

Solar Senior Capital Ltd.
Form 10-Q
May 07, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Commission File Number: 814-00849

SOLAR SENIOR CAPITAL LTD.

(Exact name of registrant as specified in its charter)

Maryland
(State of Incorporation)

27-4288022
(I.R.S. Employer)

Identification No.)

500 Park Avenue

New York, N.Y.

(Address of principal executive offices)

10022

(Zip Code)

(212) 993-1670

(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller Reporting Company

Emerging growth company

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

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

The number of shares of the registrant's Common Stock, \$.01 par value, outstanding as of May 4, 2018 was 16,040,485.

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SOLAR SENIOR CAPITAL LTD.

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

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Table of Contents**PART I. FINANCIAL INFORMATION**

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

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

(in thousands, except share amounts)

	March 31, 2018 (unaudited)	December 31, 2017
Assets		
Investments at fair value:		
Companies less than 5% owned (cost: \$306,623 and \$289,848, respectively)	\$ 299,316	\$ 283,983
Companies 5% to 25% owned (cost: \$3,630 and \$3,625, respectively)	2,326	2,213
Companies more than 25% owned (cost: \$120,773 and \$121,298, respectively)	122,564	121,885
Cash	3,827	3,726
Cash equivalents (cost: \$109,884 and \$104,874, respectively)	109,884	104,874
Dividends receivable	3,015	2,723
Interest receivable	1,414	1,732
Other receivable	19	20
Receivable for investments sold		508
Prepaid expenses and other assets	197	277
Total assets	\$ 542,562	\$ 521,941
Liabilities		
Payable for investments and cash equivalents purchased	\$ 127,276	\$ 122,110
Credit facility (see notes 6 and 7)	140,400	124,200
Distributions payable	1,885	1,884
Management fee payable (see note 3)	1,048	999
Performance-based incentive fee payable (see note 3)	310	374
Interest payable (see note 7)	464	401
Administrative services expense payable (see note 3)	124	944
Other liabilities and accrued expenses	1,018	898
Total liabilities	\$ 272,525	\$ 251,810

Commitments and contingencies (see notes 10, 11 and 12)

Net Assets

Common stock, par value \$0.01 per share, 200,000,000 and 200,000,000 common shares authorized, respectively, and 16,039,206 and 16,036,730 issued and outstanding, respectively	\$	160	\$	160
Paid-in capital in excess of par		287,884		287,841
Distributions in excess of net investment income		(5,336)		(5,336)
Accumulated net realized loss		(5,851)		(5,844)
Net unrealized depreciation		(6,820)		(6,690)
Total net assets	\$	270,037	\$	270,131
Net Asset Value Per Share	\$	16.84	\$	16.84

See notes to consolidated financial statements.

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

	Three months ended	
	March 31, 2018	March 31, 2017
INVESTMENT INCOME:		
Interest:		
Companies less than 5% owned	\$ 5,817	\$ 5,256
Companies 5% to 25% owned	51	49
Dividends:		
Companies more than 25% owned	3,387	1,924
Other income:		
Companies less than 5% owned	67	247
Companies more than 25% owned	19	20
Total investment income	9,341	7,496
EXPENSES:		
Management fees (see note 3)	\$ 1,048	\$ 948
Performance-based incentive fees (see note 3)	618	75
Interest and other credit facility expenses (see note 7)	1,586	844
Administrative services expense (see note 3)	382	368
Other general and administrative expenses	361	476
Total expenses	3,995	2,711
Management fees waived (see note 3)		(789)
Performance-based incentive fees waived (see note 3)	(308)	(75)
Net expenses	3,687	1,847
Net investment income	\$ 5,654	\$ 5,649
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND CASH EQUIVALENTS:		
Net realized gain (loss) on investments and cash equivalents (companies less than 5% owned):	\$ (7)	\$ 103
Net change in unrealized gain (loss) on investments and cash equivalents:		
Companies less than 5% owned	(1,442)	(42)
Companies 5% to 25% owned	108	70
Companies more than 25% owned	1,204	131
Net change in unrealized gain (loss) on investments and cash equivalents	(130)	159

Net realized and unrealized gain (loss) on investments and cash equivalents	(137)		262
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 5,517	\$	5,911
EARNINGS PER SHARE (see note 5)	\$ 0.34	\$	0.37

See notes to consolidated financial statements.

