

ARES CAPITAL CORP
Form 10-Q
November 05, 2012
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2012

OR

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

For the transition period to

Commission File No. 000-50697

ARES CAPITAL CORPORATION

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(Exact name of Registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

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

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

(Address of principal executive office) (Zip Code)

(212) 750-7300

(Registrant's telephone number, including area code)

N/A

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

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

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

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

Large accelerated filer

Accelerated filer

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

Smaller reporting company

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

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

Class	Outstanding at November 5, 2012
Common stock, \$0.001 par value	248,314,628

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(in thousands, except per share data)

	September 30, 2012 (unaudited)	As of	December 31, 2011
ASSETS			
Investments at fair value			
Non-controlled/non-affiliate investments	\$ 3,831,312	\$	3,060,084
Non-controlled affiliate company investments	314,304		267,324
Controlled affiliate company investments	1,790,549		1,767,098
Total investments at fair value (amortized cost of \$5,850,108 and \$5,108,663, respectively)	5,936,165		5,094,506
Cash and cash equivalents	105,463		120,782
Interest receivable	114,861		99,078
Receivable for open trades	45,116		550
Other assets	99,582		72,521
Total assets	\$ 6,301,187	\$	5,387,437
LIABILITIES			
Debt	\$ 2,212,650	\$	2,073,602
Management and incentive fees payable	111,719		92,496
Accounts payable and other liabilities	46,271		47,691
Interest and facility fees payable	21,821		26,383
Total liabilities	2,392,461		2,240,172
Commitments and contingencies (Note 6)			
STOCKHOLDERS EQUITY			
Common stock, par value \$.001 per share, 400,000 common shares authorized 248,315 and 205,130 common shares issued and outstanding, respectively	248		205
Capital in excess of par value	4,089,457		3,390,354
Accumulated overdistributed net investment income	(26,769)		(10,449)
Accumulated net realized loss on investments, foreign currency transactions, extinguishment of debt and other assets	(240,267)		(218,688)
Net unrealized gain (loss) on investments	86,057		(14,157)
Total stockholders equity	3,908,726		3,147,265
Total liabilities and stockholders equity	\$ 6,301,187	\$	5,387,437
NET ASSETS PER SHARE	\$ 15.74	\$	15.34

See accompanying notes to consolidated financial statements.

Table of Contents**ARES CAPITAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENT OF OPERATIONS****(in thousands, except per share data)**

	For the three months ended		For the nine months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
INVESTMENT INCOME:				
From non-controlled/non-affiliate company investments:				
Interest	\$ 84,767	\$ 69,604	\$ 234,127	\$ 191,940
Capital structuring service fees	20,324	20,006	40,769	38,412
Dividend income	3,821	4,886	11,144	7,094
Management and other fees	334	427	994	1,055
Other income	2,156	1,611	9,371	3,727
Total investment income from non-controlled/non-affiliate company investments	111,402	96,534	296,405	242,228
From non-controlled affiliate company investments:				
Interest	6,185	7,909	16,444	26,800
Capital structuring service fees		730	895	730
Dividend income	147	549	786	4,008
Management and other fees	63	63	189	439
Other income	38	233	332	871
Total investment income from non-controlled affiliate company investments	6,433	9,484	18,646	32,848
From controlled affiliate company investments:				
Interest	53,686	44,032	164,994	124,732
Capital structuring service fees	9,251	7,314	26,838	20,020
Dividend income	5,432	5,907	15,627	15,708
Management and other fees	4,310	3,677	12,968	10,723
Other income	58	417	387	1,104
Total investment income from controlled affiliate company investments	72,737	61,347	220,814	172,287
Total investment income	190,572	167,365	535,865	447,363
EXPENSES:				
Interest and credit facility fees	35,702	30,971	103,496	89,739
Incentive fees	34,139	10,159	83,258	82,846
Base management fees	22,316	18,317	63,113	52,461
Professional fees	1,923	4,799	9,157	12,945
Administrative fees	2,269	2,017	6,806	6,901
Other general and administrative	2,726	2,061	8,001	7,890
Total expenses	99,075	68,324	273,831	252,782
NET INVESTMENT INCOME BEFORE INCOME TAXES	91,497	99,041	262,034	194,581

