controlled companies, more than 5% but less than 25% of the outstanding voting securities of the investment. Transactions during the three months ended March 31, 2018 in these affiliated investments are as follows:

Name of Issuer	Fair Value at		Change in			Fair Value at	
	December 31, 2017	Gross Additions	Gross Reductions	Realized Gain (Loss)	Unrealized Gain (Loss)	Interest/Dividend Income	March 31, 2018
DSW Group Holdings LLC	\$	\$	\$	\$ 175	\$	\$	\$

- (5) Indicates assets that the Company believes may not represent qualifying assets under Section 55(a) of the Investment Company Act of 1940 (1940 Act), as amended. If we fail to invest a sufficient portion of our assets in qualifying assets, we could be prevented from making follow-on investments in existing portfolio companies or could be required to dispose of investments at inappropriate times in order to comply with the 1940 Act. As of March 31, 2018, on a fair value basis, non-qualifying assets in the portfolio represented 29.8% of the total assets of the Company.
- (6) Solar Capital Ltd. s investments in SOAGG, LLC and SOINT, LLC include a two and one dollar investment in common shares, respectively.
- (7) Bishop Lifting Products, Inc., SEI Holding I Corporation, Singer Equities, Inc. & Hampton Rubber Company are co-borrowers.
- (8) Aggregate net unrealized appreciation for U.S. federal income tax purposes is \$12,003; aggregate gross unrealized appreciation and depreciation for federal tax purposes is \$24,959 and \$12,956, respectively, based on a tax cost of \$1,459,914. All of the Company s investments are pledged as collateral against the borrowings outstanding on the revolving credit facility.
- (9) Floating rate instruments accrue interest at a predetermined spread relative to an index, typically the LIBOR or PRIME rate. These instruments are typically subject to a LIBOR or PRIME rate floor.
- (10) Level 3 investment valued using significant unobservable inputs.
- (11) NEF Holdings, LLC is held through NEFCORP LLC, a wholly-owned consolidated taxable subsidiary and NEFPASS LLC, a wholly-owned consolidated subsidiary.
- (12) Indicates an investment that is wholly held by Solar Capital Ltd. through NEFPASS LLC.

See notes to consolidated financial statements.

Table of Contents**SOLAR CAPITAL LTD.****CONSOLIDATED SCHEDULE OF INVESTMENTS (unaudited) (continued)****March 31, 2018****(in thousands, except share/unit amounts)**

(13) Hawkeye Contracting Company, LLC, Eagle Creek Mining, LLC & Falcon Ridge Leasing, LLC are co-borrowers.

* Non-income producing security.

Represents estimated change in receivable balance.

Industry Classification	Percentage of Total Investments (at fair value) as of March 31, 2018
Diversified Financial Services (Crystal Financial LLC)	20.4%
Multi-Sector Holdings (includes NEF Holdings, LLC)	12.8%
Asset Management (includes SSLP and SSLP II)	11.1%
Health Care Providers & Services	7.9%
Health Care Equipment & Supplies	7.0%
Pharmaceuticals	6.2%
Professional Services	4.4%
Wireless Telecommunication Services	3.7%
Communications Equipment	3.2%
Road & Rail	2.3%
Media	2.0%
Diversified Consumer Services	1.9%
Consumer Finance	1.7%
IT Services	1.7%
Trading Companies & Distributors	1.6%
Health Care Technology	1.5%
Thriffs & Mortgage Finance	1.3%
Life Sciences Tools & Services	1.3%
Chemicals	1.1%
Oil, Gas & Consumable Fuels	1.1%
Airlines	1.1%
Insurance	1.0%
Software	0.9%
Aerospace & Defense	0.8%
Commercial Services & Supplies	0.8%
Hotels, Restaurants & Leisure	0.3%
Construction & Engineering	0.3%
Energy Equipment & Services	0.2%
Machinery	0.2%

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Paper & Forest Products	0.1%
Research & Consulting Services	0.1%
Diversified Real Estate Activities	0.0%
Construction Materials	0.0%
Total Investments	100.0%

See notes to consolidated financial statements.

