

MONROE CAPITAL Corp  
Form 10-Q  
May 08, 2018

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

**(Mark One)**

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

**For the quarterly period ended March 31, 2018**

**OR**

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

**Commission file number: 814-00866**

**MONROE CAPITAL CORPORATION**

**(Exact Name of Registrant as Specified in its Charter)**

<b>Maryland</b>	<b>27-4895840</b>
<b>(State or Other Jurisdiction of</b>	<b>(I.R.S. Employer</b>
<b>Incorporation or Organization)</b>	<b>Identification No.)</b>

**311 South Wacker Drive, Suite 6400**  
**60606**  
**Chicago, Illinois**  
**(Address of Principal Executive Office) (Zip Code)**

**(312) 258-8300**  
**(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 (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, a smaller reporting company, or an emerging growth company. See the 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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

As of May 7, 2018, the registrant had 20,239,957 shares of common stock, \$0.001 par value, outstanding.



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**Part I. Financial Information****Item 1. Consolidated Financial Statements****MONROE CAPITAL CORPORATION****CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES****(in thousands, except per share data)**

	March 31, 2018	December 31, 2017
	(unaudited)	
<b>ASSETS</b>		
Investments, at fair value:		
Non-controlled/non-affiliate company investments	\$ 426,058	\$ 425,747
Non-controlled affiliate company investments	53,643	58,751
Controlled affiliate company investments	16,333	9,640
Total investments, at fair value (amortized cost of: \$516,121 and \$507,580, respectively)	496,034	494,138
Cash	3,070	4,332
Restricted cash	7,117	2,867
Interest receivable	5,756	5,335
Other assets	727	760
Total assets	512,704	507,432
<b>LIABILITIES</b>		
Debt:		
Revolving credit facility	125,584	117,092
SBA debentures payable	112,800	109,520
Total debt	238,384	226,612
Less: Unamortized deferred financing costs	(4,468)	(4,670)
Total debt, less unamortized deferred financing costs	233,916	221,942
Interest payable	795	1,535
Management fees payable	2,163	2,064
Incentive fees payable	761	1,157
Directors' fees payable	37	-
Accounts payable and accrued expenses	2,027	2,035
Total liabilities	239,699	228,733
Net assets	\$ 273,005	\$ 278,699

Commitments and contingencies (See Note 10)

**ANALYSIS OF NET ASSETS**

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Common stock, \$0.001 par value, 100,000 shares authorized, 20,240 and 20,240 shares issued and outstanding, respectively	\$ 20		\$ 20	
Capital in excess of par value	286,141		286,141	
Undistributed net investment income (accumulated distributions in excess of net investment income)	8,088		6,707	
Accumulated net realized gain (loss) on investments, secured borrowings and foreign currency transactions	(360	)	(372	)
Accumulated net unrealized gain (loss) on investments, secured borrowings and foreign currency borrowings	(20,884	)	(13,797	)
Total net assets	\$ 273,005		\$ 278,699	
Net asset value per share	\$ 13.49		\$ 13.77	

See Notes to Consolidated Financial Statements.

**MONROE CAPITAL CORPORATION****CONSOLIDATED STATEMENTS OF OPERATIONS****(unaudited)****(in thousands, except per share data)**

	Three months ended March 31,	
	2018	2017
Investment income:		
Interest income:		
Non-controlled/non-affiliate company investments	\$ 11,963	\$ 10,055
Non-controlled affiliate company investments	1,828	1,196
Controlled affiliate company investments	-	177
Total interest income	13,791	11,428
Dividend income:		
Non-controlled/non-affiliate company investments	260	250
Controlled affiliate company investments	175	-
Total dividend income	435	250
Fee income:		
Non-controlled/non-affiliate company investments	724	328
Total fee income	724	328
Total investment income	14,950	12,006
Operating expenses:		
Interest and other debt financing expenses	2,706	2,010
Base management fees	2,163	1,805
Incentive fees	761	1,290
Professional fees	307	291
Administrative service fees	324	330
General and administrative expenses	176	209
Excise taxes	11	-
Directors' fees	37	37
Total expenses	6,485	5,972
Net investment income	8,465	6,034
Net gain (loss) on investments, secured borrowings, foreign currency transactions and foreign currency borrowings:		
Net realized gain (loss):		
Non-controlled/non-affiliate company investments	-	167
Foreign currency transactions	12	-
Net realized gain (loss)	12	167



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Net change in unrealized gain (loss):		
Non-controlled/non-affiliate company investments	(165 )	192
Non-controlled affiliate company investments	(6,923 )	(2,164 )
Controlled affiliate company investments	443	(1,659 )
Secured borrowings	-	(1 )
Foreign currency borrowings	(442 )	-
Net change in unrealized gain (loss)	(7,087 )	(3,632 )
Net gain (loss) on investments, secured borrowings, foreign currency transactions and foreign currency borrowings	(7,075 )	(3,465 )
Net increase (decrease) in net assets resulting from operations	\$ 1,390	\$ 2,569
Per common share data:		
Net investment income per share - basic and diluted	\$ 0.42	\$ 0.36
Net increase (decrease) in net assets resulting from operations per share - basic and diluted	\$ 0.07	\$ 0.15
Weighted average common shares outstanding - basic and diluted	20,240	16,594

See Notes to Consolidated Financial Statements.

