

GLADSTONE CAPITAL CORP

Form 497

September 21, 2017

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Filed Pursuant to Rule 497
File No. 333-208637

Prospectus Supplement

(To Prospectus Dated February 6, 2017)

1,800,000 Shares

6.00% Series 2024 Term Preferred Stock

Liquidation Preference \$25 per Share

Gladstone Capital Corporation, or the Company, is an externally managed, closed-end, non-diversified management investment company that has elected to be regulated as a business development company under the Investment Company Act of 1940, as amended, or the 1940 Act. Generally, our investment objective is to generate current income by investing in debt securities of established businesses and provide our stockholders with long-term capital appreciation by investing in equity securities, generally in combination with the aforementioned debt securities.

We are offering 1,800,000 shares of our 6.00% Series 2024 term preferred stock, or the Series 2024 Term Preferred Stock. We will pay monthly dividends on the Series 2024 Term Preferred Stock at an annual rate of 6.00% of the \$25 liquidation preference per share, or \$1.50 per share of Series 2024 Term Preferred Stock per year, on the last business day of each month, commencing on October 31, 2017.

We are required to redeem all of the outstanding shares of the Series 2024 Term Preferred Stock on September 30, 2024 at a redemption price equal to \$25 per share plus an amount equal to accumulated but unpaid dividends and distributions, if any, up to, but excluding, the date of redemption. We will also be required to redeem all of the outstanding shares of the Series 2024 Term Preferred Stock at a redemption price equal to \$25 per share, plus an amount equal to accumulated but unpaid dividends and distributions, if any, up to, but excluding, the date of redemption upon the occurrence of certain events that constitute a change of control of the Company. If we fail to maintain an asset coverage, as defined in the 1940 Act, of at least 200%, we will redeem a sufficient number of shares of our Series 2024 Term Preferred Stock or any other series of shares of preferred stock then-outstanding, collectively, the Term Preferred Stock, in an amount at least equal to the lesser of (1) the minimum number of shares of Term Preferred Stock necessary to cause us to meet our required asset coverage ratio (provided, however, that if there is no such minimum number of shares of Series 2024 Term Preferred Stock or other shares of Term Preferred Stock then-outstanding, the redemption or retirement of which would have such result, all Series 2024 Term Preferred Stock and other shares of Term Preferred Stock then outstanding shall be redeemed) and (2) the maximum number of shares

of Term Preferred Stock that we can redeem out of cash legally available for such redemption in accordance with the TP Articles Supplementary, as defined below, and applicable law. Also, at our sole discretion, we may redeem such number of shares of Term Preferred Stock (including shares of Term Preferred Stock required to be redeemed) that will result in our having an asset coverage ratio of up to and including 240%. At any time after the close of business on September 30, 2019, at our sole option, we may redeem the Series 2024 Term Preferred Stock at a redemption price per share equal to the sum of the \$25 liquidation preference per share plus an amount equal to all unpaid dividends and distributions on the Series 2024 Term Preferred Stock accumulated to (but excluding) the date fixed for such redemption plus the optional redemption premium per share (if any) with respect to an optional redemption on the Series 2024 Term Preferred Stock that is effected on the date fixed for such redemption. We cannot effect any amendment, alteration or repeal of our obligation to redeem all of the shares of Series 2024 Term Preferred Stock on September 30, 2024 without the prior unanimous vote or consent of the holders of Series 2024 Term Preferred Stock.

Each holder of our Series 2024 Term Preferred Stock (and any other outstanding Term Preferred Stock we have issued or may issue in the future) will be entitled to one vote for each share held by such holder on any matter submitted to a vote of our stockholders, and, except as described below, the holders of all of our outstanding Term Preferred Stock and common stock will vote together as a single class. The holders of the Series 2024 Term Preferred Stock (together with our outstanding 6.75% Series 2021 Term Preferred Stock, \$0.001 par value per share, or the Series 2021 Term Preferred Stock, and any other Term Preferred Stock we may issue in the future), voting separately as a class, will elect at all times two of our directors and, upon our failure to pay dividends for at least two years or as otherwise entitled under the 1940 Act, will elect a majority of our directors. The Series 2024 Term Preferred Stock will rank equally in right of payment with all other shares of outstanding Term Preferred Stock that we have issued or may issue in the future and will rank senior in right of payment to all of our common stock.

We have applied to list the Series 2024 Term Preferred Stock on the NASDAQ Global Select Market, or NASDAQ, under the symbol GLADN. We expect the Series 2024 Term Preferred Stock to begin trading on NASDAQ within 30 days of the date of this prospectus supplement, though there can be no assurance trading will commence within this timeframe, or at all. Our common stock is traded on NASDAQ under the symbol GLAD and shares of our Series 2021 Term Preferred Stock are traded on NASDAQ under the symbol GLADO. On September 18, 2017, the last sale price of our common stock as reported on NASDAQ was \$9.33 per share and the last reported price of our Series 2021 Term Preferred Stock was \$25.50 per share. The Series 2024 Term Preferred Stock has no trading history and will not be convertible into our common stock or any other security of our company.

The securities in which we invest generally would be rated below investment grade if they were rated by rating agencies. Below investment grade securities, which are often referred to as junk, have predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. They may also be difficult to value and are illiquid.

Investing in our securities involves risks. You could lose some or all of your investment. You should carefully consider each of the factors described under Risk Factors beginning on page S-12 of this prospectus supplement and beginning on page 12 of the accompanying prospectus before you invest in the Series 2024 Term Preferred Stock.

This prospectus supplement and the accompanying prospectus contain important information you should know before investing in our common stock, including information about risks. Please read it before you invest and retain it for future reference. Additional information about us, including our annual, quarterly and current reports, has been filed with the Securities and Exchange Commission, or the SEC, and can be accessed at its website at www.sec.gov. This

information is also available free of charge by calling us collect at (703) 287-5893 or on our corporate website located at www.gladstonecapital.com. You may also call us collect at this number to request other information or to make a shareholder inquiry. See *Where You Can Find More Information* on page S-71 of this prospectus supplement.

The SEC has not approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total⁽²⁾
Public offering price	\$ 25.00	\$ 45,000,000
Sales load (underwriting discounts and commissions)	\$ 0.7875	\$ 1,417,500
Proceeds, before expenses, to us ⁽¹⁾	\$ 24.2125	\$ 43,582,500

(1) Total expenses of the offering payable by us, excluding underwriting discounts and commissions, are estimated to be \$285,000.

(2) We have granted the underwriters a 30-day option to purchase up to an additional 270,000 shares of Series 2024 Term Preferred Stock from us on the same terms and conditions set forth above solely to cover over-allotments, if any. If such option is exercised in full, the total public offering price will be \$51,750,000, the total underwriting discounts and commissions will be \$1,630,125 and total proceeds, before expenses, to us would be \$50,119,875. See *Underwriting* on page S-66 of this prospectus supplement.

The underwriters expect to deliver the Series 2024 Term Preferred Stock on or about September 27, 2017.

Janney Montgomery Scott

Ladenburg Thalmann

FBR

a B. Riley Financial Company

BB&T Capital Markets

J.J.B. Hilliard, W.L. Lyons, LLC

Wedbush Securities

William Blair

Prospectus Supplement dated September 19, 2017

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ABOUT THE PROSPECTUS SUPPLEMENT

This prospectus supplement, together with the accompanying prospectus, sets forth the information that you should know before investing. You should read the prospectus supplement and accompanying prospectus, which contain important information, before deciding whether to invest in the Series 2024 Term Preferred Stock.

You may request a free copy of this prospectus supplement, the accompanying prospectus, our annual reports to stockholders and other information about us, and make stockholder inquiries by calling (866) 366-5745 or by writing to us at 1521 Westbranch Drive, Suite 100, McLean, Virginia 22102, or from our website at www.gladstonecapital.com. The information contained in, or that can be accessed through, our website is not part of this prospectus supplement or the accompanying prospectus. We make available free of charge on our website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. We also furnish to our stockholders annual reports, which include annual financial information that has been examined and reported on, with an opinion expressed, by our independent registered public accounting firm.

This prospectus supplement, which describes the specific terms of this offering, also adds to and updates information contained in the accompanying prospectus. The accompanying prospectus gives more general information, some of which may not apply to this offering. If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in this prospectus supplement.

The shares of Series 2024 Term Preferred Stock do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

You should rely only on the information contained in this prospectus supplement and the accompanying prospectus in making an investment decision. We have not authorized any other person to provide you with different or inconsistent information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell the Series 2024 Term Preferred Stock in any jurisdiction where such an offer or sale is not permitted. The information appearing in this prospectus supplement, the accompanying prospectus and any documents incorporated by reference herein or therein, is accurate only as of the respective dates of such information regardless of the time of delivery or any sale of the Series 2024 Term Preferred Stock. Our business, financial condition, results of operations and prospects may have changed since those dates.

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This summary highlights some of the information included in the prospectus supplement and the accompanying prospectus. You should review the more detailed information contained elsewhere in this prospectus supplement and in the accompanying prospectus, including the Articles Supplementary Establishing and Fixing the Rights and Preferences of Term Preferred Shares of Gladstone Capital Corporation, effective October 31, 2011 (the TP Articles Supplementary) and Appendix A thereto, the Company's Articles Supplementary Establishing and Fixing the Rights and Preferences of 6.00% Series 2024 Term Preferred Stock and Exhibit A thereto (the Series 2024 Term Preferred Stock Articles Supplementary, together with the TP Articles Supplementary, the Articles Supplementary), the form of which is attached to this prospectus supplement, and especially the information set forth under the heading Risk Factors prior to making an investment in the Series 2024 Term Preferred Stock. In this prospectus supplement and the accompanying prospectus, except where the context suggests otherwise, the Company, we, us or our refers to Gladstone Capital Corporation; Adviser refers to Gladstone Management Corporation; Administrator refers to Gladstone Administration, LLC; and Gladstone Companies refers to our Adviser and its affiliated companies. Capitalized terms used but not defined in this prospectus supplement or accompanying prospectus have the meanings given to such terms in the Articles Supplementary. Unless otherwise stated, the information in this prospectus supplement and the accompanying prospectus does not take into account the possible exercise by the underwriters of their over-allotment option.

Gladstone Capital Corporation

Gladstone Capital Corporation was incorporated under the Maryland General Corporation Law on May 30, 2001. We operate as an externally managed, closed-end, non-diversified management investment company and have elected to be treated as a business development company (BDC) under the Investment Company Act of 1940, as amended (the 1940 Act). In addition, for federal income tax purposes we have elected to be treated as a registered investment company (RIC) under Subchapter M of the Internal Revenue Code, as amended (the Code). As a BDC and a RIC, we are subject to certain constraints, including limitations imposed by the 1940 Act and the Code.

As of June 30, 2017, our portfolio consisted of loans to 47 portfolio companies in 23 states in 22 different industries with an aggregate fair value of \$345.5 million. From our initial public offering of common stock in August 2001 and through August 31, 2017, we have made 175 consecutive monthly or quarterly distributions on our common stock. Through August 31, 2017, we have made 40 consecutive monthly distributions on shares of our 6.75% Series 2021 Term Preferred Stock, par value \$0.001 per share, (the Series 2021 Term Preferred Stock). In each of June, July and August 2017, our monthly common stock distributions per share were \$0.07 and our monthly distributions per share for the Series 2021 Term Preferred Stock were \$0.140625.

As of June 30, 2017, we had outstanding 25,880,466 shares of common stock, par value \$0.001 per share, and 2,440,000 shares of Series 2021 Term Preferred Stock.

Our principal executive offices are located at 1521 Westbranch Drive, Suite 100, McLean, Virginia 22102, and our telephone number is (703) 287-5800. Our corporate website is located at www.GladstoneCapital.com. Information that is contained in, or can be accessed from, our website is not incorporated into and is not a part of this prospectus supplement or the accompanying prospectus.

Investment Objectives and Strategy

We were established for the purpose of investing in debt and equity securities of established private businesses operating in the U.S. Our investment objectives are to: (1) achieve and grow current income by investing in debt

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securities of established businesses that we believe will provide stable earnings and cash flow to pay expenses, make principal and interest payments on our outstanding indebtedness and make distributions to stockholders that grow over time; and (2) provide our stockholders with long-term capital appreciation in the value of our assets by investing in equity securities of established businesses that we believe can grow over time to permit us to sell our equity investments for capital gains. To achieve our investment objectives, our investment strategy is to invest in several categories of debt and equity securities, with each investment generally ranging from \$8 million to \$30 million, although investment size may vary, depending upon our total assets or available capital at the time of investment. We expect that our investment portfolio over time will consist of approximately 90.0% debt investments and 10.0% equity investments, at cost. As of June 30, 2017, our investment portfolio was made up of approximately 90.9% debt investments and 9.1% equity investments, at cost.

We focus on investing in lower middle market companies (which we generally define as companies with annual earnings before interest, taxes, depreciation and amortization of \$3 million to \$15 million) in the U.S. that meet certain criteria, including, but not limited to, the following: the sustainability of the business free cash flow and its ability to grow it over time, adequate assets for loan collateral, experienced management teams with a significant ownership interest in the borrower, reasonable capitalization of the borrower, including an ample equity contribution or cushion based on prevailing enterprise valuation multiples and, to a lesser extent, the potential to realize appreciation and gain liquidity in our equity position, if any. We lend to borrowers that need funds for growth capital or to finance acquisitions or recapitalize or refinance their existing debt facilities. We seek to avoid investing in high-risk, early-stage enterprises. Our targeted portfolio companies are generally considered too small for the larger capital marketplace. We invest by ourselves or jointly with other funds and/or management of the portfolio company, depending on the opportunity, and have opportunistically made several co-investments with our affiliate, Gladstone Investment Corporation, a BDC also managed by our Adviser, pursuant to an exemptive order granted by the Securities and Exchange Commission, or the SEC, to permit us greater flexibility to co-invest with certain of our affiliates. We believe this ability to co-invest will continue to enhance our ability to further our investment objectives and strategies. If we are participating in an investment with one or more co-investors, our investment is likely to be smaller than if we were investing alone.

We expect that our target portfolio over time will primarily include the following four categories of investments in private U.S. companies:

Senior Debt Securities: We seek to invest a portion of our assets in senior secured debt securities also known as senior loans, secured first lien loans, lines of credit and senior notes. Using its assets as collateral, the borrower typically uses senior debt to cover a substantial portion of the funding needs of its business. The senior secured debt security usually takes the form of first priority liens on all, or substantially all, of the assets of the business. Senior secured debt securities may include investments sourced from the syndicated loan market.

Senior Secured Subordinated Debt Securities: We seek to invest a portion of our assets in secured second lien debt securities, also known as senior subordinated loans and senior subordinated notes. These secured second lien debts rank junior to the borrowers' senior debt and may be secured by a first priority lien on a portion of the assets of the business and may be designated as second lien notes (including our participation and investment in syndicated second lien loans). Additionally, we may receive other yield enhancements, such as success fees, in connection with these senior secured subordinated debt securities.

Junior Subordinated Debt Securities: We seek to invest a portion of our assets in junior subordinated debt securities, also known as subordinated loans, subordinated notes and mezzanine loans. These junior subordinated debts may be secured by certain assets of the borrower or unsecured loans. Additionally, we may receive other yield enhancements in addition to or in lieu of success fees, such as warrants to buy common and preferred stock or limited liability interests in connection with these junior subordinated debt securities.

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Preferred and Common Equity/Equivalents: In some cases we will purchase equity securities which consist of preferred and common equity or limited liability company interests, or warrants or options to acquire such securities, and are in combination with our debt investment in a business. Additionally, we may receive equity investments derived from restructurings on some of our existing debt investments. In some cases, we will own a significant portion of the equity and we may have voting control of the businesses in which we invest.

Additionally, pursuant to the 1940 Act, we must maintain at least 70.0% of our total assets in qualifying assets, which generally include each of the investment types listed above. Therefore, the 1940 Act permits us to invest up to 30.0% of our assets in other non-qualifying assets. See *Regulation as a Business Development Company Qualifying Assets* in the accompanying prospectus for a discussion of the types of qualifying assets in which we may invest under Section 55(a) of the 1940 Act.

Because the majority of the loans in our portfolio consist of term debt in private companies that typically cannot or will not expend the resources to have their debt securities rated by a credit rating agency, we expect that most, if not all, of the debt securities we acquire will be unrated. Investors should assume that these loans would be rated below what is today considered investment grade quality. Investments rated below investment grade are often referred to as high yield securities or junk bonds and may be considered higher risk, as compared to investment-grade debt instruments. In addition, many of the debt securities we hold typically do not amortize prior to maturity.

Our Investment Adviser and Administrator

We are externally managed by the Adviser under an investment advisory and management agreement, or the Advisory Agreement. The Administrator, an affiliate of the Adviser, provides administrative services to us pursuant to a contractual agreement, or the Administration Agreement. Each of the Adviser and Administrator are privately-held companies that are indirectly owned and controlled by David Gladstone, our chairman and chief executive officer. Mr. Gladstone and Terry Brubaker, our vice chairman and chief operating officer, also serve on the board of directors of the Adviser, the board of managers of the Administrator, and serve as executive officers of the Adviser and the Administrator. The Administrator employs, among others, our chief financial officer and treasurer, chief valuation officer, chief compliance officer, general counsel and secretary (who also serves as the president of the Administrator) and their respective staffs. The Adviser and Administrator have extensive experience in our lines of business and also provide investment advisory and administrative services, respectively, to our affiliates, including Gladstone Commercial Corporation, a publicly-traded real estate investment trust; Gladstone Investment Corporation, a publicly-traded BDC and RIC; and Gladstone Land Corporation, a publicly-traded real estate investment trust. In the future, the Adviser and Administrator may provide investment advisory and administrative services, respectively, to other funds and companies, both public and private.

The Adviser was organized as a corporation under the laws of the State of Delaware on July 2, 2002, and is a registered investment adviser under the Investment Advisers Act of 1940, as amended. The Administrator was organized as a limited liability company under the laws of the State of Delaware on March 18, 2005. The Adviser and Administrator are headquartered in McLean, Virginia, a suburb of Washington, D.C. The Adviser also has offices in other states. We have been externally managed by the Adviser pursuant to the Advisory Agreement since October 1, 2004 pursuant to which we pay the Adviser a base management fee and an incentive fee for its services.

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At a special meeting held on August 29, 2017, our Board of Directors approved the reclassification and designation of 1,440,000 shares of authorized and unissued common stock as shares of Term Preferred Stock (as defined below), par value \$0.001 per share, to be issued in one or more series. The Articles Supplementary reflecting such reclassification was filed with the Maryland Department of Assessments and Taxation on September 19, 2017.

Credit Facility Amendment No. 3

On August 24, 2017 we, through our wholly-owned subsidiary Gladstone Business Loan, LLC (*Business Loan*), entered into Amendment No. 3 (the *Amendment*) to our \$170 million revolving credit facility (the *Credit Facility*) with KeyBank National Association, as administrative agent, swingline lender, managing agent and lead arranger, the Adviser, as servicer, and certain other lenders party thereto.

Primarily, the Amendment adjusted the calculation of the borrowing base of the Credit Facility and clarified the application of excess concentrations. The Amendment also, among other items, increases the excess concentration limits for paid-in-kind (*PIK*) loans and updated the commitment amounts for the lenders. As of August 23, 2017, prior to the closing of the Amendment, \$76.5 million of borrowings were outstanding under the Credit Facility.

Portfolio Activity

In August 2017, we invested \$12.5 million in El Academies, Inc. through secured first lien debt and equity.

In July 2017, our loan to SourceHOV, LLC was paid off for net proceeds of \$4.8 million, resulting in a realized loss of \$0.2 million.

Distributions and Dividends

On July 11, 2017, our Board of Directors declared the following monthly distributions to common stockholders and monthly dividends to preferred stockholders:

Record Date	Payment Date	Distribution per Common Share	Dividend per share of Series 2021 Term Preferred Stock
July 21, 2017	July 31, 2017	\$ 0.07	\$ 0.140625
August 21, 2017	August 31, 2017	0.07	0.140625
September 20, 2017	September 29, 2017	0.07	0.140625
Total for the Quarter:		\$ 0.21	\$ 0.421875

Advisory Agreement Renewal

On July 11, 2017, our Board of Directors, including a majority of the directors who are not parties to the Advisory Agreement or interested persons of such party, unanimously approved the annual renewal of the Advisory Agreement through August 31, 2018. Mr. Gladstone, our chairman and chief executive officer, controls

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the Adviser. In reaching a decision to approve the Advisory Agreement, our Board of Directors reviewed a significant amount of information and considered, among other things:

the nature, quality and extent of the advisory and other services to be provided to us by the Adviser;

our investment performance and that of the Adviser;

the costs of the services to be provided and profits to be realized by the Adviser from the relationship with us;

the fee structures of comparable externally managed business development companies that engage in similar investing activities; and

various other matters.

Based on the information reviewed and the considerations detailed above, our Board of Directors, including all of the directors who are not interested persons as that term is defined in the 1940 Act, concluded that the investment advisory fee rates and terms are fair and reasonable in relation to the services provided and approved the Advisory Agreement, as being in the best interests of our stockholders.

Table of Contents**THE OFFERING**

The following is a brief summary of some of the terms of this offering. For a more complete description of the rights, preferences and other terms of the Series 2024 Term Preferred Stock, see *Description of the Series 2024 Term Preferred Stock* in this prospectus supplement and the Articles Supplementary.

Issuer	Gladstone Capital Corporation
Securities Offered	1,800,000 shares of 6.00% Series 2024 Term Preferred Stock (2,070,000 shares if the underwriters exercise their over-allotment option in full).
Listing	We have applied to list the Series 2024 Term Preferred Stock on the NASDAQ Global Select Market (NASDAQ) under the symbol GLADN. Trading on the Series 2024 Term Preferred Stock is expected to begin within 30 days of the date of this prospectus supplement, though there can be no assurance that trading will commence within this period, or at all. Prior to the expected commencement of trading on NASDAQ, the underwriters may make a market in the Series 2024 Term Preferred Stock, but they are not obligated to do so and may discontinue any market-making at any time without notice.
Liquidation Preference	\$25 per share. In the event of any liquidation, dissolution or winding up of our affairs, holders of the Series 2024 Term Preferred Stock will be entitled to receive a liquidation distribution per share equal to \$25 per share (which we refer to in this prospectus supplement as the Liquidation Preference), plus an amount equal to all unpaid dividends and distributions accumulated up to (but excluding) the date fixed for distribution or payment, whether or not earned or declared by us, but excluding interest thereon. See <i>Description of the Series 2024 Term Preferred Stock Liquidation Rights</i> .
Dividends	The Series 2024 Term Preferred Stock will pay a monthly dividend at a fixed annual rate of 6.00% of the Liquidation Preference, or \$1.50 per share per year, which we refer to as the Fixed Dividend Rate. The Fixed Dividend Rate is subject to adjustment under certain circumstances, but will not in any case be lower than \$1.50 per share per year. Cumulative cash dividends or distributions on the Series 2024 Term Preferred Stock will be payable monthly, when, as and if declared, or under authority granted, by our

Board of Directors out of funds legally available for such payment. The first dividend period for

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the Series 2024 Term Preferred Stock will commence on the initial issuance date of such shares upon the closing of this offering, which we refer to as the Date of Original Issue, and will end on October 31, 2017.

Ranking

The shares of Series 2024 Term Preferred Stock are senior securities that constitute capital stock of the Company. The Series 2024 Term Preferred Stock ranks:

senior to the common stock in priority of payment of dividends and as to the distribution of assets upon dissolution, liquidation or the winding-up of our affairs;

equal in priority with our Series 2021 Term Preferred Stock and all other future Term Preferred Shares we may issue (as such term is defined in the TP Articles Supplementary) (collectively, the Term Preferred Stock), as to priority of payment of dividends and as to distributions of assets upon dissolution, liquidation or the winding-up of our affairs; and

effectively subordinated to all of our existing and future secured indebtedness (including indebtedness that is initially unsecured to which we subsequently grant security), to the extent of the value of the assets securing such indebtedness, including without limitation, borrowings under our Credit Facility.

We may issue additional shares of Term Preferred Stock, but pursuant to the 1940 Act, we may not issue additional classes of capital stock that rank senior or junior to the Series 2024 Term Preferred Stock (other than classes of common stock) as to priority of payment of dividends and as to distribution of assets. We may, however, borrow funds from banks and other lenders so long as the ratio of (1) the value of total assets less the total borrowed amounts to (2) the sum of all senior securities representing indebtedness and the number of shares of outstanding Series 2024 Term Preferred Stock and Series 2021 Term Preferred Stock (and any other classes of Term Preferred Stock) multiplied by \$25 per share, is not less

than 200%.

Mandatory Term Redemption

We are required to redeem all outstanding Series 2024 Term Preferred Stock on September 30, 2024 (the Term Redemption Date) at a redemption price equal to the Liquidation Preference plus an amount equal to all unpaid dividends and distributions on such shares (whether or not earned or declared, but excluding interest thereon) up to

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(but excluding) the Term Redemption Date (the Term Redemption Price). If we fail to redeem the Series 2024 Term Preferred Stock pursuant to the mandatory redemption required on September 30, 2024, or in any other circumstance in which we are required to redeem the Series 2024 Term Preferred Stock, then the Fixed Dividend Rate will increase by four percent (4.00%) per annum for so long as such failure continues. We cannot effect any amendment, alteration or repeal of our obligation to redeem all of the Series 2024 Term Preferred Stock on September 30, 2024 without the prior unanimous vote or consent of holders of the Series 2024 Term Preferred Stock. See *Description of the Series 2024 Term Preferred Stock Redemption and Voting Rights*.

