

Solar Senior Capital Ltd.
Form 497
September 07, 2016
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**Filed pursuant to Rule 497
Registration No. 333-194774**

This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, as amended, but the information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell and are not soliciting an offer to buy these securities in any jurisdiction where the offer and sale is not permitted.

SUBJECT TO COMPLETION DATED SEPTEMBER 7, 2016

PRELIMINARY PROSPECTUS SUPPLEMENT

(to Prospectus dated July 6, 2016)

4,000,000 Shares
Solar Senior Capital Ltd.
Common Stock

We are an externally managed finance company. Our investment objective is to seek to maximize current income consistent with the preservation of capital. We seek to achieve our investment objective by investing primarily in senior secured loans, including first lien, unitranche, and second lien debt instruments, made to private middle-market companies whose debt is rated below investment grade, which we refer to collectively as senior loans. We may also invest in debt of public companies that are thinly traded or in equity securities. Under normal market conditions, at least 80% of the value of our net assets (including the amount of any borrowings for investment purposes) will be invested in senior loans. Securities rated below investment grade, including the senior loans we target, are often referred to as leveraged loans, high yield or junk securities, and may be considered high risk compared to debt instruments that are rated above investment grade. In addition, some of our debt investments are not scheduled to fully amortize over their stated terms, which could cause us to suffer losses if the respective issuer of such debt investment is unable to refinance or repay their remaining indebtedness at maturity.

We were formed in December 2010 as a Maryland corporation structured as an externally managed, non-diversified closed-end management investment company. We have elected to be treated as a business development company under the Investment Company Act of 1940, or the 1940 Act. We are managed by Solar Capital Partners, LLC (the Investment Adviser). Solar Capital Management, LLC provides the administrative services necessary for us to operate.

The underwriters have agreed to purchase 4,000,000 shares from the Company. We have granted the underwriters a 30-day option to purchase up to 600,000 additional shares of our common stock at the public offering price, less underwriting discounts and commissions.

Our common stock is listed on the NASDAQ Global Select Market under the symbol SUNS. On September 6, 2016, the last reported sales price on the NASDAQ Global Select Market for our common stock was \$16.92 per share.

This prospectus supplement and the accompanying prospectus contain important information about us that a prospective investor should know before investing in our common stock. Please read this prospectus supplement and the accompanying prospectus before investing and keep it for future reference. We are required to file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission. This information is

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available free of charge by contacting us by mail at 500 Park Avenue, New York, NY 10022, by telephone at (212) 993-1670 or on our website at <http://www.solarseniorcap.com>. The Securities and Exchange Commission also maintains a website at <http://www.sec.gov> that contains such information. Information contained on our website is not incorporated by reference into this prospectus supplement and the accompanying prospectus, and you should not consider that information to be part of this prospectus supplement and the accompanying prospectus.

An investment in our common stock is very risky and highly speculative. Shares of closed-end investment companies, including business development companies, frequently trade at a discount to their net asset value. In addition, the companies in which we invest are subject to special risks. See Risk Factors beginning on page 19 of the accompanying prospectus to read about factors you should consider, including the risk of leverage, before investing in our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement and the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total(2)
Public Offering Price	\$	\$
Sales Load payable by us (Underwriting Discounts and Commissions)(1)(3)	\$	\$
Proceeds to us (before expenses)(1)	\$	\$

- (1) The total sales load for this offering is \$, or \$ per share. The Investment Adviser has agreed to bear all of the sales load in this offering. All payments made by the Investment Adviser will not be subject to reimbursement by us. All other expenses of the offering will be borne by us. We will incur approximately \$300,000 of estimated expenses in connection with this offering.
- (2) To the extent that the underwriters sell more than 4,000,000 shares of our common stock, the underwriters have the option to purchase up to an additional 600,000 shares of our common stock at the public offering price, less the sales load, within 30 days of the date of this prospectus supplement. If the underwriters exercise this option in full, the total public offering price, sales load and proceeds to us will be \$, \$ and \$, respectively.
- (3) See Underwriting for details of compensation to be received by the underwriters. The underwriters expect to deliver the shares on or about September , 2016 through the book-entry facilities of The Depository Trust Company.

Joint Book-Running Managers

Morgan Stanley

Wells Fargo Securities

Citigroup

Deutsche Bank Securities

Goldman, Sachs & Co.

J.P. Morgan

Co-Managers

B. Riley

, 2016

**Ladenburg Thalmann
Oppenheimer & Co.**

Maxim Group LLC

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ABOUT THIS PROSPECTUS SUPPLEMENT

You should rely only on the information contained in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information from that contained in this prospectus supplement or the accompanying prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell, or a solicitation of an offer to buy, any shares of our common stock by any person in any jurisdiction where it is unlawful for that person to make such an offer or solicitation or to any person in any jurisdiction to whom it is unlawful to make such an offer or solicitation. The information contained in this prospectus supplement and the accompanying prospectus is complete and accurate only as of their respective dates, regardless of the time of their delivery or sale of our common stock. This prospectus supplement supersedes the accompanying prospectus to the extent it contains information different from or additional to the information in that prospectus.

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering of common stock and also adds to and updates information contained in the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information and disclosure. To the extent the information contained in this prospectus supplement differs from the information contained in the accompanying prospectus, the information in this prospectus supplement shall control. You should read this prospectus supplement and the accompanying prospectus together with the additional information described under the heading **Available Information** before investing in our common stock.

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SUMMARY

This summary highlights some of the information in this prospectus supplement and the accompanying prospectus. It is not complete and may not contain all of the information that you may want to consider. You should read carefully the more detailed information set forth under "Risk Factors" in the accompanying prospectus and the other information included in this prospectus supplement and the accompanying prospectus and the documents to which we have referred you.

Except where the context suggests otherwise, the terms "we," "us," "our" and "Solar Senior Capital" refer to Solar Senior Capital Ltd. In addition, the terms "Solar Capital Partners" and the "investment adviser" refer to Solar Capital Partners, LLC, and "Solar Capital Management" and the "administrator" refer to Solar Capital Management, LLC.

In this prospectus supplement, we use the term "leveraged" to refer to companies of any size with non-investment grade debt outstanding or, if not explicitly rated, those which we believe would be rated as non-investment grade based on their leverage levels and other terms. In addition, we use the term "middle-market" to refer to companies with annual revenues between \$50 million and \$1 billion. We also use the term "unitranche" to refer to debt instruments that combine both senior and subordinated debt into one debt instrument. Unitranche debt instruments typically pay a higher rate of interest than traditional senior debt instruments, but also pose greater risk associated with a lesser amount of asset coverage.

Solar Senior Capital

Solar Senior Capital, a Maryland corporation formed in December 2010, is a closed-end, externally managed, non-diversified management investment company that has elected to be treated as a business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). Furthermore, as the Company is an investment company, it continues to apply the guidance in the Financial Accounting Standard Board ("FASB") Accounting Standards Codification ("ASC") Topic 946. In addition, for tax purposes we have elected to be treated as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code").

On February 24, 2011, we priced our initial public offering (the "IPO"), selling 9.0 million shares of our common stock, including the underwriters over-allotment, at a price of \$20.00 per share. Concurrent with this offering, Solar Senior Capital Investors LLC, an entity controlled by Michael S. Gross, our chairman and chief executive officer, and Bruce Spohler, our chief operating officer, purchased an additional 500,000 shares of our common stock through a private placement transaction exempt from registration under the Securities Act of 1933, as amended, or the Securities Act (the "Concurrent Private Placement"), also at \$20.00 per share.

On August 26, 2011, we established a \$200 million senior secured revolving credit facility (the "Credit Facility") with Citigroup Global Markets Inc. acting as administrative agent. In connection with the Credit Facility, our wholly-owned subsidiary, SUNS SPV LLC (the "SPV") was formed. The Credit Facility, as amended, currently has an aggregate of \$175 million of commitments available. It can also be expanded up to \$600 million. The stated interest rate on the Credit Facility is LIBOR plus 2.00% with no LIBOR floor requirement and the current final maturity date is June 30, 2020. The Credit Facility is secured by all of the assets held by the SPV. Under the terms of the Credit Facility, Solar Senior Capital and the SPV, as applicable, have made certain customary representations and warranties, and are required to comply with various covenants, including leverage restrictions, reporting requirements and other customary requirements for similar credit facilities. The Credit Facility also includes usual and customary events of default for credit facilities of this nature. The Credit Facility was amended on November 7, 2012, June 30, 2014 and May 29, 2015 to add greater investment flexibility, among other changes.

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We invest primarily in privately held U.S. middle-market companies, where we believe the supply of primary capital is limited and the investment opportunities are most attractive. Our investment objective is to seek to maximize current income consistent with the preservation of capital. We define middle market to refer to companies with annual revenues between \$50 million and \$1 billion. We seek to achieve our investment objective by investing primarily in senior loans, including first lien, unitranche, and second lien debt instruments, made to private middle-market companies whose debt is rated below investment grade, which we refer to collectively as senior loans. We may also invest in debt of public companies that are thinly traded or in equity securities. Under normal market conditions, at least 80% of the value of our net assets (including the amount of any borrowings for investment purposes) will be invested in senior loans. Senior loans typically pay interest at rates which are determined periodically on the basis of a floating base lending rate, primarily LIBOR, plus a premium. Senior loans in which we invest are typically made to U.S. and, to a limited extent, non-U.S. corporations, partnerships and other business entities which operate in various industries and geographical regions. Senior loans typically are rated below investment grade. Securities rated below investment grade are often referred to as leveraged loans, high yield or junk securities, and may be considered high risk compared to debt instruments that are rated investment grade. In addition, some of our debt investments are not scheduled to fully amortize over their stated terms, which could cause us to suffer losses if the respective issuer of such debt investment is unable to refinance or repay their remaining indebtedness at maturity. While the Company does not typically seek to invest in equity securities as part of its investment objective, the Company may occasionally acquire some equity securities in connection with senior loan investments and in certain other unique circumstances, such as the Company's equity investments in Gemino Healthcare Finance, LLC and First Lien Loan Program (FLLP).

We invest in senior loans made primarily to private leveraged middle market companies with approximately \$20 million to \$100 million of earnings before interest, taxes, depreciation and amortization (EBITDA). Our business is focused primarily on the direct origination of investments through portfolio companies or their financial sponsors. Our investments generally range between \$5 million and \$30 million each, although we expect that this investment size will vary proportionately with the size of our capital base. In addition, we may invest a portion of our portfolio in other types of investments, which we refer to as opportunistic investments, which are not our primary focus but are intended to enhance our overall returns. These opportunistic investments may include, but are not limited to, direct investments in public companies that are not thinly traded and securities of leveraged companies located in select countries outside of the United States. We may invest up to 30% of our total assets in such opportunistic investments, including senior loans issued by non-U.S. issuers, subject to compliance with our regulatory obligations as a BDC under the 1940 Act. We are managed by Solar Capital Partners. Solar Capital Management provides the administrative services necessary for us to operate.

As of June 30, 2016, our adviser, Solar Capital Partners, has invested approximately \$5.6 billion in more than 250 different portfolio companies since 2006. Over the same period, the Investment Adviser completed transactions with more than 145 different financial sponsors.

Recent Developments

Distributions

On July 7, 2016, the Board declared a monthly distribution of \$0.1175 per share payable on August 2, 2016 to holders of record as of July 21, 2016.

On August 2, 2016, the Board declared a monthly distribution of \$0.1175 per share payable on September 1, 2016 to holders of record as of August 18, 2016.

First Lien Loan Program

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On August 15, 2016, we announced that a wholly owned subsidiary of FLLP amended its senior secured revolving credit facility. The amendment includes a \$25 million commitment increase to \$100 million, as well as

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a maturity extension to August 2021. Wells Fargo Bank is acting as administrative agent for the facility. As of June 30, 2016, we had contributed \$29.58 million of our \$50.75 million equity commitment to FLLP.

Investment Advisory Fee Waivers

Upon completion of this offering, for the quarterly periods ended September 30, 2016 to June 30, 2017 (the "Waiver Period"), Solar Capital Partners has agreed to voluntarily waive a portion or all of the incentive fees, and to the extent necessary a portion or all of the base management fees, that Solar Capital Partners would otherwise be entitled to receive pursuant to our investment advisory and management agreement with Solar Capital Partners to the extent required in order for Solar Senior Capital to earn net investment income (exclusive of costs related to the expansion, extension and/or amendments of our credit facilities), as determined in accordance with U.S. generally accepted accounting principles ("GAAP"), sufficient to maintain Solar Senior Capital's current level of distributions. A portion or all of the voluntary fee waivers made during the Waiver Period would be made at the Investment Adviser's discretion and are subject to recapture by the Investment Adviser and reimbursement by Solar Senior Capital through June 30, 2018 to the extent GAAP net investment income equals or exceeds the current level of distributions. The amount to be waived or recaptured will be determined after the end of each quarter during the Waiver Period, with such amounts being accrued on a quarterly basis. There can be no assurance that Solar Capital Partners will extend these voluntary waivers beyond the Waiver Period. Even if Solar Capital Partners fully waives all incentive fees, and to the extent necessary all base management fees, to which it would otherwise be entitled, we cannot assure you that we will generate GAAP net investment income equal to or greater than the current level of distributions for the Waiver Period. Therefore, even with these voluntary waivers, there may be insufficient GAAP net investment income to avoid a return of capital. The waivers are also not a guarantee of a specific distribution level, as all distributions are subject to approval of our Board of Directors.

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About Solar Capital Partners

Solar Capital Partners, our investment adviser, is controlled and led by Michael S. Gross, our chairman and chief executive officer, and Bruce Spohler, our chief operating officer. They are supported by a team of dedicated investment professionals. Solar Capital Partners' investment team has extensive experience in the private equity and leveraged lending industries, as well as significant contacts with financial sponsors operating in those industries.

In addition, Solar Capital Partners presently serves as investment adviser to Solar Capital Ltd., or Solar Capital, a publicly traded business development company with approximately \$2.3 billion of investable capital that invests in mezzanine debt and mezzanine lending (i.e., actually or structurally subordinated) and equity securities of leveraged middle-market companies similar to those we target for investment. Through June 30, 2016 the investment team led by Messrs. Gross and Spohler has invested approximate \$5.6 billion in more than 250 different portfolio companies for both Solar Capital and Solar Senior Capital, collectively, which investments involved more than 145 different financial sponsors. As of June 30, 2016, Mr. Gross and Mr. Spohler beneficially owned, either directly or indirectly, approximately 7.3% and 4.4%, respectively, of our outstanding common stock.

Mr. Gross has over 25 years of experience in the private equity, distressed debt and mezzanine businesses and has been involved in originating, structuring, negotiating, consummating and managing private equity, distressed debt and mezzanine lending (i.e., actually or structurally subordinated) transactions. We also rely on over 25 years of experience of Mr. Spohler, who has served as our chief operating officer and a partner of Solar Capital Partners since its inception.

Solar Capital Partners' senior investment professionals have been active participants in the primary and secondary leveraged credit markets throughout their careers. They have effectively managed portfolios of distressed and mezzanine debt and mezzanine lending (i.e., actually or structurally subordinated) as well as other investment types. The depth of their experience and credit market expertise has led them through various stages of the economic cycle as well as several market disruptions.

Market Opportunity

Solar Senior Capital invests primarily in senior loans of private middle-market leveraged companies organized and located in the United States. We believe that the size of this market, coupled with leveraged companies' need for flexible sources of capital at attractive terms and rates, creates an attractive investment environment for us. See Business Market Opportunity in the accompanying prospectus.

Middle-market companies have faced increasing difficulty in accessing the capital markets. While many middle-market companies were formerly able to raise funds by issuing high-yield bonds, we believe this approach to financing has become more difficult in recent years as institutional investors have sought to invest in larger, more liquid offerings. In addition, many private finance companies that historically financed their lending and investing activities through securitization transactions have lost that source of funding and reduced lending significantly. Moreover, consolidation of lenders and market participants and the illiquid nature of investments have resulted in fewer middle-market lenders and market participants.

There is a large pool of uninvested private equity capital likely to seek additional senior debt capital to support their investments. We believe there is more than \$500 billion of uninvested private equity seeking debt financing to support acquisitions. We expect that middle-market private equity firms will continue to invest the over \$185 billion raised since 2000 in middle-market companies and that

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those private equity firms will seek to support their investments with senior loans from other sources such as Solar Senior Capital.

The significant amount of leveraged loans maturing through 2018 should provide additional demand for senior debt capital. A high volume of financings were completed between the years 2004 and 2007, which

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are expected to mature over the next few years. We believe that this supply of prospective lending opportunities coupled with a lack of available credit in the middle-market lending space may offer attractive risk-adjusted returns to investors. Risk-adjusted return compares returns against the amount of risk incurred. The term risk-adjusted return does not imply that an investment is no risk or low risk.

Investing in private middle-market senior secured debt provides an attractive risk reward profile. In general, terms for illiquid, middle-market subordinated debt have been more attractive than those for larger corporations which are typically more liquid. We believe this is because fewer institutions are able to invest in illiquid asset classes.

Therefore, we believe that there is an opportunity to invest in senior loans of leveraged companies and that we are well positioned to serve this market.

Competitive Advantages and Strategy

We believe that we have the following competitive advantages over other providers of financing to leveraged companies. See Business Competitive Advantages and Strategy in the accompanying prospectus.

Management Expertise

As managing partner, Mr. Gross has principal management responsibility for Solar Capital Partners, to which he currently dedicates substantially all of his time. Mr. Gross has over 25 years of experience in leveraged finance, private equity and distressed debt investing. Mr. Spohler, our chief operating officer and a partner of Solar Capital Partners, has over 25 years of experience in evaluating and executing leverage finance transactions.

Proprietary Sourcing and Origination

We believe that Solar Capital Partners' senior investment professionals' longstanding relationships with financial sponsors, commercial and investment banks, management teams and other financial intermediaries provide us with a strong pipeline of origination opportunities. We expect to continue leveraging the over 100 relationships with middle-market sponsors that Solar Capital Partners' investment team established while sourcing and originating investments for Solar Capital, which gives us access to deals that are not available through large syndication processes.

Since its inception, Solar Capital Partners has sourced investments in more than 250 different portfolio companies for both Solar Capital and Solar Senior Capital, collectively, which investments involved more than 145 different financial sponsors, through June 30, 2016.

Versatile Transaction Structuring and Flexibility of Capital

We believe Solar Capital Partners' senior investment team's broad expertise and ability to draw upon its extensive experience enable us to identify, assess and structure investments successfully and to manage potential risk and return at all stages of the economic cycle. The attempt to manage risk does not imply low risk or no risk. While we are subject to significant regulation as a BDC, we are not subject to many of the regulatory limitations that govern traditional lending institutions such as banks. As a result, we believe that we can be more flexible than such lending institutions in selecting and structuring investments, adjusting investment criteria and building transaction structures.

Emphasis on Achieving Strong Risk-Adjusted Returns

Solar Capital Partners uses a structured investment and risk management process that emphasizes research and analysis. Solar Capital Partners seeks to build our portfolio on a bottom-up basis, choosing and sizing individual positions based on their relative risk/reward profiles as a function of the associated downside risk,

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volatility, correlation with the existing portfolio and liquidity. At the same time, Solar Capital Partners takes into consideration a variety of factors in managing our portfolio and imposes portfolio-based risk constraints promoting a more diverse portfolio of investments and limiting issuer and industry concentration. We do not pursue short-term origination targets. We believe this approach enables us to build an attractive investment portfolio that meets our return and value criteria over the long term. We believe it is critical to conduct extensive due diligence on investment targets. In evaluating new investments we, through Solar Capital Partners, conduct a rigorous due diligence process.

Deep Industry Focus with Substantial Information Flow

We concentrate our investing activities in industries characterized by strong cash flow and in which Solar Capital Partners' investment professionals have deep investment experience. As a result of their investment experience, Messrs. Gross and Spohler, together with Solar Capital Partners' other investment professionals, have long-term relationships with management consultants and management teams in the industries we target, as well as substantial information concerning those industries.

Longer Investment Horizon

Unlike private equity and venture capital funds, we are not subject to standard periodic capital return requirements. Such requirements typically stipulate that the capital of these funds, together with any capital gains on such invested funds, can only be invested once and must be returned to investors after a pre-agreed time period. We believe that our flexibility to make investments with a long-term view and without the capital return requirements of traditional private investment vehicles enables us to invest in private middle-market senior debt, which we believe provides a more attractive investment profile than the liquid senior debt market for larger companies. We also believe our longer investment horizon enables us to be a better long-term partner for our portfolio companies.

Investment Strategy

Solar Senior Capital seeks to create a diverse portfolio of senior loans by investing approximately \$5 million to \$30 million of capital, on average, in the securities of leveraged companies, including middle-market companies. We may also invest in debt of public companies that are thinly traded or in equity securities. Under normal market conditions, at least 80% of the value of our net assets (including the amount of any borrowings for investment purposes) will be invested in senior loans.

Senior loans typically pay interest at rates which are determined periodically on the basis of a floating base lending rate, primarily LIBOR, plus a premium. Senior loans in which we invest are typically made to U.S. and, to a limited extent, non-U.S. corporations, partnerships and other business entities which operate in various industries and geographical regions. Senior loans typically are rated below investment grade. Securities rated below investment grade are often referred to as leveraged loans, high yield or junk securities, and may be considered high risk compared to debt instruments that are rated investment grade. Senior secured loans, however are generally less risky than subordinated debt, bearing lower leverage and higher recovery statistics.

In addition to senior secured loans, we may invest a portion of our portfolio in opportunistic investments, which are not our primary focus, but are intended to enhance our returns to stockholders. These investments may include similar direct investments in public companies that are not thinly traded and securities of leveraged companies located in select countries outside of the United States. We may invest up to 30% of our total assets in such opportunistic investments, including senior loans issued by non-U.S. issuers, subject to compliance with our regulatory obligations.

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as a BDC under the 1940 Act. See Regulation as a Business Development Company in the accompanying prospectus.

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We currently borrow funds under the Credit Facility and may borrow additional funds to make investments. As a result, we are exposed to the risks of leverage, which may be considered a speculative investment technique. The use of leverage magnifies the potential for loss on amounts invested and therefore increases the risks associated with investing in our securities. In addition, the costs associated with our borrowings, including any increase in management fees payable to our investment adviser, Solar Capital Partners, will be borne by our common stockholders.

Additionally, we may in the future seek to securitize our loans to generate cash for funding new investments. To securitize loans, we may create a wholly owned subsidiary and contribute a pool of loans to the subsidiary. This could include the sale of interests in the subsidiary on a non-recourse basis to purchasers who we would expect to be willing to accept a lower interest rate to invest in investment grade loan pools, and we would retain a portion of the equity in the securitized pool of loans.

Moreover, we may acquire investments in the secondary market and, in analyzing such investments, we will employ the same analytical process as we use for our primary investments.

We may utilize instruments such as forward contracts, currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of our portfolio positions from changes in currency exchange rates and market interest rates. Hedging against a decline in the values of our portfolio positions does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline. However, such hedging can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions may also limit the opportunity for gain if the values of the underlying portfolio positions should increase. It may not be possible to hedge against an exchange rate or interest rate fluctuation that is so generally anticipated that we are not able to enter into a hedging transaction at an acceptable price. Moreover, for a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Any such imperfect correlation may prevent us from achieving the intended hedge and expose us to risk of loss. In addition, it may not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of factors not related to currency fluctuations.

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Our principal focus is to provide senior secured loans, including first lien, unitranche and second lien loans, to private middle-market companies in a variety of industries. We generally seek to target companies that generate positive cash flows. We generally seek to invest in companies from the broad variety of industries in which our investment adviser has direct expertise. The following is a representative list of the industries in which we may invest.

Aerospace & Defense	Commercial Services & Supplies
Air Freight & Logistics	Communications Equipment
Asset Management	Construction & Engineering
Automobiles	Consumer Finance
Automotive Retail	Containers & Packaging
Beverages	Distributors
Building Products	Diversified Consumer Services
Capital Markets	Diversified Financial Services
Chemicals	Diversified Real Estate Activities
Diversified Telecommunications Services	Leisure Equipment & Products
Education Services	Machinery
Food Products	Media
Footwear	Multiline Retail
Health Care Equipment & Supplies	Paper & Forest Products
Health Care Facilities	Personal Products
Health Care Services	Professional Services
Health Care Technology	Real Estate Management & Development
Hotels, Restaurants & Leisure	Research & Consulting Services
Industrial Conglomerates	Software
Insurance	Specialty Retail
Internet Software & Services	Textiles, Apparel & Luxury Goods
IT Services	Utilities

We may invest in other industries if we are presented with attractive opportunities.

Summary Risk Factors

The value of our assets, as well as the market price of shares of our common stock, will fluctuate. Our investments may be risky, and you may lose all or part of your investment in us. Investing in Solar Senior Capital involves other risks, including the following:

We operate in a highly competitive market for investment opportunities;

Our investments are very risky and highly speculative;

The lack of liquidity in our investments may adversely affect our ability to meet our investment objectives;

Our portfolio may be concentrated in a limited number of portfolio companies and industries, which will subject us to a risk of significant loss if any of these companies performs poorly or defaults on its obligations under any of its debt instruments or if there is a downturn in a particular industry;

Our investments in securities rated below investment grade are speculative in nature and are subject to additional risk factors such as increased possibility of default, illiquidity of the security, and changes in value based on changes in interest rates;

Global economic, political and market conditions may adversely affect our business, results of operations and financial condition, including our revenue growth and profitability;

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There is a risk that our stockholders may not receive distributions or that our distributions may not grow over time;

Our shares may trade at a substantial discount from net asset value and may continue to do so over the long term;

Our common stock price may be volatile and may decrease substantially;

Sales of substantial amounts of our common stock in the public market may have an adverse effect on the market price of our common stock;

The net asset value per share of our common stock may be diluted if we sell shares of our common stock in one or more offerings at prices below the then current net asset value per share of our common stock;

We are dependent upon Solar Capital Partners' key personnel for our future success;

Our financial condition and results of operations will depend on our Solar Capital Partners' ability to manage our future growth effectively by identifying, investing in and monitoring companies that meet our investment criteria;

Regulations governing our operation as a BDC affect our ability to raise, and the way in which we will, raise additional capital. As a BDC, the necessity of raising additional capital may expose us to risks, including the typical risks associated with leverage;

We have and may continue to borrow money, which would magnify the potential for loss on amounts invested and may increase the risk of investing in us;

To the extent we use debt or preferred stock to finance our investments, changes in interest rates will affect our cost of capital and net investment income;

Our quarterly and annual operating results are subject to fluctuation as a result of the nature of our business, and if we fail to achieve our investment objective, the net asset value of our common stock may decline;

There will be uncertainty as to the value of our portfolio investments, which may impact our net asset value;

There are significant potential conflicts of interest, including Solar Capital Partners' management of Solar Capital, which could impact our investment returns, and an investment in Solar Senior Capital is not an investment in Solar Capital Ltd.;

We may become subject to corporate-level U.S. federal income tax if we are unable to maintain our qualification as a RIC under Subchapter M of the Code; and

The failure in cyber security systems, as well as the occurrence of events unanticipated in our disaster recovery systems and management continuity planning could impair our ability to conduct business effectively.

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See **Risk Factors** beginning on page 19 of the accompanying prospectus and the other information included in the accompanying prospectus for additional discussion of factors you should carefully consider before deciding to invest in shares of our common stock.

Operating and Regulatory Structure

Solar Senior Capital is a Maryland corporation structured as an externally managed non-diversified closed-end management investment company. We have elected to be treated as a business development company under the 1940 Act. As a business development company, we are required to meet regulatory tests, including the requirement to invest at least 70% of our total assets in qualifying assets. Qualifying assets generally include,

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among other things, securities of eligible portfolio companies. Eligible portfolio companies generally include U.S. companies that are not investment companies and that do not have securities listed on a national exchange. See Regulation as a Business Development Company in the accompanying prospectus. We currently borrow funds under the Credit Facility and may borrow additional funds to make investments. In addition, we have elected to be treated for federal income tax purposes, and intend to qualify annually, as a RIC under Subchapter M of the Code. See Certain U.S. Federal Income Tax Considerations in the accompanying prospectus.

Our investment activities are managed by Solar Capital Partners and supervised by our board of directors. Solar Capital Partners is an investment adviser that is registered under the Investment Advisers Act of 1940, as amended (the Advisers Act). Under our investment advisory and management agreement, which we refer to as the Investment Advisory and Management Agreement, we have agreed to pay Solar Capital Partners an annual base management fee based on our gross assets as well as an incentive fee based on our performance. See Investment Advisory and Management Agreement in the accompanying prospectus. We have also entered into an administration agreement, which we refer to as the Administration Agreement, under which we have agreed to reimburse Solar Capital Management for the allocable portion of overhead and other expenses incurred by Solar Capital Management in performing its obligations under the Administration Agreement, including furnishing us with office facilities, equipment and clerical, bookkeeping and record keeping services at such facilities, as well as providing us with other administrative services. See Administration Agreement in the accompanying prospectus.

Our Corporate Information

Our offices are located at 500 Park Avenue, New York, New York 10022, and our telephone number is (212) 993-1670.

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THE OFFERING

Common Stock Offered by us, Excluding the Underwriters Over-Allotment Option 4,000,000 shares.

Common Stock Outstanding Prior to This Offering 11,534,859 shares.

Common Stock Outstanding After This Offering, Excluding the Underwriters Over-Allotment Option 15,534,859 shares.

Use of Proceeds We estimate that the net proceeds we will receive from the sale of 4,000,000 shares of our common stock in this offering will be approximately \$ million (or approximately \$ million if the underwriters exercise their option to purchase additional shares in full), after deducting the sales load payable by us and the offering expenses of approximately \$300,000 payable by us. The Investment Adviser has agreed to pay to the underwriters all of the sales load in this offering. We expect to use the net proceeds from this offering to pay down outstanding indebtedness under our Credit Facility, and for general corporate purposes, including any working capital requirements. However, through re-borrowing under our Credit Facility, we intend to make investments in debt and equity securities consistent with our investment objective, as well as for any other general corporate purpose. A portion of the net proceeds may also be utilized to further capitalize FLLP or any other newly created strategic or joint venture. See Use of Proceeds.

NASDAQ Global Select Market symbol SUNS

Distributions To the extent that we have income available, we intend to distribute monthly dividends to our stockholders. The amount of our dividends, if any, will be determined by our board of directors. Any dividends to our stockholders will be declared out of assets legally available for distribution. The specific tax characteristics of our dividends will be reported to shareholders after the end of each calendar year. We may issue preferred stock from time to time, although we have no immediate intention to do so. If we issue shares of preferred stock, holders of such preferred stock will be entitled to receive cash dividends at an annual rate that will be fixed or will vary for the successive dividend periods for each series. In general, the dividend periods for fixed rate preferred stock will be quarterly.

Taxation We have elected to be treated for U.S. federal income tax purposes, and intend to qualify annually, as a RIC under Subchapter M of the Code. As a RIC, we generally will not have to pay corporate-level U.S. federal income taxes on any ordinary income or capital gains

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that we distribute to our stockholders as dividends. To continue to maintain our RIC tax treatment, we must meet specified source-of-income and asset diversification requirements and distribute annually at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. See Price Range of Common Stock and Distributions in this prospectus supplement and Certain U.S. Federal Income Tax Considerations in the accompanying prospectus.

Leverage

We currently borrow funds under the Credit Facility and may borrow additional funds to make investments. As a result, we will be exposed to the risks of leverage, which may be considered a speculative investment technique. The use of leverage magnifies the potential for loss on amounts invested and therefore increases the risks associated with investing in our securities. In addition, the costs associated with our borrowings, including any increase in the management fee payable to our investment adviser, Solar Capital Partners, will be borne by our common stockholders.

Investment Advisory Fees

We pay Solar Capital Partners a fee for its services under the Investment Advisory and Management Agreement consisting of two components—a base management fee and an incentive fee. The base management fee is calculated at an annual rate of 1.00% of our gross assets, which includes any borrowings for investment purposes. The incentive fee consists of two parts. The first part is calculated and payable quarterly in arrears and equals 20% of our pre-incentive fee net investment income for the immediately preceding quarter, subject to a preferred return, or hurdle, and a catch up feature. The second part is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Advisory and Management Agreement) in an amount equal to 20% of our realized capital gains, if any, on a cumulative basis from inception through the end of each calendar year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fees. See Investment Advisory and Management Agreement in the accompanying prospectus.

Administration Agreement

We reimburse Solar Capital Management for the allocable portion of overhead and other expenses incurred by Solar Capital Management in performing its obligations under the Administration Agreement, including furnishing us with office facilities, equipment and clerical, bookkeeping and record keeping services at such facilities, as well as providing us with other administrative services. In addition, we reimburse Solar Capital Management for the fees and expenses associated with performing compliance functions, and our allocable portion of the compensation of our chief financial officer and any administrative support staff. See Administration Agreement in this prospectus.

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Trading	Shares of closed-end investment companies frequently trade at a discount to their net asset value. The risk that our shares may trade at a discount to our net asset value is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether our shares will trade above, at or below net asset value.
License Agreement	We have entered into a license agreement with Solar Capital Partners, pursuant to which Solar Capital Partners has agreed to grant us a non-exclusive license to use the name Solar Senior Capital. See License Agreement in the accompanying prospectus.
Dividend Reinvestment Plan	We have adopted an opt out dividend reinvestment plan. If your shares of common stock are registered in your own name, your distributions will automatically be reinvested under our dividend reinvestment plan in additional whole and fractional shares of common stock, unless you opt out of our dividend reinvestment plan so as to receive cash distributions by delivering a written notice to our plan administrator. If your shares are held in the name of a broker or other nominee, you should contact the broker or nominee for details regarding opting out of our dividend reinvestment plan. Stockholders who receive distributions in the form of stock will be subject to the same federal, state and local tax consequences as stockholders who elect to receive their distributions in cash. See Dividend Reinvestment Plan in the accompanying prospectus.
Certain Anti-Takeover Measures	Our charter and bylaws, as well as certain statutory and regulatory requirements, contain certain provisions that may have the effect of discouraging a third party from making an acquisition proposal for us. These anti-takeover provisions may inhibit a change in control in circumstances that could give the holders of our common stock the opportunity to realize a premium over the market price for our common stock. See Description of Our Capital Stock in the accompanying prospectus.
Available Information	We are required to file periodic reports, current reports, proxy statements and other information with the SEC. This information is available at the SEC's public reference room at 100 F Street, NE, Washington, D.C. 20549 and on the SEC's website at http://www.sec.gov . The public may obtain information on the operation of the SEC's public reference room by calling the SEC at (202) 551-8090. This information is also available free of charge by contacting us at Solar Senior Capital Ltd., 500 Park Avenue, New York, NY 10022, by telephone at (212) 993-1670 or on our website at http://www.solarseniorcap.com .

Table of Contents**FEES AND EXPENSES**

The following table is intended to assist you in understanding the costs and expenses that you will bear directly or indirectly as an investor in our common stock. We caution you that some of the percentages indicated in the table below are estimates and may vary. Except where the context suggests otherwise, whenever this prospectus supplement and the accompanying prospectus contains a reference to fees or expenses paid by us or Solar Senior Capital, or that we will pay fees or expenses, you will indirectly bear such fees or expenses as an investor in Solar Senior Capital Ltd.

Stockholder transaction expenses:

Sales load borne by us (as a percentage of offering price)	% ⁽¹⁾
Offering expenses borne by us (as a percentage of offering price)	% ⁽²⁾
Dividend reinvestment plan expenses	None ⁽³⁾

Total stockholder transaction expenses (as a percentage of offering price)	%
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Annual expenses (as a percentage of net assets attributable to common stock):⁽⁴⁾

Base management fee	1.69% ⁽⁵⁾
Incentive fees payable under our Investment Advisory and Management Agreement (up to 20%)	0.88% ⁽⁶⁾
Acquired fund fees and expenses	0.99% ⁽⁷⁾
Interest payments on borrowed funds	1.82% ⁽⁸⁾
Other expenses (estimated)	1.31% ⁽⁹⁾

Total annual expenses	6.69%
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Example

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed that our annual operating expenses would remain at the levels set forth in the table above and have excluded performance-based incentive fees. See Note 7 below for additional information regarding certain assumptions regarding our level of leverage.

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a \$1,000 investment, assuming a 5% annual return	\$	\$	\$	\$

- (1) The underwriting discount and commission with respect to shares of our common stock sold in this offering, which is a one-time fee paid to the underwriters, is the only sales load paid in connection with this offering. The sales load due to the underwriters is % of the offering price. The Investment Adviser has agreed to pay to the underwriters all of the sales load in this offering. There is no guaranty that there will be any sales of our common stock pursuant to this prospectus supplement or the accompanying prospectus.
- (2) The offering expenses of this offering are estimated to be approximately \$300,000.
- (3) The expenses of the dividend reinvestment plan are included in other expenses.
- (4) Annual Expenses are presented in this manner because common shareholders will bear all costs of running the Company.
- (5) Our 1% base management fee under the Investment Advisory and Management Agreement is based on our gross assets, which is defined as all the assets of Solar Senior Capital, including those acquired using borrowings for investment purposes, and assumes the base management fee remains consistent with fees incurred for the six months ended June 30, 2016. See Investment Advisory and Management

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Agreement in the accompanying prospectus.

- (6) Assumes that annual incentive fees earned by our investment adviser, Solar Capital Partners, remain consistent with the incentive fees earned by Solar Capital Partners for the six months ended June 30, 2016.

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The incentive fee expenses provided in the table above do not reflect Solar Capital Partners' waiver of fees during the six months ended June 30, 2016. The incentive fee consists of two parts:

The first part, which is payable quarterly in arrears, equals 20% of the excess, if any, of our Pre-Incentive Fee Net Investment Income that exceeds a 1.75% quarterly (7.00% annualized) hurdle rate, which we refer to as the Hurdle, subject to a catch-up provision measured at the end of each calendar quarter. The first part of the incentive fee is computed and paid on income that may include interest that is accrued but not yet received in cash. The operation of the first part of the incentive fee for each quarter is as follows:

no incentive fee is payable to our investment adviser in any calendar quarter in which our Pre-Incentive Fee Net Investment Income does not exceed the Hurdle of 1.75%;

50% of our Pre-Incentive Fee Net Investment Income with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, that exceeds the Hurdle but is less than 2.9167% in any calendar quarter (11.67% annualized) is payable to our investment adviser. We refer to this portion of our Pre-Incentive Fee Net Investment Income (which exceeds the Hurdle but is less than 2.9167%) as the catch-up. The catch-up is meant to provide our investment adviser with 20% of our Pre-Incentive Fee Net Investment Income, as if a Hurdle did not apply when our Pre-Incentive Fee Net Investment Income exceeds 2.9167% in any calendar quarter; and

20% of the amount of our Pre-Incentive Fee Net Investment Income, if any, that exceeds 2.9167% in any calendar quarter (11.67% annualized) is payable to our investment adviser (once the Hurdle is reached and the catch-up is achieved, 20% of all Pre-Incentive Fee Investment Income thereafter is allocated to our investment adviser).

The second part of the incentive fee equals 20% of our Incentive Fee Capital Gains, if any, which equals our realized capital gains on a cumulative basis from inception through the end of each calendar year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fees. The second part of the incentive fee is payable, in arrears, at the end of each calendar year (or upon termination of the Investment Advisory and Management Agreement, as of the termination date). For a more detailed discussion of the calculation of this fee, see Investment Advisory and Management Agreement in the accompanying prospectus.

- (7) The holders of shares of common stock indirectly bear the expenses of our investment in First Lien Loan Program LLC (FLLP). No management fee is charged on our investment in FLLP in connection with the administrative services provided to FLLP. Future expenses for FLLP may be substantially higher or lower because certain expenses may fluctuate over time.
- (8) We currently borrow funds under the Credit Facility and may borrow additional funds from time to time to make investments to the extent we determine that the economic situation is conducive to doing so. The costs associated with our outstanding borrowings are indirectly born by our investors. For purposes of this section, we have computed interest expense using the average balance outstanding for all borrowings during the six months ended June 30, 2016. We used the LIBOR rate on June 30, 2016 and the interest rate on the Credit Facility on June 30, 2016. We have also included the estimated amortization of fees incurred in establishing the Credit Facility as of June 30, 2016. Additionally, we included the estimated cost of commitment fees for unused balances on the Credit Facility. As of June 30, 2016, we had \$141.6 million outstanding and \$33.4 million remaining available to us under the Credit Facility. We may also issue preferred stock, subject to our compliance with applicable requirements under the 1940 Act, although we have no immediate intention to do so.
- (9) Other expenses are based on the amounts incurred for the six months ended June 30, 2016 and include our overhead expenses, including payments under our Administration Agreement based on our allocable portion of overhead and other expenses incurred by Solar Capital Management in performing its obligations under the Administration Agreement. See Administration Agreement in the accompanying prospectus.

The example and the expenses in the tables above should not be considered a representation of our future expenses, and actual expenses may be greater or less than those shown. While the example assumes, as required by the SEC, a 5% annual return, our performance will vary and may result in a return greater or less

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than 5%. The incentive fee under the Investment Advisory and Management Agreement, which, assuming a 5% annual return, would either not be payable or would have an insignificant impact on the expense amounts shown above, is not included in the example. This illustration assumes that we will not realize any capital gains (computed net of all realized capital losses and unrealized capital depreciation) in any of the indicated time periods. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger an incentive fee of a material amount, our expenses and returns to our investors would be higher. For example, if we assumed that we received our 5% annual return completely in the form of net realized capital gains on our investments, computed net of all cumulative unrealized depreciation on our investments, the projected dollar amount of total cumulative expenses set forth in the above illustration would be as follows:

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a \$1,000 investment, assuming a 5% annual return	\$	\$	\$	\$

In addition, while the example assumes reinvestment of all dividends at net asset value, participants in our dividend reinvestment plan will receive a number of shares of our common stock, determined by dividing the total dollar amount of the dividend payable to a participant by the market price per share of our common stock at the close of trading on the dividend payment date, which may be at, above or below net asset value unless the company makes open market purchases and the shares received will be determined based on the average price paid by our agent, plus commissions. See **Dividend Reinvestment Plan** in the accompanying prospectus for additional information regarding our dividend reinvestment plan.

Table of Contents**SELECTED FINANCIAL AND OTHER DATA**

The selected financial and other data below should be read in conjunction with our Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and notes thereto. Financial information is presented for the six months ended June 30, 2016 and the fiscal years ended December 31, 2015, 2014, 2013 and 2012 as well as for the period from January 28, 2011 (commencement of operations) through December 31, 2011. The selected financial data for the six months ended June 30, 2016 is derived from the unaudited consolidated financial statements and notes of Solar Senior Capital. In the opinion of management, the selected financial data for the six months ended June 30, 2016 reflects all adjustments (consisting only of normal recurring adjustments) that are necessary to present fairly the results for such interim period. The selected financial data for the six months ended June 30, 2016, may not be indicative of the results that may be expected for the year ending December 31, 2016 or for any other period. Financial information for the years ending December 31, 2015, 2014, 2013 and 2012 and for the period from January 28, 2011 (commencement of operations) to December 31, 2011 has been derived from our consolidated financial statements that were audited by KPMG LLP (KPMG), an independent registered public accounting firm. See Management's Discussion and Analysis of Financial Condition and Results of Operations in this prospectus supplement and Senior Securities in the accompanying prospectus below for more information.

(\$ in thousands, except per share data)	Six Months Ended June 30, 2016 (unaudited)	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012	Period from January 28, 2011 ⁽¹⁾ to December 31, 2011
Income statement data:						
Total investment income	\$ 13,030	\$ 25,446	\$ 22,104	\$ 19,765	\$ 20,539	\$ 7,890
Net expenses	\$ 4,899	\$ 10,073	\$ 8,290	\$ 6,378	\$ 8,046	\$ 5,290
Net investment income	\$ 8,131	\$ 15,373	\$ 13,814	\$ 13,387	\$ 12,493	\$ 2,600
Net realized gain (loss)	\$ 31	\$ 18	\$ (638)	\$ (4,978)	\$ 618	\$ (576)
Net change in unrealized gain (loss).	\$ 4,926	\$ (14,344)	\$ (1,486)	\$ 4,209	\$ 801	\$ (2,274)
Net increase (decrease) in net assets resulting from operations	\$ 13,088	\$ 1,047	\$ 11,690	\$ 12,618	\$ 13,912	\$ (250)
Per share data:						
Net investment income(4)	\$ 0.71	\$ 1.33	\$ 1.20	\$ 1.17	\$ 1.32	\$ 0.30
Net realized and unrealized gain (loss)(4)	\$ 0.42	\$ (1.24)	\$ (0.18)	\$ (0.07)	\$ 0.15	\$ (0.33)
Dividends and distributions declared	\$ 0.70	\$ 1.41	\$ 1.41	\$ 1.41	\$ 1.29	\$ 0.55
Balance sheet data:						
Total investment portfolio	\$ 325,737	\$ 306,518	\$ 340,466	\$ 267,852	\$ 212,602	\$ 177,749
Cash and cash equivalents	\$ 37,647	\$ 53,067	\$ 42,471	\$ 2,774	\$ 2,647	\$ 2,934
Total assets	\$ 375,819	\$ 362,577	\$ 384,797	\$ 272,561	\$ 217,029	\$ 187,395
Debt	\$ 141,600	\$ 116,200	\$ 143,200	\$ 61,400	\$ 39,100	\$ 8,600
Net assets	\$ 193,261	\$ 188,304	\$ 203,519	\$ 208,017	\$ 174,103	\$ 172,435
Per share data:						
Net asset value per share	\$ 16.76	\$ 16.33	\$ 17.65	\$ 18.04	\$ 18.33	\$ 18.15
Other data (unaudited):						
Weighted average annualized yield on income producing investments:(5)						
On fair value(2)	8.2%	7.9%	7.0%	7.5%	7.8%	8.5%
On cost(3)	8.0%	7.4%	7.1%	7.8%	7.7%	8.4%
Total return(6)	13.35%	8.90%	(10.47)%	5.39%	27.65%	(18.49)%
Number of portfolio companies at period end	52	45	43	36	31	21

(1) Commencement of operations

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- (2) Throughout this document, the weighted average yield on income producing investments is computed as the (a) annual stated interest on accruing loans and debt securities plus the annual amortization of loan origination fees, original issue discount, and market discount on accruing loans and debt securities divided by (b) total income producing investments at fair value. The weighted average yield is computed as of the balance sheet date and excludes assets on non-accrual status or on a cost recovery basis as of such date.
- (3) For this calculation, the weighted average yield on income producing investments is computed as the (a) annual stated interest on accruing loans and debt securities plus the annual amortization of loan origination fees, original issue discount, and market discount on accruing loans and debt securities divided by (b) total income producing investments at cost. The weighted average yield is computed as of the balance sheet date and excludes assets on non-accrual status or on a cost recovery basis as of such date.
- (4) The per-share calculations are based on weighted average shares of 11,533,315, 11,533,315, 11,532,985, 11,423,958, 9,500,100 and 8,627,696 for the six months ended June 30, 2016 and years ended December 31, 2015, 2014, 2013, 2012 and 2011, respectively.
- (5) The weighted average annualized yield on income producing investments does not represent a return to shareholders.
- (6) Total return is based on the change in market price per share during the period and takes into account dividends, if any, reinvested in accordance with the dividend reinvestment plan. Not annualized for periods less than one year. Total return does not include a sales load.