**MONROE CAPITAL CORPORATION****CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS****(unaudited)****(in thousands)**

	Common Stock	Capital in	Undistributed net investment income (accumulated distributions in excess of net investment income)	Accumulated net realized gain (loss) on secured borrowings and foreign currency transactions	Accumulated net unrealized gain (loss) on investments, secured borrowings and foreign currency borrowings	Total net assets
	Number of shares	Par value	excess of par value			
Balances at December 31, 2016	16,582	\$ 17	\$233,526	\$ 7,037	\$ 587	\$ (317 ) \$240,850
Net increase (decrease) in net assets resulting from operations	-	-	-	6,034	167	(3,632 ) 2,569
Issuance of common stock, net of offering and underwriting costs	114	-	1,736	-	-	- 1,736
Distributions to stockholders:						
Stock issued in connection with dividend reinvestment plan	16	-	254	(254 )	-	- -
Distributions from net investment income	-	-	-	(5,549 )	-	- (5,549 )
Balances at March 31, 2017	16,712	\$ 17	\$235,516	\$ 7,268	\$ 754	\$ (3,949 ) \$239,606
Balances at December 31, 2017	20,240	\$ 20	\$286,141	\$ 6,707	\$ (372 )	\$ (13,797 ) \$278,699
Net increase (decrease) in net assets resulting from operations	-	-	-	8,465	12	(7,087 ) 1,390
Distributions to stockholders:						
Distributions from net investment income	-	-	-	(7,084 )	-	- (7,084 )
Balances at March 31, 2018	20,240	\$ 20	\$286,141	\$ 8,088	\$ (360 )	\$ (20,884 ) \$273,005

See Notes to Consolidated Financial Statements.



**MONROE CAPITAL CORPORATION****CONSOLIDATED STATEMENTS OF CASH FLOWS****(unaudited)****(in thousands)**

	Three months ended March 31,	
	2018	2017
Cash flows from operating activities:		
Net increase (decrease) in net assets resulting from operations	\$ 1,390	\$ 2,569
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:		
Net change in unrealized (gain) loss on investments	6,645	3,631
Net change in unrealized (gain) loss on secured borrowings	-	1
Net change in unrealized (gain) loss on foreign currency borrowings	442	-
Net realized (gain) loss on investments	-	(167 )
Net realized (gain) on foreign currency transactions	(12 )	-
Payment-in-kind interest income	(329 )	(613 )
Payment-in-kind dividend income	(260 )	-
Net accretion of discounts and amortization of premiums	(1,032 )	(388 )
Proceeds from principal payments and sales of investments	25,559	33,844
Purchases of investments	(32,479 )	(41,536 )
Amortization of deferred financing costs	281	231
Changes in operating assets and liabilities:		
Interest receivable	(421 )	(413 )
Other assets	33	(803 )
Interest payable	(740 )	85
Management fees payable	99	56
Incentive fees payable	(396 )	243
Directors' fees payable	37	37
Accounts payable and accrued expenses	(8 )	(203 )
Net cash provided by (used in) operating activities	(1,191 )	(3,426 )
Cash flows from financing activities:		
Borrowings on revolving credit facility	24,800	39,500
Repayments of revolving credit facility	(16,750 )	(32,500 )
SBA debentures borrowings	3,280	8,500
Payments of deferred financing costs	(79 )	(554 )
Proceeds from shares sold, net of offering and underwriting costs	-	1,736
	(7,084 )	(5,549 )

Stockholder distributions paid, net of stock issued under the dividend reinvestment plan of \$0, and \$254, respectively

Net cash provided by (used in) financing activities	4,167	11,133
Net increase (decrease) in Cash and Restricted Cash	2,976	7,707
Effect of foreign currency exchange rates	12	-
<b>Cash and Restricted Cash, beginning of period <sup>(1)</sup></b>	7,199	8,331
<b>Cash and Restricted Cash, end of period <sup>(2)</sup></b>	<b>\$ 10,187</b>	<b>\$ 16,038</b>
Supplemental disclosure of cash flow information:		
Cash interest paid during the period	\$ 3,145	\$ 1,639
Cash paid for excise taxes during the period	\$ 91	\$ 495

Represents cash and restricted cash of \$4,332 and \$2,867, respectively, from the consolidated statement of assets (1) and liabilities as of December 31, 2017. Represents cash and restricted cash of \$5,958 and \$2,373, respectively, from the consolidated statement of assets and liabilities as of December 31, 2016.