Mandatory Redemption for Asset Coverage

If we fail to maintain an Asset Coverage ratio (as defined below) of at least 200% as of the close of business on any Business Day, as defined in the Articles Supplementary, on which Asset Coverage is required to be calculated, and such failure is not cured by the date that is 30 days following the date of filing of our SEC Report with respect to such date on which Asset Coverage is required to be calculated (referred to in this prospectus supplement as an Asset Coverage Cure Date), then we are required to redeem, within 90 calendar days of the Asset Coverage Cure Date, shares of Term Preferred Stock equal to the lesser of (1) the minimum number of shares of Term Preferred Stock that will result in our having an Asset Coverage ratio of at least 200% and (2) the maximum number of shares of Term Preferred Stock that can be redeemed out of funds legally available for such redemption. Also, at our sole discretion, we may redeem such number of shares of Term Preferred Stock (including shares of Term Preferred Stock required to be redeemed) that will result in our having an Asset Coverage ratio of up to and including 240%. The Term Preferred Stock to be redeemed may include, at our sole option, any number or proportion of the Series 2024 Term Preferred Stock and other series of Term Preferred Stock, including the Series 2021 Term Preferred Stock. If shares of the Series 2024 Term Preferred Stock are to be redeemed in such an event, they will be redeemed at a redemption price equal to their Liquidation Preference per share plus an amount equal to all unpaid dividends and distributions on such shares (whether or not declared, but excluding interest thereon) accumulated to (but excluding) the date fixed for such redemption.

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Asset Coverage for purposes of our Term Preferred Stock is a ratio calculated under Sections 18(h) and 61 of the 1940 Act, as in effect on the date of the Articles Supplementary, and is determined on the basis of values calculated as of a time within two days preceding each determination (excluding Sundays and holidays). We estimate that, on the Date of Original Issue, our Asset Coverage, based on the composition and value of our portfolio as of June 30, 2017, and after giving effect to (1) the issuance of shares of Series 2024 Term Preferred Stock offered in this offering; (2) redeeming all Series 2021 Term Preferred Stock upon completion of this offering; and (3) the payment of underwriting discounts and commissions of \$1,417,500 and estimated related offering costs payable by us of \$285,000, would have been approximately 246.7%. Our net investment income coverage, which is calculated by dividing our net investment income by the amount of distributions to holders of our common stock, was approximately 100.0% for the twelve months ended September 30, 2016 and approximately 100.0% for the nine months ended June 30, 2017. Net investment income coverage has varied each year since our inception, and there is no assurance that historical coverage levels will be maintained. See *Description of the Series 2024 Term Preferred Stock Asset Coverage*.

Optional Redemption

At any time after the close of business on September 30, 2019 (any such date, an Optional Redemption Date), at our sole option, we may redeem the Series 2024 Term Preferred Stock in whole or from time to time, in part, out of funds legally available for such redemption, at a price per share equal to the sum of the Liquidation Preference all unpaid dividends and distributions on the Series 2024 Term Preferred Stock accumulated to (but excluding) the Optional Redemption Date plus the optional redemption premium per share (if any) with respect to an optional redemption on the Series 2024 Term Preferred Stock that is effected on the Optional Redemption Date. See *Description of the Series 2024 Term Preferred Stock Redemption Optional Redemption*.

Change of Control Redemption

If a Change of Control Triggering Event occurs, unless we have exercised our option to redeem the Series 2024 Term Preferred Stock, we will be required to redeem all of the outstanding Series 2024 Term Preferred Stock at the Liquidation Preference, plus an amount equal to all unpaid dividends on such shares (whether or not earned or

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declared, but excluding interest thereon) accumulated to (but excluding) the date fixed for such redemption. See

Description of the Series 2024 Term Preferred Stock for a definition of Change of Control Triggering Event and additional information concerning the redemption of the Series 2024 Term Preferred Stock in connection with such events.

Voting Rights

Except as otherwise provided in our charter or as otherwise required by law, (1) each holder of Term Preferred Stock (including the Series 2024 Term Preferred Stock) will be entitled to one vote for each share of Term Preferred Stock held by such holder on each matter submitted to a vote of our stockholders and (2) the holders of all outstanding Term Preferred Stock and common stock will vote together as a single class; provided, however, that holders of outstanding Term Preferred Stock, voting separately as a class, will elect at all times two of our directors and will be entitled to elect a majority of our directors if we fail to pay dividends on any outstanding shares of Term Preferred Stock in an amount equal to two full years of dividends and continuing until we correct that failure. Holders of Term Preferred Stock will also vote separately as a class on any matter that materially and adversely affects any preference, right or power of the Term Preferred Stock or the holders thereof. See *Description of the Series 2024 Term Preferred Stock Voting Rights*.

Conversion Rights

The Series 2024 Term Preferred Stock will have no conversion rights.

Use of Proceeds

We intend to use the net proceeds from this offering (after the payment of underwriting discounts and commissions of \$1,417,500 and estimated expenses of the offering of approximately \$285,000) plus borrowings under our Credit Facility to redeem all outstanding Series 2021 Term Preferred Stock at an aggregate redemption price of \$61.0 million, plus accrued but unpaid dividends as further described in this prospectus supplement. See *Use of Proceeds*.

U.S. Federal Income Taxes

Prospective investors are urged to consult their own tax advisors regarding these matters in light of their personal investment circumstances.

We have elected to be treated, and intend to continue to so qualify each year, as a RIC under Subchapter M of the Code,

and we generally do not expect to be subject to U.S. federal income tax.

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The dividends on the Series 2024 Term Preferred Stock generally will not qualify for the dividends received deduction or for taxation as qualified dividend income.

Risk Factors

Investing in the Series 2024 Term Preferred Stock involves risks. You should carefully consider the information set forth in the sections of this prospectus supplement and the accompanying prospectus entitled *Risk Factors* before deciding whether to invest in our Series 2024 Term Preferred Stock. See *Risk Factors* beginning on page S-12 of this prospectus supplement and page 12 of the accompanying prospectus.

Information Rights

During any period in which we are not subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), and any shares of Series 2024 Term Preferred Stock are outstanding, we will provide holders of Series 2024 Term Preferred Stock, without cost, copies of the annual reports on Form 10-K and quarterly reports on Form 10-Q that we would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if we were subject to such provisions or, alternatively, we will voluntarily file reports on Form 10-K and Form 10-Q as if we were subject to Section 13 or 15(d) of the Exchange Act.

Redemption and Paying Agent

Pursuant to the Transfer Agency and Service Agreement with Computershare, Inc., which we refer to as the Redemption and Paying Agent in this prospectus supplement, the Redemption and Paying Agent will serve as transfer agent and registrar, dividend disbursing agent and redemption and paying agent with respect to the Series 2024 Term Preferred Stock.

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RISK FACTORS

*You should carefully consider the risks described below, and the risks described in **Risk Factors** beginning on page 12 of the accompanying prospectus, before deciding to invest in the Series 2024 Term Preferred Stock. The risks and uncertainties described below and in the accompanying prospectus are not the only ones we face. Additional risks and uncertainties not presently known to us, or not presently deemed material by us, may also impair our operations and performance and the value of the Series 2024 Term Preferred Stock. If any of the following risks or the risks described in the accompanying prospectus actually occur, our business, financial condition or results of operations could be materially adversely affected, and the value of the Series 2024 Term Preferred Stock may be impaired. If that happens, the trading price of the Series 2024 Term Preferred Stock could decline, and you may lose all or part of your investment.*

Risks of Investing in Term Preferred Stock

We may be unable to use the net proceeds from this offering to redeem the Series 2021 Term Preferred Stock within the time period that we anticipate or at all, which could adversely affect our financial condition and results of operations and increase the likelihood of our failing to meet the asset coverage requirements of the 1940 Act.

We intend to use the net proceeds from this offering plus borrowings under our Credit Facility to redeem all outstanding shares of our Series 2021 Term Preferred Stock. We anticipate that substantially all of the net proceeds of this offering will be utilized in this manner within three months of the completion of this offering. However, we cannot assure you that we will be able to redeem the Series 2021 Term Preferred Stock within this time period or at all. Any delay or failure to use the net proceeds from this offering to redeem the Series 2021 Term Preferred Stock could adversely affect our financial condition and results of operations and increase the likelihood of our failing to meet the asset coverage requirements of the 1940 Act, as described below under *Our amount of senior securities outstanding will increase as a result of this offering, which could adversely affect our business, financial condition and results of operations, our ability to meet our payment obligations under the Credit Facility and our ability to meet the asset coverage requirements of the 1940 Act.*

An investment in term preferred stock with a fixed interest rate bears interest rate risk.

Term preferred stock, in general, pays dividends at a fixed dividend rate. Prices of fixed income investments vary inversely with changes in market yields. The market yields on securities comparable to the Series 2024 Term Preferred Stock may increase, which would likely result in a decline in the secondary market price of the Series 2024 Term Preferred Stock prior to the Term Redemption Date. This risk may be even more significant in light of low currently prevailing market interest rates. For additional information concerning dividends on the Series 2024 Term Preferred Stock, see *Description of the Series 2024 Term Preferred Stock Dividends and Dividend Periods.*

There is no guarantee that the Series 2024 Term Preferred Stock will be approved for listing on NASDAQ, there may be no initial secondary trading market due to delayed listing, and even after listing a liquid secondary trading market may not develop.

We have applied to list the Series 2024 Term Preferred Stock on NASDAQ, and we do not know when the Series 2024 Term Preferred Stock will be approved for listing, if at all. If approved, we expect the Series 2024 Term Preferred Stock to begin trading on NASDAQ within 30 days of the date of this prospectus supplement, though there can be no assurance that the Series 2024 Term Preferred Stock will begin trading within this period, or at all. During the time the Series 2024 Term Preferred Stock is not listed on NASDAQ, the underwriters may make a market in the Series 2024 Term Preferred Stock, but they are not obligated to do so and may discontinue any market-making at any

time without notice. Consequently, an investment in the Series 2024 Term Preferred Stock during this period may be illiquid, and holders of such shares may not be able to sell them during that period as it

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is unlikely that an active secondary market for the Series 2024 Term Preferred Stock will develop. If a secondary market does develop during this period, holders of the Series 2024 Term Preferred Stock may be able to sell such shares only at substantial discounts from the Liquidation Preference. We cannot accurately predict the trading patterns of the Series 2024 Term Preferred Stock, including the effective costs of trading the stock. Even if our Series 2024 Term Preferred Stock begins trading on NASDAQ, there is also a risk that such shares may be thinly traded, and the market for such shares may be relatively illiquid compared to the market for other types of securities, with the spread between the bid and asked prices considerably greater than the spreads of other securities with comparable terms and features. If an active trading market does develop, the Series 2024 Term Preferred Stock may trade at prices lower than the initial offering price. The trading price of the Series 2024 Term Preferred Stock would depend on many factors, including:

prevailing interest rates;

the market for similar securities;

general economic and financial market conditions;

our issuance of debt or preferred equity securities; and

our financial condition, results of operations and prospects.

The Series 2024 Term Preferred Stock will not be rated.

We do not intend to have the Series 2024 Term Preferred Stock rated by any rating agency. Unrated securities usually trade at a discount to similar, rated securities. As a result, there is a risk that the Series 2024 Term Preferred Stock may trade at a price that is lower than they might otherwise trade if rated by a rating agency.

The Series 2024 Term Preferred Stock will bear a risk of early redemption by us.

We may voluntarily redeem some or all of the Series 2024 Term Preferred Stock on or after September 30, 2019, which is five years prior to its mandatory redemption date of September 30, 2024. We also may be forced to redeem some or all of the Series 2024 Term Preferred Stock to meet regulatory requirements and the Asset Coverage requirements of such shares. We are also required to redeem all of the Series 2024 Term Preferred Stock upon a Change of Control Triggering Event. Any such redemption may occur at a time that is unfavorable to holders of the Series 2024 Term Preferred Stock. We may have an incentive to redeem the Series 2024 Term Preferred Stock voluntarily before the Term Redemption Date if market conditions allow us to issue other Term Preferred Stock or debt securities at a rate that is lower than the Fixed Dividend Rate on the Series 2024 Term Preferred Stock. For further information regarding our ability to redeem the Series 2024 Term Preferred Stock, see *Description of the Series 2024 Term Preferred Stock Redemption* and *Asset Coverage*.

Claims of holders of the Series 2024 Term Preferred Stock will be subject to a risk of subordination relative to holders of our debt instruments.

Rights of holders of the Series 2024 Term Preferred Stock will be subordinated to the rights of holders of our current and any future indebtedness. Even though the Series 2024 Term Preferred Stock will be classified as a liability for purposes of accounting principles generally accepted in the U.S. (GAAP) and considered senior securities under the 1940 Act, the shares of Series 2024 Term Preferred Stock are not debt instruments. Therefore, dividends, distributions and other payments to holders of the Series 2024 Term Preferred Stock in liquidation or otherwise may be subject to prior payments due to the holders of our indebtedness. In addition, under some circumstances the 1940 Act may provide debt holders with voting rights that are superior to the voting rights of holders of the Series 2024 Term Preferred Stock.

We are subject to risks related to a general credit crisis and related liquidity risks.

General market uncertainty and extraordinary conditions in the credit markets may impact the liquidity of our investment portfolio. In turn, during extraordinary circumstances, this uncertainty could impact our distributions

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and/or ability to redeem the Series 2024 Term Preferred Stock in accordance with its terms. Further, there may be market imbalances of sellers and buyers of Series 2024 Term Preferred Stock during periods of extreme illiquidity and volatility in the credit markets. Such market conditions may lead to periods of thin trading in any secondary market for the Series 2024 Term Preferred Stock and may make valuation of the Series 2024 Term Preferred Stock uncertain. As a result, the spread between bid and ask prices is likely to increase significantly such that a holder of shares of the Series 2024 Term Preferred Stock may have difficulty selling his or her shares. Less liquid and more volatile trading environments could also result in sudden and significant valuation declines in the Series 2024 Term Preferred Stock.

Holders of the Series 2024 Term Preferred Stock will be subject to inflation risk.

Inflation is the reduction in the purchasing power of money resulting from the increase in the price of goods and services. Inflation risk is the risk that the inflation-adjusted, or real, value of an investment in the Series 2024 Term Preferred Stock or the income from that investment will be worth less in the future. As inflation occurs, the real value of the shares of Series 2024 Term Preferred Stock and dividends payable on such shares may decline.

Holders of the Series 2024 Term Preferred Stock will bear reinvestment risk.

Given the seven-year term and potential for early redemption of the Series 2024 Term Preferred Stock, holders of such shares may face an increased reinvestment risk, which is the risk that the return on an investment purchased with proceeds from the sale or redemption of the Series 2024 Term Preferred Stock may be lower than the return previously obtained from the investment in such shares.

Holders of Series 2024 Term Preferred Stock will bear dividend risk.

We may be unable to pay dividends on the Series 2024 Term Preferred Stock under some circumstances. The terms of our indebtedness, including the Credit Facility, preclude the payment of dividends in respect of equity securities, including the Series 2024 Term Preferred Stock, under certain conditions. See *Liquidity and Capital Resources Revolving Credit Facility*.

Our amount of senior securities outstanding will increase as a result of this offering, which could adversely affect our business, financial condition and results of operations, our ability to meet our payment obligations under the Credit Facility and our ability to meet the asset coverage requirements of the 1940 Act.

As of June 30, 2017, we had \$61.0 million outstanding of Series 2021 Term Preferred Stock and \$82.2 million of borrowings outstanding under our Credit Facility. We intend to use the net proceeds from this offering plus borrowings under our Credit Facility to redeem all outstanding shares of our Series 2021 Term Preferred Stock. We anticipate that substantially all of the net proceeds of this offering will be utilized in this manner within three months of the completion of this offering. However, until such time as the outstanding shares of Series 2021 Term Preferred Stock have been redeemed using the proceeds of this offering (and, to the extent that the aggregate amount of Series 2024 Term Preferred Stock issued in this offering exceeds the aggregate amount of Series 2021 Term Preferred Stock currently outstanding, following such redemption of the Series 2021 Term Preferred Stock), our amount of senior securities outstanding will increase as a result of this offering.

The issuance of additional senior securities could have significant consequences on our future operations, including:

making it more difficult for us to meet our payment and other financial obligations under our Credit Facility;

resulting in an event of default if we fail to comply with the financial and other restrictive covenants contained in our Credit Facility, which event of default could result in all amounts outstanding under our Credit Facility becoming immediately due and payable;

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reducing the availability of our cash flow to fund investments and other general corporate purposes, and limiting our ability to obtain additional financing for these purposes;

limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industry in which we operate and the general economy; and

increasing the likelihood of our failing to meet the asset coverage requirements of the 1940 Act, as described below.

We face Asset Coverage risks in our investment activities.

The Asset Coverage ratio that we must maintain on our Term Preferred Stock, including the Series 2024 Term Preferred Stock, is based upon a calculation of the value of our portfolio holdings. A large percentage of our portfolio investments are, and we expect will continue to be, in the form of securities that are not publicly traded. The fair value of securities and other investments that are not publicly traded is generally not readily determinable. Our Board of Directors has established an investment valuation policy and consistently applied valuation procedures to determine the fair value of these securities on a quarterly basis. The procedures for the determination of value of many of our debt securities rely on opinions of value submitted to us by Standard & Poor's Securities Evaluations, Inc. (SPSE), the use of internally developed discounted cash flow (DCF), methodologies, or internal methodologies based on the total enterprise value (TEV), of the issuer, which we use for certain of our equity investments. SPSE will only evaluate the debt portion of investments for which we specifically request an evaluation, and SPSE may decline to provide requested evaluations for any reason in its sole discretion.

A portion of our assets are, and will continue to be, comprised of equity securities that are valued based on internal assessments using valuation methods approved by our Board of Directors, without the input of SPSE or any other third-party evaluator. While we believe that our equity valuation methods reflect those regularly used as standards by other professionals in our industry who value equity securities, the determination of fair value for securities that are not publicly traded necessarily involves an exercise of subjective judgment, whether or not we obtain the recommendations of an independent third-party evaluator.

Our use of these fair value methods is inherently subjective and is based on estimates and assumptions regarding each security. In the event that we are required to sell a security, we may ultimately sell for an amount materially less than the estimated fair value calculated by us or SPSE, or determined using TEV or the DCF methodology. As a result, a risk exists that the Asset Coverage attributable to the Term Preferred Stock, including the Series 2024 Term Preferred Stock, may be materially lower than what is calculated based upon the fair valuation of our portfolio securities in accordance with our valuation policies. See Risk Factors Risks Related to Our Investments *Because the loans we make and equity securities we receive when we make loans are not publicly traded, there is uncertainty regarding the value of our privately held securities that could adversely affect our determination of our net asset value (NAV)* on page 16 of the accompanying prospectus.

There is a risk of delay in our redemption of the Series 2024 Term Preferred Stock, and we may fail to redeem such securities as required by their terms.

We will generally make investments in private companies whose securities are not traded in any public market. Substantially all of the investments we presently hold and the investments we expect to acquire in the future are, and will be, subject to legal and other restrictions on resale and will otherwise be less liquid than publicly traded securities. The illiquidity of our investments may make it difficult for us to obtain cash equal to the value at which we record our

investments quickly if a need arises. If we are unable to obtain sufficient liquidity prior to the Term Redemption Date or a Change of Control Triggering Event, we may be forced to engage in a partial redemption or to delay a required redemption. If such a partial redemption or delay were to occur, the market price of the Series 2024 Term Preferred Stock might be adversely affected.

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We finance our investments with borrowed money and senior securities, which magnifies the potential for gain or loss on amounts invested and may increase the risk of investing in us.

The following table illustrates the effect of leverage on returns from an investment in our common stock assuming various annual returns on our portfolio, net of expenses. The calculations in the table below are hypothetical and actual returns may be higher or lower than those appearing in the table below.

	Assumed Return on Our Portfolio (Net of Expenses)				
	(10)%	(5)%	0.0%	5%	10%
Corresponding return to common stockholder ^(A)	(19.92)%	(11.59)%	(3.26)%	5.06%	13.39%

^(A) The hypothetical return to common stockholders is calculated by multiplying our total assets as of June 30, 2017 by the assumed rates of return and subtracting all interest accrued on our debt as of June 30, 2017, adjusted for the assumed dividends declared on the shares of Series 2024 Term Preferred Stock to be issued in this offering (and assuming the Series 2021 Term Preferred Stock are redeemed in full); and then dividing the resulting difference by our total assets attributable to common stock. This calculation is based on \$361.3 million in total assets, \$82.2 million in debt outstanding at cost and \$217.0 million in net assets as of June 30, 2017.

Based on (i) our outstanding indebtedness of \$82.2 million at cost as of June 30, 2017 and (ii) an effective annual interest rate of 4.5% on such indebtedness as of that date, our investment portfolio at fair value would have been required to experience an annual return of at least 2.05% to cover annual interest payments on the outstanding indebtedness and dividends on the Series 2024 Term Preferred Stock to be issued in this offering (and assuming the Series 2021 Term Preferred Stock is redeemed in full).

Other Risks

In addition to regulatory limitations on our ability to raise capital, our Credit Facility contains various covenants which, if not complied with, could accelerate our repayment obligations under the facility, thereby materially and adversely affecting our liquidity, financial condition, results of operations and ability to pay distributions.

We will have a continuing need for capital to finance our investments. We are party to the Credit Facility, which provides us with a revolving credit line facility of \$170.0 million, of which \$82.2 million was drawn, at cost, as of June 30, 2017. The Credit Facility permits us to fund additional loans and investments as long as we are within the conditions set forth in the credit agreement. Our Credit Facility contains covenants that require Business Loan to maintain its status as a separate legal entity, prohibit certain significant corporate transactions (such as mergers, consolidations, liquidations or dissolutions) and restrict material changes to our credit and collection policies. The Credit Facility also limits payments of distributions to our stockholders on a fiscal year basis to the sum of our net investment income. Business Loan is also subject to certain limitations on the type of loan investments it can apply as collateral towards the borrowing base in order to receive additional borrowing availability under our Credit Facility, including restrictions on geographic concentrations, sector concentrations, loan size, interest rate type, payment frequency and status, average life and lien property. Our Credit Facility further requires Business Loan to comply with other financial and operational covenants, which obligate Business Loan to, among other things, maintain certain financial ratios, including asset and interest coverage, and a required minimum number of 20 obligors in the borrowing base. Additionally, we are subject to a covenant that requires us to maintain (i) a minimum net worth

(defined in our Credit Facility to include our Term Preferred Stock) of \$205.0 million plus 50.0% of all equity and subordinated debt raised after May 1, 2015, which equates to \$225.0 million as of June 30, 2017, (ii) asset coverage with respect to senior securities representing indebtedness of at least 200.0%, in accordance with Sections 18 and 61 of the 1940 Act and (iii) our status as a BDC under the 1940 Act and as a RIC under the Code. As of June 30, 2017, we were in compliance with all of our Credit Facility covenants; however, our continued compliance depends on many factors, some of which are beyond our control.

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Given the continued uncertainty in the capital markets, the cumulative unrealized depreciation in our portfolio may increase in future periods and threaten our ability to comply with the minimum net worth covenant and other covenants under our Credit Facility. Our failure to satisfy these covenants could result in foreclosure by our lenders, which would accelerate our repayment obligations under the facility and thereby have a material adverse effect on our business, liquidity, financial condition, results of operations and ability to pay distributions to our stockholders.

We may authorize, establish, create, issue and sell shares of one or more series of a class of our senior securities while shares of Series 2024 Term Preferred Stock are outstanding without the vote or consent of the holders thereof.

While shares of Series 2024 Term Preferred Stock are outstanding, we may, without the vote or consent of the holders thereof, authorize, establish and create and issue and sell shares of one or more series of a class of our senior securities representing stock under Section 18, as modified by Section 61, of the 1940 Act, ranking on parity with the Series 2024 Term Preferred Stock as to payment of dividends and distribution of assets upon dissolution, liquidation or the winding up of our affairs, in addition to then outstanding shares of Series 2024 Term Preferred Stock, including additional series of Term Preferred Stock, and authorize, issue and sell additional shares of any such series of Term Preferred Stock then outstanding or so established and created, in each case in accordance with applicable law, provided that we will, immediately after giving effect to the issuance of such additional Term Preferred Stock and to our receipt and application of the proceeds thereof, including to the redemption of Term Preferred Stock with such proceeds, have Asset Coverage of at least 200%.

Any of the above-listed factors could have an adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the Credit Facility and monthly dividend obligations or redemption obligations with respect to our Term Preferred Stock.

Our ability to meet our payment and other obligations under the Credit Facility and monthly dividend obligations with respect to our Term Preferred Stock depends on our ability to generate significant cash flow in the future. This, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control. We cannot assure you that our business will generate cash flow from operations, or that future borrowings will be available to us under the Credit Facility or otherwise, in an amount sufficient to enable us to meet these obligations and to fund other liquidity needs. If we are not able to generate sufficient cash flow to service our obligations, we may need to refinance or restructure our debt, sell assets, reduce or delay capital investments, or seek to raise additional capital. If we are unable to implement one or more of these alternatives, we may not be able to meet our payment obligations under the Credit Facility or monthly dividend obligations with respect to our Term Preferred Stock.