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

(in thousands, except share amounts)

	Three months ended March 31, 2018 (unaudited)	Year ended December 31, 2017
Increase in net assets resulting from operations:		
Net investment income	\$ 5,654	\$ 22,604
Net realized gain (loss)	(7)	233
Net change in unrealized gain (loss)	(130)	549
Net increase in net assets resulting from operations	5,517	23,386
Distributions to stockholders:		
From net investment income	(5,654)	(22,604)
Capital transactions (see note 14):		
Reinvestment of distributions	43	204
Net increase in net assets resulting from capital transactions	43	204
Total increase (decrease) in net assets	(94)	986
Net assets at beginning of period	270,131	269,145
Net assets at end of period⁽¹⁾	\$ 270,037	\$ 270,131
Capital share activity (see note 14):		
Common stock issued from reinvestment of distributions	2,476	11,719
Net increase from capital share activity	2,476	11,719

(1) Includes overdistributed net investment income of (\$5,336) and (\$5,336), respectively.

See notes to consolidated financial statements.

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

(in thousands)

	Three months ended	
	March 31, 2018	March 31, 2017
Cash Flows from Operating Activities:		
Net increase in net assets resulting from operations	\$ 5,517	\$ 5,911
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities:		
Net realized (gain) loss on investments and cash equivalents	7	(103)
Net change in unrealized (gain) loss on investments and cash equivalents	130	(159)
(Increase) decrease in operating assets:		
Purchase of investments	(41,985)	(62,819)
Proceeds from disposition of investments	25,821	55,627
Capitalization of payment-in-kind interest	(98)	(126)
Receivable for investments sold	508	1,433
Interest receivable	318	371
Dividends receivable	(292)	(125)
Other receivable	1	
Prepaid expenses and other assets	80	(144)
Increase (decrease) in operating liabilities:		
Payable for investments and cash equivalents purchased	5,166	1,719
Management fee payable	49	55
Performance-based incentive fees payable	(64)	
Administrative services expense payable	(820)	(406)
Interest payable	63	11
Other liabilities and accrued expenses	120	26
Net Cash Provided by (Used in) Operating Activities	(5,479)	1,271
Cash Flows from Financing Activities:		
Cash distributions paid	(5,610)	(5,603)
Proceeds from borrowings	45,600	29,500
Repayments of borrowings	(29,400)	(41,000)
Net Cash Provided by (Used in) Financing Activities	10,590	(17,103)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,111	(15,832)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	108,600	151,828
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 113,711	\$ 135,996

Supplemental disclosure of cash flow information:

Cash paid for interest	\$ 1,523	\$ 833
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Non-cash financing activities consist of the reinvestment of dividends of \$43 and \$46 for the three months ended March 31, 2018 and March 31, 2017, respectively.

See notes to consolidated financial statements.