Represents cash and restricted cash of \$3,070 and \$7,117, respectively, from the consolidated statement of assets (2) and liabilities as of March 31, 2018. Represents cash and restricted cash of \$5,483 and \$10,555, respectively, from the consolidated statement of assets and liabilities as of March 31, 2017.

See Notes to Consolidated Financial Statements.

## MONROE CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2018

(in thousands, except for shares and units)

Portfolio Company <sup>(a)</sup>	Spread Above Index <sup>(b)</sup>	Interest Rate	Maturity	Principal	Amortized Cost	Fair Value <sup>(c)</sup>	% of Net Assets <sup>(d)</sup>	
Non-Controlled/Non-Affiliate Company Investments								
Senior Secured Loans								
Banking, Finance, Insurance & Real Estate								
Echelon Funding I, LLC (Delayed Draw) <sup>(e) (f) (g)</sup>	L+10.25%	11.91	% 2/24/2021	15,750	\$ 14,454	\$ 14,681	5.4	%
HFZ Capital Group, LLC <sup>(e)</sup>	L+10.00%	11.69	% 10/20/2019	18,000	17,666	18,153	6.7	%
Liftforward SPV II, LLC <sup>(e) (f)</sup>	L+10.75%	12.63	% 11/10/2020	10,000	4,215	4,317	1.6	%
PKS Holdings, LLC <sup>(e)</sup>	L+9.50%	11.16	% 11/30/2022	1,789	1,631	1,752	0.6	%
PKS Holdings, LLC (Revolver) <sup>(e) (f)</sup>	L+9.50%	11.16	% 11/30/2022	80	-	-	0.0	%
				45,619	37,966	38,903	14.3	%
Beverage, Food & Tobacco								
All Holding Company, LLC <sup>(h)</sup>	L+7.00%	8.88	% 11/15/2021	5,294	5,216	5,225	1.9	%
California Pizza Kitchen, Inc.	L+6.00%	7.88	% 8/23/2022	6,895	6,835	6,771	2.5	%
				12,189	12,051	11,996	4.4	%
Construction & Building								
Cali Bamboo, LLC	L+8.00%	9.88	% 7/10/2020	5,305	5,257	5,305	1.9	%
Cali Bamboo, LLC (Revolver) <sup>(f)</sup>	L+8.00%	9.88	% 7/10/2020	2,165	1,602	1,602	0.6	%
Cornerstone Detention Products, Inc. <sup>(i)</sup>	L+11.83%	Cash/ 3.33% PIK	(j) 4/8/2019	3,477	3,461	3,470	1.3	%
Cornerstone Detention Products, Inc. (Revolver) <sup>(f)</sup>	L+8.50%	10.38	% 4/8/2019	1,000	200	200	0.1	%
TRP Construction Group, LLC <sup>(h)</sup>	L+6.50%	8.38	% 10/5/2022	7,980	7,833	7,996	2.9	%
TRP Construction Group, LLC (Revolver) <sup>(f)</sup>	L+6.50%	8.38	% 10/5/2022	2,134	-	-	0.0	%
				22,061	18,353	18,573	6.8	%
Consumer Goods: Durable								
Parterre Flooring & Surface Systems, LLC <sup>(h)</sup>	L+7.25%	9.13	% 8/22/2022	11,700	11,489	11,693	4.3	%
	L+7.25%	9.13	% 8/22/2022	2,400	-	-	0.0	%

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Parterre Flooring & Surface  
Systems, LLC (Revolver) <sup>(f)</sup>