Selected Quarterly Financial Data (Unaudited)

(dollar amounts in thousands, except per share data)

The following tables set forth certain quarterly financial information for the quarters ended June 30, 2016, March 31, 2016 and each of the quarters for the fiscal years ended December 31, 2015 and 2014. This information was derived from our unaudited consolidated financial statements. Results for any quarter are not necessarily indicative of results for the past fiscal year or for any future quarter.

	2016	
	Q2	Q1
Total investment income	\$ 6,681	\$ 6,349
Net investment income	\$ 4,066	\$ 4,065
Net realized and unrealized gain	\$ 608	\$ 4,349
Net increase in net assets resulting from operations	\$ 4,674	\$ 8,414
Earnings per share(1)	\$ 0.41	\$ 0.73
Net asset value per share at the end of the quarter(2)	\$ 16.76	\$ 16.70

	2015			
	Q4	Q3	Q2	Q1
Total investment income	\$ 6,128	\$ 6,520	\$ 6,655	\$ 6,143
Net investment income	\$ 4,066	\$ 4,085	\$ 3,346	\$ 3,876
Net realized and unrealized gain (loss)	\$ (8,507)	\$ (5,580)	\$ (450)	\$ 210
Net increase (decrease) in net assets resulting from operations	\$ (4,441)	\$ (1,495)	\$ 2,896	\$ 4,086
Earnings (loss) per share(3)	\$ (0.39)	\$ (0.13)	\$ 0.25	\$ 0.35
Net asset value per share at the end of the quarter(4)	\$ 16.33	\$ 17.06	\$ 17.55	\$ 17.65

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	2014			
	Q4	Q3	Q2	Q1
Total investment income	\$ 5,912	\$ 5,322	\$ 5,134	\$ 5,736
Net investment income	\$ 4,018	\$ 3,528	\$ 2,415	\$ 3,853
Net realized and unrealized gain (loss)	\$ (1)	\$ (1,782)	\$ (475)	\$ 135
Net increase in net assets resulting from operations	\$ 4,017	\$ 1,746	\$ 1,940	\$ 3,988
Earnings per share(5)	\$ 0.35	\$ 0.15	\$ 0.17	\$ 0.35
Net asset value per share at the end of the quarter(6)	\$ 17.65	\$ 17.65	\$ 17.85	\$ 18.04

- (1) Based on 11,533,315 and 11,533,315 weighted average shares of Solar Senior Capital Ltd. outstanding during the first and second quarters of 2016, respectively.
- (2) Based on 11,533,315 and 11,533,315 shares of Solar Senior Capital Ltd. outstanding as of the end of the first and second quarters of 2016, respectively.
- (3) Based on 11,533,315, 11,533,315, 11,533,315, 11,533,315 weighted average shares of Solar Senior Capital Ltd. outstanding during first, second, third and fourth quarters of 2015, respectively.
- (4) Based on 11,533,315, 11,533,315, 11,533,315, 11,533,315 shares of Solar Senior Capital Ltd. outstanding as of the end of the first, second, third and fourth quarters of 2015, respectively.
- (5) Based on 11,531,975, 11,533,315, 11,533,315, and 11,533,315 weighted average shares of Solar Senior Capital Ltd. outstanding during the first, second, third, and fourth quarters of 2014.
- (6) Based on 11,533,315, 11,533,315, 11,533,315, and 11,533,315 shares of Solar Senior Capital Ltd. outstanding as of the end of the first, second, third and fourth quarters of 2014.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement contains forward-looking statements that involve substantial risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about Solar Senior Capital, our current and prospective portfolio investments, our industry, our beliefs, and our assumptions. Words such as anticipates, expects, intends, plans, believes, seeks, estimates, would, should, targets, projects, and variations of these words and similar expressions are intended to identify forward-looking statements.

The forward-looking statements contained in this prospectus supplement and the accompanying prospectus involve risks and uncertainties, including statements as to:

our future operating results;

our business prospects and the prospects of our portfolio companies;

the impact of investments that we expect to make;

our contractual arrangements and relationships with third parties;

the dependence of our future success on the general economy and its impact on the industries in which we invest;

the ability of our portfolio companies to achieve their objectives;

our expected financings and investments;

our breach of any of the covenants or other provisions in our debt agreements;

the adequacy of our cash resources and working capital; and

the timing of cash flows, if any, from the operations of our portfolio companies.

These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements, including without limitation:

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an economic downturn could impair our portfolio companies' ability to continue to operate, which could lead to the loss of some or all of our investments in such portfolio companies;

a contraction of available credit and/or an inability to access the equity markets could impair our lending and investment activities;

interest rate volatility could adversely affect our results, particularly if we elect to use leverage as part of our investment strategy;

currency fluctuations could adversely affect the results of our investments in foreign companies, particularly to the extent that we receive payments denominated in foreign currency rather than U.S. dollars; and

the risks, uncertainties and other factors we identify in "Risk Factors" and elsewhere in this prospectus supplement, the accompanying prospectus and in our filings with the SEC.

Although we believe that the assumptions on which these forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions also could be inaccurate. Important assumptions include our ability to originate new loans and investments, certain margins and levels of profitability and the availability of additional capital. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this prospectus supplement and the accompanying prospectus should not be regarded as a representation by us that our plans and objectives will be achieved. These risks and uncertainties include those described or identified in "Risk Factors" and elsewhere in this prospectus supplement and the accompanying prospectus. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this prospectus supplement. However, we will update this prospectus supplement to reflect any material changes to the information contained herein. The forward-looking statements and projections contained in this prospectus supplement are excluded from the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended, or the Securities Act.

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The following table sets forth:

the actual capitalization of Solar Senior Capital Ltd. at June 30, 2016; and

the as adjusted capitalization of Solar Senior Capital Ltd., which reflects the sale of 4,000,000 shares of our common stock by us in this offering at a public offering price of \$ per share, after deducting any estimated sales load paid by us (underwriting discounts and commissions) of approximately \$ million and estimated offering expenses of approximately \$300,000 payable by us. The Investment Adviser has agreed to pay to the underwriters all of the sales load in this offering.

	As of June 30, 2016	
	Solar Senior Capital Ltd.	Solar Senior Capital Ltd.
	Actual	As
	(unaudited)	Adjusted
	(in	(in
	thousands)	thousands)
Assets:		
Cash and cash equivalents	\$ 37,647	\$
Investments at fair value	\$ 325,737	\$
Other assets	\$ 12,435	\$
Total assets	\$ 375,819	\$
Liabilities:		
Credit facility payable	\$ 141,600	\$
Other Liabilities	\$ 40,958	\$
Total Liabilities	\$ 182,558	\$
Net Assets:		
Common stock, par value \$0.01 per share; 200,000,000 shares authorized, 11,533,315 shares issued and outstanding, actual, 15,533,315 shares issued and outstanding, as adjusted	\$ 115	\$
Paid-in capital in excess of par value	\$ 211,486	\$
Total Net Assets	\$ 193,261	\$

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USE OF PROCEEDS

We estimate that the net proceeds we will receive from the sale of 4,000,000 shares of our common stock in this offering will be approximately \$ million (or approximately \$ million if the underwriters exercise their option to purchase additional shares in full), after deducting the sales load payable by us and the offering expenses of approximately \$300,000 payable by us. The Investment Adviser has agreed to pay to the underwriters all of the sales load in this offering. We may change the size of this offering based on demand and market conditions, among other factors.

We expect to use the net proceeds from this offering to pay down outstanding indebtedness under our Credit Facility, and for general corporate purposes, including any working capital requirements. However, through re-borrowing under our Credit Facility, we intend to make investments in debt and equity securities consistent with our investment objective, as well as for any other general corporate purpose. A portion of the net proceeds may also be utilized to further capitalize FLLP or any other newly created strategic or joint venture. We are continuously identifying, reviewing and, to the extent consistent with our investment objective, funding new investments. As a result, we typically raise capital as we deem appropriate to fund such new investments. A portion of the net proceeds may also be utilized to further capitalize the First Lien Loan Program, Gemino Healthcare Finance, or any newly created strategic or joint venture.

Under the Credit Facility, which matures in June 2020 and generally bears interest at LIBOR plus 2.00%, we had approximately \$141.6 million outstanding as of June 30, 2016. For additional information regarding our Credit Facility, see Management's Discussion and Analysis of Financial Condition and Results of Operations in this prospectus supplement.

Affiliates of certain underwriters are lenders under our Credit Facility. Accordingly, affiliates of such underwriters may receive more than 5% of the net proceeds of this offering to the extent such proceeds are used to repay outstanding indebtedness under our Credit Facility.

We estimate that it will take three to nine months for us to invest substantially all of the net proceeds of this offering in new investments, depending on the availability of attractive opportunities and market conditions. However, we can offer no assurance that we will be able to achieve this goal. We expect that it may take more than three months to invest all of the net proceeds of this offering, in part because investments in private companies often require substantial research and due diligence.

Pending such uses, we may invest the net proceeds primarily in temporary investments, including cash equivalents, U.S. government securities, and other high-quality debt investments that mature in one year or less from the date of investment. These securities may have lower yields than the types of investments we would typically make in accordance with our investment objective and, accordingly, may result in lower distributions, if any, during such period. See Regulation as a Business Development Company Temporary Investments in the accompanying prospectus for additional information about temporary investments we may make while waiting to make longer-term investments in pursuit of our investment objective.

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Our common stock is traded on the NASDAQ Global Select Market under the symbol SUNS . The following table sets forth, for each fiscal quarter during the last two fiscal years and the current fiscal year to date, the net asset value (NAV) per share of our common stock, the high and low closing sale prices for our common stock, such sale prices as a percentage of NAV per share and quarterly distributions per share.

	Price Range			Premium or (Discount) of High Closing Sale Price to NAV(2)	Premium or (Discount) of Low Closing Sale Price to NAV(2)	Declared Distributions(3)
	NAV(1)	High	Low			
Fiscal 2016						
Third Quarter (through September 6, 2016)	*	\$ 16.99	\$ 16.22	*	*	\$ 0.2350
Second Quarter	\$ 16.76	\$ 16.28	\$ 14.31	(2.9)%	(14.6)%	\$ 0.3525
First Quarter	\$ 16.70	\$ 15.20	\$ 13.04	(9.0)	(21.9)	\$ 0.3525
Fiscal 2015						
Fourth Quarter	\$ 16.33	\$ 15.97	\$ 14.62	(2.2)%	(10.5)%	\$ 0.3525
Third Quarter	17.06	16.11	14.22	(5.6)	(16.6)	0.3525
Second Quarter	17.55	16.68	15.36	(5.0)	(12.5)	0.3525
First Quarter	17.65	16.53	14.93	(6.3)	(15.4)	0.3525
Fiscal 2014						
Fourth Quarter	\$ 17.65	\$ 15.68	\$ 14.63	(11.2)%	(17.1)%	\$ 0.3525
Third Quarter	17.65	17.10	15.39	(3.1)	(12.8)	0.3525
Second Quarter	17.85	17.65	16.29	(1.1)	(8.7)	0.3525
First Quarter	18.04	18.63	17.11	3.3	(5.2)	0.3525

(1) Net asset value per share is determined as of the last day in the relevant quarter and therefore may not reflect the net asset value per share on the date of the high and low sales prices. The net asset values shown are based on outstanding shares at the end of each period.

(2) Calculated as the respective high or low closing sales price divided by NAV and subtracting 1.

(3) Represents the cash distribution declared for the specified quarter.

* Not determinable at the time of filing.

On September 6, 2016, the last reported sales price of our common stock was \$16.92 per share. As of September 6, 2016, we had 5 shareholders of record.

Shares of business development companies may trade at a market price that is less than the value of the net assets attributable to those shares. The possibility that our shares of common stock will trade at a discount from net asset value or at premiums that are unsustainable over the long term are separate and distinct from the risk that our net asset value will decrease. Since our initial public offering on February 24, 2011, our shares of common stock have traded at both a discount and a premium to the net assets attributable to those shares. As of September 6, 2016, our shares of common stock traded at a premium equal to approximately 1% of the net assets attributable to those shares based upon our net asset value as of June 30, 2016. It is not possible to predict whether the shares offered hereby will trade at, above, or below net asset value.

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We intend to continue to make monthly distributions to our stockholders. Our monthly distributions, if any, will be determined by our board of directors.

We have elected to be taxed as a RIC under Subchapter M of the Code. To maintain our RIC tax treatment, we must distribute at least 90% of our ordinary income and realized net short-term capital gains in excess of

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realized net long-term capital losses, if any, out of the assets legally available for distribution. In addition, although we currently intend to distribute realized net capital gains (i.e., net long-term capital gains in excess of net short-term capital losses), if any, at least annually, out of the assets legally available for such distributions, we may in the future decide to retain such capital gains for investment, and pay any resulting tax levied thereon. See "Certain U.S. Federal Income Tax Considerations" in the accompanying prospectus.

We maintain an "opt out" dividend reinvestment plan for our common stockholders. As a result, if we declare a distribution, then stockholders cash distributions will be automatically reinvested in additional shares of our common stock, unless they specifically "opt out" of the dividend reinvestment plan so as to receive cash distributions.

We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. In addition, we may be limited in our ability to make distributions due to the asset coverage test for borrowings when applicable to us as a business development company under the 1940 Act and due to provisions in current and future credit facilities. If we do not distribute a certain percentage of our income annually, we will suffer adverse tax consequences, including possible loss of our RIC tax treatment. We cannot assure stockholders that they will receive any distributions at a particular level.

All distributions declared in cash payable to stockholders that are participants in our dividend reinvestment plan are generally automatically reinvested in shares of our common stock. As a result, stockholders that do not participate in the dividend reinvestment plan may experience dilution over time. Stockholders who do not elect to receive distributions in shares of common stock may experience accretion to the net asset value of their shares if our shares are trading at a premium and dilution if our shares are trading at a discount. The level of accretion or discount would depend on various factors, including the proportion of our stockholders who participate in the plan, the level of premium or discount at which our shares are trading and the amount of the distribution payable to a stockholder.

The following table reflects the cash distributions, including dividends and returns of capital, if any, per share that we have declared on our common stock for the two most recent fiscal years and the current fiscal year to date:

Date Declared	Record Date	Payment Date	Amount
Fiscal 2016			
August 2, 2016	August 18, 2016	September 1, 2016	0.1175
July 7, 2016	July 21, 2016	August 2, 2016	0.1175
June 7, 2016	June 23, 2016	July 1, 2016	0.1175
May 3, 2016	May 19, 2016	June 2, 2016	0.1175
April 7, 2016	April 21, 2016	May 3, 2016	0.1175
February 24, 2016	March 24, 2016	April 1, 2016	0.1175
February 4, 2016	February 18, 2016	March 2, 2016	0.1175
January 7, 2016	January 21, 2016	February 2, 2016	0.1175
YTD Total (2016)			\$ 0.94

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Date Declared	Record Date	Payment Date	Amount
Fiscal 2015			
December 2, 2015	December 17, 2015	January 5, 2016	\$ 0.1175
November 3, 2015	November 19, 2015	December 1, 2015	0.1175
October 7, 2015	October 22, 2015	November 3, 2015	0.1175
September 9, 2015	September 24, 2015	October 1, 2015	0.1175
August 4, 2015	August 20, 2015	September 1, 2015	0.1175
July 8, 2015	July 23, 2015	July 31, 2015	0.1175
June 9, 2015	June 25, 2015	July 1, 2015	0.1175
May 5, 2015	May 21, 2015	June 2, 2015	0.1175
April 9, 2015	April 23, 2015	May 1, 2015	0.1175
February 25, 2015	March 19, 2015	April 2, 2015	0.1175
February 3, 2015	February 19, 2015	February 27, 2015	0.1175
January 8, 2015	January 22, 2015	January 30, 2015	0.1175
Total (2015)			\$ 1.41
Fiscal 2014			
December 4, 2014	December 18, 2014	January 5, 2015	\$ 0.1175
November 4, 2014	November 20, 2014	December 2, 2014	0.1175
October 8, 2014	October 23, 2014	October 31, 2014	0.1175
September 9, 2014	September 25, 2014	October 2, 2014	0.1175
August 4, 2014	August 21, 2014	September 3, 2014	0.1175
July 9, 2014	July 24, 2014	August 1, 2014	0.1175
June 6, 2014	June 19, 2014	July 1, 2014	0.1175
May 5, 2014	May 22, 2014	May 30, 2014	0.1175
April 8, 2014	April 24, 2014	May 1, 2014	0.1175
February 25, 2014	March 20, 2014	April 1, 2014	0.1175
February 6, 2014	February 20, 2014	February 28, 2014	0.1175
January 9, 2014	January 23, 2014	January 31, 2014	0.1175
Total (2014)			\$ 1.41

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The information contained in this section should be read in conjunction with the Selected Financial and Other Data and our Financial Statements and notes thereto appearing elsewhere in this prospectus supplement.

Overview

Solar Senior Capital, a Maryland corporation formed in December 2010, is a closed-end, externally managed, non-diversified management investment company that has elected to be regulated as a BDC under the 1940 Act. Furthermore, as the Company is an investment company, it continues to apply the guidance in the FASB ASC Topic 946. In addition, for tax purposes, the Company has treated to be regulated as a RIC under Subchapter M of the Code.

On February 24, 2011, we priced our IPO, selling 9.0 million shares, including the underwriters' over-allotment, at a price of \$20.00 per share. Concurrent with this offering, our senior management team purchased an additional 500,000 shares through the Concurrent Private Placement, also at \$20.00 per share.

On August 26, 2011, the Company established SUNS SPV, LLC ("SUNS SPV") which entered into a \$200 million senior secured revolving credit facility (the "Credit Facility") with Citigroup Global Markets Inc. acting as administrative agent. The Credit Facility was scheduled to mature on August 26, 2016 and generally bore

interest at the London Interbank Offered Rate ("LIBOR") plus 2.25%. The Credit Facility had \$150 million immediately available with an additional \$50 million available under a delayed draw feature. The Credit Facility can also be expanded up to \$600 million and is secured by all of the assets held by the SUNS SPV. Under the terms of the Credit Facility, Solar Senior and the SUNS SPV, as applicable, have made certain customary representations and warranties, and are required to comply with various covenants, including leverage restrictions, reporting requirements and other customary requirements for similar credit facilities. The Credit Facility also includes usual and customary events of default for credit facilities of this nature. On November 7, 2012, we amended our Credit Facility. As a result of the amendment, the stated interest rate on the Credit Facility was reduced to LIBOR plus 2.00% from LIBOR plus 2.25%, and the Credit Facility continues to have no LIBOR floor requirement. The amendment also provided us greater investment flexibility and extended the final maturity date to November 6, 2017. On June 30, 2014, the Company again amended the Credit Facility. As a result of this amendment, commitments under the Credit Facility were reduced by \$25 million to \$175 million and may be expanded up to \$600 million under its accordion feature. This amendment to the Credit Facility also added greater investment flexibility and extends the final maturity date to June 28, 2019. The stated interest rate remains LIBOR plus 2.00% with no LIBOR floor requirement. On May 29, 2015, the Company entered into another amendment to the Credit Facility. This amendment added greater investment flexibility and extended the final maturity date to June 30, 2020.

We invest primarily in U.S. middle market companies, where we believe the supply of primary capital is limited and the investment opportunities are most attractive. Our investment objective is to seek to maximize current income consistent with the preservation of capital. We seek to achieve our investment objective by directly and indirectly investing primarily in senior loans, including first lien and second lien debt instruments, made to private middle-market companies whose debt is rated below investment grade, which we refer to collectively as "senior loans." We may also invest in debt of public companies that are thinly traded. Under normal market conditions, at least 80% of the value of our net assets (including the amount of any borrowings for investment purposes) will be invested in senior loans. Senior loans typically pay interest at rates which are determined periodically on the basis of a floating base lending rate, primarily LIBOR, plus a premium. Senior loans in which we expect to invest are typically made to U.S. and, to a limited extent, non-U.S. corporations, partnerships and other business entities which

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operate in various industries and geographical regions. Senior loans typically are rated below investment grade. Securities rated below investment grade are often referred to as

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leveraged loans or high yield securities, and may be considered high risk compared to debt instruments that are rated investment grade.

We expect to invest in senior loans made primarily to private, leveraged middle-market companies with approximately \$20 million to \$100 million of earnings before income taxes, depreciation and amortization (EBITDA). Our business model is focused primarily on the direct origination of investments through portfolio companies or their financial sponsors. We expect that our direct investments will generally range between \$5 million and \$30 million each, although we expect that this investment size will vary proportionately with the size of our capital base and/or with strategic initiatives. In addition, we may invest a portion of our portfolio in other types of investments, which we refer to as opportunistic investments, which are not our primary focus but are intended to enhance our overall returns. These opportunistic investments may include, but are not limited to, direct investments in public companies that are not thinly traded and securities of leveraged companies located in select countries outside of the United States. We may invest up to 30% of our total assets in such opportunistic investments, including senior loans issued by non-U.S. issuers, subject to compliance with our regulatory obligations as a BDC under the 1940 Act. Our investment activities are managed by Solar Capital Partners, LLC (the Investment Adviser) and supervised by our board of directors, a majority of whom are non-interested, as such term is defined in the 1940 Act. Solar Capital Management, LLC (the Administrator) provides the administrative services necessary for us to operate.

As of June 30, 2016, the Investment Adviser has invested approximately \$5.6 billion in more than 250 different portfolio companies since 2006. Over the same period, the Investment Adviser completed transactions with more than 145 different financial sponsors.

Recent Developments

On July 7, 2016, the Board declared a monthly distribution of \$0.1175 per share payable on August 2, 2016 to holders of record as of July 21, 2016.

On August 2, 2016, the Board declared a monthly distribution of \$0.1175 per share payable on September 1, 2016 to holders of record as of August 18, 2016.

Investments

Our level of investment activity can and does vary substantially from period to period depending on many factors, including the amount of debt and equity capital available to middle market companies, the level of merger and acquisition activity for such companies, the general economic environment and the competitive environment for the types of investments we make. As a BDC, we must not acquire any assets other than qualifying assets specified in the 1940 Act unless, at the time the acquisition is made, at least 70% of our total assets are qualifying assets (with certain limited exceptions). Qualifying assets include investments in eligible portfolio companies. The definition of eligible portfolio company includes certain public companies that do not have any securities listed on a national securities exchange and companies whose securities are listed on a national securities exchange but whose market capitalization is less than \$250 million.

Revenue

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We generate revenue primarily in the form of interest and dividend income from the securities we hold and capital gains, if any, on investment securities that we may sell. Our debt investments generally have a stated term of three to seven years and typically bear interest at a floating rate usually determined on the basis of a benchmark London interbank offered rate (LIBOR), commercial paper rate, or the prime rate. Interest on our debt investments is generally payable quarterly but may be monthly or semi-annually. In addition, our investments may provide payment-in-kind (PIK) interest. Such amounts of accrued PIK interest are added to the cost of the investment on the respective capitalization dates and generally become due at maturity of the

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investment or upon the investment being called by the issuer. We may also generate revenue in the form of commitment, origination, structuring fees, fees for providing managerial assistance and, if applicable, consulting fees, etc.

Expenses

All investment professionals of the investment adviser and their respective staffs, when and to the extent engaged in providing investment advisory and management services, and the compensation and routine overhead expenses of such personnel allocable to such services, are provided and paid for by Solar Capital Partners. We bear all other costs and expenses of our operations and transactions, including (without limitation):

the cost of our organization and public offerings;

the cost of calculating our net asset value, including the cost of any third-party valuation services;

the cost of effecting sales and repurchases of our shares and other securities;

interest payable on debt, if any, to finance our investments;

fees payable to third parties relating to, or associated with, making investments, including fees and expenses associated with performing due diligence reviews of prospective investments and advisory fees;

transfer agent and custodial fees;

fees and expenses associated with marketing efforts;

federal and state registration fees, any stock exchange listing fees;

federal, state and local taxes;

independent directors' fees and expenses;

brokerage commissions;

fidelity bond, directors and officers errors and omissions liability insurance and other insurance premiums;

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direct costs and expenses of administration, including printing, mailing, long distance telephone and staff;

fees and expenses associated with independent audits and outside legal costs;

costs associated with our reporting and compliance obligations under the 1940 Act and applicable federal and state securities laws; and

all other expenses incurred by either Solar Capital Management or us in connection with administering our business, including payments under the Administration Agreement that will be based upon our allocable portion of overhead and other expenses incurred by Solar Capital Management in performing its obligations under the Administration Agreement, including rent, the fees and expenses associated with performing compliance functions, and our allocable portion of the costs of compensation and related expenses of our chief compliance officer and our chief financial officer and any administrative support staff.

We expect our general and administrative operating expenses related to our ongoing operations to increase moderately in dollar terms. During periods of asset growth, we generally expect our general and administrative operating expenses to decline as a percentage of our total assets and increase during periods of asset declines. Incentive fees, interest expense and costs relating to future offerings of securities, among others, may also increase or reduce overall operating expenses based on portfolio performance, interest rate benchmarks, and offerings of our securities relative to comparative periods, among other factors.

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Portfolio and Investment Activity

During the three months ended June 30, 2016, we invested \$33.6 million across 13 portfolio companies. This compares to investing \$40.3 million in 9 portfolio companies for the three months ended June 30, 2015. Investment sales, prepayments and repayments during the three months ended June 30, 2016 totaled \$21.2 million versus \$38.5 million for the three months ended June 30, 2015.

At June 30, 2016, our portfolio consisted of 52 portfolio companies and was invested 80.7% in senior secured loans and 19.3% in common equity (of which 10.7% is Gemino Healthcare Finance, LLC and 8.6% is First Lien Loan Program LLC) measured at fair value versus 47 portfolio companies invested 80.3% in senior secured loans, 1.1% in unsecured loans and 18.6% in common equity/equity interests (of which 10.2% is Gemino Healthcare Finance, LLC and 8.3% is First Lien Loan Program LLC) at June 30, 2015.

The weighted average yields on our income producing portfolio of investments were 8.2% and 7.0%, respectively, at June 30, 2016 and 2015 measured at fair value, and 8.0% and 7.1%, respectively for the same periods, measured at amortized cost.

At June 30, 2016, 96.1% of our \$313.0 million income producing investment portfolio* was floating rate and 3.9% or \$12.7 million was fixed rate, measured at fair value. At June 30, 2015, 94.6% or \$328.0 million of our income producing investment portfolio* was floating rate and 5.4% or \$18.9 million was fixed rate, measured at fair value.

Since the initial public offering of Solar Senior on February 24, 2011 and through June 30, 2016, invested capital totaled approximately \$964 million in 107 portfolio companies. Over the same period, Solar Senior completed transactions with more than 65 different financial sponsors.

* We have included First Lien Loan Program LLC and Gemino Healthcare Finance, LLC as 100% floating rate within our income producing investment portfolio.

Gemino Healthcare Finance, LLC

We acquired Gemino Healthcare Finance, LLC (d/b/a Gemino Senior Secured Healthcare Finance) (Gemino) on September 30, 2013. Gemino is a commercial finance company that originates, underwrites, and manages primarily secured, asset-based loans for small and mid-sized companies operating in the healthcare industry. Our initial investment in Gemino was \$32.8 million. The management team of Gemino co-invested in the transaction and continues to lead Gemino.

Concurrent with the closing of the transaction, Gemino entered into a new, four-year, non-recourse, \$100.0 million credit facility with non-affiliates, which was expandable to \$150.0 million under its accordion feature. Effective March 31, 2014, the credit facility was expanded to \$105.0 million and again on June 27, 2014 to \$110.0 million and most recently to \$125.0 million on May 27, 2016. Also on May 27, 2016, the accordion feature was increased to \$200.0 million.

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On December 31, 2013, we contributed our 32,839 units in Gemino to Gemino Senior Secured Healthcare LLC (Gemino Senior Secured Healthcare). In exchange for this contribution, we received 19,839 units of equity interests and \$13.0 million in floating rate secured notes of Gemino Senior Secured Healthcare bearing interest at LIBOR plus 7.50%, maturing on December 31, 2018. However, our financial statements, including our schedule of investments, reflect our investments in Gemino Senior Secured Healthcare on a consolidated basis. Gemino's management team currently owns approximately 6% of the equity in Gemino. Gemino Senior Secured Healthcare owns approximately 94% of the equity in Gemino and Solar Senior owns 100% of the equity in Gemino Senior Secured Healthcare. Gemino and Gemino Senior Secured Healthcare are treated as pass-through entities for tax purposes.

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Gemino currently manages a highly diverse portfolio of directly-originated and underwritten senior-secured commitments. As of June 30, 2016, the portfolio totaled approximately \$207.4 million of commitments, of which \$131.4 million were funded, on total assets of \$132.4 million. As of December 31, 2015, the portfolio totaled approximately \$188.3 million of commitments, of which \$130.6 million were funded, on total assets of \$133.7 million. At June 30, 2016, the portfolio consisted of 38 issuers with an average balance of approximately \$3.5 million versus 36 issuers with an average balance of approximately \$3.6 million at December 31, 2015. All of the commitments in Gemino's portfolio are floating-rate, senior-secured, cash-pay loans. Gemino's credit facility, which is non-recourse to us, had approximately \$97.0 million and \$98.5 million of borrowings outstanding at June 30, 2016 and December 31, 2015, respectively. For the three and six months ended June 30, 2016, Gemino had net income of \$1.0 million and \$2.4 million, respectively, on gross income of \$3.3 million and \$7.1 million, respectively. For the three and six months ended June 30, 2015, Gemino had net income of \$0.9 million and \$2.1 million, respectively, on gross income of \$3.0 million and \$6.3 million, respectively. Due to timing and non-cash items, there may be material differences between GAAP net income and cash available for distributions. As of June 30, 2016, and based upon our expectations for Gemino's portfolio performance, we believe that Gemino will be able to maintain its dividend payments to the Company.

First Lien Loan Program LLC

On September 10, 2014, the Company entered into a limited liability company agreement to create a First Lien Loan Program (FLLP) with Voya Investment Management LLC (Voya). Voya acts as the investment advisor for several wholly-owned insurance subsidiaries of Voya Financial, Inc. (NYSE: VOYA). The joint venture vehicle, structured as an unconsolidated Delaware limited liability company, is expected to invest primarily in senior secured floating rate term loans to middle market companies predominantly owned by private equity sponsors or entrepreneurs. Solar Senior and Voya have committed to provide \$50.75 million and \$7.25 million, respectively, of capital to the joint venture. All portfolio decisions and generally all other decisions in respect of the FLLP must be approved by an investment committee of the FLLP consisting of representatives of the Company and Voya (with approval from a representative of each required). On February 13, 2015, FLLP commenced operations. On February 13, 2015, FLLP as transferor and FLLP 2015-1, LLC, a newly formed wholly owned subsidiary of FLLP, as borrower entered into a \$75 million senior secured revolving credit facility (the FLLP Facility) with Wells Fargo Securities, LLC acting as administrative agent. Solar Senior Capital Ltd. acts as servicer under the FLLP Facility. The FLLP Facility is scheduled to mature on February 13, 2020. The FLLP Facility generally bears interest at a rate of LIBOR plus a range of 2.25%-2.50%. FLLP and FLLP 2015-1, LLC, as applicable, have made certain customary representations and warranties, and are required to comply with various covenants, including leverage restrictions, reporting requirements and other customary requirements for similar credit facilities. The FLLP Facility also includes usual and customary events of default for credit facilities of this nature. There were \$64.0 million of borrowings outstanding as of June 30, 2016. As of June 30, 2016 and December 31, 2015, Solar Senior and Voya contributed combined equity capital in the amount of \$33.8 million and \$33.8 million, respectively. Of the \$33.8 million of contributed equity capital, the Company contributed \$29.6 million in the form of investments and Voya contributed \$4.2 million in the form of cash. As of June 30, 2016, Solar Senior and Voya's remaining commitments totaled \$21.2 million and \$3.0 million, respectively. The Company, along with Voya, controls the funding of FLLP and FLLP may not call the unfunded commitments without approval of both the Company and Voya.

As of June 30, 2016 and December 31, 2015, FLLP had total assets of \$104.6 million and \$76.8 million, respectively. For the same periods, FLLP's portfolio consisted of first lien floating rate senior secured loans to 20 and 15 different borrowers, respectively. For the three months ended June 30, 2016, FLLP invested \$7.2 million across 4 portfolio companies. For the three months ended June 30, 2015, FLLP invested \$22.8 million across 5 portfolio companies. Investments prepaid totaled \$6.2 million for the three months ended June 30, 2016 and \$0.1 million for the three months ended June 30, 2015. At June 30, 2016 and 2015, the weighted average yield of FLLP's portfolio was 6.5% and 6.2%, respectively, measured at fair value and 6.4% and 6.3%, respectively, measured at cost.

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Description	Industry	Spread Above Index ⁽¹⁾	LIBOR Floor	Interest Rate ⁽²⁾	Maturity Date	Par Amount	Cost	Fair Value ⁽³⁾
1A Smart Start LLC	Electronic Equipment, Instruments & Components	L+475	1.00%	5.75%	2/21/22	\$ 7,960	\$ 7,889	\$ 7,920
Athletico Management, LLC and Accelerated Holdings, LLC ⁽⁴⁾	Health Care Facilities	L+550	0.75%	6.25%	12/2/20	4,610	4,573	4,610
Capstone Logistics Acquisition, Inc. ⁽⁴⁾	Professional Services	L+450	1.00%	5.50%	10/7/21	5,361	5,317	5,254
Castle Management Borrower LLC (Highgate Hotels) ⁽⁴⁾	Real Estate Management & Development	L+450	1.00%	5.50%	9/18/20	3,820	3,791	3,744
CIBT Holdings, Inc. ⁽⁴⁾	Professional Services	L+525	1.00%	6.25%	6/28/22	2,627	2,601	2,601
Confie Seguros Holding II Co. ⁽⁴⁾	Insurance	L+450	1.25%	5.75%	11/9/18	5,430	5,427	5,389
Innovative Xcessories & Services, LLC ⁽⁴⁾	Automotive Retail	L+400	1.00%	5.00%	2/21/20	2,434	2,434	2,410
Kellermeyer Bergensons Services, LLC (KBS) ⁽⁴⁾	Commercial Services & Supplies	L+500	1.00%	6.00%	10/29/21	2,438	2,417	2,364
MedRisk, LLC	Health Care Services	L+525	1.00%	6.25%	3/1/23	3,990	3,951	3,970
Metamorph US 3, LLC (Metalogix) ⁽⁴⁾	Software	L+650	1.00%	7.50%	12/1/20	4,063	3,981	3,453
Pearl Merger Sub, LLC (PetVet) ⁽⁴⁾	Health Care Facilities	L+475	1.00%	5.75%	12/17/20	5,418	5,331	5,377
Pet Holdings ULC & Pet Supermarket, Inc.	Specialty Retail	L+550	1.00%	6.50%	7/5/22	4,549	4,481	4,481
PSP Group, LLC (Pet Supplies Plus) ⁽⁴⁾	Specialty Retail	L+475	1.00%	5.75%	4/6/21	5,381	5,338	5,354
QBS Holding Company, Inc. (Quorum) ⁽⁴⁾	Software	L+475	1.00%	5.75%	8/7/21	3,448	3,419	3,378
Salient Partners, L.P. ⁽⁴⁾	Asset Management	L+850	1.00%	9.50%	6/9/21	5,369	5,277	5,168
Sarnova HC, LLC	Trading Companies and Distributors	L+475	1.00%	5.75%	1/28/22	4,988	4,940	4,963
Suburban Broadband, LLC (Jab Wireless, Inc.)	Wireless Telecommunication Services	L+450	1.00%	5.50%	3/26/19	8,188	8,057	8,127
Telular Corporation	Wireless Telecommunication Services	L+425	1.25%	5.50%	6/24/19	5,209	5,188	5,182
The Hilb Group, LLC & Gencorp Insurance Group, Inc. ⁽⁴⁾	Insurance	L+500	1.00%	6.00%	6/24/21	3,841	3,767	3,783
VT Buyer Acquisition Corp. (Veritext) ⁽⁴⁾	Professional Services	L+500	1.00%	6.00%	1/29/22	4,503	4,462	4,481
							\$ 92,641	\$ 92,009

(1) 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.

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- (2) Floating rate debt investments typically bear interest at a rate determined by reference to either the London Interbank Offered Rate (LIBOR or L) index rate or the prime index rate (PRIME or P), and which typically reset monthly, quarterly or semi-annually. For each debt investment we have provided the current interest rate in effect as of June 30, 2016.
- (3) Represents the fair value in accordance with ASC Topic 820. The determination of such fair value is not included in the Board s valuation process described elsewhere herein.
- (4) The Company also holds this security on its Consolidated Statements of Assets and Liabilities.

FLLP Portfolio as of December 31, 2015 (audited) (in thousands)

Description	Industry	Interest Rate ⁽¹⁾	Maturity Date	Par Amount	Cost	Fair Value ⁽²⁾
1A Smart Start LLC	Electronic Equipment, Instruments & Components	5.75%	2/21/22	\$ 8,000	\$ 7,924	\$ 7,880
Athletico Management, LLC and Accelerated Holdings, LLC ⁽³⁾	Health Care Facilities	6.25%	12/2/20	4,724	4,682	4,653
Capstone Logistics Acquisition, Inc. ⁽³⁾	Professional Services	5.50%	10/7/21	5,436	5,387	5,395
Castle Management Borrower LLC (Highgate Hotels) ⁽³⁾	Real Estate Management & Development	5.50%	9/18/20	3,950	3,916	3,812
Confie Seguros Holding II Co. ⁽³⁾	Insurance	5.75%	11/9/18	5,458	5,454	5,390
Innovative Xcessories & Services, LLC ⁽³⁾	Automotive Retail	5.25%	2/21/20	2,500	2,500	2,462
Kellermeyer Bergensons Services, LLC (KBS) ⁽³⁾	Commercial Services & Supplies	6.00%	10/29/21	2,475	2,453	2,364
Metamorph US 3, LLC (Metalogix) ⁽³⁾	Software	6.50%	12/1/20	4,875	4,768	4,485
Pearl Merger Sub, LLC (PetVet) ⁽³⁾	Health Care Facilities	5.50%	12/17/20	5,445	5,350	5,336
PSP Group, LLC (Pet Supplies Plus) ⁽³⁾	Specialty Retail	5.75%	4/6/21	5,459	5,411	5,350
QBS Holding Company, Inc. (Quorum) ⁽³⁾	Software	5.75%	8/7/21	3,465	3,434	3,361
RCPSI Corporation (Pet Supermarket) ⁽³⁾	Specialty Retail	6.75%	4/16/21	5,473	5,423	5,363
Salient Partners, L.P. ⁽³⁾	Asset Management	7.50%	6/9/21	5,418	5,317	5,228
Suburban Broadband, LLC (Jab Wireless, Inc.)	Wireless Telecommunication Services	5.50%	3/26/19	8,229	8,076	8,065
Telular Corporation	Wireless Telecommunication Services	5.50%	6/24/19	5,354	5,330	5,274
					\$ 75,425	\$ 74,418

- (1) Floating rate debt investments typically bear interest at a rate determined by reference to either the London Interbank Offered Rate (LIBOR or L) index rate or the prime index rate (PRIME or P), and which typically reset monthly, quarterly or semi-annually. For each debt investment we have provided the current interest rate in effect as of December 31, 2015.
- (2) Represents the fair value in accordance with ASC Topic 820. The determination of such fair value is not included in the Board s valuation process described elsewhere herein.
- (3) The Company also holds a portion of this position on its Consolidated Statements of Assets and Liabilities.

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Below is certain summarized financial information for FLLP as of June 30, 2016 and December 31, 2015 and for the three and six months ended June 30, 2016, the three months ended June 30, 2015 and the period from February 13, 2015 (commencement of operations) through June 30, 2015:

	June 30, 2016	December 31, 2015 (audited)
Selected Balance Sheet Information for FLLP (in thousands):		
Investments at fair value (cost \$92,641 and \$75,425, respectively)	\$ 92,009	\$ 74,418
Cash and other assets	12,639	2,370
Total assets	\$ 104,648	\$ 76,788
Debt outstanding	\$ 63,983	\$ 43,998
Payable for investments purchased	7,081	
Distributions payable	898	742
Interest payable	549	400
Accrued expenses and other payables	94	113
Total liabilities	\$ 72,605	\$ 45,253
Members' equity	\$ 32,043	\$ 31,535
Total liabilities and members' equity	\$ 104,648	\$ 76,788

	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	For the Period February 13, 2015 (commencement of operations) through June 30, 2015
Selected Income Statement Information for FLLP (in thousands):				
Interest income	\$ 1,540	\$ 720	\$ 2,883	\$ 904
Service fees	\$ 16	\$ 7	\$ 30	\$ 9
Interest and other credit facility expenses	509	169	973	1,535*
Other general and administrative expenses	51	36	86	47
Total expenses	576	212	1,089	1,591
Net investment income (loss)	\$ 964	\$ 508	\$ 1,794	\$ (687)
Net change in unrealized gain (loss) on investments	295	249	375	348
Net income (loss)	\$ 1,259	\$ 757	\$ 2,169	\$ (339)

* FLLP made an irrevocable election to apply the fair value option of accounting to the FLLP Facility, in accordance with ASC 825-10. As such, all expenses related to the establishment of the FLLP Facility were expensed during the period from February 13, 2015 (commencement of operations) through June 30, 2015. This amount totaled \$1,316.

Critical Accounting Policies

The preparation of consolidated financial statements and related disclosures in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and revenues and expenses during the periods reported. Actual results could materially differ from those estimates. We have identified the following items as critical accounting policies. Within the context of these critical accounting

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policies and disclosed subsequent events herein, we are not currently aware of any other reasonably likely events or circumstances that would result in materially different amounts being reported.

Valuation of Portfolio Investments

We conduct the valuation of our assets, pursuant to which our net asset value is determined, at all times consistent with GAAP, and the 1940 Act. Our valuation procedures are set forth in more detail below:

The Company conducts the valuation of its assets in accordance with GAAP and the 1940 Act. The Company generally values its assets on a quarterly basis, or more frequently if required. Investments for which market quotations are readily available on an exchange are valued at the closing price on the date of valuation. The Company may also obtain quotes with respect to certain of its investments from pricing services or brokers or dealers in order to value assets. When doing so, management determines whether the quote obtained is sufficient according to GAAP to determine the fair value of the investment. If determined adequate, the Company uses the quote obtained. Debt investments with maturities of 60 days or less shall each be valued at cost plus accreted discount, or minus amortized premium, which is expected to approximate fair value, unless such valuation, in the judgment of the Investment Adviser, does not represent fair value, in which case such investments shall be valued at fair value as determined in good faith by or under the direction of the Company's board of directors (the Board).

Investments for which reliable market quotations are not readily available or for which the pricing sources do not provide a valuation or methodology or provide a valuation or methodology that, in the judgment of the Investment Adviser or the Board does not represent fair value, each shall be valued as follows: (i) each portfolio company or investment is initially valued by the investment professionals responsible for the portfolio investment; (ii) preliminary valuations are discussed with senior management of the Investment Adviser; (iii) independent valuation firms engaged by, or on behalf of, the Board will conduct independent appraisals and review the Investment Adviser's preliminary valuations and make their own independent assessment for (a) each portfolio investment that, when taken together with all other investments in the same portfolio company, exceeds 10% of estimated total assets, plus available borrowings, as of the end of the most recently completed fiscal quarter, and (b) each portfolio investment that is presently in payment default; (iv) the Board will discuss the valuations and determine the fair value of each investment in our portfolio in good faith based on the input of the Investment Adviser and, where appropriate, the respective independent valuation firm.

The recommendation of fair value generally considers the following factors among others, as relevant: applicable market yields; the nature and realizable value of any collateral; the portfolio company's ability to make payments; the portfolio company's earnings and discounted cash flow; the markets in which the issuer does business; and comparisons to publicly traded securities, among others.

When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, the Company will consider the pricing indicated by the external event to corroborate the valuation. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the investments may differ significantly from the values that would have been used had a readily available market value existed for such investments, and the differences could be material.

Investments are valued utilizing a market approach, an income approach, or both approaches, as appropriate. However, in accordance with ASC 820-10, certain investments that qualify as investment companies in accordance with ASC 946, may be valued using net asset value as a practical expedient as fair value. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market

expectations about those future amounts. In following these

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approaches, the types of factors that we may take into account in fair value pricing our investments include, as relevant: available current market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, security covenants, call protection provisions, the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, M&A comparables, and enterprise values, among other factors. When available, broker quotations and/or quotations provided by pricing services are considered as an input in the valuation process. Escrow receivables, if any, included in the receivables for investments sold in the Consolidated Statements of Assets and Liabilities are reviewed quarterly and the value of the receivable is adjusted as necessary. For the six months ended June 30, 2016, there has been no change to the Company's valuation techniques and the nature of the related inputs considered in the valuation process.

Accounting Standards Codification (ASC) Topic 820 classifies the inputs used to measure these fair values into the following hierarchy:

Level 1: Quoted prices in active markets for identical assets or liabilities, accessible by the Company at the measurement date.

Level 2: Quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active, or other observable inputs other than quoted prices.

Level 3: Unobservable inputs for the asset or liability.