In addition, we may issue debt securities, other evidences of indebtedness (including borrowings under the Credit Facility), senior securities representing indebtedness and senior securities that are stock up to the maximum amount permitted by the 1940 Act. The 1940 Act currently permits us, as a BDC, to issue senior securities representing indebtedness and senior securities that are stock (such as our Term Preferred Stock), in amounts such that our asset coverage, in accordance with Sections 18 and 61 of the 1940 Act, is at least 200% immediately after each issuance of such senior security. Notwithstanding Section 18(e) of the 1940 Act, the issuance of additional senior securities in this offering may increase the likelihood of our failing to meet the asset coverage requirements of the 1940 Act, especially prior to any redemption of the Series 2024 Term Preferred Stock. Our ability to pay distributions, issue senior securities or repurchase shares of our Common Stock would be restricted if the asset coverage on each of our senior securities is not at least 200%. If the aggregate value of our assets declines, we might be unable to satisfy that 200% requirement. To satisfy the 200% asset coverage requirement in the event that we are seeking to pay a distribution, we might either have to (i) liquidate a portion of our loan portfolio to repay a portion of our indebtedness or (ii) issue

Common Stock. This may occur at a time when a sale of a portfolio asset may be disadvantageous, or when we have limited access to capital markets on agreeable terms. In addition, any amounts that we use to service our indebtedness or for offering expenses will

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not be available for distributions to stockholders. Furthermore, if we have to issue common stock at a price below NAV per common share, upon obtaining the requisite stockholder and board approvals as we have done previously, any non-participating common stockholders will be subject to dilution.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this prospectus supplement or the accompanying prospectus, other than historical facts, may constitute forward-looking statements. These statements may relate to, among other things, our future operating results, our business prospects and the prospects of our portfolio companies, actual and potential conflicts of interest with our Adviser and its affiliates, the use of borrowed money to finance our investments, the adequacy of our financing sources and working capital, and our ability to co-invest, among other factors. In some cases, you can identify forward-looking statements by terminology such as estimate, may, might, believe, will, provided, a future, could, growth, plan, intend, expect, should, would, if, seek, possible, potential, like terms or comparable terminology. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to: (1) the recurrence or impact of adverse events in the economy and the capital markets, including stock price volatility; (2) risks associated with negotiation and consummation of pending and future transactions; (3) the loss of one or more of our executive officers, in particular David Gladstone, Terry Lee Brubaker or Robert L. Marcotte; (4) changes in our investment objectives and strategy; (5) availability, terms (including the possibility of interest rate volatility) and deployment of capital; (6) changes in our industry, interest rates, exchange rates or the general economy; (7) the degree and nature of our competition; (8) our ability to maintain our qualification as a RIC and as business development company; and (9) those factors described in the Risk Factors section of this prospectus supplement and the accompanying prospectus.

We caution readers not to place undue reliance on any such forward-looking statements. Actual results could differ materially from those anticipated in our forward-looking statements and future results could differ materially from historical performance. We have based forward-looking statements on information available to us on the date of this report. Except as required by the federal securities laws, we undertake no obligation to publicly update or revise or any forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this prospectus supplement or the accompanying prospectus. The forward-looking statements contained or incorporated by reference in this prospectus supplement and the accompanying prospectus are excluded from the safe harbor protection provided by the Private Securities Litigation Reform Act of 1995 and Section 27A of the Securities Act of 1933, as amended (the Securities Act).

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USE OF PROCEEDS

We estimate that the net proceeds to us of this offering will be approximately \$43.3 million, after deducting the payment of underwriting discounts and commissions of \$1,417,500 and estimated offering expenses of \$285,000 payable by us. We intend to use the net proceeds from this offering plus borrowings under our Credit Facility to redeem all outstanding shares of the Series 2021 Term Preferred Stock at an aggregate redemption price of \$61.0 million, plus accrued but unpaid dividends as further described below. Our Series 2021 Term Preferred Stock bears interest at an annual rate of 6.75% of the \$25 liquidation preference per share, payable monthly, and we are required to redeem all of the outstanding Series 2021 Term Preferred Stock on June 30, 2021 at a redemption price equal to \$25 per share plus an amount equal to accumulated but unpaid dividends, if any, up to, but excluding, the date of redemption. As is anticipated after the completion of this offering, at any time on or after June 30, 2017, at our sole option, we may redeem the Series 2021 Term Preferred Stock in whole or from time to time, in part, out of funds legally available for such redemption, at a price per share equal to the sum of the liquidation preference of \$25 per share plus an amount equal to accumulated but unpaid dividends, if any, on such shares (whether or not earned or declared, but excluding interest on such dividends) to, but excluding, the date fixed for such redemption.

As of June 30, 2017, we had \$82.2 million outstanding under our Credit Facility with a weighted average effective annual interest rate of 5.3% for the nine months ended June 30, 2017. The Credit Facility has a maturity date of May 1, 2020. The interest rates on advances under our Credit Facility generally bear interest at a 30-day LIBOR plus 3.25% per annum, with a commitment fee of 0.5% per annum on undrawn amounts. If our Credit Facility is not renewed or extended by January 19, 2019, all principal and interest will be due and payable on or before April 19, 2020.

We have granted the underwriters the right to purchase up to 270,000 additional shares of Series 2024 Term Preferred Stock at the public offering price, less underwriting discounts and commissions, within 30 days of the date of this prospectus supplement solely to cover over-allotments, if any. If the underwriters exercise such option in full, the estimated net proceeds to us will be approximately \$49.8 million. We anticipate that substantially all of the net proceeds of this offering will be utilized in the manner described above within three months of the completion of such offering. Pending such utilization, we intend to invest the net proceeds of the offering primarily in cash, cash equivalents, U.S. government securities and other high-quality debt investments that mature in one year or less from the date of investment, consistent with the requirements for continued qualification as a RIC for federal income tax purposes.

Table of Contents**RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED DIVIDENDS**

	For the Nine Months Ended June 30,		For the Year Ended September 30,			
	2017	2016	2015	2014	2013	2012
	(Dollars in thousands)					
Net investment income	\$ 15,945	\$ 19,487	\$ 17,700	\$ 18,368	\$ 18,386	\$ 19,044
Add: fixed charges and preferred dividends ^(A)	5,955	8,092	9,050	7,213	7,137	8,108
Less: preferred dividends ^(A)	(3,087)	(4,118)	(4,116)	(3,338)	(2,744)	(2,491)
Net Earnings	\$ 18,813	\$ 23,461	\$ 22,634	\$ 22,243	\$ 22,779	\$ 24,661
Fixed charges and preferred dividends ^(A) :						
Interest expense	\$ 2,047	\$ 2,899	\$ 3,828	\$ 2,628	\$ 3,182	\$ 4,374
Amortization of deferred financing fees	821	1,075	1,106	1,247	1,211	1,243
Preferred dividends ^(A)	3,087	4,118	4,116	3,338	2,744	2,491
Total fixed charges and preferred dividends ^(A)	\$ 5,955	\$ 8,092	\$ 9,050	\$ 7,213	\$ 7,137	\$ 8,108
Ratio of earnings to combined fixed charges and preferred dividends ^(A)	3.2x	2.9x	2.5x	3.1x	3.2x	3.0x

Computation of Pro Forma Ratio of Earnings to Combined Fixed Charges and Preferred Dividends for the Nine Months Ended June 30, 2017 After Adjustment for Issuance of Series 2024 Term Preferred Stock

	For the Nine Months Ended June 30, 2017	For the Year Ended September 30, 2016
	(Dollars in thousands)	
Net investment income	\$ 15,945	\$ 19,487
Add: fixed charges and preferred dividends ^(A) , as above	5,955	8,092
Less: preferred dividends ^(A) , as above	(3,087)	(4,118)
Adjustments:		
Pro forma increase in interest expense and amortization of deferred financing fees	887	1,044
Pro forma fixed charges	3,755	5,018
Pro forma preferred dividends ^(B)	2,025	2,700
Total pro forma fixed charges and preferred dividends ^(B)	5,780	7,718
Pro forma earnings	\$ 19,700	\$ 24,505
Pro forma ratio of earnings to combined fixed charges and preferred dividends ^(B)	5.2x	4.9x

- (A) Preferred dividends on Series 2021 Term Preferred Stock.
- (B) Preferred dividends on Series 2024 Term Preferred Stock.

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The following table sets forth our capitalization as of June 30, 2017:

on an actual basis; and

on an as-adjusted basis to give effect to the completion of this offering and the application of the estimated net proceeds of the offering, after deducting underwriters' discounts and commissions and estimated offering expenses payable by us (and assuming the underwriters' over-allotment option is not exercised). See Use of Proceeds.

	As of June 30, 2017	
	Actual	As Adjusted**
	(Unaudited)	
	(Dollars in thousands)	
Borrowings		
Borrowings under line of credit, at cost	\$ 82,200	\$ 99,903
Term Preferred Stock		
6.75% Series 2021 Term Preferred Stock, \$0.001 par value per share; \$25 liquidation preference per share; 2,460,118 shares authorized, and 2,200,000 issued and outstanding, actual; 0 shares authorized, 0 shares issued and outstanding, as adjusted*	\$ 61,000	\$
6.00% Series 2024 Term Preferred Stock, \$0.001 par value per share; \$25 liquidation preference per share; 0 shares authorized, issued and outstanding, actual; 3,000,000 shares authorized, 1,800,000 shares issued and outstanding, as adjusted*	\$ 0	\$ 45,000
Net Assets		
Common stock, \$0.001 par value per share, 46,000,000 shares authorized, actual, and 44,560,000 shares authorized, as adjusted; 25,880,466 shares issued and outstanding, actual and as adjusted*	\$ 26	\$ 26
Capital in excess of par value	347,061	347,061
Net unrealized depreciation of investments	(60,400)	(60,400)
Net unrealized depreciation of other	(71)	(71)
Overdistributed net investment income	(313)	(313)
Accumulated net realized losses	(69,320)	(70,696)
Total Net Assets	\$ 216,983	\$ 215,607
Total Capitalization	\$ 360,183	\$ 360,510

- * None of these outstanding shares are held by us or for our account.
- ** Assumes a total of \$1,417,500 of aggregate underwriting discounts and commissions and \$285,000 of estimated offering costs payable by us in connection with this offering will be capitalized and amortized over the life of the Series 2024 Term Preferred Stock through September 30, 2024.

The following are our outstanding classes of securities as of June 30, 2017:

(1) Title of Class	(2) Amount Authorized	(3) Amount Held by us or for Our Account	(4) Amount Outstanding Exclusive of Amounts Shown Under (3)
Common Stock	46,000,000		25,880,466
Series 2021 Term Preferred Stock	5,440,000		2,440,000

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Table of Contents**CONSOLIDATED SELECTED FINANCIAL DATA****(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)**

The following consolidated selected financial data for the fiscal years ended September 30, 2016, 2015, 2014, 2013 and 2012 are derived from our audited consolidated financial statements. The consolidated selected financial data for the nine months ended June 30, 2017 and 2016 are derived from our unaudited consolidated financial statements included in this prospectus supplement. The other data included in the second table below are unaudited. The data should be read in conjunction with our accompanying consolidated financial statements and notes thereto and *Management's Discussion and Analysis of Financial Condition and Results of Operations* included elsewhere in this prospectus supplement and the accompanying prospectus.

	Nine Months Ended June 30,		2016	Year Ended September 30,			
	2017 (Unaudited)	2016 (Unaudited)		2015	2014	2013	2012
Statement of Operations Data:							
Total Investment Income	\$ 28,399	\$ 29,362	\$ 39,112	\$ 38,058	\$ 36,585	\$ 36,154	\$ 40,322
Total Expenses, Net of Credits from Adviser	12,454	14,778	19,625	20,358	18,217	17,768	21,278
Net Investment Income	15,945	14,584	19,487	17,700	18,368	18,386	19,044
Net Realized and Unrealized (Loss) Gain	(4,210)	(23,912)	(8,120)	(9,216)	(7,135)	13,833	(27,052)
Net Increase (Decrease) in Net Assets Resulting from Operations	\$ 11,735	\$ (9,328)	\$ 11,367	\$ 8,484	\$ 11,233	\$ 32,219	\$ (8,008)
Per Share Data:							
Net Investment Income per Common Share Basic and Diluted ^(A)	\$ 0.63	\$ 0.63	\$ 0.84	\$ 0.84	\$ 0.87	\$ 0.88	\$ 0.91
Net Increase (Decrease) in Net Assets Resulting from Operations per Common Share Basic	0.46	(0.40)	0.49	0.40	0.53	1.53	(0.38)

and Diluted ^(A)								
Distributions								
Declared and Paid								
Per Common Share	0.63	0.63	0.84	0.84	0.84	0.84	0.84	0.84
Statement of Assets and Liabilities Data:								
Total Assets	\$ 361,345	\$ 325,550	\$ 337,178	\$ 382,482	\$ 301,429	\$ 295,091	\$ 293,402	
Net Assets	216,983	185,514	201,207	191,444	199,660	205,992	188,564	
Net Asset Value Per Common Share	8.38	7.95	8.62	9.06	9.51	9.81	8.98	
Common Shares Outstanding	25,880,466	23,344,422	23,344,422	21,131,622	21,000,160	21,000,160	21,000,160	
Weighted Common Shares Outstanding Basic and Diluted	25,288,289	23,145,842	23,200,642	21,066,844	21,000,160	21,000,160	21,011,123	
Senior Securities Data:								
Total borrowings, at cost ^(B)	\$ 82,200	\$ 73,300	\$ 71,300	\$ 127,300	\$ 36,700	\$ 46,900	\$ 58,800	
Mandatorily redeemable preferred stock ^(B)	61,000	61,000	61,000	61,000	61,000	38,497	38,497	

^(A) Per share data is based on the weighted average common stock outstanding for both basic and diluted.

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(B) See *Management's Discussion and Analysis of Financial Condition and Results of Operations* in this prospectus supplement and the accompanying prospectus for more information regarding our level of indebtedness.

	Nine Months Ended		Year Ended September 30,				
	June 30, 2017	2016	2016	2015	2014	2013	2012
Other Unaudited Data:							
Number of Portfolio Companies at Year End	47	43	45	48	45	47	50
Average Size of Portfolio Company Investment at Cost	\$ 8,636	\$ 8,984	\$ 8,484	\$ 8,547	\$ 7,762	\$ 7,069	\$ 7,300
Principal Amount of New Investments	99,048	64,173	79,401	102,299	81,731	80,418	45,050
Proceeds from Loan Repayments, Investments Sold and Exits ^(C)	71,081	98,425	121,144	40,273	72,560	117,048	73,857
Weighted Average Yield on Investments ^(D)	11.5%	11.1%	11.1%	10.93%	11.47%	11.63%	11.25%
Total Return ^(E)	29.46	(3.04)	11.68	2.40	9.62	9.90	41.39

(C) Includes non-cash reductions in cost basis.

(D) Weighted average yield on investments equals interest income on investments divided by the weighted average interest-bearing principal balance throughout the fiscal year.

(E) Total return equals the change in the ending market value of our common stock from the beginning of the fiscal year, taking into account dividends reinvested in accordance with the terms of the dividend reinvestment plan. Total return does not take into account distributions that may be characterized as a return of capital. For further information on the estimated character of our distributions to common stockholders, please refer to Note 9 *Distributions to Common Stockholders* in the notes to the accompanying *Consolidated Financial Statements* included elsewhere in this prospectus supplement and the accompanying prospectus.

SELECTED QUARTERLY FINANCIAL DATA

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

The following table sets forth certain quarterly financial information for the first three quarters of the fiscal year ending September 30, 2017. The 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.

	Year Ending September 30, 2017		
	Quarter Ended December 31, 2016	Quarter Ended March 31, 2017	Quarter Ended June 30, 2017
Total investment income	\$ 9,974	\$ 8,793	\$ 9,632
Net investment income	5,207	5,359	5,379

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Net increase (decrease) in net assets resulting from operations	916	4,656	6,163
Net Increase (Decrease) in Net Assets Resulting From Operations per Weighted Average Common Share (Basic and Diluted)	\$ 0.04	\$ 0.18	\$ 0.24

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

(The tables included in this section list dollar amounts in thousands, except per share data or unless otherwise indicated.)

You should read the following analysis of our financial condition and results of operations in conjunction with our condensed consolidated financial statements and the related notes contained elsewhere in this prospectus supplement and in the accompanying prospectus.

OVERVIEW

General

We were incorporated under the Maryland General Corporation Law on May 30, 2001. We operate as an externally managed, closed-end, non-diversified management investment company, and have elected to be treated as a business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). In addition, for federal income tax purposes we have elected to be treated as a registered investment company ("RIC") under Subchapter M of the Internal Revenue Code (the "Code"). As a BDC and a RIC, we are subject to certain constraints, including limitations imposed by the 1940 Act and the Code.

We were established for the purpose of investing in debt and equity securities of established private businesses operating in the U.S. Our investment objectives are to: (1) achieve and grow current income by investing in debt securities of established businesses that we believe will provide stable earnings and cash flow to pay expenses, make principal and interest payments on our outstanding indebtedness and make distributions to stockholders that grow over time; and (2) provide our stockholders with long-term capital appreciation in the value of our assets by investing in equity securities of established businesses that we believe can grow over time to permit us to sell our equity investments for capital gains. To achieve our investment objectives, our investment strategy is to invest in several categories of debt and equity securities, with each investment generally ranging from \$8 million to \$30 million, although investment size may vary, depending upon our total assets or available capital at the time of investment. We expect that our investment portfolio over time will consist of approximately 90.0% debt investments and 10.0% equity investments, at cost. As of June 30, 2017, our investment portfolio was made up of approximately 90.9% debt investments and 9.1% equity investments, at cost. We focus on investing in lower middle market companies (which we generally define as companies with annual earnings before interest, taxes, depreciation and amortization of \$3 million to \$15 million) in the U.S. that meet certain criteria, including, but not limited to, the following: the sustainability of the business free cash flow and its ability to grow it over time, adequate assets for loan collateral, experienced management teams with a significant ownership interest in the borrower, reasonable capitalization of the borrower, including an ample equity contribution or cushion based on prevailing enterprise valuation multiples and, to a lesser extent, the potential to realize appreciation and gain liquidity in our equity position, if any. We lend to borrowers that need funds for growth capital or to finance acquisitions or recapitalize or refinance their existing debt facilities. We seek to avoid investing in high-risk, early-stage enterprises. Our targeted portfolio companies are generally considered too small for the larger capital marketplace. We invest by ourselves or jointly with other funds and/or management of the portfolio company, depending on the opportunity and have opportunistically made several co-investments with our affiliate Gladstone Investment Corporation, a BDC also managed by our Adviser, pursuant to an exemptive order granted by the SEC. We believe this ability to co-invest will continue to enhance our ability to further our investment objectives and strategies. If we are participating in an investment with one or more co-investors, our investment is likely to be smaller than if we were investing alone.

We are externally managed by Gladstone Management Corporation (the Adviser), an investment adviser registered with the SEC and an affiliate of ours, pursuant to an investment advisory and management agreement (the Advisory Agreement). The Adviser manages our investment activities. We have also entered into an administration agreement (the Administration Agreement) with Gladstone Administration, LLC (the Administrator), an affiliate of ours and the Adviser, whereby we pay separately for administrative services.

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Additionally, since February 2011, Gladstone Securities, LLC (Gladstone Securities), a privately-held broker-dealer registered with the Financial Industry Regulatory Authority and insured by the Securities Investor Protection Corporation, which is 100% indirectly owned and controlled by Mr. Gladstone, our chairman and chief executive officer, has provided other services, such as investment banking and due diligence services, to certain of our portfolio companies, for which Gladstone Securities receives a fee.

Our shares of common stock and 6.75% Series 2021 Term Preferred Stock (our Series 2021 Term Preferred Stock) are traded on the NASDAQ Global Select Market (NASDAQ) under the trading symbols GLAD and GLADO, respectively.

Business

Portfolio and Investment Activity

During the nine months ended June 30, 2017, we invested \$85.2 million in eight new portfolio companies and extended \$13.8 million of investments to existing portfolio companies. In addition, during the nine months ended June 30, 2017, we exited six portfolio companies through sales and early payoffs. We received a total of \$71.1 million in combined net proceeds and principal repayments from the aforementioned portfolio company exits as well as existing portfolio companies during the nine months ended June 30, 2017. This activity resulted in a net increase in our overall portfolio by two portfolio companies to 47 and a net increase of 6.3% in our portfolio at cost since September 30, 2016. We intend to continue to make new conservative investments in businesses with steady cash flows. We are focused on building our pipeline and making investments that meet our objectives and strategies and that provide appropriate returns, in light of the accompanying risks. From our initial public offering in August 2001 and through June 30, 2017, we have made 460 different loans to, or investments in, 214 companies for a total of approximately \$1.6 billion, before giving effect to principal repayments on investments and divestitures.

During the nine months ended June 30, 2017, the following significant transactions occurred:

In October 2016, RP Crown Parent, LLC paid off at par for proceeds of \$2.0 million.

In October 2016, our \$3.9 million secured first lien debt investment in Vertellus Specialties, Inc. was restructured. As a result of the restructure, we received a new \$1.1 million secured second lien debt investment in Vertellus Holdings LLC and common equity with a cost basis of \$3.0 million.

In November 2016, we completed the sale of substantially all the assets of RBC Acquisition Corp. (RBC) for net proceeds of \$36.3 million, which resulted in a realized loss of \$2.3 million. In connection with the sale, we received success fee income of \$1.1 million and net receivables of \$1.5 million, which are recorded within Other assets, net.

In November 2016, we invested \$5.2 million in Sea Link International IRB, Inc. through secured second lien debt and equity.

In December 2016, we sold our investment in Behrens Manufacturing, LLC (Behrens), which resulted in success fee income of \$0.4 million and a realized gain of \$2.5 million. In connection with the sale, we received net cash proceeds of \$8.2 million, including the repayment of our debt investment of \$4.3 million at par.

In December 2016, we invested \$7.0 million in Vacation Rental Pros Property Management, LLC through secured second lien debt.

In December 2016, Autoparts Holdings Limited paid off at par for proceeds of \$0.7 million.

In December 2016, we invested \$5.0 million in LDiscovery, LLC through secured second lien debt.

In February 2017, we invested \$10.0 million in Belnick, Inc. through secured second lien debt.

In February 2017, we invested \$29.0 million in NetFortris Corp. through secured first lien debt.

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In February 2017, Vitera Healthcare Solutions, LLC paid off at par for proceeds of \$4.5 million.

In March 2017, LCR Contractors, LLC paid off at par for net cash proceeds of \$8.6 million. In connection with the payoff, we received a prepayment fee of \$0.2 million.

In April 2017, we invested \$22.0 million in HB Capital Resources, Ltd. through secured second lien debt.

In May 2017, we invested an additional \$4.1 million in an existing portfolio company, Lignetics, Inc., through secured second lien debt and equity, to support an acquisition.

In May 2017, we invested \$4.0 million in Keystone Acquisition Corp. through secured second lien debt.

In June 2017, we invested \$3.0 million in Medical Solutions Holdings, Inc. through secured second lien debt.

Capital Raising

We have been able to meet our capital needs through extensions of and increases to the Credit Facility and by accessing the capital markets in the form of public equity offerings. We have successfully extended the Credit Facility's revolving period multiple times, most recently to January 2019, and currently have a total commitment amount of \$170.0 million. Additionally, we issued 2.3 million shares of common stock for gross proceeds of \$19.8 million in October 2015, inclusive of the November 2015 over-allotment, and we issued approximately 2.2 million shares of our common stock for gross proceeds of \$17.3 million in October 2016, inclusive of the November 2016 over-allotment. During the three months ended June 30, 2017, we sold 362,600 shares of our common stock under the Sales Agreement with Cantor Fitzgerald & Co., at a weighted-average price of \$9.89 per share and raised \$3.6 million of gross proceeds. Net proceeds, after deducting commissions and offering costs borne by us, were approximately \$3.4 million. Refer to *Liquidity and Capital Resources Equity Common Stock* for further discussion of our common stock and *Liquidity and Capital Resources Revolving Credit Facility* for further discussion of our Credit Facility.

Although we were able to access the capital markets historically and in recent years, we believe uncertain market conditions continue to affect the trading price of our capital stock and thus may inhibit our ability to finance new investments through the issuance of equity. During times of increased price volatility, our common stock may be more likely to trade at a price below our NAV per share, which is not uncommon for BDCs like us.

When our stock trades below NAV per common share, as it has often done over the last several years, our ability to issue equity is constrained by provisions of the 1940 Act, which generally prohibits the issuance and sale of our common stock below NAV per common share without first obtaining approval from our stockholders and our independent directors, other than through sales to our then-existing stockholders pursuant to a rights offering. At our annual meeting of stockholders held on February 11, 2016, our stockholders approved a proposal which authorizes us to sell shares of our common stock at a price below our then current NAV per common share subject to certain limitations (including, but not limited to, that the number of shares issued and sold pursuant to such authority does not exceed 25.0% of our then outstanding common stock immediately prior to each such sale) for a period of one year from the date of approval, provided that our Board of Directors makes certain determinations prior to any such sale.

