Solar Capital Ltd. Form 10-Q May 07, 2018 Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the Quarter Ended March 31, 2018

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

SOLAR CAPITAL LTD.

(Exact name of registrant as specified in its charter)

Maryland (State of Incorporation)

26-1381340 (I.R.S. Employer

Identification No.)

500 Park Avenue

New York, N.Y. (Address of principal executive offices)

10022 (Zip Code)

(212) 993-1670

(Registrant s telephone number, including area code)

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

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

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

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

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

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

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

SOLAR CAPITAL LTD.

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

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PART I. FINANCIAL INFORMATION

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

Item 1. Financial Statements

SOLAR CAPITAL LTD.

CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES

(in thousands, except share amounts)

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

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

See notes to consolidated financial statements.

SOLAR CAPITAL LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

(in thousands, except share amounts)

	Three mo March 31, 2018	onths ended March 31, 2017
INVESTMENT INCOME:		
Interest:		
Companies less than 5% owned	\$ 24,181	\$ 21,818
Companies more than 25% owned	285	334
Dividends:		
Companies less than 5% owned	6	10
Companies more than 25% owned	14,363	11,678
Other income:		
Companies less than 5% owned	62	492
Companies more than 25% owned	63	60
Total investment income	38,960	34,392
EXPENSES:		
Management fees (see note 3)	\$ 6,473	\$ 6,719
Performance-based incentive fees (see note 3)	4,714	4,083
Interest and other credit facility expenses (see note 8)	5,909	5,669
Administrative services expense (see note 3)	1,286	1,335
Other general and administrative expenses	1,721	256
Total expenses	20,103	18,062
Net investment income	\$ 18,857	\$ 16,330
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, CASH EQUIVALENTS AND FOREIGN CURRENCIES:		
Net realized gain (loss) on investments and cash equivalents:	¢ 107	¢ 500
Companies less than 5% owned	\$ 197	\$ 588
Companies 5% to 25% owned	175	(15)
Companies more than 25% owned	(5)	
Net realized gain on investments and cash equivalents	367	573
Net realized gain (loss) on foreign currencies		(1)
Net realized gain	367	572

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Net change in unrealized gain (loss) on investments and cash equivalents:

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

See notes to consolidated financial statements.

SOLAR CAPITAL LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(in thousands, except share amounts)

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

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

SOLAR CAPITAL LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

(in thousands)

Cook Flours from On anoting Astinition	Three mor March 31, 2018	nths ended March 31, 2017
Cash Flows from Operating Activities: Net increase in net assets resulting from operations	\$ 20,048	\$ 17,158
Adjustments to reconcile net increase in net assets resulting from operations to net	\$ 20,046	\$ 17,158
cash provided by (used in) operating activities:		
Net realized (gain) loss on investments and cash equivalents	(367)	(573)
Net realized (gain) loss on foreign currencies	(307)	(373)
Net change in unrealized (gain) loss on investments and cash equivalents	(824)	(256)
(Increase) decrease in operating assets:	(021)	(230)
Purchase of investments	(153,103)	(101,369)
Proceeds from disposition of investments	142,856	83,347
Capitalization of payment-in-kind interest	(49)	(40)
Collections of payment-in-kind interest	740	173
Receivable for investments sold	1,324	(3,924)
Interest receivable	666	2,181
Dividends receivable	704	(642)
Other receivable		(1)
Prepaid expenses and other assets	199	(368)
Increase (decrease) in operating liabilities:		Ì
Payable for investments and cash equivalents purchased	(4,873)	150,086
Management fee payable	(900)	(151)
Performance-based incentive fee payable	54	(329)
Administrative services expense payable	(2,460)	(2,852)
Interest payable	2,026	1,834
Other liabilities and accrued expenses	782	(309)
Net Cash Provided by Operating Activities	6,823	143,966
Cash Flows from Financing Activities:		
Cash distributions paid	(16,904)	(16,899)
Proceeds from issuance of unsecured debt		100,000
Deferred financing costs	92	27
Proceeds from secured borrowings	130,700	97,500
Repayment of secured borrowings	(126,800)	(212,700)
Net Cash Used in Financing Activities	(12,912)	(32,072)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,089)	111,894

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CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1	50,789	312,046
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 1	44,700	\$ 423,940
Supplemental disclosure of cash flow information:			
Cash paid for interest	\$	3,883	\$ 3,835

See notes to consolidated financial statements.

SOLAR CAPITAL LTD.

CONSOLIDATED SCHEDULE OF INVESTMENTS (unaudited)

March 31, 2018

(in thousands, except share/unit amounts)

escription	Industry 1	Spread Above L Index (9)		Interest Rate (1)	Acquisition Date	Maturity Date	Par Amount	Cost	Fair Value
nior Secured Loans	•			14000 (=)					
81.0%									
nk Debt/Senior									ļ
cured Loans									ļ
, , ,	Health Care Providers & Services	L+950	1.00%	11.53%	9/3/2015	9/3/2022	\$ 10,000	\$ 9,875	\$ 10,00
gis Toxicology									ľ
iences	Health Care Providers &								,
orporation (10)	Services	L+850	1.00%	10.79%	2/20/2014	8/24/2021	31,000	30,628	31,00
merican									
leconferencing									
rvices, Ltd.	Communications	- 650		2.20.00	-:- ID016	121012021	24 220	50.050	21.00
GI) (10)	Equipment	L+650	1.00%	8.29%	5/5/2016	12/8/2021	21,330	20,878	21,22
nerilife Group,	_	. 075	1 000	10.000	5/0/2015	140/2022	15.000	14704	1.4.06
C (10)	Insurance	L+875	1.00%	10.60%	7/9/2015	1/10/2023	15,000	14,784	14,92
shop Lifting	Trading Companies &	7 000	1 0000	0.00M	2/24/2014	2/27/2022	25,000	24.064	24.06
, , , , ,	Distributors	L+800	1.00%			3/27/2022			
, , ,	IT Services	L+800	1.00%	9.72%	12/6/2017	12/7/2022	25,000	24,525	24,50
SA Holdings									
quisition Subsidiary		1 . 050	1 000%	10.10%	12/0/2014	C/0/2021	16 176	46.070	46.45
orp. (10)	Professional Services	L+850	1.00%	10.19%	12/9/2014	6/9/2021	46,476	46,079	46,47
npower Payments									ļ
equisition, Inc.	D. C. sissed Compiese	1 . 450	1 000	C 900	1/06/0010	11/20/2022	10 502	10 502	10 50
1 0/ (/	Professional Services	L+450	1.00%	6.80%	1/26/2018	11/30/2023	18,583	18,583	18,58
lmouth Group									
oldings Corp.	Chemicals	1 . 675	1.00%	0 620%	12/7/2015	12/14/2021	0.208	0.267	0.20
MPAC) (10) obal Tel*Link	Communications	L+675	1.00%	8.63%	12///2013	12/14/2021	9,298	9,267	9,29
organ Tel ^a Link orporation	Equipment Equipment	L+400	1.25%	6.30%	11/6/2015	5/23/2020	7,173	6,277	7,22
obal Tel*Link	Equipment Communications	L+400	1.2570	0.50%	11/0/2013	312312020	1,113	0,411	1,44
orporation	Equipment	L+825	1.25%	10.55%	5/21/2013	11/23/2020	18,500	18,331	18,54
eystone Select	Equipment	LT023	1.25 /6	10.55 /0	3/21/2013	11/23/2020	10,500	10,331	10,5
oldings LLC &									
eystone & Co.,	Thrifts & Mortgage								
-	Finance	L+800	1.00%	9.76%	3/29/2017	4/17/2024	20,000	19,820	20,00
J. (10 <i>)</i>	Tillance	LTUUU	1.00 /	7.10/0	314714011	7/1//2027	20,000	17,020	20,00