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

Description	Industry	Spread above Index ⁽³⁾	Libor Floor	Interest Rate ⁽¹⁾	Acquisition Date	Maturity Date	Par Amount	Cost	Value
Debt/Senior									
111.7%									
Start Start (14)	Electrical Equipment, Instruments & Components	L+450	1.00%	6.38%	12/21/2017	2/21/2022	\$ 6,095	\$ 6,081	\$
re, LLC ⁽²⁾	Insurance	L+425	1.00%	5.99%	5/3/2017	11/22/2023	7,428	7,412	
Stage Sales Marketing,	Professional Services	L+325	1.00%	5.02%	2/14/2018	7/25/2021	4,987	4,890	
Stage Sales Marketing, Inc.	Professional Services	L+650	1.00%	8.27%	2/14/2013	7/25/2022	8,000	7,963	
Toxicology es ation ⁽¹⁴⁾	Health Care Providers & Services	L+850	1.00%	10.79%	2/20/2014	8/24/2021	4,000	3,967	
Group mediate gs, Inc. ⁽²⁾⁽¹⁴⁾	Insurance	L+550	1.00%	7.16%	11/28/2016	12/30/2022	5,363	5,316	
a Sciences, ⁽¹⁴⁾	Pharmaceuticals	L+765		9.34%	1/5/2018	7/1/2022	5,000	4,964	
Health, LLC and al ⁽²⁾⁽¹⁴⁾	Health Care Providers & Services	L+550	1.00%	7.80%	3/31/2017	9/1/2022	4,558	4,519	
can nferencing es, Ltd. ⁽¹⁴⁾	Communications Equipment	L+650	1.00%	8.29%	5/5/2016	12/8/2021	14,728	14,114	1
esia ting & ement, ⁽¹⁴⁾	Health Care Providers & Services	L+625	1.00%	8.24%	10/20/2016	10/31/2022	4,483	4,448	
ne Logistics ition, ⁽¹⁴⁾	Professional Services	L+450	1.00%	6.38%	10/3/2014	10/7/2021	8,159	8,114	
	Insurance	L+525	1.00%	7.23%	10/13/2016	4/19/2022	9,875	9,799	

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Seguros g II Co. ⁽²⁾⁽¹⁴⁾								
Food Partners gs, LLC ⁽²⁾⁽¹⁴⁾	Insurance	L+425	1.00%	6.13%	3/28/2018	9/8/2024	15,600	15,600
Over Payments tion, Inc. oring). ⁽²⁾⁽¹⁴⁾	Professional Services	L+450	1.00%	6.80%	11/28/2016	11/30/2023	8,977	8,900
ering ns & ts, LLC ⁽⁶⁾⁽¹⁴⁾	Aerospace & Defense	L+600	2.00%	8.00%	11/5/2013	11/5/2019	2,509	2,263
uth Group gs Corp. AC) ⁽²⁾⁽¹⁴⁾	Chemicals	L+675	1.00%	8.63%	12/15/2016	12/14/2021	8,668	8,668
ark ostics,) ⁽¹⁴⁾	Health Care Providers & Services			6.90%	4/22/2016	10/12/2019	7,633	8,135
Holdings Payment ots LLC ⁽²⁾⁽¹⁴⁾	Consumer Finance	L+750	1.00%	9.51%	3/31/2017	5/5/2022	12,000	11,801
Tel*Link ation ⁽²⁾	Communications Equipment	L+400	1.25%	6.30%	11/6/2015	5/23/2020	3,354	3,132
Tel*Link ation	Communications Equipment	L+825	1.25%	10.55%	5/21/2013	11/23/2020	3,000	2,974
ay ation ⁽²⁾⁽¹⁴⁾	Internet Software & Services	L+575	1.25%	7.63%	6/27/2014	12/13/2019	7,801	7,789
meyer sons es, LLC) ⁽²⁾⁽¹⁴⁾	Commercial Services & Supplies	L+500	1.00%	6.98%	10/31/2014	10/29/2021	4,840	4,813
oom.com,) ⁽¹⁴⁾	Internet Software & Services	L+450	1.00%	6.34%	11/17/2017	11/21/2024	4,988	4,940
Holding ny,) ⁽¹⁴⁾	Communications Equipment	L+575	1.00%	7.60%	8/11/2017	12/22/2024	10,772	10,667
is Solutions ny,) ⁽¹⁴⁾	Health Care Technology	L+860	0.25%	10.29%	3/22/2017	2/1/2020	4,000	4,058
orph US 3, ogix) ^{(2)(14)*}	Software	L+750 ⁽⁷⁾	1.00%	9.38%	12/1/2014	12/1/2020	8,083	7,797
intermediate gs, LLC Miner) ⁽²⁾⁽¹⁴⁾	Air Freight & Logistics	L+500	1.00%	7.30%	3/8/2017	3/10/2024	5,618	5,569
ry Brands,) ⁽¹⁴⁾	Software	L+500	1.00%	6.81%	11/21/2016	12/2/2022	10,041	9,963
oftware) ⁽¹⁴⁾	Software	L+625	1.00%	8.02%	6/7/2017	6/30/2023	8,291	8,216
equiror McLarens) ⁽²⁾⁽¹⁴⁾	Insurance	L+450	1.25%	6.19%	5/21/2014	5/28/2019	3,339	3,330

See notes to consolidated financial statements.