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Income tax expense, including excise tax	2,037	683	7,635	4,637
NET INVESTMENT INCOME	89,460	98,358	254,399	189,944
REALIZED AND UNREALIZED GAINS (LOSSES) FROM INVESTMENTS:				
Net realized gains (losses):				
Non-controlled/non-affiliate company investments	26,134	(28,731)	(8,444)	29,458
Non-controlled affiliate company investments	51	33,120	122	31,104
Controlled affiliate company investments	1,482	44,420	(10,579)	44,442
Net realized gains (losses)	27,667	48,809	(18,901)	105,004
Net unrealized gains (losses):				
Non-controlled/non-affiliate company investments	14,293	(22,672)	53,515	(43,244)
Non-controlled affiliate company investments	2,425	(34,454)	16,556	(37,214)
Controlled affiliate company investments	2,710	(49,402)	30,143	6,156
Net unrealized gains (losses)	19,428	(106,528)	100,214	(74,302)
Net realized and unrealized gains (losses) from investments	47,095	(57,719)	81,313	30,702
REALIZED LOSSES ON EXTINGUISHMENT OF DEBT			(2,678)	(19,318)
NET INCREASE IN STOCKHOLDERS EQUITY RESULTING FROM OPERATIONS				
	\$ 136,555	\$ 40,639	\$ 333,034	\$ 201,328
BASIC AND DILUTED EARNINGS PER COMMON SHARE (Note 9)				
	\$ 0.59	\$ 0.20	\$ 1.49	\$ 0.98
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING				
BASIC AND DILUTED (Note 9)	233,126	205,130	224,049	204,770

See accompanying notes to consolidated financial statements.

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As of September 30, 2012

(dollar amounts in thousands)

(unaudited)

Company(1)	Business Description	Investment	Interest (5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Investment Funds and Vehicles							
AGILE Fund I, LLC (9)	Investment partnership	Member interest (0.50% interest)		4/1/2010	\$ 133	\$ 30(2)	
CIC Flex, LP (9)	Investment partnership	Limited partnership units (0.94 unit)		9/7/2007	2,362	3,593(2)	
Covestia Capital Partners, LP (9)	Investment partnership	Limited partnership interest (47.00% interest)		6/17/2008	1,059	1,135(2)	
Dynamic India Fund IV, LLC (9)	Investment company	Member interest (5.44% interest)		4/1/2010	4,822	3,509(2)	
Firstlight Financial Corporation (6)(9)	Investment company	Senior subordinated loan (\$51,760 par due 12/2016)	5.00% PIK	12/31/2006	44,153	51,760(2)	
		Class A common stock (10,000 shares)		12/31/2006	10,000	6,325(2)	
		Class B common stock (30,000 shares)		12/31/2006	30,000	(2)	
					84,153	58,085	
HCI Equity, LLC (7)(8)(9)	Investment company	Member interest (100.00% interest)		4/1/2010	452	363(2)	
Imperial Capital Private Opportunities, LP (9)	Investment partnership	Limited partnership interest (80.00% interest)		5/10/2007	6,131	6,286(2)	
Ivy Hill Middle Market Credit Fund, Ltd. (7)(8)(9)	Investment company	Class B deferrable interest notes (\$25,000 par due 11/2018)	6.44% (Libor + 6.00%/Q)	11/20/2007	25,000	24,750	
Kodiak Funding, LP (9)	Investment partnership	Limited partnership interest (1.52% interest)		4/1/2010	841	566	
Partnership Capital Growth Fund I, L.P. (9)	Investment partnership	Limited partnership interest (25.00% interest)		6/16/2006	1,656	4,228(2)	
Partnership Capital Growth Fund III, L.P. (9)	Investment partnership	Limited partnership interest (2.50% interest)		10/5/2011	1,930	1,774(2)	
Piper Jaffray Merchant Banking Fund I, L.P. (9)	Investment partnership	Limited partnership interest (2.00% interest)		8/16/2012	195	185(2)	
Senior Secured Loan Fund LLC (7)(10)(20)	Co-investment vehicle	Subordinated certificates (\$1,205,499 par due 12/2020)	8.42% (Libor + 8.00%/Q)	10/30/2009	1,194,949	1,229,950	