				14,100	11,489	11,693	4.3	%	
Consumer Goods: Non-Durable									
Bluestem Brands, Inc.	L+7.50%	9.38	% 11/6/2020	2,557	2,543	1,803	0.7	%	
Gibson Brands, Inc. <sup>(k)</sup>	n/a	8.88	% 8/1/2018	10,000	9,220	8,025	2.9	%	
Solaray, LLC	L+6.50%	8.55	% 9/9/2023	3,256	3,229	3,256	1.2	%	
Solaray, LLC (Delayed Draw)	L+6.50%	8.80	% 9/9/2023	699	699	699	0.3	%	
				16,512	15,691	13,783	5.1	%	
Energy: Oil & Gas									
		12.38%							
Landpoint, LLC	L+12.75%	Cash/ 2.25%	(l) 12/20/2019	2,311	2,300	2,273	0.8	%	
		PIK							
Landpoint, LLC (Revolver) <sup>(f)</sup>	L+10.50%	12.38	% 12/20/2019	313	-	-	0.0	%	
				2,624	2,300	2,273	0.8	%	
Environmental Industries									
Synergy Environmental Corporation <sup>(h)</sup>	L+6.50%	8.38	% 4/29/2021	2,992	2,942	2,995	1.1	%	
Synergy Environmental Corporation <sup>(h)</sup>	L+6.50%	8.38	% 4/29/2021	500	492	501	0.2	%	
Synergy Environmental Corporation (Delayed Draw) <sup>(f) (g)</sup>	L+6.50%	8.38	% 4/29/2021	1,336	853	854	0.3	%	
Synergy Environmental Corporation (Revolver) <sup>(f)</sup>	L+6.50%	8.38	% 4/29/2021	671	47	47	0.0	%	
				5,499	4,334	4,397	1.6	%	
Healthcare & Pharmaceuticals									
American Optics Holdco, Inc. <sup>(e) (m)</sup>	L+8.00%	9.88	% 9/13/2022	4,123	4,048	4,191	1.6	%	
American Optics Holdco, Inc. (Revolver) <sup>(e) (f) (m)</sup>	L+8.00%	9.88	% 9/13/2022	440	-	-	0.0	%	
American Optics Holdco, Inc. <sup>(e) (m)</sup>	L+8.00%	9.88	% 9/13/2022	758	745	771	0.3	%	
American Optics Holdco, Inc. (Revolver) <sup>(e) (f) (m)</sup>	L+8.00%	9.88	% 9/13/2022	440	-	-	0.0	%	
Beaver-Visitec International Holdings, Inc.	L+5.00%	7.30	% 8/19/2023	4,925	4,885	4,950	1.8	%	

## MONROE CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS – (continued)

March 31, 2018

(in thousands, except for shares and units)

Portfolio Company <sup>(a)</sup>	Spread Above Index <sup>(b)</sup>	Interest Rate	Maturity	Principal	Amortized Cost	Fair Value <sup>(c)</sup>	% of Net Assets <sup>(d)</sup>	
Edge Systems Holdings Corp.	L+7.75%	9.63	% 12/1/2021	3,362	\$ 3,310	\$ 3,431	1.3	%
Edge Systems Holdings Corp. (Revolver) <sup>(f)</sup>	P+6.75%	11.50	% 12/1/2021	260	117	117	0.0	%
Familia Dental Group Holdings, LLC <sup>(h)</sup>	L+8.00%	9.88	% 4/8/2021	5,225	5,169	5,277	1.9	%
Familia Dental Group Holdings, LLC	L+8.00%	9.88	% 4/8/2021	499	499	504	0.2	%
Familia Dental Group Holdings, LLC (Revolver) <sup>(f)</sup>	L+8.00%	9.88	% 4/8/2021	573	344	344	0.1	%
				20,605	19,117	19,585	7.2	%
High Tech Industries								
Answers Finance, LLC	L+5.00%	6.88	% 4/15/2021	253	250	247	0.1	%
Corbett Technology Solutions, Inc. <sup>(h)</sup>	L+7.00%	8.88	% 11/7/2021	4,219	4,171	4,261	1.6	%
Corbett Technology Solutions, Inc. (Revolver) <sup>(f)</sup>	L+7.00%	8.88	% 11/7/2021	867	87	87	0.0	%
CRMfusion Inc.	L+6.50%	8.38	% 2/21/2023	5,000	4,902	4,988	1.8	%
CRMfusion Inc. (Revolver) <sup>(f)</sup>	L+6.50%	8.38	% 2/21/2023	500	-	-	0.0	%
Energy Services Group, LLC	L+9.82%	12.12	% 5/4/2022	4,562	4,512	4,608	1.7	%
Energy Services Group, LLC <sup>(e) (n)</sup>	L+9.82%	10.82	% 5/4/2022	2,556	2,333	2,575	1.0	%
Energy Services Group, LLC (Delayed Draw) <sup>(f) (g)</sup>	L+9.82%	12.12	% 5/4/2022	1,299	1,082	1,110	0.4	%
Newforma, Inc. <sup>(h)</sup>	L+7.50%	9.80	% 6/30/2022	14,924	14,731	15,074	5.5	%
Newforma, Inc. (Revolver) <sup>(f)</sup>	L+7.50%	9.80	% 6/30/2022	1,250	-	-	0.0	%
Prototek Sheetmetal Fabrication, LLC	L+7.50%	9.38	% 12/12/2022	3,491	3,426	3,507	1.3	%
Prototek Sheetmetal Fabrication, LLC (Delayed Draw) <sup>(f) (g)</sup>	L+7.50%	9.38	% 12/12/2022	2,334	-	-	0.0	%
Prototek Sheetmetal Fabrication, LLC (Revolver) <sup>(f)</sup>	L+7.50%	9.38	% 12/12/2022	233	-	-	0.0	%
RPL Bidco Limited <sup>(e) (m) (n)</sup>	L+7.50%	8.02	% 11/9/2023	9,811	9,064	9,914	3.6	%
RPL Bidco Limited (Revolver) <sup>(e) (f) (m) (n)</sup>	L+7.50%	8.02	% 11/9/2023	561	-	-	0.0	%
				51,860	44,558	46,371	17.0	%