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

	Industry	Spread above Index⁽³⁾	Libor Floor	Interest Rate⁽¹⁾	Acquisition Date	Maturity Date	Par Amount	C
McLarens Young) ⁽²⁾⁽⁴⁾⁽¹⁴⁾	Insurance	L+450	1.25%	6.19%	5/21/2014	5/28/2019	4,260	
LLC & PrimeSport Holdings	Media	L+550	1.00%	7.57%	12/7/2017	9/29/2021	14,760	1
	Communications							
	Equipment	L+525	1.00%	7.04%	9/29/2016	9/27/2023	11,218	1
Holdings, LLC ⁽²⁾⁽¹⁴⁾	Health Care							
	Providers & Services	L+600	1.00%	7.70%	12/15/2016	12/16/2022	7,900	
et Supplies Plus) ⁽²⁾⁽⁸⁾⁽¹⁴⁾	Specialty Retail	L+475	1.00%	6.63%	4/2/2015	4/6/2021	480	
any, Inc. (Quorum) ⁽²⁾⁽¹⁴⁾	Software	L+475	1.00%	6.52%	8/1/2014	8/7/2021	6,059	
⁽²⁾⁽¹⁴⁾	Asset Management	L+850	1.00%	10.32%	6/10/2015	6/9/2021	3,848	
poration (Shoes for Crews) ⁽²⁾⁽¹⁴⁾	Footwear	L+500	1.00%	6.79%	11/20/2015	10/27/2022	5,865	
d, LLC (Jab Wireless, Inc.) ⁽²⁾⁽¹⁴⁾	Wireless							
	Telecommunication							
	Services	L+650 ⁽¹⁵⁾	1.00%	12.25%	11/29/2016	3/26/2019	4,962	
C & Gencorp Insurance Group,	Insurance	L+475	1.00%	7.05%	3/16/2016	6/24/2021	4,423	
Services ⁽²⁾⁽¹⁴⁾	Health Care							
	Providers & Services	L+575	1.25%	8.05%	7/29/2013	7/31/2019	8,668	
⁽¹⁴⁾	Professional							
	Services	L+800 ⁽⁹⁾	1.00%	10.30%	1/31/2017	3/31/2020	911	
⁽¹⁴⁾	Professional							
	Services			8.00% ⁽¹⁰⁾	1/31/2017	3/31/2020	2,005	
⁽¹⁴⁾	Professional							
	Services			9.00% ⁽¹¹⁾	1/31/2017	3/31/2020	1,854	
utions, LLC ⁽²⁾⁽¹⁴⁾	Health Care							
	Providers & Services	L+500	1.00%	7.30%	12/22/2016	5/15/2021	6,419	
Practices LLC ⁽²⁾⁽¹⁴⁾	Health Care							
	Facilities	L+625	1.00%	8.56%	3/30/2018	4/20/2021	1,479	
on Corp. (Veritext) ⁽²⁾⁽¹⁴⁾	Professional							
	Services	L+475	1.00%	7.05%	2/17/2017	1/29/2022	5,272	
Group, Inc. ⁽²⁾⁽¹⁴⁾	Professional							
	Services	L+425	1.00%	6.14%	3/27/2017	8/15/2022	6,255	