Table of Contents**SOLAR CAPITAL LTD.****CONSOLIDATED SCHEDULE OF INVESTMENTS****December 31, 2017****(in thousands, except share/unit amounts)**

Description	Industry	Spread Above Index (9)	LIBOR Floor	Interest Rate (1)	Acquisition Date	Maturity Date	Par Amount	Cost	Fair Value
Senior Secured Loans 83.5%									
Bank Debt/Senior Secured Loans									
AccentCare, Inc. (11)	Health Care Providers & Services	L+525	1.00%	6.94%	12/29/2017	3/3/2022	\$ 2,580	\$ 2,567	\$ 2,567
AccentCare, Inc. (1)	Health Care Providers & Services	L+950	1.00%	11.01%	9/3/2015	9/3/2022	10,000	9,869	9,900
Regis Toxicology Sciences Corporation (11)	Health Care Providers & Services	L+850	1.00%	10.17%	2/20/2014	8/24/2021	31,000	30,606	30,070
American Teleconferencing Services, Ltd. (PGI) (11)	Communications Equipment	L+650	1.00%	7.90%	5/5/2016	12/8/2021	21,627	21,127	21,300
Merilife Group, LLC (11)	Insurance	L+875	1.00%	10.25%	7/9/2015	1/10/2023	15,000	14,775	14,880
Argo Turboserve Corporation & Argo Tech, LLC (11)	Air Freight & Logistics	L+1425 (10)		15.73%	5/2/2014	5/2/2018	6,660	6,235	6,660
AviatorCap SII, LLC I (3)(11)	Aerospace & Defense			12.00%	5/31/2011	1/31/2019	10	10	10
Shishop Lifting Products, Inc. (7)(11)	Trading Companies & Distributors	L+800	1.00%	9.57%	3/24/2014	3/27/2022	25,000	24,857	23,500
Matto, Inc. (11)	IT Services	L+800	1.00%	9.41%	12/6/2017	12/7/2022	25,000	24,505	24,500
ISA Holdings Acquisition Subsidiary Corp. (11)	Professional Services	L+850	1.00%	9.84%	12/9/2014	6/9/2021	51,476	51,008	51,476
Almouth Group Holdings Corp. (AMPAC) (11)	Chemicals	L+675	1.00%	8.44%	12/7/2015	12/14/2021	9,298	9,265	9,298
		L+400	1.25%	5.69%	11/6/2015	5/23/2020	7,194	6,205	7,230

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Global Tel*Link Corporation	Communications Equipment									
Global Tel*Link Corporation	Communications Equipment	L+825	1.25%	9.94%	5/21/2013	11/23/2020	18,500	18,317	18,54	
Freystone Select Holdings LLC & Freystone & Co., c. (11)	Thrifths & Mortgage Finance	L+800	1.00%	9.40%	3/29/2017	4/17/2024	20,000	19,815	20,00	
HS Intermediate, c. (11)	Health Care Providers & Services	L+825	1.00%	9.62%	6/19/2015	7/20/2022	25,000	24,639	24,56	
2 Pure Solutions CoCal, L.P. (11)	Chemicals	L+900	1.00%	10.57%	8/19/2013	2/19/2021	7,475	7,398	7,40	
Core Wireless Group, Inc. (11)	Wireless Telecommunication Services	L+825	1.00%	9.94%	9/12/2014	3/12/2021	55,500	54,866	54,94	
RI Software LC (11)	Software	L+625	1.00%	7.83%	6/7/2017	6/30/2023	16,352	16,197	16,27	
n Location Events, LLC & PrimeSport Holdings c. (11)	Media	L+550	1.00%	7.04%	12/7/2017	9/29/2021	60,000	59,260	59,25	
nyMed Management LC (11)	Health Care Providers & Services	L+875	1.00%	10.21%	12/18/2015	5/18/2021	32,321	31,430	31,27	
SKW, LLC & DR, LLC (11)	Health Care Providers & Services	L+826	1.00%	9.95%	10/24/2017	11/25/2021	3,461	3,394	3,39	
radiology Partners, Inc. (11)	Health Care Providers & Services	L+575	1.00%	7.44%	11/28/2017	12/4/2023	9,122	9,032	9,03	
ug Doctor LLC (11)	Diversified Consumer Services	L+975	1.50%	11.42%	12/23/2013	12/31/2018	9,111	9,019	9,11	
lient Partners, P. (11)	Asset Management	L+850	1.00%	9.85%	6/10/2015	6/9/2021	13,980	13,803	13,98	
outhern Auto Finance Company (5)(11)	Consumer Finance			11.15%	10/19/2011	12/4/2018	25,000	24,905	25,00	
ne Octave Music Group, Inc. (aka TouchTunes) (11)	Media	L+825	1.00%	9.62%	5/28/2015	5/27/2022	14,000	13,852	14,00	
arilase Finance, Inc. (11)	Multi-Sector Holdings	L+825	1.00%	9.58%	8/22/2014	8/24/2020	48,000	47,548	48,00	
Total Bank Debt/Senior Secured Loans								\$ 554,504	\$ 556,15	