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VSC Investors LLC (9)	Investment company	Membership interest (1.95% interest)		1/24/2008	682	1,121(2)	
					1,324,365	1,335,575	34.17%
Healthcare-Services							
CCS Group Holdings, LLC	Correctional facility healthcare operator	Class A units (601,937 units)		8/19/2010	602	1,205(2)	
CT Technologies Intermediate Holdings, Inc. and CT Technologies Holdings LLC (6)	Healthcare analysis services	Senior secured loan (\$7,584 par due 3/2017)	7.75% (Libor + 6.50%/Q)	3/15/2011	7,584	7,129(2)(19)	
		Senior secured loan (\$7,190 par due 3/2017)	7.75% (Libor + 6.50%/Q)	3/15/2011	7,190	6,759(3)(19)	
		Class A common stock (9,679 shares)		6/15/2007	4,000	3,864(2)	
		Class C common stock (1,546 shares)		6/15/2007		617(2)	
					18,774	18,369	
INC Research, Inc.	Pharmaceutical and biotechnology consulting services	Common stock (1,410,000 shares)		9/27/2010	1,512	1,015(2)	
Magnacare Holdings, Inc., Magnacare Administrative Services, LLC, and Magnacare, LLC	Healthcare professional provider	Senior secured loan (\$15,436 par due 3/2018)	9.75% (Libor + 8.75%/Q)	9/15/2010	15,436	15,436(2)(19)	
		Senior secured loan (\$43,231 par due 3/2018)	9.75% (Libor + 8.75%/Q)	9/15/2010	43,231	43,231(3)(19)	
		Senior secured loan (\$4,912 par due 3/2018)	9.75% (Libor + 8.75%/Q)	9/15/2010	4,912	4,912(4)(19)	
		Senior secured loan (\$55,804 par due 3/2018)	9.75% (Libor + 8.75%/Q)	3/16/2012	55,804	55,804(2)(19)	
		Senior secured loan (\$15,719 par due 3/2018)	9.75% (Libor + 8.75%/Q)	3/16/2012	15,719	15,719(3)(19)	
					135,102	135,102	
MW Dental Holding Corp.	Dental services	Senior secured revolving loan (\$2,000 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	2,000	2,000(2)(19)	
		Senior secured loan (\$49,948 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	49,948	49,948(2)(19)	

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As of September 30, 2012

(dollar amounts in thousands)

(unaudited)

Company(1)	Business Description	Investment	Interest (5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Senior secured loan (\$49,377 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	49,377	49,377(3)(19)	
		Senior secured loan (\$9,925 par due 4/2017)	8.50% (Libor + 7.00%/M)	4/12/2011	9,925	9,925(4)(19)	
					111,250	111,250(2)	
Napa Management Services Corporation	Anesthesia management services provider	Secured secured revolving loan (\$2,400 par due 4/2016)	7.50% (Libor + 6.00%/M)	4/15/2011	2,400	2,400(2)(19)	
		Senior secured loan (\$21,682 par due 4/2016)	7.50% (Libor + 6.00%/Q)	4/15/2011	21,404	21,682(2)(19)	
		Senior secured loan (\$28,500 par due 4/2016)	7.50% (Libor + 6.00%/Q)	4/15/2011	28,500	28,500(3)(19)	
		Common units (5,000 units)		4/15/2011	5,000	6,264(2)	
					57,304	58,846	
NS Merger Sub. Inc. and NS Holdings, Inc.	Healthcare technology provider	Senior subordinated loan (\$579 par due 6/2017)	13.50%	6/21/2010	579	579(2)	
		Senior subordinated loan (\$50,000 par due 6/2017)	13.50%	6/21/2010	50,000	50,000(3)	
		Common stock (2,500,000 shares)		6/21/2010	2,500	3,237(2)	
					53,079	53,816	
OnCURE Medical Corp.	Radiation oncology care provider	Common stock (857,143 shares)		8/18/2006	3,000	(2)	
Passport Health Communications, Inc., Passport Holding Corp. and Prism Holding Corp.	Healthcare technology provider	Series A preferred stock (1,594,457 shares)		7/30/2008	11,156	10,875(2)	
		Common stock (16,106 shares)		7/30/2008	100	(2)	
					11,256	10,875	
PG Mergersub, Inc. and PGA Holdings, Inc.	Provider of patient surveys, management reports and national databases for the integrated healthcare delivery system	Junior secured loan (\$45,000 par due 10/2018)	8.25% (Libor + 7.00%/Q)	4/19/2012	45,000	45,000(2)(19)	
		Preferred stock (333 shares)		3/12/2008	125	15(2)	
		Common stock (16,667 shares)		3/12/2008	167	767(2)	
					45,292	45,782	
PRA Holdings, Inc.	Drug testing services			12/14/2007	11,759	11,761(2)	