Senior Secured Loans					\$ 30
Equity Interests/Warrants 45.4%					Shares/Units
ns & Products, LLC ⁽⁶⁾⁽¹²⁾⁽¹⁴⁾	Aerospace & Defense	11/5/2013	133,668	\$	
ings Corporation (Lumeris)	Health Care Technology	3/22/2017	52,000		
gram LLC ⁽⁴⁾⁽⁵⁾	Asset Management	2/13/2015			3
Finance, LLC ⁽⁴⁾⁽⁵⁾⁽¹⁴⁾	Diversified Financial Services	9/30/2013	32,839		3
⁽¹⁴⁾⁽¹⁶⁾	Diversified Financial Services	10/20/2017	100		5
tors, LLC ⁽¹⁴⁾	Professional Services	1/31/2017	17,214		
Equity/Equity Interests/Warrants					\$ 12
⁽¹³⁾ 157.1%					\$ 43
40.7%				Par Amount	
	Government	3/29/2018	4/26/2018	110,000	\$ 10
& Cash Equivalents 197.8%					\$ 54
of Other Assets (97.8%)					

See notes to consolidated financial statements.

Table of Contents**SOLAR SENIOR CAPITAL LTD.****CONSOLIDATED SCHEDULE OF INVESTMENTS (unaudited) (continued)****March 31, 2018****(in thousands)**

- (1) Floating rate debt investments typically bear interest at a rate determined by reference to either the London Interbank Offered Rate (LIBOR or L) index rate or the prime index rate (PRIME or P), and which typically reset monthly, quarterly or semi-annually. For each debt investment we have provided the current interest rate in effect as of March 31, 2018.
- (2) Indicates an investment that is wholly or partially held by Solar Senior Capital Ltd. through its wholly-owned financing subsidiary SUNS SPV LLC (the SPV). Such investments are pledged as collateral under the Senior Secured Revolving Credit Facility (see Note 7 to the consolidated financial statements) and are not generally available to creditors, if any, of Solar Senior Capital Ltd. The respective par amount for the investment partially held through the SPV is \$3,673 for Genmark Diagnostics, Inc. The par balance in excess of this stated amount is held directly by Solar Senior Capital Ltd.
- (3) Floating rate instruments accrue interest at a predetermined spread relative to an index, typically the LIBOR or PRIME rate. These instruments are typically subject to a LIBOR or PRIME rate floor.
- (4) Indicates assets that the Company believes may not represent qualifying assets under Section 55(a) of the Investment Company Act of 1940 (1940 Act), as amended. If we fail to invest a sufficient portion of our assets in qualifying assets, we could be prevented from making follow-on investments in existing portfolio companies or could be required to dispose of investments at inappropriate times in order to comply with the 1940 Act. As of March 31, 2018, on a fair value basis, non-qualifying assets in the portfolio represented 24.9% of the total assets of the Company.
- (5) Denotes investments in which we are deemed to exercise a controlling influence over the management or policies of a company, as defined in the 1940 Act, due to beneficially owning, either directly or through one or more controlled companies, more than 25% of the outstanding voting securities of the investment. Transactions during the three months ended March 31, 2018 in these controlled investments are as follows:

Name of Issuer	Fair Value at		Realized Change in			Fair Value at	
	December 31, 2017	Gross Additions	Gross Reductions	Gain (Loss)	Unrealized Gain (Loss)	Dividend/Other Income	March 31, 2018
First Lien Loan Program LLC (FLLP)	\$ 35,835	\$	\$ 525	\$	\$ (796)	\$ 1,069	\$ 34,514
Gemino Healthcare Finance, LLC	35,050				(100)	903	34,950
NorthMill LLC	51,000				2,100	1,434	53,100
	\$ 121,885	\$	\$ 525	\$	\$ 1,204	\$ 3,406	\$ 122,564

(6)

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

Name of Issuer	Fair Value at December 31, 2017	Gross Additions	Gross Reductions	Realized Gain (Loss)	Unrealized Gain (Loss)	Interest/Dividend Income	Fair Value at March 31, 2018
Engineering Solutions & Products, LLC (1 st lien)		134	134				
Engineering Solutions & Products, LLC (2 nd lien)	2,145				108	51	2,258
Engineering Solutions & Products, LLC (equity interests)	68						68
	\$ 2,213	\$ 134	\$ 134	\$	\$ 108	\$ 51	\$ 2,326

(7) Spread is 5.50% Cash / 2.00% PIK.