See notes to consolidated financial statements.

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Description	Industry	Spread Above LIBOR Index (9) Floor	Interest Rate (1)	Acquisition Date	Maturity Date	Par Amount	Cost	Fair Value	
<u>Life Science</u>									
<u>Senior Secured</u>									
<u>Loans</u>									
Achaogen, Inc. (5)(11)	Pharmaceuticals	L+699	1.00%	8.34%	8/5/2015	8/5/2019	\$ 20,833	\$ 21,783	\$ 22,500
aTyr Pharma, Inc. (11)	Pharmaceuticals	P+410		8.35%	11/18/2016	11/18/2020	10,000	9,986	10,100
Axcella Health Inc. (11)	Pharmaceuticals	L+880		10.15%	8/7/2015	8/31/2019	20,000	20,600	20,900
Breathe Technologies, Inc. (11)	Health Care Equipment & Supplies	L+830		9.65%	11/5/2015	11/5/2019	15,000	16,774	16,800
CardioDx, Inc. (11)	Health Care Providers & Services	P+670		11.20%	6/18/2015	4/1/2019	4,000	4,507	4,480
CardioFocus, Inc. (11)	Health Care Equipment & Supplies	L+750		8.88%	3/31/2017	7/1/2020	5,300	5,307	5,300
Cardiva Medical, Inc. (11)	Health Care Equipment & Supplies	L+865	0.63%	10.00%	2/2/2017	2/2/2021	9,000	9,125	9,045
CAS Medical Systems, Inc. (11)	Health Care Equipment & Supplies	L+875		10.10%	6/30/2016	7/1/2020	6,000	6,083	6,045
Cianna Medical, Inc. (11)	Health Care Equipment & Supplies	L+900		10.35%	9/28/2016	9/28/2020	7,500	7,613	7,556
Claret Medical, Inc. (11)	Health Care Equipment & Supplies	P+450		9.00%	11/22/2017	10/1/2020	5,000	4,947	4,933
Clinical Ink, Inc. (11)	Health Care Technology	L+850	0.70%	9.86%	3/8/2016	3/8/2020	5,056	5,153	5,056
Delphinus Medical Technologies, Inc.	Health Care Equipment & Supplies	L+850		9.88%	8/18/2017	9/1/2021	3,750	3,664	3,722