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Hotels, Gaming & Leisure									
BC Equity Ventures LLC	L+6.50%	8.49	%	8/31/2022	2,579	2,538	2,620	1.0	%
		11.30%							
Miles Partnership LLC	L+11.00%	Cash/ 2.00%		3/24/2021	5,881	5,851	5,881	2.1	%
		PIK							
		11.30%							
Miles Partnership LLC (Delayed Draw) <sup>(f) (g)</sup>	L+11.00%	Cash/ 2.00%		3/24/2021	1,410	1,063	1,063	0.4	%
		PIK							
		11.30%							
Miles Partnership LLC (Revolver) <sup>(f)</sup>	L+11.00%	Cash/ 2.00%		3/24/2021	320	-	-	0.0	%
		PIK							
		9.16%							
TRG, LLC	L+12.10%	Cash/ 4.60%	<sup>(o)</sup>	3/31/2021	17,100	17,023	18,340	6.7	%
		PIK							
		9.16%							
TRG, LLC (CapEx) <sup>(f)</sup>	L+9.50%	Cash/ 2.00%		3/31/2021	1,636	1,348	1,452	0.5	%
		PIK							
TRG, LLC (Revolver) <sup>(f)</sup>	L+9.50%	11.16	%	3/31/2021	262	131	141	0.1	%
					29,188	27,954	29,497	10.8	%
Media: Advertising, Printing & Publishing									
AdTheorent, Inc.	L+10.50%	12.16	%	12/22/2021	4,875	4,800	4,863	1.8	%
Destination Media, Inc. <sup>(h)</sup>	L+6.50%	8.38	%	4/7/2022	7,800	7,703	7,769	2.8	%
Destination Media, Inc. (Revolver) <sup>(f)</sup>	L+6.50%	8.38	%	4/7/2022	542	-	-	0.0	%
MC Sign Lessor Corp.	L+7.00%	8.66	%	12/22/2022	10,000	9,809	10,075	3.7	%
MC Sign Lessor Corp. (Delayed Draw) <sup>(f) (g)</sup>	L+7.00%	8.66	%	12/22/2022	2,083	-	-	0.0	%
MC Sign Lessor Corp. (Revolver) <sup>(f)</sup>	L+7.00%	8.66	%	12/22/2022	625	-	-	0.0	%
					25,925	22,312	22,707	8.3	%
Media: Broadcasting & Subscription									
Jerry Lee Radio, LLC	L+9.50%	11.38	%	12/17/2020	11,204	11,034	11,204	4.1	%
					11,204	11,034	11,204	4.1	%
Retail									
Forman Mills, Inc. <sup>(h)</sup>	L+7.50%	9.38	%	10/4/2021	8,458	8,332	8,415	3.1	%
LuLu's Fashion Lounge, LLC	L+7.00%	8.88	%	8/28/2022	4,812	4,682	4,909	1.8	%
The Worth Collection, Ltd. <sup>(h)</sup>	L+8.50%	10.38	%	9/29/2021	10,588	10,430	9,105	3.3	%
Yandy Holding, LLC	L+9.00%	10.88	%	9/30/2019	4,385	4,362	4,299	1.6	%
Yandy Holding, LLC (Revolver) <sup>(f)</sup>	L+9.00%	10.88	%	9/30/2019	907	-	-	0.0	%
					29,150	27,806	26,728	9.8	%
Services: Business									
APCO Worldwide, Inc.	L+8.00%	9.88	%	6/30/2022	5,000	4,912	5,040	1.9	%
Burroughs, Inc. <sup>(h)</sup>	L+7.50%	9.16	%	12/22/2022	6,000	5,913	6,027	2.2	%

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Burroughs, Inc. (Revolver) <sup>(f)</sup>	L+7.50%	9.16	%	12/22/2022	750	375	375	0.1	%
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## MONROE CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS – (continued)