We completed the abovementioned October 2016 common stock offering as a result of the stockholder approval of the proposal at our 2016 Annual Meeting of Stockholders and additional Board of Directors approval. We did not request that our stockholders approve the Company's ability to issue shares of common stock at a price below NAV at our annual meeting of stockholders held on February 9, 2017. Should we decide to issue shares of common stock at a price below NAV, we will seek the requisite approval of our stockholders at such time.

On September 18, 2017, the closing market price of our common stock was \$9.33, a 11.33% premium to our June 30, 2017 NAV per share of \$8.38.

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Our ability to seek external debt financing, to the extent that it is available under current market conditions, is further subject to the asset coverage limitations of the 1940 Act, which require us to have an asset coverage (as defined in Sections 18 and 61 of the 1940 Act) of at least 200% on our senior securities representing indebtedness and our senior securities that are stock. As of June 30, 2017, our asset coverage on our senior securities representing indebtedness was 434.4% and our asset coverage on our senior securities that are stock was 249.6%.

Recent Developments***Charter Amendment***

At a special meeting held on August 29, 2017, our Board of Directors approved the reclassification and designation of 1,440,000 shares of authorized and unissued common stock as shares of Term Preferred Stock, par value \$0.001 per share, to be issued in one or more series. The Articles Supplementary reflecting such reclassification was filed with the Maryland Department of Assessments and Taxation on September 19, 2017.

Credit Facility Amendment No. 3

On August 24, 2017 we, through Business Loan, entered into Amendment No. 3 (the Amendment) to our Credit Facility with KeyBank National Association, as administrative agent, swingline lender, managing agent and lead arranger, the Adviser, as servicer, and certain other lenders party thereto.

Primarily, the Amendment adjusted the calculation of the borrowing base of the Credit Facility and clarified the application of excess concentrations. The Amendment also, among other items, increased the excess concentration limits for PIK loans and updated the commitment amounts for the lenders. As of August 23, 2017, prior to the closing of the Amendment, \$76.5 million of borrowings were outstanding under the Credit Facility.

Portfolio Activity

In August 2017, we invested \$12.5 million in El Academies, Inc. through secured first lien debt and equity.

In July 2017, our loan to SourceHOV, LLC was paid off for net proceeds of \$4.8 million, resulting in a realized loss of \$0.2 million.

Distributions and Dividends

On July 11, 2017, our Board of Directors declared the following monthly distributions to common stockholders and monthly dividends to preferred stockholders:

Record Date	Payment Date	Distribution per Common Share	Dividend per share of Series 2021 Term Preferred Stock
July 21, 2017	July 31, 2017	\$ 0.07	\$ 0.140625

August 21, 2017	August 31, 2017	0.07	0.140625
September 20, 2017	September 29, 2017	0.07	0.140625
Total for the Quarter:		\$ 0.21	\$ 0.421875

Advisory Agreement Renewal

On July 11, 2017, our Board of Directors, including a majority of the directors who are not parties to the Advisory Agreement or interested persons of such party, unanimously approved the annual renewal of the

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Advisory Agreement through August 31, 2018. Mr. Gladstone, our chairman and chief executive officer, controls the Adviser. In reaching a decision to approve the Advisory Agreement, our Board of Directors reviewed a significant amount of information and considered, among other things:

the nature, quality and extent of the advisory and other services to be provided to us by the Adviser;

our investment performance and that of the Adviser;

the costs of the services to be provided and profits to be realized by the Adviser from the relationship with us;

the fee structures of comparable externally managed business development companies that engage in similar investing activities; and

various other matters.

Based on the information reviewed and the considerations detailed above, our Board of Directors, including all of the directors who are not interested persons as that term is defined in the 1940 Act, concluded that the investment advisory fee rates and terms are fair and reasonable in relation to the services provided and approved the Advisory Agreement, as being in the best interests of our stockholders.

RESULTS OF OPERATIONS**Comparison of the Three Months Ended June 30, 2017 to the Three Months Ended June 30, 2016**

	Three Months Ended June 30,			
	2017	2016	\$ Change	% Change
INVESTMENT INCOME				
Interest income, net	\$ 9,629	\$ 8,253	\$ 1,376	16.7%
Other income	3	1,591	(1,588)	(99.8)
Total investment income	9,632	9,844	(212)	(2.2)
EXPENSES				
Base management fee	1,480	1,369	111	8.1
Loan servicing fee	1,071	896	175	19.5
Incentive fee	1,116	1,187	(71)	(6.0)
Administration fee	272	287	(15)	(5.2)
Interest expense on borrowings	904	648	256	39.5
Dividend expense on mandatorily redeemable preferred stock	1,029	1,029		
Amortization of deferred financing fees	274	273	1	0.4

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Other expenses	453	640	(187)	(29.2)
Expenses, before credits from Adviser	6,599	6,329	270	4.3
Credit to base management fee loan servicing fee	(1,071)	(896)	(175)	19.5
Credits to fees from Adviser other	(1,275)	(496)	(779)	157.1
Total expenses, net of credits	4,253	4,937	(684)	(13.9)
NET INVESTMENT INCOME	5,379	4,907	472	9.6
NET REALIZED AND UNREALIZED GAIN (LOSS)				
Net realized loss on investments	(23)	(84)	61	(72.6)
Net realized gain on other				
Net unrealized appreciation of investments	989	693	296	42.7
Net unrealized depreciation of other	(182)		(182)	NM
Net gain from investments and other	784	609	175	28.7
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 6,163	\$ 5,516	\$ 647	11.7%

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NM = Not Meaningful

Investment Income

Interest income increased by 16.7% for the three months ended June 30, 2017, as compared to the prior year period. The level of interest income from investments is directly related to the principal balance of our interest-bearing investment portfolio outstanding during the period multiplied by the weighted average yield. The weighted average principal balance of our interest-bearing investment portfolio during the three months ended June 30, 2017, was \$333.2 million, compared to \$303.6 million for the prior year period, an increase of 9.7%. The weighted average yield on our interest-bearing investment portfolio is based on the current stated interest rate on interest-bearing investments which increased to 11.5% for the three months ended June 30, 2017, compared to 10.9% for the three months ended June 30, 2016, inclusive of any allowances on interest receivables made during those periods.

As of June 30, 2017, certain loans to two portfolio companies were on non-accrual status, with an aggregate debt cost basis of \$27.9 million, or 7.6%, of the cost basis of all debt investments in our portfolio. As of June 30, 2016, certain loans to two portfolio companies were on non-accrual status, with an aggregate debt cost basis of \$26.5 million, or 7.5%, of the cost basis of all debt investments in our portfolio.

For the three months ended June 30, 2017, other income decreased by 99.8% as compared to the prior year period. Other income for the three months ended June 30, 2016, consisted primarily of \$1.5 million in success fees recognized and \$0.1 million in prepayment fees received whereas there were no such amounts recognized in the current year period.

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The following tables list the investment income for our five largest portfolio company investments at fair value during the respective periods:

Company	As of June 30, 2017		Three Months Ended June 30, 2017	
	Fair Value	% of Portfolio Investment Income	Income	% of Total
NetFortris Corp.	\$ 24,120	7.0%	\$ 637	6.6
IA Tech, LLC	23,518	6.8	699	7.3
HB Capital Resources, Ltd. ^(A)	22,000	6.4	462	4.8
WadeCo Specialties, Inc.	21,208	6.1	481	5.0
Lignetics, Inc.	18,746	5.4	482	5.0
Subtotal five largest investments	109,592	31.7	2,761	28.7
Other portfolio companies	235,911	68.3	6,871	71.3
Total Investment Portfolio	\$ 345,503	100.0%	\$ 9,632	100.0%

Company	As of June 30, 2016		Three Months Ended June 30, 2016	
	Fair Value	% of Portfolio Investment Income	Income	% of Total
IA Tech, LLC ^(A)	\$ 30,000	9.7%	\$ 40	0.4%
RBC Acquisition Corp.	22,090	7.2	658	6.7
WadeCo Specialties, Inc.	19,630	6.4	528	5.4
United Flexible, Inc.	17,304	5.6	556	5.6
Lignetics, Inc.	15,499	5.0	425	4.3
Subtotal five largest investments	104,523	33.9	2,207	22.4
Other portfolio companies	203,703	66.1	7,637	77.6
Total Investment Portfolio	\$ 308,226	100.0%	\$ 9,844	100.0%

^(A) New investment during the applicable period.

Expenses

Expenses, net of any non-contractual, unconditional and irrevocable credits to fees from the Adviser, decreased by 13.9% for the three months ended June 30, 2017, as compared to the prior year period. This decrease was primarily due to a decrease in the net incentive fee and a decrease in professional fees, partially offset by an increase in interest expense on borrowings.

Interest expense on borrowings increased by \$0.3 million, or 39.5%, during the three months ended June 30, 2017, as compared to the prior year period, due primarily to an increase in the borrowings outstanding under our Credit Facility during the period driven by a net increase in investments. The weighted average balance outstanding under our Credit Facility during the three months ended June 30, 2017, was \$72.6 million, as compared to \$52.5 million in the prior year period, an increase of 38.3%.

Our Board of Directors accepted a non-contractual, unconditional and irrevocable credit of \$0.9 million from the Adviser to reduce the income-based incentive fee to the extent net investment income for the quarter ended June 30, 2017 did not cover 100.0% of the distributions to common stockholders during the period. The credit granted for the quarter ended June 30, 2016, was \$0.2 million. The base management, loan servicing and incentive fees, and associated non-contractual, unconditional and irrevocable credits, are computed quarterly, as

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described under *Transactions with the Adviser* in Note 4 *Related Party Transactions* of the notes to our accompanying *Condensed Consolidated Financial Statements* and are summarized in the following table:

	Three Months Ended June 30,	
	2017	2016
Average total assets subject to base management fee ^(A)	\$ 338,286	\$ 312,914
Multiplied by prorated annual base management fee of 1.75%	0.4375%	0.4375%
Base management fee^(B)	\$ 1,480	\$ 1,369
Portfolio company fee credit	(261)	(319)
Syndicated loan fee credit	(100)	(17)
Net Base Management Fee	\$ 1,119	\$ 1,033
Loan servicing fee^(B)	1,071	896
Credit to base management fee loan servicing fee ^(B)	(1,071)	(896)
Net Loan Servicing Fee	\$	\$
Incentive fee^(B)	1,116	1,187
Incentive fee credit	(914)	(160)
Net Incentive Fee	\$ 202	\$ 1,027
Portfolio company fee credit	(261)	(319)
Syndicated loan fee credit	(100)	(17)
Incentive fee credit	(914)	(160)
Credits to Fees From Adviser other^(B)	\$ (1,275)	\$ (496)

(A) Average total assets subject to the base management fee is defined in the Advisory Agreement as total assets, including investments made with proceeds of borrowings, less any uninvested cash or cash equivalents resulting from borrowings, valued at the end of the applicable quarters within the respective periods and adjusted appropriately for any share issuances or repurchases during the periods.

(B) Reflected, on a gross basis, as a line item on our accompanying *Condensed Consolidated Statements of Operations*.

Net Realized and Unrealized Gain (Loss)**Net Realized Gain (Loss) on Investments**

We had no significant realized gains (losses) on investments for the three months ended June 30, 2017 and 2016.

Table of Contents**Net Unrealized Appreciation (Depreciation) of Investments**

The net realized gain (loss) and unrealized appreciation (depreciation) across our investments for the three months ended June 30, 2017, were as follows:

Portfolio Company	Three Months Ended June 30, 2017			
	Realized Gain (Loss)	Unrealized Appreciation (Depreciation)	Reversal of Unrealized Depreciation (Appreciation)	Net Gain (Loss)
WadeCo Specialties, Inc.	\$	\$ 1,748	\$	\$ 1,748
B+T Group Acquisition Inc.		1,434		1,434
LWO Acquisitions Company LLC		1,163		1,163
Defiance Integrated Technologies, Inc.		693		693
Lignetics, Inc.		480		480
United Flexible, Inc.		311		311
FedCap Partners, LLC		297		297
The Mochi Ice Cream Company		246		246
Flight Fit N Fun LLC		205		205
PSC Industrial Holdings Corp.		(212)		(212)
Vertellus Specialties Inc.		(220)		(220)
Targus Cayman HoldCo, Ltd.		(279)		(279)
Sunshine Media Holdings		(314)		(314)
New Trident Holdcorp, Inc.		(621)		(621)
Alloy Die Casting, Corp.		(660)		(660)
Meridian Rack & Pinion, Inc.		(789)		(789)
Francis Drilling Fluids, Ltd.		(1,037)		(1,037)
Edge Adhesives Holdings, Inc.		(1,471)		(1,471)
Other, net (<\$250)	(23)	15		(8)
Total:	\$ (23)	\$ 989	\$	\$ 966

The primary driver of net unrealized appreciation on investments of \$1.0 million for the three months ended June 30, 2017, was an improvement in the performance of certain portfolio companies and an increase in comparable multiples used to estimate the fair value of our investments, which more than offset the decline in performance of certain of our other portfolio companies.

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The net realized gains (losses) and unrealized appreciation (depreciation) across our investments for the three months ended June 30, 2016, were as follows:

Portfolio Company	Three Months Ended June 30, 2016			
	Realized Gain (Loss)	Unrealized Appreciation (Depreciation)	Reversal of Unrealized Depreciation (Appreciation)	Net Gain (Loss)
Southern Petroleum Laboratories, Inc.	\$	\$ 1,906	\$	\$ 1,906
RBC Acquisition Corp.		1,232		1,232
Vision Solutions, Inc.		777		777
Westland Technologies, Inc.		683		683
Flight Fit N Fun LLC		633		633
Precision Acquisition Group Holdings, Inc.		597		597
Behrens Manufacturing, LLC		588		588
Vitera Healthcare Solutions, LLC		449		449
Vertellus Specialties Inc.		368		368
Targus Cayman HoldCo, Ltd.		(338)		(338)
SourceHOV, LLC		(358)		(358)
Ashland Acquisitions, LLC	72		(572)	(500)
New Trident Holdcorp, Inc.		(600)		(600)
Lignetics, Inc.		(622)		(622)
Sunshine Media Holdings		(1,301)		(1,301)
LWO Acquisitions Company LLC		(1,478)		(1,478)
Francis Drilling Fluids, Ltd.		(1,565)		(1,565)
Other, net (<\$250)	(156)	294		138
Total:	\$ (84)	\$ 1,265	\$ (572)	\$ 609

The primary driver of net unrealized appreciation of \$0.7 million for the three months ended June 30, 2016, was an improvement in the performance of certain portfolio companies and an increase in comparable multiples used to estimate the fair value of our investments, which more than offset the decreased performance of several of our portfolio companies.

Net Realized Loss on Other

During the three months ended June 30, 2016, we recorded a net realized loss of \$0.1 million due to the expiration of our interest rate cap agreement in January 2016. No such amounts were incurred during the three months ended June 30, 2017.

Net Unrealized Depreciation on Other

During the three months ended June 30, 2017, we recorded \$0.2 million of net unrealized depreciation on our Credit Facility. No such amounts were incurred in the prior year period.

Table of Contents**Comparison of the Nine Months Ended June 30, 2017 to the Nine Months Ended June 30, 2016**

	For the Nine Months Ended June 30,			
	\$			
	2017	2016	Change	% Change
INVESTMENT INCOME				
Interest income, net	\$ 26,850	\$ 26,107	\$ 743	2.8%
Other income	1,549	3,255	(1,706)	(52.4)
Total investment income	28,399	29,362	(963)	(3.3)
EXPENSES				
Base management fee	4,217	4,258	(41)	(1.0)
Loan servicing fee	3,009	2,876	133	4.6
Incentive fee	3,479	3,369	110	3.3
Administration fee	858	900	(42)	(4.7)
Interest expense on borrowings	2,047	2,066	(19)	(0.9)
Dividend expense on mandatorily redeemable preferred stock	3,087	3,088	(1)	0.0
Amortization of deferred financing fees	821	802	19	2.4
Other expenses	1,439	2,031	(592)	(29.1)
Expenses, before credits from Adviser	18,957	19,390	(433)	(2.2)
Credits to base management fee loan servicing fee	(3,009)	(2,876)	(133)	4.6
Credits to fees from Adviser other	(3,494)	(1,736)	(1,758)	101.3
Total expenses, net of credits	12,454	14,778	(2,324)	(15.7)
NET INVESTMENT INCOME	15,945	14,584	1,361	9.3
NET REALIZED AND UNREALIZED GAIN (LOSS)				
Net realized (loss) gain on investments	(3,426)	9,837	(13,263)	(134.8)
Net realized loss on other	(71)	(64)	64	100.0
Net unrealized depreciation of investments	(713)	(33,747)	33,034	97.9
Net unrealized depreciation (appreciation) of other	(71)	62	(133)	(214.5)
Net loss from investments and other	(4,210)	(23,912)	19,702	(82.4)
NET (DECREASE) INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 11,735	\$ (9,328)	\$ 21,063	(225.8)%

NM = Not Meaningful

Investment Income

Interest income, net increased by 2.8% for the nine months ended June 30, 2017, as compared to the prior year period. This increase was due primarily to a higher weighted average yield as the weighted average principal balance was relatively consistent period over period. The weighted average yield on our interest-bearing investment portfolio is based on the current stated interest rate on interest-bearing investments and increased to 11.5% for the nine months ended June 30, 2017 compared to 11.1% for the nine months ended June 30, 2016 inclusive of any allowances on interest receivables made during that period. The weighted average principal balance of our interest-bearing investment portfolio during the nine months ended June 30, 2017 was \$312.5 million, compared to \$313.5 million for the prior year period, a slight decrease of 0.3%.

Other income decreased by 52.4% during the nine months ended June 30, 2017, as compared to the prior year period. For the nine months ended June 30, 2017, other income consisted primarily of \$1.5 million in success fees recognized. For the nine months ended June 30, 2016, other income consisted primarily of \$2.8 million in success fees recognized, \$0.3 million in dividend income received, and \$0.2 million in prepayment fees received.

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The following tables list the investment income for our five largest portfolio company investments at fair value during the respective periods:

Company	As of June 30, 2017		Nine Months Ended June 30, 2017	
	Fair Value	% of Portfolio	Investment Income	% of Total Income
NetFortris Corp.	\$ 24,120	7.0%	\$ 928	3.3%
IA Tech, LLC	23,518	6.8	2,094	7.4
HB Capital Resources, Ltd. ^(A)	22,000	6.4	462	1.6
WadeCo Specialties, Inc.	21,208	6.1	1,435	5.0
Lignetics, Inc.	18,746	5.4	1,331	4.7
Subtotal five largest investments	109,592	31.7	6,250	22.0
Other portfolio companies	235,911	68.3	22,149	78.0
Total Investment Portfolio	\$ 345,503	100.0%	\$ 28,399	100.0%

Company	As of June 30, 2016		Nine Months Ended June 30, 2016	
	Fair Value	% of Portfolio	Investment Income	% of Total Income
IA Tech, LLC ^(A)	\$ 30,000	9.7%	\$ 40	0.1%
RBC Acquisition Corp.	22,090	7.2	2,159	7.3
WadeCo Specialties, Inc.	19,630	6.4	1,563	5.3
United Flexible, Inc.	17,304	5.6	1,544	5.3
Lignetics, Inc.	15,499	5.0	1,279	4.4
Subtotal five largest investments	104,523	33.9	6,585	22.4
Other portfolio companies	203,703	66.1	22,777	77.6
Total Investment Portfolio	\$ 308,226	100.0%	\$ 29,362	100.0%

(A) New investment during the applicable period.

Expenses

Expenses, net of any non-contractual, unconditional and irrevocable credits to fees from the Adviser, decreased for the nine months ended June 30, 2017 by 15.7%, as compared to the prior year period. This decrease was primarily due to decreases in professional fees and shareholder related costs.

Net base management fee earned by the Adviser decreased by \$0.9 million, or 24.3%, during the nine months ended June 30, 2017, as compared to the prior year period, resulting from an increase in portfolio company fee credits due to new investments made in the current year period.

Our Board of Directors accepted non-contractual, unconditional and irrevocable credits totaling \$2.0 million from the Adviser to reduce the income-based incentive fee to the extent that net investment income did not cover 100.0% of the distributions to common stockholders during the nine months ended June 30, 2017. The credits granted during the nine months ended June 30, 2016, totaled \$1.1 million.

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Base management, loan servicing and incentive fees and associated non-contractual, unconditional and irrevocable credits are computed quarterly, as described under *Transactions with the Adviser* in Note 4 *Related Party Transactions* of the notes to our accompanying *Condensed Consolidated Financial Statements* and are summarized in the following table:

	Nine Months Ended June 30,	
	2017	2016
Average total assets subject to base management fee ^(A)	\$ 321,295	\$ 324,419
Multiplied by prorated annual base management fee of 1.75%	1.3125%	1.3125%
Base management fee^(B)	\$ 4,217	\$ 4,258
Portfolio company fee credit	(1,344)	(553)
Syndicated loan fee credit	(122)	(73)
Net Base Management Fee	\$ 2,751	\$ 3,632
Loan servicing fee^(B)	3,009	2,876
Credits to base management fee loan servicing fee ^(B)	(3,009)	(2,876)
Net Loan Servicing Fee	\$	\$
Incentive fee^(B)	3,479	3,369
Incentive fee credit	(2,028)	(1,110)
Net Incentive Fee	\$ 1,451	\$ 2,259
Portfolio company fee credit	(1,344)	(553)
Syndicated loan fee credit	(122)	(73)
Incentive fee credit	(2,028)	(1,110)
Credit to Fees From Adviser other^(B)	\$ (3,494)	\$ (1,736)

(A) Average total assets subject to the base management fee is defined as total assets, including investments made with proceeds of borrowings, less any uninvested cash or cash equivalents resulting from borrowings, valued at the end of the applicable quarters within the respective periods and adjusted appropriately for any share issuances or repurchases during the periods.

(B) Reflected, on a gross basis, as a line item on our accompanying *Condensed Consolidated Statements of Operations*.

Net Realized and Unrealized Gain (Loss)**Net Realized Gain (Loss) on Investments**

For the nine months ended June 30, 2017, we recorded a net realized loss on investments of \$3.4 million, which resulted primarily from the sale of substantially all the assets of RBC for a \$2.3 million realized loss and the write-off of \$5.0 million of our investment in Sunshine Media Holdings (Sunshine), partially offset by the sale of Behrens for a \$2.5 million realized gain and a \$1.2 million realized gain related to an additional earn-out from Funko, LLC (Funko), which was exited in the prior year.

For the nine months ended June 30, 2016, we recorded a net realized gain on investments of \$9.8 million, which resulted primarily from a realized gain of \$16.9 million from the sale of Funko, partially offset by a realized loss of \$5.5 million recognized from the restructure of Targus Group International, Inc. (Targus) and a realized loss of \$2.4 million from our sale of Heartland Communications Group, LLC during the period.

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Table of Contents**Net Unrealized Appreciation (Depreciation) of Investments**

The net realized gain (losses) and unrealized appreciation (depreciation) across our investments for the nine months ended June 30, 2017, were as follows:

Portfolio Company	Nine Months Ended June 30, 2017			
	Realized Gain (Loss)	Unrealized Appreciation (Depreciation)	Reversal of Unrealized Depreciation (Appreciation)	Net Gain (Loss)
WadeCo Specialties, Inc.	\$	\$ 1,850	\$	\$ 1,850
SourceHOV LLC		1,756		1,756
B+T Group Acquisition Inc.		1,524		1,524
Funko Acquisition Holdings, LLC	1,235	(20)		1,215
Defiance Integrated Technologies, Inc.		1,009		1,009
The Mochi Ice Cream Company		670		670
LWO Acquisitions Company LLC		467		467
Vitera Healthcare Solutions, LLC		213	115	328
FedCap Partners, LLC		297		297
IA Tech, LLC		288		288
PIC 360, LLC		173		173
Drumcree, LLC		169		169
Travel Sentry, Inc.		133		133
Lignetics, Inc.		(175)		(175)
Canopy Safety Brands, LLC		(206)		(206)
PSC Industrial Holdings Corp.		(269)		(269)
Flight Fit N Fun LLC		(522)		(522)
Edge Adhesives Holdings, Inc.		(546)		(546)
New Trident Holdcorp, Inc.		(574)		(574)
Behrens Manufacturing, LLC	2,544		(3,211)	(667)
Targus Cayman HoldCo, Ltd.		(800)		(800)
Sunshine Media Holdings	(5,000)	449	3,612	(939)
RBC Acquisition Corp.	(2,330)		1,119	(1,211)
Vertellus Specialties Inc.	108	(1,464)		(1,356)
Alloy Die Casting, Corp.		(1,875)		(1,875)
Francis Drilling Fluids, Ltd.		(5,583)		(5,583)
Other, net (<\$250)	17	718	(30)	705
Total:	\$ (3,426)	\$ (2,318)	\$ 1,605	\$ (4,139)

The largest driver of our net unrealized depreciation for the nine months ended June 30, 2017 was derived from a decline in financial and operation performance of certain portfolio companies and, to a lesser extent, decreases in comparable multiples used in valuations, most notably Francis Drilling Fluids, Ltd. of \$5.6 million and Alloy Die Cast, Co. of \$1.9 million. This depreciation was largely offset by the unrealized appreciation resulting from an increase in performance on certain portfolio companies, most notably WadeCo Specialties, Inc. of \$1.9 million and SourceHOV LLC of \$1.8 million and the reversal of previously recorded depreciation on our investment in Sunshine

upon partial write-off.