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(11)									
Lumeris Solutions Company, LLC (11)	Health Care Technology	L+860	0.25%	9.98%	3/22/2017	2/1/2020	16,000	16,147	16,160
Mitralign, Inc. (11)	Health Care Equipment & Supplies			9.48%	4/22/2016	12/1/2018	833	843	829
Nabsys 2.0 LLC (11)	Life Sciences Tools & Services			8.90%	4/22/2016	10/13/2018	2,302	2,695	2,532
PQ Bypass, Inc. (11)	Health Care Equipment & Supplies	L+885	1.00%	10.20%	4/21/2016	4/21/2020	5,000	5,012	4,975
Rapid Micro Biosystems, Inc. (11)	Life Sciences Tools & Services	L+880		10.16%	6/30/2015	6/30/2019	15,360	16,126	15,322
scPharmaceuticals, Inc. (11)	Pharmaceuticals	L+845		9.83%	5/23/2017	5/1/2021	5,000	4,952	5,000
Scynexis, Inc. (11)	Pharmaceuticals	L+849		9.87%	9/30/2016	9/30/2020	15,000	15,049	14,850
SentreHeart, Inc. (11)	Health Care Equipment & Supplies	L+885		10.20%	11/15/2016	11/15/2020	10,000	9,958	10,000
Sunesis Pharmaceuticals, Inc. (11)	Pharmaceuticals	L+854		9.92%	3/31/2016	4/1/2020	3,750	3,765	3,769
Trevi Therapeutics, Inc. (11)	Pharmaceuticals	L+775		9.11%	12/29/2014	6/29/2018	2,406	2,786	2,623
Vapotherm, Inc. (11)	Health Care Equipment & Supplies	L+899		10.34%	11/16/2016	5/16/2021	20,000	20,040	20,450
Total Life Science Senior Secured Loans								\$ 212,915	\$ 212,947
Total Senior Secured Loans								\$ 767,419	\$ 769,101

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Description	Industry	Interest Rate (1)	Acquisition Date	Maturity Date	Par Amount	Cost	Fair Value
Equipment Financing 23.7%							
Althoff Crane Service, Inc. (11)(13)	Commercial Services & Supplies	10.55%	7/31/2017	6/8/2022	\$ 1,526	\$ 1,526	\$ 1,526
BB578, LLC (11)(13)	Media	10.00%	7/31/2017	11/1/2021	801	801	821
Beverly Hills Limo and Corporate Coach, Inc. (11)(13)	Road & Rail	10.67%	7/31/2017	2/28/2018	38	38	37
Blue Star Materials II, LLC (11)(13)	Construction Materials	39.06%	7/31/2017	5/1/2018	102	102	102
Carl R. Bieber, Inc. (11)(13)	Hotels, Restaurants & Leisure	9.92%	7/31/2017	1/13/2024	1,363	1,363	1,347
Central Freight Lines, Inc. (11)(13)	Road & Rail	7.16%	7/31/2017	1/14/2024	1,979	1,979	1,940
Cfactor Leasing Corp. & CZM USA, Corp. (11)(13)	Machinery	12.00-12.05%	7/31/2017	5/31/2019-1/15/2021	2,090	2,090	2,135
Family First Freight, LLC (11)(13)	Road & Rail	10.11%	7/31/2017	1/22/2022	505	505	513
Georgia Jet, Inc. (11)(13)	Airlines	8.00%	12/4/2017	12/4/2021	2,918	2,918	2,918
Haljoe Coaches USA, LLC (11)(13)	Road & Rail	8.12-9.90%	7/31/2017	7/1/2022-11/17/2022	6,172	6,172	6,172
Hawkeye Contracting Company, LLC (11)(13)(14)	Oil, Gas & Consumable Fuels	10.00%	11/15/2017	11/15/2020	5,292	5,292	5,292