March 31, 2018

(in thousands, except for shares and units)

Portfolio Company <sup>(a)</sup>	Spread Above Index <sup>(b)</sup>	Interest Rate	Maturity	Principal	Amortized Cost	Fair Value <sup>(c)</sup>	% of Net Assets <sup>(d)</sup>	
Curion Holdings, LLC <sup>(h)</sup>	L+7.00%	8.88	% 5/2/2022	3,859	\$3,810	\$3,792	1.4	%
Curion Holdings, LLC (Revolver) <sup>(f)</sup>	L+7.00%	8.88	% 5/2/2022	308	77	75	0.0	%
EB Employee Solutions, LLC <sup>(h)</sup>	L+8.00%	9.88	% 2/28/2019	3,170	3,149	3,107	1.1	%
First Call Resolution, LLC <sup>(h)</sup>	L+7.00%	8.66	% 9/22/2022	4,988	4,909	5,137	1.9	%
Madison Logic, Inc. <sup>(h)</sup>	L+8.00%	9.88	% 11/30/2021	10,172	10,013	10,172	3.7	%
Madison Logic, Inc. (Revolver) <sup>(f)</sup>	L+8.00%	9.88	% 11/30/2021	988	-	-	0.0	%
				35,235	33,158	33,725	12.3	%
Services: Consumer								
PeopleConnect Intermediate, LLC	L+6.50%	8.20	% 7/1/2020	4,476	4,425	4,476	1.7	%
PeopleConnect Intermediate, LLC	L+12.50%	14.20	% 7/1/2020	4,738	4,681	4,726	1.7	%
PeopleConnect Intermediate, LLC (Revolver) <sup>(f)</sup>	L+9.50%	11.20	% 7/1/2020	236	118	118	0.0	%
				9,450	9,224	9,320	3.4	%
Telecommunications								
		10.16%						
Peerless Network, Inc. <sup>(h)</sup>	L+9.25%	Cash/ 0.75% PIK	<sup>(p)</sup> 12/11/2020	2,964	2,919	2,985	1.1	%
				2,964	2,919	2,985	1.1	%
Utilities: Electric								
CRCI Holdings, Inc.	L+5.50%	8.17	% 8/31/2023	2,782	2,760	2,797	1.0	%
				2,782	2,760	2,797	1.0	%
Wholesale								
Mid-West Wholesale Hardware Co. <sup>(h)</sup>	L+8.00%	9.88	% 2/9/2022	16,527	16,250	16,502	6.0	%
Mid-West Wholesale Hardware Co. (Revolver) <sup>(f)</sup>	L+8.00%	9.88	% 2/9/2022	4,421	632	631	0.2	%
Nearly Natural, Inc. <sup>(h)</sup>	L+7.00%	9.30	% 12/15/2022	6,983	6,849	6,990	2.6	%
Nearly Natural, Inc. (Revolver) <sup>(f)</sup>	L+7.00%	9.30	% 12/15/2022	1,522	-	-	0.0	%
				29,453	23,731	24,123	8.8	%
Total								
Non-Controlled/Non-Affiliate Senior Secured Loans				366,420	326,757	330,660	121.1	%

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**Unitranche Secured Loans <sup>(q)</sup>**

Chemicals, Plastics & Rubber

MFG Chemical, LLC <sup>(h)</sup>	L+6.00%	7.88	%	6/23/2022	10,477	10,337	10,461	3.8	%
MFG Chemical, LLC (Delayed Draw) <sup>(f) (g)</sup>	L+6.00%	7.88	%	6/23/2022	1,135	-	-	0.0	%

Consumer Goods: Non-Durable

Incipio Technologies, Inc. <sup>(r)</sup>	L+10.80%	12.13% Cash/ 0.55%	(ab)	12/26/2019	13,803	13,675	13,396	4.9	%
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Incipio Technologies, Inc.	L+10.80%	11.97% Cash/ 0.55%	(ab)	12/26/2019	2,110	2,110	2,048	0.8	%
		PIK			15,913	15,785	15,444	5.7	%

Healthcare & Pharmaceuticals

Collaborative Neuroscience Network, LLC	L+11.50%	13.38	%	4/27/2018	6,120	6,080	5,909	2.2	%
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Collaborative Neuroscience Network, LLC	n/a	12.00% Cash/ 3.00%		4/27/2018	297	297	297	0.1	%
		PIK							

Collaborative Neuroscience Network, LLC (Revolver)	L+10.00%	11.88	%	4/27/2018	200	191	195	0.1	%
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Priority Ambulance, LLC <sup>(h)</sup>	L+6.50%	8.80	%	4/12/2022	9,258	9,098	9,263	3.4	%
Priority Ambulance, LLC	L+6.50%	8.79	%	4/12/2022	676	676	676	0.2	%
					16,551	16,342	16,340	6.0	%