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		Senior secured loan (\$12,000 par due 12/2014)	4.39% (Libor + 4.00%/Q)			
		Senior secured loan (\$11,330 par due 12/2014)	4.39% (Libor + 4.00%/Q)	12/14/2007	11,106	11,104(4)
					22,865	22,865
RCHP, Inc.	Operator of general acute care hospitals	Junior secured loan (\$15,000 par due 5/2019)	11.50% (Libor + 10.00%/Q)	11/4/2011	15,000	15,000(2)(19)
		Junior secured loan (\$50,000 par due 5/2019)	11.50% (Libor + 10.00%/Q)	11/4/2011	50,000	50,000(3)(19)
					65,000	65,000
Reed Group, Ltd.	Medical disability management services provider	Senior secured revolving loan (\$155 par due 12/2013)	11.50% (Libor + 9.00% Cash/Q)	4/1/2010	116	147(2)(19)
		Senior secured revolving loan (\$1,327 par due 12/2013)	9.50% (Libor + 7.00% Cash/Q)	4/1/2010	990	1,261(2)(19)
		Senior secured loan (\$12,753 par due 12/2013)	9.50% (Libor + 7.00% Cash/Q)	4/1/2010	9,503	12,115(2)(19)
		Senior secured loan (\$28,641 par due 12/2013)		4/1/2010	16,658	10,108(2)(18)
		Equity interests		4/1/2010	203	37(2)
					27,470	23,668
Respicardia, Inc.	Developer of implantable therapies to improve cardiovascular health	Senior secured loan (\$6,000 par due 7/2015)	11.00%	6/28/2012	5,965	6,000(2)
		Warrants to purchase up to 99,094 shares of Series C Preferred Stock		6/28/2012	38	38(2)
					6,003	6,038
Soteria Imaging Services, LLC (6)	Outpatient medical imaging provider	Junior secured loan (\$2,794 par due 11/2010)		4/1/2010	2,272	1,350(2)(18)

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As of September 30, 2012

(dollar amounts in thousands)

(unaudited)

Company(1)	Business Description	Investment	Interest (5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Preferred member units (1,823,179 units)		4/1/2010		(2)	
					2,272	1,350	
SurgiQuest, Inc.	Medical device company	Senior secured loan (\$7,000 par due 10/2016)	10.00%	9/28/2012	7,000	7,000(2)	
		Warrants to purchase up to 54,672 shares of Series D-4 convertible preferred stock		9/28/2012		(2)	
					7,000	7,000	
Vantage Oncology, Inc.	Radiation oncology care provider	Common stock (62,157 shares)		2/3/2011	4,670	3,256(2)	
					572,451	565,437	14.47%
Education							
American Academy Holdings, LLC	Provider of education, training, certification, networking, and consulting services to medical coders and other healthcare professionals	Senior secured loan (\$8,549 par due 3/2016)	9.50% (Libor + 8.50%/Q)	3/18/2011	8,549	8,549(2)(19)	
		Senior secured loan (\$53,828 par due 3/2016)	9.50% (Libor + 8.50%/Q)	3/18/2011	53,828	53,828(3)(19)	
		Senior secured loan (\$4,855 par due 3/2016)	9.50% (Libor + 8.50%/Q)	3/18/2011	4,855	4,855(4)(19)	
					67,232	67,232	
Campus Management Corp. and Campus Management Acquisition Corp. (6)	Education software developer	Preferred stock (485,159 shares)		2/8/2008	10,520	12,945(2)	
Community Education Centers, Inc.	Offender re-entry and in-prison treatment services provider	Senior secured loan (\$15,714 par due 12/2014)	6.25% (Libor + 5.25%/Q)	12/10/2010	15,714	15,714(2)(15)(19)	
		Junior secured loan (\$32,814 par due 12/2015)	15.46% (Libor + 11.46% Cash, 4.00% PIK /Q)	12/10/2010	32,814	29,534(2)	
		Junior secured loan (\$9,877 par due 12/2015)	15.44% (Libor + 11.44% Cash, 4.00% PIK /Q)	12/10/2010	9,877	8,889(2)	
		Warrants to purchase up to 578,427 shares		12/10/2010		(2)	
					58,405	54,137	
eInstruction Corporation	Developer, manufacturer and retailer of educational products	Junior secured loan (\$17,000 par due 7/2014)		4/1/2010	15,257	(2)(18)	