S Intermediate,	Health Care Providers &	1 . 005	1.000	10.000	6/10/2015	7/20/2022	25,000	04.655	24.50
c. (10)	Services	L+825	1.00%	10.00%	6/19/2015	7/20/2022	25,000	24,655	24,50
2 Pure Solutions	G1 1 1	* 000	4 000	40.00~	0404040	0.11.0.10.00.1		- 404	
oCal, L.P. (10)	Chemicals	L+900	1.00%	10.88%	8/19/2013	2/19/2021	7,475	7,404	7,47
ore Wireless Group,	Wireless								
c. (10)	Telecommunication								
	Services	L+825	1.00%	10.55%	9/12/2014	3/12/2021	55,500	54,909	54,39
RI Software									
C (10)	Software	L+625	1.00%	8.02%	6/7/2017	6/30/2023	12,607	12,490	12,54
n Location Events,									
.C & PrimeSport									
oldings Inc. (10)	Media	L+550	1.00%	7.57%	12/7/2017	9/29/2021	14,760	14,589	14,65
yMed Management	Health Care Providers &								
C (10)	Services	L+875	1.00%	10.71%	12/18/2015	5/18/2021	32,321	31,486	31,67
KW, LLC & PDR,	Health Care Providers &								
C (10)	Services	L+826	1.00%	10.56%	10/24/2017	11/25/2021	3,461	3,397	3,39
diology Partners,	Health Care Providers &								
c. (10)	Services	L+575	1.00%	7.59%	11/28/2017	12/4/2023	11,399	11,289	11,28
ig Doctor	Diversified Consumer								
C (3)(10)	Services	L+975	1.50%	12.18%	12/23/2013	12/31/2018	9,111	9,042	9,11
lient Partners,									
P. (10)	Asset Management	L+850	1.00%	10.32%	6/10/2015	6/9/2021	13,680	13,518	13,68
uthern Auto Finance	_								
mpany (5)(10)	Consumer Finance			11.15%	10/19/2011	12/4/2019	25,000	24,862	25,00
e Octave Music									
oup, Inc.									
ca TouchTunes) (10)	Media	L+825	1.00%	9.94%	5/28/2015	5/27/2022	14,000	13,859	14,00
rilease Finance,									
c. (10)	Multi-Sector Holdings	L+825	1.00%	9.94%	8/22/2014	8/24/2020	43,000	42,627	43,00

See notes to consolidated financial statements.

\$508,038 \$510,47

tal Bank Debt/Senior Secured Loans

SOLAR CAPITAL LTD.

CONSOLIDATED SCHEDULE OF INVESTMENTS (unaudited) (continued)

March 31, 2018

(in thousands, except share/unit amounts)

		Spread	IDOD	T 4 4		3 .6.4.4.4	n		т.
Description	Industry	Above 1 Index (9)		Interest Rate (1)	Acquisition Date	Maturity Date	Par Amount	Cost	Fair Value
Life Science	·	, ,		, ,					
Senior Secured									
<u>Loans</u>									
Alimera Sciences,									
Inc. (10)	Pharmaceuticals	L+765		9.34%	1/5/2018	7/1/2022	\$35,000	\$ 34,747	\$ 34,650
aTyr Pharma, Inc.									
(10)	Pharmaceuticals	P+410		8.60%	11/18/2016	11/18/2020	10,000	10,061	10,150
Axcella Health									
Inc. (10)	Pharmaceuticals	L+850		10.15%	1/9/2018	1/9/2022	21,000	21,051	21,000
Breathe	Health Care								
Technologies,	Equipment &								
Inc. (10)	Supplies	L+850		10.15%	1/5/2018	1/5/2022	22,000	22,070	22,000
CardioDx, Inc.	Health Care								
(10)	Providers &	D 670		11 4504	6/10/2015	4/1/2010	2.250	2.022	2.640
	Services	P+670		11.45%	6/18/2015	4/1/2019	3,250	3,823	3,640
CardioFocus, Inc.	Health Care								
(10)	Equipment & Supplies	L+750		9.19%	3/31/2017	7/1/2020	5,300	5,341	5,697
Cardiva Medical,	Health Care	L+730		9.19%	3/31/2017	//1/2020	3,300	3,341	3,097
Inc. (10)	Equipment &								
IIIC. (10)	Supplies	L+865	0.63%	10.30%	2/2/2017	2/2/2021	9,000	9,180	9,090
CAS Medical	Health Care	LTOUS	0.03 /6	10.50 /0	2/2/2017	21212021	9,000	9,100	9,090
Systems, Inc. (10)	Equipment &								
Systems, me. (10)	Supplies	L+875		10.40%	6/30/2016	7/1/2020	5,600	5,704	5,656
Cianna Medical,	Health Care	LIO75		10.1070	0/30/2010	77172020	3,000	5,701	3,030
Inc. (10)	Equipment &								
()	Supplies	L+900		10.65%	9/28/2016	9/28/2020	9,000	9,151	9,068
Claret Medical,	Health Care						,,,,,,		,,,,,,
Inc. (10)	Equipment &								
, ,	Supplies	P+450		9.25%	11/22/2017	10/1/2020	5,000	4,982	4,975
Clinical Ink, Inc.	Health Care								
(10)	Technology	L+850	0.70%	10.16%	3/8/2016	3/8/2020	5,056	5,174	5,363
Corindus Vascular	Health Care								
Robotics, Inc.	Equipment &								
(5)(10)	Supplies	L+725		9.04%	3/9/2018	3/1/2022	6,783	6,696	6,691

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Delphinus Medical	Health Care								
Technologies, Inc.									
(10)	Supplies	L+850		10.19%	8/18/2017	9/1/2021	3,750	3,681	3,731
Lumeris Solutions									
Company,	Health Care								
LLC (10)	Technology	L+860	0.25%	10.29%	3/22/2017	2/1/2020	16,000	16,233	16,240
Nabsys 2.0 LLC	Life Sciences								
(10)	Tools &			0.000	1/00/0016	10/12/2010	1 (11	2.126	2.005
DO Daniero Inc	Services			8.90%	4/22/2016	10/13/2018	1,611	2,126	2,095
PQ Bypass, Inc. (10)	Health Care Equipment &								
(10)	Supplies	L+885	1.00%	10.50%	4/21/2016	4/21/2020	5,000	5,031	4,975
Rapid Micro	Life Sciences	L1003	1.00 //	10.50 /	4/21/2010	4/21/2020	3,000	3,031	7,773
Biosystems,	Tools &								
Inc. (10)	Services	L+880		10.46%	6/30/2015	6/30/2019	15,360	16,210	16,716
scPharmaceuticals,	,						,	,	,
Inc. (10)	Pharmaceuticals	L+845		10.14%	5/23/2017	5/1/2021	5,000	4,964	5,025
Scynexis, Inc. (10)	Pharmaceuticals	L+849		10.18%	9/30/2016	9/30/2020	15,000	15,110	15,000
SentreHeart, Inc.	Health Care								
(10)	Equipment &								
	Supplies	L+885		10.50%	11/15/2016	11/15/2020	10,000	10,003	10,025
Sunesis									
Pharmaceuticals,	DI .: 1	T 054		10.220	2/21/2016	4/1/2020	2.750	2.702	2.760
Inc. (10)	Pharmaceuticals	L+854		10.23%	3/31/2016	4/1/2020	3,750	3,782	3,769
Trevi									
Therapeutics, Inc. (10)	Pharmaceuticals	I ±775		9.41%	12/29/2014	6/29/2018	1,375	1,799	1,581
Vapotherm, Inc.	Health Care	LTIIJ		9. 4 1 /0	12/29/2014	0/29/2016	1,373	1,799	1,501
(10)	Equipment &								
(10)	Supplies	L+899		10.64%	11/16/2016	5/16/2021	20,000	20,101	21,100
	I.F			/-			-,	-,	,
Total Life Science	Senior Secured Lo	oans						\$237,020	\$238,237

Total Senior Secured Loans \$745,058 \$748,712

See notes to consolidated financial statements.

SOLAR CAPITAL LTD.