Hotels, Gaming & Leisure

Playtime, LLC	L+7.50%	9.38	%	12/31/2021	4,014	4,014	3,731	1.4	%
					4,014	4,014	3,731	1.4	%

Total

Non-Controlled/Non-Affiliate Unitranche Secured Loans					48,090	46,478	45,976	16.9	%
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Junior Secured Loans

Aerospace & Defense

AIM Aerospace, Inc.	L+9.00%	10.77	%	8/2/2022	5,000	4,945	5,000	1.8	%
					5,000	4,945	5,000	1.8	%

Banking, Finance, Insurance & Real Estate

Confie Seguros Holdings II Co.	L+9.50%	11.48	%	5/8/2019	8,594	8,401	8,347	3.1	%
					8,594	8,401	8,347	3.1	%

Beverage, Food & Tobacco

CSM Bakery Supplies LLC	L+7.75%	9.45	%	7/3/2021	5,792	5,792	5,570	2.1	%
					5,792	5,792	5,570	2.1	%

**MONROE CAPITAL CORPORATION****CONSOLIDATED SCHEDULE OF INVESTMENTS – (continued)****March 31, 2018****(in thousands, except for shares and units)**

<b>Portfolio Company (a)</b>	<b>Spread Above Index (b)</b>	<b>Interest Rate</b>	<b>Maturity</b>	<b>Principal</b>	<b>Amortized Cost</b>	<b>Fair Value (c)</b>	<b>% of Net Assets (d)</b>
<b>Healthcare &amp; Pharmaceuticals</b>							
Heartland Dental, LLC	L+8.50%	10.38 %	7/31/2024	3,000	\$2,958	\$3,048	1.1 %
				3,000	2,958	3,048	1.1 %
<b>High Tech Industries</b>							
Answers Finance, LLC	P+7.90%	9.00 % <sup>(s)</sup>	9/15/2021	393	391	386	0.1 %
Micro Holdings Corp.	L+7.50%	9.28 %	8/18/2025	3,000	2,972	3,043	1.1 %
				3,393	3,363	3,429	1.2 %
<b>Media: Broadcasting &amp; Subscription</b>							
Mergermarket Bidco Limited	L+7.25%	9.04 %	8/3/2025	4,500	4,456	4,538	1.7 %
				4,500	4,456	4,538	1.7 %
<b>Media: Diversified &amp; Production</b>							
The Octave Music Group, Inc.	L+8.25%	9.94 %	5/29/2022	5,000	4,949	5,006	1.8 %
				5,000	4,949	5,006	1.8 %
<b>Services: Consumer</b>							
Education Corporation of America	L+11.00%	13.31 %	12/31/2018	625	621	625	0.2 %
Pre-Paid Legal Services, Inc. (Legal Shield)	L+9.00%	10.88 %	7/1/2020	3,000	3,000	3,015	1.1 %
				3,625	3,621	3,640	1.3 %
<b>Total</b>							
Non-Controlled/Non-Affiliate Junior Secured Loans				38,904	38,485	38,578	14.1 %
<b>Equity Securities (t) (u)</b>							
<b>Banking, Finance, Insurance &amp; Real Estate</b>							
PKS Holdings, LLC (warrant to purchase 14,247 class A preferred units) (e)		- (v)	11/30/2027	-	116	120	0.0 %
					116	120	0.0 %
<b>Healthcare &amp; Pharmaceuticals</b>							
Collaborative Neuroscience Network, LLC (warrant to purchase up to 2 LLC units)	-	- (v)	12/27/2022	-	-	-	0.0 %