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		Senior subordinated loan (\$30,740 par due 1/2015)		4/1/2010	24,151	(2)(18)
		Common stock (2,406 shares)		4/1/2010	926	(2)
					40,334	
ELC Acquisition Corp., ELC Holdings Corporation, and Excelligence Learning Corporation (6)	Developer, manufacturer and retailer of educational products	Preferred stock (99,492 shares)		8/1/2011	10,149	11,090(2)
		Common stock (50,800 shares)		8/1/2011	51	1,372(2)
					10,200	12,462
Infilaw Holding, LLC	Operator of three for-profit law schools	Senior secured loan (\$2 par due 8/2016)	9.50% (Libor + 8.50%/Q)	8/25/2011	2	2(2)(19)
		Senior secured loan (\$28,311 par due 8/2016)	9.50% (Libor + 8.50%/Q)	8/25/2011	28,311	28,311(3)(19)
		Series A preferred units (124,890 units)	9.50% (Libor + 8.50%/Q)	8/25/2011	124,890	124,890(2)(19)
					153,203	153,203
Instituto de Banca y Comercio, Inc. & Leeds IV Advisors, Inc.	Private school operator	Series B preferred stock (1,750,000 shares)		8/5/2010	5,000	6,883(2)
		Series C preferred stock (2,512,586 shares)		6/7/2010	689	1,146(2)
		Common stock (20 shares)		6/7/2010		(2)
					5,689	8,029
Lakeland Tours, LLC	Educational travel provider	Senior secured revolving loan (\$12,375 par due 12/2016)	6.00% (Libor + 4.50%/Q)	10/4/2011	12,375	12,375(2)(19)

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As of September 30, 2012

(dollar amounts in thousands)

(unaudited)

Company(1)	Business Description	Investment	Interest (5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Senior secured revolving loan (\$6,722 par due 12/2016)	6.75% (Base Rate + 3.50%/Q)	10/4/2011	6,722	6,722(2)(19)	
		Senior secured loan (\$50,753 par due 12/2016)	10.00% (Libor + 8.50%/Q)	10/4/2011	50,612	50,753(2)(14)(19)	
		Senior secured loan (\$9,135 par due 12/2016)	6.00% (Libor + 4.50%/Q)	10/4/2011	9,109	9,135(3)(19)	
		Senior secured loan (\$40,362 par due 12/2016)	10.00% (Libor + 8.50%/Q)	10/4/2011	40,249	40,362(3)(14)(19)	
		Senior secured loan (\$1,827 par due 12/2016)	6.00% (Libor + 4.50%/Q)	10/4/2011	1,822	1,827(4)(19)	
		Senior secured loan (\$8,072 par due 12/2016)	10.00% (Libor + 8.50%/Q)	10/4/2011	8,049	8,072(4)(14)(19)	
		Common stock (5,000 shares)		10/4/2011	5,000	4,670(2)	
					133,938	133,916	
R3 Education, Inc. and EIC Acquisitions Corp.	Medical school operator	Senior secured loan (\$2,468 par due 4/2013)	9.00% (Libor + 6.00%/Q)	9/21/2007	2,468	6,825(2)(19)	
		Senior secured loan (\$7,162 par due 4/2013)	13.00% PIK	12/8/2009	5,837	19,806(2)	
		Preferred stock (8,800 shares)		7/30/2008	2,200	1,760(2)	
		Common membership interest (26.27% interest)		9/21/2007	15,800	27,284(2)	
		Warrants to purchase up to 27,890 shares		12/8/2009		(2)	
					26,305	55,675	
					505,826	497,599	12.70%
Services-Other							
Capital Investments and Ventures Corp.	SCUBA diver training and certification provider	Senior secured loan (\$85,000 par due 8/2018)	8.50% (Libor + 7.25%/Q)	8/9/2012	85,000	85,000(2)(19)	
CCC Information Services Inc.	Developer and marketer of information and software solutions to the automobile claims industry	Senior secured loan (\$40,000 par due 11/2015)	5.75% (Libor + 4.25%/Q)	8/20/2012	39,710	40,000(2)(19)	
		Senior subordinated loan (\$65,000 par due 2/2016)	10.50%	8/20/2012	65,158	65,000(2)	