CONSOLIDATED SCHEDULE OF INVESTMENTS (unaudited) (continued)

March 31, 2018

(in thousands, except share/unit amounts)

Description	Industry	Interest Rate (1)	Acquisition Date	Maturity Date	Par Amount	Cost	Fair Value
Equipment	industry j	11000 (1)	2.000	2	1 11110 01110	0020	, 0.2020
Financing							
26.2%							
Althoff Crane							
Service,	Commercial Services &						
Inc. (10)(12)	Supplies	10.55%	7/31/2017	6/8/2022	\$ 1,487	\$ 1,487	\$1,519
BB578,							
LLC (10)(12)	Media	10.00%	7/31/2017	11/1/2021	769	769	777
Beverly Hills							
Limo and							
Corporate							
Coach,							
Inc. (10)(12)	Road & Rail	10.59%	3/19/2018	9/9/2019	568	609	577
Blackhawk							
Mining,	Oil, Gas &	11.21~	2469040	2442022	0.716	2.1.6	2.716
LLC (10)(12)	Consumable Fuels	11.34%	2/16/2018	3/1/2022	3,716	3,446	3,716
Blue Star							
Materials II,	C	20.069	7/21/2017	5/1/2010	27	27	07
LLC (10)(12)	Construction Materials	39.06%	7/31/2017	5/1/2018	27	27	27
Carl R. Bieber,	Hotels, Restaurants &	0.0207	7/31/2017	1/12/2024	1 225	1 225	1 221
Inc. (10)(12) Central Freight	Leisure	9.92%	//31/2017	1/13/2024	1,335	1,335	1,321
Lines,							
Inc. (10)(12)	Road & Rail	7.16%	7/31/2017	1/14/2024	1,914	1,914	1,914
Cfactor Leasing		7.1070	773172017	1/14/2024	1,914	1,914	1,914
Corp. & CZM							
USA,							
Corp. (10)(12)	Machinery	12.00-12.59%	7/31/2017	5/31/2019-4/1/2021	2,327	2,323	2,371
Champion Air,	1/1uciiiici y	12.00 12.55 //	775172017	0,01,201) 1,1,2021	2,527	2,525	2,871
LLC (10)(12)	Airlines	10.00%	3/19/2018	1/1/2019	3,565	3,533	3,522
Family First					- ,	- ,	- ,
Freight,							
LLC (10)(12)	Road & Rail	9.29-11.52%	7/31/2017	7/2/2019-1/22/2022	862	862	869
Garda CL	Commercial Services &	8.12%	3/22/2018	5/16/2023	1,137	1,137	1,137
Technical	Supplies						
Services,							
	Supplies						

Inc. (10)(12)							
Georgia Jet,							
Inc. (10)(12)	Airlines	8.00%	12/4/2017	12/4/2021	2,786	2,786	2,786
Great Plains							
Gas							
Compression							
Holdings,	Oil, Gas &						
LLC (10)(12)	Consumable Fuels	9.39%	3/19/2018	8/31/2018	7,595	7,585	7,531
Haljoe Coaches							
USA,							
LLC (10)(12)	Road & Rail	8.12-9.90%	7/31/2017	7/1/2022-11/17/2022	6,034	6,034	6,034
Hawkeye							
Contracting							
Company, LLC	Oil, Gas &						
(10)(12)(13)	Consumable Fuels	10.00%	11/15/2017	11/15/2020	4,896	4,896	4,896
Knight Transfer							
Services, Inc. &							
Dumpstr							
Xpress,	Commercial Services &						
Inc. (10)(12)	Supplies	12.05-12.76%	7/31/2017	4/11/2020-4/30/2020	772	772	783
Kool Pak,							
LLC (10)(12)	Road & Rail	8.58%	2/5/2018	3/1/2024	810	810	810
Logicorp							
Enterprises,							
LLC (10)(12)	Road & Rail	12.18%	7/31/2017	2/3/2021	3,673	3,673	3,832
Marcal							
Manufacturing,							
LLC dba							
Soundview							
Soundview Paper							
Soundview Paper Company,	Paper & Forest	12.01.12.009	5/01/0015	T/00/0000 10/05/0000	1.550	1.550	1.500
Soundview Paper Company, LLC (10)(12)	Paper & Forest Products	12.91-12.98%	7/31/2017	7/30/2022-10/25/2022	1,572	1,572	1,582
Soundview Paper Company, LLC (10)(12) Meridian	-	12.91-12.98%	7/31/2017	7/30/2022-10/25/2022	1,572	1,572	1,582
Soundview Paper Company, LLC (10)(12) Meridian Consulting I	Products	12.91-12.98%	7/31/2017	7/30/2022-10/25/2022	1,572	1,572	1,582
Soundview Paper Company, LLC (10)(12) Meridian Consulting I Corp,	Products Hotels, Restaurants &						
Soundview Paper Company, LLC (10)(12) Meridian Consulting I Corp, Inc. (10)(12)	Products	12.91-12.98%	7/31/2017	7/30/2022-10/25/2022	1,572 3,734	1,572 3,734	1,582 3,852
Soundview Paper Company, LLC (10)(12) Meridian Consulting I Corp, Inc. (10)(12) Mountain Air	Products Hotels, Restaurants & Leisure						
Soundview Paper Company, LLC (10)(12) Meridian Consulting I Corp, Inc. (10)(12) Mountain Air Helicopters,	Products Hotels, Restaurants & Leisure Commercial Services &	10.72%	7/31/2017	12/4/2021	3,734	3,734	3,852
Soundview Paper Company, LLC (10)(12) Meridian Consulting I Corp, Inc. (10)(12) Mountain Air Helicopters, Inc. (10)(12)	Products Hotels, Restaurants & Leisure						
Soundview Paper Company, LLC (10)(12) Meridian Consulting I Corp, Inc. (10)(12) Mountain Air Helicopters, Inc. (10)(12) OKK	Products Hotels, Restaurants & Leisure Commercial Services & Supplies	10.72%	7/31/2017	12/4/2021	3,734	3,734	3,852
Soundview Paper Company, LLC (10)(12) Meridian Consulting I Corp, Inc. (10)(12) Mountain Air Helicopters, Inc. (10)(12) OKK Equipment,	Products Hotels, Restaurants & Leisure Commercial Services & Supplies Commercial Services &	10.72% 10.00%	7/31/2017 7/31/2017	12/4/2021 4/30/2022	3,734	3,734 1,861	3,852 1,883
Soundview Paper Company, LLC (10)(12) Meridian Consulting I Corp, Inc. (10)(12) Mountain Air Helicopters, Inc. (10)(12) OKK Equipment, LLC (10)(12)	Products Hotels, Restaurants & Leisure Commercial Services & Supplies	10.72%	7/31/2017	12/4/2021	3,734	3,734	3,852
Soundview Paper Company, LLC (10)(12) Meridian Consulting I Corp, Inc. (10)(12) Mountain Air Helicopters, Inc. (10)(12) OKK Equipment, LLC (10)(12) Reston	Products Hotels, Restaurants & Leisure Commercial Services & Supplies Commercial Services &	10.72% 10.00%	7/31/2017 7/31/2017	12/4/2021 4/30/2022	3,734	3,734 1,861	3,852 1,883
Soundview Paper Company, LLC (10)(12) Meridian Consulting I Corp, Inc. (10)(12) Mountain Air Helicopters, Inc. (10)(12) OKK Equipment, LLC (10)(12) Reston Limousine &	Products Hotels, Restaurants & Leisure Commercial Services & Supplies Commercial Services &	10.72% 10.00%	7/31/2017 7/31/2017	12/4/2021 4/30/2022	3,734	3,734 1,861	3,852 1,883
Soundview Paper Company, LLC (10)(12) Meridian Consulting I Corp, Inc. (10)(12) Mountain Air Helicopters, Inc. (10)(12) OKK Equipment, LLC (10)(12) Reston Limousine & Travel Service,	Products Hotels, Restaurants & Leisure Commercial Services & Supplies Commercial Services & Supplies	10.72% 10.00% 10.15%	7/31/2017 7/31/2017 7/31/2017	12/4/2021 4/30/2022 8/27/2023	3,734 1,861 686	3,734 1,861 686	3,852 1,883 673
Soundview Paper Company, LLC (10)(12) Meridian Consulting I Corp, Inc. (10)(12) Mountain Air Helicopters, Inc. (10)(12) OKK Equipment, LLC (10)(12) Reston Limousine & Travel Service, Inc. (10)(12)	Products Hotels, Restaurants & Leisure Commercial Services & Supplies Commercial Services &	10.72% 10.00%	7/31/2017 7/31/2017	12/4/2021 4/30/2022	3,734	3,734 1,861	3,852 1,883
Soundview Paper Company, LLC (10)(12) Meridian Consulting I Corp, Inc. (10)(12) Mountain Air Helicopters, Inc. (10)(12) OKK Equipment, LLC (10)(12) Reston Limousine & Travel Service, Inc. (10)(12) Rossco	Products Hotels, Restaurants & Leisure Commercial Services & Supplies Commercial Services & Supplies	10.72% 10.00% 10.15%	7/31/2017 7/31/2017 7/31/2017	12/4/2021 4/30/2022 8/27/2023	3,734 1,861 686	3,734 1,861 686	3,852 1,883 673
Soundview Paper Company, LLC (10)(12) Meridian Consulting I Corp, Inc. (10)(12) Mountain Air Helicopters, Inc. (10)(12) OKK Equipment, LLC (10)(12) Reston Limousine & Travel Service, Inc. (10)(12) Rossco Crane &	Products Hotels, Restaurants & Leisure Commercial Services & Supplies Commercial Services & Supplies Road & Rail	10.72% 10.00% 10.15%	7/31/2017 7/31/2017 7/31/2017	12/4/2021 4/30/2022 8/27/2023	3,734 1,861 686	3,734 1,861 686	3,852 1,883 673
Soundview Paper Company, LLC (10)(12) Meridian Consulting I Corp, Inc. (10)(12) Mountain Air Helicopters, Inc. (10)(12) OKK Equipment, LLC (10)(12) Reston Limousine & Travel Service, Inc. (10)(12) Rossco Crane & Rigging,	Products Hotels, Restaurants & Leisure Commercial Services & Supplies Commercial Services & Supplies Road & Rail Commercial Services &	10.72% 10.00% 10.15% 11.81%	7/31/2017 7/31/2017 7/31/2017 9/13/2017	12/4/2021 4/30/2022 8/27/2023	3,734 1,861 686	3,734 1,861 686	3,852 1,883 673
Soundview Paper Company, LLC (10)(12) Meridian Consulting I Corp, Inc. (10)(12) Mountain Air Helicopters, Inc. (10)(12) OKK Equipment, LLC (10)(12) Reston Limousine & Travel Service, Inc. (10)(12) Rossco Crane &	Products Hotels, Restaurants & Leisure Commercial Services & Supplies Commercial Services & Supplies Road & Rail	10.72% 10.00% 10.15%	7/31/2017 7/31/2017 7/31/2017	12/4/2021 4/30/2022 8/27/2023	3,734 1,861 686	3,734 1,861 686	3,852 1,883 673