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The net realized gain (losses) and unrealized appreciation (depreciation) across our investments for the nine months ended June 30, 2016, were as follows:

Portfolio Company	Nine Months Ended June 30, 2016			
	Realized Gain (Loss)	Unrealized Appreciation (Depreciation)	Reversal of Unrealized Depreciation (Appreciation)	Net Gain (Loss)
Legend Communications of Wyoming, LLC	\$	\$ 2,857	\$ 27	\$ 2,884
Behrens Manufacturing, LLC		2,008		2,008
Funko, LLC	16,887	66	(16,009)	944
Southern Petroleum Laboratories, Inc.		871		871
Westland Technologies, Inc.		622		622
J. America, Inc.		482		482
Triple H Food Processors		450		450
Mikaway		(282)		(282)
Ashland Acquisitions, LLC	72	183	(572)	(317)
United Flexible, Inc.		(329)		(329)
FedCap Partners, LLC		(381)		(381)
Vitera Healthcare Solutions, LLC		(475)		(475)
New Trident Holdcorp, Inc.		(561)		(561)
Lignetics, Inc.		(573)		(573)
AG Transportation Holdings, LLC		(584)		(584)
Vertellus Specialties Inc.		(882)		(882)
Vision Government Solutions, Inc.		(986)		(986)
WadeCo Specialties, Inc.		(1,082)		(1,082)
Precision Acquisition Group Holdings, Inc.		(1,282)		(1,282)
SourceHOV LLC		(1,722)		(1,722)
RBC Acquisition Corp.	1,207	(3,183)		(1,976)
Sunshine Media Holdings		(2,593)		(2,593)
LWO Acquisitions Company LLC		(3,474)		(3,474)
Targus Cayman HoldCo, Ltd.	(5,500)	(2,530)	4,198	(3,832)
Defiance Integrated Technologies, Inc.		(4,348)		(4,348)
Francis Drilling Fluids, Ltd.		(5,840)		(5,840)
Other, net (<\$250)	(2,829)	(727)	2,904	(652)
Total:	\$ 9,837	\$ (24,295)	\$ (9,452)	\$ (23,910)

The largest driver of our net unrealized depreciation for the nine months ended June 30, 2016 was derived from a decline in financial and operation performance of certain portfolio companies and, to a lesser extent, decreases in comparable multiples used in valuations, most notably Francis Drilling Fluids, Ltd. of \$5.8 million and Defiance Integrated Technologies, Inc. of \$4.3 million. The change was also driven by the reversal of \$16.0 million of previously recorded unrealized appreciation on our investment in Funko upon exit. This depreciation was partially offset by the unrealized appreciation resulting from an increase in performance on certain portfolio companies, most notably Behrens of \$2.9 million and the reversal of \$4.1 million of previously recorded unrealized depreciation on our investment in Targus upon restructure.

Net Realized Loss on Other

During the nine months ended June 30, 2016, we recorded a net realized loss of \$0.1 million, due to the expiration of our interest rate cap agreement in January 2016. No such amounts were incurred during the nine months ended June 30, 2017.

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Table of Contents**Net Unrealized Depreciation of Other**

During the nine months ended June 30, 2017, we recorded \$0.1 million of net unrealized depreciation on our Credit Facility recorded at fair value. During the nine months ended June 30, 2016, we reversed \$0.1 million of unrealized depreciation related to the expiration of our interest rate cap agreement in January 2016.

LIQUIDITY AND CAPITAL RESOURCES**Operating Activities**

Our cash flows from operating activities are primarily generated from the interest payments on debt securities that we receive from our portfolio companies, as well as net proceeds received through repayments or sales of our investments. We utilize this cash primarily to fund new investments, make interest payments on our Credit Facility, make distributions to our stockholders, pay management fees to the Adviser, and for other operating expenses. Net cash used in operating activities for the nine months ended June 30, 2017 was \$14.0 million as compared to net cash provided by operating activities of \$51.9 million for the nine months ended June 30, 2016. The change was primarily due to the increase in purchases of investments and the decrease in net unrealized depreciation period over period. Purchases of investments were \$95.4 million during the nine months ended June 30, 2017 compared to \$59.9 million during the prior year period. Net unrealized depreciation totaled \$0.7 million during the nine months ended June 30, 2017 compared to \$33.7 million during the prior year period.

As of June 30, 2017, we had loans to, syndicated participations in or equity investments in 47 private companies, with an aggregate cost basis of approximately \$405.9 million. As of June 30, 2016, we had loans to, syndicated participations in or equity investments in 43 private companies, with an aggregate cost basis of approximately \$386.3 million.

The following table summarizes our total portfolio investment activity during the nine months ended June 30, 2017 and 2016:

	Nine Months Ended June 30,	
	2017	2016
Beginning investment portfolio, at fair value	\$ 322,114	\$ 365,891
New investments	85,241	54,300
Disbursements to existing portfolio companies	10,208	5,562
Scheduled principal repayments	(3,196)	(1,169)
Unscheduled principal repayments	(59,596)	(77,427)
Net proceeds from sales	(8,289)	(19,829)
Net unrealized (depreciation) appreciation	(2,318)	(24,295)
Reversal of prior period (appreciation) depreciation	1,605	(9,452)
Net realized gain (loss)	(3,426)	9,837
Increase in investments due to PIK ^(A) or other	3,599	4,311
Cost adjustments on non-accrual loans		388
Net change in premiums, discounts and amortization	(439)	109
Investment Portfolio, at Fair Value	\$ 345,503	\$ 308,226

- (A) Paid-in-kind (PIK) interest is a non-cash source of income and is calculated at the contractual rate stated in a loan agreement and added to the principal balance of a loan.

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The following table summarizes the contractual principal repayment and maturity of our investment portfolio by fiscal year, assuming no voluntary prepayments, as of June 30, 2017:

		Amount
For the remaining three months ending		
September 30:	2017	\$ 6,499
For the fiscal year ending September 30:	2018	56,527
	2019	57,209
	2020	81,213
	2021	60,973
	Thereafter	112,663
	Total contractual repayments	\$ 375,084
	Equity investments	36,786
	Adjustments to cost basis on debt investments	(5,967)
	Cost basis of investments held at June 30, 2017:	\$ 405,903

Financing Activities

Net cash provided by financing activities totaled \$14.9 million for the nine months ended June 30, 2017 and consisted primarily of net borrowings on our Credit Facility of \$10.9 million and \$20.0 million in net proceeds from our common stock offerings, partially offset by \$15.9 million of distributions to common shareholders. Net cash used in financing activities totaled \$50.7 million for the nine months ended June 30, 2016 and consisted primarily of net repayments on our Credit Facility of \$54.0 million and \$14.6 million of distributions to common stockholders, partially offset by \$18.5 million in net proceeds from our common stock offering during the nine months ended June 30, 2016.

Distributions and Dividends to Stockholders***Common Stock Distributions***

To qualify to be taxed as a RIC and thus avoid corporate level federal income tax on the income we distribute to our stockholders, we are required to distribute to our stockholders on an annual basis at least 90.0% of our investment company taxable income. Additionally, our Credit Facility has a covenant that generally restricts the amount of distributions to stockholders that we can pay out to be no greater than our aggregate net investment income, net capital gains and amounts elected to have been paid during the prior year in accordance with Section 855(a) of the Code. In accordance with these requirements, we paid monthly cash distributions of \$0.07 per common share for each month during the nine months ended June 30, 2017 and 2016, which totaled an aggregate of \$15.9 million and \$14.6 million, respectively. In July 2017, our Board of Directors declared a monthly distribution of \$0.07 per common share for each of July, August, and September 2017. Our Board of Directors declared these distributions based on our estimates of our investment company taxable income for the fiscal year ending September 30, 2017.

For the year ended September 30, 2016, our current and accumulated earnings and profits (after taking into account mandatorily redeemable preferred stock dividends) exceeded distributions declared and paid, and, in accordance with

Section 855(a) of the Code, we elected to treat \$5.5 million of the first common distributions paid in fiscal year 2017 as having been paid in the prior year.

The characterization of the common stockholder distributions declared and paid for the fiscal year ending September 30, 2017 will be determined at fiscal year-end based upon our investment company taxable income for the full fiscal year and distributions paid during the full fiscal year. Such a characterization made on a quarterly basis may not be representative of the actual full fiscal year characterization.

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Table of Contents***Preferred Stock Dividends***

Our Board of Directors declared and we paid monthly cash dividends of \$0.140625 per share to holders of our Series 2021 Term Preferred Stock for each of April, May and June 2017. In accordance with GAAP, we treat these monthly dividends as an operating expense. For federal income tax purposes, dividends paid by us to preferred stockholders generally constitute ordinary income to the extent of our current and accumulated earnings and profits.

Equity***Registration Statement***

We filed Post-Effective Amendment No. 2 to our current Registration Statement on Form N-2 (File

No. 333-208637) with the SEC on December 22, 2016, which was declared effective by the SEC on February 6, 2017. Our Registration Statement permits us to issue, through one or more transactions, up to an aggregate of \$300.0 million in securities, consisting of common stock, preferred stock, subscription rights, debt securities and warrants to purchase common stock, preferred stock or debt securities. As of June 30, 2017, we had the ability to issue up to \$279.1 million in securities under the Registration Statement.

Common Stock

Pursuant to our current Registration Statement, in October 2016, we completed a public offering of 2.0 million shares of our common stock at a public offering price of \$7.98 per share, which was below our then current NAV per share. In November 2016, the underwriters partially exercised their over-allotment option to purchase an additional 173,444 shares of our common stock. Gross proceeds totaled \$17.3 million and net proceeds, after deducting underwriting discounts and offering costs borne by us, were approximately \$16.4 million. The net proceeds of this offering were used to repay borrowings under our Credit Facility.

In January 2016, our Board of Directors authorized a share repurchase program for up to an aggregate of \$7.5 million of the Company's common stock. The program expired on January 31, 2017. During the year ended September 30, 2016, we repurchased 87,200 shares of our common stock at an average share price of \$6.53, resulting in aggregate gross purchases of \$0.6 million. We did not repurchase any shares during the nine months ended June 30, 2017.

Pursuant to our prior registration statement, on October 27, 2015, we completed a public offering of 2.0 million shares of our common stock at a public offering price of \$8.55 per share, which was below our then current NAV per share. In November 2015, the underwriters exercised their option to purchase an additional 300,000 shares. Gross proceeds totaled \$19.7 million and net proceeds, after deducting underwriting discounts and offering costs borne by us, were approximately \$18.4 million. The net proceeds of this offering were used to repay borrowings under our Credit Facility.

In February 2015, we entered into equity distribution agreements (commonly referred to as at-the-market agreements or the Sales Agreements) with KeyBanc Capital Markets Inc. and Cantor Fitzgerald & Co., each a Sales Agent, under which we had the ability to issue and sell, from time to time, through the Sales Agents, up to an aggregate offering price of \$50.0 million of our common stock. In May 2017, we terminated the Sales Agreement with KeyBanc Capital Markets Inc. and amended the Sales Agreement with Cantor Fitzgerald & Co. to reference our current registration statement. All other material terms of the Sales Agreement remained unchanged. We did not sell any shares under the Sales Agreements during the year ended September 30, 2016 or the six months ended March 31, 2017. During the three months ended June 30, 2017, we sold 362,600 shares of our common stock under the Sales Agreement with

Cantor Fitzgerald & Co., at a weighted-average price of \$9.89 per share and raised \$3.6 million of gross proceeds. Net proceeds, after deducting commissions and offering costs borne by us, were approximately \$3.4 million. As of June 30, 2017, we had a remaining capacity to sell up to \$45.2 million of common stock under the Sales Agreement with Cantor Fitzgerald & Co.

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We anticipate issuing equity securities to obtain additional capital in the future. However, we cannot determine the timing or terms of any future equity issuances or whether we will be able to issue equity on terms favorable to us, or at all. To the extent that our common stock trades at a market price below our NAV per share, we will generally be precluded from raising equity capital through public offerings of our common stock, other than pursuant to stockholder and independent director approval or a rights offering to existing common stockholders. We completed the abovementioned October 2016 common stock offering as a result of the stockholder approval of the proposal at our 2016 Annual Meeting of Stockholders and additional Board of Directors approval. We did not request that our stockholders approve the Company's ability to issue shares of common stock at a price below NAV at our annual meeting of stockholders held on February 9, 2017. Should we decide to issue shares of common stock at a price below NAV, we will seek the requisite approval of our stockholders.

On September 18, 2017, the closing market price of our common stock was \$9.33, a 11.33% premium to our June 30, 2017 NAV per share of \$8.38.

Term Preferred Stock

Pursuant to our prior registration statement on Form N-2, in May 2014, we completed a public offering of approximately 2.4 million shares of our Series 2021 Term Preferred Stock, par value \$0.001 per share, at a public offering price of \$25.00 per share and a 6.75% rate. Gross proceeds totaled \$61.0 million and net proceeds, after deducting underwriting discounts, commissions and offering expenses borne by us, were \$58.5 million, a portion of which was used to voluntarily redeem all 1.5 million outstanding shares of our then existing 7.125% Series 2016 Term Preferred Stock, par value \$0.001 per share, and the remainder was used to repay a portion of outstanding borrowings under our Credit Facility.

Our Series 2021 Term Preferred Stock is not convertible into our common stock or any other security and provides for a fixed dividend rate equal to 6.75% per year, payable monthly (which equates in total to approximately \$4.1 million per year). We are required to redeem all of the outstanding Series 2021 Term Preferred Stock on June 30, 2021 for cash at a redemption price equal to \$25.00 per share plus an amount equal to all unpaid dividends and distributions on each such share accumulated to (but excluding) the date of redemption (the Series 2021 Redemption Price). We may additionally be required to mandatorily redeem some or all of the shares of our Series 2021 Term Preferred Stock early, at the Series 2021 Redemption Price, in the event of the following: (1) upon the occurrence of certain events that would constitute a change in control, and (2) if we fail to maintain an asset coverage of at least 200% on our senior securities that are stock (which, currently is only the Series 2021 Term Preferred Stock) and the failure remains for a period of 30 days following the filing date of our next SEC quarterly or annual report. We may also voluntarily redeem all or a portion of the Series 2021 Term Preferred Stock at our option at the Series 2021 Redemption Price at any time after June 30, 2017. The asset coverage on our senior securities that are stock (thus, our Series 2021 Term Preferred Stock) as of June 30, 2017 was 249.6%.

If we fail to redeem our Series 2021 Term Preferred Stock pursuant to the mandatory redemption required on June 30, 2021, or in any other circumstance in which we are required to mandatorily redeem our Series 2021 Term Preferred Stock, then the fixed dividend rate will increase by 4.00% for so long as such failure continues. As of June 30, 2017, we have not redeemed, nor have we been required to redeem, any shares of our outstanding Series 2021 Term Preferred Stock.

Revolving Credit Facility

On May 1, 2015, we, through Business Loan, entered into a Fifth Amended and Restated Credit Agreement with KeyBank, as administrative agent, lead arranger and a lender, which increased the commitment amount of our Credit

Facility from \$137.0 million to \$140.0 million, extended the revolving period end date by three years to January 19, 2019, decreased the marginal interest rate added to 30-day LIBOR from 3.75% to 3.25% per annum, set the unused commitment fee at 0.50% on all undrawn amounts, expanded the scope of eligible collateral, and

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amended other terms and conditions to among other items. If our Credit Facility is not renewed or extended by January 19, 2019, all principal and interest will be due and payable on or before April 19, 2020. Subject to certain terms and conditions, our Credit Facility may be expanded up to a total of \$250.0 million through additional commitments of new or existing lenders. We incurred fees of approximately \$1.1 million in connection with this amendment, which are being amortized through our Credit Facility's revolving period end date of January 19, 2019. On June 19, 2015, we, through Business Loan, entered into certain joinder and assignment agreements with three new lenders to increase borrowing capacity on our Credit Facility by \$30.0 million to \$170.0 million. We incurred fees of approximately \$0.6 million in connection with this expansion, which are being amortized through our Credit Facility's revolving period end date of January 19, 2019.

On October 9, 2015 and August 18, 2016, we entered into Amendments No. 1 and 2 to our Credit Facility, respectively, each of which clarified various constraints on available borrowings.

Interest is payable monthly during the term of our Credit Facility. Available borrowings are subject to various constraints imposed under our Credit Facility, based on the aggregate loan balance pledged by Business Loan, which varies as loans are added and repaid, regardless of whether such repayments are prepayments or made as contractually required. Our Credit Facility also requires that any interest or principal payments on pledged loans be remitted directly by the borrower into a lockbox account with KeyBank and with The Bank of New York Mellon Trust Company, N.A. as custodian. KeyBank, which also serves as the trustee of the account, generally remits the collected funds to us once a month.

Our Credit Facility contains covenants that require Business Loan to maintain its status as a separate legal entity, prohibit certain significant corporate transactions (such as mergers, consolidations, liquidations or dissolutions), and restrict material changes to our credit and collection policies without the lenders' consents. Our Credit Facility generally limits distributions to our stockholders on a fiscal year basis to the sum of our net investment income, net capital gains and amounts elected to have been paid during the prior year in accordance with Section 855(a) of the Code. Business Loan is also subject to certain limitations on the type of loan investments it can apply as collateral towards the borrowing base to receive additional borrowing availability under our Credit Facility, including restrictions on geographic concentrations, sector concentrations, loan size, payment frequency and status, average life, portfolio company leverage and lien property. Our Credit Facility further requires Business Loan to comply with other financial and operational covenants, which obligate Business Loan to, among other things, maintain certain financial ratios, including asset and interest coverage and a minimum number of 20 obligors required in the borrowing base. Additionally, we are subject to a performance guaranty that requires us to maintain (i) a minimum net worth (defined in our Credit Facility to include our mandatorily redeemable preferred stock) of \$205.0 million plus 50% of all equity and subordinated debt raised after May 1, 2015 less 50% of any equity and subordinated debt retired or redeemed after May 1, 2015, which equates to \$225.0 million as of June 30, 2017, (ii) asset coverage with respect to senior securities representing indebtedness of at least 200%, in accordance with Sections 18 and 61 of the 1940 Act and (iii) our status as a BDC under the 1940 Act and as a RIC under the Code.

On August 24, 2017 we, through Business Loan, entered into Amendment No. 3 (the Amendment) to our Credit Facility with KeyBank National Association, as administrative agent, swingline lender, managing agent and lead arranger.

Primarily, the Amendment adjusted the calculation of the borrowing base of the Credit Facility and clarified the application of excess concentrations. The Amendment also, among other items, increased the excess concentration limits for PIK loans and updated the commitment amounts for the Lenders. As of August 23, 2017, prior to the closing of the Amendment, \$76.5 million of borrowings were outstanding under the Credit Facility.

As of June 30, 2017, and as defined in the performance guaranty of our Credit Facility, we had a net worth of \$275.6 million, asset coverage on our senior securities representing indebtedness of 434.4% and an active

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status as a BDC and RIC. In addition, we had 32 obligors in our Credit Facility's borrowing base as of June 30, 2017. As of June 30, 2017, we were in compliance with all of our Credit Facility covenants. Refer to Note 5 *Borrowings* of the notes to our accompanying *Consolidated Financial Statements* included elsewhere in this prospectus supplement for additional information regarding our Credit Facility.

Off-Balance Sheet Arrangements

We generally recognize success fee income only when the payment has been received. As of June 30, 2017 and September 30, 2016, we had off-balance sheet success fee receivables on our accruing debt investments of \$3.8 million and \$3.4 million (or approximately \$0.15 per common share and \$0.14 per common share), respectively, that would be owed to us based on our current portfolio if fully paid off. Consistent with GAAP, we have not recognized our success fee receivable on our balance sheet or income statement. Due to our success fees' contingent nature, there are no guarantees that we will be able to collect all of these success fees or know the timing of such collections.

Contractual Obligations

We have lines of credit, delayed draw term loans, and an uncalled capital commitment with certain of our portfolio companies that have not been fully drawn. Since these commitments have expiration dates and we expect many will never be fully drawn, the total commitment amounts do not necessarily represent future cash requirements. We estimate the fair value of the combined unused lines of credit, the unused delayed draw term loans and the uncalled capital commitment as of June 30, 2017 and September 30, 2016 to be immaterial. The following table shows our contractual obligations as of June 30, 2017, at cost:

	Payments Due by Fiscal Years				Total
	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years	
Contractual Obligations^(A)					
Credit Facility ^(B)	\$	\$ 82,200	\$	\$	\$ 82,200
Series 2021 Term Preferred Stock			61,000		61,000
Interest expense on debt obligations ^(C)	2,076	17,933	3,088		23,097
Total	\$ 2,076	\$ 100,133	\$ 64,088	\$	\$ 166,297

(A) Excludes unused line of credit commitments, an unused delayed draw term loan and an uncalled capital commitment to our portfolio companies in the aggregate principal amount of \$11.6 million as of June 30, 2017.

(B) Principal balance of borrowings under our Credit Facility as of June 30, 2017, based on the current revolving period end date of January 19, 2019.

(C) Includes estimated interest payments on our Credit Facility and distribution obligations on our Series 2021 Term Preferred Stock. The amount of interest expense calculated for purposes of this table was based upon rates and outstanding balances as of June 30, 2017. Dividend payments on our Series 2021 Term Preferred Stock assume quarterly declarations and monthly dividend payments through the date of mandatory redemption.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements and related disclosures in conformity with GAAP requires management to make estimates and assumptions that affect the reported consolidated amounts of assets and liabilities, including disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the period reported. Actual results could differ materially from those estimates under different assumptions or conditions. We have identified our investment valuation policy (which has been approved by our Board of Directors) (the Policy) as our most critical accounting policy.

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Table of Contents***Investment Valuation***

Fair value measurements of our investments may involve subjective judgments and estimates and due to the inherent uncertainty of determining these fair values, the fair value of our investments may fluctuate from period to period. Additionally, changes in the market environment and other events that may occur over the life of the investment may cause the gains or losses ultimately realized on these investments to be different than the valuations currently assigned. Refer to Note 2 *Summary of Significant Accounting Policies* and Note 3 *Investments* in the notes to our accompanying *Consolidated Financial Statements* included elsewhere in this prospectus supplement for additional information regarding fair value measurements.

Credit Monitoring and Risk Rating

The Adviser monitors a wide variety of key credit statistics that provide information regarding our portfolio companies to help us assess credit quality and portfolio performance and, in some instances, used as inputs in our valuation techniques. Generally, we, through the Adviser, participate in periodic board meetings of our portfolio companies in which we hold board seats and also require them to provide annual audited and monthly unaudited financial statements. Using these statements or comparable information and board discussions, the Adviser calculates and evaluates certain credit statistics.

The Adviser risk rates all of our investments in debt securities. The Adviser does not risk rate our equity securities. For syndicated loans that have been rated by an SEC registered Nationally Recognized Statistical Rating Organization (NRSRO), the Adviser generally uses the average of two corporate level NRSRO s risk ratings for such security. For all other debt securities, the Adviser uses a proprietary risk rating system. While the Adviser seeks to mirror the NRSRO systems, we cannot provide any assurance that the Adviser s risk rating system will provide the same risk rating as an NRSRO for these securities. The Adviser s risk rating system is used to estimate the probability of default on debt securities and the expected loss if there is a default. The Adviser s risk rating system uses a scale of 0 to >10, with >10 being the lowest probability of default. It is the Adviser s understanding that most debt securities of medium-sized companies do not exceed the grade of BBB on an NRSRO scale, so there would be no debt securities in the middle market that would meet the definition of AAA, AA or A. Therefore, the Adviser s scale begins with the designation >10 as the best risk rating which may be equivalent to a BBB from an NRSRO; however, no assurance can be given that a >10 on the Adviser s scale is equal to a BBB or Baa2 on an NRSRO scale. The Adviser s risk rating system covers both qualitative and quantitative aspects of the business and the securities we hold.

The following table reflects risk ratings for all proprietary loans in our portfolio at June 30, 2017 and September 30, 2016, representing approximately 90.0% of the principal balance of all debt investments in our portfolio at the end of each period:

	As of	As of
Rating	June 30, 2017	September 30, 2016
Highest	9.0	8.0
Average	5.4	5.3
Weighted Average	5.5	5.3
Lowest	1.0	1.0

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The following table reflects the risk ratings for all syndicated loans in our portfolio that were rated by an NRSRO at June 30, 2017 and September 30, 2016, representing approximately 8.2% and 7.3%, respectively, of the principal balance of all debt investments in our portfolio at the end of each period:

	As of	As of
Rating	June 30, 2017	September 30, 2016
Highest	5.0	5.0
Average	4.3	3.9
Weighted Average	4.2	4.0
Lowest	3.0	2.0

The following table reflects the risk ratings for all syndicated loans in our portfolio that were not rated by an NRSRO at June 30, 2017 and September 30, 2016, representing approximately 1.8% and 2.7%, respectively, of the principal balance of all debt investments in our portfolio at the end of each period:

	As of	As of
Rating	June 30, 2017	September 30, 2016
Highest	6.0	5.0
Average	4.5	4.0
Weighted Average	4.1	3.5
Lowest	3.0	3.0

Tax Status

We intend to continue to maintain our qualification as a RIC under Subchapter M of the Code for federal income tax purposes and also to limit certain federal excise taxes imposed on RICs. Refer to Note 9 *Distributions to Common Stockholders* in the notes to our accompanying *Consolidated Financial Statements* included elsewhere in this prospectus supplement for additional information regarding our tax status.