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Competitor Group, Inc.	Endurance sports media and event operator	Senior secured loan (\$29,304 par due 1/2017)	9.50% (Libor + 8.00%/M)	1/30/2012	104,868 29,304	105,000 29,304(2)(19)
		Senior secured loan (\$4,937 par due 1/2017)	9.50% (Libor + 8.00%/M)	1/30/2012	4,937	4,937(4)(19)
Massage Envy, LLC	Massage and spa services franchisor	Senior secured revolving loan (\$300 par due 9/2018)	8.50% (Libor + 7.25%/Q)	9/27/2012	34,241 300	34,241 300(2)(19)
		Senior secured loan (\$81,000 par due 9/2018)	8.50% (Libor + 7.25%/Q)	9/27/2012	81,000	81,000(2)(19)
		Common stock (3,000,000 shares)		9/27/2012	3,000	3,000(2)
McKenzie Sports Products, LLC	Designer, manufacturer and distributor of taxidermy forms and supplies	Senior secured revolving loan (\$389 par due 3/2017)	7.00% (Libor + 5.50%/Q)	3/30/2012	84,300 389	84,300 389(2)(19)
		Senior secured revolving loan (\$61 par due 3/2017)	7.75% (Base Rate + 4.50%/M)	3/30/2012	61	61(2)(19)
		Senior secured loan (\$21,784 par due 3/2017)	7.00% (Libor + 5.50%/S)	3/30/2012	21,784	21,784(2)(19)
		Senior secured loan (\$161 par due 3/2017)	7.75% (Base Rate + 4.50%/M)	3/30/2012	161	161(2)(19)
		Senior secured loan (\$9,902 par due 3/2017)	7.00% (Libor + 5.50%/S)	3/30/2012	9,902	9,902(4)(19)
		Senior secured loan (\$73 par due 3/2017)	7.75% (Base Rate + 4.50%/M)	3/30/2012	73	73(4)(19)
The Dwyer Group (6)	Operator of multiple franchise concepts primarily related to home maintenance or repairs	Senior subordinated loan (\$25,303 par due 6/2018)	12.00% Cash, 1.50% PIK	12/22/2010	32,370 25,303	32,370 25,303(2)
		Series A preferred units (13,292,377 units)	8.00% PIK	12/22/2010	6,212	13,027(2)

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Company(1)	Business Description	Investment	Interest (5)(11)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
					31,515	38,330	
Wash Multifamily Laundry Systems, LLC (fka Web Services Company, LLC)	Laundry service and equipment provider	Senior secured loan (\$27,312 par due 8/2014)	7.00% (Base Rate + 3.75%/Q)	6/26/2012	27,219	27,312(2)(19)	
		Junior secured loan (\$40,000 par due 8/2015)	10.88% (Libor + 9.38%/Q)	1/25/2011	40,000	40,000(2)(19)	
		Junior secured loan (\$50,000 par due 8/2015)	10.88% (Libor + 9.38%/Q)	1/25/2011	50,000	50,000(3)(19)	
					117,219	117,312	
					489,513	496,553	12.7%
Restaurants and Food Services							
ADF Capital, Inc. & ADF Restaurant Group, LLC	Restaurant owner and operator	Senior secured revolving loan (\$1,468 par due 11/2013)	6.50% (Libor + 3.50%/Q)	11/27/2006	1,468	1,468(2)(19)	
		Senior secured revolving loan (\$260 par due 11/2013)	6.50% (Base Rate + 2.50%/Q)	11/27/2006	260	260(2)(19)	
		Senior secured loan (\$9,232 par due 11/2014)	12.50% (Libor + 9.50%/Q)	11/27/2006	9,232	9,232(2)(19)	
		Senior secured loan (\$11,072 par due 11/2014)	12.50% (Libor + 9.50%/Q)	11/27/2006	11,075	11,072(3)(19)	
		Promissory note (\$14,897,360 par due 11/2016)	12.00% PIK	11/27/2006	15,435	18,216(2)	
		Warrants to purchase up to 0.61 shares		6/1/2006		4,994(2)	
					37,470	45,242	
Benihana, Inc.	Restaurant owner and operator	Senior secured revolving loan (\$862 par due 2/2018)	9.25% (Libor + 8.00%/Q)	8/21/2012	862	862(2)(19)	
		Senior secured loan (\$31,769 par due 2/2018)	9.25% (Libor + 8.00%/Q)	8/21/2012	31,769	31,769(2)(19)	
					32,631	32,631	
Hojeij Branded Foods, Inc.	Airport restaurant operator	Senior secured revolving loan (\$900 par due 2/2017)	9.00% (Libor + 8.00%/Q)	2/15/2012	900	900(2)(19)	
		Senior secured loan (\$19,000 par due 2/2017)	9.00% (Libor + 8.00%/Q)	2/15/2012	18,397	19,000(2)(19)	
		Warrants to purchase up to 7.5% of membership interest		2/15/2012		89(2)	
				2/15/2012	669	1,287(2)	