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Royal Coach Lines, Inc. (10)(12) RVR Air Charter, LLC &

Charter, LLC & RVR Aviation, LLC (10)(12) Airlines 12.00% 7/31/2017 1/1/2022 1,498 1,498 1,543

See notes to consolidated financial statements.

SOLAR CAPITAL LTD.

CONSOLIDATED SCHEDULE OF INVESTMENTS (unaudited) (continued)

March 31, 2018

(in thousands, except share/unit amounts)

Description	Industry	Interest Rate (1)	Acquisition Maturity Date Date		Par Amount	Cost	Fair Value
Santek	Commercial	Kate (1)	Date	Date	Amount	Cost	value
Environmental,	Services &						
LLC (10)(12)	Supplies Supplies	10.00%	7/31/2017	3/1/2021	142	142	143
Santek	Supplies	10.00 //	7/31/2017	3/1/2021	172	172	173
Environmental of	Commercial						
Alabama,	Services &						
LLC (10)(12)	Supplies	8.95-10.00%	7/31/2017	12/18/2020-11/29/2021	235	235	234
Sidelines Tree	Diversified	0.56 10.007	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	12,10,2020 11,2,,2021			
Service	Consumer						
LLC (10)(12)	Services	10.31-10.52%	7/31/2017	8/1/2022-10/1/2022	501	502	505
South Texas	Energy						
Oilfield Solutions,	••						
LLC (10)(12)	Services	16.89%	3/29/2018	6/1/2023	982	982	982
Southern Nevada							
Oral &							
Maxillofacial	Health Care						
Surgery,	Providers &						
LLC (10)(12)	Services	12.00%	7/31/2017	3/1/2024	1,493	1,493	1,538
Southwest Traders,	,						
Inc. (10)(12)	Road & Rail	9.13%	11/21/2017	11/1/2020	187	187	187
ST Coaches,							
LLC (10)(12)	Road & Rail	8.21-8.48%	7/31/2017	10/1/2022-11/18/2022	3,650	3,650	3,650
Star Coaches		0.40~	0.10.10.1.0	4.44.40.00.7	4.4.60	4.460	4.4.60
Inc. (10)(12)	Road & Rail	8.42%	3/9/2018	4/1/2025	4,168	4,168	4,168
Sturgeon Services	Energy						
International	Equipment &	10.410	7/21/2017	0/00/0000	2.045	0.045	2.057
Inc. (10)(12)	Services	18.41%	7/31/2017	2/28/2022	2,045	2,045	2,057
Sun-Tech Leasing							
of Texas,	Road & Rail	8.68-10.62%	7/31/2017	51412010 712512021	1 204	1 204	1 204
L.P. (10)(12)	Road & Raii	8.08-10.02%	//31/201/	5/4/2019-7/25/2021	1,204	1,204	1,204
Superior Transportation,							
Inc. (10)(12)	Road & Rail	9.77-10.26%	7/31/2017	4/23/2022-7/1/2023	3,499	3,497	3,490
The Smedley	Commercial	11.63%	7/31/2017	2/10/2024	3,046	3,046	3,138
Company &	Services &	11.05/0	113112011	2) 10/202T	2,040	2,040	5,150
Smedley Services,	Supplies						
Siliculty Scrvices,	Supplies						

Inc. (10)(12)							
Tornado Bus							
Company (10)(12)	Road & Rail	10.78%	7/31/2017	9/1/2021	2,589	2,589	2,624
Up Trucking							
Services,		44.04.00	2/22/2010	4.44.40.000	0.640	2.602	2 6 1 2
LLC (10)(12)	Road & Rail	11.91%	3/23/2018	4/1/2022	2,642	2,693	2,642
Waste Services of	Commercial						
Tennessee, LLC (10)(12)	Services &	8.95-10.15%	7/31/2017	2/7/2021-11/29/2021	925	925	917
Waste Services of	Supplies Commercial	8.93-10.13%	7/31/2017	2///2021-11/29/2021	923	923	917
Texas,	Services &						
LLC (10)(12)	Supplies	8.95%	7/31/2017	12/6/2021	179	179	177
WJV658,	Supplies	0.23 70	773172017	12/0/2021	1//	1//	1//
LLC (10)(12)	Airlines	8.50%	7/31/2017	7/1/2022	8,315	8,315	8,271
W.P.M., Inc.,		0.00	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,, .,	0,000	0,0 00	0,2
WPM-Southern,							
LLC, WPM							
Construction							
Services,	Construction &						
Inc.(10)(12).	Engineering	7.50%	7/31/2017	10/1/2022	3,831	3,831	3,774
					Shares/		
					Units		
NEF Holdings,							
LLC Equity							
Interests	Multi-Sector						
(3)(10)(11)	Holdings		7/31/2017		200	145,000	145,000
Total Equipment	Financing					\$ 240,982	\$ 241,580
Preferred Equity							
1.3%							
SOAGG LLC	Aerospace &						
(3)(5)(6)(10)	Defense	8.00%	12/14/2010	6/30/2020	3,727	\$ 3,727	\$ 4,137
SOINT, LLC	Aerospace &	15 000	(1012012	(12012020	70.200	7.040	7.01.4
(3)(5)(6)(10)	Defense	15.00%	6/8/2012	6/30/2020	72,398	7,240	7,914
Total Duafannad E	anity					\$ 10.067	¢ 12.051
Total Preferred E	quity					\$ 10,967	φ 12,031

See notes to consolidated financial statements.