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

(9) Spread is 3.50% Cash / 4.50% PIK.

(10) Coupon is 1.00% Cash / 7.00% PIK.

(11) Coupon is 0.25% Cash / 8.75% PIK.

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

(13) Aggregate net unrealized depreciation for federal income tax purposes is \$9,528; aggregate gross unrealized appreciation and depreciation for federal tax purposes is \$5,375 and \$14,903, respectively, based on a tax cost of \$433,734.

See notes to consolidated financial statements.

Table of Contents**SOLAR SENIOR CAPITAL LTD.****CONSOLIDATED SCHEDULE OF INVESTMENTS (unaudited) (continued)****March 31, 2018**

(14) Level 3 investment valued using significant unobservable inputs.

(15) Spread is 4.50% Cash / 2.00% PIK.

(16) Our equity investment in NorthMill LLC is partially held through ESP SSC Corporation, a taxable consolidated subsidiary.

* Investment is on non-accrual status.

Non-income producing security.

Investment contains a payment-in-kind (PIK) feature.

Industry Classification	Percentage of Total Investments (at fair value) as of March 31, 2018
Diversified Financial Services (includes Gemino Healthcare Finance, LLC and NorthMill LLC)	20.8%
Insurance	11.9%
Professional Services	10.8%
Communications Equipment	10.1%
Health Care Providers & Services	9.9%
Asset Management (includes FLLP)	9.0%
Software	6.6%
Media	3.5%
Internet Software & Services	3.0%
Consumer Finance	2.8%
Chemicals	2.0%
Electronic Equipment, Instruments & Components	1.4%
Footwear	1.4%
Air Freight & Logistics	1.3%
Wireless Telecommunication Services	1.2%
Pharmaceuticals	1.2%
Commercial Services & Supplies	1.1%
Health Care Technology	1.0%
Aerospace & Defense	0.6%
Health Care Facilities	0.3%
Specialty Retail	0.1%
Total Investments	100.0%

See notes to consolidated financial statements.

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

Description	Industry	Spread above Index ⁽³⁾	Libor Floor	Interest Rate ⁽¹⁾	Acquisition Date	Maturity Date	Par Amount	Cost	Fair Value
Bank Debt/Senior Secured Loans 105.9%									
Smart Start (2)(14)	Electrical Equipment, Instruments & Components	L+450	1.00%	6.19%	12/21/2017	2/21/2022	\$ 6,105	\$ 6,089	\$ 6,089
Insurance, LLC ⁽²⁾	Insurance	L+425	1.00%	5.65%	5/3/2017	11/22/2023	7,446	7,429	7,500
Advantage Sales Marketing,	Professional Services	L+650	1.00%	7.88%	2/14/2013	7/25/2022	8,000	7,961	7,500
Wis Toxicology Services Corporation ⁽¹⁴⁾	Health Care Providers & Services	L+850	1.00%	10.17%	2/20/2014	8/24/2021	4,000	3,965	3,800
Gamma Group Intermediate Holdings, (2)(14).	Insurance	L+550	1.00%	6.85%	11/28/2016	12/30/2022	4,279	4,241	4,200
American Teleconferencing Services, Ltd. (2)(14)	Communications Equipment	L+650	1.00%	7.90%	5/5/2016	12/8/2021	14,933	14,269	14,700
Anesthesia Consulting & Management, (14)	Health Care Providers & Services	L+625	1.00%	7.94%	10/20/2016	10/31/2022	4,530	4,492	4,200
Westone Logistics Acquisition, (2)(14)	Professional Services	L+450	1.00%	6.07%	10/3/2014	10/7/2021	8,159	8,111	8,000
Compañía Seguros del Estado (2)(14)	Insurance	L+525	1.00%	6.73%	10/13/2016	4/19/2022	9,900	9,820	9,900
Power Systems Acquisition, Inc. (2)(14)	Professional Services	L+550	1.00%	7.19%	11/28/2016	11/30/2023	4,579	4,499	4,500