In all cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to each investment. The exercise of judgment is based in part on our knowledge of the asset class and our prior experience.

Determination of fair value involves subjective judgments and estimates. Accordingly, the notes to our consolidated financial statements express the uncertainty with respect to the possible effect of such valuations, and any change in such valuations, on our consolidated financial statements.

Valuation of Credit Facility

The Company has made an irrevocable election to apply the fair value option of accounting to the Credit Facility, in accordance with ASC 825-10. We believe accounting for the Credit Facility at fair value better aligns the measurement methodologies of assets and liabilities, which may mitigate certain earnings volatility.

Revenue Recognition

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The Company records dividend income and interest, adjusted for amortization of premium and accretion of discount, on an accrual basis. Investments that are expected to pay regularly scheduled interest and/or dividends in cash are generally placed on non-accrual status when principal or interest/dividend cash payments are past due 30 days or more and/or when it is no longer probable that principal or interest/dividend cash payments will be collected. Such non-accrual investments are restored to accrual status if past due principal and interest or dividends are paid in cash, and in management's judgment, are likely to continue timely payment of their remaining interest or dividend obligations. Interest or dividend cash payments received on investments may be recognized as income or applied to principal depending upon management's judgment. Some of our investments may have contractual PIK interest or dividends. PIK interest and dividends computed at the contractual rate is accrued into income and reflected as receivable up to the capitalization date. PIK investments offer issuers the option at each payment date of making payments in cash or in additional securities. When additional securities are received, they typically have the same terms, including maturity dates and interest rates as the original

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securities issued. On these payment dates, the Company capitalizes the accrued interest or dividends receivable (reflecting such amounts as the basis in the additional securities received). PIK generally becomes due at the maturity of the investment or upon the investment being called by the issuer. At the point the Company believes PIK is not expected to be realized, the PIK investment will be placed on non-accrual status. When a PIK investment is placed on non-accrual status, the accrued, uncapitalized interest or dividends is reversed from the related receivable through interest or dividend income, respectively. The Company does not reverse previously capitalized PIK interest or dividends. Upon capitalization, PIK is subject to the fair value estimates associated with their related investments. PIK investments on non-accrual status are restored to accrual status if the Company again believes that PIK is expected to be realized. Loan origination fees, original issue discount, and market discounts are capitalized and amortized into income using the interest method or straight-line, as applicable. Upon the prepayment of a loan, any unamortized loan origination fees are recorded as interest income. We record prepayment premiums on loans and other investments as interest income when we receive such amounts. Capital structuring fees are recorded as other income when earned.

The typically higher yields and interest rates on PIK securities, to the extent we invested, reflects the payment deferral and increased credit risk associated with such instruments and that such investments may represent a significantly higher credit risk than coupon loans. PIK securities may have unreliable valuations because their continuing accruals require continuing judgments about the collectability of the deferred payments and the value of any associated collateral. PIK interest has the effect of generating investment income and increasing the incentive fees payable at a compounding rate. In addition, the deferral of PIK interest also increases the loan-to-value ratio at a compounding rate. PIK securities create the risk that incentive fees will be paid to the Investment Adviser based on non-cash accruals that ultimately may not be realized, but the Investment Adviser will be under no obligation to reimburse the Company for these fees. For the three and six months ended June 30, 2016, capitalized PIK income totaled \$0.0 million and less than \$0.1 million, respectively. For the three and six months ended June 30, 2015, capitalized PIK income totaled less than \$0.1 million and \$0.1 million, respectively.

Net Realized Gain or Loss and Net Change in Unrealized Gain or Loss

We generally measure realized gain or loss by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment, without regard to unrealized appreciation or depreciation previously recognized, but considering unamortized origination or commitment fees and prepayment penalties. The net change in unrealized gain or loss reflects the change in portfolio investment values during the reporting period, including the reversal of previously recorded unrealized gain or loss, when gains or losses are realized.

Income Taxes

Solar Senior Capital, a U.S. corporation, has elected to be treated as a RIC under Subchapter M of the Code. In order to qualify as a RIC, among other things, the Company is required to timely distribute to its stockholders at least 90% of investment company taxable income, as defined by the Code, for each year. Depending on the level of taxable income earned in a given tax year, we may choose to carry forward taxable income in excess of current year distributions into the next tax year and pay a 4% excise tax on such income, as required. To the extent that the Company determines that its estimated current year annual taxable income will be in excess of estimated current year distributions, the Company accrues an estimated excise tax, if any, on estimated excess taxable income.

Recent Accounting Pronouncements

In February 2015, the FASB issued Accounting Standards Update (ASU) 2015-02, Consolidation (Topic 810) Amendments to the Consolidation Analysis. The update changes the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. Public companies are required to apply ASU 2015-02 for interim and annual reporting periods beginning after December 15, 2015.

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Accordingly, the Company has evaluated the impact of ASU 2015-02 on its consolidated financial statements and determined that the adoption of ASU 2015-02 has not had a material impact on our consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, Interest Imputation of Interest (Subtopic 835-30) Simplifying the Presentation of Debt Issuance Costs. The update requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. Public companies are required to apply ASU 2015-03 retrospectively for interim and annual reporting periods beginning after December 15, 2015. Accordingly, the Company has evaluated the impact of ASU 2015-03 on its consolidated financial statements and determined that the adoption of ASU 2015-03 has not had a material impact on our consolidated financial statements.

In May 2015, the FASB issued ASU 2015-07, Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). The update eliminates the requirement to categorize investments in the fair value hierarchy if their fair value is measured at net asset value (NAV) per share (or its equivalent) using the practical expedient in the FASB's fair value measurement guidance. Public companies are required to apply ASU 2015-07 retrospectively for interim and annual reporting periods beginning after December 15, 2015. Accordingly, the Company has evaluated the impact of ASU 2015-07 on its consolidated financial statements and determined that the adoption of ASU 2015-07 has not had a material impact on our consolidated financial statements.

RESULTS OF OPERATIONS

Results comparisons are for the three and six months ended June 30, 2016 and June 30, 2015:

Investment Income

For the three and six months ended June 30, 2016, gross investment income totaled \$6.7 million and \$13.0 million, respectively. For the three and six months ended June 30, 2015, gross investment income totaled \$6.7 million and \$12.8 million, respectively. The slight increase in gross investment income year over year was primarily due to the continued ramp-up of the FLLP portfolio offset by a smaller average portfolio size year over year.

Expenses

Net expenses totaled \$2.6 million and \$4.9 million, respectively, for the three and six months ended June 30, 2016, of which \$1.3 million and \$2.5 million, respectively, were base management fees and gross performance-based incentive fees and \$0.9 million and \$1.8 million, respectively, were interest and other credit facility expenses. Over the same periods, \$0.2 million and \$0.6 million of performance-based incentive fees were waived. Administrative services and other general and administrative expenses totaled \$0.6 million and \$1.3 million, respectively, for the three and six months ended June 30, 2016. Net expenses totaled \$3.3 million and \$5.6 million, respectively, for the three and six months ended June 30, 2015, of which \$0.9 million and \$1.9 million, respectively, were base management fees and gross performance-based incentive fees and \$1.7 million and \$2.5 million, respectively, were interest and other credit facility expenses. Over the same periods, \$0.0 million and \$0.2 million of performance-based incentive fees were waived. Administrative services and other general and administrative expenses totaled \$0.8 million and \$1.3 million, respectively, for the three and six months ended June 30, 2015. Expenses generally consist of management fees, performance-based incentive fees, administrative services expenses, insurance, legal expenses, directors

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expenses, audit and tax expenses, transfer agent fees and expenses, and other general and administrative expenses. Interest and other credit facility expenses generally consist of interest, unused fees, agency fees and loan origination fees, if any, among others. The decrease in net expenses year over year is due to costs incurred in 2015 from an amendment to the Credit Facility partially offset by an increase in performance-based incentive fees. The Investment Adviser, at its

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discretion, may in the future continue to fully or partially waive incentive fees. Any such waiver is subject to recapture by the Investment Adviser and reimbursement by the Company should net investment income during and/or for fiscal 2016 equal or exceed distributions declared in fiscal 2016.

Net Investment Income

The Company's net investment income totaled \$4.1 million and \$8.1 million, or \$0.35 and \$0.71, per average share, respectively, for the three and six months ended June 30, 2016. The Company's net investment income totaled \$3.3 million and \$7.2 million, or \$0.29 and \$0.63, per average share, respectively, for the three and six months ended June 30, 2015.

Net Realized Gain

The Company had investment sales and prepayments totaling approximately \$21.2 million and \$39.0 million, respectively, for the three and six months ended June 30, 2016. Net realized gains over the same periods were \$0.02 million and \$0.03 million, respectively. The Company had investment sales and prepayments totaling approximately \$38.5 million and \$88.3 million, respectively, for the three and six months ended June 30, 2015. Net realized gains over the same periods were \$0.04 million and \$0.05 million, respectively. Net realized gains for the three and six months ended June 30, 2016 were primarily related to the sales of CT Technologies Intermediate Holdings and Varsity Brands Holdings Co., Inc. Net realized gains for the three and six months ended June 30, 2015 were primarily related to partial sales of select investments.

Net Change in Unrealized Gain (Loss)

For the three and six months ended June 30, 2016, net change in unrealized gain (loss) on the Company's assets and liabilities totaled \$0.6 million and \$5.0 million, respectively. For the three and six months ended June 30, 2015, net change in unrealized gain (loss) on the Company's assets and liabilities totaled (\$0.5) million and (\$0.3) million, respectively. Net unrealized gain for the three months ended June 30, 2016 is primarily due to appreciation in the value of our investments in Securus Technologies, Inc., Gemino and FLLP partially offset by depreciation in Trident USA Health Services, TwentyEighty, Inc., Hostway Corporation and Metamorph US 3, LLC, among others. Net unrealized gain for the six months ended June 30, 2016 is primarily due to appreciation in the value of our investments in Securus Technologies, Inc., Gemino, CGSC of Delaware Holdings Corp., Asurion, LLC, FLLP and Global Tel*Link Corporation among others, partially offset by depreciation in Trident USA Health Services, Hostway Corporation, TwentyEighty, Inc. and Metamorph US 3, LLC, among others. Net unrealized loss for the three months ended June 30, 2015 is primarily due to depreciation in the value of our investments in Engineering Solutions & Products, LLC, Securus Technologies, Inc. and CGSC of Delaware Holdings Corporation, among others, partially offset by appreciation in Gemino Healthcare Finance LLC and First Lien Loan Program LLC, among others. Net unrealized loss for the six months ended June 30, 2015 is primarily due to depreciation in the value of our investments in First Lien Loan Program LLC and Engineering Solutions & Products, LLC., among others, partially offset by appreciation in Gemino Healthcare Finance LLC, among others.

Net Increase in Net Assets From Operations

For the three and six months ended June 30, 2016, the Company had a net increase in net assets resulting from operations of \$4.7 million and \$13.1 million, respectively. For the same periods, earnings per average share were \$0.41 and \$1.13, respectively. For the three and six months ended June 30, 2015, the Company had a net increase in net assets resulting from operations of \$2.9 million and \$7.0 million, respectively. For

the same periods, earnings per average share were \$0.25 and \$0.61, respectively.

LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity and capital resources are generally available through its Credit Facility, through periodic follow-on equity offerings, as well as from cash flows from operations, investment sales and

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pre-payments of investments. At June 30, 2016, the Company had \$141.6 million in borrowings outstanding on its Credit Facility and \$33.4 million of unused capacity, subject to borrowing base limits.

On January 18, 2013, the Company closed a follow-on public equity offering of 2.0 million shares of common stock at \$18.85 per share raising approximately \$37.2 million in net proceeds. In the future, the Company may raise additional equity or debt capital, among other considerations. The primary uses of funds will be investments in portfolio companies, reductions in debt outstanding and other general corporate purposes. The issuance of debt or equity securities will depend on future market conditions, funding needs and other factors and there can be no assurance that any such issuance will occur or be successful.

We currently expect that our liquidity needs will be met with cash flows from operations, borrowings under our Credit Facility, including its accordion feature, as well as from other available financing activities.

Cash Equivalents

We deem certain U.S. Treasury bills, repurchase agreements and other high-quality, short-term debt securities as cash equivalents. The Company makes purchases that are consistent with its purpose of making investments in securities described in paragraphs 1 through 3 of Section 55(a) of the 1940 Act. From time to time, including at or near the end of each fiscal quarter, we consider using various temporary investment strategies for our business. One strategy includes taking proactive steps by utilizing cash equivalents as temporary assets with the objective of enhancing our investment flexibility pursuant to Section 55 of the 1940 Act. More specifically, from time-to-time we may purchase U.S. Treasury bills or other high-quality, short-term debt securities at or near the end of the quarter and typically close out the position on a net cash basis subsequent to quarter end. We may also utilize repurchase agreements or other balance sheet transactions, including drawing down on our credit facilities, as deemed appropriate. The amount of these transactions or such drawn cash for this purpose is excluded from total assets for purposes of computing the asset base upon which the management fee is determined. We held approximately \$33 million in cash equivalents as of June 30, 2016.

Debt

Senior Secured Revolving Credit Facility On August 26, 2011, the Company established the SUNS SPV which entered into the Credit Facility with Citigroup Global Markets Inc. acting as administrative agent. The Credit Facility was scheduled to mature on August 26, 2016 and generally bore interest at a rate of LIBOR plus 2.25%. The Credit Facility can also be expanded up to \$600 million and is secured by all of the assets held by the SUNS SPV. Under the terms of the Credit Facility, Solar Senior and the SUNS SPV, as applicable, have made certain customary representations and warranties, and are required to comply with various covenants, including leverage restrictions, reporting requirements and other customary requirements for similar credit facilities. The Credit Facility also includes usual and customary events of default for credit facilities of this nature. On November 7, 2012, we amended our Credit Facility. As a result of the amendment, the stated interest rate on the Credit Facility was reduced to LIBOR plus 2.00% from LIBOR plus 2.25%, and the Credit Facility continues to have no LIBOR floor requirement. The amendment also provided us greater investment flexibility and extended the final maturity date to November 6, 2017. On February 26, 2014, the Company utilized the Credit Facility's delayed draw feature, expanding immediately available capital from \$150.0 million to \$200.0 million, subject to borrowing base limitations. On June 30, 2014, the Company again amended the Credit Facility. As a result of this amendment, commitments under the Credit Facility were reduced by \$25.0 million to \$175.0 million and may be expanded up to \$600.0 million under its accordion feature. This amendment to the Credit Facility also added greater investment flexibility and extended the final maturity date to June 28, 2019. The stated interest rate remains LIBOR plus 2.00% with no LIBOR floor requirement. On May 29, 2015, the Company entered into another amendment to the Credit Facility. This amendment added greater investment flexibility and extended the final maturity date to June 30, 2020. At June 30, 2016, the Company was in compliance with all financial and operational covenants required by the Credit Facility.

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	Total	Payments due by Period as of June 30, 2016 (dollars in millions)			
		Less than 1 year	1-3 years	3-5 years	More than 5 years
Senior Secured Revolving Credit Facility ⁽¹⁾	\$ 141.6	\$	\$	\$ 141.6	\$

(1) At June 30, 2016, \$33.4 million of capacity remained unused.

Information about our senior securities is shown in the following table as of each year ended December 31 since the Company commenced operations, unless otherwise noted. The indicates information which the SEC expressly does not require to be disclosed for certain types of senior securities.

Class and Year	Total Amount Outstanding ⁽¹⁾	Asset Coverage Per Unit ⁽²⁾	Involuntary Liquidating Preference Per Unit ⁽³⁾	Average Market Value Per Unit ⁽⁴⁾
Revolving Credit Facility				
Fiscal 2016 (through June 30, 2016)	\$ 141,600	\$ 2,365	\$	N/A
Fiscal 2015	116,200	2,621		N/A
Fiscal 2014	143,200	2,421		N/A
Fiscal 2013	61,400	4,388		N/A
Fiscal 2012	39,100	5,453		N/A
Fiscal 2011	8,600	21,051		N/A

- (1) Total amount of each class of senior securities outstanding at the end of the period presented.
- (2) The asset coverage ratio for a class of senior securities representing indebtedness is calculated as our consolidated total assets, less all liabilities and indebtedness not represented by senior securities, divided by senior securities representing indebtedness. This asset coverage ratio is multiplied by one thousand to determine the Asset Coverage Per Unit. In order to determine the specific Asset Coverage Per Unit for each class of debt, the total Asset Coverage Per Unit was divided based on the amount outstanding at the end of the period for each. As of June 30, 2016, asset coverage was 236.5%.
- (3) The amount to which such class of senior security would be entitled upon the involuntary liquidation of the issuer in preference to any security junior to it.
- (4) Not applicable, we do not have senior securities that are registered for public trading.

We have also entered into two contracts under which we have future commitments: the Advisory Agreement, pursuant to which Solar Capital Partners, LLC has agreed to serve as our investment adviser, and the Administration Agreement, pursuant to which Solar Capital Management, LLC has agreed to furnish us with the facilities and administrative services necessary to conduct our day-to-day operations and provide on our behalf managerial assistance to those portfolio companies to which we are required to provide such assistance. Payments under the Advisory Agreement are equal to (1) a percentage of the value of our average gross assets and (2) a two-part incentive fee. Payments under the Administration Agreement are equal to an amount based upon our allocable portion of the Administrator's overhead in performing its obligations under the Administration Agreement, including rent, technology systems, insurance and our allocable portion of the costs of our chief financial officer and chief compliance officer and their respective staffs. Either party may terminate each of the Advisory Agreement and Administration Agreement without penalty upon 60 days' written notice to the other. See note 3 to our Consolidated Financial Statements.

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On September 10, 2014, FLLP entered into a servicing agreement with the Company. FLLP engaged and retained the Company to provide certain administrative services relating to the facilities, supplies and necessary ongoing overhead support services for the operation of FLLP's ongoing business affairs in exchange for a fee. Either party may terminate this agreement upon 30 days' written notice to the other.

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Table of Contents***Off-Balance Sheet Arrangements***

The Company had unfunded debt and equity commitments to delayed draw and revolving loans as well as to Gemino Healthcare Finance, LLC. The total amount of these unfunded commitments as of June 30, 2016 and December 31, 2015 is \$10.7 million and \$6.7 million, respectively, comprised of the following:

	June 30, 2016	December 31, 2015
<i>(in millions)</i>		
Gemino Healthcare Finance, LLC	\$ 5.0	\$ 5.0
Genmark Diagnostics, Inc.	3.1	
Engineering Solutions & Products, LLC	1.6	1.7
CIBT Holdings, Inc.	0.5	
VT Buyer Acquisition Corp. (Veritext)	0.5	
Total Commitments*	\$ 10.7	\$ 6.7

* The Company controls the funding of the Gemino Healthcare Finance, LLC commitment and may cancel it at its discretion (also see First Lien Loan Program LLC section in Item 7).

As of June 30, 2016 and December 31, 2015, the Company had sufficient cash available and/or liquid securities available to fund its commitments as well as the commitment to FLLP disclosed earlier.

In the normal course of its business, we invest or trade in various financial instruments and may enter into various investment activities with off-balance sheet risk, which may include forward foreign currency contracts. Generally, these financial instruments represent future commitments to purchase or sell other financial instruments at specific terms at future dates. These financial instruments contain varying degrees of off-balance sheet risk whereby changes in the market value or our satisfaction of the obligations may exceed the amount recognized in our Consolidated Statements of Assets and Liabilities.

Table of Contents**Distributions**

The following table reflects the cash distributions per share on our common stock for the two most recent fiscal years and the current fiscal year to date:

Date Declared	Record Date	Payment Date	Amount
Fiscal 2016			
August 2, 2016	August 18, 2016	September 1, 2016	\$ 0.1175
July 7, 2016	July 21, 2016	August 2, 2016	0.1175
June 7, 2016	June 23, 2016	July 1, 2016	0.1175
May 3, 2016	May 19, 2016	June 2, 2016	0.1175
April 7, 2016	April 21, 2016	May 3, 2016	0.1175
February 24, 2016	March 24, 2016	April 1, 2016	0.1175
February 4, 2016	February 18, 2016	March 2, 2016	0.1175
January 7, 2016	January 21, 2016	February 2, 2016	0.1175

YTD Total (2016) \$ 0.94

Fiscal 2015			
December 2, 2015	December 17, 2015	January 5, 2016	\$ 0.1175
November 3, 2015	November 19, 2015	December 1, 2015	0.1175
October 7, 2015	October 22, 2015	November 3, 2015	0.1175
September 9, 2015	September 24, 2015	October 1, 2015	0.1175
August 4, 2015	August 20, 2015	September 1, 2015	0.1175
July 8, 2015	July 23, 2015	July 31, 2015	0.1175
June 9, 2015	June 25, 2015	July 1, 2015	0.1175
May 5, 2015	May 21, 2015	June 2, 2015	0.1175
April 9, 2015	April 23, 2015	May 1, 2015	0.1175
February 25, 2015	March 19, 2015	April 2, 2015	0.1175
February 3, 2015	February 19, 2015	February 27, 2015	0.1175
January 8, 2015	January 22, 2015	January 30, 2015	0.1175

Total (2015) \$ 1.41

Fiscal 2014			
December 4, 2014	December 18, 2014	January 5, 2015	\$ 0.1175
November 4, 2014	November 20, 2014	December 2, 2014	0.1175
October 8, 2014	October 23, 2014	October 31, 2014	0.1175
September 9, 2014	September 25, 2014	October 2, 2014	0.1175
August 4, 2014	August 21, 2014	September 3, 2014	0.1175
July 9, 2014	July 24, 2014	August 1, 2014	0.1175
June 6, 2014	June 19, 2014	July 1, 2014	0.1175
May 5, 2014	May 22, 2014	May 30, 2014	0.1175
April 8, 2014	April 24, 2014	May 1, 2014	0.1175
February 25, 2014	March 20, 2014	April 1, 2014	0.1175
February 6, 2014	February 20, 2014	February 28, 2014	0.1175
January 9, 2014	January 23, 2014	January 31, 2014	0.1175

Total (2014) \$ 1.41

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Tax characteristics of all distributions will be reported to shareholders on Form 1099 after the end of the calendar year. Future distributions, if any, will be determined by our Board. We expect that our distributions to stockholders will generally be from accumulated net investment income, from net realized capital gains or non-taxable return of capital, if any, as applicable.

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We have elected to be taxed as a RIC under Subchapter M of the Code. To maintain our RIC status, we must distribute at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, out of the assets legally available for distribution. In addition, although we currently intend to distribute realized net capital gains (*i.e.*, net long-term capital gains in excess of net short-term capital losses), if any, at least annually, out of the assets legally available for such distributions, we may in the future decide to retain such capital gains for investment.

We maintain an ☐ opt out ☐ dividend reinvestment plan for our common stockholders. As a result, if we declare a distribution, then stockholders cash distributions will be automatically reinvested in additional shares of our common stock, unless they specifically ☐ opt out ☐ of the dividend reinvestment plan so as to receive cash distributions.

We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. In addition, due to the asset coverage test applicable to us as a business development company, we may in the future be limited in our ability to make distributions. Also, our revolving credit facility may limit our ability to declare distributions if we default under certain provisions. If we do not distribute a certain percentage of our income annually, we will suffer adverse tax consequences, including possible loss of the tax benefits available to us as a regulated investment company. In addition, in accordance with GAAP and tax regulations, we include in income certain amounts that we have not yet received in cash, such as contractual payment-in-kind interest, which represents contractual interest added to the loan balance that becomes due at the end of the loan term, or the accrual of original issue or market discount. Since we may recognize income before or without receiving cash representing such income, we may have difficulty meeting the requirement to distribute at least 90% of our investment company taxable income to obtain tax benefits as a regulated investment company.

With respect to the distributions to stockholders, income from origination, structuring, closing and certain other upfront fees associated with investments in portfolio companies are treated as taxable income and accordingly, distributed to stockholders.

Related Parties

We have entered into a number of business relationships with affiliated or related parties, including the following:

We have entered into the Advisory Agreement with Solar Capital Partners. Mr. Gross, our chairman and chief executive officer, is a managing member and a senior investment professional of, and has financial and controlling interests in, the Investment Adviser. In addition, Mr. Spohler, our chief operating officer is a partner and a senior investment professional of, and has financial interests in, the Investment Adviser.

The Administrator provides us with the office facilities and administrative services necessary to conduct day-to-day operations pursuant to our Administration Agreement. We reimburse the Administrator for the allocable portion of overhead and other expenses incurred by it in performing its obligations under the Administration Agreement, including rent, the fees and expenses associated with performing compliance functions, and the compensation of our chief compliance officer, our chief financial officer and any administrative support staff.

We have entered into a license agreement with the Investment Adviser, pursuant to which the Investment Adviser has granted us a non-exclusive, royalty-free license to use the name ☐ Solar Capital.

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The Investment Adviser and its affiliates may also manage other funds in the future that may have investment mandates that are similar, in whole and in part, with ours. For example, the Investment Adviser

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presently serves as investment adviser to Solar Capital Ltd., a publicly traded BDC, which focuses on investing primarily in senior secured loans, mezzanine loans and equity securities. In addition, Michael S. Gross, our chairman and chief executive officer, Bruce Spohler, our chief operating officer, and Richard L. Peteka, our chief financial officer, serve in similar capacities for Solar Capital Ltd. The Investment Adviser and certain investment advisory affiliates may determine that an investment is appropriate for us and for one or more of those other funds. In such event, depending on the availability of such investment and other appropriate factors, the Investment Adviser or its affiliates may determine that we should invest side-by-side with one or more other funds. Any such investments will be made only to the extent permitted by applicable law and interpretive positions of the SEC and its staff, and consistent with the Investment Adviser's allocation procedures.

Related party transactions may occur between Solar Senior Capital Ltd. and Gemino Healthcare Finance, LLC, between Solar Senior Capital Ltd. and First Lien Loan Program LLC and between Solar Senior Capital Ltd. and FLLP 2015-1, LLC. These transactions may occur in the normal course of business. No administrative fees are paid to Solar Capital Partners by either Gemino Healthcare Finance, LLC or First Lien Loan Program LLC.

In addition, we have adopted a formal code of ethics that governs the conduct of our officers and directors. Our officers and directors also remain subject to the duties imposed by both the 1940 Act and the Maryland General Corporation Law.

Table of Contents**UNDERWRITERS**

Under the terms and subject to the conditions in an underwriting agreement dated the date of this prospectus supplement, the underwriters named below, for whom Morgan Stanley & Co. LLC and Wells Fargo Securities, LLC are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them, severally, the number of shares indicated below:

Name	Number of Shares
Morgan Stanley & Co. LLC	
Wells Fargo Securities, LLC	
Goldman, Sachs & Co.	
J.P. Morgan Securities LLC	
Citigroup Global Markets Inc.	
Deutsche Bank Securities Inc.	
Keefe, Bruyette & Woods, Inc.	
Maxim Group LLC	
Ladenburg Thalmann & Co. Inc.	
B. Riley & Co.	
Oppenheimer & Co. Inc.	

Total:

The underwriters and the representative are collectively referred to as the underwriters and the representative, respectively. The underwriters are offering the shares of common stock subject to their acceptance of the shares from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of common stock offered by this prospectus supplement are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the shares of common stock offered by this prospectus supplement if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters' option to purchase additional shares described below.

The underwriters initially propose to offer part of the shares of common stock directly to the public at the offering price listed on the cover page of this prospectus supplement and part to certain dealers. After the initial offering of the shares of common stock, the offering price and other selling terms may from time to time be varied by the representative.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus supplement, to purchase up to 600,000 additional shares of common stock at the public offering price listed on the cover page of this prospectus supplement, less underwriting discounts and commissions. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional shares of common stock as the number listed next to the underwriter's name in the preceding table bears to the total number of shares of common stock listed next to the names of all underwriters in the preceding table.

The following table shows the per share and total public offering price, underwriting discounts and commissions, and proceeds before expenses to us. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase up to an additional 600,000 shares of common stock.

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	Per Share	Total	
		No Exercise	Full Exercise
Public offering price	\$	\$	\$
Underwriting discounts and commissions to be paid by:			
Us	\$	\$	\$
Proceeds, before expenses, to us	\$	\$	\$

The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately \$. We have agreed to reimburse the underwriters for expense relating to clearance of this offering with the Financial Industry Regulatory Authority up to \$.

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The Investment Adviser has agreed to pay to the underwriters all of the sales load in this offering. There is no guaranty that there will be any sales of our common stock pursuant to this prospectus supplement or the accompanying prospectus.

Our common stock is listed on the NASDAQ Global Select Market under the symbol SUNS .

We, Solar Capital Partners, Solar Capital Management and our officers and directors have agreed that, without the prior written consent of Morgan Stanley & Co. LLC and Wells Fargo Securities, LLC on behalf of the underwriters, we and they will not, during the period ending 45 days after the date of this prospectus supplement (the restricted period):

offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for shares of common stock;

file any registration statement with the Securities and Exchange Commission relating to the offering of any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock; or

enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock.

whether any such transaction described above is to be settled by delivery of common stock or such other securities, in cash or otherwise. In addition, we and each such person agrees that, without the prior written consent of Morgan Stanley & Co. LLC and Wells Fargo Securities, LLC on behalf of the underwriters, we or such other person will not, during the restricted period, make any demand for, or exercise any right with respect to, the registration of any shares of common stock or any security convertible into or exercisable or exchangeable for common stock.

The restrictions described in the immediately preceding paragraph to do not apply to:

the sale of shares to the underwriters; or

the issuance by the Company of shares of common stock upon the exercise of an option or a warrant or the conversion of a security outstanding on the date of this prospectus supplement of which the underwriters have been advised in writing;

transactions by any person other than us relating to shares of common stock or other securities acquired in open market transactions after the completion of the offering of the shares; provided that no filing under Section 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act), is required or voluntarily made in connection with subsequent sales of the common stock or other securities acquired in such open market transactions;

the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of common stock, provided that (i) such plan does not provide for the transfer of common stock during the restricted period and (ii) to the extent a public announcement or filing under the Exchange Act, if any, is required or voluntarily made regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of common stock may be made under such plan during the

restricted period; or

the issuance and sale of Common Stock pursuant to any dividend reinvestment plan of the Company in effect at the Execution Time.

Morgan Stanley & Co. LLC and Wells Fargo Securities, LLC, in their sole discretion, may release the common stock and other securities subject to the lock-up agreements described above in whole or in part at any time.

In order to facilitate the offering of the common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the common stock. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the option. The underwriters can close out a covered short sale by exercising the option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the

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underwriters will consider, among other things, the open market price of shares compared to the price available under the option. The underwriters may also sell shares in excess of the option, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, shares of common stock in the open market to stabilize the price of the common stock. These activities may raise or maintain the market price of the common stock above independent market levels or prevent or retard a decline in the market price of the common stock. The underwriters are not required to engage in these activities and may end any of these activities at any time.

We, Solar Capital Partners, Solar Capital Management and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

A prospectus supplement in electronic format may be made available on websites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The representative may agree to allocate a number of shares of common stock to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representative to underwriters that may make Internet distributions on the same basis as other allocations.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

Affiliates of certain of the underwriters serve as lenders under the Credit Facility. Certain of the underwriters and their affiliates were underwriters in connection with our initial public offering, for which they received customary fees.

The net proceeds from the sale of our common stock in this offering are expected to be used to temporarily pay down outstanding indebtedness under our Credit Facility, as well as for any general corporate purposes. Affiliates of the underwriters are lenders under our Credit Facility. Accordingly, affiliates of such underwriters may receive more than 5% of the net proceeds of this offering to the extent such proceeds are used to repay outstanding indebtedness under our Credit Facility.

In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments. The underwriters and their respective affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

Because the Financial Industry Regulatory Authority, or FINRA, views the common stock offered hereby as interests in a direct participation program, the offering is being made in compliance with the requirements of FINRA Rule 2310. In compliance with such requirements, the underwriting discounts and commissions in connection with the sale of securities will not exceed 10.0% of gross proceeds of this offering. Investor suitability with respect to the common stock should be judged similarly to suitability with respect to other securities that are listed for

trading on a national securities exchange.

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The principal business address of Morgan Stanley & Co. LLC is 1585 Broadway, New York, NY 10036. The principal business address of Wells Fargo Securities, LLC is 550 South Tryon Street, Charlotte, North Carolina 28202.

LEGAL MATTERS

Certain legal matters in connection with the securities offered hereby will be passed upon for us by Sutherland Asbill & Brennan LLP, Washington, DC, and Venable LLP, Baltimore, Maryland. Certain legal matters in connection with the securities offered hereby will be passed upon for the underwriters by Simpson Thacher & Bartlett LLP, New York, NY.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

KPMG LLP is an independent registered public accounting firm and is located at 345 Park Avenue, New York, New York 10154. The consolidated financial statements as of December 31, 2015 and 2014, and for each of the years in the three-year period ended December 31, 2015 have been included in the accompanying prospectus and elsewhere in the registration statement in reliance upon the reports of KPMG LLP appearing elsewhere in the accompanying prospectus, and upon the authority of said firm as experts in accounting and auditing.

With respect to the unaudited interim financial information for the periods ended June 30, 2016 and 2015, included herein, the independent registered public accounting firm has reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included in the Company's quarterly report on Form 10-Q for the quarter ended June 30, 2016, and included herein, states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. The accountants are not subject to the liability provisions of Section 11 of the Securities Act for their report on the unaudited interim financial information because that report is not a report or a part of the registration statement prepared or certified by the accountants within the meaning of Sections 7 and 11 of the Securities Act.

AVAILABLE INFORMATION

We have filed with the SEC a registration statement on Form N-2, together with all amendments and related exhibits, under the Securities Act, with respect to our shares of common stock offered by this prospectus supplement and the accompanying prospectus. The registration statement contains additional information about us and our shares of common stock being offered by this prospectus supplement and the accompanying prospectus.

We are required to file with or submit to the SEC annual, quarterly and current periodic reports, proxy statements and other information meeting the informational requirements of the Exchange Act. You may inspect and copy these reports, proxy statements and other information, as well as the registration statement and related exhibits and schedules, at the Public Reference Room of the SEC at 100 F Street, NE, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements and other information filed electronically by us with the SEC which are available on the SEC's website at <http://www.sec.gov>. Copies of these reports, proxy and information statements and other information may be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov, or by writing to the SEC's Public Reference Section, Washington, D.C. 20549. This information will also be available free of charge by contacting us at Solar Senior

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Capital Ltd., 500 Park Avenue, New York, NY 10022, by telephone at (212) 993-1670, or on our website at <http://www.solarseniorcap.com>.

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Table of Contents**SOLAR SENIOR CAPITAL LTD.****CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES****(in thousands, except share amounts)**

	June 30, 2016 (unaudited)	December 31, 2015
Assets		
Investments at fair value:		
Companies less than 5% owned (cost: \$267,550 and \$253,373, respectively)	\$ 260,505	\$ 242,502
Companies 5% to 25% owned (cost: \$3,932 and \$3,816, respectively)	2,445	2,423
Companies more than 25% owned (cost: \$62,423 and \$62,423, respectively)	62,787	61,593
Total investments (cost: \$333,905 and \$319,612, respectively)	325,737	306,518
Cash	4,650	3,070
Cash equivalents (cost: \$32,997 and \$49,997, respectively)	32,997	49,997
Receivable for investments sold	9,318	45
Dividends receivable	1,327	526
Interest receivable	1,315	2,040
Prepaid expenses and other assets	475	381
Total assets	\$ 375,819	\$ 362,577
Liabilities		
Credit facility payable (see note 6 and 7)	\$ 141,600	\$ 116,200
Payable for investments and cash equivalents purchased	37,578	54,897
Distributions payable	1,355	1,355
Management fee payable (see note 3)	834	831
Performance-based incentive fee payable (see note 3)	237	
Interest payable (see note 7)	307	262
Administrative services expense payable (see note 3)	349	534
Other liabilities and accrued expenses	298	194
Total liabilities	\$ 182,558	\$ 174,273
Commitments and contingencies (see note 10 and 11)		
Net Assets		
Common stock, par value \$0.01 per share, 200,000,000 and 200,000,000 common shares authorized, respectively, and 11,533,315 and 11,533,315 issued and outstanding, respectively	\$ 115	\$ 115
Paid-in capital in excess of par	211,486	211,486
Distributions in excess of net investment income	(5,185)	(5,185)
Accumulated net realized loss	(4,987)	(5,018)

Net unrealized depreciation	(8,168)	(13,094)
Total net assets	\$ 193,261	\$ 188,304
Net Asset Value Per Share	\$ 16.76	\$ 16.33

See notes to consolidated financial statements.

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

(in thousands, except share amounts)

	Three months ended		Six months ended	
	June 30,	June 30,	June 30,	June 30,
	2016	2015	2016	2015
INVESTMENT INCOME:				
Interest:				
Companies less than 5% owned	\$ 4,867	\$ 5,198	\$ 9,291	\$ 10,317
Companies 5% to 25% owned	52	54	102	107
Dividends:				
Companies more than 25% owned	1,703	1,307	3,511	2,276
Other income:				
Companies less than 5% owned	43	89	96	89
Companies more than 25% owned	16	7	30	9
Total investment income	6,681	6,655	13,030	12,798
EXPENSES:				
Management fees (see note 3)	\$ 834	\$ 879	\$ 1,631	\$ 1,745
Performance-based incentive fees (see note 3)	465		850	157
Interest and other credit facility expenses (see note 7)	913	1,660	1,764	2,492
Administrative services expense (see note 3)	299	282	594	536
Other general and administrative expenses	332	488	673	803
Total expenses	2,843	3,309	5,512	5,733
Performance-based incentive fees waived (see note 3)	(228)		(613)	(157)
Net expenses	2,615	3,309	4,899	5,576
Net investment income	\$ 4,066	\$ 3,346	\$ 8,131	\$ 7,222
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND CASH EQUIVALENTS:				
Net realized gain on investments and cash equivalents (companies less than 5% owned)	22	40	31	49
Net change in unrealized gain (loss) on investments and cash equivalents	586	(490)	4,926	(289)
Net realized and unrealized gain (loss) on investments and cash equivalents	608	(450)	4,957	(240)

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 4,674	\$ 2,896	\$ 13,088	\$ 6,982
EARNINGS PER SHARE (see note 5)	\$ 0.41	\$ 0.25	\$ 1.13	\$ 0.61

See notes to consolidated financial statements.

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Table of Contents**SOLAR SENIOR CAPITAL LTD.****CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS****(in thousands, except share amounts)**

	Six months ended June 30, 2016 (unaudited)	Year ended December 31, 2015
Increase in net assets resulting from operations:		
Net investment income	\$ 8,131	\$ 15,373
Net realized gain	31	18
Net change in unrealized gain (loss)	4,926	(14,344)
Net increase in net assets resulting from operations	13,088	1,047
Distributions to stockholders:		
From net investment income	(8,131)	(16,262)
Capital transactions:		
Net increase in net assets resulting from capital transactions		
Total increase (decrease) in net assets	4,957	(15,215)
Net assets at beginning of period	188,304	203,519
Net assets at end of period ⁽¹⁾	\$ 193,261	\$ 188,304
Capital share activity:		
Net increase from capital share activity		

(1) Includes overdistributed net investment income of (\$5,185) and (\$5,185), respectively.
See notes to consolidated financial statements.

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

	Six months ended	
	June 30,	June 30,
	2016	2015
Cash Flows from Operating Activities:		
Net increase in net assets resulting from operations	\$ 13,088	\$ 6,982
Adjustments to reconcile net increase in net assets resulting from operations to net cash (used in) provided by operating activities:		
Net realized gain on investments and cash equivalents	(31)	(49)
Net change in unrealized (gain) loss on investments and cash equivalents	(4,926)	289
(Increase) decrease in operating assets:		
Purchase of investments	(53,074)	(65,251)
Proceeds from disposition of investments	38,812	58,166
Capitalization of payment-in-kind interest		(51)
Receivable for investments sold	(9,273)	
Interest receivable	725	94
Dividends receivable	(801)	(494)
Prepaid expenses and other assets	(94)	(70)
Increase (decrease) in operating liabilities:		
Payable for investments and cash equivalents purchased	(17,319)	4,179
Management fee payable	3	81
Performance-based incentive fee payable	237	
Administrative services expense payable	(185)	(212)
Interest payable	45	54
Other liabilities and accrued expenses	104	106
Net Cash Provided by (Used in) Operating Activities	(32,689)	3,824
Cash Flows from Financing Activities:		
Cash distributions paid	(8,131)	(8,131)
Proceeds from borrowings	55,800	23,500
Repayments of borrowings	(30,400)	(23,300)
Net Cash Provided by (Used in) Financing Activities	17,269	(7,931)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(15,420)	(4,107)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	53,067	42,471
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 37,647	\$ 38,364

Supplemental disclosure of cash flow information:

Cash paid for interest	\$ 1,719	\$ 2,438
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Non-cash financing activities: During the six months ended June 30, 2015, \$29,584 of investments were transferred from the Company to First Lien Loan Program LLC (see note 11).

See notes to consolidated financial statements.