SOLAR CAPITAL LTD.

CONSOLIDATED SCHEDULE OF INVESTMENTS (unaudited) (continued)

March 31, 2018

(in thousands, except share/unit amounts)

Description	Industry	Acquisition Date	Shares/ Units	Cost	Fair Value
Common Equity/Equity	musti y	Date	Omts	Cost	value
Interests/Warrants 50.8%					
Ark Real Estate Partners LP					
(2)(3)(10)*	Diversified Real Estate Activities	3/12/2007		\$ 527	\$ 154
Ark Real Estate Partners II					
LP (2)(3)(10)*	Diversified Real Estate Activities	10/23/2012		12	4
aTyr Pharma, Inc. Warrants					
(10)*	Pharmaceuticals	11/18/2016	88,792	106	51
B Riley Financial Inc. (5)	Research & Consulting Services	3/16/2007	38,015	2,684	741
CardioDx, Inc. Warrants	•				
(10)*	Health Care Providers & Services	6/18/2015	3,986	129	
CardioFocus, Inc. Warrants					
(10)*	Health Care Equipment & Supplies	3/31/2017	440,816	51	61
CAS Medical Systems, Inc.					
Warrants (10)*	Health Care Equipment & Supplies	6/30/2016	48,491	38	14
Cianna Medical, Inc.					
Warrants (10)*	Health Care Equipment & Supplies	9/28/2016	134,590	56	68
Claret Medical, Inc. Warrants					
(10)*	Health Care Equipment & Supplies	11/22/2017	367,737	42	60
Conventus Orthopaedics, Inc.					
Warrants (10)*	Health Care Equipment & Supplies	6/15/2016	157,500	65	61
Corindus Vascular Robotics,					
Inc. Warrants (5)(10)*	Health Care Equipment & Supplies	3/9/2018	79,855	40	47
Crystal Financial LLC	B: ::: 1 B: : 1 G :	10/00/0010	200 202	200 525	200.000
(3)(5)(10)	Diversified Financial Services	12/28/2012	280,303	280,737	300,000
Delphinus Medical					
Technologies, Inc.	Health Come Francisco et 8 Cometica	0/10/2017	200.004	7.4	0.0
Warrants (10)*	Health Care Equipment & Supplies	8/18/2017	380,904	74	88
Essence Group Holdings					
Corporation (Lumeris) Warrants (10)*	Health Come Technology	3/22/2017	200 000	63	205
PQ Bypass, Inc. Warrants	Health Care Technology	3/22/2017	208,000	03	203
(10)*	Health Cara Equipment & Supplies	4/21/2016	176,471	70	54
RD Holdco Inc. (Rug Doctor)	Health Care Equipment & Supplies	4/21/2010	1/0,4/1	70	J 4
$(3)(10)^*$	Diversified Consumer Services	12/23/2013	231,177	15,683	12,699
(3)(10).	Diversified Consumer Services	12/23/2013	522	5,216	5,216
	Diversified Consumer Services	12/23/2013	344	3,210	3,210

RD Holdco Inc. (Rug Doctor)						
Class B (3)(10)*						
RD Holdco Inc. (Rug Doctor)						
Warrants (3)(10)*	Diversified Consumer Services	12/23/2013	30,370	381		39
Scynexis, Inc. Warrants (10)*	Pharmaceuticals	9/30/2016	122,435	105		1
Senior Secured Unitranche						
Loan Program LLC (3)(5)	Asset Management	11/25/2015		95,106		93,727
Senior Secured Unitranche	•					
Loan Program II LLC (3)(5)	Asset Management	8/5/2016		55,754		56,134
SentreHeart, Inc. Warrants	•					
(10)*	Health Care Equipment & Supplies	11/15/2016	261,825	126		113
Sunesis Pharmaceuticals, Inc.						
Warrants (10)*	Pharmaceuticals	3/31/2016	104,001	118		37
Total Common Equity/Equi	ty Interests/Warrants			\$ 457,183	\$ 4	69,574

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

\$1,454,190 \$1,471,917

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

Total Investments (8) 159.3%

See notes to consolidated financial statements.

SOLAR CAPITAL LTD.

CONSOLIDATED SCHEDULE OF INVESTMENTS (unaudited) (continued)

March 31, 2018

(in thousands, except share/unit amounts)

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

								C	Change			
					_	_			in	_		
		r Value at							realized			r Value at
N. 67	Dec	ember 31,	Gross		Gross	_	ain					arch 31,
Name of Issuer			Addition						Loss)		Income	2018
Ark Real Estate Partners LP	\$	263	\$	\$		\$	(5)	\$	(109))	\$	\$ 154
Ark Real Estate Partners II												
LP		6							(2)		4
AviatorCap SII, LLC I		10			10							
Crystal Financial LLC		303,200							(3,200))	7,720	300,000
NEF Holdings, LLC		145,500							(500))	3,000	145,000
RD Holdco Inc. (Rug												
Doctor, common equity)		10,102							2,597			12,699
RD Holdco Inc. (Rug												
Doctor, class B)		5,216										5,216
RD Holdco Inc. (Rug												
Doctor, warrants)		35							4			39
Rug Doctor LLC		9,111							(23))	289	9,111
Senior Secured Unitranche												
Loan Program LLC (SSLP)	88,736	6,790)	1,400				(399))	1,979	93,727
Senior Secured Unitranche												
Loan Program II LLC (SSL	P											
II)		51,744	6,694	-	2,016				(288))	1,375	56,134
SOAGG LLC		4,537			420				20		78	4,137
SOINT, LLC (preferred												
equity)		8,300			462				76		270	7,914
	\$	626,760	\$ 13,484	\$	4,308	\$	(5)	\$	(1,824))	\$ 14,711	\$ 634,135

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

	Fair Value	Fair Value at					Fair Value at	
	December 3	December 31, Gross Gross			lized	Unrealized	len M arch 31,	
Name of Issuer	2017	Additions	Reductions	Gain	(Loss)	Gain (Loss)	Income	2018
DSW Group Holdings LLC	\$	\$	\$	\$	175	\$	\$	\$

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

See notes to consolidated financial statements.

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SOLAR CAPITAL LTD.

CONSOLIDATED SCHEDULE OF INVESTMENTS (unaudited) (continued)

March 31, 2018

(in thousands, except share/unit amounts)

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

 Represents estimated change in receivable balance.

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

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

See notes to consolidated financial statements.

SOLAR CAPITAL LTD.