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		Warrants to purchase up to 324 shares of Class A common stock			19,966	21,276
Orion Foods, LLC (fka Hot Stuff Foods, LLC) (7)	Convenience food service retailer	Senior secured revolving loan (\$9,800 par due 9/2014)	10.75% (Base Rate + 7.50%/M)	4/1/2010	9,800	9,800(2)(19)
		Senior secured loan (\$33,587 par due 9/2014)	10.00% (Libor + 8.50%/Q)	4/1/2010	33,587	33,587(3)(19)
		Junior secured loan (\$37,552 par due 9/2014)		4/1/2010	25,068	16,672(2)(18)
		Preferred units (10,000 units)		10/28/2010		(2)
		Class A common units (25,001 units)		4/1/2010		(2)
		Class B common units (1,122,452 units)		4/1/2010		(2)
					68,455	60,059
OTG Management, Inc.	Airport restaurant operator	Senior secured revolving loan (\$2,437 par due 8/2016)	8.50% (Libor + 7.00%/Q)	8/9/2011	2,437	2,437(2)(19)
		Senior secured loan (\$24,687 par due 8/2016)	8.50% (Libor + 7.00%/Q)	8/9/2011	24,687	24,687(2)(19)
		Junior secured loan (\$36,142 par due 8/2016)	14.50% (Libor + 13.00%/Q)	8/9/2011	36,142	36,142(2)(19)
		Junior secured loan (\$6,000 par due 8/2016)	15.25% (Base Rate + 12.00%/Q)	8/9/2011	6,000	6,000(2)(19)
		Common units (3,000,000 units)		1/5/2011	3,000	3,079(2)
		Warrants to purchase up to 189,857 shares of common stock		6/19/2008	100	5,360(2)
					72,366	77,705
Restaurant Holding Company, LLC	Fast food restaurant operator	Senior secured loan (\$20,554 par due 2/2017)	9.00% (Libor + 7.50%/M)	2/15/2012	20,197	20,554(2)(19)
		Senior secured loan (\$41,446 par due 2/2017)	9.00% (Libor + 7.50%/M)	2/15/2012	40,694	41,446(3)(19)

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		Senior secured loan (\$9,538 par due 2/2017)	9.00% (Libor + 7.50%/M)	2/15/2012	9,365	9,538(4)(19)	
					70,256	71,538	
S.B. Restaurant Company	Restaurant owner and operator	Preferred stock (46,690 shares)		4/1/2010		(2)	
		Warrants to purchase up to 257,429 shares of common stock		4/1/2010		(2)	
Vistar Corporation and Wellspring Distribution Corp.	Food service distributor	Junior secured loan (\$50,250 par due 5/2015)	11.00%	5/23/2008	49,464	50,250(2)	
		Junior secured loan (\$50,000 par due 5/2015)	11.00%	5/23/2008	49,678	50,000(3)	
		Class A non-voting common stock (1,366,120 shares)		5/3/2008	7,500	7,579(2)	
					106,642	107,829	
					407,786	416,280	10.65%
Business Services							
Cast & Crew Payroll, LLC	Payroll and accounting services provider to the entertainment industry	Senior secured loan (\$54,312 par due 6/2017)	8.50% (Libor + 7.00%/Q)	6/13/2012	54,312	54,312(2)(16)(19)	
		Senior secured loan (\$9,875 par due 6/2017)	8.50% (Libor + 7.00%/Q)	6/13/2012	9,875	9,875(4)(16)(19)	
					64,187	64,187	
CIBT Investment Holdings, LLC	Expedited travel document processing services	Class A shares (2,500 shares)		12/15/2011	2,500	3,314(2)	
CitiPostal Inc. (7)	Document storage and management services	Senior secured revolving loan (\$1,000 par due 12/2013)	6.75% (Base Rate + 3.25%/Q)	4/1/2010	1,000	1,000(2)(19)	
		Senior secured loan (\$521 par due 12/2013)	8.50% Cash, 5.50% PIK	4/1/2010	521	521(2)	
		Senior secured loan (\$53,325 par due 12/2013)	8.50% Cash, 5.50% PIK	4/1/2010	53,325	53,325(3)	
		Senior subordinated loan (\$16,554 par due 12/2015)		4/1/2010	13,038	2,392(2)(18)	
		Common stock (37,024 shares)		4/1/2010			
					67,884	57,238	