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Table of Contents**SOLAR SENIOR CAPITAL LTD.****CONSOLIDATED SCHEDULE OF INVESTMENTS (unaudited)****June 30, 2016****(in thousands, except share/unit amounts)**

Description	Industry	Spread above Index ⁽³⁾	Libor Floor	Interest Rate ⁽¹⁾	Acquisition Date	Maturity Date	Par Amount	Cost	Fair Value
Bank Debt/Senior Secured Loans 136.0%									
ABB/Con-Cise Optical Group LLC ⁽²⁾	Health Care Supplies	L+500	1.00%	6.00%	6/14/2016	6/15/2023	\$ 3,000	\$ 2,970	\$ 3,015
Acrisure, LLC ⁽²⁾	Insurance	L+550	1.00%	6.50%	5/14/2015	5/19/2022	4,950	4,907	4,927
Advantage Sales and Marketing, Inc	Professional Services	L+650	1.00%	7.50%	2/14/2013	7/21/2022	8,000	7,951	7,500
Aegis Toxicology Sciences Corporation	Health Care Services	L+850	1.00%	9.50%	2/20/2014	8/24/2021	4,000	3,954	3,520
ALG B.V. (Apple Leisure) ⁽²⁾⁽⁴⁾	Hotels, Restaurants & Leisure	L+575	1.25%	7.00%	2/28/2013	2/28/2019	2,692	2,678	2,692
ALG USA Holdings, LLC (Apple Leisure) ⁽²⁾	Hotels, Restaurants & Leisure	L+575	1.25%	7.00%	2/28/2013	2/28/2019	3,568	3,550	3,568
American Seafoods Group LLC ⁽²⁾	Food Products	L+500	1.00%	6.00%	8/10/2015	8/19/2021	4,891	4,870	4,842
American Teleconferencing Services, Ltd. (PGI) ⁽²⁾	Communications Equipment	L+650	1.00%	7.50%	5/5/2016	12/8/2021	8,887	8,013	7,998
Aperture Group, LLC (Trade Monster) ⁽²⁾	Capital Markets	L+625	1.00%	7.25%	9/2/2014	8/29/2019	3,753	3,740	3,734
Asurion, LLC	Insurance	L+750	1.00%	8.50%	2/27/2014	3/3/2021	3,300	3,213	3,191
Athletico Management, LLC and Accelerated	Health Care Facilities	L+550	0.75%	6.25%	12/1/2014	12/2/2020	9,219	9,148	9,219

Holdings, LLC⁽²⁾

Capstone Logistics Acquisition, Inc. ⁽²⁾	Professional Services	L+450	1.00%	5.50%	10/3/2014	10/7/2021	8,278	8,213	8,113
Castle Management Borrower LLC	Real Estate Management &								
Highgate Hotels) ⁽²⁾	Development	L+450	1.00%	5.50%	10/10/2014	9/18/2020	7,641	7,584	7,488
CIBT Holdings, Inc	Professional Services	L+525	1.00%	6.25%	6/28/2016	6/28/2022	2,627	2,601	2,601
Confie Seguros Holding II Co. ⁽²⁾	Insurance	L+450	1.25%	5.75%	11/9/2012	11/9/2018	10,202	10,153	10,125
ConvergeOne Holdings Corp. ⁽²⁾	Communications Equipment	L+500	1.00%	6.00%	6/16/2014	6/17/2020	6,860	6,812	6,671
CT Technologies Intermediate Holdings) ⁽²⁾	Health Care Technology	L+425	1.00%	5.25%	12/1/2014	12/1/2021	3,410	3,392	3,359
Engineering Solutions & Products, LLC ⁽⁶⁾	Aerospace & Defense	L+600	2.00%	8.00%	11/5/2013	5/4/2018	222	222	222
Engineering Solutions & Products, LLC ⁽⁶⁾	Aerospace & Defense	L+600	2.00%	8.00%	11/5/2013	11/5/2018	2,343	2,343	2,155
Epic Health Services, Inc. ⁽²⁾	Health Care Services	L+475	1.00%	5.75%	2/20/2015	2/17/2021	4,808	4,776	4,760
Filtration Group Corp.	Industrial Conglomerates	L+725	1.00%	8.25%	11/15/2013	11/21/2021	524	520	517
GenMark Diagnostics, Inc. ⁽²⁾⁽⁴⁾	Health Care Services			6.90%	4/22/2016	1/12/2019	9,643	9,397	9,643
Global Tel*Link Corporation	Communications Equipment	L+375	1.25%	5.00%	11/6/2015	5/23/2020	3,446	3,058	3,121
Global Tel*Link Corporation	Communications Equipment	L+775	1.25%	9.00%	5/21/2013	11/23/2020	3,000	2,960	2,498
HC Group Holdings III, Inc. (Walgreens) ⁽²⁾	Health Care Services	L+500	1.00%	6.00%	3/25/2015	4/7/2022	4,963	4,941	4,981
Hostway Corporation) ⁽²⁾	Internet Software & Services	L+475	1.25%	6.00%	6/27/2014	12/13/2019	9,026	8,999	7,763
Innovative Accessories & Services, LLC ⁽²⁾	Automotive Retail	L+400	1.00%	5.00%	8/21/2014	2/21/2020	4,503	4,472	4,458
Kellermeyer Bergensons Services, LLC (KBS) ⁽²⁾	Commercial Services & Supplies	L+500	1.00%	6.00%	10/31/2014	10/29/2021	4,875	4,836	4,729
Landslide Holdings, Inc	Software	L+725	1.00%	8.25%	2/25/2014	2/25/2021	3,310	3,306	3,219

LegalZoom.com, Inc. ⁽²⁾	Internet Software & Services	L+700	1.00%	8.00%	5/13/2015	5/13/2020	9,875	9,695	9,875
Lumeris Solutions Company, LLC ⁽²⁾	Health Care Technology			9.42%	4/22/2016	12/27/2017	2,917	2,858	2,917
Material Handling Services, LLC TFS ⁽²⁾	Air Freight & Logistics	L+475	1.00%	5.75%	3/3/2014	3/26/2020	11,236	11,160	11,011
Metamorph US 3, LLC									
Metalogix ⁽²⁾	Software	L+650	1.00%	7.50%	12/1/2014	12/1/2020	8,125	7,968	6,906
MYI Acquiror Corp. (McLarens Young) ⁽²⁾	Insurance	L+450	1.25%	5.75%	5/21/2014	5/28/2019	3,439	3,418	3,370
MYI Acquiror Ltd. (McLarens Young) ⁽²⁾⁽⁴⁾	Insurance	L+450	1.25%	5.75%	5/21/2014	5/28/2019	4,338	4,311	4,251
Novavax, Inc. ⁽²⁾⁽⁴⁾	Pharmaceuticals			12.10%	4/22/2016	12/1/2016	149	143	149
Pearl Merger Sub LLC (PetVet) ⁽²⁾	Health Care Facilities	L+475	1.00%	5.75%	1/29/2015	12/17/2020	4,433	4,362	4,399
Precyse Acquisition Corp. ⁽²⁾	Health Care Services	L+550	1.00%	6.50%	4/19/2016	10/20/2022	3,000	2,956	2,991
PSP Group, LLC									
Pet Supplies Plus ⁽²⁾⁽⁷⁾	Specialty Retail	L+475	1.00%	5.75%	4/2/2015	4/6/2021	489	485	487
QBS Holding Company, Inc. (Quorum) ⁽²⁾	Software	L+475	1.00%	5.75%	8/1/2014	8/7/2021	6,403	6,353	6,274
Richelieu Foods, Inc. ⁽²⁾	Food Products	L+475	1.00%	5.75%	11/21/2014	5/21/2020	6,650	6,576	6,650
Salient Partners, L.P. ⁽²⁾	Asset Management	L+850	1.00%	9.50%	6/10/2015	6/9/2021	4,393	4,317	4,228
Securus Technologies, Inc	Communications Equipment	L+775	1.25%	9.00%	4/17/2013	4/30/2021	10,000	9,940	9,017
SHO Holding I Corporation									
Shoes for Crews ⁽²⁾	Footwear	L+500	1.00%	6.00%	11/20/2015	10/27/2022	5,970	5,915	5,970
SkinnyPop Popcorn, LLC ⁽²⁾	Food Products	L+450	1.00%	5.50%	7/17/2014	7/17/2019	4,570	4,540	4,570
SolarWinds Holdings, Inc. ⁽²⁾	Internet Software & Services	L+550	1.00%	6.50%	2/1/2016	2/6/2023	5,000	4,761	4,991
Strategic Partners Acquisition Corp.	Textiles, Apparel & Luxury Goods	L+525	1.00%	6.25%	6/24/2016	6/30/2023	2,000	1,980	2,000
Stratose Intermediate	Health Care Services	L+500	1.00%	6.00%	1/25/2016	1/26/2022	4,975	4,928	4,975

Holdings II, LLC ⁽²⁾										
The Edelman Financial Center, LLC ⁽²⁾	Diversified Financial Services	L+550	1.00%	6.50%	12/16/2015	12/18/2022	4,975	4,881	4,938	
The Hilb Group, LLC & Gencorp Insurance Group, Inc. ⁽²⁾	Insurance	L+500	1.00%	6.00%	3/16/2016	6/24/2021	3,841	3,767	3,783	
Trident USA Health Services ⁽²⁾	Health Care Services	L+525	1.25%	6.50%	7/29/2013	7/31/2019	8,843	8,797	7,560	
TwentyEighty, Inc. (fka Miller Heiman) ⁽²⁾	Professional Services	L+600	1.00%	7.00%	9/30/2013	9/30/2019	7,038	6,994	5,454	
Vizient, Inc. ⁽²⁾	Health Care Services	L+525	1.00%	6.25%	2/9/2016	2/13/2023	998	969	1,006	
VT Buyer Acquisition Corp. (Veritext) ⁽²⁾	Professional Services	L+500	1.00%	6.00%	1/29/2016	1/29/2022	4,503	4,462	4,481	
Total Bank Debt/Senior Secured Loans								\$ 270,115	\$ 262,882	
Common Equity/Equity Interests 32.5%										
							Shares/Units			
Engineering Solutions & Products, LLC ⁽⁶⁾⁽⁸⁾	Aerospace & Defense				11/5/2013		133,668 \$	1,367 \$	68	
First Lien Loan Program LLC ⁽⁴⁾⁽⁵⁾	Asset Management				2/13/2015			29,584	28,037	
Gemino Healthcare Finance, LLC ⁽⁴⁾⁽⁵⁾⁽⁹⁾	Diversified Financial Services				9/30/2013		32,839	32,839	34,750	
Total Common Equity/Equity Interests								\$ 63,790	\$ 62,855	
Total Investments ⁽¹⁰⁾	168.5%						\$ 333,905	\$ 325,737		
Cash Equivalents 17.1%										
							Par Amount			
U.S. Treasury Bill	Government				6/29/2016	7/21/2016	33,000 \$	32,997 \$	32,997	
Total Investments & Cash Equivalents 185.6%								\$ 366,902	\$ 358,734	
Liabilities in Excess of Other Assets		(85.6%)						(165,473)		
Net Assets	100.0%								\$ 193,261	

See notes to consolidated financial statements.

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Table of Contents**SOLAR SENIOR CAPITAL LTD.****CONSOLIDATED SCHEDULE OF INVESTMENTS (unaudited) (continued)****June 30, 2016****(in thousands)**

- (1) Floating rate debt investments typically bear interest at a rate determined by reference to either the London Interbank Offered Rate (LIBOR or L) index rate or the prime index rate (PRIME or P), and which typically reset monthly, quarterly or semi-annually. For each debt investment we have provided the current interest rate in effect as of June 30, 2016.
- (2) Indicates an investment that is wholly or partially held by Solar Senior Capital Ltd. through its wholly-owned financing subsidiary SUNS SPV LLC. Such investments are pledged as collateral under the Senior Secured Revolving Credit Facility (see Note 7 to the consolidated financial statements) and are not generally available to creditors, if any, of Solar Senior Capital Ltd. The respective par amount for the investment that is partially held through SUNS SPV LLC is Genmark Diagnostics, Inc. \$4,821. The par balance in excess of this stated amount is held directly by Solar Senior Capital Ltd.
- (3) 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.
- (4) 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 June 30, 2016, on a fair value basis, non-qualifying assets in the portfolio represented 21.2% of the total assets of the Company.
- (5) Denotes investments in which we are deemed to exercise a controlling influence over the management or policies of a company, as defined in the 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 six months ended June 30, 2016 in these controlled investments are as follows:

Name of Issuer	Fair Value at December 31, 2015	Gross Additions	Gross Reductions	Realized Gain (Loss)	Dividend/Other Income	Fair Value at June 30, 2016
First Lien Loan Program LLC	\$ 27,593	\$	\$	\$	\$ 1,510	\$ 28,037
Gemino Healthcare Finance, LLC	34,000				2,031	34,750
	\$ 61,593	\$	\$	\$	\$ 3,541	\$ 62,787

- (6) 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

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5% but less than 25% of the outstanding voting securities of the investment. Transactions during the six months ended June 30, 2016 in these affiliated investments are as follows:

Name of Issuer	Fair Value at December 31, 2015	Gross Additions	Gross Reductions	Realized Gain (Loss)	Interest Income	Fair Value at June 30, 2016
Engineering Solutions & Products, LLC (1st lien)	\$ 106	\$ 174	\$ 58	\$	\$ 7	\$ 222
Engineering Solutions & Products, LLC (2nd lien)	2,249				95	2,155
Engineering Solutions & Products, LLC (equity interests)	68					68
	\$ 2,423	\$ 174	\$ 58	\$	\$ 102	\$ 2,445

- (7) PSP Group, LLC, PSP Service Newco, Inc., PSP Subco, LLC, PSP Stores, LLC, and PSP Distribution, LLC are co-borrowers.
- (8) Our equity investment in Engineering Solutions & Products, LLC is held through ESP SSC Corp., a taxable consolidated subsidiary.
- (9) Investment represents the operating company after consolidation of the holding company Gemino Senior Secured Healthcare LLC.
- (10) Aggregate net unrealized depreciation for federal income tax purposes is \$11,318; aggregate gross unrealized appreciation and depreciation for federal tax purposes is \$2,381 and \$13,699, respectively, based on a tax cost of \$337,055.
- Non-income producing security.

See notes to consolidated financial statements.

Table of Contents**SOLAR SENIOR CAPITAL LTD.****CONSOLIDATED SCHEDULE OF INVESTMENTS (unaudited) (continued)****June 30, 2016**

Industry Classification	Percentage of Total Investments (at fair value) as of June 30, 2016
Diversified Financial Services	12.2%
Health Care Services	12.1%
Asset Management	9.9%
Insurance	9.1%
Communications Equipment	9.0%
Professional Services	8.6%
Internet Software & Services	7.0%
Software	5.0%
Food Products	4.9%
Health Care Facilities	4.2%
Air Freight & Logistics	3.4%
Real Estate Management & Development	2.3%
Health Care Technology	1.9%
Hotels, Restaurants & Leisure	1.9%
Footwear	1.8%
Commercial Services & Supplies	1.5%
Automotive Retail	1.4%
Capital Markets	1.1%
Health Care Supplies	0.9%
Aerospace & Defense	0.8%
Textile, Apparel & Luxury Goods	0.6%
Industrial Conglomerates	0.2%
Specialty Retail	0.2%
Pharmaceuticals	0.0%
Total Investments	100.0%

See notes to consolidated financial statements.

Table of Contents**SOLAR SENIOR CAPITAL LTD.****CONSOLIDATED SCHEDULE OF INVESTMENTS****December 31, 2015****(in thousands, except share/unit amounts)**

Description	Industry	Spread above Index⁽³⁾	Libor Floor	Interest Rate⁽¹⁾	Acquisition Date	Maturity Date	Par Amount	Cost	Face Value
Debt/Senior Loans									
re, LLC ⁽²⁾	Insurance	L+550	1.00%	6.50%	5/14/2015	5/19/2022	\$ 4,975	\$ 4,929	\$ 4,975
Stage Sales and ing, Inc	Professional Services	L+650	1.00%	7.50%	2/14/2013	7/21/2022	8,000	7,948	7,948
Toxicology es		L+850	1.00%	9.50%	2/20/2014	8/24/2021	4,000	3,951	3,951
ation	Health Care Services								
B.V. (Apple) ⁽²⁾⁽⁴⁾	Hotels, Restaurants & Leisure	L+575	1.25%	7.00%	2/28/2013	2/28/2019	2,708	2,692	2,692
USA Holdings, Apple) ⁽²⁾	Hotels, Restaurants & Leisure	L+575	1.25%	7.00%	2/28/2013	2/28/2019	3,589	3,568	3,568
ean Seafoods LLC ⁽²⁾	Food Products	L+500	1.00%	6.00%	8/10/2015	8/19/2021	4,988	4,964	4,964
re Group, Trade er) ⁽²⁾	Capital Markets	L+625	1.00%	7.25%	9/2/2014	8/29/2019	3,950	3,935	3,935
n, LLC	Insurance	L+750	1.00%	8.50%	2/27/2014	3/3/2021	3,300	3,206	3,206
co ement, LLC celerated gs, LLC ⁽²⁾	Health Care Facilities	L+550	0.75%	6.25%	12/1/2014	12/2/2020	9,448	9,368	9,368
ibbon, LLC) ⁽²⁾	Beverages	L+450	1.00%	5.50%	11/5/2014	11/13/2021	1,367	1,356	1,356
ne Logistics ition, Inc. ⁽²⁾	Professional Services	L+450	1.00%	5.50%	10/3/2014	10/7/2021	8,394	8,322	8,322
Management ver LLC ate Hotels) ⁽²⁾	Real Estate Management & Development	L+450	1.00%	5.50%	10/10/2014	9/18/2020	7,900	7,835	7,835
of Delaware gs Corp. er Gay)	Insurance	L+700	1.25%	8.25%	4/5/2013	10/16/2020	4,000	3,962	3,962
	Insurance	L+450	1.25%	5.75%	11/9/2012	11/9/2018	10,255	10,196	10,196

Seguros g II Co. ⁽²⁾									
ergeOne gs Corp. ⁽²⁾	Communications Equipment	L+500	1.00%	6.00%	6/16/2014	6/17/2020	6,895	6,841	6
chnologies ediate gs ⁽²⁾	Health Care Technology	L+425	1.00%	5.25%	12/1/2014	12/1/2021	7,438	7,383	7
tering ns & ts, LLC ⁽⁶⁾	Aerospace & Defense	L+600	2.00%	8.00%	11/5/2013	5/4/2018	106	106	
tering ns & ts, LLC ⁽⁶⁾	Aerospace & Defense	L+600	2.00%	8.00%	11/5/2013	11/5/2018	2,343	2,343	2
Health es, Inc. ⁽²⁾	Health Care Services	L+475	1.00%	5.75%	2/20/2015	2/17/2021	4,818	4,783	4
on Group	Industrial Conglomerates	L+725	1.00%	8.25%	11/15/2013	11/21/2021	524	519	
Tel*Link ation	Communications Equipment	L+375	1.25%	5.00%	11/6/2015	5/23/2020	1,089	850	
Tel*Link ation	Communications Equipment	L+775	1.25%	9.00%	5/21/2013	11/23/2020	3,000	2,956	2
roup Holdings	Health Care Services	L+500	1.00%	6.00%	3/25/2015	4/7/2022	4,988	4,964	4
. reens ⁽²⁾									
ay ation ⁽²⁾	Internet Software & Services	L+475	1.25%	6.00%	6/27/2014	12/13/2019	9,276	9,244	8
tive ries & es, LLC ⁽²⁾	Automotive Retail	L+425	1.00%	5.25%	8/21/2014	2/21/2020	4,625	4,589	4
meyer isons es, LLC ⁽²⁾	Commercial Services & Supplies	L+500	1.00%	6.00%	10/31/2014	10/29/2021	4,950	4,907	4
ide Holdings,	Software	L+725	1.00%	8.25%	2/25/2014	2/25/2021	3,310	3,306	3
oom.com,	Internet Software & Services	L+700	1.00%	8.00%	5/13/2015	5/13/2020	9,925	9,725	9
al Handling es, LLC ⁽²⁾	Air Freight & Logistics	L+475	1.00%	5.75%	3/3/2014	3/26/2020	11,416	11,329	1
orph US 3, Metalogix) ⁽²⁾	Software	L+550	1.00%	6.50%	12/1/2014	12/1/2020	9,750	9,543	8
acquiror Corp.		L+450	1.25%	5.75%	5/21/2014	5/28/2019	3,456	3,432	3
rens y ⁽²⁾	Insurance								
acquiror Ltd. rens y ⁽²⁾⁽⁴⁾	Insurance	L+450	1.25%	5.75%	5/21/2014	5/28/2019	4,338	4,307	4
Merger Sub PetVet) ⁽²⁾	Health Care Facilities	L+450	1.00%	5.50%	1/29/2015	12/17/2020	4,455	4,378	4
	Specialty Retail	L+475	1.00%	5.75%	4/2/2015	4/6/2021	496	492	

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Group, LLC Supplies (7)										
Holding ny, Inc. (2)	Software	L+475	1.00%	5.75%	8/1/2014	8/7/2021	6,435	6,381	6	
Corporation permarket)(2)	Specialty Retail	L+575	1.00%	6.75%	4/22/2015	4/16/2021	9,453	9,367	9	
eu Foods,	Food Products	L+475	1.00%	5.75%	11/21/2014	5/21/2020	6,720	6,637	6	
Partners,	Asset Management	L+650	1.00%	7.50%	6/10/2015	6/9/2021	4,433	4,350	4	
s ologies, Inc	Communications Equipment	L+775	1.25%	9.00%	4/17/2013	4/30/2021	10,000	9,934	3	
Holding I ation (Shoes ws)(2)		L+500	1.00%	6.00%	11/20/2015	10/27/2022	6,000	5,941	5	
pop Popcorn,	Footwear	L+450	1.00%	5.50%	7/17/2014	7/17/2019	4,752	4,717	4	
e ediate gs II, LLC(2)	Food Products									
elman	Health Care Services	L+450	1.00%	5.50%	6/2/2015	6/30/2021	6,965	6,900	6	
ial Center,)	Diversified Financial Services	L+550	1.00%	6.50%	12/16/2015	12/18/2022	5,000	4,900	4	
t USA Health s (2)	Health Care Services	L+525	1.25%	6.50%	7/29/2013	7/31/2019	8,893	8,839	8	
yEighty, Inc.	Professional Services	L+575	1.00%	6.75%	9/30/2013	9/30/2019	7,131	7,081	6	
iller (2)										
y Brands gs Co., Inc.(2)	Diversified Consumer Services	L+400	1.00%	5.00%	12/10/2014	12/11/2021	4,941	4,902	4	
Bank Debt/Senior Secured Loans								\$ 252,178	\$ 24	
ured Notes										
Investment ation(4)	Diversified Financial Services			5.75%	11/10/2011	1/15/2016	\$3,650	\$ 3,644	\$ 3	
ion /Equity sts 32.8%							Shares/Units			
ering ns & ts, LLC(6)(8)	Aerospace & Defense				11/5/2013		133,668	\$ 1,367	\$	
ien Loan m LLC(4)(5)	Asset Management				2/13/2015			29,584		2
o Healthcare e, LLC(4)(5)(9)	Diversified Financial Services				9/30/2013		32,839	32,839		3
Table of Contents								105		

Common Equity/Equity Interests					\$ 63,790	\$ 6
Investments⁽¹⁰⁾ 162.8%					\$ 319,612	\$ 30
Equivalents					<u>Par Amount</u>	
Treasury Bill	Government	12/28/2015	1/21/2016	50,000	\$ 49,997	\$ 4
Investments & Cash Equivalents 189.3%					\$ 369,609	\$ 35
ties in Excess of Other Assets (89.3%)						(16)
Assets 100.0%						\$ 18

See notes to consolidated financial statements.

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Table of Contents**SOLAR SENIOR CAPITAL LTD.****CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)****December 31, 2015****(in thousands)**

- (1) Floating rate debt investments typically bear interest at a rate determined by reference to either the London Interbank Offered Rate (LIBOR or L) index rate or the prime index rate (PRIME or P), and which typically reset monthly, quarterly or semi-annually. For each debt investment we have provided the current interest rate in effect as of December 31, 2015.
- (2) Indicates an investment that is wholly held by Solar Senior Capital Ltd. through its wholly-owned financing subsidiary SUNS SPV LLC. Such investments are pledged as collateral under the Senior Secured Revolving Credit Facility (see Note 7 to the consolidated financial statements) and are not generally available to creditors, if any, of Solar Senior Capital Ltd.
- (3) 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.
- (4) 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, 2015, on a fair value basis, non-qualifying assets in the portfolio represented 19.9% of the total assets of the Company.
- (5) Denotes investments in which we are deemed to exercise a controlling influence over the management or policies of a company, as defined in the 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, 2015 in these controlled investments are as follows:

Name of Issuer	Fair Value at December 31, 2014	Gross Additions	Gross Reductions	Realized Gain (Loss)	Dividend/Other Income	Fair Value at December 31, 2015
First Lien Loan Program LLC	\$	\$ 29,584	\$	\$	\$ 1,794	\$ 27,593
Gemino Healthcare Finance, LLC	34,421				3,510	34,000
	\$ 34,421	\$ 29,584	\$	\$	\$ 5,304	\$ 61,593

- (6) 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, 2015 in these affiliated investments are as follows:

Name of Issuer	Fair Value at December 31, 2014	Gross Additions	Gross Reductions	Realized Gain (Loss)	Interest Income	Fair Value at December 31, 2015
Engineering Solutions & Products, LLC (1st lien)	\$ 324	\$	\$ 218	\$	\$ 24	\$ 106
Engineering Solutions & Products, LLC (2nd lien)	2,343				190	2,249
Engineering Solutions & Products, LLC (equity interests)	956					68
	\$ 3,623	\$	\$ 218	\$	\$ 214	\$ 2,423

(7) PSP Group, LLC, PSP Service Newco, Inc., PSP Subco, LLC, PSP Stores, LLC, and PSP Distribution, LLC are co-borrowers.

(8) Our equity investment in Engineering Solutions & Products, LLC is held through ESP SSC Corp., a taxable subsidiary.

(9) Investment represents the operating company after consolidation of the holding company Gemino Senior Secured Healthcare LLC.

(10) Aggregate net unrealized depreciation for federal income tax purposes is \$15,316; aggregate gross unrealized appreciation and depreciation for federal tax purposes is \$1,172 and \$16,488, respectively, based on a tax cost of \$321,834.

Non-income producing security.

See notes to consolidated financial statements.

Table of Contents**SOLAR SENIOR CAPITAL LTD.****CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)****December 31, 2015**

Industry Classification	Percentage of Total Investments (at fair value) as of December 31, 2015
Diversified Financial Services	13.9%
Asset Management	10.4%
Insurance	9.5%
Health Care Services	9.3%
Professional Services	7.2%
Internet Software & Services	6.0%
Software	6.0%
Food Products	5.3%
Communications Equipment	5.0%
Health Care Facilities	4.5%
Air Freight & Logistics	3.7%
Specialty Retail	3.2%
Real Estate Management & Development	2.5%
Health Care Technology	2.3%
Hotels, Restaurants & Leisure	2.0%
Footwear	1.9%
Diversified Consumer Services	1.6%
Commercial Services & Supplies	1.5%
Automotive Retail	1.5%
Capital Markets	1.3%
Aerospace & Defense	0.8%
Beverages	0.4%
Industrial Conglomerates	0.2%
Total Investments	100.0%

See notes to consolidated financial statements.

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SOLAR SENIOR CAPITAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

June 30, 2016

(in thousands, except share amounts)

Note 1. Organization

Solar Senior Capital Ltd. (Solar Senior , the Company , SUNS , we , us , or our), a Maryland corporation formed December 16, 2010, is a closed-end, externally managed, non-diversified management investment company that has elected to be treated as a business development company (BDC) under the Investment Company Act of 1940 (the 1940 Act). Furthermore, as the Company is an investment company, it continues to apply the guidance in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 946. In addition, for tax purposes, we have elected to be treated as a regulated investment company (RIC), under the Internal Revenue Code of 1986, as amended (the Code).

On January 28, 2011, Solar Senior was capitalized with initial equity of \$2 and commenced operations. On February 24, 2011, Solar Senior priced its initial public offering, selling 9.0 million shares, including the underwriters over-allotment, at a price of \$20.00 per share. Concurrent with this offering, our senior management team purchased an additional 500,000 shares through a private placement, also at \$20.00 per share.

The Company s investment objective is to seek to maximize current income consistent with the preservation of capital. We seek to achieve our investment objective by directly or indirectly investing primarily in senior secured loans, including first lien and second lien debt instruments, made primarily to leveraged private middle-market companies whose debt is rated below investment grade, which the Company refers to collectively as senior loans. From time to time, we may also invest in public companies that are thinly traded. Under normal market conditions, at least 80% of the value of the Company s net assets (including the amount of any borrowings for investment purposes) will be invested in senior loans.

Note 2. Significant Accounting Policies

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (GAAP), and include the accounts of the Company and its wholly-owned subsidiaries. The consolidated financial statements reflect all adjustments and reclassifications which, in the opinion of management, are necessary for the fair presentation of the results of the operations and financial condition for the periods presented. All significant intercompany balances and transactions have been eliminated. Certain prior period amounts may have been reclassified to conform to current period presentation.

Interim consolidated financial statements are prepared in accordance with GAAP for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Regulation S-X, as appropriate. Accordingly, they may not include all of the information and notes required by GAAP for annual consolidated financial statements. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reported periods. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ materially. The current period s results of operations will not necessarily be indicative of results that ultimately may be achieved for the fiscal year ending on December 31, 2016.

In the opinion of management, all adjustments which are of a normal recurring nature considered necessary for the fair presentation of financial statements, have been included.

The significant accounting policies consistently followed by the Company are:

- (a) Investment transactions are accounted for on the trade date;

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SOLAR SENIOR CAPITAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

June 30, 2016

(in thousands, except share amounts)

(b) The Company conducts the valuation of its assets in accordance with GAAP and the 1940 Act. The Company generally values its assets on a quarterly basis, or more frequently if required. Investments for which market quotations are readily available on an exchange are valued at the closing price on the date of valuation. The Company may also obtain quotes with respect to certain of its investments from pricing services or brokers or dealers in order to value assets. When doing so, management determines whether the quote obtained is sufficient according to GAAP to determine the fair value of the investment. If determined adequate, the Company uses the quote obtained. Debt investments with maturities of 60 days or less shall each be valued at cost plus accreted discount, or minus amortized premium, which is expected to approximate fair value, unless such valuation, in the judgment of Solar Capital Partners, LLC (the Investment Adviser), does not represent fair value, in which case such investments shall be valued at fair value as determined in good faith by or under the direction of the Company's board of directors (the Board). Investments for which reliable market quotations are not readily available or for which the pricing sources do not provide a valuation or methodology or provide a valuation or methodology that, in the judgment of the Investment Adviser or the Board does not represent fair value, shall be valued as follows: (i) each portfolio company or investment is initially valued by the investment professionals responsible for the portfolio investment; (ii) preliminary valuations are discussed with senior management of the Investment Adviser; (iii) independent valuation firms engaged by, or on behalf of, the Board will conduct independent appraisals and review the Investment Adviser's preliminary valuations and make their own independent assessment for (a) each portfolio investment that, when taken together with all other investments in the same portfolio company, exceeds 10% of estimated total assets, plus available borrowings, as of the end of the most recently completed fiscal quarter, and (b) each portfolio investment that is presently in payment default; (iv) the Board will discuss the valuations and determine the fair value of each investment in our portfolio in good faith based on the input of the Investment Adviser and, where appropriate, the respective independent valuation firm.

The recommendation of fair value generally considers the following factors among others, as relevant: applicable market yields; the nature and realizable value of any collateral; the portfolio company's ability to make payments; the portfolio company's earnings and discounted cash flow; the markets in which the issuer does business; and comparisons to publicly traded securities, among others.

When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, the Company will consider the pricing indicated by the external event to corroborate the valuation. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the investments may differ significantly from the values that would have been used had a readily available market value existed for such investments, and the differences could be material.

Investments are valued utilizing a market approach, an income approach, or both approaches, as appropriate. However, in accordance with ASC 820-10, certain investments that qualify as investment companies in accordance with ASC 946, may be valued using net asset value as a practical expedient as fair value. The market approach uses

prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that we may take into account in fair value pricing our investments include, as relevant: available current market data, including relevant and applicable market trading and transaction comparables,

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SOLAR SENIOR CAPITAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

June 30, 2016

(in thousands, except share amounts)

applicable market yields and multiples, security covenants, call protection provisions, the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, M&A comparables, and enterprise values, among other factors. When available, broker quotations and/or quotations provided by pricing services are considered as an input in the valuation process. Escrow receivables, if any, included in the receivables for investments sold in the Consolidated Statements of Assets and Liabilities are reviewed quarterly and the value of the receivable is adjusted as necessary. For the six months ended June 30, 2016, there has been no change to the Company's valuation techniques and the nature of the related inputs considered in the valuation process.

ASC Topic 820 classifies the inputs used to measure these fair values into the following hierarchy:

Level 1: Quoted prices in active markets for identical assets or liabilities, accessible by the Company at the measurement date.

Level 2: Quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active, or other observable inputs other than quoted prices.

Level 3: Unobservable inputs for the asset or liability.

In all cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to each investment. The exercise of judgment is based in part on our knowledge of the asset class and our prior experience.

- (c) Gains or losses on investments are calculated by using the specific identification method.
- (d) The Company records dividend income and interest, adjusted for amortization of premium and accretion of discount, on an accrual basis. Loan origination fees, original issue discount, and market discounts are capitalized and we amortize such amounts into income using the effective interest method or on a straight-line basis, as applicable. Upon the prepayment of a loan, any unamortized loan origination fees are recorded as interest income. We record call premiums on loans repaid as interest income when we receive such amounts. Capital structuring fees, amendment fees, consent fees, and any other non-recurring fee income as well as management fee and other fee income for services rendered, if any, are recorded as other

income when earned.

- (e) The Company intends to comply with the applicable provisions of the Internal Revenue Code pertaining to regulated investment companies to make distributions of taxable income sufficient to relieve it of substantially all U.S. federal income taxes. The Company, at its discretion, may carry forward taxable income in excess of calendar year distributions and pay a 4% excise tax on this income. The Company will accrue excise tax on such estimated excess taxable income as appropriate.
- (f) Book and tax basis differences relating to stockholder distributions and other permanent book and tax differences are typically reclassified among the Company's capital accounts annually. In addition, the character of income and gains to be distributed is determined in accordance with income tax regulations that may differ from GAAP.
- (g) Distributions to common stockholders are recorded as of the record date. The amount to be paid out as a distribution is determined by the Board. Net realized capital gains, if any, are generally distributed or deemed distributed at least annually.

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SOLAR SENIOR CAPITAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

June 30, 2016

(in thousands, except share amounts)

- (h) In accordance with Regulation S-X and ASC Topic 810 *Consolidation*, the Company consolidates its interest in investment company subsidiaries, financing subsidiaries and certain wholly-owned holding companies that serve to facilitate investment in portfolio companies. In addition, the Company may also consolidate any controlled operating companies substantially all of whose business consists of providing services to the Company.
- (i) The accounting records of the Company are maintained in U.S. dollars. Any assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the rate of exchange of such currencies against the U.S. dollar on the date of valuation. The Company will not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations would be included with the net unrealized gain or loss from investments. The Company's investments in foreign securities, if any, may involve certain risks, including without limitation: foreign exchange restrictions, expropriation, taxation or other political, social or economic risks, all of which could affect the market and/or credit risk of the investment. In addition, changes in the relationship of foreign currencies to the U.S. dollar can significantly affect the value of these investments in terms of U.S. dollars and therefore the earnings of the Company.
- (j) The Company has made an irrevocable election to apply the fair value option of accounting to its senior secured revolving credit facility (the "Credit Facility"), in accordance with ASC 825-10. The Company uses an independent third-party valuation firm to assist in measuring its fair value.
- (k) In accordance with ASC 835-30, the Company records origination and other expenses related to certain debt issuances, if any, as a direct deduction from the carrying amount of the debt liability. These expenses are deferred and amortized using either the effective interest method or the straight-line method over the stated life. The straight-line method may be used on revolving facilities and when it approximates the effective yield method.
- (l) The Company records expenses related to shelf registration statements and applicable equity offering costs as prepaid assets. These expenses are typically charged as a reduction of capital upon utilization, in accordance with ASC 946-20-25. Certain subsequent costs are expensed per the AICPA Audit & Accounting Guide for Investment Companies.

(m)

Investments that are expected to pay regularly scheduled interest in cash are generally placed on non-accrual status when principal or interest cash payments are past due 30 days or more and/or when it is no longer probable that principal or interest cash payments will be collected. Such non-accrual investments are restored to accrual status if past due principal and interest are paid in cash, and in management's judgment, are likely to continue timely payment of their remaining principal and interest obligations. Cash interest payments received on such investments may be recognized as income or applied to principal depending on management's judgment.

- (n) The Company defines cash equivalents as securities that are readily convertible into known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only securities with a maturity of three months or less would qualify, with limited exceptions. The Company believes that certain U.S. Treasury bills, repurchase agreements and other high-quality, short-term debt securities would qualify as cash equivalents.

Recent Accounting Pronouncements

In February 2015, the FASB issued Accounting Standards Update (ASU) 2015-02, Consolidation (Topic 810) Amendments to the Consolidation Analysis. The update changes the analysis that a

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SOLAR SENIOR CAPITAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

June 30, 2016

(in thousands, except share amounts)

reporting entity must perform to determine whether it should consolidate certain types of legal entities. Public companies are required to apply ASU 2015-02 for interim and annual reporting periods beginning after December 15, 2015. Accordingly, the Company has evaluated the impact of ASU 2015-02 on its consolidated financial statements and determined that the adoption of ASU 2015-02 has not had a material impact on our consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, Interest Imputation of Interest (Subtopic 835-30) Simplifying the Presentation of Debt Issuance Costs. The update requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. Public companies are required to apply ASU 2015-03 retrospectively for interim and annual reporting periods beginning after December 15, 2015. Accordingly, the Company has evaluated the impact of ASU 2015-03 on its consolidated financial statements and determined that the adoption of ASU 2015-03 has not had a material impact on our consolidated financial statements.

In May 2015, the FASB issued ASU 2015-07, Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). The update eliminates the requirement to categorize investments in the fair value hierarchy if their fair value is measured at net asset value (NAV) per share (or its equivalent) using the practical expedient in the FASB's fair value measurement guidance. Public companies are required to apply ASU 2015-07 retrospectively for interim and annual reporting periods beginning after December 15, 2015. Accordingly, the Company has evaluated the impact of ASU 2015-07 on its consolidated financial statements and determined that the adoption of ASU 2015-07 has not had a material impact on our consolidated financial statements.

Note 3. Agreements

Solar Senior has an Advisory Agreement with the Investment Adviser, under which the Investment Adviser manages the day-to-day operations of, and provides investment advisory services to, Solar Senior. For providing these services, the Investment Adviser receives a fee from Solar Senior, consisting of two components a base management fee and an incentive fee. The base management fee is calculated at an annual rate of 1.00% of gross assets. For services rendered under the Advisory Agreement, the base management fee is payable quarterly in arrears. The base management fee is calculated based on the average value of our gross assets at the end of the two most recently completed calendar quarters. Base management fees for any partial month or quarter will be appropriately pro-rated. For purposes of computing the base management fee, gross assets exclude temporary assets acquired at the end of each fiscal quarter for purposes of preserving investment flexibility in the next fiscal quarter. Temporary assets include, but are not limited to, U.S. treasury bills, other short-term U.S. government or government agency securities, repurchase agreements or cash borrowings.

The incentive fee has two parts, as follows: one is calculated and payable quarterly in arrears based on our pre-incentive fee net investment income for the immediately preceding calendar quarter. For this purpose,

pre-incentive fee net investment income means interest income, dividend income and any other income (other than fees for providing managerial assistance) accrued during the calendar quarter, minus our operating expenses for the quarter (excluding the incentive fee). Pre-incentive fee net investment income includes, in the case of investments, if any, with a deferred interest feature (such as original issue discount, debt instruments with pay-in-kind interest and zero-coupon securities), accrued income that we have not yet received in cash. Pre-incentive fee net investment income does not include any realized capital gains or losses or unrealized capital appreciation or depreciation. Pre-incentive fee net investment income, expressed as a rate of return on the value of our net assets at the end of the immediately preceding calendar quarter, is compared to a hurdle of 1.75% per quarter (7.00%

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SOLAR SENIOR CAPITAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

June 30, 2016

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annualized). The Company pays the Investment Adviser an incentive fee with respect to pre-incentive fee net investment income for each calendar quarter as follows:

no incentive fee in any calendar quarter in which our pre-incentive fee net investment income does not exceed the hurdle of 1.75%;

50% of pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the hurdle but is less than 2.9167% in any calendar quarter (11.67% annualized);

and

20% of the amount of pre-incentive fee net investment income, if any, that exceeds 2.9167% in any calendar quarter (11.67% annualized) will be payable to the Investment Adviser.

The second part of the incentive fee is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Advisory Agreement, as of the termination date) and will equal 20% of the Company's cumulative realized capital gains less cumulative realized capital losses, unrealized capital depreciation (unrealized depreciation on a gross investment-by-investment basis at the end of each calendar year) and all net capital gains upon which prior performance-based capital gains incentive fee payments were previously made to the Investment Adviser. For financial statement purposes, the second part of the incentive fee is accrued based upon 20% of cumulative net realized gains and net unrealized capital appreciation. No accrual was required for the three and six months ended June 30, 2016 and 2015.

For the three and six months ended June 30, 2016, the Company recognized \$834 and \$1,631, respectively, in base management fees and \$465 and \$850, respectively, in performance-based incentive fees. For the three and six months ended June 30, 2016, \$228 and \$613, respectively, of such performance-based incentive fees were waived. For the three and six months ended June 30, 2015, the Company recognized \$879 and \$1,745, respectively, in base management fees and \$0 and \$157, respectively, in performance-based incentive fees. For the three and six months ended June 30, 2015, \$0 and \$157, respectively, of such performance-based incentive fees were waived. The voluntary fee waiver for the three and six months ended June 30, 2016 was made at the Investment Adviser's discretion and is subject to recapture by the Investment Adviser and reimbursement by the Company should net investment income during and/or for fiscal 2016 equal or exceed distributions declared in fiscal 2016. The voluntary fee waiver for the three and six months ended June 30, 2015 was made at the Investment Adviser's discretion and is not subject to recapture by the Investment Adviser or reimbursement by the Company.

Solar Senior has also entered into an Administration Agreement with Solar Capital Management, LLC (the Administrator) under which the Administrator provides administrative services for Solar Senior. For providing these services, facilities and personnel, Solar Senior reimburses the Administrator for Solar Senior's allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations under the Administration Agreement, including rent. The Administrator will also provide, on Solar Senior's behalf, managerial assistance to those portfolio companies to which Solar Senior is required to provide such assistance.

For the three and six months ended June 30, 2016, the Company recognized expenses under the Administration Agreement of \$299 and \$594, respectively. For the three and six months ended June 30, 2015, the Company recognized expenses under the Administration Agreement of \$282 and \$536, respectively. No managerial assistance fees were accrued or collected for the three and six months ended June 30, 2016 and 2015.

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At June 30, 2016, the Company's total net assets and net asset value per share were \$193,261 and \$16.76, respectively. This compares to total net assets and net asset value per share at December 31, 2015 of \$188,304 and \$16.33, respectively.

Note 5. Earnings Per Share

The following table sets forth the computation of basic and diluted net increase in net assets per share resulting from operations, pursuant to ASC 260-10, for the three and six months ended June 30, 2016 and 2015:

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
<u>Earnings per share (basic & diluted)</u>				
Numerator net increase in net assets resulting from operations:	\$ 4,674	\$ 2,896	\$ 13,088	\$ 6,982
Denominator weighted average shares:	11,533,315	11,533,315	11,533,315	11,533,315
Earnings per share:	\$ 0.41	\$ 0.25	\$ 1.13	\$ 0.61

Note 6. Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a framework for measuring fair value that includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

Level 1. Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Company has the ability to access.

Level 2. Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- a) Quoted prices for similar assets or liabilities in active markets;
 - b) Quoted prices for identical or similar assets or liabilities in non-active markets;
 - c) Pricing models whose inputs are observable for substantially the full term of the asset or liability; and
 - d) Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.
- Level 3.** Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's and, if applicable, an independent third-party valuation firm's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

Table of Contents**SOLAR SENIOR CAPITAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)****June 30, 2016****(in thousands, except share amounts)**

When the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement in its entirety. For example, a Level 3 fair value measurement may include inputs that are observable (Levels 1 and 2) and unobservable (Level 3).

Gains and losses for assets and liabilities categorized within the Level 3 table below may include changes in fair value that are attributable to both observable inputs (Levels 1 and 2) and unobservable inputs (Level 3).

A review of fair value hierarchy classifications is conducted on a quarterly basis. Changes in the observability of valuation inputs may result in a reclassification for certain financial assets or liabilities. Such reclassifications are reported as transfers in/out of the appropriate category as of the end of the quarter in which the reclassifications occur.

The following tables present the balances of assets and liabilities measured at fair value on a recurring basis, as of June 30, 2016 and December 31, 2015:

Fair Value Measurements**As of June 30, 2016**

	Level 1	Level 2	Level 3	Measured at Net Asset Value*	Total
Assets:					
Bank Debt/Senior Secured Loans	\$	\$ 50,099	\$ 212,783	\$	\$ 262,882
Common Equity/Equity Interests			34,818	28,037	62,855
Total Investments	\$	\$ 50,099	\$ 247,601	\$ 28,037	\$ 325,737
Liabilities:					
Credit Facility	\$	\$	\$ 141,600	\$	\$ 141,600

* In accordance with ASC 820-10, certain investments that are measured using the net asset value per share (or its equivalent) as a practical expedient as fair value have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Consolidated Statements of Assets and Liabilities.

Fair Value Measurements**As of December 31, 2015**

	Level 1	Level 2	Level 3	Measured at Net Asset Value*	Total
Assets:					
Bank Debt/Senior Secured Loans	\$	\$ 42,371	\$ 198,836	\$	\$ 241,207
Unsecured Notes			3,650		3,650
Common Equity/Equity Interests			34,068	27,593	61,661
Total Investments	\$	\$ 42,371	\$ 236,554	\$ 27,593	\$ 306,518
Liabilities:					
Credit Facility	\$	\$	\$ 116,200	\$	\$ 116,200

* In accordance with ASC 820-10, certain investments that are measured using the net asset value per share (or its equivalent) as a practical expedient as fair value have not been classified in the fair value hierarchy.

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Table of Contents**SOLAR SENIOR CAPITAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)****June 30, 2016****(in thousands, except share amounts)**

The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Consolidated Statements of Assets and Liabilities.

The following table provides a summary of the changes in fair value of Level 3 assets and liabilities for the six months ended June 30, 2016, as well as the portion of gains or losses included in income attributable to unrealized gains or losses related to those assets and liabilities still held at June 30, 2016:

Fair Value Measurements Using Level 3 Inputs

	Bank Debt/Senior Secured Loans	Unsecured Notes	Common Equity/Equity Interests
Fair value, December 31, 2015	\$ 198,836	\$ 3,650	\$ 34,068
Total gains or losses included in earnings:			
Net realized gain (loss)			
Net change in unrealized gain (loss)	(1,389)	(6)	750
Purchase of investment securities	40,135		
Proceeds from dispositions of investment securities	(24,799)	(3,644)	
Transfers in/out of Level 3			
Fair value, June 30, 2016	\$ 212,783	\$	\$ 34,818
Unrealized gains (losses) for the period relating to those Level 3 assets that were still held by the Company at the end of the period:			
Net change in unrealized gain (loss):	\$ (1,847)	\$	\$ 750

During the six months ended June 30, 2016, there were no transfers in and out of Levels 1 and 2.

The following table shows a reconciliation of the beginning and ending balances for fair valued liabilities measured using significant unobservable inputs (Level 3) for the six months ended June 30, 2016:

Beginning fair value at December 31, 2015	\$ 116,200
Borrowings	55,800
Repayments	(30,400)

Transfers in/out of Level 3

Ending fair value at June 30, 2016	\$ 141,600
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The Company has made an irrevocable election to apply the fair value option of accounting to the Credit Facility, in accordance with ASC 825-10. On June 30, 2016, there were borrowings of \$141,600 on the Credit Facility. For the six months ended June 30, 2016, the Credit Facility had no net change in unrealized (appreciation) depreciation. The Company used an independent third-party valuation firm to assist in measuring the fair value of the Credit Facility.

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Table of Contents**SOLAR SENIOR CAPITAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)****June 30, 2016****(in thousands, except share amounts)**

The following table provides a summary of the changes in fair value of Level 3 assets and liabilities for the year ended December 31, 2015, as well as the portion of gains or losses included in income attributable to unrealized gains or losses related to those assets and liabilities still held at December 31, 2015:

Fair Value Measurements Using Level 3 Inputs

	Bank Debt/Senior Secured Loans		Unsecured Notes	Common Equity/Equity Interests
Fair value, December 31, 2014	\$	251,823	\$	\$ 35,377
Total gains or losses included in earnings:				
Net realized gain (loss)		39		
Net change in unrealized gain (loss)		(4,272)		(1,309)
Purchase of investment securities		70,682		
Proceeds from dispositions of investment securities		(114,486)		
Transfers in/out of Level 3		(4,950)	3,650	
Fair value, December 31, 2015	\$	198,836	\$ 3,650	\$ 34,068
Unrealized gains (losses) for the period relating to those Level 3 assets that were still held by the Company at the end of the period:				
Net change in unrealized gain (loss):	\$	(4,400)	\$ (228)	\$ (1,309)

During the fiscal year ended December 31, 2015, our investment in CT Technologies Intermediate Holdings was transferred from Level 3 to Level 2. The transfer was a result of changes in the quantity and quality of information used as valuation inputs by the Investment Adviser. Our investment in Apollo Investment Corporation was transferred from Level 2 to Level 3 during the fiscal year ended December 31, 2015 as the quote was deemed to be not representative of fair value given the impending maturity. There were no other transfers between levels.

The following table shows a reconciliation of the beginning and ending balances for fair valued liabilities measured using significant unobservable inputs (Level 3) for the year ended December 31, 2015:

Beginning fair value at December 31, 2014	\$ 143,200
Borrowings	47,700

Repayments	(74,700)
Transfers in/out of Level 3	
Ending fair value at December 31, 2015	\$ 116,200

The Company has made an irrevocable election to apply the fair value option of accounting to the Credit Facility, in accordance with ASC 825-10. On December 31, 2015, there were borrowings of \$116,200 on the Credit Facility. For the year ended December 31, 2015, the Credit Facility had no net change in unrealized (appreciation) depreciation. The Company used an independent third-party valuation firm to assist in measuring the fair value of the Credit Facility.

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Table of Contents**SOLAR SENIOR CAPITAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)****June 30, 2016****(in thousands, except share amounts)****Quantitative Information about Level 3 Fair Value Measurements**

The Company typically determines the fair value of its performing debt investments utilizing a yield analysis. In a yield analysis, a price is ascribed for each investment based upon an assessment of current and expected market yields for similar investments and risk profiles. Additional consideration is given to current contractual interest rates, relative maturities and other key terms and risks associated with an investment. Among other factors, a significant determinant of risk is the amount of leverage used by the portfolio company relative to the total enterprise value of the company, and the rights and remedies of our investment within each portfolio company.