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2017

(in thousands, except share/unit amounts)

escription	Industry	Spread Above Index (9)		Interest Rate (1)	Acquisition Date	Maturity Date	Par Amount	Cost	Fair Value
enior Secured	IIIUUSEI J	muca (>)	I looi	Naw (1)	Date	Dan	Allivani	Cost	V arac
oans 83.5%									
ank Debt/Senior									
cured Loans									
ccentCare,	Health Care Providers &								
c. (11)		L+525	1.00%	6.94%	12/29/2017	3/3/2022	\$ 2,580	\$ 2,567	\$ 2,56
ccentCare, Inc. 1)	Health Care Providers & Services	L+950	1.00%	11.01%	9/3/2015	9/3/2022	10,000	9,869	9,90
egis Toxicology		Libe	1.00	11101	713.2025	7,5,202	10,000	7,007	- ,
iences	Health Care Providers &								
orporation (11)		L+850	1.00%	10.17%	2/20/2014	8/24/2021	31,000	30,606	30,07
merican									
eleconferencing									ŗ
ervices,	Communications								,
d. (PGI) (11)	. .	L+650	1.00%	7.90%	5/5/2016	12/8/2021	21,627	21,127	21,30
merilife Group,		- 077	1 000	10.050	= 10 10 0 1 5	1.11.0.12.0.2.2	1.7.000	1 1 775	11.00
LC (11)	Insurance	L+875	1.00%	10.25%	7/9/2015	1/10/2023	15,000	14,775	14,88
rgo Turboserve									ŗ
orporation &									ļ
rgo Tech, LC (11)	Air Freight & Logistics	I ±1425 (10	1)	15.73%	5/2/2014	5/2/2018	6,660	6,235	6,66
viatorCap SII,	All litight & Logistics	L+1+23 (10)		13.13 /0	JI 21 2017	JI 41 40 10	0,000	0,233	0,00
LC I (3)(11)	Aerospace & Defense			12.00%	5/31/2011	1/31/2019	10	10	1
ishop Lifting	Tierospace de			12100	0,01,	1101.			
oducts,	Trading Companies &								ļ
c. (7)(11)		L+800	1.00%	9.57%	3/24/2014	3/27/2022	25,000	24,857	23,50
atto, Inc. (11)	IT Services	L+800	1.00%	9.41%	12/6/2017	12/7/2022	25,000	24,505	24,50
ISA Holdings									ļ
equisition									
ıbsidiary		0		1 ~		- 12 12 02 4		71.000	
orp. (11)	Professional Services	L+850	1.00%	9.84%	12/9/2014	6/9/2021	51,476	51,008	51,47
almouth Group									
oldings Corp. AMPAC) (11)	Chemicals	L+675	1.00%	8.44%	12/7/2015	12/14/2021	9,298	9,265	9,29
MIPAC) (11)		L+6/3 L+400	1.00%			5/23/2020			
1		LITUU	1.20/0	3.07 /	11/0/2015	312312020	1,17-1	0,200	1,40

	Communications								
•	Equipment								
	Communications		- 7-4						
*	Equipment	L+825	1.25%	9.94%	5/21/2013	11/23/2020	18,500	18,317	18,54
reystone Select									
oldings LLC &									
•	Thrifts & Mortgage								
c. (11)	Finance	L+800	1.00%	9.40%	3/29/2017	4/17/2024	20,000	19,815	20,00
	Health Care Providers &								
c. (11)	Services	L+825	1.00%	9.62%	6/19/2015	7/20/2022	25,000	24,639	24,56
2 Pure Solutions									
	Chemicals	L+900	1.00%	10.57%	8/19/2013	2/19/2021	7,475	7,398	7,40
ore Wireless	Wireless								
roup, Inc. (11)	Telecommunication								
D. C. C.	Services	L+825	1.00%	9.94%	9/12/2014	3/12/2021	55,500	54,866	54,94
RI Software	G. C.	T 625	1.00~	5 02 ~		(100/2022	16075	16.10=	1
LC (11)	Software	L+625	1.00%	7.83%	6/7/2017	6/30/2023	16,352	16,197	16,27
n Location									
vents, LLC &									
imeSport									
oldings		·	1 00~	= 0.4~	10/5/0015	0.100.100.001	60.000	70.060	.
` /	Media	L+550	1.00%	7.04%	12/7/2017	9/29/2021	60,000	59,260	59,25
ıyMed	II 11 G D 11 0								
C	Health Care Providers &		1 000	10.010	10/10/2015	511010001	22 221	21 120	21.25
LC (11)	Services	L+875	1.00%	10.21%	12/18/2015	5/18/2021	32,321	31,430	31,27
	Health Care Providers &		1 000	0.050	10/04/0017	11/05/0001	0.461	2.20.4	2.20
DR, LLC (11)	Services	L+826	1.00%	9.95%	10/24/2017	11/25/2021	3,461	3,394	3,39
<i></i>	Health Care Providers &		1 000	7.440	11/00/0017	10///0000	0.100	0.022	0.02
ertners, Inc. (11)		L+575	1.00%	7.44%	11/28/2017	12/4/2023	9,122	9,032	9,03
•	Diversified Consumer	1.075	1 500	11 4007	10/02/0012	10/21/2010	0.111	0.010	0.11
)(11)	Services	L+975	1.50%	11.42%	12/23/2013	12/31/2018	9,111	9,019	9,11
llient Partners,	A A M	1.050	1 000/	0.050	(110/2015	(1012021	12.000	12 002	12.00
` '	Asset Management	L+850	1.00%	9.85%	6/10/2015	6/9/2021	13,980	13,803	13,98
outhern Auto									
nance	Common Einem			11 150	10/10/2011	12/4/2019	25 000	24.005	25.00
	Consumer Finance			11.15%	10/19/2011	12/4/2018	25,000	24,905	25,00
ne Octave									
usic Group, Inc.									
ka TouchTunes)	Madia	1 . 025	1 000	0.620	5 /00 /001 F	<i>5 107 10000</i>	14.000	12.050	14.00
	Media	L+825	1.00%	9.62%	5/28/2015	5/27/2022	14,000	13,852	14,00
arilease	Multi Captor Halding	1 . 025	1 0007	0.500	9/22/2014	9/24/2020	10 000	47.540	49.00
nance, inc. (11)	Multi-Sector Holdings	L+825	1.00%	9.58%	8/22/2014	8/24/2020	48,000	47,548	48,00
otal Danle Dale/O	enior Secured Loans							¢ 554 504	¢ 556 15
piai Bank Debt/S	emor Secured Loans							\$ 554,504	\$ 220,12

See notes to consolidated financial statements.

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SOLAR CAPITAL LTD.

CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)

December 31, 2017

(in thousands, except share/unit amounts)

		Spread		_			_		
Description	Industry			Interest	Acquisition Date	Maturity Date	Par	Cost	Fair Value
Description Life Science	Industry	Index (9)	rioor	Rate (1)	Date	Date	Amount	Cost	vaiue
Senior Secured									
Loans									
Achaogen, Inc.									
(5)(11)	Pharmaceuticals	L+699	1.00%	8.34%	8/5/2015	8/5/2019	\$ 20,833	\$ 21,783	\$ 22,500
aTyr Pharma, Inc.	1144114400441044	2.0//	1,0076	0.0 . 70	0,0,2010	0,0,2019	Ψ 20,000	Ψ 21,700	Ψ 22,8 0 0
(11)	Pharmaceuticals	P+410		8.35%	11/18/2016	11/18/2020	10,000	9,986	10,100
Axcella Health							,	,	,
Inc. (11)	Pharmaceuticals	L+880		10.15%	8/7/2015	8/31/2019	20,000	20,600	20,900
Breathe	Health Care								
Technologies,	Equipment &								
Inc. (11)	Supplies	L+830		9.65%	11/5/2015	11/5/2019	15,000	16,774	16,800
	Health Care								
CardioDx, Inc.	Providers &								
(11)	Services	P+670		11.20%	6/18/2015	4/1/2019	4,000	4,507	4,480
	Health Care								
CardioFocus, Inc.	Equipment &			0.00%	2/21/2015	7.11.12.02.0	5.0 00	5.005	7.2 00
(11)	Supplies	L+750		8.88%	3/31/2017	7/1/2020	5,300	5,307	5,300
Cardiva Medical,	Health Care								
Inc. (11)	Equipment & Supplies	L+865	0.63%	10.00%	2/2/2017	2/2/2021	9,000	9,125	9,045
	Health Care	L+803	0.05%	10.00%	2/2/2017	2/2/2021	9,000	9,123	9,043
CAS Medical	Equipment &								
Systems, Inc. (11)	Supplies	L+875		10.10%	6/30/2016	7/1/2020	6,000	6,083	6,045
Systems, me. (11)	Health Care	L1073		10.1070	0/30/2010	77172020	0,000	0,003	0,043
Cianna Medical,	Equipment &								
Inc. (11)	Supplies	L+900		10.35%	9/28/2016	9/28/2020	7,500	7,613	7,556
	Health Care						. ,	.,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Claret Medical,	Equipment &								
Inc. (11)	Supplies	P+450		9.00%	11/22/2017	10/1/2020	5,000	4,947	4,933
Clinical Ink, Inc.	Health Care								
(11)	Technology	L+850	0.70%	9.86%	3/8/2016	3/8/2020	5,056	5,153	5,056
Delphinus	Health Care	L+850		9.88%	8/18/2017	9/1/2021	3,750	3,664	3,722
Medical	Equipment &								
Technologies, Inc.	Supplies								