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Engineering Solutions & Products, Inc. (2)(14)	Aerospace & Defense	L+600	2.00%	8.00%	11/5/2013	11/5/2018	2,258	2,258	2,258
South Group Holdings Corp. IPAC (2)(14)	Chemicals	L+675	1.00%	8.44%	12/15/2016	12/14/2021	8,668	8,668	8,668
Mark Diagnostics, Inc. (2)(14)	Health Care Providers & Services			6.90%	4/22/2016	10/12/2019	7,633	8,040	8,040
Global Holdings LLC & Payment Concepts Inc. (2)(14)	Consumer Finance	L+650	1.00%	7.99%	3/31/2017	5/5/2022	9,341	9,173	9,341
Global Tel*Link Corporation (2)	Communications Equipment	L+400	1.25%	5.69%	11/6/2015	5/23/2020	3,364	3,118	3,364
Global Tel*Link Corporation	Communications Equipment	L+825	1.25%	9.94%	5/21/2013	11/23/2020	3,000	2,972	3,000
Outway Corporation (2)(14)	Internet Software & Services	L+475	1.25%	8.44%	6/27/2014	12/13/2019	8,526	8,511	8,526
Hand Medical Management Holdings, Inc. (2)(14)	Health Care Providers & Services	L+550	1.00%	7.00%	3/31/2017	9/1/2022	4,570	4,528	4,570
Bermeyer Logistics Services, LLC Inc. (2)(14)	Commercial Services & Supplies	L+500	1.00%	6.48%	10/31/2014	10/29/2021	4,850	4,821	4,850
Zoom.com, Inc. (2)(14)	Internet Software & Services	L+450	1.00%	5.94%	11/17/2017	11/21/2024	5,000	4,950	4,950
ix Holding Company, Inc. (2)(14)	Communications Equipment	L+575	1.00%	7.28%	8/11/2017	12/22/2024	10,800	10,692	10,800
Meris Solutions Company, Inc. (2)(14)	Health Care Technology	L+860	0.25%	9.98%	3/22/2017	2/1/2020	4,000	4,037	4,000
Amorph US 3, Inc. (2)(14)	Software	L+750 ⁽⁷⁾	1.00%	9.07%	12/1/2014	12/1/2020	7,953	7,848	7,953
er Readings Company, LLC Inc. (2)(14)	Electronic Equipment, Instruments & Components	L+575	1.00%	7.23%	6/15/2017	8/29/2023	7,940	7,921	7,940
IE Intermediate Holdings, LLC Inc. (2)(14)	Air Freight & Logistics	L+500	1.00%	6.69%	3/8/2017	3/10/2024	5,460	5,410	5,460
istry Brands, Inc. (2)(14)	Software	L+500	1.00%	6.38%	11/21/2016	12/2/2022	9,636	9,557	9,636
I Software Inc. (2)(14)	Software	L+625	1.00%	7.83%	6/7/2017	6/30/2023	8,224	8,147	8,224
I Acquiror Inc. (2)(14)	Insurance	L+450	1.25%	5.83%	5/21/2014	5/28/2019	3,348	3,337	3,348
p. (McLarens Inc. (2)(14)									

ng)(2)(14)									
I Acquiror Ltd.									
Larens									
ng)(2)(4)(14)	Insurance	L+450	1.25%	5.84%	5/21/2014	5/28/2019	4,271	4,258	4,258
Location									
nts, LLC &									
neSport									
dings									
(2)(14)	Media	L+550	1.00%	7.04%	12/7/2017	9/29/2021	15,000	14,815	14,815

See notes to consolidated financial statements.