Significant unobservable quantitative inputs typically used in the fair value measurement of the Company's Level 3 assets and liabilities primarily reflect current market yields, including indices, and readily available quotes from brokers, dealers, and pricing services as indicated by comparable assets and liabilities, as well as enterprise values, returns on equity and earnings before income taxes, depreciation and amortization (EBITDA) multiples of similar companies, and comparable market transactions for equity securities.

Quantitative information about the Company's Level 3 asset and liability fair value measurements as of June 30, 2016 is summarized in the table below:

	Asset or Fair Value at Liability	June 30, 2016	Principal Valuation Technique/Methodology	Unobservable Input	Range (Weighted Average)
Bank Debt / Senior Secured Loans	Asset	\$ 212,783	Yield Analysis	Market Yield	5.6% - 16.4% (7.9%)
Common Equity/Equity Interests	Asset	\$ 68	Enterprise Value	EBITDA Multiple	7.6x - 21.4x (21.4x)
		\$ 34,750	Enterprise Value	Return on Equity	6.5% - 14.2% (14.2%)
Credit Facility	Liability	\$ 141,600	Yield Analysis	Market Yield	L+1.5% - L+4.8% (L+2.0%)

Significant increases or decreases in any of the above unobservable inputs in isolation, including unobservable inputs used in deriving bid-ask spreads, if applicable, would result in a significantly lower or higher fair value measurement for such assets and liabilities.

Quantitative information about the Company's Level 3 asset and liability fair value measurements as of December 31, 2015 is summarized in the table below:

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	Asset or Liability	Fair Value at December 31, 2015	Principal Valuation Technique/Methodology	Unobservable Input	Range (Weighted Average)
Bank Debt / Senior Secured Loans /					
Unsecured Notes	Asset	\$ 202,486	Yield Analysis	Market Yield	5.6% 12.0% (7.2%)
Common Equity/Equity	Asset	\$ 68	Enterprise Value	EBITDA Multiple	9.1x - 16.9x (16.9x)
Interests		\$ 34,000	Enterprise Value	Return on Equity	7.0% - 13.3% (13.3%)
Credit Facility	Liability	\$ 116,200	Yield Analysis	Market Yield	L+0.5% L+4.8% (L+2.0%)

Significant increases or decreases in any of the above unobservable inputs in isolation, including unobservable inputs used in deriving bid-ask spreads, if applicable, would result in a significantly lower or higher fair value measurement for such assets and liabilities.

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SOLAR SENIOR CAPITAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

June 30, 2016

(in thousands, except share amounts)

Note 7. Debt

Senior Secured Revolving Credit Facility On August 26, 2011, the Company established SUNS SPV, LLC (SUNS SPV) which entered into the \$200,000 Credit Facility with Citigroup Global Markets Inc. acting as administrative agent. The Credit Facility was scheduled to mature on August 26, 2016 and generally bore interest at a rate of LIBOR plus 2.25%. The Credit Facility can also be expanded up to \$600,000 and is secured by all of the assets held by the SUNS SPV. Under the terms of the Credit Facility, Solar Senior and the SUNS SPV, as applicable, have made certain customary representations and warranties, and are required to comply with various covenants, including leverage restrictions, reporting requirements and other customary requirements for similar credit facilities. The Credit Facility also includes usual and customary events of default for credit facilities of this nature. On November 7, 2012, the Company amended the Credit Facility. As a result of the amendment, the stated interest rate on the Credit Facility was reduced to LIBOR plus 2.00% from LIBOR plus 2.25%, and the Credit Facility continues to have no LIBOR floor requirement. The amendment also provided us greater investment flexibility and extended the final maturity date to November 6, 2017. On February 26, 2014, the Company utilized the Credit Facility's delayed draw feature, expanding immediately available capital from \$150,000 to \$200,000, subject to borrowing base limitations. On June 30, 2014, the Company again amended the Credit Facility. As a result of this amendment, commitments under the Credit Facility were reduced by \$25,000 to \$175,000 and may be expanded up to \$600,000 under its accordion feature. This amendment to the Credit Facility also added greater investment flexibility and extended the final maturity date to June 28, 2019. The stated interest rate remains LIBOR plus 2.00% with no LIBOR floor requirement. On May 29, 2015, the Company entered into another amendment to the Credit Facility. This amendment added greater investment flexibility and extended the final maturity date to June 30, 2020.

The Company has made an irrevocable election to apply the fair value option of accounting to the Credit Facility, in accordance with ASC 825-10. We believe accounting for the Credit Facility at fair value better aligns the measurement methodologies of assets and liabilities, which may mitigate certain earnings volatility. ASC 825-10 requires entities to display the fair value of the selected assets and liabilities on the face of the Consolidated Statements of Assets and Liabilities and changes in fair value of the Credit Facility are reported in the Consolidated Statements of Operations.

The average annualized interest cost for all borrowings for the six months ended June 30, 2016 and the year ended December 31, 2015 was 2.54% and 2.25%, respectively. These costs are exclusive of other credit facility expenses such as unused fees and fees paid to the back-up servicer, if any. During the six months ended June 30, 2016 and the year ended December 31, 2015, the Company expensed \$0 and \$829 in conjunction with amendments to the Credit Facility. The maximum amount borrowed on the Credit Facility during the six months ended June 30, 2016 and the year ended December 31, 2015, was \$141,600 and \$148,600, respectively.

Table of Contents**SOLAR SENIOR CAPITAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)****June 30, 2016****(in thousands, except share amounts)****Note 8. Financial Highlights and Senior Securities Table**

The following is a schedule of financial highlights for the six months ended June 30, 2016 and for the year ended December 31, 2015:

	Six months ended June 30, 2016 (unaudited)	Year ended December 31, 2015
Per Share Data:^(a)		
Net asset value, beginning of year	\$ 16.33	\$ 17.65
Net investment income	0.71	1.33
Net realized and unrealized gain (loss)	0.42	(1.24)
Net increase in net assets resulting from operations	1.13	0.09
Distributions to stockholders:		
From net investment income	(0.70)	(1.41)
Net asset value, end of period	\$ 16.76	\$ 16.33
Per share market value, end of period	\$ 16.11	\$ 14.90
Total Return ^(b)	13.35%	8.90%
Net assets, end of period	\$ 193,261	\$ 188,304
Shares outstanding, end of period	11,533,315	11,533,315
Ratios to average net assets^(c):		
Net investment income	4.27%	7.63%
Operating expenses	1.65%*	2.92%*
Interest and other credit facility expenses	0.92%	2.08%
Total expenses	2.57%*	5.00%*
Average debt outstanding	\$ 126,086	\$ 136,900
Portfolio turnover ratio	12.5%	34.0%

- (a) Calculated using the average shares outstanding method.
 - (b) Total return is based on the change in market price per share during the period and takes into account distributions, if any, reinvested in accordance with the dividend reinvestment plan. Total return does not include a sales load.
 - (c) Not annualized for periods less than one year.
- * The ratio of operating expenses to average net assets and the ratio of total expenses to average net assets is shown net of a voluntary incentive fee waiver (see note 3).

For the six months ended June 30, 2016, the ratios of operating expenses to average net assets and total expenses to average net assets would be 1.97% and 2.89%, respectively, without the voluntary incentive fee waiver. For the year ended December 31, 2015, the ratios of operating expenses to average net assets and total expenses to average net assets would be 3.29% and 5.37%, respectively, without the voluntary incentive fee waiver.

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Table of Contents**SOLAR SENIOR CAPITAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)****June 30, 2016****(in thousands, except share amounts)**

Information about our senior securities is shown in the following table as of each year ended December 31 since the Company commenced operations, unless otherwise noted. The indicates information which the SEC expressly does not require to be disclosed for certain types of senior securities.

Class and Year	Total Amount Outstanding⁽¹⁾	Asset Coverage Per Unit⁽²⁾	Involuntary Liquidating Preference Per Unit⁽³⁾	Average Market Value Per Unit⁽⁴⁾
Revolving Credit Facility				
Fiscal 2016 (through June 30, 2016)	\$ 141,600	\$ 2,365	\$	N/A
Fiscal 2015	116,200	2,621		N/A
Fiscal 2014	143,200	2,421		N/A
Fiscal 2013	61,400	4,388		N/A
Fiscal 2012	39,100	5,453		N/A
Fiscal 2011	8,600	21,051		N/A

- (1) Total amount of each class of senior securities outstanding at the end of the period presented.
- (2) The asset coverage ratio for a class of senior securities representing indebtedness is calculated as our consolidated total assets, less all liabilities and indebtedness not represented by senior securities, divided by senior securities representing indebtedness. This asset coverage ratio is multiplied by one thousand to determine the Asset Coverage Per Unit. In order to determine the specific Asset Coverage Per Unit for each class of debt, the total Asset Coverage Per Unit was divided based on the amount outstanding at the end of the period for each. As of June 30, 2016, asset coverage was 236.5%.
- (3) The amount to which such class of senior security would be entitled upon the involuntary liquidation of the issuer in preference to any security junior to it.
- (4) Not applicable, we do not have senior securities that are registered for public trading.

Note 9. Gemino Healthcare Finance, LLC

We acquired Gemino Healthcare Finance, LLC (d/b/a Gemino Senior Secured Healthcare Finance) (Gemino) on September 30, 2013. Gemino is a commercial finance company that originates, underwrites, and manages primarily secured, asset-based loans for small and mid-sized companies operating in the healthcare industry. Our initial investment in Gemino was \$32,839. The management team of Gemino co-invested in the transaction and continues to lead Gemino.

Concurrent with the closing of the transaction, Gemino entered into a new, four-year, non-recourse, \$100,000 credit facility with non-affiliates, which was expandable to \$150,000 under its accordion feature. Effective March 31, 2014, the credit facility was expanded to \$105,000 and again on June 27, 2014 to \$110,000 and most recently to \$125,000 on May 27, 2016. Also on May 27, 2016, the accordion feature was increased to \$200,000.

On December 31, 2013, we contributed our 32,839 units in Gemino to Gemino Senior Secured Healthcare LLC (Gemino Senior Secured Healthcare). In exchange for this contribution, we received 19,839 units of equity interests and \$13,000 in floating rate secured notes of Gemino Senior Secured Healthcare bearing interest at LIBOR plus 7.50%, maturing on December 31, 2018. However, our financial statements, including our schedule of investments, reflect our investments in Gemino Senior Secured Healthcare on a consolidated basis. Gemino's management team currently owns approximately 6% of the equity in Gemino. Gemino Senior Secured Healthcare owns approximately 94% of the equity in Gemino and Solar Senior owns 100% of the equity in Gemino Senior Secured Healthcare. Gemino and Gemino Senior Secured Healthcare are treated as pass-through entities for tax purposes.

Table of Contents**SOLAR SENIOR CAPITAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)****June 30, 2016****(in thousands, except share amounts)**

Gemino currently manages a highly diverse portfolio of directly-originated and underwritten senior-secured commitments. As of June 30, 2016, the portfolio totaled approximately \$207,381 of commitments, of which \$131,359 were funded, on total assets of \$132,412. As of December 31, 2015, the portfolio totaled approximately \$188,254 of commitments, of which \$130,618 were funded, on total assets of \$133,678. At June 30, 2016, the portfolio consisted of 38 issuers with an average balance of approximately \$3,457 versus 36 issuers with an average balance of approximately \$3,628 at December 31, 2015. All of the commitments in Gemino's portfolio are floating-rate, senior-secured, cash-pay loans. Gemino's credit facility, which is non-recourse to us, had approximately \$97,000 and \$98,500 of borrowings outstanding at June 30, 2016 and December 31, 2015, respectively. For the three and six months ended June 30, 2016, Gemino had net income of \$963 and \$2,388, respectively, on gross income of \$3,313 and \$7,132, respectively. For the three and six months ended June 30, 2015, Gemino had net income of \$923 and \$2,078, respectively, on gross income of \$2,976 and \$6,274, respectively. Due to timing and non-cash items, there may be material differences between GAAP net income and cash available for distributions.

Note 10. Commitments and Contingencies

The Company had unfunded debt and equity commitments to delayed draw and revolving loans, as well as to Gemino. The total amount of these unfunded commitments as of June 30, 2016 and December 31, 2015 is \$10,715 and \$6,736, respectively, comprised of the following:

	June 30, 2016	December 31, 2015
Gemino Healthcare Finance, LLC	\$ 5,000	\$ 5,000
Genmark Diagnostics, Inc.	3,125	
Engineering Solutions & Products, LLC	1,620	1,736
CIBT Holdings, Inc	484	
VT Buyer Acquisition Corp. (Veritext)	486	
Total Commitments*	\$ 10,715	\$ 6,736

* The Company controls the funding of the Gemino Healthcare Finance, LLC commitment and may cancel it at its discretion.

As of June 30, 2016 and December 31, 2015, the Company had sufficient cash available and/or liquid securities available to fund its commitments as well as the commitment to FLLP disclosed in Note 11.

Note 11. First Lien Loan Program LLC

On September 10, 2014, the Company entered into a limited liability company agreement to create a First Lien Loan Program (FLLP) with Voya Investment Management LLC (Voya). Voya acts as the investment advisor for several wholly-owned insurance subsidiaries of Voya Financial, Inc. (NYSE: VOYA). The joint venture vehicle, structured as an unconsolidated Delaware limited liability company, is expected to invest primarily in senior secured floating rate term loans to middle market companies predominantly owned by private equity sponsors or entrepreneurs. Solar Senior and Voya have committed to provide \$50,750 and \$7,250, respectively, of capital to the joint venture. All portfolio decisions and generally all other decisions in respect of the FLLP must be approved by an investment committee of the FLLP consisting of representatives of the Company and Voya (with approval from a representative of each required). On February 13, 2015, FLLP commenced operations. On February 13, 2015, FLLP as transferor and FLLP 2015-1, LLC, a newly formed

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SOLAR SENIOR CAPITAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

June 30, 2016

(in thousands, except share amounts)

wholly owned subsidiary of FLLP, as borrower entered into a \$75,000 senior secured revolving credit facility (the FLLP Facility) with Wells Fargo Securities, LLC acting as administrative agent. Solar Senior Capital Ltd. acts as servicer under the FLLP Facility. The FLLP Facility is scheduled to mature on February 13, 2020. The FLLP Facility generally bears interest at a rate of LIBOR plus a range of 2.25%-2.50%. FLLP and FLLP 2015-1, LLC, as applicable, have made certain customary representations and warranties, and are required to comply with various covenants, including leverage restrictions, reporting requirements and other customary requirements for similar credit facilities. The FLLP Facility also includes usual and customary events of default for credit facilities of this nature. There were \$63,983 of borrowings outstanding as of June 30, 2016. As of June 30, 2016 and December 31, 2015, Solar Senior and Voya contributed combined equity capital in the amount of \$33,810 and \$33,810, respectively. Of the \$33,810 of contributed equity capital, the Company contributed \$29,584 in the form of investments and Voya contributed \$4,226 in the form of cash. As of June 30, 2016, Solar Senior and Voya's remaining commitments totaled \$21,166 and \$3,024, respectively. The Company, along with Voya, controls the funding of FLLP and FLLP may not call the unfunded commitments without approval of both the Company and Voya.

As of June 30, 2016 and December 31, 2015, FLLP had total assets of \$104,648 and \$76,788, respectively. For the same periods, FLLP's portfolio consisted of first lien floating rate senior secured loans to 20 and 15 different borrowers, respectively. For the three months ended June 30, 2016, FLLP invested \$7,185 across 4 portfolio companies. For the three months ended June 30, 2015, FLLP invested \$22,765 across 5 portfolio companies. Investments prepaid totaled \$6,184 for the three months ended June 30, 2016 and \$121 for the three months ended June 30, 2015. At June 30, 2016 and 2015, the weighted average yield of FLLP's portfolio was 6.5% and 6.2%, respectively, measured at fair value and 6.4% and 6.3%, respectively, measured at cost.

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Table of Contents**SOLAR SENIOR CAPITAL LTD.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)****June 30, 2016****(in thousands, except share amounts)****FLLP Portfolio as of June 30, 2016**

Description	Industry	Spread Above Index⁽¹⁾	LIBOR Floor	Interest Rate⁽²⁾	Maturity Date	Par Amount	Cost	Fair Value⁽³⁾
1A Smart Start LLC	Electronic Equipment, Instruments & Components	L+475	1.00%	5.75%	2/21/22	\$ 7,960	\$ 7,889	\$ 7,920
Athletico Management, LLC and Accelerated Holdings, LLC ⁽⁴⁾	Health Care Facilities	L+550	0.75%	6.25%	12/2/20	4,610	4,573	4,610
Capstone Logistics Acquisition, Inc. ⁽⁴⁾	Professional Services	L+450	1.00%	5.50%	10/7/21	5,361	5,317	5,254
Castle Management Borrower LLC (Highgate Hotels) ⁽⁴⁾	Real Estate Management & Development	L+450	1.00%	5.50%	9/18/20	3,820	3,791	3,744
CIBT Holdings, Inc. ⁽⁴⁾	Professional Services	L+525	1.00%	6.25%	6/28/22	2,627	2,601	2,601
Confie Seguros Holding II Co. ⁽⁴⁾	Insurance	L+450	1.25%	5.75%	11/9/18	5,430	5,427	5,389
Innovative Xcessories & Services, LLC ⁽⁴⁾	Automotive Retail	L+400	1.00%	5.00%	2/21/20	2,434	2,434	2,410
Kellermeyer Bergensons Services, LLC	Commercial Services & Supplies	L+500	1.00%	6.00%	10/29/21	2,438	2,417	2,364

(KBS)⁽⁴⁾

MedRisk, LLC	Health Care Services	L+525	1.00%	6.25%	3/1/23	3,990	3,951	3,970
Metamorph US 3, LLC								
(Metalogix) ⁽⁴⁾	Software	L+650	1.00%	7.50%	12/1/20	4,063	3,981	3,453
Pearl Merger Sub, LLC								
(PetVet) ⁽⁴⁾	Health Care Facilities	L+475	1.00%	5.75%	12/17/20	5,418	5,331	5,377
Pet Holdings ULC & Pet Supermarket, Inc.	Specialty Retail	L+550	1.00%	6.50%	7/5/22	4,549	4,481	4,481
PSP Group, LLC (Pet Supplies Plus) ⁽⁴⁾	Specialty Retail	L+475	1.00%	5.75%	4/6/21	5,381	5,338	5,354
QBS Holding Company, Inc. (Quorum) ⁽⁴⁾	Software	L+475	1.00%	5.75%	8/7/21	3,448	3,419	3,378
Salient Partners, L.P. ⁽⁴⁾	Asset Management	L+850	1.00%	9.50%	6/9/21	5,369	5,277	5,168
Sarnova HC, LLC	Trading Companies and Distributors	L+475	1.00%	5.75%	1/28/22	4,988	4,940	4,963
Suburban Broadband, LLC (Jab Wireless, Inc.)	Wireless Telecommunication Services	L+450	1.00%	5.50%	3/26/19	8,188	8,057	8,127
Telular Corporation	Wireless Telecommunication Services	L+425	1.25%	5.50%	6/24/19	5,209	5,188	5,182
The Hilb Group, LLC & Gencorp Insurance Group, Inc. ⁽⁴⁾	Insurance	L+500	1.00%	6.00%	6/24/21	3,841	3,767	3,783
VT Buyer Acquisition Corp. (Veritext) ⁽⁴⁾	Professional Services	L+500	1.00%	6.00%	1/29/22	4,503	4,462	4,481
							\$ 92,641	\$ 92,009

(1) 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.

(2) Floating rate debt investments typically bear interest at a rate determined by reference to either the London Interbank Offered Rate (LIBOR or L) index rate or the prime index rate (PRIME or P), and which typically reset monthly, quarterly or semi-annually. For each debt investment we have provided the current interest rate in effect as of June 30, 2016.

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(3) Represents the fair value in accordance with ASC Topic 820. The determination of such fair value is not included in the Board's valuation process described elsewhere herein.

(4) The Company also holds this security on its Consolidated Statements of Assets and Liabilities.

FLLP Portfolio as of December 31, 2015 (audited)

Description	Industry	Interest Rate⁽¹⁾	Maturity Date	Par Amount	Cost	Fair Value⁽²⁾
1A Smart Start LLC	Electronic Equipment, Instruments & Components	5.75%	2/21/22	\$ 8,000	\$ 7,924	\$ 7,880
Athletico Management, LLC and Accelerated Holdings, LLC ⁽³⁾	Health Care Facilities	6.25%	12/2/20	4,724	4,682	4,653
Capstone Logistics Acquisition, Inc. ⁽³⁾	Professional Services	5.50%	10/7/21	5,436	5,387	5,395
Castle Management Borrower LLC (Highgate Hotels) ⁽³⁾	Real Estate Management & Development	5.50%	9/18/20	3,950	3,916	3,812
Confie Seguros Holding II Co. ⁽³⁾	Insurance	5.75%	11/9/18	5,458	5,454	5,390
Innovative Xcessories & Services, LLC ⁽³⁾	Automotive Retail	5.25%	2/21/20	2,500	2,500	2,462
Kellermeyer Bergensons Services, LLC (KBS) ⁽³⁾	Commercial Services & Supplies	6.00%	10/29/21	2,475	2,453	2,364
Metamorph US 3, LLC (Metalogix) ⁽³⁾	Software	6.50%	12/1/20	4,875	4,768	4,485
Pearl Merger Sub, LLC (PetVet) ⁽³⁾	Health Care Facilities	5.50%	12/17/20	5,445	5,350	5,336
PSP Group, LLC (Pet Supplies Plus) ⁽³⁾	Specialty Retail	5.75%	4/6/21	5,459	5,411	5,350
QBS Holding Company, Inc. (Quorum) ⁽³⁾	Software	5.75%	8/7/21	3,465	3,434	3,361
RCPSI Corporation (Pet Supermarket) ⁽³⁾	Specialty Retail	6.75%	4/16/21	5,473	5,423	5,363
Salient Partners, L.P. ⁽³⁾	Asset Management	7.50%	6/9/21	5,418	5,317	5,228
Suburban Broadband, LLC (Jab Wireless, Inc.)	Wireless Telecommunication Services	5.50%	3/26/19	8,229	8,076	8,065
Telular Corporation		5.50%	6/24/19	5,354	5,330	5,274

Wireless Telecommunication
Services

\$ 75,425 \$ 74,418

- (1) Floating rate debt investments typically bear interest at a rate determined by reference to either the London Interbank Offered Rate (LIBOR or L) index rate or the prime index rate (PRIME or P), and which typically reset monthly, quarterly or semi-annually. For each debt investment we have provided the current interest rate in effect as of December 31, 2015.
- (2) Represents the fair value in accordance with ASC Topic 820. The determination of such fair value is not included in the Board s valuation process described elsewhere herein.
- (3) The Company also holds a portion of this position on its Consolidated Statements of Assets and Liabilities.

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Service fees	\$	16	\$	7	\$	30	\$	9
Interest and other credit facility expenses		509		169		973		1,535*
Other general and administrative expenses		51		36		86		47
Total expenses		576		212		1,089		1,591
Net investment income (loss)	\$	964	\$	508	\$	1,794	\$	(687)
Net change in unrealized gain (loss) on investments		295		249		375		348
Net income (loss)	\$	1,259	\$	757	\$	2,169	\$	(339)

* FLLP made an irrevocable election to apply the fair value option of accounting to the FLLP Facility, in accordance with ASC 825-10. As such, all expenses related to the establishment of the FLLP Facility were expensed during the period from February 13, 2015 (commencement of operations) through June 30, 2015. This amount totaled \$1,316.

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SOLAR SENIOR CAPITAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

June 30, 2016

(in thousands, except share amounts)

Note 12. Subsequent Events

The Company has evaluated the need for disclosures and/or adjustments resulting from subsequent events through the date the consolidated financial statements were issued.

On July 7, 2016, the Board declared a monthly distribution of \$0.1175 per share payable on August 2, 2016 to holders of record as of July 21, 2016.

On August 2, 2016, the Board declared a monthly distribution of \$0.1175 per share payable on September 1, 2016 to holders of record as of August 18, 2016.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

Solar Senior Capital Ltd.:

We have reviewed the accompanying consolidated statement of assets and liabilities, including the consolidated schedule of investments, of Solar Senior Capital Ltd. (the Company) as of June 30, 2016, the related consolidated statements of operations for the three-month and six-month periods ended June 30, 2016 and 2015, the related consolidated statement of changes in net assets for the six-month period ended June 30, 2016, and the related consolidated statements of cash flows for the six-month periods ended June 30, 2016 and 2015. These consolidated financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statement of assets and liabilities, including the consolidated schedule of investments, of Solar Senior Capital Ltd., as of December 31, 2015 and the related consolidated statements of operations, changes in net assets, and cash flows for the year ended December 31, 2015, and in our report dated February 24, 2016, we expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

New York, New York

August 2, 2016

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PROSPECTUS

\$250,000,000

Solar Senior Capital Ltd.

Common Stock

Debt Securities

We are an externally managed finance company. Our investment objective is to seek to maximize current income consistent with the preservation of capital. We will seek to achieve our investment objective by investing primarily in senior secured loans, including first lien, unitranche and second lien debt instruments, made to private middle-market companies whose debt is rated below investment grade, which we refer to collectively as senior loans. We may also invest in debt of public companies that are thinly traded or in equity securities. Under normal market conditions, at least 80% of the value of our net assets (including the amount of any borrowings for investment purposes) will be invested in senior loans. Securities rated below investment grade, including the senior loans we target, are often referred to as leveraged loans, high yield or junk securities, and may be considered high risk compared to debt instruments that are rated investment grade. In addition, some of our debt investments are not scheduled to fully amortize over their stated terms, which could cause us to suffer losses if the respective issuer of such debt investment is unable to refinance or repay their remaining indebtedness at maturity.

We were formed in December 2010 as a Maryland corporation structured as an externally managed, non-diversified closed-end management investment company. We have elected to be treated as a business development company under the Investment Company Act of 1940, or the 1940 Act. We will be managed by Solar Capital Partners, LLC. Solar Capital Management, LLC will provide the administrative services necessary for us to operate.

We may offer, from time to time, in one or more offerings or series, up to \$250,000,000 of our common stock or debt securities, which we refer to, collectively, as the securities. The securities may be offered at prices and on terms to be described in one or more supplements to this prospectus.

In the event we offer common stock, the offering price per share of our common stock less any underwriting commissions or discounts will generally not be less than the net asset value per share of our common stock at the time we make the offering. However, we may issue shares of our common stock pursuant to this prospectus at a price per share that is less than our net asset value per share (a) with the prior approval of the majority of our common stockholders or (b) under such other circumstances as the SEC may permit.

The securities may be offered directly to one or more purchasers, or through agents designated from time to time by us, or to or through underwriters or dealers. The prospectus supplement relating to an offering will identify any agents or underwriters involved in the sale of the securities, and will disclose any applicable purchase price, fee, commission or discount arrangement between us and our agents or underwriters or among our underwriters or the basis upon which such amount may be calculated. See Plan of Distribution. We may not sell any of the securities through agents, underwriters or dealers without delivery of this prospectus and a prospectus supplement describing the method and terms of the offering of such securities.

Our common stock is listed on the NASDAQ Global Select Market under the symbol SUNS. On June 30, 2016, the last reported sales price on the NASDAQ Global Select Market for our common stock was \$16.11 per share.

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This prospectus, and the accompanying prospectus supplement, contains important information about us that a prospective investor should know before investing in our common stock. Please read this prospectus, and the accompanying prospectus supplement, before investing, and keep it for future reference. We are required to file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission. This information is available free of charge by contacting us by mail at 500 Park Avenue, New York, NY 10022, by telephone at (212) 993-1670 or on our website at <http://www.solarseniorcap.com>. The Securities and Exchange Commission also maintains a website at <http://www.sec.gov> that contains such information. Information contained on our website is not incorporated by reference into this prospectus, and you should not consider that information to be part of this prospectus or the accompanying prospectus supplement.

An investment in our common stock is very risky and highly speculative. Shares of closed-end investment companies, including business development companies, frequently trade at a discount to their net asset value. In addition, the companies in which we invest are subject to special risks. See Risk Factors beginning on page 19 to read about factors you should consider, including the risk of leverage, before investing in our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus may not be used to consummate sales of shares of common stock unless accompanied by a prospectus supplement.

July 6, 2016

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You should rely only on the information contained in this prospectus and the accompanying prospectus supplement. We have not authorized any dealer, salesman or other person to give any information or to make any representation other than those contained in this prospectus or any prospectus supplement to this prospectus. You must not rely upon any information or representation not contained in this prospectus or any such supplements as if we had authorized it. This prospectus and any such supplements do not constitute an offer to sell or a solicitation of any offer to buy any security other than the registered securities to which they relate, nor do they constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The information contained in this prospectus and any such supplements is accurate as of the dates on their covers. Our business, financial condition, results of operations and prospects may have changed since then.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission, or SEC, using the shelf registration process. Under the shelf registration process, which constitutes a delayed offering in reliance on Rule 415 under the Securities Act of 1933, as amended, or the Securities Act, we may offer, from time to time, in one or more offerings or series, up to \$250,000,000 of our common stock or debt securities on the terms to be determined at the time of the offering. The securities may be offered at prices and on terms described in one or more supplements to this prospectus. This prospectus provides you with a general description of the securities that we may offer. Each time we use this prospectus to offer securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. A prospectus supplement may also add, update or change information contained in this prospectus. Please carefully read this prospectus and any such supplements together with any exhibits and the additional information described under Available Information and in the Summary and Risk Factors sections before you make an investment decision.

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SUMMARY

*This summary highlights some of the information in this prospectus. It is not complete and may not contain all of the information that you may want to consider. You should read carefully the more detailed information set forth under **Risk Factors** and the other information included in this prospectus and the documents to which we have referred.*

*Except where the context suggests otherwise, the terms **we**, **us**, **our** and **Solar Senior Capital** refer to Solar Senior Capital Ltd. In addition, the terms **Solar Capital Partners** and the **investment adviser** refer to Solar Capital Partners, LLC, and **Solar Capital Management** and the **administrator** refer to Solar Capital Management, LLC.*

*In this prospectus, we use the term **leveraged** to refer to companies of any size with non-investment grade debt outstanding or, if not explicitly rated, those which we believe would be rated as non-investment grade based on their leverage levels and other terms. In addition, we use the term **middle-market** to refer to companies with annual revenues between \$50 million and \$1 billion. We also use the term **unitranche** to refer to debt instruments that combine both senior and subordinated debt into one debt instrument. Unitranche debt instruments typically pay a higher rate of interest than traditional senior debt instruments, but also pose greater risk associated with a lesser amount of asset coverage.*

Solar Senior Capital

Solar Senior Capital, a Maryland corporation formed in December 2010, is a closed-end, externally managed, non-diversified management investment company that has elected to be treated as a business development company (**BDC**) under the Investment Company Act of 1940, as amended (the **1940 Act**). Furthermore, as the Company is an investment company, it continues to apply the guidance in the Financial Accounting Standard Board (**FASB**) Accounting Standards Codification (**ASC**) Topic 946. In addition, for tax purposes we have elected to be treated as a regulated investment company (**RIC**) under Subchapter M of the Internal Revenue Code of 1986, as amended (the **Code**).

On February 24, 2011, we priced our initial public offering (the **IPO**), selling 9.0 million shares of our common stock, including the underwriters over-allotment, at a price of \$20.00 per share. Concurrent with this offering, Solar Senior Capital Investors LLC, an entity controlled by Michael S. Gross, our chairman and chief executive officer, and Bruce Spohler, our chief operating officer, purchased an additional 500,000 shares of our common stock through a private placement transaction exempt from registration under the Securities Act of 1933, as amended, or the Securities Act (the **Concurrent Private Placement**), also at \$20.00 per share.

On August 26, 2011, we established a \$200 million senior secured revolving credit facility (the **Credit Facility**) with Citigroup Global Markets Inc. acting as administrative agent. In connection with the Credit Facility, our wholly-owned subsidiary, SUNS SPV LLC (the **SPV**) was formed. The Credit Facility, as amended, currently has an aggregate of \$175 million of commitments available. It can also be expanded up to \$600 million. The stated interest rate on the Credit Facility is LIBOR plus 2.00% with no LIBOR floor requirement and the current final maturity date is June 30, 2020. The Credit Facility is secured by all of the assets held by the SPV. Under the terms of the Credit Facility, Solar Senior Capital and the SPV, as applicable, have made certain customary representations and warranties, and are required to comply with various covenants, including leverage restrictions, reporting requirements and other customary requirements for similar credit facilities. The Credit Facility also includes usual and customary events of default for credit facilities of this nature. The Credit Facility was amended on November 7, 2012, June 30, 2014 and May 29, 2015 to add greater investment flexibility, among other changes.

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We invest primarily in privately held U.S. middle-market companies, where we believe the supply of primary capital is limited and the investment opportunities are most attractive. Our investment objective is to seek to maximize current income consistent with the preservation of capital. We define middle market to refer to companies with annual revenues between \$50 million and \$1 billion. We seek to achieve our investment objective by investing primarily in senior loans, including first lien, unitranche, and second lien debt instruments, made to private middle-market companies whose debt is rated below investment grade, which we refer to collectively as senior loans. We may also invest in debt of public companies that are thinly traded or in equity securities. Under normal market conditions, at least 80% of the value of our net assets (including the amount of any borrowings for investment purposes) will be invested in senior loans. Senior loans typically pay interest at rates which are determined periodically on the basis of a floating base lending rate, primarily LIBOR, plus a premium. Senior loans in which we invest are typically made to U.S. and, to a limited extent, non-U.S. corporations, partnerships and other business entities which operate in various industries and geographical regions. Senior loans typically are rated below investment grade. Securities rated below investment grade are often referred to as leveraged loans, high yield or junk securities, and may be considered high risk compared to debt instruments that are rated investment grade. In addition, some of our debt investments are not scheduled to fully amortize over their stated terms, which could cause us to suffer losses if the respective issuer of such debt investment is unable to refinance or repay their remaining indebtedness at maturity. While the Company does not typically seek to invest in equity securities as part of its investment objective, the Company may occasionally acquire some equity securities in connection with senior loan investments and in certain other unique circumstances, such as the Company's equity investments in Gemino Healthcare Finance, LLC and First Lien Loan Program.

We invest in senior loans made primarily to private leveraged middle market companies with approximately \$20 million to \$100 million of earnings before interest, taxes, depreciation and amortization (EBITDA). Our business is focused primarily on the direct origination of investments through portfolio companies or their financial sponsors. Our investments generally range between \$5 million and \$30 million each, although we expect that this investment size will vary proportionately with the size of our capital base. In addition, we may invest a portion of our portfolio in other types of investments, which we refer to as opportunistic investments, which are not our primary focus but are intended to enhance our overall returns. These opportunistic investments may include, but are not limited to, direct investments in public companies that are not thinly traded and securities of leveraged companies located in select countries outside of the United States. We may invest up to 30% of our total assets in such opportunistic investments, including senior loans issued by non-U.S. issuers, subject to compliance with our regulatory obligations as a BDC under the 1940 Act. We are managed by Solar Capital Partners. Solar Capital Management provides the administrative services necessary for us to operate.

As of March 31, 2016, our adviser, Solar Capital Partners, has invested approximately \$5.4 billion in more than 220 different portfolio companies since it was founded in 2006. Over the same period, the Investment Adviser completed transactions with more than 140 different financial sponsors.

Recent Developments

On April 7, 2016, the Board declared a monthly distribution of \$0.1175 per share payable on May 3, 2016 to holders of record as of April 21, 2016.

On May 3, 2016, the Board declared a monthly distribution of \$0.1175 per share payable on June 2, 2016 to holders of record as of May 19, 2016.

On June 7, 2016, the Board declared a monthly distribution of \$0.1175 per share payable on July 1, 2016 to holders of record as of June 23, 2016.

About Solar Capital Partners

Solar Capital Partners, our investment adviser, is controlled and led by Michael S. Gross, our chairman and chief executive officer, and Bruce Spohler, our chief operating officer. They are supported by a team of dedicated

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investment professionals. Solar Capital Partners' investment team has extensive experience in the private equity and leveraged lending industries, as well as significant contacts with financial sponsors operating in those industries.

In addition, Solar Capital Partners presently serves as investment adviser to Solar Capital Ltd., or Solar Capital, a publicly traded business development company with approximately \$2.3 billion of investable capital that invests in mezzanine debt and mezzanine lending (i.e., actually or structurally subordinated) and equity securities of leveraged middle-market companies similar to those we target for investment. Through March 31, 2016 the investment team led by Messrs. Gross and Spohler has invested approximately \$5.4 billion in more than 220 different portfolio companies for both Solar Capital and Solar Senior Capital, collectively, which investments involved more than 140 different financial sponsors. As of June 30, 2016, Mr. Gross and Mr. Spohler beneficially owned, either directly or indirectly, approximately 7.3% and 4.4%, respectively, of our outstanding common stock.

Mr. Gross has over 25 years of experience in the private equity, distressed debt and mezzanine businesses and has been involved in originating, structuring, negotiating, consummating and managing private equity, distressed debt and mezzanine lending (i.e., actually or structurally subordinated) transactions. We also rely on the over 25 years of experience of Mr. Spohler, who has served as our chief operating officer and a partner of Solar Capital Partners since its inception.

Solar Capital Partners' senior investment professionals have been active participants in the primary and secondary leveraged credit markets throughout their careers. They have effectively managed portfolios of distressed and mezzanine debt and mezzanine lending (i.e., actually or structurally subordinated) as well as other investment types. The depth of their experience and credit market expertise has led them through various stages of the economic cycle as well as several market disruptions.

Market Opportunity

Solar Senior Capital invests primarily in senior loans of private middle-market leveraged companies organized and located in the United States. We believe that the size of this market, coupled with leveraged companies' need for flexible sources of capital at attractive terms and rates, creates an attractive investment environment for us. See Business Market Opportunity.

Middle-market companies have faced increasing difficulty in accessing the capital markets. While many middle-market companies were formerly able to raise funds by issuing high-yield bonds, we believe this approach to financing has become more difficult in recent years as institutional investors have sought to invest in larger, more liquid offerings. In addition, many private finance companies that historically financed their lending and investing activities through securitization transactions have lost that source of funding and reduced lending significantly. Moreover, consolidation of lenders and market participants and the illiquid nature of investments have resulted in fewer middle-market lenders and market participants.

There is a large pool of uninvested private equity capital likely to seek additional senior debt capital to support their investments. We believe there is more than \$500 billion of uninvested private equity seeking debt financing to support acquisitions. We expect that middle-market private equity firms will continue to invest the over \$185 billion raised since 2000 in middle-market companies and that those private equity firms will seek to support their investments with senior loans from other sources such as Solar Senior Capital.

The significant amount of leveraged loans maturing through 2018 should provide additional demand for senior debt capital. A high volume of financings were completed between the years 2004 and 2007, which are expected to mature over the next few years. We believe that this supply of prospective lending

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opportunities coupled with a lack of available credit in the middle-market lending space may offer attractive risk-adjusted returns to investors. Risk-adjusted return compares returns against the amount of risk incurred. The term risk-adjusted return does not imply that an investment is no risk or low risk.

Investing in private middle-market senior secured debt provides an attractive risk reward profile. In general, terms for illiquid, middle-market subordinated debt have been more attractive than those for larger corporations which are typically more liquid. We believe this is because fewer institutions are able to invest in illiquid asset classes.

Therefore, we believe that there is an opportunity to invest in senior loans of leveraged companies and that we are well positioned to serve this market.

Competitive Advantages and Strategy

We believe that we have the following competitive advantages over other providers of financing to leveraged companies. See Business Competitive Advantages and Strategy.

Management Expertise

As managing partner, Mr. Gross has principal management responsibility for Solar Capital Partners, to which he currently dedicates substantially all of his time. Mr. Gross has over 25 years of experience in leveraged finance, private equity and distressed debt investing. Mr. Spohler, our chief operating officer and a partner of Solar Capital Partners, has over 25 years of experience in evaluating and executing leverage finance transactions.

Proprietary Sourcing and Origination

We believe that Solar Capital Partners' senior investment professionals' longstanding relationships with financial sponsors, commercial and investment banks, management teams and other financial intermediaries provide us with a strong pipeline of origination opportunities. We expect to continue leveraging the over 100 relationships with middle-market sponsors that Solar Capital Partners' investment team established while sourcing and originating investments for Solar Capital, which gives us access to deals that are not available through large syndication processes.

Since its inception, Solar Capital Partners has sourced investments in more than 220 different portfolio companies for both Solar Capital and Solar Senior Capital, collectively, which investments involved more than 140 different financial sponsors, through March 31, 2016.

Versatile Transaction Structuring and Flexibility of Capital

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We believe Solar Capital Partners' senior investment team's broad expertise and ability to draw upon its extensive experience enable us to identify, assess and structure investments successfully and to manage potential risk and return at all stages of the economic cycle. The attempt to manage risk does not imply low risk or no risk. While we are subject to significant regulation as a BDC, we are not subject to many of the regulatory limitations that govern traditional lending institutions such as banks. As a result, we believe that we can be more flexible than such lending institutions in selecting and structuring investments, adjusting investment criteria and building transaction structures.

Emphasis on Achieving Strong Risk-Adjusted Returns

Solar Capital Partners uses a structured investment and risk management process that emphasizes research and analysis. Solar Capital Partners seeks to build our portfolio on a bottom-up basis, choosing and sizing individual positions based on their relative risk/reward profiles as a function of the associated downside risk, volatility, correlation with the existing portfolio and liquidity. At the same time, Solar Capital Partners takes into

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consideration a variety of factors in managing our portfolio and imposes portfolio-based risk constraints promoting a more diverse portfolio of investments and limiting issuer and industry concentration. We do not pursue short-term origination targets. We believe this approach enables us to build an attractive investment portfolio that meets our return and value criteria over the long term. We believe it is critical to conduct extensive due diligence on investment targets. In evaluating new investments we, through Solar Capital Partners, conduct a rigorous due diligence process.

Deep Industry Focus with Substantial Information Flow

We concentrate our investing activities in industries characterized by strong cash flow and in which Solar Capital Partners' investment professionals have deep investment experience. As a result of their investment experience, Messrs. Gross and Spohler, together with Solar Capital Partners' other investment professionals, have long-term relationships with management consultants and management teams in the industries we target, as well as substantial information concerning those industries.

Longer Investment Horizon

Unlike private equity and venture capital funds, we are not subject to standard periodic capital return requirements. Such requirements typically stipulate that the capital of these funds, together with any capital gains on such invested funds, can only be invested once and must be returned to investors after a pre-agreed time period. We believe that our flexibility to make investments with a long-term view and without the capital return requirements of traditional private investment vehicles enables us to invest in private middle-market senior debt, which we believe provides a more attractive investment profile than the liquid senior debt market for larger companies. We also believe our longer investment horizon enables us to be a better long-term partner for our portfolio companies.

Investment Strategy

Solar Senior Capital seeks to create a diverse portfolio of senior loans by investing approximately \$5 million to \$30 million of capital, on average, in the securities of leveraged companies, including middle-market companies. We may also invest in debt of public companies that are thinly traded or in equity securities. Under normal market conditions, at least 80% of the value of our net assets (including the amount of any borrowings for investment purposes) will be invested in senior loans.

Senior loans typically pay interest at rates which are determined periodically on the basis of a floating base lending rate, primarily LIBOR, plus a premium. Senior loans in which we invest are typically made to U.S. and, to a limited extent, non-U.S. corporations, partnerships and other business entities which operate in various industries and geographical regions. Senior loans typically are rated below investment grade. Securities rated below investment grade are often referred to as leveraged loans, high yield or junk securities, and may be considered high risk compared to debt instruments that are rated investment grade. Senior secured loans, however are generally less risky than subordinated debt, bearing lower leverage and higher recovery statistics.

In addition to senior secured loans, we may invest a portion of our portfolio in opportunistic investments, which are not our primary focus, but are intended to enhance our returns to stockholders. These investments may include similar direct investments in public companies that are not thinly traded and securities of leveraged companies located in select countries outside of the United States. We may invest up to 30% of our total assets in such opportunistic investments, including senior loans issued by non-U.S. issuers, subject to compliance with our regulatory obligations.

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as a BDC under the 1940 Act. See Regulation as a Business Development Company.

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We currently borrow funds under the Credit Facility and may borrow additional funds to make investments. As a result, we are exposed to the risks of leverage, which may be considered a speculative investment technique. The use of leverage magnifies the potential for loss on amounts invested and therefore increases the risks associated with investing in our securities. In addition, the costs associated with our borrowings, including any increase in management fees payable to our investment adviser, Solar Capital Partners, will be borne by our common stockholders.

Additionally, we may in the future seek to securitize our loans to generate cash for funding new investments. To securitize loans, we may create a wholly owned subsidiary and contribute a pool of loans to the subsidiary. This could include the sale of interests in the subsidiary on a non-recourse basis to purchasers who we would expect to be willing to accept a lower interest rate to invest in investment grade loan pools, and we would retain a portion of the equity in the securitized pool of loans.

Moreover, we may acquire investments in the secondary market and, in analyzing such investments, we will employ the same analytical process as we use for our primary investments.

We may utilize instruments such as forward contracts, currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of our portfolio positions from changes in currency exchange rates and market interest rates. Hedging against a decline in the values of our portfolio positions does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline. However, such hedging can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions may also limit the opportunity for gain if the values of the underlying portfolio positions should increase. It may not be possible to hedge against an exchange rate or interest rate fluctuation that is so generally anticipated that we are not able to enter into a hedging transaction at an acceptable price. Moreover, for a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Any such imperfect correlation may prevent us from achieving the intended hedge and expose us to risk of loss. In addition, it may not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of factors not related to currency fluctuations.

Our principal focus is to provide senior secured loans, including first lien, unitranche and second lien loans, to private middle-market companies in a variety of industries. We generally seek to target companies that generate positive cash flows. We generally seek to invest in companies from the broad variety of industries in which our investment adviser has direct expertise. The following is a representative list of the industries in which we may invest.