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Knight Transfer Services, Inc. & Dumpstr Xpress, Inc. (11)(13)	Commercial Services & Supplies	12.05-12.76%	7/31/2017	4/11/2020-4/30/2020	852	852	854
Logicorp Enterprises, LLC (11)(13)	Road & Rail	12.18%	7/31/2017	2/3/2021	4,016	4,016	4,096
Marcal Manufacturing, LLC dba Soundview Paper Company, LLC (11)(13)	Paper & Forest Products	12.91-12.98%	7/31/2017	7/30/2022-10/25/2022	1,637	1,637	1,637
Meridian Consulting I Corp, Inc. (11)(13)	Hotels, Restaurants & Leisure	10.72%	7/31/2017	12/4/2021	3,784	3,784	3,873
Mountain Air Helicopters, Inc. (11)(13)	Commercial Services & Supplies	10.00%	7/31/2017	4/30/2022	1,882	1,882	1,882
OKK Equipment, LLC (11)(13)	Commercial Services & Supplies	10.15%	7/31/2017	8/27/2023	709	709	696
Reston Limousine & Travel Service, Inc. (11)(13)	Road & Rail	11.81%	9/13/2017	10/1/2021	1,868	1,895	1,868
Rosco Crane & Rigging, Inc. (11)(13)	Commercial Services & Supplies	11.53%	8/25/2017	9/1/2022	711	711	711
Royal Coach Lines, Inc. (11)(13)	Road & Rail	10.03%	7/31/2017	8/28/2018	364	364	361
RVR Air Charter, LLC & RVR Aviation, LLC (11)(13)	Airlines	12.00%	7/31/2017	1/1/2022	1,550	1,550	1,581
Santek Environmental, LLC (11)(13)	Commercial Services & Supplies	10.00%	7/31/2017	3/1/2021	154	154	153
Santek Environmental of Alabama, LLC (11)(13)	Commercial Services & Supplies	8.95-10.00%	7/31/2017	12/18/2020-11/29/2021	252	252	250
Sidelines Tree Service LLC (11)(13)	Diversified Consumer Services	10.31%-10.52%	7/31/2017	8/1/2022-10/1/2022	523	525	523
Southern Nevada Oral & Maxillofacial Surgery, LLC (11)(13)	Health Care Providers & Services	12.00%	7/31/2017	3/1/2024	1,521	1,521	1,544
	Road & Rail	9.13%	11/21/2017	11/1/2020	202	202	202

Southwest Traders, Inc. (11)(13)								
ST Coaches, LLC (11)(13)								
Road & Rail	8.23-8.72%	7/31/2017	10/1/2022-11/18/2022	3,703	3,703	3,703		
Sturgeon Services International Inc. (11)(13)								
Energy Equipment & Services	17.21%	7/31/2017	2/28/2022	2,212	2,212	2,225		

See notes to consolidated financial statements.

Table of Contents**SOLAR CAPITAL LTD.****CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)****December 31, 2017****(in thousands, except share/unit amounts)**

Description	Industry	Interest Rate (1)	Acquisition Date	Maturity Date	Par Amount	Cost	Fair Value
Sun-Tech Leasing of Texas, L.P. (11)(13)	Road & Rail	8.68-10.60%	7/31/2017	5/4/2019-7/25/2021	1,253	1,253	1,252
Superior Transportation, Inc. (11)(13)	Road & Rail	9.77-10.26%	7/31/2017	4/23/2022-11/25/2022	3,451	3,451	3,423
The Smedley Company & Smedley Services, Inc. (11)(13)	Commercial Services & Supplies	11.63%	7/31/2017	2/10/2024	3,119	3,119	3,181
Tornado Bus Company (11)(13)	Road & Rail	10.78%	7/31/2017	9/1/2021	2,727	2,727	2,749
Waste Services of Tennessee, LLC (11)(13)	Commercial Services & Supplies	8.95-10.15%	7/31/2017	2/7/2021-11/29/2021	983	983	968
Waste Services of Texas, LLC (11)(13)	Commercial Services & Supplies	8.95%	7/31/2017	12/6/2021	190	190	185
WJV658, LLC (11)(13)	Airlines	8.50%	7/31/2017	7/1/2022	8,452	8,452	8,452
W.P.M., Inc., WPM-Southern, LLC, WPM Construction Services, Inc. (11)(13)	Construction & Engineering	7.50%	7/31/2017	10/1/2022	4,004	4,004	3,911
					Shares/ Units		
NEF Holdings, LLC Equity Interests (3)(11)(12)	Multi-Sector Holdings			7/31/2017	200	145,000	145,500
Total Equipment Financing						\$ 217,934	\$ 218,583

Preferred Equity

1.4%								
SOAGG LLC (3)(5)(6)	Aerospace & Defense	8.00%	12/14/2010	6/30/2020	4,147	\$ 4,147	\$ 4,537	
SOINT, LLC (3)(5)(6)	Aerospace & Defense	15.00%	6/8/2012	6/30/2020	77,014	7,701	8,300	
Total Preferred Equity						\$ 11,848	\$ 12,837	