Revenue Recognition**Interest Income Recognition**

Interest income, including the amortization of premiums, acquisition costs and amendment fees, the accretion of OID, and PIK interest, is recorded on the accrual basis to the extent that such amounts are expected to be collected. Generally, when a loan becomes 90 days or more past due or if our qualitative assessment indicates that the debtor is unable to service its debt or other obligations, we will place the loan on non-accrual status and cease recognizing interest income on that loan for financial reporting purposes until the borrower has demonstrated the ability and intent to pay contractual amounts due. However, we remain contractually entitled to this interest.

Other Income Recognition

We generally record success fees upon receipt of cash. Success fees are contractually due upon a change of control in a portfolio company, typically from an exit or sale. Dividend income on equity investments is accrued to the extent that such amounts are expected to be collected and if we have the option to collect such amounts in cash. We generally record prepayment fees upon receipt of cash. Prepayment fees are contractually due at the time of an investment's exit, based on the prepayment fee schedule. Success fees, prepayment fees and dividend income are all recorded in other income in our accompanying *Condensed Consolidated Statements of Operations*.

Refer to Note 2 *Summary of Significant Accounting Policies* in the notes to our accompanying *Consolidated Financial Statements* included elsewhere in this prospectus supplement for additional information regarding revenue recognition.

Table of Contents**Recent Accounting Pronouncements**

Refer to Note 2 *Summary of Significant Accounting Policies* in the notes to our accompanying *Consolidated Financial Statements* included elsewhere in this prospectus supplement for a description and our application of recent accounting pronouncements.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk includes risks that arise from changes in interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market sensitive instruments. The prices of securities held by us may decline in response to certain events, including those directly involving the companies whose securities are owned by us; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and interest rate fluctuations.

The primary risk we believe we are exposed to is interest rate risk. Because we borrow money to make investments, our net investment income is dependent upon the difference between the rate at which we borrow funds and the rate at which we invest those funds. As a result, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income. We use a combination of debt and equity capital to finance our investing activities. We may use interest rate risk management techniques from time to time 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.

All of our variable-rate debt investments have rates generally associated with either the current LIBOR or prime rate. As of June 30, 2017, our portfolio of debt investments on a principal basis consisted of the following:

Variable rates	89.3%
Fixed rates	10.7
Total:	100.0%

There have been no material changes in the quantitative and qualitative market risk disclosures for the nine months ended June 30, 2017 from that disclosed in our Annual Report on Form 10-K for the fiscal year ended September 30, 2016, as filed with the SEC on November 21, 2016.

Table of Contents**SUPPLEMENTAL PORTFOLIO INFORMATION**

The following table sets forth certain information as of June 30, 2017 regarding each portfolio company in which we held a debt or equity security as of such date. All such investments were made in accordance with our investment policies and procedures described in this prospectus supplement and in the accompanying prospectus.

(Dollars in thousands)

Company	Industry	Investment	% of Class Held on a Fully Diluted Basis	Cost	Fair Value
NON-CONTROL/NON-AFFILIATE INVESTMENTS					
Non-syndicated Loans:					
AG Transportation Holdings, LLC 2430 Lincolnway East Goshen, IN 46526	Cargo Transportation	Secured Second Lien Debt		13,000	13,065
		Member Profit Participation	18.00%	1,000	0
		Profit Participation Warrants	7.00%	244	0
Alloy Die Casting Corp. 6550 Caballero Blvd. Buena Park, Ca 90620	Diversified / conglomerate manufacturing	Secured First Lien Debt		5,235	3,665
		Secured First Lien Debt		75	53
		Secured First Lien Debt		390	275
		Preferred Stock	29.60%	2,192	0
		Common Stock	29.50%	18	0
B+T Group Acquisition Inc. 1717 Boulder Ave #3000 Tulsa, OK 74119	Telecommunications	Secured First Lien Debt		6,000	5,940
		Preferred Stock	13.94%	1,799	1,374
Belnick, Inc. 4350 Ball Ground Hwy Canton, GA 30114	Home and Office Furnishings, Housewares and Durable Consumer Products	Secured Second Lien Debt		10,000	10,025
Canopy Safety Brands, LLC 322 Industrial Court Concord, NC 28025	Personal and non-durable consumer products	Secured First Lien Line of Credit		0	0
		Secured First Lien Debt		6,850	6,859
		Participation Warrant	5.94%	500	286
Chinese Yellow Pages Company	Printing and publishing	Secured First Lien Line of Credit		107	0

9550 Flair Drive
Suite 200
El Monte, CA 91731

Drumcree, LLC 6805 Douglas Legum Drive, Suite 100 Elkridge, MD 21075	Broadcasting and Entertainment	Secured First Lien Debt		6,177	6,192
Flight Fit N Fun LLC 7200 Fullerton Road Springfield, VA 22150	Leisure, Amusement, Motion Pictures, Entertainment	Secured First Lien Debt Preferred Stock		7,800 700	7,488 759
Francis Drilling Fluids, Ltd. 240 Jasmine Road Crowley, LA 70526	Oil and gas	Secured Second Lien Debt Secured Second Lien Debt Preferred Equity Units Common Equity Units		16,103 7,459 1,215 1	5,685 2,634 0 0
Funko Acquisition Holdings, LLC 1202 Shuksan Way Everett, WA 98203	Personal and non-durable consumer products	Preferred Equity Units Common Stock	0.10% 0.40%	167 0	245 0
GFRC Holdings, LLC 3615 Miller Park Dr. Garland, TX 75042	Buildings and real estate	Secured First Lien Line of Credit Secured First Lien Debt Preferred Stock Common Stock Warrants		1,105 1,000 1,025 0	1,105 1,000 869 0
HB Capital Resources, Ltd. 2999 Oak Road, Suite 710 Walnut Creek, CA 94597	Diversified/conglomerate service	Secured Second Lien Debt		22,000	22,000

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Company	Industry	Investment	% of Class Held on a Fully Diluted Basis	Cost	Fair Value
NON-CONTROL/NON-AFFILIATE INVESTMENTS (Continued)					
IA Tech, LLC 1690 Roberts Blvd, Suite 108 Kennesaw, GA 30144	Diversified/conglomerate service	Secured First Lien Debt		23,000	23,518
Leeds Novamark Capital I, L.P. 350 Park Avenue, 23 rd Floor New York, NY 10022	Private equity fund healthcare, education and childcare	Limited Partnership Interest	3.46%	1,414	1,303
Meridian Rack & Pinion, Inc. 6740 Cobra Way San Diego, CA 92121	Automobile	Secured First Lien Debt		4,140	3,726
		Preferred Stock	23.30%	1,449	429
Merlin International, Inc 8219 Leesburg Pike, Suite 400 Vienna, VA 22182	Healthcare, education, and childcare	Secured Second Lien Debt		10,000	10,112
The Mochi Ice Cream Company 5563 Alcoa Avenue Vernon, CA 90058	Beverage, Food and Tobacco	Secured Second Lien Debt		6,750	6,885
		Common Stock	2.49%	450	606
NetFortris Corp. 800 S Michigan St Seattle, WA 98108	Telecommunications	Secured First Lien Line of Credit		0	0
Precision International, LLC 435 Burt Street Sistersville, WV 26175	Machinery	Secured First Lien Debt		795	789
		Membership Unit Warrant	33.33%	0	0
Sea Link International IRB, Inc.	Automobile	Secured Second Lien Debt		5,000	5,037

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13151 66th St N. Largo, FL 33773		Secured Second Lien Delayed Draw Term Loan		0	0
		Common Equity Units	1.70%	240	177
Travel Sentry, Inc 110 SE 6th Street, Suite 1754 Fort Lauderdale, FL 33301	Diversified/ conglomerate service	Secured First Lien Debt		8,902	9,047
Triple H Food Processor 5821 Wilderness Avenue Riverside, CA 92504	Beverage, Food and Tobacco	Secured First Lien Line of Credit Secured First Lien Debt		0 7,000	0 7,166
		Common Stock	5.69%	250	452
TWS Acquisition Corporation 120 N. 44th Street, Suite 230 Phoenix, AZ 85034	Healthcare, Education, and Childcare	Secured First Lien Line of Credit Secured First Lien Debt		0 9,432	0 9,598
United Flexible, Inc 815 Forestwood Drive Romeoville, IL 60446	Diversified/conglomerate manufacturing	Secured Second Lien Debt Preferred Stock	1.19%	17,815 538	17,723 479
		Common Stock	1.07%	148	0
Vacation Rental Pros Property Management, LLC 200 Executive Way #200 Ponte Vedra, FL 32082	Hotels, motels, inns, and gaming	Secured Second Lien Debt		7,091	7,091
Vision Government Solutions Inc. 44 Bearfoot Road Northboro, MA 01532	Diversified/conglomerate service	Secured First Lien Line of Credit Secured First Lien Delayed Draw Term Loan		1,450 1,600	1,399 1,450
		Secured First Lien Debt		9,000	8,261

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Company	Industry	Investment	% of Class Held on a Fully Diluted Basis	Cost	Fair Value
NON-CONTROL/NON-AFFILIATE INVESTMENTS (Continued)					
WadeCo Specialties, Inc. 480 Frelinghuysen Avenue Newark, NJ 07114	Oil and gas	Secured First Lien Line of Credit		2,575	2,510
		Secured First Lien Debt		10,671	10,424
		Secured First Lien Debt Preferred Stock	3.13%	7,000 618	6,720 1554
Subtotal Non-syndicated loans				273,491	250,095
Syndicated Investments:					
DataPipe, Inc 10 Exchange Place Jersey City, NJ 07302	Diversified/conglomerate service	Secured Second Lien Debt		1,962	2,005
Keystone Acquisition Corp. 3204 McKnight E Drive Pittsburgh, PA 15237	Diversified/conglomerate service	Secured Second Lien Debt		3,921	3,960
LDiscovery, LLC 8201 Greensboro Drive, Suite 717 McLean, VA 22102-3810	Diversified/conglomerate service	Secured Second Lien Debt		4,810	4,700
Medical Solutions Holdings, Inc. 1010 North 102nd Street, Suite 300 Omaha, NE 68114	Healthcare, education and childcare	Secured Second Lien Debt		2,955	3,000
NetSmart Technologies, Inc 4950 College Boulevard Overland Park, KS 66211	Healthcare, education and childcare	Secured Second Lien Debt		3,607	3,642
				3,984	2,700

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New Trident Holdcorp, Inc. 920 Ridgebrook Road, 2 nd Floor Sparks, MD 21152	Healthcare, education and childcare	Secured Second Lien Debt			
Edmentum Ultimate Holdings, LLC 5600 W 83 rd Street Bloomington, MN 55437	Healthcare, education and childcare	Unsecured Debt		3,241	3,249
		Common Stock	2.10%	2,636	0
PSC Industrial Holdings Corp 5151 San Felipe, Suite 1100 Houston, TX 77056	Diversified/conglomerate services	Secured Second Lien Debt		3,450	3,010
SourceHOV LLC 2701 E. Grauwlyer Road Irving, TX 75061	Finance	Secured Second Lien Debt		4,879	4,781
The Active Network, Inc. 10182 Telesis Court, Suite 100 Ire vie, CA 92618	Electronics	Secured Second Lien Debt		519	517
Vertellus Holdings LLC 1500 S Tibbs Ave Indianapolis, IN 46241	Chemicals, Plastics and Rubber	Secured Second Lien Debt		1,099	923
		Common Stock Units	0.88%	3,018	440
W3 Co. 11111 Wilcrest Green Drive #300 Houston, TX 77042	Oil and gas	Common Equity		499	139
<i>Subtotal Syndicated loans</i>				\$ 40,580	\$ 33,066
Total Non-Control/Non-Affiliate Investments (represented 81.9% of total investments at fair value)				\$ 314,071	\$ 283,161

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Company	Industry	Investment	% of Class Held on a Fully Diluted Basis	Cost	Fair Value
AFFILIATE INVESTMENTS					
Edge Adhesives Holdings, Inc. 30 Amberwood Parkway Ashland, OH 44805	Diversified/conglomerate manufacturing	Secured First Lien Debt		6,200	5,642
		Secured First Lien Debt Preferred Stock	25.16%	1,600 2,516	1,464 0
FedCap Partners, LLC 11951 Freedom Drive, 13th Fl Reston, VA 20190	Private equity fund aerospace and defense	Class A Membership Units	6.67%	1,634	1,562
Lignetics, Inc. 11951 Freedom Drive, 13th Fl Reston, VA 20190	Diversified/natural resources, precious metals and minerals	Secured Second Lien Debt		6,000	6,000
		Secured Second Lien Debt Preferred Stock		8,000 800	8,000 809
		Secured Second Lien Debt Common Stock	9.10%	3,300 1,855	3,300 637
LWO Acquisitions Company LLC 1920 Hurd Drive Irving, TX 75038	Diversified/conglomerate manufacturing	Secured First Lien Line of Credit		2,632	2,206
		Secured First Lien Debt		10,863	9,117
		Common Stock	9.99%	921	0
Syndicated Investments:					
Targus Cayman HoldCo Limited 1211 North Miller Street Anaheim, CA 92806	Textiles and leather	Secured First Lien Debt		2,553	2,563
		Common Stock	5.26%	2,343	741
Total Affiliate Investments (represented 12.2% of total investments at fair value)				\$ 51,217	\$ 42,041
CONTROL INVESTMENTS					
Defiance Integrated Technologies, Inc. 1090 Perry Street Defiance, OH 43512	Automobile	Secured Second Lien Debt		6,065	6,065
		Common Stock	76.20%	580	4,990
PIC 360, LLC 843 N Cleveland	Machinery	Secured First Lien Debt		4,000	4,000
		Common Equity Units	75.00%	1	173

Massillon Rd
Akron, OH 44333

Sunshine Media Holdings	Printing and publishing	Secured First Lien Line of Credit	1,328	1,328
735 Broad St, Suite 708		Secured First Lien Debt	3,525	1,105
Chattanooga, TN 37402		Secured First Lien Debt	8,401	2,640
		Secured First Lien Debt	10,700	0
		Preferred Stock	97.07% 5,275	0
		Common Stock	74.29% 740	0
		Common Stock Warrants	74.29% 0	0

Total Control Proprietary Investments (represented 5.9% of total investments at fair value) **\$ 40,615 \$ 20,301**

Total Investments **\$ 405,903 \$ 345,503**

Table of Contents**Investment Concentrations**

As of June 30, 2017, our portfolio consisted of investments in 47 portfolio companies located in 23 states in 22 different industries, with an aggregate fair value of \$345.5 million. The five largest investments at fair value totaled \$109.6 million, or 31.7% of our total investment portfolio as of June 30, 2017, as compared to \$112.1 million, or 34.8% of our total investment portfolio as of September 30, 2016. As of June 30, 2017 and September 30, 2016, our average investment by obligor was \$8.6 million at cost. The following table outlines our investments by security type as of June 30, 2017 and September 30, 2016:

	June 30, 2017				September 30, 2016			
	Cost	Percentage of Total Investments	Fair Value	Percentage of Total Investments	Cost	Percentage of Total Investments	Fair Value	Percentage of Total Investments
Secured first lien debt	\$ 196,107	48.3%	\$ 171,369	49.6%	\$ 227,439	59.6%	\$ 198,721	61.7%
Secured second lien debt	169,769	41.8	152,861	44.2	113,796	29.8	100,320	31.2
Unsecured debt	3,241	0.8	3,249	1.0	2,995	0.8	3,012	0.9
Total Debt Investments	369,117	90.9	327,479	94.8	344,230	90.2	302,053	93.8
Preferred equity	18,293	4.5	6,519	1.9	22,988	6.0	10,262	3.2
Common equity/equivalents	18,493	4.6	11,505	3.3	14,583	3.8	9,799	3.0
Total Equity Investments	36,786	9.1	18,024	5.2	37,571	9.8	20,061	6.2
Total Investments	\$ 405,903	100.0%	\$ 345,503	100.0%	\$ 381,801	100.0%	\$ 322,114	100.0%

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Our investments at fair value consisted of the following industry classifications at June 30, 2017 and September 30, 2016:

Industry Classification	June 30, 2017		September 30, 2016	
	Fair Value	Percentage of Total Investments	Fair Value	Percentage of Total Investments
Diversified/Conglomerate Service	\$ 79,349	23.0%	\$ 48,898	15.2%
Diversified/Conglomerate Manufacturing	40,624	11.8	50,106	15.6
Healthcare, education, and childcare	33,603	9.7	70,577	21.9
Telecommunications	31,434	9.1	5,790	1.8
Oil and gas	29,666	8.6	31,279	9.7
Automobile	20,425	5.9	14,837	4.6
Diversified natural resources, precious metals and minerals	18,746	5.4	14,821	4.6
Beverage, food and tobacco	15,110	4.3	15,022	4.7
Cargo Transportation	13,065	3.8	13,000	4.0
Home and Office Furnishings, Housewares and Durable Consumer Products	10,025	2.9		
Leisure, Amusement, Motion Pictures, Entertainment	8,247	2.4	8,769	2.7
Personal and non-durable consumer products	7,389	2.1	7,858	2.4
Hotels, motels, inns, and gaming	7,091	2.1		
Broadcast and entertainment	6,192	1.8	4,682	1.5
Printing and publishing	5,073	1.5	6,033	1.9
Machinery	4,962	1.4	5,597	1.7
Finance	4,782	1.4	3,000	0.9
Textiles and leather	3,304	1.0	3,836	1.2
Buildings and real estate	2,974	0.9	11,223	3.5
Electronics	517	0.1	2,980	0.9
Other, < 2.0%	2,925	0.8	3,806	1.2
Total Investments	\$ 345,503	100.0%	\$ 322,114	100.0%

Our investments at fair value were included in the following geographic regions of the U.S. as of June 30, 2017 and September 30, 2016:

Geographic Region	June 30, 2017		September 30, 2016	
	Fair Value	Percentage of Total Investments	Fair Value	Percentage of Total Investments
South	\$ 141,545	41.0%	\$ 131,181	40.8%
West	104,486	30.2	57,786	17.9
Midwest	58,537	16.9	100,142	31.1
Northeast	40,935	11.9	33,005	10.2

Total Investments	\$ 345,503	100.0%	\$ 322,114	100.0%
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The geographic region indicates the location of the headquarters of our portfolio companies. A portfolio company may also have a number of other business locations in other geographic regions.

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Table of Contents**DESCRIPTION OF THE SERIES 2024 TERM PREFERRED STOCK**

*The following is a brief description of the terms of our Term Preferred Stock, including specific terms of the Series 2024 Term Preferred Stock. This is not a complete description and is subject to, and entirely qualified by reference to, our Articles of Amendment and Restatement, the Articles Supplementary and the exhibits thereto. The form of the Series 2024 Term Preferred Stock Articles Supplementary, and Exhibit A thereto and the TP Articles Supplementary, are attached to this prospectus supplement and the final form of the Series 2024 Term Preferred Stock Articles Supplementary will be filed with the SEC as an exhibit to our registration statement of which this prospectus supplement and the accompanying prospectus are a part. The TP Articles Supplementary, and Appendix A thereto, are filed with the SEC as an exhibit to our registration statement of which this prospectus supplement and the accompanying prospectus are a part. You may obtain copies of these documents as described under *Where You Can Find More Information*. Capitalized terms used, but not defined herein, have the meanings attributed to them in the Articles Supplementary.*

General

We are authorized to issue 5,440,000 shares of Term Preferred Stock. 1,610,000 of these shares were classified and designated as 7.125% Series 2016 Term Preferred Stock and we issued 1,539,882 of those shares, which were redeemed in full May 2014 with the offering proceeds from the issuance and sale of our Series 2021 Term Preferred Stock. In connection with such offering, we reclassified and designated 70,188 authorized but unissued shares of Series 2016 Term Preferred Stock as well as 2,390,000 unissued shares of Term Preferred Stock as our Series 2021 Term Preferred Stock and issued 2,200,000 of those shares, which are currently outstanding and anticipated to be redeemed with the proceeds of this offering plus borrowings under our Credit Facility. See *Use of Proceeds*. On August 29, 2017, we reclassified and designated 20,118 authorized but unissued shares of Series 2021 Term Preferred Stock, and also classified and designation 2,979,882 authorized but unissued shares of Term Preferred Stock of the Company without designation as to series, as shares of Series 2024 Term Preferred Stock. Terms of the Series 2024 Term Preferred Stock are set forth in the Series 2024 Term Preferred Stock Articles Supplementary and Exhibit A attached thereto.

At the time of issuance, any Term Preferred Stock, including the Series 2024 Term Preferred Stock, will be fully paid and non-assessable and will have no preemptive, conversion, or exchange rights or rights to cumulative voting. The Term Preferred Stock will rank equally with shares of all our other preferred stock (collectively, Preferred Stock) that might be issued in the future, as to payment of dividends and the distribution of our assets upon dissolution, liquidation or winding up of our affairs. The Term Preferred Stock is, and all other Preferred Stock that we may issue in the future will be, senior as to dividends and distributions to the common stock. We may issue additional series of Term Preferred Stock or other Preferred Stock in the future.

Except in certain limited circumstances, holders of the Term Preferred Stock will not receive certificates representing their ownership interest in such shares, and the shares of Term Preferred Stock will be represented by a global certificate to be held by the Securities Depository for the Term Preferred Stock. The Depository Trust Company will initially act as Securities Depository with respect to the Term Preferred Stock.

Dividends and Dividend Periods

General. The holders of the Term Preferred Stock will be entitled to receive cumulative cash dividends and distributions on such shares, when, as and if declared by, or under authority granted by, our Board of Directors out of funds legally available for payment and in preference to dividends and distributions on Common Stock, calculated separately for each Dividend Period for such Term Preferred Stock at the Dividend Rate for such Term Preferred

Stock in effect during such Dividend Period, in an amount equal to the Liquidation Preference for such Term Preferred Stock. The Dividend Rate is computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends so declared and payable will be paid to the extent permitted under state law and our charter, and to the extent available, in preference to and priority over any dividend declared and payable on the Common Stock.

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Fixed Dividend Rate. The Fixed Dividend Rate is an annual rate of 6.00% for the Series 2024 Term Preferred Stock. The Fixed Dividend Rate for Series 2024 Term Preferred Stock may be adjusted in certain circumstances, including upon the occurrence of certain events resulting in a Default Period (as defined below).

Payment of Dividends and Dividend Periods. The first Dividend Period for the Series 2024 Term Preferred Stock will commence on September 27, 2017 and end on October 31, 2017 and each subsequent Dividend Period will be a calendar month (or the portion thereof occurring prior to the redemption of such Series 2024 Term Preferred Stock). Dividends will be payable monthly in arrears on the Dividend Payment Date the last Business Day of the month of the Dividend Period and upon redemption of the Series 2024 Term Preferred Stock. Except for the first Dividend Period, dividends with respect to any monthly Dividend Period will be declared and paid to holders of record of Series 2024 Term Preferred Stock as their names shall appear on our registration books at the close of business on the applicable record date, which shall be such date designated by our Board of Directors that is not more than 20, nor less than 10, calendar days prior to such Dividend Payment Date. We anticipate that dividends with respect to the first Dividend Period of the Series 2024 Term Preferred Stock will be declared in October 2017 and paid on October 31, 2017 to holders of record of such Series 2024 Term Preferred Stock as their names appear on our registration books at the close of business on such date as the Company's Board of Directors determines.

Only holders of Series 2024 Term Preferred Stock on the record date for a Dividend Period will be entitled to receive dividends and distributions payable with respect to such Dividend Period, and holders of Series 2024 Term Preferred Stock who sell shares before such a record date and purchasers of Series 2024 Term Preferred Stock who purchase shares after such a record date should take the effect of the foregoing provisions into account in evaluating the price to be received or paid for such Series 2024 Term Preferred Stock.

Although dividends will accrue and be paid monthly, the record date for holders of Series 2024 Term Preferred Stock entitled to receive dividend payments may vary from month-to-month. We will notify holders of the Series 2024 Term Preferred Stock of each record date by issuance of a quarterly press release.

Mechanics of Payment of Dividends. Not later than 12:00 noon, New York City time, on a Dividend Payment Date, we are required to deposit with the Redemption and Paying Agent sufficient funds for the payment of dividends in the form of Deposit Securities. Deposit Securities will generally consist of (1) cash or cash equivalents; (2) direct obligations of the United States or its agencies or instrumentalities that are entitled to the full faith and credit of the United States, which we refer to as the U.S. Government Obligations; (3) any Short-Term Money Market Instrument; (4) investments in money market funds registered under the 1940 Act that qualify under Rule 2a-7 under the 1940 Act or similar investment vehicle described in Rule 12d1-1(b)(2) under the 1940 Act, that invests principally in Short-Term Money Market Instruments or U.S. Government Obligations or any combination thereof; or (5) any letter of credit from a bank or other financial institution that has a credit rating from at least one ratings agency that is the highest applicable rating generally ascribed by such ratings agency to bank deposits or short-term debt of similar banks or other financial institutions, in each case either that is a demand obligation payable to the holder on any Business Day or that has a maturity date, mandatory redemption date or mandatory payment date, preceding the relevant Redemption Date, Dividend Payment Date or other payment date. We do not intend to establish any reserves for the payment of dividends.