Aerospace & Defense	Commercial Services & Supplies
Air Freight & Logistics	Communications Equipment
Asset Management	Construction & Engineering
Automobiles	Consumer Finance
Automotive Retail	Containers & Packaging
Beverages	Distributors
Building Products	Diversified Consumer Services
Capital Markets	Diversified Financial Services
Chemicals	Diversified Real Estate Activities
Diversified Telecommunications Services	Leisure Equipment & Products
Education Services	Machinery
Food Products	Media
Footwear	Multiline Retail

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Health Care Equipment & Supplies	Paper & Forest Products
Health Care Facilities	Personal Products
Health Care Services	Professional Services
Health Care Technology	Real Estate Management & Development
Hotels, Restaurants & Leisure	Research & Consulting Services
Industrial Conglomerates	Software
Insurance	Specialty Retail
Internet Software & Services	Textiles, Apparel & Luxury Goods
IT Services	Utilities

We may invest in other industries if we are presented with attractive opportunities.

Summary Risk Factors

The value of our assets, as well as the market price of shares of our common stock, will fluctuate. Our investments may be risky, and you may lose all or part of your investment in us. Investing in Solar Senior Capital involves other risks, including the following:

We operate in a highly competitive market for investment opportunities;

Our investments are very risky and highly speculative;

The lack of liquidity in our investments may adversely affect our ability to meet our investment objectives;

Our portfolio may be concentrated in a limited number of portfolio companies and industries, which will subject us to a risk of significant loss if any of these companies performs poorly or defaults on its obligations under any of its debt instruments or if there is a downturn in a particular industry;

Our investments in securities rated below investment grade are speculative in nature and are subject to additional risk factors such as increased possibility of default, illiquidity of the security, and changes in value based on changes in interest rates;

Global economic, political and market conditions may adversely affect our business, results of operations and financial condition, including our revenue growth and profitability;

There is a risk that our stockholders may not receive distributions or that our distributions may not grow over time;

Our shares may trade at a substantial discount from net asset value and may continue to do so over the long term;

Our common stock price may be volatile and may decrease substantially;

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Sales of substantial amounts of our common stock in the public market may have an adverse effect on the market price of our common stock;

The net asset value per share of our common stock may be diluted if we sell shares of our common stock in one or more offerings at prices below the then current net asset value per share of our common stock;

We are dependent upon Solar Capital Partners' key personnel for our future success;

Our financial condition and results of operations will depend on our Solar Capital Partners' ability to manage our future growth effectively by identifying, investing in and monitoring companies that meet our investment criteria;

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Regulations governing our operation as a BDC affect our ability to raise, and the way in which we will, raise additional capital. As a BDC, the necessity of raising additional capital may expose us to risks, including the typical risks associated with leverage;

We have and may continue to borrow money, which would magnify the potential for loss on amounts invested and may increase the risk of investing in us;

To the extent we use debt or preferred stock to finance our investments, changes in interest rates will affect our cost of capital and net investment income;

Our quarterly and annual operating results are subject to fluctuation as a result of the nature of our business, and if we fail to achieve our investment objective, the net asset value of our common stock may decline;

There will be uncertainty as to the value of our portfolio investments, which may impact our net asset value;

There are significant potential conflicts of interest, including Solar Capital Partners' management of Solar Capital, which could impact our investment returns, and an investment in Solar Senior Capital is not an investment in Solar Capital Ltd.;

We may become subject to corporate-level U.S. federal income tax if we are unable to maintain our qualification as a RIC under Subchapter M of the Code; and

The failure in cyber security systems, as well as the occurrence of events unanticipated in our disaster recovery systems and management continuity planning could impair our ability to conduct business effectively.

See **Risk Factors** beginning on page 19 and the other information included in this prospectus, for additional discussion of factors you should carefully consider before deciding to invest in shares of our common stock.

Operating and Regulatory Structure

Solar Senior Capital is a Maryland corporation structured as an externally managed non-diversified closed-end management investment company. We have elected to be treated as a BDC under the 1940 Act. As a BDC, we are required to meet regulatory tests, including the requirement to invest at least 70% of our total assets in qualifying assets. Qualifying assets generally include, among other things, securities of eligible portfolio companies. Eligible portfolio companies generally include U.S. companies that are not investment companies and that do not have securities listed on a national exchange. See **Regulation as a Business Development Company**. We currently borrow funds under the Credit Facility and may borrow additional funds to make investments. In addition, we have elected to be treated for U.S. federal income tax purposes, and intend to qualify annually, as a RIC under Subchapter M of the Code. See **Certain U.S. Federal Income Tax Considerations**.

Our investment activities are managed by Solar Capital Partners and supervised by our board of directors. Solar Capital Partners is an investment adviser that is registered under the Investment Advisers Act of 1940, as amended (the **Advisers Act**). Under our investment advisory and management agreement, (the **Investment Advisory and Management Agreement**), we have agreed to pay Solar Capital Partners an annual base management fee based on our gross assets as well as an incentive fee based on our performance. See **Investment Advisory and Management Agreement**. We have also entered into an administration agreement (the **Administration Agreement**) under which we have agreed to reimburse Solar Capital Management for the allocable portion of overhead and other expenses incurred by Solar Capital Management in performing its

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obligations under the Administration Agreement, including furnishing us with office facilities, equipment and clerical, bookkeeping and record keeping services at such facilities, as well as providing us with other administrative services. See Administration Agreement.

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Our Corporate Information

Our offices are located at 500 Park Avenue, New York, New York 10022, and our telephone number is (212) 993-1670.

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OFFERINGS

We may offer, from time to time, in one or more offerings or series, up to \$250,000,000 of our common stock or debt securities on terms to be determined at the time of the offering. We will offer our securities at prices and on terms to be set forth in one or more supplements to this prospectus.

At our 2016 Annual Stockholders Meeting, our stockholders approved our ability to sell or otherwise issue shares of our common stock, not exceeding 25% of our then outstanding common stock immediately prior to each such offering, at a price or prices below the then current net asset value per share, in each case subject to the approval of our board of directors and compliance with the conditions set forth in the proxy statement pertaining thereto, during a period beginning on June 7, 2016 and expiring on the earlier of the one-year anniversary of the date of the 2016 Annual Stockholders Meeting and the date of our 2017 Annual Stockholders Meeting, which is expected to be held in June 2017. However, notwithstanding such stockholder approval, since our initial public offering on February 24, 2011, we have not sold any shares of our common stock at a price below our then current net asset value per share. Any offering of our common stock that requires stockholder approval must occur, if at all, within one year after receiving such stockholder approval. Any such issuance of shares of our common stock below net asset value will be dilutive to the net asset value of our common stock. See **Risk Factors** **Risks Relating to an Investment in Our Securities** and **Sale of Common Stock Below Net Asset Value**.

The securities may be offered directly to one or more purchasers, or through agents designated from time to time by us, or to or through underwriters or dealers. The prospectus supplement relating to an offering will identify any agents or underwriters involved in the sale of the securities, and will disclose any applicable purchase price, fee, commission or discount arrangement between us and our agents or underwriters or among our underwriters or the basis upon which such amount may be calculated. See **Plan of Distribution**. We may not sell any of the securities through agents, underwriters or dealers without delivery of this prospectus and a prospectus supplement describing the method and terms of the offering of such securities.

Set forth below is additional information regarding offerings of our common stock:

Use of Proceeds

Unless otherwise specified in a prospectus supplement, we intend to use the net proceeds from the sale of our securities for general corporate purposes, which includes, among other things, (a) investing in portfolio companies in accordance with our investment objective and strategies and market conditions and (b) repaying indebtedness. Each supplement to this prospectus relating to an offering will more fully identify the use of the proceeds from such offering. See **Use of Proceeds**.

NASDAQ Global Select Market Symbol

SUNS

Distributions

To the extent that we have income available, we intend to distribute monthly distributions to our stockholders. The amount of our distributions, if any, will be determined by our board of directors. Any distributions to our stockholders will be declared out of assets legally available for distribution. The specific tax characteristics of our distributions will be reported to shareholders after the end of each calendar year. We may issue preferred stock from time to time, although we have no immediate intention to do so. If we issue shares of preferred stock, holders of such preferred stock will be entitled to receive cash distributions at an annual rate that will be fixed or will

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vary for the successive distribution periods for each series. In general, the distribution periods for fixed rate preferred stock will be quarterly.

Taxation

We have elected to be treated for U.S. federal income tax purposes, and intend to qualify annually, as a RIC under Subchapter M of the Code. As a RIC, we generally will not have to pay corporate-level U.S. federal income taxes on any ordinary income or capital gains that we distribute to our stockholders as dividends. To continue to maintain our RIC tax treatment, we must meet specified source-of-income and asset diversification requirements and distribute annually at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. See Price Range of Common Stock and Distributions and Certain U.S. Federal Income Tax Considerations in this prospectus.

Leverage

We currently borrow funds under the Credit Facility and may borrow additional funds to make investments. As a result, we will be exposed to the risks of leverage, which may be considered a speculative investment technique. The use of leverage magnifies the potential for loss on amounts invested and therefore increases the risks associated with investing in our securities. In addition, the costs associated with our borrowings, including any increase in the management fee payable to our investment adviser, Solar Capital Partners, will be borne by our common stockholders.

Investment Advisory Fees

We pay Solar Capital Partners a fee for its services under the Investment Advisory and Management Agreement consisting of two components—a base management fee and an incentive fee. The base management fee is calculated at an annual rate of 1.00% of our gross assets, which includes any borrowings for investment purposes. The incentive fee consists of two parts. The first part is calculated and payable quarterly in arrears and equals 20% of our pre-incentive fee net investment income for the immediately preceding quarter, subject to a preferred return, or hurdle, and a catch up feature. The second part is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Advisory and Management Agreement) in an amount equal to 20% of our realized capital gains, if any, on a cumulative basis from inception through the end of each calendar year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fees. See Investment Advisory and Management Agreement in this prospectus.

Administration Agreement

We reimburse Solar Capital Management for the allocable portion of overhead and other expenses incurred by Solar Capital Management in performing its obligations under the Administration Agreement, including furnishing us with office facilities, equipment and clerical, bookkeeping and record keeping services at such facilities, as well as providing us with other administrative services. In addition, we reimburse Solar Capital Management for the fees and expenses associated with performing compliance functions, and our allocable

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portion of the compensation of our chief financial officer and any administrative support staff. See Administration Agreement in this prospectus.

Trading

Shares of closed-end investment companies frequently trade at a discount to their net asset value. The risk that our shares may trade at a discount to our net asset value is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether our shares will trade above, at or below net asset value.

License Agreement

We have entered into a license agreement with Solar Capital Partners, pursuant to which Solar Capital Partners has agreed to grant us a non-exclusive license to use the name Solar Senior Capital. See License Agreement in this prospectus.

Dividend Reinvestment Plan

We have adopted an opt out dividend reinvestment plan. If your shares of common stock are registered in your own name, your distributions will automatically be reinvested under our dividend reinvestment plan in additional whole and fractional shares of common stock, unless you opt out of our dividend reinvestment plan so as to receive cash distributions by delivering a written notice to our plan administrator. If your shares are held in the name of a broker or other nominee, you should contact the broker or nominee for details regarding opting out of our dividend reinvestment plan. Stockholders who receive distributions in the form of stock will be subject to the same federal, state and local tax consequences as stockholders who elect to receive their distributions in cash. See Dividend Reinvestment Plan in this prospectus.

Certain Anti-Takeover Measures

Our charter and bylaws, as well as certain statutory and regulatory requirements, contain certain provisions that may have the effect of discouraging a third party from making an acquisition proposal for us. These anti-takeover provisions may inhibit a change in control in circumstances that could give the holders of our common stock the opportunity to realize a premium over the market price for our common stock. See Description of Our Capital Stock in this prospectus.

Available Information

We are required to file periodic reports, current reports, proxy statements and other information with the SEC. This information is available at the SEC's public reference room at 100 F Street, NE, Washington, D.C. 20549 and on the SEC's website at <http://www.sec.gov>. The public may obtain information on the operation of the SEC's public reference room by calling the SEC at (202) 551-8090. This information is also available free of charge by contacting us at Solar Senior Capital Ltd., 500 Park Avenue, New York, NY 10022, by telephone at (212) 993-1670 or on our website at <http://www.solarseniorcap.com>.

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FEES AND EXPENSES

The following table is intended to assist you in understanding the costs and expenses that you will bear directly or indirectly. We caution you that some of the percentages indicated in the table below are estimates and may vary. Except where the context suggests otherwise, whenever this prospectus contains a reference to fees or expenses paid by us or Solar Senior Capital, or that we will pay fees or expenses, you will indirectly bear such fees or expenses as an investor in Solar Senior Capital Ltd.

Stockholder transaction expenses:

Sales load (as a percentage of offering price)	%(1)
Offering expenses (as a percentage of offering price)	%(2)
Dividend reinvestment plan expenses	%(3)

Total stockholder transaction expenses (as a percentage of offering price)	%(2)
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Annual expenses (as a percentage of net assets attributable to common stock):⁽⁴⁾

Base management fee	1.65%(5)
Incentive fees payable under our Investment Advisory and Management Agreement (up to 20%)	0.80%(6)
Acquired fund fees and expenses	0.93%(7)
Interest payments on borrowed funds	1.77%(8)
Other expenses (estimated)	1.32%(9)

Total annual expenses	6.47%
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Example

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed that our annual operating expenses would remain at the levels set forth in the table above and have excluded performance-based incentive fees. See Note 7 below for additional information regarding certain assumptions regarding our level of leverage. In the event that shares to which this prospectus relates are sold to or through underwriters, a corresponding prospectus supplement will restate this example to reflect the applicable sales load.

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a \$1,000 investment, assuming a 5% annual return	\$ 57	\$ 169	\$ 280	\$ 551

- (1) In the event that the shares of common stock to which this prospectus relates are sold to or through underwriters, a corresponding prospectus supplement will disclose the applicable sales load and the Example will be updated accordingly.
- (2) The prospectus supplement corresponding to each offering will disclose the applicable offering expenses and total stockholder transaction expenses.
- (3) The expenses of the dividend reinvestment plan are included in other expenses.
- (4) Annual Expenses are presented in this manner because common shareholders will bear all costs of running the Company.
- (5) Our 1% base management fee under the Investment Advisory and Management Agreement is based on our gross assets, which is defined as all the assets of Solar Senior Capital, including those acquired using borrowings for investment purposes, and assumes the base management fee remains consistent with fees incurred for the three months ended March 31, 2016. See Investment Advisory and Management Agreement.
- (6) Assumes that annual incentive fees earned by our investment adviser, Solar Capital Partners, remain consistent with the incentive fees earned by Solar Capital Partners for the three months ended March 31, 2016. The incentive fee expenses provided in the table above do not

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reflect Solar Capital Partners' waiver of fees during the three months ended March 31, 2016. The incentive fee consists of two parts:

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The first part, which is payable quarterly in arrears, equals 20% of the excess, if any, of our Pre-Incentive Fee Net Investment Income that exceeds a 1.75% quarterly (7.00% annualized) hurdle rate, which we refer to as the Hurdle, subject to a catch-up provision measured at the end of each calendar quarter. The first part of the incentive fee is computed and paid on income that may include interest that is accrued but not yet received in cash. The operation of the first part of the incentive fee for each quarter is as follows:

no incentive fee is payable to our investment adviser in any calendar quarter in which our Pre-Incentive Fee Net Investment Income does not exceed the Hurdle of 1.75%;

50% of our Pre-Incentive Fee Net Investment Income with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, that exceeds the Hurdle but is less than 2.9167% in any calendar quarter (11.67% annualized) is payable to our investment adviser. We refer to this portion of our Pre-Incentive Fee Net Investment Income (which exceeds the Hurdle but is less than 2.9167%) as the catch-up. The catch-up is meant to provide our investment adviser with 20% of our Pre-Incentive Fee Net Investment Income, as if a Hurdle did not apply when our Pre-Incentive Fee Net Investment Income exceeds 2.9167% in any calendar quarter; and

20% of the amount of our Pre-Incentive Fee Net Investment Income, if any, that exceeds 2.9167% in any calendar quarter (11.67% annualized) is payable to our investment adviser (once the Hurdle is reached and the catch-up is achieved, 20% of all Pre-Incentive Fee Investment Income thereafter is allocated to our investment adviser).

The second part of the incentive fee equals 20% of our Incentive Fee Capital Gains, if any, which equals our realized capital gains on a cumulative basis from inception through the end of each calendar year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fees. The second part of the incentive fee is payable, in arrears, at the end of each calendar year (or upon termination of the Investment Advisory and Management Agreement, as of the termination date). For a more detailed discussion of the calculation of this fee, see Investment Advisory and Management Agreement.

- (7) The holders of shares of common stock indirectly bear the expenses of our investment in First Lien Loan Program LLC (FLLP). No management fee is charged on our investment in FLLP in connection with the administrative services provided to FLLP. Future expenses for FLLP may be substantially higher or lower because certain expenses may fluctuate over time.
- (8) We currently borrow funds under the Credit Facility and may borrow additional funds from time to time to make investments to the extent we determine that the economic situation is conducive to doing so. The costs associated with our outstanding borrowings are indirectly born by our investors. For purposes of this section, we have computed interest expense using the average balance outstanding for all borrowings during the three months ended March 31, 2016. We used the LIBOR rate on March 31, 2016 and the interest rate on the Credit Facility on March 31, 2016. We have also included the estimated amortization of fees incurred in establishing the Credit Facility as of March 31, 2016. Additionally, we included the estimated cost of commitment fees for unused balances on the Credit Facility. As of March 31, 2016, we had \$129.1 million outstanding and \$45.9 million remaining available to us under the Credit Facility. We may also issue preferred stock, subject to our compliance with applicable requirements under the 1940 Act, although we have no immediate intention to do so.
- (9) Other expenses are based on the amounts incurred for the three months ended March 31, 2016 and include our overhead expenses, including payments under our Administration Agreement based on our allocable portion of overhead and other expenses incurred by Solar Capital Management in performing its obligations under the Administration Agreement. See Administration Agreement.

The example and the expenses in the tables above should not be considered a representation of our future expenses, and actual expenses may be greater or less than those shown. While the example assumes, as required by the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. The incentive fee under the Investment Advisory and Management Agreement, which, assuming a 5% annual return, would either not be payable or would have an insignificant impact on the expense amounts shown above, is not included in the example. This illustration assumes that we will not realize any capital gains

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(computed net of all realized capital losses and unrealized capital depreciation) in any of the indicated time periods. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger an incentive fee of a material amount, our expenses and returns to our investors would be higher. For example, if we assumed that we received our 5% annual return completely in the form of net realized capital gains on our investments, computed net of all cumulative unrealized depreciation on our investments, the projected dollar amount of total cumulative expenses set forth in the above illustration would be as follows:

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a \$1,000 investment, assuming a 5% annual return	\$ 67	\$ 197	\$ 323	\$ 619

In addition, the example assumes no sales load. Also, while the example assumes reinvestment of all distributions at net asset value, participants in our dividend reinvestment plan will receive a number of shares of our common stock, determined by dividing the total dollar amount of the distribution payable to a participant by the market price per share of our common stock at the close of trading on the distribution payment date, which may be at, above or below net asset value. See [Dividend Reinvestment Plan](#) for additional information regarding our dividend reinvestment plan.

Table of Contents**SELECTED FINANCIAL AND OTHER DATA**

The selected financial and other data below should be read in conjunction with our Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and notes thereto. Financial information is presented for the quarter ended March 31, 2016 and the fiscal years ended December 31, 2015, 2014, 2013 and 2012 as well as for the period from January 28, 2011 (commencement of operations) through December 31, 2011. The selected financial data for the three months ended March 31, 2016 is derived from the unaudited consolidated financial statements and notes of Solar Senior Capital. In the opinion of management, the selected financial data for the three months ended March 31, 2016 reflects all adjustments (consisting only of normal recurring adjustments) that are necessary to present fairly the results for such interim period. The selected financial data for the three months ended March 31, 2016, may not be indicative of the results that may be expected for the year ending December 31, 2016 or for any other period. Financial information for the years ending December 31, 2015, 2014, 2013 and 2012 and for the period from January 28, 2011 (commencement of operations) to December 31, 2011 has been derived from our consolidated financial statements that were audited by KPMG LLP (KPMG), an independent registered public accounting firm. See Management's Discussion and Analysis of Financial Condition and Results of Operations and Senior Securities below for more information.

(\$ in thousands, except per share data)	Three Months Ended March 31, 2016 (unaudited)	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012	Period from January 28, 2011 ⁽¹⁾ to December 31, 2011
Income statement data:						
Total investment income	\$ 6,349	\$ 25,446	\$ 22,104	\$ 19,765	\$ 20,539	\$ 7,890
Net expenses	\$ 2,284	\$ 10,073	\$ 8,290	\$ 6,378	\$ 8,046	\$ 5,290
Net investment income	\$ 4,065	\$ 15,373	\$ 13,814	\$ 13,387	\$ 12,493	\$ 2,600
Net realized gain (loss)	\$ 9	\$ 18	\$ (638)	\$ (4,978)	\$ 618	\$ (576)
Net change in unrealized gain (loss).	\$ 4,340	\$ (14,344)	\$ (1,486)	\$ 4,209	\$ 801	\$ (2,274)
Net increase (decrease) in net assets resulting from operations	\$ 8,414	\$ 1,047	\$ 11,690	\$ 12,618	\$ 13,912	\$ (250)
Per share data:						
Net investment income(4)	\$ 0.35	\$ 1.33	\$ 1.20	\$ 1.17	\$ 1.32	\$ 0.30
Net realized and unrealized gain (loss)(4)	\$ 0.37	\$ (1.24)	\$ (0.18)	\$ (0.07)	\$ 0.15	\$ (0.33)
Dividends and distributions declared	\$ 0.35	\$ 1.41	\$ 1.41	\$ 1.41	\$ 1.29	\$ 0.55
Balance sheet data:						
Total investment portfolio	\$ 312,232	\$ 306,518	\$ 340,466	\$ 267,852	\$ 212,602	\$ 177,749
Cash and cash equivalents	\$ 48,062	\$ 53,067	\$ 42,471	\$ 2,774	\$ 2,647	\$ 2,934
Total assets	\$ 368,396	\$ 362,577	\$ 384,797	\$ 272,561	\$ 217,029	\$ 187,395
Debt	\$ 129,100	\$ 116,200	\$ 143,200	\$ 61,400	\$ 39,100	\$ 8,600
Net assets	\$ 192,653	\$ 188,304	\$ 203,519	\$ 208,017	\$ 174,103	\$ 172,435
Per share data:						
Net asset value per share	\$ 16.70	\$ 16.33	\$ 17.65	\$ 18.04	\$ 18.33	\$ 18.15
Other data (unaudited):						
Weighted average annualized yield on income producing investments:(5)						
On fair value(2)	7.9%	7.9%	7.0%	7.5%	7.8%	8.5%
On cost(3)	7.5%	7.4%	7.1%	7.8%	7.7%	8.4%
Total return(6)	0.31%	8.90%	(10.47)%	5.39%	27.65%	(18.49)%
Number of portfolio companies at period end	47	45	43	36	31	21

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- (1) Commencement of operations
- (2) Throughout this document, the weighted average yield on income producing investments is computed as the (a) annual stated interest on accruing loans and debt securities plus the annual amortization of loan origination fees, original issue discount, and market discount on accruing loans and debt securities divided by (b) total income

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- producing investments at fair value. The weighted average yield is computed as of the balance sheet date and excludes assets on non-accrual status or on a cost recovery basis as of such date.
- (3) For this calculation, the weighted average yield on income producing investments is computed as the (a) annual stated interest on accruing loans and debt securities plus the annual amortization of loan origination fees, original issue discount, and market discount on accruing loans and debt securities divided by (b) total income producing investments at cost. The weighted average yield is computed as of the balance sheet date and excludes assets on non-accrual status or on a cost recovery basis as of such date.
- (4) The per-share calculations are based on weighted average shares of 11,533,315, 11,533,315, 11,532,985, 11,423,958, 9,500,100 and 8,627,696 for the three months ended March 31, 2016 and years ended December 31, 2015, 2014, 2013, 2012 and 2011, respectively.
- (5) The weighted average annualized yield on income producing investments does not represent a return to shareholders.
- (6) Total return is based on the change in market price per share during the period and takes into account dividends, if any, reinvested in accordance with the dividend reinvestment plan. Not annualized for periods less than one year. Total return does not include a sales load.

Selected Quarterly Financial Data (Unaudited)

(dollar amounts in thousands, except per share data)

The following tables set forth certain quarterly financial information for the quarter ended March 31, 2016 and each of the quarters for the fiscal years ended December 31, 2015 and 2014. This information was derived from our unaudited consolidated financial statements. Results for any quarter are not necessarily indicative of results for the past fiscal year or for any future quarter.

	2016 Q1
Total investment income	\$ 6,349
Net investment income	\$ 4,065
Net realized and unrealized gain	\$ 4,349
Net increase in net assets resulting from operations	\$ 8,414
Earnings per share(1)	\$ 0.73
Net asset value per share at the end of the quarter(2)	\$ 16.70

	2015			
	Q4	Q3	Q2	Q1
Total investment income	\$ 6,128	\$ 6,520	\$ 6,655	\$ 6,143
Net investment income	\$ 4,066	\$ 4,085	\$ 3,346	\$ 3,876
Net realized and unrealized gain (loss)	\$ (8,507)	\$ (5,580)	\$ (450)	\$ 210
Net increase (decrease) in net assets resulting from operations	\$ (4,441)	\$ (1,495)	\$ 2,896	\$ 4,086
Earnings (loss) per share(3)	\$ (0.39)	\$ (0.13)	\$ 0.25	\$ 0.35
Net asset value per share at the end of the quarter(4)	\$ 16.33	\$ 17.06	\$ 17.55	\$ 17.65

	2014			
	Q4	Q3	Q2	Q1
Total investment income	\$ 5,912	\$ 5,322	\$ 5,134	\$ 5,736
Net investment income	\$ 4,018	\$ 3,528	\$ 2,415	\$ 3,853
Net realized and unrealized gain (loss)	\$ (1)	\$ (1,782)	\$ (475)	\$ 135
Net increase in net assets resulting from operations	\$ 4,017	\$ 1,746	\$ 1,940	\$ 3,988
Earnings per share(5)	\$ 0.35	\$ 0.15	\$ 0.17	\$ 0.35
Net asset value per share at the end of the quarter(6)	\$ 17.65	\$ 17.65	\$ 17.85	\$ 18.04

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- (1) Based on 11,533,315 weighted average shares of Solar Senior Capital Ltd. outstanding during the first quarter of 2016.
- (2) Based on 11,533,315 shares of Solar Senior Capital Ltd. outstanding as of the end of the first quarter of 2016.
- (3) Based on 11,533,315, 11,533,315, 11,533,315, 11,533,315 weighted average shares of Solar Senior Capital Ltd. outstanding during first, second, third and fourth quarters of 2015, respectively.
- (4) Based on 11,533,315, 11,533,315, 11,533,315, 11,533,315 shares of Solar Senior Capital Ltd. outstanding as of the end of the first, second, third and fourth quarters of 2015, respectively.
- (5) Based on 11,531,975, 11,533,315, 11,533,315, and 11,533,315 weighted average shares of Solar Senior Capital Ltd. outstanding during the first, second, third, and fourth quarters of 2014.
- (6) Based on 11,533,315, 11,533,315, 11,533,315, and 11,533,315 shares of Solar Senior Capital Ltd. outstanding as of the end of the first, second, third and fourth quarters of 2014.

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RISK FACTORS

Before you invest in our securities, you should be aware of various risks, including those described below. You should carefully consider these risk factors, together with all of the other information included in this prospectus, before you decide whether to make an investment in our securities. The risks set out below are not the only risks we face. If any of the following events occur, our business, financial condition and results of operations could be materially adversely affected. In such case, our net asset value and the trading price of our common stock could decline or the value of our debt securities may decline, and you may lose all or part of your investment.

Risks Related to Our Investments

We operate in a highly competitive market for investment opportunities.

A number of entities compete with us to make the types of investments that we target in leveraged companies. We compete with other BDCs, public and private funds, commercial and investment banks, commercial financing companies and, to the extent they provide an alternative form of financing, private equity funds. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, some competitors may have a lower cost of funds and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments than we do have, which could allow them to consider a wider variety of investments and establish more relationships and offer better pricing and more flexible structure than we are able to do. Furthermore, many of our potential competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a BDC. If we are unable to source attractive investments, we may hold a greater percentage of our assets in cash and cash equivalents than anticipated, which could impact potential returns on our portfolio. We cannot assure you that the competitive pressures we face will not have a material adverse effect on our business, financial condition and results of operations. Also, as a result of this competition, we may not be able to take advantage of attractive investment opportunities from time to time, and we can offer no assurance that we will be able to identify and make investments that are consistent with our investment objective.

Participants in our industry compete on several factors, including price, flexibility in transaction structure, customer service, reputation, market knowledge and speed in-decision-making. We do not seek to compete primarily based on the interest rates we offer, and we believe that some of our competitors may make loans with interest rates that may be comparable to or lower than the rates we may offer. We may lose investment opportunities if we do not match our competitors' pricing, terms and structure. However, if we match our competitors' pricing, terms and structure, we may experience decreased net interest income and increased risk of credit loss.

Our investments are very risky and highly speculative.

We invest primarily in senior secured loans, including first lien and second lien debt instruments, made to middle-market companies whose debt is rated below investment grade. We may also invest in debt of public companies that are thinly traded or equity securities. Securities rated below investment grade are often referred to as leveraged loans, high yield or junk securities, and may be considered high risk compared to debt instruments that are rated investment grade.

Senior Secured Loans. When we make a senior secured term loan investment in a portfolio company, we generally take a security interest in the available assets of the portfolio company, including the equity interests of its subsidiaries, which we expect to help mitigate the risk that we will

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not be repaid. However, there is a risk that the collateral securing our loans may decrease in value over time, may be difficult to sell in a timely manner, may be difficult to appraise and may fluctuate in value based upon the success of the business and market conditions, including as a result of the inability of the portfolio company to raise additional capital, and, in some circumstances, our lien could be subordinated to claims of other creditors. In addition, deterioration in a portfolio

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company's financial condition and prospects, including its inability to raise additional capital, may be accompanied by deterioration in the value of the collateral for the loan. Consequently, the fact that a loan is secured does not guarantee that we will receive principal and interest payments according to the loan's terms, or at all, or that we will be able to collect on the loan should we be forced to enforce our remedies.

Equity Investments. When we invest in senior secured loans we may acquire common equity securities as well. In addition, we may invest directly in the equity securities of portfolio companies. Our goal is ultimately to exit such equity interests and realize gains upon our disposition of such interests. However, the equity interests we receive may not appreciate in value and, in fact, may decline in value. Accordingly, we may not be able to realize gains from our equity interests, and any gains that we do realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience.

In addition, investing in middle-market companies involves a number of significant risks, including:

these companies may have limited financial resources and may be unable to meet their obligations under their debt securities that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing any guarantees we may have obtained in connection with our investment;

they typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;

they are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on our portfolio company and, in turn, on us;

they generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position. In addition, our executive officers, directors and our investment adviser may, in the ordinary course of business, be named as defendants in litigation arising from our investments in the portfolio companies; and

they may have difficulty accessing the capital markets to meet future capital needs, which may limit their ability to grow or to repay their outstanding indebtedness upon maturity.

The lack of liquidity in our investments may adversely affect our ability to meet our investment objectives.

We generally make investments in private companies. We invest and expect to continue investing in companies whose securities have no established trading market and whose securities are and will be subject to legal and other restrictions on resale or whose securities are and will be less liquid than are publicly-traded securities. Investments purchased by us that are liquid at the time of purchase may subsequently become illiquid due to events relating to the issuer of the investments, market events, economic conditions or investor perceptions. The illiquidity of our investments may make it difficult for us to sell such investments if the need arises. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we have previously recorded our investments. As a result, we do not expect to achieve liquidity in our investments in the near-term. However, to maintain our qualification as a business development company and as a RIC, we may have to dispose of investments if we do not satisfy one or more of the applicable criteria under the respective regulatory frameworks. Domestic and foreign markets are complex and interrelated, so that events in one sector of the world markets or economy, or in one geographical region, can reverberate and have materially negative consequences for other markets, economic or regional sectors in a manner that

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may not be foreseen and which may negatively impact the liquidity of our investments and materially harm our business. In addition, we may face other restrictions on our ability to liquidate an investment in a portfolio company to the extent that we have material non-public information regarding such portfolio company.

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Our portfolio may be concentrated in a limited number of portfolio companies and industries, which will subject us to a risk of significant loss if any of these companies performs poorly or defaults on its obligations under any of its debt instruments or if there is a downturn in a particular industry.

Our portfolio may be concentrated in a limited number of portfolio companies and industries. Beyond the asset diversification requirements associated with our qualification as a RIC under Subchapter M of the Code, we do not have fixed guidelines for diversification, and while we are not targeting any specific industries, our investments may be concentrated in relatively few industries or portfolio companies. As a result, the aggregate returns we realize may be significantly adversely affected if a small number of investments perform poorly or if we need to write down the value of any one investment. Additionally, a downturn in any particular industry in which we are invested could also significantly impact the aggregate returns we realize.

Our investments in securities rated below investment grade are speculative in nature and are subject to additional risk factors such as increased possibility of default, illiquidity of the security, and changes in value based on changes in interest rates.

The securities that we invest in are typically rated below investment grade. Securities rated below investment grade are often referred to as leveraged loans, high yield or junk securities, and may be considered high risk compared to debt instruments that are rated investment grade. High yield securities are regarded as having predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions. In addition, high yield securities generally offer a higher current yield than that available from higher grade issues, but typically involve greater risk. These securities are especially sensitive to adverse changes in general economic conditions, to changes in the financial condition of their issuers and to price fluctuation in response to changes in interest rates. During periods of economic downturn or rising interest rates, issuers of below investment grade instruments may experience financial stress that could adversely affect their ability to make payments of principal and interest and increase the possibility of default. The secondary market for high yield securities may not be as liquid as the secondary market for more highly rated securities. In addition, many of our debt investments are not scheduled to fully amortize over their stated terms, which could cause us to suffer losses if the respective issuer of such debt investment is unable to refinance or repay their remaining indebtedness at maturity.

Price declines and illiquidity in the corporate debt markets have adversely affected, and may continue to adversely affect, the fair value of our portfolio investments, reducing our net asset value through increased net unrealized depreciation. Any unrealized depreciation that we experience on our loan portfolio may be an indication of future realized losses, which could reduce our income available for distribution and could adversely affect our ability to service our outstanding borrowings.

As a BDC, we are required to carry our investments at market value or, if no market value is ascertainable, at fair value as determined in good faith by or under the direction of our board of directors. Decreases in the market values or fair values of our investments are recorded as unrealized depreciation. Any unrealized depreciation in our loan portfolio could be an indication of a portfolio company's inability to meet its repayment obligations to us with respect to the affected loans. This could result in realized losses in the future and ultimately in reductions of our income available for distribution in future periods and could materially adversely affect our ability to service our outstanding borrowings. Depending on market conditions, we could incur substantial losses in future periods, which could further reduce our net asset value and have a material adverse impact on our business, financial condition and results of operations.

Global economic, political and market conditions may adversely affect our business, results of operations and financial condition, including our revenue growth and profitability.

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The current worldwide financial market situation, as well as various social and political tensions in the United States and around the world, may contribute to increased market volatility, may have long-term effects on

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the United States and worldwide financial markets, and may cause economic uncertainties or deterioration in the United States and worldwide. The occurrence of events similar to those in recent years, such as the aftermath of the war in Iraq, instability in Afghanistan, Pakistan, Egypt, Libya, Syria, Russia, Ukraine and the Middle East, terrorist attacks in the U.S. and around the world, social and political discord, debt crises, sovereign debt downgrades, or the exit or potential exit of one or more countries from the European Monetary Union, among others, may result in market volatility, may have long term effects on the U.S. and worldwide financial markets, and may cause further economic uncertainties in the U.S. and worldwide. There is continued concern about national-level support for the Euro and the accompanying coordination of fiscal and wage policy among European Economic and Monetary Union member countries. In addition, the fiscal policy of foreign nations, such as Russia and China, may have a severe impact on the worldwide and United States financial markets. We cannot predict the effects of these or similar events in the future on the United States economy and securities markets or on our investments. We monitor developments and seek to manage our investments in a manner consistent with achieving our investment objective, but there can be no assurance that we will be successful in doing so.

Volatility or a prolonged disruption in the credit markets could materially damage our business.

We are required to record our assets at fair value, as determined in good faith by our board of directors, in accordance with our valuation policy. As a result, volatility in the capital markets may have a material adverse effect on our valuations and our net asset value, even if we hold investments to maturity. Volatility or dislocation in the capital markets may depress our stock price below our net asset value per share and create a challenging environment in which to raise equity and debt capital. These conditions could continue for a prolonged period of time or worsen in the future. While these conditions persist, we and other companies in the financial services sector may have to access, if available, alternative markets for debt and equity capital. Equity capital may be difficult to raise because, subject to some limited exceptions which apply to us, as a BDC we are generally not able to issue additional shares of our common stock at a price less than net asset value without first obtaining approval for such issuance from our stockholders and our independent directors. At our 2016 Annual Stockholders Meeting, our stockholders approved our ability to sell or otherwise issue shares of our common stock, not exceeding 25% of our then outstanding common stock immediately prior to each such offering, at a price or prices below the then current net asset value per share, in each case subject to the approval of our board of directors and compliance with the conditions set forth in the proxy statement pertaining thereto, during a period beginning on June 7, 2016 and expiring on the earlier of the one-year anniversary of the date of the 2016 Annual Stockholders Meeting and the date of our 2017 Annual Stockholders Meeting, which is expected to be held in June 2017. However, notwithstanding such stockholder approval, since our initial public offering on February 24, 2011, we have not sold any shares of our common stock at a price below our then current net asset value per share. Any offering of our common stock that requires stockholder approval must occur, if at all, within one year after receiving such stockholder approval. In addition, our ability to incur indebtedness (including by issuing preferred stock) is limited by applicable regulations such that our asset coverage, as defined in the 1940 Act, must equal at least 200% immediately after each time we incur indebtedness. The debt capital that will be available, if at all, may be at a higher cost and on less favorable terms and conditions in the future. Any inability to raise capital could have a negative effect on our business, financial condition and results of operations.

Additionally, our ability to incur indebtedness is limited by the asset coverage ratio for a BDC, as defined under the 1940 Act. Declining portfolio values negatively impact our ability to borrow additional funds because our net asset value is reduced for purposes of the asset coverage ratio. If the fair value of our assets declines substantially, we may fail to maintain the asset coverage ratio stipulated by the 1940 Act, which could, in turn, cause us to lose our status as a BDC and materially impair our business operations. A lengthy disruption in the credit markets could also materially decrease demand for our investments.

The significant disruption in the capital markets experienced in the past has had, and may in the future have, a negative effect on the valuations of our investments and on the potential for liquidity events involving our investments. The debt capital that may be available to us in the future may be at a higher cost and have less

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favorable terms and conditions than those currently in effect. If our financing costs increase and we have no increase in interest income, then our net investment income will decrease. A prolonged inability to raise capital may require us to reduce the volume of investments we originate and could have a material adverse impact on our business, financial condition and results of operations. This may also increase the probability that other structural risks negatively impact us. These situations may arise due to circumstances that we may be unable to control, such as a lengthy disruption in the credit markets, a severe decline in the value of the U.S. dollar, a sharp economic downturn or recession or an operational problem that affects third parties or us, and could materially damage our business, financial condition and results of operations.

If we cannot obtain additional capital because of either regulatory or market price constraints, we could be forced to curtail or cease our new lending and investment activities, our net asset value could decrease and our level of distributions and liquidity could be affected adversely.

Our ability to secure additional financing and satisfy our financial obligations under indebtedness outstanding from time to time will depend upon our future operating performance, which is subject to the prevailing general economic and credit market conditions, including interest rate levels and the availability of credit generally, and financial, business and other factors, many of which are beyond our control. The prolonged continuation or worsening of current economic and capital market conditions could have a material adverse effect on our ability to secure financing on favorable terms, if at all.

If we are unable to obtain debt capital, then our equity investors will not benefit from the potential for increased returns on equity resulting from leverage to the extent that our investment strategy is successful and we may be limited in our ability to make new commitments or fundings to our portfolio companies.

Uncertainty relating to the LIBOR calculation process may adversely affect the value of our portfolio of the LIBOR-indexed, floating-rate debt securities.

Concerns have been publicized that some of the member banks surveyed by the British Bankers' Association (BBA) in connection with the calculation of LIBOR across a range of maturities and currencies may have been under-reporting or otherwise manipulating the inter-bank lending rate applicable to them in order to profit on their derivatives positions or to avoid an appearance of capital insufficiency or adverse reputational or other consequences that may have resulted from reporting inter-bank lending rates higher than those they actually submitted. A number of BBA member banks have entered into settlements with their regulators and law enforcement agencies with respect to alleged manipulation of LIBOR, and investigations by regulators and governmental authorities in various jurisdictions are ongoing.

Actions by the BBA, regulators or law enforcement agencies may result in changes to the manner in which LIBOR is determined. Uncertainty as to the nature of such potential changes may adversely affect the market for LIBOR-based securities, including our portfolio of LIBOR-indexed, floating-rate debt securities. In addition, any further changes or reforms to the determination or supervision of LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR, which could have an adverse impact on the market for LIBOR-based securities or the value of our portfolio of LIBOR-indexed, floating-rate debt securities.

Economic recessions or downturns could impair the ability of our portfolio companies to repay loans and harm our operating results.

Many of our potential portfolio companies may be susceptible to economic slowdowns or recessions and may be unable to repay our loans during these periods. Therefore, our non-performing assets may increase and the value of our portfolio may decrease during these periods as we

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are required to record the values of our investments. Adverse economic conditions also may decrease the value of collateral securing some of our loans and the value of our equity investments at fair value. Economic slowdowns or recessions could lead to financial losses in our portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also

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could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could prevent us from increasing investments and result in our receipt of a reduced level of interest income from our portfolio companies and/or losses or charge offs related to our investments, and, in turn, may adversely affect distributable income and have material adverse effect on our results in operations.

A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, acceleration of the time when the loans are due and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize the portfolio company's ability to meet its obligations under the debt that we hold. We may incur additional expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting portfolio company. In addition, if one of our portfolio companies were to go bankrupt, depending on the facts and circumstances, including the extent to which we actually provided significant managerial assistance to that portfolio company, a bankruptcy court might re-characterize our debt holding and subordinate all or a portion of our claim to that of other creditors.

These portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive research and development, manufacturing, marketing and service capabilities and greater number of qualified and experienced managerial and technical personnel. They may need additional financing which they are unable to secure and which we are unable or unwilling to provide, or they may be subject to adverse developments unrelated to the technologies they acquire.

We may suffer a loss if a portfolio company defaults on a loan and the underlying collateral is not sufficient.

In the event of a default by a portfolio company on a secured loan, we will only have recourse to the assets collateralizing the loan. If the underlying collateral value is less than the loan amount, we will suffer a loss. In addition, we sometimes make loans that are unsecured, which are subject to the risk that other lenders may be directly secured by the assets of the portfolio company. In the event of a default, those collateralized lenders would have priority over us with respect to the proceeds of a sale of the underlying assets. In cases described above, we may lack control over the underlying asset collateralizing our loan or the underlying assets of the portfolio company prior to a default, and as a result the value of the collateral may be reduced by acts or omissions by owners or managers of the assets.

In the event of bankruptcy of a portfolio company, we may not have full recourse to its assets in order to satisfy our loan, or our loan may be subject to equitable subordination. In addition, certain of our loans are subordinate to other debt of the portfolio company. If a portfolio company defaults on our loan or on debt senior to our loan, or in the event of a portfolio company bankruptcy, our loan will be satisfied only after the senior debt receives payment. Where debt senior to our loan exists, the presence of inter-creditor arrangements may limit our ability to amend our loan documents, assign our loans, accept prepayments, exercise our remedies (through standstill periods) and control decisions made in bankruptcy proceedings relating to the portfolio company. Bankruptcy and portfolio company litigation can significantly increase collection losses and the time needed for us to acquire the underlying collateral in the event of a default, during which time the collateral may decline in value, causing us to suffer further losses.

If the value of collateral underlying our loan declines or interest rates increase during the term of our loan, a portfolio company may not be able to obtain the necessary funds to repay our loan at maturity through refinancing. Decreasing collateral value and/or increasing interest rates may hinder a portfolio company's ability to refinance our loan because the underlying collateral cannot satisfy the debt service coverage requirements necessary to obtain new financing. If a borrower is unable to repay our loan at maturity, we could suffer a loss which may adversely impact our financial performance.

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The business, financial condition and results of operations of our portfolio companies could be adversely affected by worldwide economic conditions, as well as political and economic conditions in the countries in which they conduct business.

The business and operating results of our portfolio companies may be impacted by worldwide economic conditions. Although the U.S. economy has in recent years shown signs of recovery from the 2008-2009 global recession, the strength and duration of any economic recovery will be impacted by worldwide economic growth. For instance, concerns of economic slow down in China and other emerging markets and signs of deteriorating sovereign debt conditions in Europe could lead to disruption and instability in the global financial markets. The significant debt in U.S. and European countries is expected to hinder growth in those countries for the foreseeable future. Multiple factors relating to the international operations of some of our portfolio companies and to particular countries in which they operate could negatively impact their business, financial condition and results of operations.

Some of the products of our portfolio companies are developed, manufactured, assembled, tested or marketed outside the U.S. Any conflict or uncertainty in these countries, including due to natural disasters, public health concerns, political unrest or safety concerns, could harm their business, financial condition and results of operations. In addition, if the government of any country in which their products are developed, manufactured or sold sets technical or regulatory standards for products developed or manufactured in or imported into their country that are not widely shared, it may lead some of their customers to suspend imports of their products into that country, require manufacturers or developers in that country to manufacture or develop products with different technical or regulatory standards and disrupt cross-border manufacturing, marketing or business relationships which, in each case, could harm their businesses.

Our failure to make follow-on investments in our portfolio companies could impair the value of our portfolio.