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(11)									
Lumeris Solutions									
Company, LLC	Health Care								
(11)	Technology	L+860	0.25%	9.98%	3/22/2017	2/1/2020	16,000	16,147	16,160
(11)	Health Care	Liou	0.23 /0	7.70 %	3/22/2017	2/1/2020	10,000	10,147	10,100
Mitralign, Inc.	Equipment &								
(11)	Supplies			9.48%	4/22/2016	12/1/2018	833	843	829
	Life Sciences								
Nabsys 2.0 LLC	Tools &								
(11)	Services			8.90%	4/22/2016	10/13/2018	2,302	2,695	2,532
PQ Bypass, Inc.	Health Care								
(11)	Equipment &								
	Supplies	L+885	1.00%	10.20%	4/21/2016	4/21/2020	5,000	5,012	4,975
Rapid Micro	Life Sciences								
Biosystems,	Tools &								
Inc. (11)	Services	L+880		10.16%	6/30/2015	6/30/2019	15,360	16,126	15,322
scPharmaceuticals,	'	T 045		0.026	5 100 100 1 5	5 /1 /0001	7 000	4.050	7 000
Inc. (11)	Pharmaceuticals			9.83%	5/23/2017	5/1/2021	5,000	4,952	5,000
Scynexis, Inc. (11)	Health Care	L+849		9.87%	9/30/2016	9/30/2020	15,000	15,049	14,850
SentreHeart, Inc.									
(11)	Equipment & Supplies	L+885		10.20%	11/15/2016	11/15/2020	10,000	9,958	10,000
Sunesis	Supplies	LT003		10.20 /0	11/13/2010	11/13/2020	10,000	9,930	10,000
Pharmaceuticals,									
Inc. (11)	Pharmaceuticals	L+854		9.92%	3/31/2016	4/1/2020	3,750	3,765	3,769
Trevi							-,	-,	2,1.22
Therapeutics,									
Inc. (11)	Pharmaceuticals	L+775		9.11%	12/29/2014	6/29/2018	2,406	2,786	2,623
	Health Care								
Vapotherm, Inc.	Equipment &								
(11)	Supplies	L+899		10.34%	11/16/2016	5/16/2021	20,000	20,040	20,450
Total Life Science	Senior Secured L	oans						\$212,915	\$ 212,947
T-4-1 C- ' C	3 T							↑ 7 7 1 1 1 1 1	Φ <i>Π</i> (Ω 1Ω1
Total Senior Secu	red Loans							\$767,419	\$ 709,101

See notes to consolidated financial statements.

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SOLAR CAPITAL LTD.

CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)

December 31, 2017

(in thousands, except share/unit amounts)

Description	Industry	Interest Rate (1)	Acquisition Date	Maturity Date	Par Amount	Cost	Fair Value
Equipment Financing 23.7%	industry.	1	Juli	Zuu	7	C03 .	, uiuc
Althoff Crane Service, Inc. (11)(13)	Commercial Services & Supplies	10.55%	7/31/2017	6/8/2022	\$ 1,526	\$ 1,526	\$ 1,526
BB578, LLC (11)(13)	Media	10.00%	7/31/2017	11/1/2021	801	801	821
Beverly Hills Limo and Corporate Coach,							
Inc. (11)(13) Blue Star	Road & Rail	10.67%	7/31/2017	2/28/2018	38	38	37
Materials II, LLC (11)(13)	Construction Materials	39.06%	7/31/2017	5/1/2018	102	102	102
Carl R. Bieber, Inc. (11)(13)	Hotels, Restaurants & Leisure	9.92%	7/31/2017	1/13/2024	1,363	1,363	1,347
Central Freight Lines, Inc. (11)(13)	Road & Rail	7.16%	7/31/2017	1/14/2024	1,979	1,979	1,940
Cfactor Leasing Corp. & CZM USA,							
Corp. (11)(13)	Machinery	12.00-12.05%	7/31/2017	5/31/2019-1/15/2021	2,090	2,090	2,135
Family First Freight,						-0-	
LLC (11)(13)	Road & Rail	10.11%	7/31/2017	1/22/2022	505	505	513
Georgia Jet, Inc. (11)(13)	Airlines	8.00%	12/4/2017	12/4/2021	2,918	2,918	2,918
Haljoe Coaches USA,					,	,	
LLC (11)(13)	Road & Rail	8.12-9.90%	7/31/2017	7/1/2022-11/17/2022	6,172	6,172	6,172
Hawkeye Contracting Company, LLC (11)(13)(14)	Oil, Gas & Consumable Fuels	10.00%	11/15/2017	11/15/2020	5,292	5,292	5,292
LLC (11)(13)(14)	Consumable Puels	10.0070	11/13/2017	11/13/2020	3,494	3,494	5,494

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Knight Transfer Services, Inc. &							
Dumpstr Xpress, Inc. (11)(13)	Commercial Services & Supplies	12.05-12.76%	7/31/2017	4/11/2020-4/30/2020	852	852	854
Logicorp	rı						
Enterprises, LLC (11)(13)	Road & Rail	12.18%	7/31/2017	2/3/2021	4,016	4,016	4,096
Marcal	Troug of Truit	12.10 %	773172017	2,3,2021	1,010	1,010	1,000
Manufacturing, LLC dba Soundview Paper Company, LLC	Paper & Forest	12.01.12.00%	7/21/2017	7/20/2022 10/25/2022	1 (27	1 (27	1 (27
(11)(13) Meridian	Products	12.91-12.98%	7/31/2017	7/30/2022-10/25/2022	1,637	1,637	1,637
Consulting I Corp,	Hotels, Restaurants &	10.50	5/01/0015	10///2021	2.704	2.704	2.052
Inc. (11)(13) Mountain Air	Leisure	10.72%	7/31/2017	12/4/2021	3,784	3,784	3,873
Helicopters,	Commercial Services &						
Inc. (11)(13)	Supplies	10.00%	7/31/2017	4/30/2022	1,882	1,882	1,882
OKK Equipment,	Commercial Services &	20000,2	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	., 0 0, 2 0 2	-,	-,	-,
LLC (11)(13)	Supplies	10.15%	7/31/2017	8/27/2023	709	709	696
Reston							
Limousine &							
Travel Service,	D 10 D '1	11.016	0/10/0017	10/1/2021	1.060	1.005	1.060
Inc. (11)(13)	Road & Rail	11.81%	9/13/2017	10/1/2021	1,868	1,895	1,868
Rossco Crane & Rigging,	Commercial Services &						
Inc. (11)(13)	Supplies Supplies	11.53%	8/25/2017	9/1/2022	711	711	711
Royal Coach	Supplies	11.55 %	0,20,201,), 1, 2022	,11	, 11	, 11
Lines,							
Inc. (11)(13)	Road & Rail	10.03%	7/31/2017	8/28/2018	364	364	361
RVR Air Charter,							
LLC & RVR							
Aviation,	A 111	12 000	7/21/2017	1/1/2022	1 550	1.550	1.501
LLC (11)(13) Santek	Airlines	12.00%	7/31/2017	1/1/2022	1,550	1,550	1,581
Environmental,	Commercial Services &						
LLC (11)(13)	Supplies	10.00%	7/31/2017	3/1/2021	154	154	153
Santek	11						
Environmental of							
Alabama, LLC	Commercial Services &						
(11)(13)	Supplies	8.95-10.00%	7/31/2017	12/18/2020-11/29/2021	252	252	250
Sidelines Tree Service	Diversified Consumer						
LLC (11)(13)	Diversified Consumer Services	10.31%-10.52%	7/31/2017	8/1/2022-10/1/2022	523	525	523
Southern Nevada	DOI VICOS	10.51 /0-10.52 /0	113112011	0/1/2022-10/1/2022	343	343	343
Oral & Maxillofacial	W. 11. 0						
Surgery,	Health Care Providers & Services	12.00%	7/31/2017	3/1/2024	1 501	1 521	1 5 1 1
LLC (11)(13)	Road & Rail	9.13%	11/21/2017	11/1/2020	1,521 202	1,521 202	1,544 202
	Roud & Rull	7.13 /0	11,21,201/	11/1/2020	202	202	202

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

See notes to consolidated financial statements.