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

	Industry	Spread above Index⁽³⁾	Libor Floor	Interest Rate⁽¹⁾	Acquisition Date	Maturity Date	Par Amount	Cost
Health Care Centers,	Health Care Facilities	L+600	1.00%	7.35%	6/1/2017	6/8/2023	10,332	10,235
Inc. (2)(14)	Communications Equipment	L+525	1.00%	6.72%	9/29/2016	9/27/2023	11,811	11,411
Management LLC(2)(14)	Health Care Providers & Services	L+600	1.00%	9.50%	12/15/2016	12/16/2022	7,920	7,854
Co., LLC (Pet Plus)(2)(8)(14)	Specialty Retail	L+475	1.00%	6.32%	4/2/2015	4/6/2021	482	479
Investing Company, Fund(2)(14)	Software	L+475	1.00%	6.13%	8/1/2014	8/7/2021	6,059	6,025
Partners, L.P.(2)(14)	Asset Management	L+850	1.00%	9.85%	6/10/2015	6/9/2021	3,932	3,882
Investing I Corporation (Crews)(2)(14)	Footwear	L+500	1.00%	6.42%	11/20/2015	10/27/2022	5,880	5,839
Broadband, LLC (Ess, Inc.)(2)(14)	Wireless Telecommunication Services	L+650 ⁽¹⁵⁾	1.00%	8.19%	11/29/2016	3/26/2019	4,938	4,911
Group, LLC & Insurance Group,	Insurance	L+475	1.00%	6.44%	3/16/2016	6/24/2021	4,436	4,377
USA Health (14)	Health Care Providers & Services	L+575	1.25%	7.44%	7/29/2013	7/31/2019	8,693	8,670
ghty, Inc.(14)	Professional Services	L+800 ⁽⁹⁾	1.00%	9.42%	1/31/2017	3/31/2020	918	887
ghty, Inc.(14)	Professional Services			8.00% ⁽¹⁰⁾	1/31/2017	3/31/2020	1,984	1,894
ghty, Inc.(14)	Professional Services			9.00% ⁽¹¹⁾	1/31/2017	3/31/2020	1,814	1,733
e Care Solutions,	Health Care Providers & Services	L+500	1.00%	6.69%	12/22/2016	5/15/2021	6,435	6,384
Acquisition ritext)(2)(14)	Professional Services	L+475	1.00%	6.44%	2/17/2017	1/29/2022	5,983	5,957
pernicus Group,	Professional Services	L+500	1.00%	6.69%	3/27/2017	8/15/2022	4,466	4,447
Total Debt/Senior Secured Loans								\$ 288,923 \$

Shares/Units

Equity/Equity**Warrants 45.2%**

g Solutions &

(14)	Aerospace & Defense	11/5/2013	133,668	\$	1,367	\$
Group Holdings						
on (Lumeris)						
(4)	Health Care Technology	3/22/2017	52,000		16	
Loan Program						
(4)	Asset Management	2/13/2015			37,459	
healthcare						
LLC(4)(5)(14)	Diversified Financial Services	9/30/2013	32,839		32,839	
LLC(4)(5)(14)(16)	Diversified Financial Services	10/20/2017	100		51,000	
ghty Investors,						
	Professional Services	1/31/2017	17,214		3,167	

Common Equity/Equity Interests/Warrants**\$ 125,848 \$****Investments(13) 151.1%****\$ 414,771 \$****Par
Amount****Equivalents 38.8%**

ury Bill	Government	12/28/2017	2/8/2018	105,000	\$ 104,874	\$
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Investments & Cash Equivalents 189.9%**\$ 519,645 \$**

in Excess of Other Assets (89.9%)

Assets 100.0%**\$**

See notes to consolidated financial statements.

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SOLAR SENIOR CAPITAL LTD.

CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)

December 31, 2017

(in thousands)

- (1) Floating rate debt investments typically bear interest at a rate determined by reference to either the London Interbank Offered Rate (LIBOR or L) index rate or the prime index rate (PRIME or P), and which typically reset monthly, quarterly or semi-annually. For each debt investment we have provided the current interest rate in effect as of December 31, 2017.
- (2) Indicates an investment that is wholly or partially held by Solar Senior Capital Ltd. through its wholly-