Description	Industry	Acquisition Date	Shares/ Units	Cost	Fair Value
Common Equity/Equity Interests/Warrants 50.0%					
Ark Real Estate Partners LP (2)(3)(11)*	Diversified Real Estate Activities	3/12/2007		\$ 527	\$ 263
Ark Real Estate Partners II LP (2)(3)(11)*	Diversified Real Estate Activities	10/23/2012		12	6
aTyr Pharma, Inc. Warrants (11)*	Pharmaceuticals	11/18/2016	88,792	106	73
B Riley Financial Inc. (5)	Research & Consulting Services	3/16/2007	38,015	2,684	688
CardioDx, Inc. Warrants (11)*	Health Care Providers & Services	6/18/2015	3,986	129	
CardioFocus, Inc. Warrants (11)*	Health Care Equipment & Supplies	3/31/2017	440,816	51	43
CAS Medical Systems, Inc. Warrants (11)*	Health Care Equipment & Supplies	6/30/2016	48,491	38	
Cianna Medical, Inc. Warrants (11)*	Health Care Equipment & Supplies	9/28/2016	112,158	47	39
Claret Medical, Inc. Warrants (11)*	Health Care Equipment & Supplies	11/22/2017	367,737	42	42
Conventus Orthopaedics, Inc. Warrants (11)*	Health Care Equipment & Supplies	6/15/2016	157,500	65	43
Crystal Financial LLC (3)(5)(11)	Diversified Financial Services	12/28/2012	280,303	280,737	303,200
Delphinus Medical Technologies, Inc. Warrants (11)*	Health Care Equipment & Supplies	8/18/2017	380,904	74	66
Essence Group Holdings Corporation (Lumeris) Warrants (11)*	Health Care Technology	3/22/2017	208,000	63	155
PQ Bypass, Inc. Warrants (11)*	Health Care Equipment & Supplies	4/21/2016	176,471	70	38
RD Holdco Inc. (Rug Doctor) (3)(11)*	Diversified Consumer Services	12/23/2013	231,177	15,683	10,102
RD Holdco Inc. (Rug Doctor) Class B (3)(11)*	Diversified Consumer Services	12/23/2013	522	5,216	5,216
		12/23/2013	30,370	381	35

RD Holdco Inc. (Rug Doctor)
Warrants (3)(11)*

Diversified Consumer
Services

See notes to consolidated financial statements.

Table of Contents**SOLAR CAPITAL LTD.****CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)****December 31, 2017****(in thousands, except share/unit amounts)**

Description	Industry	Acquisition Date	Shares/ Units	Cost	Fair Value
Scynexis, Inc. Warrants (11)*	Pharmaceuticals	9/30/2016	122,435	105	3
Senior Secured Unitranche Loan Program LLC (3)(5)(11)	Asset Management	11/25/2015		89,716	88,736
Senior Secured Unitranche Loan Program II LLC (3)(5)(11)	Asset Management	8/5/2016		51,076	51,744
SentreHeart, Inc. Warrants (11)*	Health Care Equipment & Supplies	11/15/2016	261,825	126	79
Sunesis Pharmaceuticals, Inc. Warrants (11)*	Pharmaceuticals	3/31/2016	104,001	118	78
Total Common Equity/Equity Interests/Warrants				\$ 447,066	\$ 460,649
Total Investments (8)	158.6%			\$1,444,267	\$1,461,170
		Maturity Date	Par Amount		
Cash Equivalents					
15.7%					
U.S. Treasury Bill	Government	12/28/2017	2/8/2018	\$ 145,000	\$ 144,826
Total Investments & Cash Equivalents				\$ 1,589,093	\$ 1,605,996
Liabilities in Excess of Other Assets (74.3%)					(684,391)
Net Assets	100.0%				\$ 921,605

(1) Floating rate debt investments typically bear interest at a rate determined by reference to the London Interbank Offered Rate (LIBOR), and which typically reset monthly, quarterly or semi-annually. For each debt investment

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we have provided the current rate of interest in effect as of December 31, 2017.