All Deposit Securities paid to the Redemption and Payment Agent for the payment of dividends will be held in trust for the payment of such dividends to the holders of Term Preferred Stock. Dividends will be paid by the Redemption and Payment Agent to the holders of Term Preferred Stock as their names appear on our registration books. Dividends that are in arrears for any past Dividend Period may be declared and paid at any time, without reference to any regular Dividend Payment Date. Such payments are made to holders of Term Preferred Stock as their names appear on our registration books on such date, not exceeding 20 nor less than 10 calendar days preceding the payment date thereof,

as may be fixed by our Board of Directors. Any payment of dividends in arrears will first be credited against the earliest accumulated but unpaid dividends. No interest or sum of money in lieu of interest will be payable in respect of any dividend payment or payments on any Term Preferred Stock which may be in arrears. See *Adjustment to Fixed Dividend Rate Default Period*.

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Upon failure to pay dividends for at least two years, the holders of Term Preferred Stock will acquire certain additional voting rights or as otherwise entitled under the 1940 Act. See *Voting Rights* below. Such rights shall be the exclusive remedy of the holders of Term Preferred Stock upon any failure to pay dividends on Term Preferred Stock.

Adjustment to Fixed Dividend Rate Default Period. Subject to the cure provisions below, a Default Period with respect to Term Preferred Stock will commence on a date we fail to deposit the Deposit Securities as required as described above. A Default Period with respect to a Dividend Default or a Redemption Default shall end on the Business Day on which, by 12:00 noon, New York City time, an amount equal to all unpaid dividends and any unpaid redemption price shall have been deposited irrevocably in trust in same-day funds with the Redemption and Paying Agent. In the case of a Default, the applicable dividend rate for each day during the Default Period will be equal to the Default Rate. The Default Rate for any calendar day for the Series 2024 Term Preferred Stock will be equal to the applicable Dividend Rate in effect on such day plus four percent (4.00%) per annum.

No Default Period with respect to a Dividend Default or Redemption Default will be deemed to commence if the amount of any dividend or any redemption price due (if such Default is not solely due to our willful failure) is deposited irrevocably in trust, in same-day funds with the Redemption and Paying Agent by 12:00 noon, New York City time, on a Business Day that is not later than three (3) Business Days after the applicable Dividend Payment Date or Redemption Date, together with an amount equal to the Default Rate applied to the amount and period of such non-payment based on the actual number of calendar days comprising such period divided by 360.

Restrictions on Dividend, Redemption, Other Payments and Issuance of Debt

No full dividends and distributions will be declared or paid on Series 2024 Term Preferred Stock for any Dividend Period, or a part of a Dividend Period, unless the full cumulative dividends and distributions due through the most recent dividend payment dates for all outstanding shares of Preferred Stock (including any shares of other series of Term Preferred Stock) have been, or contemporaneously are, declared and paid through the most recent dividend payment dates for each share of Preferred Stock. If full cumulative dividends and distributions due have not been paid on all outstanding shares of Preferred Stock of any series, any dividends and distributions being declared and paid on Term Preferred Stock will be declared and paid as nearly pro rata as possible in proportion to the respective amounts of dividends and distributions accumulated but unpaid on the shares of each such series of Preferred Stock on the relevant dividend payment date. No holders of Term Preferred Stock will be entitled to any dividends and distributions in excess of full cumulative dividends and distributions as provided in the Articles Supplementary.

For so long as any shares of Term Preferred Stock are outstanding, we will not: (x) declare any dividend or other distribution (other than a dividend or distribution paid in Common Stock) in respect of the Common Stock, (y) call for redemption, redeem, purchase or otherwise acquire for consideration any such Common Stock, or (z) pay any proceeds of the liquidation of the Company in respect of such Common Stock, unless, in each case, (A) immediately thereafter, we will be in compliance with the 200% Asset Coverage limitations set forth under the 1940 Act after deducting the amount of such dividend or distribution or redemption or purchasing price or liquidation proceeds, (B) all cumulative dividends and distributions of shares of all series of Term Preferred Stock and all other series of Preferred Stock, if any, ranking on parity with the Term Preferred Stock due on or prior to the date of the applicable dividend, distribution, redemption, purchase or acquisition shall have been declared and paid (or shall have been declared and sufficient funds or Deposit Securities as permitted by the terms of such Preferred Stock for the payment thereof shall have been deposited irrevocably with the applicable paying agent) and (C) we have deposited Deposit Securities with the Redemption and Paying Agent in accordance with the requirements described herein with respect to outstanding Term Preferred Stock of any series to be redeemed pursuant to a Term Redemption (as defined below) or Asset Coverage mandatory redemption resulting from the failure to comply with the Asset Coverage as described below for which a Notice of Redemption shall have been given or shall have been required to be given in accordance

with the terms described herein on or prior to the date of the applicable dividend, distribution, redemption, purchase or acquisition.

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Except as required by law, we will not redeem any shares of Series 2024 Term Preferred Stock unless all accumulated and unpaid dividends and distributions on all outstanding shares of Term Preferred Stock and other series of Preferred Stock, if any, ranking on parity with the Term Preferred Stock with respect to dividends and distributions for all applicable past dividend periods (whether or not earned or declared by us) (x) will have been or are contemporaneously paid or (y) will have been or are contemporaneously declared and Deposit Securities or sufficient funds (in accordance with the terms of such Preferred Stock) for the payment of such dividends and distributions will have been or are contemporaneously deposited with the Redemption and Paying Agent or other applicable paying agent, provided, however, that the foregoing will not prevent the purchase or acquisition of outstanding shares of Term Preferred Stock pursuant to an otherwise lawful purchase or exchange offer made on the same terms to holders of all outstanding shares of Term Preferred Stock and any other series of Preferred Stock, if any, for which all accumulated and unpaid dividends and distributions have not been paid.

We may issue debt in one or more classes or series. Under the 1940 Act, we may not (1) declare any dividend with respect to any Preferred Stock if, at the time of such declaration (and after giving effect thereto), Asset Coverage with respect to any of our borrowings that are senior securities representing indebtedness (as defined in the 1940 Act), would be less than 200% (or such other percentage as may in the future be specified in or under the 1940 Act as the minimum Asset Coverage for senior securities representing indebtedness of a closed-end investment company as a condition of declaring dividends on its Preferred Stock) or (2) declare any other distribution on the Preferred Stock or purchase or redeem Preferred Stock if at the time of the declaration or redemption (and after giving effect thereto), Asset Coverage with respect to such borrowings that are senior securities representing indebtedness would be less than 200% (or such higher percentage as may in the future be specified in or under the 1940 Act as the minimum Asset Coverage for senior securities representing indebtedness of a closed-end investment company as a condition of declaring distributions, purchases or redemptions of its shares). Senior securities representing indebtedness generally means any bond, debenture, note or similar obligation or instrument constituting a security (other than shares of capital stock) and evidencing indebtedness and could include our obligations under any borrowings. For purposes of determining Asset Coverage for senior securities representing indebtedness in connection with the payment of dividends or other distributions on or purchases or redemptions of stock, the term senior security does not include any promissory note or other evidence of indebtedness issued in consideration of any loan, extension or renewal thereof, made by a bank or other person and privately arranged, and not intended to be publicly distributed. The term senior security also does not include any such promissory note or other evidence of indebtedness in any case where such a loan is for temporary purposes only and in an amount not exceeding 5% of the value of our total assets at the time when the loan is made; a loan is presumed under the 1940 Act to be for temporary purposes if it is repaid within 60 calendar days and is not extended or renewed; otherwise such loan is presumed not to be for temporary purposes. For purposes of determining whether the 200% statutory Asset Coverage requirements described above apply in connection with dividends or distributions on or purchases or redemptions of Preferred Stock, such Asset Coverage may be calculated on the basis of values calculated as of a time within 48 hours (only including Business Days) next preceding the time of the applicable determination.

Asset Coverage

If we fail to maintain Asset Coverage of at least 200% as of the close of business on the last Business Day of a Calendar Quarter, the Term Preferred Stock may become subject to mandatory redemption as provided below. Asset Coverage means asset coverage of a class of senior security which is a stock, as defined for purposes of Sections 18(h) and 61 of the 1940 Act as in effect on the date of the Articles Supplementary, determined on the basis of values calculated as of a time within two days (excluding Sundays and holidays) next preceding the time of such determination. For purposes of this determination, no shares of Series 2021 Term Preferred Stock, if any, will be deemed to be outstanding for purposes of the computation of Asset Coverage if, prior to or concurrently with such determination, either sufficient Deposit Securities or other sufficient funds (in accordance with the terms of such

Series 2021 Term Preferred Stock) to pay the full redemption price for such Series 2021 Term Preferred Stock (or the portion thereof to be redeemed) will have been deposited in trust with the paying agent for such Series 2021 Term Preferred Stock and the requisite notice of redemption for such Series 2021 Term

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Preferred Stock (or the portion thereof to be redeemed) will have been given or sufficient Deposit Securities or other sufficient funds (in accordance with the terms of such Series 2021 Term Preferred Stock) to pay the full redemption price for such Series 2021 Term Preferred Stock (or the portion thereof to be redeemed) will have been segregated by us and our custodian from our assets, by means of appropriate identification on the custodian's books and records or otherwise in accordance with the custodian's normal procedures. In such event, the Deposit Securities or other sufficient funds so deposited or segregated will not be included as our assets for purposes of the computation of Asset Coverage.

Redemption

Term Redemption. We are required to provide for the mandatory redemption, or the Term Redemption, of all of the Series 2024 Term Preferred Stock on September 30, 2024, which we refer to as the Term Redemption Date, at a redemption price equal to the Liquidation Preference per share plus an amount equal to all unpaid dividends and distributions on such shares (whether or not earned or declared but excluding interest thereon) up to (but excluding) the Term Redemption Date, which we refer to as the Term Redemption Price.

Mandatory Redemption for Asset Coverage. If we fail to have Asset Coverage of at least 200% as provided in the Articles Supplementary and such failure is not cured as of the close of business on the Asset Coverage Cure Date, we will fix a redemption date and proceed to redeem the number of shares of Preferred Stock as described below at a price per share equal to the liquidation price per share of the applicable Preferred Stock, which in the case of the Term Preferred Stock is equal to the Liquidation Preference per share plus all unpaid dividends and distributions thereon (whether or not earned or declared but excluding interest thereon) to (but excluding) the date fixed for redemption by our Board of Directors. We will redeem out of funds legally available the number of shares of Preferred Stock (which may include at our sole option any number or proportion of Term Preferred Stock) equal to the lesser of (i) the minimum number of shares of Preferred Stock, the redemption of which, if deemed to have occurred immediately prior to the opening of business on the Asset Coverage Cure Date, would result in us having Asset Coverage of at least 200% (provided, however, that if there is no such minimum number of shares of Preferred Stock the redemption or retirement of which would have such result, all Term Preferred Stock and other shares of Preferred Stock then outstanding shall be redeemed) and (ii) the maximum number of shares of Preferred Stock that can be redeemed out of funds expected to be legally available in accordance with our charter and applicable law. Notwithstanding the foregoing sentence, in the event that shares of Preferred Stock are redeemed pursuant to the Articles Supplementary, we may at our sole option, but are not required to, redeem a sufficient number of shares of Series 2024 Term Preferred Stock that, when aggregated with other shares of Preferred Stock redeemed by us, permits us to have with respect to the shares of Preferred Stock (including Term Preferred Stock) remaining outstanding after such redemption, Asset Coverage on such Asset Coverage Cure Date up to and including 240%. We will effect a redemption on the date fixed by us, which date will not be later than ninety (90) calendar days after the Asset Coverage Cure Date, except that if we do not have funds legally available for the redemption of all of the required number of shares of Series 2024 Term Preferred Stock which have been designated to be redeemed or we otherwise are unable to effect such redemption on or prior to ninety (90) calendar days after the Asset Coverage Cure Date, we will redeem those shares of Series 2024 Term Preferred Stock which we were unable to redeem on the earliest practicable date on which we are able to effect such redemption.

Optional Redemption. On or after September 30, 2019 (any such date, an Optional Redemption Date), we may redeem in whole or from time to time in part outstanding Series 2024 Term Preferred Stock, at a redemption price equal to the Liquidation Preference, *plus* an amount equal to all unpaid dividends and distributions accumulated up to (but excluding) the Optional Redemption Date plus the optional redemption premium per share (if any) with respect to an optional redemption on the Series 2024 Term Preferred Stock that is effected on the Optional Redemption Date (whether or not earned or declared by us, but excluding interest thereon) (the *Optional Redemption Price*).

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Subject to the provisions of the Articles Supplementary and applicable law, our Board of Directors will have the full power and authority to prescribe the terms and conditions upon which shares of Series 2024 Term Preferred Stock will be redeemed from time to time.

We may not on any date deliver a notice of redemption to redeem any shares of Term Preferred Stock pursuant to the optional redemption provisions described above unless on such date we have available Deposit Securities for the Optional Redemption Date contemplated by such notice of redemption having a Market Value not less than the amount due to holders of shares of Term Preferred Stock by reason of the redemption of such shares of Term Preferred Stock on such Optional Redemption Date.

Mandatory Redemption upon Change of Control. If a Change of Control Triggering Event (as defined below) occurs with respect to the Series 2024 Term Preferred Stock, unless we have exercised our option to redeem such Series 2024 Term Preferred Stock as described above, we will be required to redeem all of the outstanding Series 2024 Term Preferred Stock at a price equal to the Liquidation Preference, plus an amount equal to all unpaid dividends accumulated to (but excluding) the date of redemption (whether or not earned or declared by us, but excluding interest thereon), which we refer to as the Change of Control Redemption Price.

For purposes of the foregoing discussion of the Change of Control Redemption, the following definitions are applicable:

Change of Control Triggering Event means the occurrence of any of the following: (1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or more series of related transactions, of all or substantially all of our assets and the assets of our subsidiaries, taken as a whole, to any Person, other than us or one of our subsidiaries; (2) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any Person becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of our outstanding Voting Stock or other Voting Stock into which our Voting Stock is reclassified, consolidated, exchanged or changed, measured by voting power rather than number of shares; (3) we consolidate with, or merge with or into, any Person, or any Person consolidates with, or merges with or into, us, in any such event pursuant to a transaction in which any of our outstanding Voting Stock or the Voting Stock of such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of our Voting Stock outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of the surviving Person or any direct or indirect parent company of the surviving Person immediately after giving effect to such transaction; or (4) the adoption of a plan relating to our liquidation or dissolution. Notwithstanding the foregoing, a transaction will not be deemed to involve a Change of Control Triggering Event under clause (2) above if (i) we become a direct or indirect wholly-owned subsidiary of a holding company and (ii)(A) the direct or indirect holders of the Voting Stock of such holding company immediately following that transaction are substantially the same as the holders of our Voting Stock immediately prior to that transaction or (B) immediately following that transaction no Person (other than a holding company satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company.

Person means and includes an individual, a partnership, a trust, a corporation, a limited liability company, an unincorporated association, a joint venture or other entity or a government or any agency or political subdivision thereof.

Voting Stock means, with respect to any specified Person that is a corporation as of any date, the capital stock of such Person that is at the time entitled to vote generally in the election of the directors of such Person.

Redemption Procedures. We will file a notice of our intention to redeem with the SEC so as to provide the 30 calendar day notice period contemplated by Rule 23c-2 under the 1940 Act, or such shorter notice period as may be permitted by the SEC or its staff.

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If we shall determine or be required to redeem, in whole or in part, shares of Term Preferred Stock, we will deliver a notice of redemption, or a Notice of Redemption, by overnight delivery, by first class mail, postage prepaid or by electronic means to the holders of record of such shares of Term Preferred Stock to be redeemed, or request the Redemption and Paying Agent, on our behalf, to promptly do so by overnight delivery, by first class mail, postage prepaid or by electronic means. A Notice of Redemption will be provided not more than forty five (45) calendar days prior to the date fixed for redemption in such Notice of Redemption, which we refer to as the Redemption Date, provided, however, that, in the event of a Change of Control Redemption for the Series 2024 Term Preferred Stock, the Notice of Redemption will, if mailed prior to the date of consummation of the Change of Control Triggering Event, state that the Change of Control Redemption is conditioned on the Change of Control Triggering Event occurring and, provided further, that if, by the date that is three Business Days prior to the date fixed for redemption in such Notice of Redemption, the Change of Control Triggering Event shall not have occurred, the Redemption Date shall be extended until a date that is no more than three Business Days after the date on which the Change of Control Triggering Event occurs. If fewer than all of the outstanding shares of Series 2024 Term Preferred Stock are to be redeemed pursuant to either the Asset Coverage mandatory redemption provisions or the optional redemption provisions, the shares of Series 2024 Term Preferred Stock to be redeemed will be selected either (1) pro rata among Series 2024 Term Preferred Stock, (2) by lot or (3) in such other manner as our Board of Directors may determine to be fair and equitable. If fewer than all shares of Series 2024 Term Preferred Stock held by any holder are to be redeemed, the Notice of Redemption delivered to such holder shall also specify the number of shares of Series 2024 Term Preferred Stock to be redeemed from such holder or the method of determining such number. We may provide in any Notice of Redemption relating to a redemption contemplated to be effected pursuant to the Articles Supplementary that such redemption is subject to one or more conditions precedent and that we will not be required to effect such redemption unless each such condition has been satisfied at the time or times and in the manner specified in such Notice of Redemption. No defect in any Notice of Redemption or delivery thereof will affect the validity of redemption proceedings except as required by applicable law.

If we give a Notice of Redemption, then at any time from and after the giving of such Notice of Redemption and prior to 12:00 noon, New York City time, on the Redemption Date (so long as any conditions precedent to such redemption have been met or waived by us), we will (i) deposit with the Redemption and Paying Agent Deposit Securities having an aggregate Market Value at the time of deposit no less than the redemption price of the shares of Series 2024 Term Preferred Stock to be redeemed on the Redemption Date and (ii) give the Redemption and Paying Agent irrevocable instructions and authority to pay the applicable redemption price to the holders of shares of Series 2024 Term Preferred Stock called for redemption on the Redemption Date. Notwithstanding the foregoing, if the Redemption Date is the Term Redemption Date, then such deposit of Deposit Securities will be made no later than 15 calendar days prior to the Term Redemption Date.

Upon the date of the deposit of Deposit Securities by us for purposes of redemption of shares of Series 2024 Term Preferred Stock, all rights of the holders of Series 2024 Term Preferred Stock so called for redemption shall cease and terminate except the right of the holders thereof to receive the Term Redemption Price, Mandatory Redemption Price, Optional Redemption Price or Change of Control Redemption Price thereof, as applicable (any of the foregoing referred to in this prospectus supplement as the Redemption Price, and such shares of Series 2024 Term Preferred Stock will no longer be deemed outstanding for any purpose whatsoever (other than the transfer thereof prior to the applicable Redemption Date and other than the accumulation of dividends on such stock in accordance with the terms of the Series 2024 Term Preferred Stock up to (but excluding) the applicable Redemption Date, which accumulated dividends, unless previously or contemporaneously declared and paid as contemplated by the Articles Supplementary, shall be payable only as part of the applicable Redemption Price on the date of redemption). We will be entitled to receive, promptly after the Redemption Date, any Deposit Securities in excess of the aggregate Redemption Price of shares of Series 2024 Term Preferred Stock called for redemption on the Redemption Date. Any Deposit Securities so deposited that are unclaimed at the end of ninety (90) calendar days from the Redemption Date will, to the extent

permitted by law, be repaid to us, after which the holders of shares of Series 2024 Term Preferred Stock so called

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for redemption shall look only to us for payment of the Redemption Price. We will be entitled to receive, from time to time after the Redemption Date, any interest on the Deposit Securities so deposited.

On or after a Redemption Date, each holder of shares of Series 2024 Term Preferred Stock in certificated form (if any) that are subject to redemption will surrender the certificate(s) evidencing such shares of Series 2024 Term Preferred Stock to us at the place designated in the Notice of Redemption and will then be entitled to receive the Redemption Price, without interest, and in the case of a redemption of fewer than all shares of Series 2024 Term Preferred Stock represented by such certificate(s), a new certificate representing shares of Series 2024 Term Preferred Stock that were not redeemed.

If any redemption for which a Notice of Redemption has been provided is not made by reason of the absence of our legally available funds in accordance with the Articles Supplementary and applicable law, such redemption shall be made as soon as practicable to the extent such funds become available. No Redemption Default will be deemed to have occurred if we have failed to deposit in trust with the Redemption and Paying Agent the applicable Redemption Price with respect to any shares where (1) the Notice of Redemption relating to such redemption provided that such redemption was subject to one or more conditions precedent and (2) any such condition precedent has not been satisfied at the time or times and in the manner specified in such Notice of Redemption. Notwithstanding the fact that a Notice of Redemption has been provided with respect to any shares of Series 2024 Term Preferred Stock, dividends may be declared and paid on such shares of Series 2024 Term Preferred Stock in accordance with their terms if Deposit Securities for the payment of the Redemption Price of such shares of Series 2024 Term Preferred Stock shall not have been deposited in trust with the Redemption and Paying Agent for that purpose.

We may, in our sole discretion and without a stockholder vote, modify the redemption procedures with respect to notification of redemption for the Series 2024 Term Preferred Stock, provided that such modification does not materially and adversely affect the holders of Series 2024 Term Preferred Stock or cause us to violate any applicable law, rule or regulation.

Liquidation Rights

In the event of any liquidation, dissolution or winding up of our affairs, whether voluntary or involuntary, the holders of the Term Preferred Stock will be entitled to receive out of our assets available for distribution to stockholders, after satisfying claims of creditors but before any distribution or payment will be made in respect of the common stock, a liquidation distribution equal to the Liquidation Preference, plus an amount equal to all unpaid dividends and distributions accumulated to (but excluding) the date fixed for such distribution or payment on such shares (whether or not earned or declared by us, but excluding interest thereon), and such holders will be entitled to no further participation in any distribution or payment in connection with any such liquidation, dissolution or winding up.

If, upon any liquidation, dissolution or winding up of our affairs, whether voluntary or involuntary, our assets available for distribution among the holders of all Term Preferred Stock, and any other outstanding shares of Preferred Stock will be insufficient to permit the payment in full to such holders of Term Preferred Stock of the Liquidation Preference plus accumulated and unpaid dividends and distributions and the amounts due upon liquidation with respect to such other shares of Preferred Stock, then the available assets will be distributed among the holders of such Term Preferred Stock and such other series of Preferred Stock ratably in proportion to the respective preferential liquidation amounts to which they are entitled. In connection with any liquidation, dissolution or winding up of our affairs whether voluntary or involuntary, unless and until the Liquidation Preference on each outstanding share of Term Preferred Stock plus accumulated and unpaid dividends and distributions has been paid in full to the holders of Term Preferred Stock, no dividends, distributions or other payments will be made on, and no redemption, repurchase or other acquisition by us will be made by us in respect of, the common stock.

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Neither the sale of all or substantially all of the property or business of the Company, nor the merger, consolidation or our reorganization into or with any other business or statutory trust, corporation or other entity, nor the merger, consolidation or reorganization of any other business or statutory trust, corporation or other entity into or with us will be a dissolution, liquidation or winding up, whether voluntary or involuntary, for purposes of the provisions relating to liquidation set forth in the Articles Supplementary.

Voting Rights

Except as otherwise provided in the Articles Supplementary, or as otherwise required by applicable law, each holder of Term Preferred Stock will be entitled to one vote for each share of Term Preferred Stock held by such holder on each matter submitted to a vote of our stockholders and the holders of outstanding shares of any Preferred Stock, including the Term Preferred Stock, will vote together with holders of common stock as a single class. Under applicable rules of NASDAQ, we are currently required to hold annual meetings of stockholders.

In addition, the holders of outstanding shares of any Preferred Stock, including the Term Preferred Stock, are entitled, as a class, to the exclusion of the holders of all other securities and classes of common stock, to elect two of our directors at all times (regardless of the total number of directors serving on the Board of Directors). We refer to these directors as the Preferred Directors. The holders of outstanding shares of common stock and Preferred Stock, including Term Preferred Stock, voting together as a single class, elect the balance of our directors. Under our bylaws, our directors are divided into three classes. Each class consists, as nearly as possible, of one-third of the total number of directors, and each class has a three year term. At each annual meeting of our stockholders, the successors to the class of directors whose term expires at such meeting will be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election. Both of the Preferred Directors will be up for election in 2018.