SOLAR CAPITAL LTD.

CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)

December 31, 2017

(in thousands, except share/unit amounts)

D	T 1 4	Interest	Acquisition	Maturity	Par	G . 4	Fair
Description	Industry	Rate (1)	Date	Date	Amount	Cost	Value
Sun-Tech Leasing							
of Texas, L.P. (11)(13)	Road & Rail	8.68-10.60%	7/31/2017	5/4/2019-7/25/2021	1,253	1,253	1,252
Superior	Roau & Kaii	8.08-10.00%	//31/2017	314/2019-1/23/2021	1,233	1,233	1,232
Transportation,							
Inc. (11)(13)	Road & Rail	9.77-10.26%	7/31/2017	4/23/2022-11/25/2022	3,451	3,451	3,423
The Smedley	Road & Ran	J.77 10.2070	773172017	4/23/2022 11/23/2022	3,431	3,131	3,123
Company &	Commercial						
Smedley Services,							
Inc. (11)(13)	Supplies	11.63%	7/31/2017	2/10/2024	3,119	3,119	3,181
Tornado Bus	11				·	ĺ	
Company (11)(13)	Road & Rail	10.78%	7/31/2017	9/1/2021	2,727	2,727	2,749
Waste Services of	Commercial						
Tennessee, LLC	Services &						
(11)(13)	Supplies	8.95-10.15%	7/31/2017	2/7/2021-11/29/2021	983	983	968
Waste Services of	Commercial						
Texas,	Services &						
LLC (11)(13)	Supplies	8.95%	7/31/2017	12/6/2021	190	190	185
WJV658, LLC							
(11)(13)	Airlines	8.50%	7/31/2017	7/1/2022	8,452	8,452	8,452
W.P.M., Inc.,							
WPM-Southern,							
LLC, WPM							
Construction	C 0						
Services,	Construction &		7/21/2017	10/1/2022	4.004	4.004	2.011
Inc.(11)(13)	Engineering	7.50%	7/31/2017	10/1/2022	4,004	4,004	3,911
					Shares/ Units		
NEF Holdings,							
LLC Equity							
Interests	Multi-Sector						
(3)(11)(12)	Holdings			7/31/2017	200	145,000	145,500

Total Equipment Financing

\$217,934 \$218,583

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

Total Preferred Equity

\$ 11,848 \$ 12,837

	.	Acquisition	Shares/	~	Fair
Description	Industry	Date	Units	Cost	Value
Common Equity/Equity					
Interests/Warrants 50.0%	Discoulified Boot Estate				
Ark Real Estate Partners	Diversified Real Estate	2/12/2007		ф 507	Ф 262
LP (2)(3)(11)*	Activities Diversified Bool Fetets	3/12/2007		\$ 527	\$ 263
Ark Real Estate Partners II	Diversified Real Estate Activities	10/23/2012		12	6
LP (2)(3)(11)* aTyr Pharma, Inc. Warrants	Activities	10/23/2012		12	O
(11)*	Pharmaceuticals	11/18/2016	88,792	106	73
B Riley Financial Inc. (5)	Research & Consulting	11/10/2010	00,772	100	73
B Kney I manetar me. (3)	Services	3/16/2007	38,015	2,684	688
CardioDx, Inc. Warrants (11)*	Health Care Providers &	3/10/2007	30,013	2,004	000
CardioDA, Inc. Warrants (11)	Services	6/18/2015	3,986	129	
CardioFocus, Inc. Warrants	Health Care Equipment &	0/10/2015	2,200	12)	
(11)*	Supplies	3/31/2017	440,816	51	43
CAS Medical Systems, Inc.	Health Care Equipment &				
Warrants (11)*	Supplies	6/30/2016	48,491	38	
Cianna Medical, Inc. Warrants	Health Care Equipment &		,		
(11)*	Supplies	9/28/2016	112,158	47	39
Claret Medical, Inc. Warrants	Health Care Equipment &				
(11)*	Supplies	11/22/2017	367,737	42	42
Conventus Orthopaedics, Inc.	Health Care Equipment &				
Warrants (11)*	Supplies	6/15/2016	157,500	65	43
Crystal Financial LLC	Diversified Financial				
(3)(5)(11)	Services	12/28/2012	280,303	280,737	303,200
Delphinus Medical					
Technologies, Inc. Warrants	Health Care Equipment &				
(11)*	Supplies	8/18/2017	380,904	74	66
Essence Group Holdings					
Corporation (Lumeris) Warrants					
(11)*	Health Care Technology	3/22/2017	208,000	63	155
PQ Bypass, Inc. Warrants (11)*	Health Care Equipment &				• •
	Supplies	4/21/2016	176,471	70	38
RD Holdco Inc. (Rug Doctor)	Diversified Consumer	10/00/0010	221 177	15.602	10.100
(3)(11)*	Services	12/23/2013	231,177	15,683	10,102
RD Holdco Inc. (Rug Doctor)	Diversified Consumer	10/02/0012	500	F 016	5.016
Class B (3)(11)*	Services	12/23/2013	522	5,216	5,216
		12/23/2013	30,370	381	35

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

See notes to consolidated financial statements.

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SOLAR CAPITAL LTD.

CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)

December 31, 2017

(in thousands, except share/unit amounts)

Description	Industry	Acquisition Date	Shares/ Units	Cost		Fair Value
Scynexis, Inc. Warrants	Pharmaceuticals					
(11)*		9/30/2016	122,435	1	05	3
Senior Secured						
Unitranche Loan						
Program						
LLC (3)(5)(11)	Asset Management	11/25/2015		89,7	16	88,736
Senior Secured						
Unitranche Loan						
Program II LLC						
(3)(5)(11)	Asset Management	8/5/2016		51,0	76	51,744
SentreHeart, Inc.	Health Care					
Warrants (11)*	Equipment & Supplies	11/15/2016	261,825	1	26	79
Sunesis						
Pharmaceuticals, Inc.						
Warrants (11)*	Pharmaceuticals	3/31/2016	104,001	1	18	78
Total Common Equity/	Equity Interests/Warrar	nts		\$ 447,0	66 \$	460,649
Total Investments (8)	158.6%			\$1,444,267		\$1,461,170

			Maturity Date	Par Amount		
Cash Equivalents 15.7%						
	vernment	12/28/2017	2/8/2018	\$ 145,000	\$ 144,826	\$ 144,826
Total Investments & Cash I Liabilities in Excess of Other	•				\$ 1,589,093	\$ 1,605,996 (684,391)
Net Assets 100.0%	(7.116.76)					\$ 921,605

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

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

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

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

See notes to consolidated financial statements.

SOLAR CAPITAL LTD.

CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)

December 31, 2017

(in thousands, except share/unit amounts)

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

			Change in									
Name of Issuer	Fair V Decem 20	ber 31	, G		Gross ductions	Realiz Gair (Loss	1	(ealized Gain Loss)	Interest/ Dividend Income		er 31,
Direct Buy Inc. (common						•			ŕ			
equity)	\$		\$		\$	\$		\$		\$	\$	
Direct Buy Inc. (senior secured loan)		777		333	11,439	(8,3)	87)		7,734			
DSW Group Holdings LLC						2	83					
	\$	777	\$	333	\$ 11,439	\$ (8,1	04)	\$	7,734	\$	\$	

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

(10) Spread is 12.25% Cash / 2.00% PIK.