- (2) Ark Real Estate Partners is held through SLRC ADI Corp., a wholly-owned taxable subsidiary.
- (3) Denotes investments in which we are deemed to exercise a controlling influence over the management or policies of a company, as defined in the Investment Company Act of 1940 (1940 Act), due to beneficially owning, either directly or through one or more controlled companies, more than 25% of the outstanding voting securities of the investment. Transactions during the year ended December 31, 2017 in these controlled investments are as follows:

Name of Issuer	Fair Value at December 31, 2016	Gross Additions	Gross Reductions	Realized Gain (Loss)	Change in Unrealized Gain (Loss)	Interest/ Dividend/ Other Income	Fair Value at December 31, 2017
Ark Real Estate Partners LP	\$ 336	\$	\$	\$ (6)	\$ (73)	\$	\$ 263
Ark Real Estate Partners II LP	8				(2)		6
AviatorCap SII, LLC I	497		487			31	10
Crystal Financial LLC	305,000				(1,800)	31,600	303,200
NEF Holdings, LLC		145,000			500	5,898	145,500
RD Holdco Inc. (Rug Doctor, common equity)	13,574				(3,472)		10,102
RD Holdco Inc. (Rug Doctor, class B)	5,216						5,216
RD Holdco Inc. (Rug Doctor, warrants)	168				(133)		35
Rug Doctor LLC	9,111				(92)	1,149	9,111
Senior Secured Unitranche Loan Program LLC (SSLP)	100,653	525	12,687		245	8,393	88,736
Senior Secured Unitranche Loan Program II LLC (SSLP II)	47,363	8,872	4,758		267	5,180	51,744
SOAGG LLC	5,806		1,476		207	394	4,537
SOINT, LLC	2,386		2,386		(6)	60	
SOINT, LLC (preferred equity)	9,100		966		166	1,259	8,300
	\$ 499,218	\$ 154,397	\$ 22,760	\$ (6)	\$ (4,193)	\$ 53,964	\$ 626,760

See notes to consolidated financial statements.

Table of Contents**SOLAR CAPITAL LTD.****CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)****December 31, 2017****(in thousands, except share/unit amounts)**

- (4) Denotes investments in which we are an Affiliated Person but not exercising a controlling influence, as defined in the 1940 Act, due to beneficially owning, either directly or through one or more controlled companies, more than 5% but less than 25% of the outstanding voting securities of the investment. Transactions during the year ended December 31, 2017 in these affiliated investments are as follows:

Name of Issuer	Fair Value at			Realized Gain (Loss)	Change in Unrealized Gain (Loss)	Interest Dividend Income	Fair Value at December 31, 2017
	December 31, 2016	Gross Additions	Gross Reductions				
Direct Buy Inc. (common equity)	\$	\$	\$	\$	\$	\$	\$
Direct Buy Inc. (senior secured loan)	777	333	11,439	(8,387)	7,734		
DSW Group Holdings LLC				283			
	\$ 777	\$ 333	\$ 11,439	\$ (8,104)	\$ 7,734	\$	\$

- (5) Indicates assets that the Company believes may not represent qualifying assets under Section 55(a) of the Investment Company Act of 1940 (1940 Act), as amended. If we fail to invest a sufficient portion of our assets in qualifying assets, we could be prevented from making follow-on investments in existing portfolio companies or could be required to dispose of investments at inappropriate times in order to comply with the 1940 Act. As of December 31, 2017, on a fair value basis, non-qualifying assets in the portfolio represented 30.5% of the total assets of the Company.
- (6) Solar Capital Ltd. s investments in SOAGG, LLC and SOINT, LLC include a two and one dollar investment in common shares, respectively.
- (7) Bishop Lifting Products, Inc., SEI Holding I Corporation, Singer Equities, Inc. & Hampton Rubber Company are co-borrowers.
- (8) Aggregate net unrealized appreciation for U.S. federal income tax purposes is \$10,234; aggregate gross unrealized appreciation and depreciation for federal tax purposes is \$27,742 and \$17,508, respectively, based on a tax cost of \$1,450,936. All of the Company s investments are pledged as collateral against the borrowings outstanding on the revolving credit facility.
- (9) Floating rate instruments accrue interest at a predetermined spread relative to an index, typically the LIBOR or PRIME rate. These instruments are typically subject to a LIBOR or PRIME rate floor.
- (10) Spread is 12.25% Cash / 2.00% PIK.