Following an initial investment in a portfolio company, we may make additional investments in that portfolio company as follow-on investments, in order to: (i) increase or maintain in whole or in part our ownership percentage; (ii) exercise warrants, options or convertible securities that were acquired in the original or subsequent financing; or (iii) attempt to preserve or enhance the value of our investment. We may elect not to make follow-on investments or otherwise lack sufficient funds to make those investments. We will have the discretion to make any follow-on investments, subject to the availability of capital resources. The failure to make follow-on investments may, in some circumstances, jeopardize the continued viability of a portfolio company and our initial investment, or may result in a missed opportunity for us to increase our participation in a successful operation. Even if we have sufficient capital to make a desired follow-on investment, we may elect not to make a follow-on investment because we may not want to increase our concentration of risk, either because we prefer other opportunities or because we are subject to BDC requirements that would prevent such follow-on investments, or the desire to maintain our RIC tax status.

Where we do not hold controlling equity interests in our portfolio companies, we may not be in a position to exercise control over our portfolio companies or to prevent decisions by management of our portfolio companies that could decrease the value of our investments.

Although we hold controlling equity positions in some of our portfolio companies, we do not currently hold controlling equity positions in the majority of our portfolio companies. As a result, we are subject to the risk that a portfolio company may make business decisions with which we disagree, and that the management and/or stockholders of a portfolio company may take risks or otherwise act in ways that are adverse to our interests. Due to the lack of liquidity of the investments that we typically hold in our portfolio companies, we may not be able to dispose of our investments in the event we disagree with the actions of a portfolio company and may therefore suffer a decrease in the value of our investments.

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Prepayments of our debt investments by our portfolio companies could adversely impact our results of operations and reduce our return on equity.

We are subject to the risk that the investments we make in our portfolio companies may be prepaid prior to maturity. When this occurs, we may reduce our borrowings outstanding or reinvest these proceeds in temporary investments, pending their future investment in new portfolio companies. These temporary investments, if any, will typically have substantially lower yields than the debt investment being prepaid and we could experience significant delays in reinvesting these amounts. Any future investment in a new portfolio company may also be at lower yields than the debt investment that was prepaid. As a result, our results of operations could be materially adversely affected if one or more of our portfolio companies elect to prepay amounts owed to us. Additionally, prepayments could negatively impact our return on equity, which could result in a decline in the market price of our common stock.

We may choose to waive or defer enforcement of covenants in the debt securities held in our portfolio, which may cause us to lose all or part of our investment in these companies.

We structure the debt investments in our portfolio companies to include business and financial covenants placing affirmative and negative obligations on the operation of the company's business and its financial condition. However, from time to time we may elect to waive breaches of these covenants, including our right to payment, or waive or defer enforcement of remedies, such as acceleration of obligations or foreclosure on collateral, depending upon the financial condition and prospects of the particular portfolio company. These actions may reduce the likelihood of our receiving the full amount of future payments of interest or principal and be accompanied by a deterioration in the value of the underlying collateral as many of these companies may have limited financial resources, may be unable to meet future obligations and may go bankrupt. This could negatively impact our ability to pay distributions, could adversely affect our results of operation and financial condition and cause the loss of all or part of your investment.

Our loans could be subject to equitable subordination by a court which would increase our risk of loss with respect to such loans.

Courts may apply the doctrine of equitable subordination to subordinate the claim or lien of a lender against a borrower to claims or liens of other creditors of the borrower, when the lender or its affiliates is found to have engaged in unfair, inequitable or fraudulent conduct. The courts have also applied the doctrine of equitable subordination when a lender or its affiliates is found to have exerted inappropriate control over a client, including control resulting from the ownership of equity interests in a client. We have made direct equity investments or received warrants in connection with loans. Payments on one or more of our loans, particularly a loan to a client in which we may also hold an equity interest, may be subject to claims of equitable subordination. If we were deemed to have the ability to control or otherwise exercise influence over the business and affairs of one or more of our portfolio companies resulting in economic hardship to other creditors of that company, this control or influence may constitute grounds for equitable subordination and a court may treat one or more of our loans as if it were unsecured or common equity in the portfolio company. In that case, if the portfolio company were to liquidate, we would be entitled to repayment of our loan on a pro-rata basis with other unsecured debt or, if the effect of subordination was to place us at the level of common equity, then on an equal basis with other holders of the portfolio company's common equity only after all of its obligations relating to its debt and preferred securities had been satisfied.

An investment strategy focused primarily on privately held companies presents certain challenges, including the lack of available information about these companies, a dependence on the talents and efforts of only a few key portfolio company personnel and a greater vulnerability to economic downturns.

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We invest primarily in privately held companies. Generally, little public information exists about these companies, and we are required to rely on the ability of Solar Capital Partners' investment professionals to obtain

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adequate information to evaluate the potential returns from investing in these companies. If we will be unable to uncover all material information about these companies, we may not make a fully informed investment decision, and we may lose money on our investments. Also, smaller privately held companies frequently have less diverse product lines and smaller market presence than larger competitors. These factors could adversely affect our investment returns as compared to companies investing primarily in the securities of public companies.

Our portfolio companies may incur debt that ranks equally with, or senior to, some of our investments in such companies.

We invest primarily in senior secured loans, including second lien, as well as unsecured debt instruments issued by our portfolio companies. If we invest in second lien, or unsecured debt instruments, our portfolio companies typically may be permitted to incur other debt that ranks equally with, or senior to, such debt instruments. By their terms, such debt instruments may provide that the holders are entitled to receive payment of interest or principal on or before the dates on which we are entitled to receive payments in respect of the debt securities in which we will invest. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution in respect of our investment. In such cases, after repaying such senior creditors, such portfolio company may not have any remaining assets to use for repaying its obligation to us. In the case of debt ranking equally with debt securities in which we invest, we would have to share on an equal basis any distributions with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company. Any such limitations on the ability of our portfolio companies to make principal or interest payments to us, if at all, may reduce our net asset value and have a negative material adverse impact to our business, financial condition and results of operation.

Our investments in foreign securities may involve significant risks in addition to the risks inherent in U.S. investments.

Our investment strategy contemplates potential investments in debt securities of foreign companies. Investing in foreign companies may expose us to additional risks not typically associated with investing in U.S. companies. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Although most of our investments will be U.S. dollar-denominated, any investments denominated in a foreign currency will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation, and political developments. We may employ hedging techniques to minimize these risks, but we can offer no assurance that we will, in fact, hedge currency risk, or that if we do, such strategies will be effective.

We may expose ourselves to risks if we engage in hedging transactions.

If we engage in hedging transactions, we may expose ourselves to risks associated with such transactions. We may utilize instruments such as forward contracts, currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of our portfolio positions from changes in currency exchange rates and market interest rates. Hedging against a decline in the values of our portfolio positions does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline. However, such hedging can establish other positions designed to gain from

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those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions may also limit the opportunity for gain if the values of the underlying portfolio positions should increase. It may not be possible to hedge against an exchange rate or interest rate fluctuation that is so generally anticipated that we are not able to enter into a hedging transaction at an acceptable price.

The success of our hedging transactions will depend on our ability to correctly predict movements in currencies and interest rates. Therefore, while we may enter into such transactions to seek to reduce currency exchange rate and interest rate risks, unanticipated changes in currency exchange rates or interest rates may result in poorer overall investment performance than if we had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged may vary. Moreover, for a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Any such imperfect correlation may prevent us from achieving the intended hedge and expose us to risk of loss. In addition, it may not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of factors not related to currency fluctuations. To the extent we engage in hedging transactions, we also face the risk that counterparties to the derivative instruments we hold may default, which may expose us to unexpected losses from positions where we believed that our risk had been appropriately hedged.

Our investment adviser may not be able to achieve the same or similar returns as those achieved by our senior investment professionals while they were employed at prior positions.

Although in the past our senior investment professionals held senior positions at a number of investment firms, their track record and achievements are not necessarily indicative of future results that will be achieved by our investment adviser. In their roles at such other firms, our senior investment professionals were part of investment teams, and they were not solely responsible for generating investment ideas. In addition, such investment teams arrived at investment decisions by consensus.

Risks Relating to an Investment in Our Securities

Our shares may trade at a substantial discount from net asset value and may continue to do so over the long term.

Shares of BDCs may trade at a market price that is less than the net asset value that is attributable to those shares. The possibility that our shares of common stock will trade at a substantial discount from net asset value over the long term is separate and distinct from the risk that our net asset value will decrease. We cannot predict whether shares of our common stock will trade above, at or below our net asset value. If our common stock trades below its net asset value, we will generally not be able to issue additional shares or sell our common stock at its market price without first obtaining the approval for such issuance from our stockholders and our independent directors. At our 2016 Annual Stockholders Meeting, our stockholders approved our ability to sell or otherwise issue shares of our common stock, not exceeding 25% of our then outstanding common stock immediately prior to each such offering, at a price or prices below the then current net asset value per share, in each case subject to the approval of our board of directors and compliance with the conditions set forth in the proxy statement pertaining thereto, during a period beginning on June 7, 2016 and expiring on the earlier of the one-year anniversary of the date of the 2016 Annual Stockholders Meeting and the date of our 2017 Annual Stockholders Meeting, which is expected to be held in June 2017. However, notwithstanding such stockholder approval, since our initial public offering on February 24, 2011, we have not sold any shares of our common stock at a price below our then current net asset value per share. Any offering of our common stock that requires stockholder approval must occur, if at all, within one year after receiving such stockholder approval. If additional funds are not available to us, we could be forced to curtail or cease our new lending and investment activities, and our net asset value could decrease and our level of distributions could be impacted.

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Our common stock price may be volatile and may decrease substantially.

The trading price of our common stock may fluctuate substantially. The price of our common stock that will prevail in the market may be higher or lower than the price you pay, depending on many factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include, but are not limited to, the following:

price and volume fluctuations in the overall stock market from time to time;

investor demand for our shares;

significant volatility in the market price and trading volume of securities of BDCs or other companies in our sector, which are not necessarily related to the operating performance of these companies;

exclusion of our common stock from certain market indices, such as the Russell 2000 Financial Services Index, which could reduce the ability of certain investment funds to own our common stock and put short-term selling pressure on our common stock;

changes in regulatory policies or tax guidelines with respect to RICs or BDCs;

failure to qualify as a RIC, or the loss of RIC tax treatment;

any shortfall in revenue or net income or any increase in losses from levels expected by investors or securities analysts;

changes, or perceived changes, in the value of our portfolio investments;

departures of Solar Capital Partners' key personnel;

operating performance of companies comparable to us;

changes in the prevailing interest rates;

loss of a major funding source; or

general economic conditions and trends and other external factors.

Our business and operation could be negatively affected if we become subject to any securities litigation or shareholder activism, which could cause us to incur significant expense, hinder execution of investment strategy and impact our stock price.

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. Shareholder activism, which could take many forms or arise in a variety of situations, has been increasing in the BDC space recently. While we are currently not subject to any securities litigation or shareholder activism, due to the potential volatility of our stock price and for a variety of other reasons, we may in the future become the target of securities litigation or shareholder activism in the future. Securities litigation and shareholder activism, including potential proxy contests, could result in substantial costs and divert management's and our board of directors' attention and resources from our business. Additionally, such securities litigation and shareholder activism could give rise to perceived uncertainties as to our future, adversely affect our relationships with service providers and make it more difficult to attract and retain qualified personnel. Also, we may be required to incur significant legal fees and other expenses related to any securities litigation and activist shareholder matters. Further, our stock price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any securities litigation and shareholder activism.

There is a risk that our stockholders may not receive distributions or that our distributions may not grow over time.

We intend to make distributions on a monthly basis to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to make a specified

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level of cash distributions or year-to-year increases in cash distributions. In addition, due to the asset coverage test applicable to us as a BDC, we may be limited in our ability to make distributions. To the extent we make distributions to stockholders which include a return of capital, that portion of the distribution essentially constitutes a return of the stockholders' investment. Although such return of capital may not be taxable, such distributions may increase an investor's tax liability for capital gains upon the future sale of our common stock.

As a RIC, if we do not distribute a certain percentage of our income annually, we may suffer adverse tax consequences, including possibly losing the U.S. federal income tax benefits allowable to RICs. We cannot assure you that you will receive distributions at a particular level or at all.

We may choose to pay distributions in our own common stock, in which case our stockholders may be required to pay U.S. federal income taxes in excess of the cash distributions they receive.

We may distribute taxable distributions that are payable in cash or shares of our common stock at the election of each stockholder. Under certain applicable provisions of the Code and the Treasury regulations, distributions payable in cash or in shares of stock at the election of stockholders are treated as taxable distributions. The Internal Revenue Service has issued private rulings indicating that this rule will apply even where the total amount of cash that may be distributed is limited to no more than 20% of the total distribution. Under these rulings, if too many stockholders elect to receive their distributions in cash, each such stockholder would receive a pro rata share of the total cash to be distributed and would receive the remainder of their distribution in shares of stock. If we decide to make any distributions consistent with these rulings that are payable in part in our stock, taxable stockholders receiving such distributions will be required to include the full amount of the distribution (whether received in cash, our stock, or a combination thereof) as ordinary income (or as long-term capital gain to the extent such distribution is properly reported as a capital gain distribution) to the extent of our current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, a U.S. stockholder may be required to pay tax with respect to such distributions in excess of any cash received. If a U.S. stockholder sells the stock it receives as a distribution in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the distribution, depending on the market price of our stock at the time of the sale. Furthermore, with respect to non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such distributions, including in respect of all or a portion of such distribution that is payable in stock. In addition, if a significant number of our stockholders determine to sell shares of our stock in order to pay taxes owed on distributions, it may put downward pressure on the trading price of our stock.

Sales of substantial amounts of our common stock in the public market may have an adverse effect on the market price of our common stock.

The 500,000 shares that were originally issued to Solar Senior Capital Investors LLC in the Concurrent Private Placement pursuant to the exemption from registration provided by Section 4(2) under the Securities Act were subject to a 180 day lock-up period. Upon expiration of this lock-up period, such shares became generally freely tradable in the public market, subject to the provisions of Rule 144 promulgated under the Securities Act. Sales of substantial amounts of our common stock, or the availability of such common stock for sale, could adversely affect the prevailing market prices for our common stock. If this occurs and continues, it could impair our ability to raise additional capital through the sale of securities should we desire to do so.

We have also committed to file a registration statement to register the resale of the shares of common stock that were issued in the Concurrent Private Placement to Solar Senior Capital Investors LLC within 60 days of receiving a request from Solar Senior Capital Investors LLC to do so. We have committed to use our commercially reasonable efforts to obtain effectiveness of such registration statement as soon as reasonably practicable after the filing of such registration statement. Assuming effectiveness of such registration statement, Solar Senior Capital Investors LLC will generally be able to resell its shares of common stock without restriction.

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We may be unable to invest the net proceeds raised from any offerings on acceptable terms or allocate net proceeds from any offering of our securities in ways with which you may not agree.

We cannot assure you that we will be able to find enough appropriate investments that meet our investment criteria or that any investment we complete using the proceeds from any securities offering will produce a sufficient return. Until we identify new investment opportunities, we intend to either invest the net proceeds of future offerings in cash equivalents, U.S. Government securities and other high-quality debt investments that mature in one year or less or use the net proceeds from such offerings to reduce then-outstanding obligations.

We have significant flexibility in investing the net proceeds of any offering of our securities and may use the net proceeds from an offering in ways with which you may not agree or for purposes other than those contemplated at the time of the offering.

The net asset value per share of our common stock may be diluted if we sell shares of our common stock in one or more offerings at prices below the then current net asset value per share of our common stock.

At our 2016 Annual Stockholders Meeting, our stockholders approved our ability to sell or otherwise issue shares of our common stock, not exceeding 25% of our then outstanding common stock immediately prior to each such offering, at a price or prices below the then current net asset value per share, in each case subject to the approval of our board of directors and compliance with the conditions set forth in the proxy statement pertaining thereto, during a period beginning on June 7, 2016 and expiring on the earlier of the one-year anniversary of the date of the 2016 Annual Stockholders Meeting and the date of our 2017 Annual Stockholders Meeting, which is expected to be held in June 2017. However, notwithstanding such stockholder approval, since our initial public offering on February 24, 2011, we have not sold any shares of our common stock at a price below our then current net asset value per share. Any offering of our common stock that requires stockholder approval must occur, if at all, within one year after receiving such stockholder approval.

We may also use newly issued shares to implement our dividend reinvestment plan, whether our shares are trading at a premium or at a discount to our then current net asset value per share. To the extent we receive the necessary approval, any decision to sell shares of our common stock below its then current net asset value per share would be subject to the determination by our board of directors that such issuance or sale is in our and our stockholders' best interests.

If we were to sell shares of our common stock below its then current net asset value per share, such sales would result in an immediate dilution to the net asset value per share of our common stock. This dilution would occur as a result of the sale of shares at a price below the then current net asset value per share of our common stock and a proportionately greater decrease in the stockholders' interest in our earnings and assets and their voting interest in us than the increase in our assets resulting from such sale. Because the number of shares of common stock that could be so issued and the timing of any issuance is not currently known, the actual dilutive effect cannot be predicted.

Further, if our current stockholders do not purchase any shares to maintain their percentage interest, regardless of whether such offering is above or below the then current net asset value per share, their voting power will be diluted. For example, if we sell an additional 10% of our common shares at a 5% discount from net asset value, a stockholder who does not participate in that offering for its proportionate interest will suffer net asset value dilution of up to 0.5% or \$5 per \$1000 of net asset value.

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Similarly, all distributions declared in cash payable to stockholders that are participants in our distribution reinvestment plan are generally automatically reinvested in shares of our common stock. As a result, stockholders that do not participate in the dividend reinvestment plan may experience dilution over time. Stockholders who do not elect to receive distributions in shares of common stock may experience accretion to the net asset value of their shares if our shares are trading at a premium and dilution if our shares are trading at a discount. The level of accretion or discount would depend on various factors, including the proportion of our

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stockholders who participate in the plan, the level of premium or discount at which our shares are trading and the amount of the distribution payable to a stockholder.

Our stockholders may experience dilution upon the repurchase of common shares.

If our Board of Directors authorized a stock repurchase plan that permitted us to repurchase shares of our common stock, we would be able to repurchase shares of our common stock in the open market, including block purchases, at prices that may be above or below the net asset value as reported in the most recently published financial statements. If we were to repurchase shares at a price above net asset value, such repurchases would result in an immediate dilution to existing common stockholders due to a reduction in our earnings and assets due to the repurchase that is greater than the reduction in total shares outstanding.

Risks Relating to Our Business and Structure

We are dependent upon Solar Capital Partners' key personnel for our future success.

We depend on the diligence, skill and network of business contacts of Messrs. Gross and Spohler, who serve as the managing member and partner of Solar Capital Partners, respectively, and who lead Solar Capital Partners' investment team. Messrs. Gross and Spohler, together with the other dedicated investment professionals available to Solar Capital Partners, evaluate, negotiate, structure, close and monitor our investments. Our future success will depend on the diligence, skill, network of business contacts and continued service of Messrs. Gross and Spohler and the other investment professionals available to Solar Capital Partners. We cannot assure you that unforeseen business, medical, personal or other circumstances would not lead any such individual to terminate his relationship with us. The loss of Mr. Gross or Mr. Spohler, or any of the other senior investment professionals who serve on Solar Capital Partners' investment team, could have a material adverse effect on our ability to achieve our investment objective as well as on our financial condition and results of operations. In addition, we can offer no assurance that Solar Capital Partners will remain our investment adviser.

The senior investment professionals of Solar Capital Partners are and may in the future become affiliated with entities engaged in business activities similar to those intended to be conducted by us, and may have conflicts of interest in allocating their time. We expect that Messrs. Gross and Spohler will dedicate a significant portion of their time to the activities of Solar Senior Capital; however, they may be engaged in other business activities which could divert their time and attention in the future. Specifically, each of Messrs. Gross and Spohler serve as chief executive officer and chief operating officer, respectively, of Solar Capital Ltd.

Our business model depends to a significant extent upon strong referral relationships with financial sponsors, and the inability of the senior investment professionals of our investment adviser to maintain or develop these relationships, or the failure of these relationships to generate investment opportunities, could adversely affect our business.

We expect that the principals of our investment adviser will maintain and develop their relationships with financial sponsors, and we will rely to a significant extent upon these relationships to provide us with potential investment opportunities. If the senior investment professionals of our investment adviser fail to maintain their existing relationships or to develop new relationships with other sponsors or sources of investment opportunities, we will not be able to grow our investment portfolio. In addition, individuals with whom the senior investment professionals of our investment adviser have relationships are not obligated to provide us with investment opportunities, and, therefore, there is no assurance that

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such relationships will generate investment opportunities for us. If our investment adviser is unable to source investment opportunities, we may hold a greater percentage of our assets in cash and cash equivalents than anticipated, which could impact potential returns on our portfolio.

A disruption in the capital markets and the credit markets could negatively affect our business.

As a BDC, we have to maintain our ability to raise additional capital for investment purposes. Without sufficient access to the capital markets or credit markets, we may be forced to curtail our business operations or

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we may not be able to pursue new business opportunities. Disruptive conditions in the financial industry and the impact of new legislation in response to those conditions could restrict our business operations and could adversely impact our results of operations and financial condition.

If the fair value of our assets declines substantially, we may fail to maintain the asset coverage ratios imposed upon us by the 1940 Act and the Credit Facility. Any such failure could result in an event of default and all of our debt being declared immediately due and payable and would affect our ability to issue senior securities, including borrowings, and pay distributions, which could materially impair our business operations. Our liquidity could be impaired further by an inability to access the capital markets or to draw on the Credit Facility. For example, we cannot be certain that we will be able to renew the Credit Facility as it matures or to consummate new borrowing facilities to provide capital for normal operations, including new originations. Reflecting concern about the stability of the financial markets, many lenders and institutional investors have reduced or ceased providing funding to borrowers. This market turmoil and tightening of credit have led to increased market volatility and widespread reduction of business activity generally.

If we are unable to renew or replace the Credit Facility and consummate new facilities on commercially reasonable terms, our liquidity will be reduced significantly. If we consummate new facilities but are then unable to repay amounts outstanding under such facilities, and are declared in default or are unable to renew or refinance these facilities, we would not be able to initiate significant originations or to operate our business in the normal course. These situations may arise due to circumstances that we may be unable to control, such as inaccessibility to the credit markets, a severe decline in the value of the U.S. dollar, a further economic downturn or an operational problem that affects third parties or us, and could materially damage our business. Moreover, we are unable to predict when economic and market conditions may become more favorable. Even if such conditions improve broadly and significantly over the long term, adverse conditions in particular sectors of the financial markets could adversely impact our business.

Our financial condition and results of operations will depend on Solar Capital Partners' ability to manage our future growth effectively by identifying, investing in and monitoring companies that meet our investment criteria.

Our ability to achieve our investment objective and to grow depends on Solar Capital Partners' ability to identify, invest in and monitor companies that meet our investment criteria. Accomplishing this result on a cost-effective basis is largely a function of Solar Capital Partners' structuring of the investment process, its ability to provide competent, attentive and efficient services to us and its ability to access financing for us on acceptable terms. The investment team of Solar Capital Partners has substantial responsibilities under the Investment Advisory and Management Agreement, and they may also be called upon to provide managerial assistance to our portfolio companies as the principals of our administrator. In addition, the members of Solar Capital Partners' investment team have similar responsibilities with respect to the management of Solar Capital's investment portfolio. Such demands on their time may distract them or slow our rate of investment. In order to grow, we and Solar Capital Partners will need to retain, train, supervise and manage new investment professionals. However, we can offer no assurance that any such investment professionals will contribute effectively to the work of the investment adviser. Any failure to manage our future growth effectively could have a material adverse effect on our business, financial condition and results of operations.

We may need to raise additional capital to grow because we must distribute most of our income.

We may need additional capital to fund growth in our investments. We expect to issue equity securities and expect to borrow from financial institutions in the future. A reduction in the availability of new capital could limit our ability to grow. We must distribute at least 90% of our investment company taxable income to our stockholders to maintain our tax treatment as RIC. As a result, any such cash earnings may not be available to fund investment originations. We expect to borrow from financial institutions and issue additional debt and equity securities. If we fail to obtain funds from such sources or from other sources to fund our investments, it

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could limit our ability to grow, which may have an adverse effect on the value of our securities. In addition, as a BDC, our ability to borrow or issue preferred stock may be restricted if our total assets are less than 200% of our total borrowings and preferred stock.

Any failure on our part to maintain our status as a BDC would reduce our operating flexibility and we may be limited in our investment choices as a BDC.

The 1940 Act imposes numerous constraints on the operations of BDCs. For example, BDCs are required to invest at least 70% of their total assets in specified types of securities, primarily in private companies or thinly-traded U.S. public companies, cash, cash equivalents, U.S. government securities and other high quality debt investments that mature in one year or less. Furthermore, any failure to comply with the requirements imposed on BDCs by the 1940 Act could cause the SEC to bring an enforcement action against us and/or expose us to claims of private litigants. In addition, upon approval of a majority of our stockholders, we may elect to withdraw our status as a BDC. If we decide to withdraw our election, or if we otherwise fail to qualify, or maintain our qualification, as a BDC, we may be subject to the substantially greater regulation under the 1940 Act as a closed-end investment company. Compliance with such regulations would significantly decrease our operating flexibility, and could have a material adverse effect on our business, financial condition and results of operations.

Regulations governing our operation as a BDC affect our ability to raise, and the way in which we raise additional capital. As a BDC, the necessity of raising additional capital may expose us to risks, including the typical risks associated with leverage.

In order to satisfy the tax requirements applicable to a RIC, to avoid payment of excise taxes and to minimize or avoid payment of income taxes, we intend to distribute to our stockholders substantially all of our ordinary income and realized net capital gains except for certain realized net long-term capital gains, which we may retain, pay applicable income taxes with respect thereto and elect to treat as deemed distributions to our stockholders. We may issue debt securities or preferred stock and/or borrow money from banks or other financial institutions, which we refer to collectively as senior securities, up to the maximum amount permitted by the 1940 Act. Under the provisions of the 1940 Act, we are permitted, as a BDC, to issue senior securities in amounts such that our asset coverage ratio, as defined in the 1940 Act, equals at least 200% of gross assets less all liabilities and indebtedness not represented by senior securities, after each issuance of senior securities. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we may be required to sell a portion of our investments and, depending on the nature of our leverage, repay a portion of our indebtedness at a time when such sales may be disadvantageous. Also, any amounts that we use to service our indebtedness would not be available for distributions to our common stockholders. Furthermore, as a result of issuing senior securities, we would also be exposed to typical risks associated with leverage, including an increased risk of loss.

As of March 31, 2016, we had \$129.1 million outstanding under the Credit Facility. If we issue preferred stock, the preferred stock would rank senior to common stock in our capital structure, preferred stockholders would generally vote together with common stockholders but would have separate voting rights on certain matters and might have other rights, preferences, or privileges more favorable than those of our common stockholders, and the issuance of preferred stock could have the effect of delaying, deferring or preventing a transaction or a change of control that might involve a premium price for holders of our common stock or otherwise be in your best interest.

We are not generally able to issue and sell our common stock at a price below net asset value per share. We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the then-current net asset value per share of our common stock if our board of directors determines that such sale is in the best interests of Solar Senior Capital and its stockholders, and our stockholders approve such sale. In any such case, the price at which our securities are to be issued and sold may not be less than a price that, in the determination of our board of directors, closely approximates the market value of such securities (less any

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distributing commission or discount). If we raise additional funds by issuing more common stock or senior securities convertible into, or exchangeable for, our common stock, then the percentage ownership of our stockholders at that time will decrease, and you might experience dilution. This dilution would occur as a result of a proportionately greater decrease in a stockholder's interest in our earnings and assets and voting interest in us than the increase in our assets resulting from such issuance. Because the number of future shares of common stock that may be issued below our net asset value per share and the price and timing of such issuances are not currently known, we cannot predict the actual dilutive effect of any such issuance. We cannot determine the resulting reduction in our net asset value per share of any such issuance. We also cannot predict whether shares of our common stock will trade above, at or below our net asset value.

At our 2015 Annual Stockholders Meeting, our stockholders approved our ability to sell or otherwise issue shares of our common stock, not exceeding 25% of our then outstanding common stock immediately prior to each such offering, at a price or prices below the then current net asset value per share, in each case subject to the approval of our board of directors and compliance with the conditions set forth in the proxy statement pertaining thereto, during a period beginning on June 7, 2016 and expiring on the earlier of the one-year anniversary of the date of the 2016 Annual Stockholders Meeting and the date of our 2017 Annual Stockholders Meeting, which is expected to be held in June 2017. However, notwithstanding such stockholder approval, since our initial public offering on February 24, 2011, we have not sold any shares of our common stock at a price below our then current net asset value per share. Any offering of our common stock that requires stockholder approval must occur, if at all, within one year after receiving such stockholder approval.

Our credit ratings may not reflect all risks of an investment in our debt securities.

Our credit ratings are an assessment by third parties of our ability to pay our obligations. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of our debt securities. Our credit ratings, however, may not reflect the potential impact of risks related to market conditions generally or other factors discussed above on the market value of or trading market for the publicly issued debt securities.

Our stockholders may experience dilution in their ownership percentage if they do not participate in our dividend reinvestment plan.

All distributions declared in cash payable to stockholders that are participants in our dividend reinvestment plan are generally automatically reinvested in shares of our common stock. In the event we issue new shares in connection with our dividend reinvestment plan, our stockholders that do not elect to receive distributions in shares of common stock may experience dilution in their ownership percentage over time as a result of such issuance.

We have and may continue to borrow money, which would magnify the potential for loss on amounts invested and may increase the risk of investing in us.

We borrow money as part of our business plan. Borrowings, also known as leverage, magnify the potential for loss on amounts invested and, therefore, increase the risks associated with investing in our securities. As of March 31, 2016, we had \$129.1 million outstanding under the Credit Facility. We may borrow from and/or issue senior debt securities to banks, insurance companies and other lenders in the future. Lenders of these senior securities, including the Credit Facility, will have fixed dollar claims on our assets that are superior to the claims of our common stockholders, and we would expect such lenders to seek recovery against our assets in the event of a default. If the value of our assets decreases, leveraging would cause net asset value to decline more sharply than it otherwise would have had we not leveraged. Similarly, any decrease in our income would cause net income to decline more sharply than it would have had we not borrowed. Such a decline could also negatively affect our ability to make distribution payments on our common stock. Leverage is generally considered a speculative investment technique. Our

ability to service any debt that we incur will depend largely on our financial performance and will be subject to prevailing economic conditions and competitive pressures.

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Moreover, as the management fee payable to our investment adviser, Solar Capital Partners, will be payable based on our gross assets, including those assets acquired through the use of leverage, Solar Capital Partners will have a financial incentive to incur leverage which may not be consistent with our stockholders' interests. In addition, our common stockholders will bear the burden of any increase in our expenses as a result of leverage, including any increase in the management fee payable to Solar Capital Partners.

As a BDC, we generally are required to meet a coverage ratio of total assets to total borrowings and other senior securities, which include all of our borrowings and any preferred stock that we may issue in the future, of at least 200%. Additionally, the Credit Facility requires us to comply with certain financial and other restriction covenants, including maintaining an asset coverage ratio of at least 200% at any time. Failure to maintain compliance with these covenants could result in an event of default and all of our debt being declared immediately due and payable. If this ratio declines below 200%, we may not be able to incur additional debt and could be required by law to sell a portion of our investments to repay some debt when it is disadvantageous to do so, which could have a material adverse effect on our operations, and we may not be able to make distributions. The amount of leverage that we employ will depend on our investment adviser's and our board of directors' assessment of market and other factors at the time of any proposed borrowing. We cannot assure you that we will be able to obtain credit at all or on terms acceptable to us.

In addition, the Credit Facility imposes, and any other debt facility into which we may enter would likely impose financial and operating covenants that restrict our business activities, including limitations that could hinder our ability to finance additional loans and investments or to make the distributions required to maintain our status as a RIC under Subchapter M of the Code.

The debt securities that we may issue will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. We, and indirectly our stockholders, bear the cost of issuing and servicing such debt securities. Any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock.

Illustration. The following table illustrates the effect of leverage on returns from an investment in our Company assuming various annual returns on our total assets, net of interest expense. The calculations in the table below are hypothetical and actual returns may be higher or lower than those appearing in the table below.

	Assumed total return (net of interest expense) (unaudited)				
	(10)%	(5)%	0%	5%	10%
Corresponding return to stockholder(1)	(20.8)%	(11.2)%	(1.7)%	7.9%	17.4%

- (1) Assumes \$368.4 million in total assets and \$129.1 million in total debt outstanding, which reflects our total assets and total debt outstanding as of March 31, 2016, and a cost of funds of 2.52%. Excludes non-leverage related expenses. In order for us to cover our annual interest payments on our outstanding indebtedness at March 31, 2016, we must achieve annual returns on our March 31, 2016 total assets of at least 0.9%.

It is likely that the terms of any current or future long-term or revolving credit or warehouse facility we may enter into in the future could constrain our ability to grow our business.

Under our borrowings and the Credit Facility, current lenders have, and any future lender or lenders may have, fixed dollar claims on our assets that are senior to the claims of our stockholders and, thus, will have a preference over our stockholders with respect to our assets in the collateral

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pool. The Credit Facility and borrowings also subject us to various financial and operating covenants, including, but not limited to, maintaining certain financial ratios and minimum tangible net worth amounts. Future credit facilities and borrowings will likely subject us to similar or additional covenants. In addition, we may grant a security interest in our assets in connection with any such credit facilities and borrowings.

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The Credit Facility contains customary default provisions such as a minimum net worth amount, a profitability test, and a restriction on changing our business and loan quality standards. In addition, the Credit Facility requires the repayment of all outstanding debt on the maturity which may disrupt our business and potentially the business of our portfolio companies that are financed through the credit facility. An event of default under the Credit Facility would likely result, among other things, in termination of the availability of further funds under the Credit Facility and accelerated maturity dates for all amounts outstanding under the Credit Facility, which would likely disrupt our business and, potentially, the business of the portfolio companies whose loans we finance through the Credit Facility. This could reduce our revenues and, by delaying any cash payment allowed to us under our the Credit Facility until the lender has been paid in full, reduce our liquidity and cash flow and impair our ability to grow our business and maintain our status as a RIC.

The terms of future available financing may place limits on our financial and operation flexibility. If we are unable to obtain sufficient capital in the future, we may be forced to reduce or discontinue our operations, not be able to make new investments, or otherwise respond to changing business conditions or competitive pressures.

To the extent we use debt or preferred stock to finance our investments, changes in interest rates will affect our cost of capital and net investment income.

To the extent we borrow money, or issue preferred stock, to make investments, our net investment income will depend, in part, upon the difference between the rate at which we borrow funds or pay distributions on preferred stock and the rate at which we invest those funds. As a result, we can offer no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income in the event we use debt to finance our investments. In periods of rising interest rates, our cost of funds would increase, except to the extent we issue fixed rate debt or preferred stock, which could reduce our net investment income. We expect that our long-term fixed-rate investments will be financed primarily with equity and long-term debt. We may use interest rate risk management techniques in an effort to limit our exposure to interest rate fluctuations. Such techniques may include various interest rate hedging activities to the extent permitted by the 1940 Act.

You should also be aware that a rise in the general level of interest rates can be expected to lead to higher interest rates applicable to our debt investments. Accordingly, an increase in interest rates may make it easier for us to meet or exceed the incentive fee hurdle rate and may result in a substantial increase of the amount of incentive fees payable to our investment adviser with respect to our pre-incentive fee net investment income.

We may in the future determine to fund a portion of our investments with preferred stock, which would magnify the potential for loss and the risks of investing in us in the same way as our borrowings.

Preferred stock, which is another form of leverage, has the same risks to our common stockholders as borrowings because the distributions on any preferred stock we issue must be cumulative. Payment of such distributions and repayment of the liquidation preference of such preferred stock must take preference over any distributions or other payments to our common stockholders, and preferred stockholders are not subject to any of our expenses or losses and are not entitled to participate in any income or appreciation in excess of their stated preference.

If we issue preferred stock, the holders of our common stock may pay higher fees to the extent the proceeds are not used to repay outstanding indebtedness and the common stockholders will have less voting power.

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In the event that we decide to issue preferred stock, the holders of our common stock may pay higher fees to the extent the proceeds are not used to repay outstanding indebtedness because they will bear all costs and expenses relating to the issuance and ongoing maintenance of the preferred stock, including higher investment advisory fees if our total return exceeds the distribution rate on the preferred stock. The common stockholders will have less voting power if we issue preferred stock because such stock could convey special rights and

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privileges to its owners. For example, the 1940 Act provides that certain matters require the separate vote of the holders of any issued and outstanding preferred stock and that preferred stockholders are entitled to vote separately from holders of common stock to elect two preferred stock directors.

Pending legislation may allow us to incur additional leverage.

As a BDC, under the 1940 Act generally we are not permitted to incur indebtedness unless immediately after such borrowing we have an asset coverage for total borrowings of at least 200% (i.e., the amount of debt may not exceed 50% of the value of our total assets or we may borrow an amount equal to 100% of net assets.) Legislation introduced in the U.S. House of Representatives, if passed, would modify this section of the 1940 Act and increase the amount of debt that BDCs may incur by modifying the asset coverage percentage from 200% to 150%. As a result, we may be able to incur additional indebtedness in the future and therefore your risk of an investment in us may increase.

Our quarterly and annual operating results are subject to fluctuation as a result of the nature of our business, and if we fail to achieve our investment objective, the net asset value of our common stock may decline.

We could experience fluctuations in our quarterly and annual operating results due to a number of factors, some of which are beyond our control, including, but not limited to, the interest rate payable on the debt securities that we acquire, the default rate on such securities, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, changes in our portfolio composition, the degree to which we encounter competition in our markets, market volatility in our publicly traded securities and the securities of our portfolio companies, and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods. In addition, any of these factors could negatively impact our ability to achieve our investment objectives, which may cause our net asset value of our common stock to decline.

Our investments may be in portfolio companies which may have limited operating histories and financial resources.

Our portfolio companies compete with larger, more established companies with greater access to, and resources for, further development in new technologies. We also expect that our portfolio will continue to consist of investments that may have relatively limited operating histories. These companies may be particularly vulnerable to U.S. and foreign economic downturns such as the current recession and European financial crisis, may have more limited access to capital and higher funding costs, may have a weaker financial position and may need more capital to expand or compete. These businesses also may experience substantial variations in operating results. They may face intense competition, including from companies with greater financial, technical and marketing resources. Furthermore, some of these companies do business in regulated industries and could be affected by changes in government regulation. Accordingly, these factors could impair their cash flow or result in other events, such as bankruptcy, which could limit their ability to repay their obligations to us, and may adversely affect the return on, or the recovery of, our investment in these companies. We cannot assure you that any of our investments in our portfolio companies will be successful. Therefore, we may lose our entire investment in any or all of our portfolio companies.

There will be uncertainty as to the value of our portfolio investments, which may impact our net asset value.

A large percentage of our portfolio investments are in the form of securities that are not publicly traded. The fair value of securities and other investments that are not publicly traded may not be readily determinable. We value these securities and the Credit Facility on a quarterly basis in

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accordance with our valuation policy, which is at all times consistent with U.S. generally accepted accounting principles (GAAP). Our board of directors utilizes the services of third-party valuation firms to aid it in determining the fair value of certain securities and

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the Credit Facility. The board of directors discusses valuations and determines the fair value in good faith based on the input of our investment adviser and the respective third-party valuation firms. The factors that may be considered in fair value pricing our investments include the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings, the markets in which the portfolio company does business, comparisons to publicly traded companies, discounted cash flow and other relevant factors. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. Our net asset value could be adversely affected if our determinations regarding the fair value of our investments were materially higher than the values that we ultimately realize upon the disposal of such securities.

Our equity ownership in a portfolio company may represent a control investment. Our ability to exit an investment in a timely manner because we are in a control position or have access to inside information in the portfolio company could result in a realized loss on the investment.

If we obtain a control investment in a portfolio company our ability to divest ourselves from a debt or equity investment could be restricted due to illiquidity in a private stock, limited trading volume on a public company's stock, inside information on a company's performance, insider blackout periods, or other factors that could prohibit us from disposing of the investment as we would if it were not a control investment. Additionally, we may choose not to take certain actions to protect a debt investment in a control investment portfolio company. As a result, we could experience a decrease in the value of our portfolio company holdings and potentially incur a realized loss on the investment.

There are significant potential conflicts of interest, including Solar Capital Partners' management of Solar Capital, which could impact our investment returns, and an investment in Solar Senior Capital is not an investment in Solar Capital Ltd.

Our executive officers and directors, as well as the current and future partners of our investment adviser, Solar Capital Partners, may serve as officers, directors or principals of entities that operate in the same or a related line of business as we do. Currently, the executive officers and directors, as well as the current partners of our investment adviser, Solar Capital Partners, serve as officers and directors of Solar Capital, a publicly-traded BDC. Accordingly, they may have obligations to investors in those entities, including to investors of Solar Capital, the fulfillment of which obligations might not be in the best interests of us or our stockholders. In addition, we note that any affiliate currently existing, or formed in the future, and managed by our investment adviser or any of its affiliates may, notwithstanding different stated investment objectives, have overlapping investment objectives with our own and, accordingly, may invest in asset classes similar to those targeted by us. As a result, Solar Capital Partners may face conflicts in allocating investment opportunities between us and such other entities. Although Solar Capital Partners will endeavor to allocate investment opportunities in a fair and equitable manner, it is possible that, in the future, we may not be given the opportunity to participate in investments made by investment funds managed by our investment adviser or an investment manager affiliated with our investment adviser. In any such case, when Solar Capital Partners identifies an investment, it will be forced to choose which investment fund should make the investment.

As a BDC, we were substantially limited in our ability to co-invest in privately negotiated transactions with affiliated funds until we obtained an exemptive order from the SEC on July 28, 2014. The exemptive relief permits us to participate in negotiated co-investment transactions with certain affiliates, each of whose investment adviser is Solar Capital Partners, or an investment adviser controlling, controlled by or under common control with Solar Capital Partners, in a manner consistent with our investment objective, positions, policies, strategies and restrictions as well as regulatory requirements and other pertinent factors, and pursuant to the conditions to the exemptive relief. If we are unable to rely on our exemptive relief for a particular opportunity, such opportunity will be allocated first to the entity whose investment strategy is the most consistent with the opportunity being allocated, and second, if the terms of the opportunity are consistent with more than

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one entity's investment strategy, on an alternating basis. Although our investment professionals will endeavor to allocate investment opportunities in a fair and equitable manner, we and our common stockholders could be adversely affected to the extent investment opportunities are allocated among us and other investment vehicles managed or sponsored by, or affiliated with, our executive officers, directors and members of our investment adviser.

In the ordinary course of our investing activities, we pay management and incentive fees to Solar Capital Partners and reimburse Solar Capital Partners for certain expenses it incurs. As a result, investors in our common stock will invest on a gross basis and receive distributions on a net basis after expenses, resulting in a lower rate of return than an investor might achieve through direct investments. Accordingly, there may be times when the management team of Solar Capital Partners has interests that differ from those of our stockholders, giving rise to a conflict.

We have entered into a royalty-free license agreement with our investment adviser, pursuant to which our investment adviser has granted us a non-exclusive license to use the name Solar Senior Capital. Under the License Agreement, we have the right to use the Solar Senior Capital name for so long as Solar Capital Partners or one of its affiliates remains our investment adviser. In addition, we pay Solar Capital Management, an affiliate of Solar Capital Partners, our allocable portion of overhead and other expenses incurred by Solar Capital Management in performing its obligations under the Administration Agreement, including rent, the fees and expenses associated with performing compliance functions, and our allocable portion of the compensation of our chief financial officer and any administrative support staff. These arrangements create conflicts of interest that our board of directors must monitor.

We may be obligated to pay our investment adviser incentive compensation even if we incur a loss.

Our investment adviser will be entitled to incentive compensation for each fiscal quarter in an amount equal to a percentage of the excess of our pre-incentive fee net investment income for that quarter (before deducting incentive compensation) above a performance threshold for that quarter. Accordingly, since the performance threshold is based on a percentage of our net asset value, decreases in our net asset value make it easier to achieve the performance threshold. Our pre-incentive fee net investment income for incentive compensation purposes excludes realized and unrealized capital losses or depreciation that we may incur in the fiscal quarter, even if such capital losses or depreciation result in a net loss on our statement of operations for that quarter. Thus, we may be required to pay Solar Capital Partners incentive compensation for a fiscal quarter even if there is a decline in the value of our portfolio or we incur a net loss for that quarter.

Our incentive fee may induce Solar Capital Partners to pursue speculative investments.

The incentive fee payable by us to Solar Capital Partners may create an incentive for Solar Capital Partners to pursue investments on our behalf that are riskier or more speculative than would be the case in the absence of such compensation arrangement. The incentive fee payable to our investment adviser is calculated based on a percentage of our return on invested capital. This may encourage our investment adviser to use leverage to increase the return on our investments. Under certain circumstances, the use of leverage may increase the likelihood of default, which would impair the value of our common stock. In addition, our investment adviser receives the incentive fee based, in part, upon net capital gains realized on our investments. Unlike that portion of the incentive fee based on income, there is no hurdle rate applicable to the portion of the incentive fee based on net capital gains. As a result, our investment adviser may have a tendency to invest more capital in investments that are likely to result in capital gains as compared to income producing securities. Such a practice could result in our investing in more speculative securities than would otherwise be the case, which could result in higher investment losses, particularly during economic downturns.

The incentive fee payable by us to our investment adviser also may induce Solar Capital Partners to invest on our behalf in instruments that have a deferred interest feature, even if such deferred payments would not

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provide cash necessary to enable us to pay current distributions to our shareholders. Under these investments, we would accrue interest over the life of the investment but would not receive the cash income from the investment until the end of the term. Our net investment income used to calculate the income portion of our investment fee, however, includes accrued interest. Thus, a portion of this incentive fee would be based on income that we have not received in cash. In addition, the catch-up portion of the incentive fee may encourage Solar Capital Partners to accelerate or defer interest payable by portfolio companies from one calendar quarter to another, potentially resulting in fluctuations in timing and distribution amounts.

We may invest, to the extent permitted by law, in the securities and instruments of other investment companies, including private funds, and, to the extent we so invest, will bear our ratable share of any such investment company's expenses, including management and performance fees. We will also remain obligated to pay management and incentive fees to Solar Capital Partners with respect to the assets invested in the securities and instruments of other investment companies. With respect to each of these investments, each of our stockholders will bear his or her share of the management and incentive fee of Solar Capital Partners as well as indirectly bearing the management and performance fees and other expenses of any investment companies in which we invest.