Notwithstanding the foregoing, if (1) at the close of business on any dividend payment date for dividends on any outstanding share of any Preferred Stock, including any outstanding shares of Term Preferred Stock, accumulated dividends (whether or not earned or declared) on the shares of Preferred Stock, including the Term Preferred Stock, equal to at least two (2) full years' dividends shall be due and unpaid and sufficient cash or specified securities shall not have been deposited with the Redemption and Paying Agent or other applicable paying agent for the payment of such accumulated dividends; or (2) at any time holders of any shares of Preferred Stock are entitled under the 1940 Act to elect a majority of our directors (a period when either of the foregoing conditions exists, a Voting Period), then the number of members constituting our Board of Directors will automatically be increased by the smallest number that, when added to the two directors elected exclusively by the holders of shares of any Preferred Stock, including the Term Preferred Stock, as described above, would constitute a majority of our Board of Directors as so increased by such smallest number; and the holders of the shares of Preferred Stock, including the Term Preferred Stock, will be entitled as a class on a one-vote-per-share basis, to elect such additional directors. The terms of office of the persons who are directors at the time of that election will not be affected by the election of the additional directors. If we thereafter shall pay, or declare and set apart for payment, in full all dividends payable on all outstanding shares of Preferred Stock, including Term Preferred Stock, for all past dividend periods, or the Voting Period is otherwise terminated, (1) the voting rights stated above shall cease, subject always, however, to the re-vesting of such voting rights in the holders of shares of Preferred Stock upon the further occurrence of any of the events described herein, and (2) the terms of office of all of the additional directors so elected will terminate automatically. Any Preferred Stock, including Term Preferred Stock, issued after the date hereof will vote with Term Preferred Stock as a single class on the matters described above, and the issuance of any other Preferred Stock, including Term Preferred Stock, by us may reduce the voting power of the holders of Term Preferred Stock.

As soon as practicable after the accrual of any right of the holders of shares of Preferred Stock to elect additional directors as described above, we will call a special meeting of such holders and notify the Redemption and Paying Agent and/or such other person as is specified in the terms of such Preferred Stock to receive notice, (i) by mailing or delivery by electronic means or (ii) in such other manner and by such other means as are

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specified in the terms of such Preferred Stock, a notice of such special meeting to such holders, such meeting to be held not less than 10 nor more than 30 calendar days after the date of the delivery by electronic means or mailing of such notice. If we fail to call such a special meeting, it may be called at our expense by any such holder on like notice. The record date for determining the holders of shares of Preferred Stock entitled to notice of and to vote at such special meeting shall be the close of business on the fifth Business Day preceding the calendar day on which such notice is mailed. At any such special meeting and at each meeting of holders of shares of Preferred Stock held during a Voting Period at which directors are to be elected, such holders, voting together as a class (to the exclusion of the holders of all our other securities and classes of capital stock), will be entitled to elect the number of additional directors prescribed above on a one-vote-per-share basis.

Except as otherwise permitted by the terms of the Articles Supplementary, (a) so long as any shares of Term Preferred Stock are outstanding, we will not, without the affirmative vote or consent of the holders of at least two-thirds of shares of Term Preferred Stock, voting as a separate class, amend, alter or repeal the provisions of the charter, including the Articles Supplementary, whether by merger, consolidation or otherwise, so as to materially and adversely affect any preference, right or power of the Term Preferred Stock or the holders thereof and (b) so long as any Term Preferred Stock of a particular series are outstanding, we will not, without the affirmative vote or consent of the holders of at least two-thirds of Term Preferred Stock of that series, voting as a separate class, amend, alter or repeal the provisions of the charter, including the Articles Supplementary for that series, whether by merger, consolidation or otherwise, so as to materially and adversely affect any preference, right or power of the Term Preferred Stock of that series or the holders thereof; provided, however, that (i) a change in our capitalization as described under the heading Issuance of Additional Preferred Stock will not be considered to materially and adversely affect the rights and preferences of Term Preferred Stock, and (ii) a division of a share of Term Preferred Stock will be deemed to affect such preferences, rights or powers only if the terms of such division materially and adversely affect the holders of Term Preferred Stock. For purposes of the foregoing, no matter shall be deemed to adversely affect any preference, right or power of a share of Term Preferred Stock or the holder thereof unless such matter (i) alters or abolishes any preferential right of such share of Term Preferred Stock, or (ii) creates, alters or abolishes any right in respect of redemption of such Term Preferred Stock (other than as a result of a division of such Term Preferred Stock). So long as any shares of Term Preferred Stock are outstanding, we will not, without the affirmative vote or consent of at least 66 $\frac{2}{3}$ % of the holders of the shares of Term Preferred Stock outstanding at the time, voting as a separate class, file a voluntary application for relief under federal bankruptcy law or any similar application under state law for so long as we are solvent and do not foresee becoming insolvent. No amendment, alteration or repeal of our obligation to pay the Term Redemption Price on the Term Redemption Date for a series of Term Preferred Stock or to accumulate dividends at the Dividend Rate for that series will be effected without, in each case, the prior unanimous vote or consent of the holders of such series of Term Preferred Stock.

The affirmative vote of the holders of at least a majority of the outstanding shares of Preferred Stock, including the shares of Term Preferred Stock outstanding at the time, voting as a separate class, will be required (i) to approve us ceasing to be, or to withdraw our election as, a business development company, or (ii) to approve any plan of reorganization (as such term is defined in Section 2(a)(33) of the 1940 Act) adversely affecting such shares of Preferred Stock. For purposes of the foregoing, the vote of a majority of the outstanding shares of Preferred Stock means the vote at an annual or special meeting duly called of (a) sixty seven percent (67%) or more of such shares present at a meeting, if the holders of more than fifty percent (50%) of such outstanding shares are present or represented by proxy at such meeting, or (b) more than fifty percent (50%) of such outstanding shares, whichever is less.

For purposes of determining any rights of the holders of Term Preferred Stock to vote on any matter, whether such right is created by the charter, including the Articles Supplementary, by statute or otherwise, no holder of Term Preferred Stock will be entitled to vote any shares of Term Preferred Stock and no share of Term Preferred Stock will

be deemed to be outstanding for the purpose of voting or determining the number of shares required to constitute a quorum if, prior to or concurrently with the time of determination of shares entitled to vote or the time of the actual vote on the matter, as the case may be, the requisite Notice of Redemption with respect to such

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Term Preferred Stock will have been given in accordance with the Articles Supplementary, and the Redemption Price for the redemption of such shares of Term Preferred Stock will have been irrevocably deposited with the Redemption and Paying Agent for that purpose. No shares of Term Preferred Stock held by us will have any voting rights or be deemed to be outstanding for voting or for calculating the voting percentage required on any other matter or other purposes.

Unless otherwise required by law or the charter, holders of Term Preferred Stock will not have any relative rights or preferences or other special rights with respect to voting other than those specifically set forth in the Voting Rights section of the Articles Supplementary. The holders of shares of Term Preferred Stock will have no rights to cumulative voting. In the event that we fail to declare or pay any dividends on Term Preferred Stock, the exclusive remedy of the holders will be the right to vote for additional directors as discussed above; provided that the foregoing does not affect our obligation to accumulate and, if permitted by applicable law and the Articles Supplementary, pay dividends at the Default Rate as discussed above.

Issuance of Additional Preferred Stock

So long as any shares of Term Preferred Stock are outstanding, we may, without the vote or consent of the holders thereof, authorize, establish and create and issue and sell shares of one or more series of a class of our senior securities representing stock under Section 18 of the 1940 Act, ranking on parity with the Term Preferred Stock as to payment of dividends and distribution of assets upon dissolution, liquidation or the winding up of our affairs, in addition to then outstanding shares of Term Preferred Stock, including additional series of Term Preferred Stock, and authorize, issue and sell additional shares of any such series of Preferred Stock then outstanding or so established and created, including additional Term Preferred Stock, in each case in accordance with applicable law, provided that we will, immediately after giving effect to the issuance of such additional Preferred Stock and to its receipt and application of the proceeds thereof, including to the redemption of Preferred Stock with such proceeds, have Asset Coverage of at least 200%.

Actions on Other than Business Days

Unless otherwise provided in the Articles Supplementary, if the date for making any payment, performing any act or exercising any right is not a Business Day, such payment will be made, act performed or right exercised on the next succeeding Business Day, with the same force and effect as if made or done on the nominal date provided therefor, and, with respect to any payment so made, no dividends, interest or other amount will accrue for the period between such nominal date and the date of payment.

Modification

The TP Articles Supplementary provide that the Board of Directors, without the vote of the holders of Term Preferred Stock, may interpret, supplement or amend the provisions of the TP Articles Supplementary or any appendix thereto to supply any omission, resolve any inconsistency or ambiguity or to cure, correct or supplement any defective or inconsistent provision, including any provision that becomes defective after the date hereof because of impossibility of performance or any provision that is inconsistent with any provision of any other Preferred Stock or common stock.

Table of Contents**UNDERWRITING**

Janney Montgomery Scott LLC and Ladenburg Thalmann & Co. Inc. are acting as joint book-running managers of this offering. Subject to the terms and conditions of the underwriting agreement dated September 19, 2017, the underwriters have agreed to purchase severally, and we have agreed to sell to the underwriters, the number of shares of Series 2024 Term Preferred Stock set forth opposite their respective names below at the public offering price less the underwriting discounts and commissions on the cover page of this prospectus supplement.

Underwriters	Number of Shares
Janney Montgomery Scott LLC	486,000
Ladenburg Thalmann & Co. Inc.	360,000
FBR Capital Markets & Co.	207,000
BB&T Capital Markets, a division of BB&T Securities, LLC	180,000
J.J.B. Hilliard, W.L. Lyons, LLC	207,000
Wedbush Securities Inc.	180,000
William Blair & Company	180,000
 Total	 1,800,000

Janney Montgomery Scott LLC is the sole representative of the underwriters named above. The underwriting agreement provides that obligations of the underwriters to purchase the Series 2024 Term Preferred Stock that is being offered are subject to the approval of certain legal matters by counsel to the underwriters and to certain other conditions. Each underwriter is obligated to purchase all of the shares of Series 2024 Term Preferred Stock set forth opposite its name in the table above if it purchases any of the Series 2024 Term Preferred Stock.

The underwriters propose to offer some of the shares of the Series 2024 Term Preferred Stock to the public initially at the offering price per share shown on the cover page of this prospectus supplement and may offer shares to certain dealers at such price less a concession not in excess of \$0.50 per share. The underwriters may allow, and such dealers may re-allow, a concession not in excess of \$0.50 per share to certain other dealers. Investors must pay for the shares purchased in this offering on or before September 27, 2017. After the public offering of the Series 2024 Term Preferred Stock, the public offering price and concessions described above may be changed by the underwriters.

We have granted to the underwriters an option, exercisable for up to 30 days after the date of this prospectus supplement, to purchase up to 270,000 additional shares of Series 2024 Term Preferred Stock at the same price per share as the public offering price, less the underwriting discounts shown on the cover page of this prospectus supplement. The underwriters may exercise such option only to cover over-allotments in the sale of the Series 2024 Term Preferred Stock offered by this prospectus supplement. To the extent that the underwriters exercise this option, each of the underwriters has a firm commitment, subject to certain conditions set forth in the underwriting agreement, to purchase the number of shares of the Series 2024 Term Preferred Stock that is proportionate to such underwriter's initial commitment indicated in the table above.

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The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by us. The amounts as shown assume (1) no exercise and (2) exercise in full of the underwriters over-allotment option:

	Per share		Total	
	Without Over-allotment	With Over-allotment	Without Over-allotment	With Over-allotment
Public offering price	\$ 25.00	\$ 25.00	\$ 45,000,000	\$ 51,750,000
Underwriting discounts and commissions paid by us (3.15% of the public offering price)	\$ 0.7875	\$ 0.7875	\$ 1,417,500	\$ 1,630,125
Proceeds to us, before expenses	\$ 24.2125	\$ 24.2125	\$ 43,582,500	\$ 50,119,875

We estimate that expenses payable by us in connection with this offering, other than underwriting discounts and commissions referred to above, will be approximately \$285,000.

In connection with this offering and in compliance with applicable securities laws, including Regulation M under the Exchange Act, the underwriters may over-allot (i.e., sell more shares of Series 2024 Term Preferred Stock than the amount shown on the cover page of this prospectus supplement) and may effect transactions that stabilize, maintain or otherwise affect the market price of such shares at levels above those which might otherwise prevail in the open market. Such transactions may include making short sales and placing bids for the Series 2024 Term Preferred Stock or effecting purchases of such shares for the purpose of pegging, fixing or maintaining the market price of such shares or for the purpose of reducing a short position created in connection with this offering. The underwriters may cover a short position by exercising the over-allotment option described above in place of, or in addition to, open market purchases.

Additionally, the underwriters may engage in syndicate covering transactions which involve purchases of Series 2024 Term Preferred Stock in the open market after they have completed the distribution of such shares in order to cover syndicate short positions. In determining the appropriate source of shares to close out a covered short sale, the underwriters may consider, among other things, the market price of such shares compared to the purchase price of shares available under the over-allotment option.

The underwriters may also sell the Series 2024 Term Preferred Stock in excess of the over-allotment option, thereby creating a naked short position. The underwriters must close out any such naked short position by purchasing shares in the open market. The underwriters are more likely to create a naked short position if they are concerned that there may be downward pressure on the price of shares of the Series 2024 Term Preferred Stock in the open market after pricing, which could adversely affect investors who purchase in this offering.

The underwriters may also impose a penalty bid in connection with this offering. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the Series 2024 Term Preferred Stock originally sold by such syndicate member are purchased in a stabilizing transaction or syndicate covering transaction to cover syndicate short positions. The imposition of a penalty bid may affect the open market price of the Series 2024 Term Preferred Stock to the extent that it discourages resales of such shares.

We and the underwriters make no representation or prediction as to the direction or magnitude of any effect that these transactions may have on the market price of the Series 2024 Term Preferred Stock. In addition, we and the underwriters make no representation that the underwriters will engage in such transactions or that such transactions, if

and when commenced, will not be discontinued without notice.

Each underwriter does not intend to confirm sales of the Series 2024 Term Preferred Stock to any accounts over which it exercises discretionary authority.

The underwriting agreement provides that we will not, directly or indirectly, sell or otherwise dispose of any shares of the Series 2024 Term Preferred Stock for a period of 60 days after the date of this prospectus

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supplement without the prior written consent of Janney Montgomery Scott LLC, on behalf of the underwriters. The underwriting agreement also provides that our directors and executive officers will agree not to, directly or indirectly, sell or otherwise dispose of any of the Series 2024 Term Preferred Stock or shares of our common stock for a period of 60 days after the date of this prospectus supplement without the prior written consent of Janney Montgomery Scott LLC, on behalf of the underwriters.

In addition, the terms of the lock-up agreement do not prevent a stockholder party to such agreement from (a) transferring the Series 2024 Term Preferred Stock or shares of our common stock acquired in open market transactions after the completion of this offering, (b) transferring any or all of the Series 2024 Term Preferred Stock or shares of our common stock or other Company securities if the transfer is by (i) gift, will or intestacy, or (ii) distribution to partners, members or stockholders of the undersigned, (c) transferring Series 2024 Term Preferred Stock or shares of our common stock pursuant to any 10b5-1 trading plan in effect prior to the date of this prospectus and (d) entering into any new 10b5-1 plan, provided that no sales of Series 2024 Term Preferred Stock or shares of our common stock or other Company securities shall be made pursuant to such 10b5-1 plan until after the expiration of the lock-up period; provided, however, that in the case of a transfer pursuant to clause (b) above, it shall be a condition to the transfer that the transferee execute an agreement stating that the transferee is receiving and holding the securities subject to the provisions of the lock-up agreement.

We have agreed to indemnify the underwriters against certain liabilities that they may incur in connection with this offering, including liabilities under the Securities Act.

We have applied to list the Series 2024 Term Preferred Stock on NASDAQ, under the symbol GLADN. We expect the Series 2024 Term Preferred Stock to begin trading on NASDAQ within 30 days of the date of this prospectus supplement though there can be no assurance the Series 2024 Term Preferred Stock will be trading on NASDAQ during this period, or at all. Our common stock is traded on NASDAQ under the symbol GLAD and shares of our Series 2021 Term Preferred Stock are traded on NASDAQ under the symbol GLADO.

This prospectus supplement and the accompanying prospectus may be made available in electronic format on websites maintained by one or more of the underwriters or selling group members, if any, participating in this offering, and one or more of the underwriters participating in this offering may distribute this prospectus supplement and the accompanying prospectus electronically. Janney Montgomery Scott LLC, as representative of the underwriters, may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters and selling group members that will make internet distributions on the same basis as other allocations. Other than the prospectus supplement and the accompanying prospectus that are distributed in electronic format, the information on any of these underwriters or selling group members websites, and any other information contained on a website maintained by an underwriter or selling group member, is not part of this prospectus supplement or the accompanying prospectus.

The distribution of this prospectus supplement and the accompanying prospectus and this offering of Series 2024 Term Preferred Stock in certain jurisdictions may be restricted by law. Persons who come into possession of this prospectus supplement and the accompanying prospectus should inform themselves about and observe any such restrictions.

Conflicts of Interest and Other Relationships

The underwriters and/or certain of their affiliates may hold shares of the Series 2021 Term Preferred Stock at the time we intend to redeem all shares of the Series 2021 Term Preferred Stock. Accordingly, such underwriters and/or their affiliates may receive a portion of the net proceeds from this offering that are used to redeem the Series 2021 Term

Preferred Stock.

The underwriters and certain of their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment

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management, investment research, principal investment, hedging, financing and brokerage activities. The underwriters and certain of their 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.

In the ordinary course of their various business activities, the underwriters and certain of their 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 account of their customers, and such investment and securities activities may involve our securities and/or instruments. The underwriters and certain of their affiliates may also make investment recommendations and/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 and/or short positions in such securities and instruments.

Alternative Settlement Cycle

We expect that delivery of the Series 2024 Term Preferred Stock will be made against payment therefor on or about September 27, 2017, which will be the fifth business day following the trade date for the issuance of the Series 2024 Term Preferred Stock (such settlement being herein referred to as T+5). Under Rule 15c6-1 promulgated under the Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Series 2024 Term Preferred Stock prior to the date of delivery hereunder will be required, by virtue of the fact that the Series 2024 Term Preferred Stock initially will settle in T+5 business days, to specify an alternative settlement arrangement at the time of any such trade to prevent a failed settlement.

The principal business address of Janney Montgomery Scott LLC is 1717 Arch Street, Philadelphia, PA 19103. The principal business address of Ladenburg Thalmann & Co. Inc. is 570 Lexington Avenue, 12th Floor, New York, NY 10022. The principal business address of FBR Capital Markets & Co. is 1300 North 17th Street, Suite 1400, Arlington, VA 22209. The principal business address of BB&T Capital Markets, a division of BB&T Securities, LLC is 901 East Byrd Street, Suite 300, Richmond, VA 23219. The principal business address of J.J.B. Hilliard, W.L. Lyons, LLC is 500 W. Jefferson Street, Louisville, KY 40202. The principal business address of Wedbush Securities Inc. is 1000 Wilshire Blvd., Los Angeles, CA 90017. The principal business address of William Blair & Company is 150 North Riverside Plaza, Chicago, Illinois 60606.

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DIVIDEND REINVESTMENT PLAN

This discussion serves as a supplement to the discussion in the accompanying prospectus under the heading Dividend Reinvestment Plan.

Our dividend reinvestment plan provides only for reinvestment of distributions on behalf of our common stockholders and does not include preferred stockholders.

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**CUSTODIAN, TRANSFER AGENT, DIVIDEND DISBURSING AGENT
AND REDEMPTION AND PAYING AGENT**

The custodian of our assets is The Bank of New York Mellon Corp. The custodian's address is: 500 Ross Street, Suite 935, Pittsburgh, PA 15262. Our assets are held under bank custodianship in compliance with the 1940 Act. Securities held through our wholly owned subsidiary, Gladstone Business Loan, are held under a custodian agreement with The Bank of New York Mellon Corp., which acts as collateral custodian pursuant to the Credit Facility with KeyBank National Association and certain other parties. The address of the collateral custodian is 500 Ross Street, Suite 935, Pittsburgh, PA 15262. Computershare acts as our transfer and dividend paying agent and registrar. The principal business address of Computershare Inc. is 250 Royall Street, Canton, Massachusetts 02021, telephone number 781-575-2000. Computershare also maintains an internet website at www.computershare.com.

MISCELLANEOUS

To the extent that a holder of Series 2024 Term Preferred Stock is directly or indirectly a beneficial owner of more than 10% of any class of our outstanding shares (meaning, for purposes of holders of Series 2024 Term Preferred Stock, more than 10% of our outstanding Term Preferred Stock), such 10% beneficial owner would be subject to the short-swing profit rules that are imposed pursuant to Section 16 of the Exchange Act (and related reporting requirements). These rules generally provide that such a 10% beneficial owner may have to disgorge any profits made on purchases and sales, or sales and purchases, of our equity securities (including the Series 2021 Term Preferred Stock, Series 2024 Term Preferred Stock and common stock) within any six-month time period. Investors should consult with their own counsel to determine the applicability of these rules.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Exchange Act and are required to file reports, proxy statements and other information with the SEC. These documents may be inspected and copied for a fee at the SEC's public reference room, 100 F Street, N.E., Washington, D.C. 20549.

This prospectus supplement and the accompanying prospectus do not contain all of the information in our registration statement, including amendments, exhibits and schedules. Statements in this prospectus supplement and in the accompanying prospectus about the contents of any contract or other document are not necessarily complete and, in each instance, reference is made to the copy of the contract or other document filed as an exhibit to the registration statement, each such statement being qualified in all respects by this reference.

Additional information about the Company and the Preferred Stock may be found in our registration statement on Form N-2 (including the related amendments, exhibits and schedules) filed with the SEC. The SEC maintains a web site (<http://www.sec.gov>) that contains our registration statement, other documents incorporated by reference in the registration statement and other information that we have filed electronically with the SEC, including proxy statements and reports filed under the Exchange Act.

LEGAL MATTERS

Certain legal matters regarding the securities offered hereby will be passed upon for us by Bass, Berry & Sims PLC, Nashville, Tennessee. Certain matters of Maryland law, including the validity of the Preferred Stock to be issued in connection with this offering, will be passed upon for us by Venable LLP, Baltimore, Maryland. Certain legal matters will be passed upon for the underwriters by Dechert LLP, Washington, D.C.

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EXPERTS

The financial statements as of September 30, 2016 and September 30, 2015 and for each of the three years in the period ended September 30, 2016 and management's assessment of the effectiveness of internal control over financial reporting (which is included in the Report of Management on Internal Controls) as of September 30, 2016 included in the accompanying prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

GLADSTONE CAPITAL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

(UNAUDITED)

	June 30, 2017	September 30, 2016
ASSETS		
Investments, at fair value:		
Non-Control/Non-Affiliate investments (Cost of \$314,071 and \$250,991, respectively)	\$ 283,161	\$ 226,401
Affiliate investments (Cost of \$51,217 and \$85,013, respectively)	42,041	75,473
Control investments (Cost of \$40,615 and \$45,797, respectively)	20,301	20,240
Total investments at fair value (Cost of \$405,903 and \$381,801 respectively)	345,503	322,114
Cash and cash equivalents	7,002	6,152
Restricted cash and cash equivalents	273	406
Interest receivable, net	2,284	2,333
Due from custodian	2,857	2,164
Deferred financing fees	1,039	1,521
Other assets, net	2,387	848
TOTAL ASSETS	\$ 361,345	\$ 335,538
LIABILITIES		
Borrowings, at fair value (Cost of \$82,200 and \$71,300, respectively)	\$ 82,271	\$ 71,300
Mandatorily redeemable preferred stock, \$0.001 par value, \$25 liquidation preference; 4,000,000 shares authorized and 2,440,000 shares issued and outstanding, net	59,624	59,360
Accounts payable and accrued expenses	219	1,019
Interest payable	235	201
Fees due to Adviser ^(A)	460	1,222
Fee due to Administrator ^(A)	272	282
Other liabilities	1,281	947
TOTAL LIABILITIES	\$ 144,362	\$ 134,331
Commitments and contingencies ^(B)		
NET ASSETS	\$ 26	\$ 23

Common stock, \$0.001 par value per share, 46,000,000 shares authorized; 25,880,466 shares issued and outstanding as of June 30, 2017 and 23,344,422 shares issued and outstanding as of September 30, 2016		
Capital in excess of par value	347,061	327,678
Cumulative net unrealized depreciation of investments	(60,400)	(59,687)
Cumulative net unrealized depreciation of other	(71)	
(Over) under distributed net investment income	(313)	4,277
Accumulated net realized losses	(69,320)	(71,084)
TOTAL NET ASSETS	\$ 216,983	\$ 201,207
NET ASSET VALUE PER COMMON SHARE	\$ 8.38	\$ 8.62

(A) Refer to Note 4 *Related Party Transactions* for additional information.

(B) Refer to Note 10 *Commitments and Contingencies* for additional information.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

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GLADSTONE CAPITAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2017	2016	2017	2016
INVESTMENT INCOME				
Interest income, net				
Non-Control/Non-Affiliate investments	\$ 8,047	\$ 5,878	\$ 21,874	\$ 19,203
Affiliate investments	1,204	2,069	3,713	5,980
Control investments	371	304	1,249	921
Other	7	2	14	3
Total interest income	9,629	8,253	26,850	26,107
Other income				
Non-Control/Non-Affiliate investments	3	542	407	1,831
Affiliate investments		466	1,142	466
Control investments		583		958