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Command Alkon, Inc.	Software solutions provider to the ready-mix concrete industry	Junior secured loan (\$29,130 par due 3/2018)	9.75% (Libor + 8.50%/Q)	9/28/2012	29,130	29,130(2)(19)
Cornerstone Records Management, LLC	Physical records storage and management service provider	Senior secured loan (\$18,573 par due 8/2016)	8.50% (Libor + 7.00%/Q)	8/12/2011	18,573	17,828(2)(19)
Coverall North America, Inc.	Commercial janitorial service provider	Subordinated notes (\$9,577 par due 2/2016)	10.00% Cash, 2.00% PIK	2/22/2011	9,577	9,577(2)
Diversified Collections Services, Inc.	Collections services	Common stock (478,816 shares)		4/1/2010	1,191	8,285(2)
		Common stock (128,931 shares)		2/5/2005	241	2,231(2)
					1,432	10,516
HCP Acquisition Holdings, LLC (7)	Healthcare compliance advisory services	Class A units (12,287,082 units)		6/26/2008	12,347	3,014(2)
Impact Innovations Group, LLC	IT consulting and outsourcing services	Member interest (50.00% interest)		4/1/2010		200
Investor Group Services, LLC (6)	Business consulting for private equity and corporate clients	Limited liability company membership interest (10.00% interest)		6/22/2006		1,032
Itel Laboratories, Inc.	Data services provider for building materials to property insurance industry	Senior secured loan (\$22,294 par due 6/2018)	6.25% (Libor + 5.00%/Q)	6/29/2012	22,294	22,294(2)(19)
		Preferred units (1,798,391 units)		6/29/2012	1,000	1,030(2)
					23,294	23,324
Multi-Ad Services, Inc. (6)	Marketing services and software provider	Preferred units (1,725,280 units)		4/1/2010	788	2,334(2)
		Common units (1,725,280 units)		4/1/2010		(2)

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					788	2,334	
MVL Group, Inc. (7)	Marketing research provider	Senior secured revolving loan (\$940 par due 6/2012)	6.75% (Base Rate + 3.50%/M)	6/28/2012	940	940(2)	
		Senior secured revolving loan (\$1,600 par due 6/2012)	4.94% (Libor + 4.50%/Q)	6/28/2012	1,600	1,600(2)	
		Senior secured loan (\$22,772 par due 7/2012)	15.00%	4/1/2010	22,772	22,772(2)	
		Senior subordinated loan (\$36,535 par due 7/2012)		4/1/2010	34,636	10,098(2)(18)	
		Junior subordinated loan (\$185 par due 7/2012)		4/1/2010		(2)(18)	
		Common stock (560,716 shares)		4/1/2010		(2)	
					59,948	35,410	
Pillar Processing LLC and PHL Investors, Inc. (6)	Mortgage services	Senior secured loan (\$9,414 par due 11/2018)		7/31/2008	9,222	9,414(2)(18)	
		Senior secured loan (\$7,375 par due 5/2019)		11/20/2007	6,936	615(2)(18)	
		Class A common stock (576 shares)		7/31/2012	3,768	(2)	
					19,926	10,029	
Powersport Auctioneer Holdings, LLC	Powersport vehicle auction operator	Common Units (1,972 units)		3/2/2012			