We may become subject to corporate-level U.S. federal income tax if we are unable to qualify and maintain our qualification as a regulated investment company under Subchapter M of the Code.

Although we have elected to be treated as a RIC under Subchapter M of the Code, no assurance can be given that we will continue to be able to qualify for and maintain RIC status. To obtain and maintain RIC tax treatment under the Code, we must meet the following annual distribution, income source and asset diversification requirements.

The annual distribution requirement for a RIC will be satisfied if we distribute to our stockholders on an annual basis at least 90% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. Because we may use debt financing, we will be subject to certain asset coverage ratio requirements under the 1940 Act and financial covenants under loan and credit agreements that could, under certain circumstances, restrict us from making distributions necessary to satisfy the distribution requirement. If we are unable to obtain cash from other sources, we could fail to qualify for RIC tax treatment and thus become subject to corporate-level U.S. federal income tax.

The income source requirement will be satisfied if we obtain at least 90% of our income for each year from distributions, interest, gains from the sale of stock or securities or similar sources.

The asset diversification requirement will be satisfied if we meet certain asset diversification requirements at the end of each quarter of our taxable year. Failure to meet those requirements may result in our having to dispose of certain investments quickly in order to prevent the loss of RIC status. Because most of our investments will be in private companies, and therefore will be relatively illiquid, any such dispositions could be made at disadvantageous prices and could result in substantial losses.

If we fail to qualify for RIC tax treatment for any reason and remain or become subject to corporate income tax, the resulting corporate taxes could substantially reduce our net assets, the amount of income available for distribution and the amount of our distributions. Such a failure would have a material adverse effect on us, the net asset value of our common stock and the total return, if any, obtainable from your investment in our common stock. Any net operating losses that we incur in periods during which we qualify as a RIC will not offset net capital gains (i.e., net realized long-term capital gains in excess of net realized short-term capital losses) that we are otherwise required to distribute, and we cannot pass such net operating losses through to our stockholders. In addition, net operating losses that we carry over to a taxable year in which we qualify as a RIC normally cannot offset ordinary income or capital gains.

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We may have difficulty satisfying the annual distribution requirement in order to qualify and maintain RIC status if we recognize income before or without receiving cash representing such income.

In accordance with GAAP and tax requirements, we include in income certain amounts that we have not received in cash, such as contractual PIK interest, which represents contractual interest added to a loan balance and due at the end of such loan's term. In addition to the cash yields received on our loans, in some instances, certain loans may also include any of the following: end-of-term payments, exit fees, balloon payment fees or prepayment fees. The increases in loan balances as a result of contractual PIK arrangements are included in income for the period in which such payment-in-kind interest was accrued, which is often in advance of receiving cash payment, and are separately identified on our statements of cash flows. We also may be required to include in income certain other amounts prior to receiving the related cash.

Any warrants that we receive in connection with our debt investments will generally be valued as part of the negotiation process with the particular portfolio company. As a result, a portion of the aggregate purchase price for the debt investments and warrants will be allocated to the warrants that we receive. This will generally result in original issue discount for tax purposes, which we must recognize as ordinary income, increasing the amount that we are required to distribute to qualify for the U.S. federal income tax benefits applicable to RICs. Because these warrants generally will not produce distributable cash for us at the same time as we are required to make distributions in respect of the related original issue discount, we would need to obtain cash from other sources or to pay a portion of our distributions using shares of newly issued common stock, consistent with Internal Revenue Service requirements, to satisfy such distribution requirements.

Other features of the debt instruments that we hold may also cause such instruments to generate an original issue discount, resulting in a distribution requirement in excess of current cash interest received. Since in certain cases we may recognize income before or without receiving cash representing such income, we may have difficulty meeting the RIC tax requirement to distribute at least 90% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. Under such circumstances, we may have to sell some of our investments at times we would not consider advantageous, raise additional debt or equity capital or reduce new investment originations to meet these distribution requirements. If we are unable to obtain cash from other sources and are otherwise unable to satisfy such distribution requirements, we may fail to qualify for the U.S. federal income tax benefits allowable to RICs and, thus, become subject to a corporate-level U.S. federal income tax on all our income.

The higher yields and interest rates on PIK securities reflects the payment deferral and increased credit risk associated with such instruments and that such investments may represent a significantly higher credit risk than coupon loans. PIK securities may have unreliable valuations because their continuing accruals require continuing judgments about the collectability of the deferred payments and the value of any associated collateral. PIK interest has the effect of generating investment income and increasing the incentive fees payable at a compounding rate. In addition, the deferral of PIK interest also increases the loan-to-value ratio at a compounding rate. PIK securities create the risk that incentive fees will be paid to the Adviser based on non-cash accruals that ultimately may not be realized, but the Adviser will be under no obligation to reimburse the Company for these fees.

Our board of directors is authorized to reclassify any unissued shares of common stock into one or more classes of preferred stock, which could convey special rights and privileges to its owners.

Under the Maryland General Corporation Law and our charter, our board of directors is authorized to classify and reclassify any authorized but unissued shares of stock into one or more classes of stock, including preferred stock. Prior to issuance of shares of each class or series, the board of directors is required by Maryland law and our charter to set the preferences, conversion or other rights, voting powers, restrictions, limitations as to other distributions, qualifications and terms or conditions of redemption for each class or series. Thus, the board

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of directors could authorize the issuance of shares of preferred stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of our common stock or otherwise be in their best interest. The cost of any such reclassification would be borne by our existing common stockholders. Certain matters under the 1940 Act require the separate vote of the holders of any issued and outstanding preferred stock. For example, holders of preferred stock would vote separately from the holders of common stock on a proposal to cease operations as a BDC. In addition, the 1940 Act provides that holders of preferred stock are entitled to vote separately from holders of common stock to elect two preferred stock directors. The issuance of shares of preferred stock convertible into shares of common stock might also reduce the net income and net asset value per share of our common stock upon conversion, provided, that we will only be permitted to issue such convertible preferred stock to the extent we comply with the requirements of Section 61 of the 1940 Act, including obtaining common stockholder approval. These effects, among others, could have an adverse effect on your investment in our common stock.

Provisions of the Maryland General Corporation Law and of our charter and bylaws could deter takeover attempts and have an adverse impact on the price of our common stock.

The Maryland General Corporation Law and our charter and bylaws contain provisions that may discourage, delay or make more difficult a change in control of Solar Senior Capital or the removal of our directors. We are subject to the Maryland Business Combination Act, subject to any applicable requirements of the 1940 Act. Our board of directors has adopted a resolution exempting from the Maryland Business Combination Act any business combination between us and any other person, subject to prior approval of such business combination by our board, including approval by a majority of our disinterested directors. If the resolution exempting business combinations is repealed or our board of directors does not approve a business combination, the Maryland Business Combination Act may discourage third parties from trying to acquire control of us and increase the difficulty of consummating such an offer. Our bylaws exempt from the Maryland Control Share Acquisition Act acquisitions of our stock by any person. If we amend our bylaws to repeal the exemption from the Maryland Control Share Acquisition Act, the Maryland Control Share Acquisition Act also may make it more difficult for a third party to obtain control of us and increase the difficulty of consummating such a transaction. However, we will amend our bylaws to be subject to the Maryland Control Share Act only if our board of directors determines that it would be in our best interests and if the SEC staff does not object to our determination that our being subject to the Maryland Control Share Act does not conflict with the 1940 Act. The SEC staff has issued informal guidance setting forth its position that certain provisions of the Maryland Control Share Act would, if implemented, violate Section 18(i) of the 1940 Act.

We have also adopted measures that may make it difficult for a third party to obtain control of us, including provisions of our charter classifying our board of directors in three classes serving staggered three-year terms, and authorizing our board of directors to classify or reclassify shares of our stock in one or more classes or series, to cause the issuance of additional shares of our stock and , to amend our charter without stockholder approval to increase or decrease the number of shares of stock that we have authority to issue. These provisions, as well as other provisions of our charter and bylaws, may delay, defer or prevent a transaction or a change in control that might otherwise be in the best interests of our stockholders.

The foregoing provisions are expected to discourage certain coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of us to negotiate first with our board of directors. However, these provisions may deprive a shareholder of the opportunity to sell such shareholder's shares at a premium to a potential acquirer. We believe that the benefits of these provisions outweigh the potential disadvantages of discouraging any such acquisition proposals because, among other things, the negotiation of such proposals may improve their terms. Our board of directors has considered both the positive and negative effects of the foregoing provisions and determined that they are in the best interest of our shareholders.

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The failure in cyber security systems, as well as the occurrence of events unanticipated in our disaster recovery systems and management continuity planning or a support failure from external providers during a disaster could impair our ability to conduct business effectively.

The occurrence of a disaster such as a cyber attack, a natural catastrophe, an industrial accident, a terrorist attack or war, events unanticipated in our disaster recovery systems, or a support failure from external providers, could have an adverse effect on our ability to conduct business and on our results of operations and financial condition, particularly if those events affect our computer-based data processing, transmission, storage, and retrieval systems or destroy data. If a significant number of our managers were unavailable in the event of a disaster, our ability to effectively conduct our business could be severely compromised.

Our business relies on secure information technology systems. We depend heavily upon computer systems to perform necessary business functions. These systems are subject to potential attacks, including through adverse events that threaten the confidentiality, integrity or availability of our information resources (i.e. cyber attacks). Despite our implementation of a variety of security measures, our computer systems could be subject to cyber attacks and unauthorized access, such as physical and electronic break-ins or unauthorized tampering. Like other global companies, we may experience threats to our data and systems, including malware and computer virus attacks, unauthorized access, system failures and disruptions. If one or more of these events occurs, it could potentially jeopardize the confidential, proprietary and other information processed and stored in, and transmitted through, our computer systems and networks, or otherwise cause interruptions or malfunctions in our operations, which could result in damage to our reputation, financial losses, litigation, increased costs, regulatory penalties and/or customer dissatisfaction or loss.

We can be highly dependent on information systems and systems failures could significantly disrupt our business, which may, in turn, negatively affect the market price of our common stock and our ability to pay distributions.

Our business is highly dependent on our and third parties' communications and information systems. Any failure or interruption of those systems, including as a result of the termination of an agreement with any third-party service providers, could cause delays or other problems in our activities. Our financial, accounting, data processing, backup or other operating systems and facilities may fail to operate properly or become disabled or damaged as a result of a number of factors including events that are wholly or partially beyond our control and adversely affect our business. There could be:

sudden electrical or telecommunications outages;

natural disasters such as earthquakes, tornadoes and hurricanes;

events arising from local or larger scale political or social matters, including terrorist acts; and

cyber attacks.

These events, in turn, could have a material adverse effect on our operating results and negatively affect the market price of our common stock and our ability to pay distributions to our stockholders.

Our board of directors may change our investment objective, operating policies and strategies without prior notice or stockholder approval.

Our board of directors has the authority to modify or waive certain of our operating policies and strategies without prior notice (except as required by the 1940 Act) and without stockholder approval. However, absent stockholder approval, we may not change the nature of our business so as to cease to be, or withdraw our election as, a BDC. We cannot predict the effect any changes to our current operating policies and strategies would have on our business, operating results and value of our stock. Nevertheless, the effects may adversely affect our business and impact our ability to make distributions.

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Our business is subject to increasingly complex corporate governance, public disclosure and accounting requirements that could adversely affect our business and financial results.

We are subject to changing rules and regulations of federal and state government as well as the stock exchange on which our common stock is listed. These entities, including the Public Company Accounting Oversight Board, the SEC and the NASDAQ Stock Market, have issued a significant number of new and increasingly complex requirements and regulations over the course of the last several years and continue to develop additional regulations and requirements in response to laws enacted by Congress. The Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act became effective in 2010. Although many provisions of the Dodd-Frank Act have delayed effectiveness or will not become effective until the relevant federal agencies issue new rules to implement the Dodd-Frank Act, the Dodd-Frank Act may nevertheless have a material adverse impact on the financial services industry as a whole and on our business, financial condition and results of operations. Our efforts to comply with these requirements have resulted in, and are likely to continue to result in, an increase in expenses and a diversion of management's time from other business activities.

Changes in laws or regulations governing our operations may adversely affect our business.

Changes in the laws or regulations, or the interpretations of the laws and regulations, which govern business development companies, RICs or non-depository commercial lenders could significantly affect our operations and our cost of doing business. We are subject to federal, state and local laws and regulations and are subject to judicial and administrative decisions that affect our operations, including our loan originations, maximum interest rates, fees and other charges, disclosures to portfolio companies, the terms of secured transactions, collection and foreclosure procedures, and other trade practices. If these laws, regulations or decisions change, or if we expand our business into jurisdictions that have adopted more stringent requirements than those in which we currently conduct business, then we may have to incur significant expenses in order to comply or we may have to restrict our operations. In addition, if we do not comply with applicable laws, regulations and decisions, then we may lose licenses needed for the conduct of our business and be subject to civil fines and criminal penalties, any of which could have a material adverse effect upon our business results of operations or financial condition.

Our investment adviser can resign on 60 days' notice, and we may not be able to find a suitable replacement within that time, resulting in a disruption in our operations that could adversely affect our financial condition, business and results of operations.

Our investment adviser has the right, under the Investment Advisory and Management Agreement, to resign at any time on 60 days' written notice, whether we have found a replacement or not. If our investment adviser resigns, we may not be able to find a new investment adviser or hire internal management with similar expertise and ability to provide the same or equivalent services on acceptable terms within 60 days, or at all. If we are unable to do so quickly, our operations are likely to experience a disruption, our financial condition, business and results of operations as well as our ability to pay distributions are likely to be adversely affected and the market price of our shares may decline. In addition, the coordination of our internal management and investment activities is likely to suffer if we are unable to identify and reach an agreement with a single institution or group of executives having the expertise possessed by our investment adviser and its affiliates. Even if we are able to retain comparable management, whether internal or external, the integration of such management and their lack of familiarity with our investment objective may result in additional costs and time delays that may adversely affect our financial condition, business and results of operations.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve substantial risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about Solar Senior Capital, our current and prospective portfolio investments, our industry, our beliefs, and our assumptions. Words such as anticipates, expects, intends, plans, believes, seeks, estimates, would, should, targets, projects, and variations of these words and similar expressions are intended to identify forward-looking statements.

The forward-looking statements contained in this prospectus involve risks and uncertainties, including statements as to:

our future operating results;

our business prospects and the prospects of our portfolio companies;

the impact of investments that we expect to make;

our contractual arrangements and relationships with third parties;

the dependence of our future success on the general economy and its impact on the industries in which we invest;

the ability of our portfolio companies to achieve their objectives;

our expected financings and investments;

our breach of any of the covenants or other provisions in our debt agreements;

the adequacy of our cash resources and working capital; and

the timing of cash flows, if any, from the operations of our portfolio companies.

These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements, including without limitation:

an economic downturn could impair our portfolio companies' ability to continue to operate, which could lead to the loss of some or all of our investments in such portfolio companies;

a contraction of available credit and/or an inability to access the equity markets could impair our lending and investment activities;

interest rate volatility could adversely affect our results, particularly if we elect to use leverage as part of our investment strategy;

currency fluctuations could adversely affect the results of our investments in foreign companies, particularly to the extent that we receive payments denominated in foreign currency rather than U.S. dollars; and

the risks, uncertainties and other factors we identify in **Risk Factors** and elsewhere in this prospectus and in our filings with the SEC.

Although we believe that the assumptions on which these forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions also could be inaccurate. Important assumptions include our ability to originate new loans and investments, certain margins and levels of profitability and the availability of additional capital. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this prospectus should not be regarded as a representation by us that our plans and objectives will be achieved. These risks and uncertainties include those described or identified in **Risk Factors** and elsewhere in this prospectus. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this prospectus. However, we will update this prospectus to reflect any material changes to the information contained herein. The forward-looking statements and projections contained in this prospectus are excluded from the safe harbor protection provided by Section 27A of the Securities Act.

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USE OF PROCEEDS

We intend to use the net proceeds from the sale of our securities pursuant to this prospectus for general corporate purposes, which may include investing in debt or equity securities consistent with our investment objective, repayment of outstanding indebtedness, acquisitions and other general corporate purposes. We are continuously identifying, reviewing and, to the extent consistent with our investment objective, funding new investments. As a result, we typically raise capital as we deem appropriate to fund such new investments. The supplement to this prospectus relating to an offering will more fully identify the use of the proceeds from such offering.

We estimate that it will take three to six months for us to substantially invest the net proceeds of any offering made pursuant to this prospectus, depending on the availability of attractive opportunities and market conditions. However, we can offer no assurance that we will be able to achieve this goal. We expect that it may take more than three months to invest all of the proceeds of this offering, in part because investments in private companies often require substantial prior research and due diligence.

Pending such uses, we will invest the net proceeds primarily in cash, cash equivalents, and U.S. government securities and other high-quality debt investments that mature in one year or less from the date of investment. These securities may have lower yields than the types of investments we would typically make in accordance with our investment objective and, accordingly, may result in lower distributions, if any, during such period. See Regulation as a Business Development Company Temporary Investments for additional information about temporary investments we may make while waiting to make longer-term investments in pursuit of our investment objective. The management fee payable by us to our investment adviser will not be reduced while our assets are invested in such securities.

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Our common stock is traded on the NASDAQ Global Select Market under the symbol SUNS . The following table sets forth, for each fiscal quarter during the last two fiscal years and the current fiscal year to date, the net asset value (NAV) per share of our common stock, the high and low closing sale prices for our common stock, such sale prices as a percentage of NAV per share and quarterly distributions per share.

	Price Range			Premium or (Discount) of High Closing Sale Price to NAV(2)	Premium or (Discount) of Low Closing Sale Price to NAV(2)	Declared Distributions(3)
	NAV(1)	High	Low			
Fiscal 2016						
Second Quarter	*	\$ 16.28	\$ 14.31	*	*	\$ 0.3525
First Quarter	\$ 16.70	\$ 15.20	\$ 13.04	(9.0)%	(21.9)%	\$ 0.3525
Fiscal 2015						
Fourth Quarter	\$ 16.33	\$ 15.97	\$ 14.62	(2.2)%	(10.5)%	\$ 0.3525
Third Quarter	17.06	16.11	14.22	(5.6)	(16.6)	0.3525
Second Quarter	17.55	16.68	15.36	(5.0)	(12.5)	0.3525
First Quarter	17.65	16.53	14.93	(6.3)	(15.4)	0.3525
Fiscal 2014						
Fourth Quarter	\$ 17.65	\$ 15.68	\$ 14.63	(11.2)%	(17.1)%	\$ 0.3525
Third Quarter	17.65	17.10	15.39	(3.1)	(12.8)	0.3525
Second Quarter	17.85	17.65	16.29	(1.1)	(8.7)	0.3525
First Quarter	18.04	18.63	17.11	3.3	(5.2)	0.3525

- (1) Net asset value per share is determined as of the last day in the relevant quarter and therefore may not reflect the net asset value per share on the date of the high and low sales prices. The net asset values shown are based on outstanding shares at the end of each period.
 - (2) Calculated as the respective high or low closing sales price divided by NAV and subtracting 1.
 - (3) Represents the cash distribution declared for the specified quarter.
- * Not determinable at the time of filing.

On June 30, 2016, the last reported sales price of our common stock was \$16.11 per share. As of June 30, 2016, we had 4 shareholders of record.

Shares of business development companies may trade at a market price that is less than the value of the net assets attributable to those shares. The possibility that our shares of common stock will trade at a discount from net asset value or at premiums that are unsustainable over the long term are separate and distinct from the risk that our net asset value will decrease. Since our initial public offering on February 24, 2011, our shares of common stock have traded at both a discount and a premium to the net assets attributable to those shares. As of June 30, 2016, our shares of common stock traded at a discount equal to approximately 3.5% of the net assets attributable to those shares based upon our net asset value as of March 31, 2016. It is not possible to predict whether the shares offered hereby will trade at, above, or below net asset value.

We intend to continue to make monthly distributions to our stockholders. Our monthly distributions, if any, will be determined by our board of directors.

We have elected to be taxed as a RIC under Subchapter M of the Code. To maintain our RIC tax treatment, we must distribute at least 90% of our ordinary income and realized net short-term capital gains in excess of

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realized net long-term capital losses, if any, out of the assets legally available for distribution. In addition, although we currently intend to distribute realized net capital gains (i.e., net long-term capital gains in excess of short-term capital losses), if any, at least annually, out of the assets legally available for such distributions, we may in the future decide to retain such capital gains for investment, and pay any resulting excise tax levied thereon. See Certain U.S. Federal Income Tax Considerations.

We maintain an opt out dividend reinvestment plan for our common stockholders. As a result, if we declare a distribution, then stockholders cash distributions will be automatically reinvested in additional shares of our common stock, unless they specifically opt out of the dividend reinvestment plan so as to receive cash distributions.

We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. In addition, we may be limited in our ability to make distributions due to the asset coverage test for borrowings when applicable to us as a business development company under the 1940 Act and due to provisions in current and future credit facilities. If we do not distribute a certain percentage of our income annually, we will suffer adverse tax consequences, including possible loss of our RIC tax treatment. We cannot assure stockholders that they will receive any distributions at a particular level.

All distributions declared in cash payable to stockholders that are participants in our dividend reinvestment plan are generally automatically reinvested in shares of our common stock. As a result, stockholders that do not participate in the dividend reinvestment plan may experience dilution over time. Stockholders who do not elect to receive distributions in shares of common stock may experience accretion to the net asset value of their shares if our shares are trading at a premium and dilution if our shares are trading at a discount. The level of accretion or discount would depend on various factors, including the proportion of our stockholders who participate in the plan, the level of premium or discount at which our shares are trading and the amount of the distribution payable to a stockholder.

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The following table reflects the cash distributions, including dividends and returns of capital, if any, per share that we have declared on our common stock for the two most recent fiscal years and the current fiscal year to date:

Date Declared	Record Date	Payment Date	Amount
Fiscal 2016			
June 7, 2016	June 23, 2016	July 1, 2016	\$ 0.1175
May 3, 2016	May 19, 2016	June 2, 2016	0.1175
April 7, 2016	April 21, 2016	May 3, 2016	0.1175
February 24, 2016	March 24, 2016	April 1, 2016	0.1175
February 4, 2016	February 18, 2016	March 2, 2016	0.1175
January 7, 2016	January 21, 2016	February 2, 2016	0.1175
YTD Total (2016)			\$ 0.705
Fiscal 2015			
December 2, 2015	December 17, 2015	January 5, 2016	\$ 0.1175
November 3, 2015	November 19, 2015	December 1, 2015	0.1175
October 7, 2015	October 22, 2015	November 3, 2015	0.1175
September 9, 2015	September 24, 2015	October 1, 2015	0.1175
August 4, 2015	August 20, 2015	September 1, 2015	0.1175
July 8, 2015	July 23, 2015	July 31, 2015	0.1175
June 9, 2015	June 25, 2015	July 1, 2015	0.1175
May 5, 2015	May 21, 2015	June 2, 2015	0.1175
April 9, 2015	April 23, 2015	May 1, 2015	0.1175
February 25, 2015	March 19, 2015	April 2, 2015	0.1175
February 3, 2015	February 19, 2015	February 27, 2015	0.1175
January 8, 2015	January 22, 2015	January 30, 2015	0.1175
Total (2015)			\$ 1.41
Fiscal 2014			
December 4, 2014	December 18, 2014	January 5, 2015	\$ 0.1175
November 4, 2014	November 20, 2014	December 2, 2014	0.1175
October 8, 2014	October 23, 2014	October 31, 2014	0.1175
September 9, 2014	September 25, 2014	October 2, 2014	0.1175
August 4, 2014	August 21, 2014	September 3, 2014	0.1175
July 9, 2014	July 24, 2014	August 1, 2014	0.1175
June 6, 2014	June 19, 2014	July 1, 2014	0.1175
May 5, 2014	May 22, 2014	May 30, 2014	0.1175
April 8, 2014	April 24, 2014	May 1, 2014	0.1175
February 25, 2014	March 20, 2014	April 1, 2014	0.1175
February 6, 2014	February 20, 2014	February 28, 2014	0.1175
January 9, 2014	January 23, 2014	January 31, 2014	0.1175
Total (2014)			\$ 1.41

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information contained in this section should be read in conjunction with the Selected Financial and Other Data and our Financial Statements and notes thereto appearing elsewhere in this prospectus.

Overview

Solar Senior Capital Ltd. ("Solar Senior" , the "Company" , we or our), a Maryland corporation formed in December 2010, is a closed-end, externally managed, non-diversified management investment company that has elected to be regulated as a business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). Furthermore, as the Company is an investment company, it continues to apply the guidance in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 946. In addition, for tax purposes, the Company has elected to be regulated as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code").

On February 24, 2011, we priced our initial public offering, selling 9.0 million shares, including the underwriters' over-allotment, at a price of \$20.00 per share. Concurrent with this offering, Solar Senior Capital Investors LLC, an entity controlled by Michael S. Gross, our chairman and chief executive officer, and Bruce Spohler, our chief operating officer, purchased an additional 500,000 shares through a concurrent private placement, also at \$20.00 per share.

On August 26, 2011, we established a \$200 million senior secured revolving credit facility (the "Credit Facility") with Citigroup Global Markets Inc. acting as administrative agent. In connection with the Credit Facility, our wholly-owned subsidiary, SUNS SPV LLC (the "SPV") was formed. The Credit Facility, as amended, currently has an aggregate of \$175 million of commitments available. It can also be expanded up to \$600 million. The stated interest rate on the Credit Facility is LIBOR plus 2.00% with no LIBOR floor requirement and the current final maturity date is June 30, 2020. The Credit Facility is secured by all of the assets held by the SPV. Under the terms of the Credit Facility, Solar Senior Capital and the SPV, as applicable, have made certain customary representations and warranties, and are required to comply with various covenants, including leverage restrictions, reporting requirements and other customary requirements for similar credit facilities. The Credit Facility also includes usual and customary events of default for credit facilities of this nature. The Credit Facility was amended on November 7, 2012, June 30, 2014 and May 29, 2015 to add greater investment flexibility, among other changes.

We invest primarily in privately held U.S. middle market companies, where we believe the supply of primary capital is limited and the investment opportunities are most attractive. Our investment objective is to seek to maximize current income consistent with the preservation of capital. We seek to achieve our investment objective by directly and indirectly investing primarily in senior loans, including first lien and second lien debt instruments, made to private middle-market companies whose debt is rated below investment grade, which we refer to collectively as "senior loans." We may also invest in debt of public companies that are thinly traded or in equity securities. Under normal market conditions, at least 80% of the value of our net assets (including the amount of any borrowings for investment purposes) will be invested in senior loans. Senior loans typically pay interest at rates which are determined periodically on the basis of a floating base lending rate, primarily LIBOR, plus a premium. Senior loans in which we invest are typically made to U.S. and, to a limited extent, non-U.S. corporations, partnerships and other business entities which operate in various industries and geographical regions. Senior loans typically are rated below investment grade. Securities rated below investment grade are often referred to as "leveraged loans" or "high yield" securities, and may be considered "high risk" compared to debt instruments that are rated investment grade. While the Company does not typically seek to invest in equity securities as part of its investment objective, the Company may occasionally acquire some equity securities in connection with senior loan investments and in certain other unique circumstances, such as the Company's equity investments in Gemino Healthcare Finance, LLC and First Lien Loan Program.

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We invest in senior loans made primarily to private, leveraged middle-market companies with approximately \$20 million to \$100 million of earnings before income taxes, depreciation and amortization (EBITDA). Our business model is focused primarily on the direct origination of investments through portfolio companies or their financial sponsors. Our investments generally range between \$5 million and \$30 million each, although we expect that this investment size will vary proportionately with the size of our capital base and/or with strategic initiatives. In addition, we may invest a portion of our portfolio in other types of investments, which we refer to as opportunistic investments, which are not our primary focus but are intended to enhance our overall returns. These opportunistic investments may include, but are not limited to, direct investments in public companies that are not thinly traded and securities of leveraged companies located in select countries outside of the United States. We may invest up to 30% of our total assets in such opportunistic investments, including senior loans issued by non-U.S. issuers, subject to compliance with our regulatory obligations as a BDC under the 1940 Act. Our investment activities are managed by Solar Capital Partners, LLC (the Investment Adviser) and supervised by our board of directors, a majority of whom are non-interested, as such term is defined in the 1940 Act. Solar Capital Management, LLC (the Administrator) provides the administrative services necessary for us to operate.

As of March 31, 2016, the Investment Adviser has invested approximately \$5.4 billion in more than 220 different portfolio companies since it was founded in 2006. Over the same period, the Investment Adviser completed transactions with more than 140 different financial sponsors.

Recent Developments

On April 7, 2016, the Board declared a monthly distribution of \$0.1175 per share payable on May 3, 2016 to holders of record as of April 21, 2016.

On May 3, 2016, the Board declared a monthly distribution of \$0.1175 per share payable on June 2, 2016 to holders of record as of May 19, 2016.

On June 7, 2016, the Board declared a monthly distribution of \$0.1175 per share payable on July 1, 2016 to holders of record as of June 23, 2016.

Investments

Our level of investment activity can and does vary substantially from period to period depending on many factors, including the amount of debt and equity capital available to middle market companies, the level of merger and acquisition activity for such companies, the general economic environment and the competitive environment for the types of investments we make. As a BDC, we must not acquire any assets other than qualifying assets specified in the 1940 Act unless, at the time the acquisition is made, at least 70% of our total assets are qualifying assets (with certain limited exceptions). Qualifying assets include investments in eligible portfolio companies. The definition of eligible portfolio company includes certain public companies that do not have any securities listed on a national securities exchange and companies whose securities are listed on a national securities exchange but whose market capitalization is less than \$250 million.

Revenue

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We generate revenue primarily in the form of interest and dividend income from the securities we hold and capital gains, if any, on investment securities that we may sell. Our debt investments generally have a stated term of three to seven years and typically bear interest at a floating rate usually determined on the basis of a benchmark London interbank offered rate (LIBOR), commercial paper rate, or the prime rate. Interest on our debt investments is generally payable quarterly but may be monthly or semi-annually. In addition, our investments may provide payment-in-kind (PIK) interest. Such amounts of accrued PIK interest are added to the cost of the investment on the respective capitalization dates and generally become due at maturity of the investment or upon the investment being called by the issuer. We may also generate revenue in the form of commitment, origination, structuring fees, fees for providing managerial assistance and, if applicable, consulting fees, etc.

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Expenses

All investment professionals of the investment adviser and their respective staffs, when and to the extent engaged in providing investment advisory and management services, and the compensation and routine overhead expenses of such personnel allocable to such services, are provided and paid for by Solar Capital Partners. We bear all other costs and expenses of our operations and transactions, including (without limitation):

the cost of our organization and public offerings;

the cost of calculating our net asset value, including the cost of any third-party valuation services;

the cost of effecting sales and repurchases of our shares and other securities;

interest payable on debt, if any, to finance our investments;

fees payable to third parties relating to, or associated with, making investments, including fees and expenses associated with performing due diligence reviews of prospective investments and advisory fees;

transfer agent and custodial fees;

fees and expenses associated with marketing efforts;

federal and state registration fees, any stock exchange listing fees;

federal, state and local taxes;

independent directors' fees and expenses;

brokerage commissions;

fidelity bond, directors and officers errors and omissions liability insurance and other insurance premiums;

direct costs and expenses of administration, including printing, mailing, long distance telephone and staff;

fees and expenses associated with independent audits and outside legal costs;

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costs associated with our reporting and compliance obligations under the 1940 Act and applicable federal and state securities laws; and

all other expenses incurred by either Solar Capital Management or us in connection with administering our business, including payments under the Administration Agreement that will be based upon our allocable portion of overhead and other expenses incurred by Solar Capital Management in performing its obligations under the Administration Agreement, including rent, the fees and expenses associated with performing compliance functions, and our allocable portion of the costs of compensation and related expenses of our chief compliance officer and our chief financial officer and any administrative support staff.

We expect our general and administrative operating expenses related to our ongoing operations to increase moderately in dollar terms. During periods of asset growth, we generally expect our general and administrative operating expenses to decline as a percentage of our total assets and increase during periods of asset declines. Incentive fees, interest expense and costs relating to future offerings of securities, among others, may also increase or reduce overall operating expenses based on portfolio performance, interest rate benchmarks, and offerings of our securities relative to comparative periods, among other factors.

Portfolio and Investment Activity

During the three months ended March 31, 2016, we invested \$18.9 million across 6 portfolio companies. This compares to investing \$24.6 million in 5 portfolio companies for the three months ended March 31, 2015. Investment sales and prepayments during the three months ended March 31, 2016 totaled \$17.8 million versus \$20.2 million for the three months ended March 31, 2015.

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At March 31, 2016, our portfolio consisted of 47 portfolio companies and was invested 80.1% in senior secured loans and 19.9% in common equity (of which 11.0% is Gemino Healthcare Finance, LLC and 8.9% is First Lien Loan Program LLC) measured at fair value versus 46 portfolio companies invested 80.2% in senior secured loans, 1.1% in unsecured loans and 18.7% in common equity/equity interests (of which 10.2% is Gemino Healthcare Finance, LLC and 8.3% is First Lien Loan Program LLC) at March 31, 2015.

The weighted average yields on our income producing portfolio of investments, excluding the Q1 2016 special dividend of accumulated excess earnings from Gemino were 7.9% and 6.9%, respectively, at March 31, 2016 and 2015 measured at fair value, and 7.5% and 7.0%, respectively for the same periods, measured at amortized cost.

At March 31, 2016, 100% of our \$312.2 million income producing investment portfolio* was floating rate, measured at fair value. At March 31, 2015, 94.5% or \$325.7 million of our income producing investment portfolio* was floating rate and 5.5% or \$18.9 million was fixed rate, measured at fair value.

Since the initial public offering of Solar Senior on February 24, 2011 and through March 31, 2016, invested capital totaled approximately \$930 million in 99 portfolio companies. Over the same period, Solar Senior completed transactions with more than 65 different financial sponsors.

* We have included First Lien Loan Program LLC and Gemino Healthcare Finance, LLC as 100% floating rate within our income producing investment portfolio.

Gemino Healthcare Finance, LLC

We acquired Gemino Healthcare Finance, LLC (d/b/a Gemino Senior Secured Healthcare Finance) (Gemino) on September 30, 2013. Gemino is a commercial finance company that originates, underwrites, and manages primarily secured, asset-based loans for small and mid-sized companies operating in the healthcare industry. Our initial investment in Gemino was \$32.8 million. The management team of Gemino co-invested in the transaction and continues to lead Gemino.

Concurrent with the closing of the transaction, Gemino entered into a new, four-year, non-recourse, \$100.0 million credit facility with non-affiliates, which was expandable to \$150.0 million under its accordion feature. Effective March 31, 2014, the credit facility was expanded to \$105.0 million. On June 27, 2014, it was expanded to \$110.0 million and again on May 27, 2016 to \$125.0 million. Also, effective as of May 27, 2016, the accordion feature limit of this credit facility was increased to \$200.0 million.

On December 31, 2013, we contributed our 32,839 units in Gemino to Gemino Senior Secured Healthcare LLC (Gemino Senior Secured Healthcare). In exchange for this contribution, we received 19,839 units of equity interests and \$13.0 million in floating rate secured notes of Gemino Senior Secured Healthcare bearing interest at LIBOR plus 7.50%, maturing on December 31, 2018. However, our financial statements, including our schedule of investments, reflect our investments in Gemino Senior Secured Healthcare on a consolidated basis. Gemino's management team currently owns approximately 6% of the equity in Gemino. Gemino Senior Secured Healthcare owns approximately 94% of the equity in Gemino and Solar Senior owns 100% of the equity in Gemino Senior Secured Healthcare. Gemino and Gemino Senior Secured Healthcare are treated as pass-through entities for tax purposes.

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Gemino currently manages a highly diverse portfolio of directly-originated and underwritten senior-secured commitments. As of March 31, 2016, the portfolio totaled approximately \$202.3 million of commitments, of which \$129.4 million were funded, on total assets of \$135.2 million. As of December 31, 2015, the portfolio totaled approximately \$188.3 million of commitments, of which \$130.6 million were funded, on total assets of \$133.7 million. At March 31, 2016, the portfolio consisted of 38 issuers with an average balance of approximately \$3.4 million versus 36 issuers with an average balance of approximately \$3.6 million at December 31, 2015. All of the commitments in Gemino's portfolio are floating-rate, senior-secured, cash-pay

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loans. Gemino's credit facility, which is non-recourse to us, had approximately \$100.0 million and \$98.5 million of borrowings outstanding at March 31, 2016 and December 31, 2015, respectively. For the three months ended March 31, 2016 and 2015, Gemino had net income of \$1.4 million and \$1.2 million, respectively, on gross income of \$3.8 million and \$3.3 million, respectively. Due to timing and non-cash items, there may be material differences between GAAP net income and cash available for distributions. Gemino Healthcare Finance, LLC's consolidated financial statements for the fiscal years ended December 31, 2015 and December 31, 2014 are attached as an exhibit to the registration statement of which this prospectus is a part.

First Lien Loan Program LLC

On September 10, 2014, the Company entered into a limited liability company agreement to create a First Lien Loan Program ("FLLP") with Voya Investment Management LLC ("Voya"). Voya acts as the investment advisor for several wholly-owned insurance subsidiaries of Voya Financial, Inc. (NYSE: VOYA). The joint venture vehicle, structured as an unconsolidated Delaware limited liability company, is expected to invest primarily in senior secured floating rate term loans to middle market companies predominantly owned by private equity sponsors or entrepreneurs. Solar Senior and Voya have committed to provide \$50.75 million and \$7.25 million, respectively, of capital to the joint venture. All portfolio decisions and generally all other decisions in respect of the FLLP must be approved by an investment committee of the FLLP consisting of representatives of the Company and Voya (with approval from a representative of each required). On February 13, 2015, FLLP commenced operations. On February 13, 2015, FLLP as transferor and FLLP 2015-1, LLC, a newly formed wholly owned subsidiary of FLLP, as borrower entered into a \$75 million senior secured revolving credit facility (the "FLLP Facility") with Wells Fargo Securities, LLC acting as administrative agent. Solar Senior Capital Ltd. acts as servicer under the FLLP Facility. The FLLP Facility is scheduled to mature on February 13, 2020. The FLLP Facility generally bears interest at a rate of LIBOR plus a range of 2.25%-2.50%. FLLP and FLLP 2015-1, LLC, as applicable, have made certain customary representations and warranties, and are required to comply with various covenants, including leverage restrictions, reporting requirements and other customary requirements for similar credit facilities. The FLLP Facility also includes usual and customary events of default for credit facilities of this nature. There were \$60.9 million of borrowings outstanding as of March 31, 2016. As of March 31, 2016 and December 31, 2015, Solar Senior and Voya contributed combined equity capital in the amount of \$33.8 million and \$33.8 million, respectively. Of the \$33.8 million of contributed equity capital, the Company contributed \$29.6 million in the form of investments and Voya contributed \$4.2 million in the form of cash. As of March 31, 2016, Solar Senior and Voya's remaining commitments totaled \$21.2 million and \$3.0 million, respectively. The Company, along with Voya, controls the funding of FLLP and FLLP may not call the unfunded commitments without approval of both the Company and Voya.

As of March 31, 2016 and December 31, 2015, FLLP had total assets of \$97.7 million and \$76.8 million, respectively. For the same periods, FLLP's portfolio consisted of first lien floating rate senior secured loans to 19 and 15 different borrowers, respectively. For the three months ended March 31, 2016, FLLP invested \$17.1 million across 4 portfolio companies. For the period from February 13, 2015 through March 31, 2015, FLLP invested \$32.0 million across 8 portfolio companies. Investments prepaid totaled \$1.0 million for the three months ended March 31, 2016 and \$0.1 million for the period from February 13, 2015 through March 31, 2015. At March 31, 2016 and 2015, the weighted average yield of FLLP's portfolio was 6.5% and 6.0%, respectively, measured at fair value and 6.3% and 6.1%, respectively, measured at cost.

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Description	Industry	Interest Rate ⁽¹⁾	Maturity Date	Par Amount	Cost	Fair Value ⁽²⁾
1A Smart Start LLC	Electronic Equipment, Instruments & Components	5.75%	2/21/22	\$ 7,980	\$ 7,906	\$ 7,900
Athletico Management, LLC and Accelerated Holdings, LLC ⁽³⁾	Health Care Facilities	6.25%	12/2/20	4,711	4,672	4,664
Capstone Logistics Acquisition, Inc. ⁽³⁾	Professional Services	5.50%	10/7/21	5,436	5,389	5,355
Castle Management Borrower LLC (Highgate Hotels) ⁽³⁾	Real Estate Management & Development	5.50%	9/18/20	3,940	3,908	3,841
Confie Seguros Holding II Co. ⁽³⁾	Insurance	5.75%	11/9/18	5,444	5,441	5,363
Innovative Xcessories & Services, LLC ⁽³⁾	Automotive Retail	5.25%	2/21/20	2,467	2,467	2,436
Kellermeyer Bergensons Services, LLC (KBS) ⁽³⁾	Commercial Services & Supplies	6.00%	10/29/21	2,469	2,448	2,358
MedRisk, LLC	Health Care Services	6.25%	3/1/23	4,000	3,960	3,960
Metamorph US 3, LLC (Metalogix) ⁽³⁾	Software	7.50%	12/1/20	4,094	4,008	3,684
Pearl Merger Sub, LLC (PetVet) ⁽³⁾	Health Care Facilities	5.75%	12/17/20	5,431	5,341	5,377
PSP Group, LLC (Pet Supplies Plus) ⁽³⁾	Specialty Retail	7.25%	4/6/21	5,445	5,399	5,391
QBS Holding Company, Inc. (Quorum) ⁽³⁾	Software	5.75%	8/7/21	3,456	3,427	3,370
RCPSI Corporation (Pet Supermarket) ⁽³⁾	Specialty Retail	6.75%	4/16/21	5,459	5,411	5,404
Salient Partners, L.P. ⁽³⁾	Asset Management	7.50%	6/9/21	5,404	5,307	5,025
Sarnova HC, LLC	Trading Companies and Distributors	5.75%	1/28/22	5,000	4,951	4,950
Suburban Broadband, LLC (Jab Wireless, Inc.)	Wireless Telecommunication Services	5.50%	3/26/19	8,229	8,086	8,147
Telular Corporation	Wireless Telecommunication Services	5.50%	6/24/19	5,281	5,259	5,229
The Hilb Group, LLC & Gencorp Insurance Group, Inc. ⁽³⁾	Insurance	6.00%	6/24/21	3,854	3,777	3,777
VT Buyer Acquisition Corp. (Veritext) ⁽³⁾	Professional Services	6.00%	1/29/22	4,429	4,385	4,384
					\$ 91,542	\$ 90,615

- (1) Floating rate debt investments typically bear interest at a rate determined by reference to either the London Interbank Offered Rate (LIBOR or L) index rate or the prime index rate (PRIME or P), and which typically reset monthly, quarterly or semi-annually. For each debt investment we have provided the current interest rate in effect as of March 31, 2016.
- (2) Represents the fair value in accordance with ASC Topic 820. The determination of such fair value is not included in the Board's valuation process described elsewhere herein.
- (3) The Company also holds a portion of this position on its Consolidated Statements of Assets and Liabilities.

Table of Contents**FLLP Portfolio as of December 31, 2015 (audited) (in thousands)**

Description	Industry	Interest Rate ⁽¹⁾	Maturity Date	Par Amount	Cost	Fair Value ⁽²⁾
1A Smart Start LLC	Electronic Equipment, Instruments & Components	5.75%	2/21/22	\$ 8,000	\$ 7,924	\$ 7,880
Athletico Management, LLC and Accelerated Holdings, LLC ⁽³⁾	Health Care Facilities	6.25%	12/2/20	4,724	4,682	4,653
Capstone Logistics Acquisition, Inc. ⁽³⁾	Professional Services	5.50%	10/7/21	5,436	5,387	5,395
Castle Management Borrower LLC (Highgate Hotels) ⁽³⁾	Real Estate Management & Development	5.50%	9/18/20	3,950	3,916	3,812
Confie Seguros Holding II Co. ⁽³⁾	Insurance	5.75%	11/9/18	5,458	5,454	5,390
Innovative Xcessories & Services, LLC ⁽³⁾	Automotive Retail	5.25%	2/21/20	2,500	2,500	2,462
Kellermeyer Bergensons Services, LLC (KBS) ⁽³⁾	Commercial Services & Supplies	6.00%	10/29/21	2,475	2,453	2,364
Metamorph US 3, LLC (Metalogix) ⁽³⁾	Software	6.50%	12/1/20	4,875	4,768	4,485
Pearl Merger Sub, LLC (PetVet) ⁽³⁾	Health Care Facilities	5.50%	12/17/20	5,445	5,350	5,336
PSP Group, LLC (Pet Supplies Plus) ⁽³⁾	Specialty Retail	5.75%	4/6/21	5,459	5,411	5,350
QBS Holding Company, Inc. (Quorum) ⁽³⁾	Software	5.75%	8/7/21	3,465	3,434	3,361
RCPSI Corporation (Pet Supermarket) ⁽³⁾	Specialty Retail	6.75%	4/16/21	5,473	5,423	5,363
Salient Partners, L.P. ⁽³⁾	Asset Management	7.50%	6/9/21	5,418	5,317	5,228
Suburban Broadband, LLC (Jab Wireless, Inc.)	Wireless Telecommunication Services	5.50%	3/26/19	8,229	8,076	8,065
Telular Corporation	Wireless Telecommunication Services	5.50%	6/24/19	5,354	5,330	5,274
					\$ 75,425	\$ 74,418

- (1) Floating rate debt investments typically bear interest at a rate determined by reference to either the London Interbank Offered Rate (LIBOR or L) index rate or the prime index rate (PRIME or P), and which typically reset monthly, quarterly or semi-annually. For each debt investment we have provided the current interest rate in effect as of December 31, 2015.
- (2) Represents the fair value in accordance with ASC Topic 820. The determination of such fair value is not included in the Board's valuation process described elsewhere herein.
- (3) The Company also holds a portion of this position on its Consolidated Statements of Assets and Liabilities.