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Collaborative Neuroscience Network, LLC (warrant to purchase up to 2 LLC units)	-	-	(v)	12/31/2027	-	-	-	0.0	%
								0.0	%
High Tech Industries									
Answers Finance, LLC (76,539 shares of common stock)	-	-	(v)	-	-	2,413	1,167	0.4	%
						2,413	1,167	0.4	%
Hotels, Gaming & Leisure									
Playtime, LLC - Preferred Units (8,665 units)	-	-	(v)	-	-	200	13	0.0	%
						200	13	0.0	%
Media: Advertising, Printing & Publishing									
AdTheorent, Inc. (128,866 class A voting units)	-	-	(v)	-	-	129	122	0.0	%
InMobi Pte, Ltd. (represents the right to purchase 2.80% of the equity) <sup>(e)</sup> <sup>(m)</sup>	-	-	(v)	9/18/2025	-	-	219	0.1	%
						129	341	0.1	%
Retail									
The Tie Bar Operating Company, LLC - Class A Preferred Units (1,275 units)	-	-	-	-	-	86	122	0.0	%
The Tie Bar Operating Company, LLC - Class B Preferred Units (1,275 units)	-	-	-	-	-	1	-	0.0	%
						87	122	0.0	%
Services: Business									
APCO Worldwide, Inc. (100 class A voting common stock)	-	-	(v)	-	-	395	427	0.2	%
						395	427	0.2	%
Services: Consumer									
Education Corporation of America - Series G Preferred Stock (8,333 shares)	-	12.00	-	-	-	8,627	8,503	3.2	%
		%PIK				8,627	8,503	3.2	%
Wholesale									
Nearly Natural, Inc. (152,174 class A units)	-	-	(v)	-	-	152	151	0.1	%
						152	151	0.1	%
Total									
Non-Controlled/Non-Affiliate Equity Securities						12,119	10,844	4.0	%
Total									
Non-Controlled/Non-Affiliate Company Investments						\$423,839	\$426,058	156.1	%

## MONROE CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS – (continued)

March 31, 2018

(in thousands, except for shares and units)

Portfolio Company <sup>(a)</sup>	Spread Above Index <sup>(b)</sup>	Interest Rate	Maturity	Principal	Amortized Cost	Fair Value <sup>(c)</sup>	% of Net Assets <sup>(d)</sup>
<b>Non-Controlled Affiliate Company Investments <sup>(w)</sup></b>							
Senior Secured Loans							
Banking, Finance, Insurance & Real Estate							
American Community Homes, Inc.	L+10.00%	11.88 % 11.88%	7/22/2019	7,333	\$ 7,272	\$ 7,366	2.7 %
American Community Homes, Inc.	L+14.50%	Cash/ 4.50% PIK 11.88%	7/22/2019	4,296	4,265	4,334	1.6 %
American Community Homes, Inc.	L+14.50%	Cash/ 4.50% PIK	n/a <sup>(x)</sup>	549	543	549	0.2 %
American Community Homes, Inc.	L+10.00%	11.88 % 11.88%	7/22/2019	444	436	447	0.2 %
American Community Homes, Inc.	L+14.50%	Cash/ 4.50% PIK	7/22/2019	231	227	233	0.1 %
American Community Homes, Inc. (Delayed Draw) <sup>(f) (g)</sup>	L+10.00%	11.88 % 11.88%	7/22/2019	444	-	-	0.0 %
American Community Homes, Inc. (Delayed Draw) <sup>(f) (g)</sup>	L+14.50%	Cash/ 4.50% PIK	7/22/2019	222	-	-	0.0 %
Consumer Goods: Non-Durable				13,519	12,743	12,929	4.8 %
Millennial Brands LLC	n/a	12.00% PIK <sup>(y)</sup>	8/29/2019	1,157	1,157	-	0.0 %
Millennial Brands LLC	n/a	15.00% PIK <sup>(y)</sup>	8/29/2019	422	416	-	0.0 %
Millennial Brands LLC	n/a	<sup>(y)</sup>	9/30/2018	235	235	-	0.0 %

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		17.00%							
		PIK							
Millennial Brands LLC	n/a	16.50%	(y)	8/29/2019	550	534	541	0.2	%
		PIK			2,364	2,342	541	0.2	%
Containers, Packaging & Glass									
		12.00%							
Summit Container Corporation (h)	L+12.00%	Cash/ 2.00%		1/6/2019	3,611	3,601	3,452	1.2	%
		PIK							
		12.00%							
Summit Container Corporation (h)	L+12.00%	Cash/ 2.00%		1/6/2019	1,515	1,515	1,515	0.6	%
		PIK							
					5,126	5,116	4,967	1.8	%
Healthcare & Pharmaceuticals									
Rockdale Blackhawk, LLC	L+13.00%	14.88	%	3/31/2020	10,922	10,409	10,687	3.9	%
Rockdale Blackhawk, LLC (Capex)	L+13.00%	14.88	%	3/31/2020	549	549	537	0.2	%
Rockdale Blackhawk, LLC (Revolver)	L+13.00%	14.88	%	3/31/2020	1,849	1,849	1,805	0.7	%
Rockdale Blackhawk, LLC (Revolver)	L+13.00%	14.88	%	3/31/2020	3,236	3,236	3,158	1.1	%
Rockdale Blackhawk, LLC (Revolver)	L+13.00%	14.88	%	3/31/2020	1,387	1,387	1,353	0.5	%
SHI Holdings, Inc. (h)	L+10.25%	12.13	%	7/10/2019	2,618	2,605	2,618	1.0	%
SHI Holdings, Inc. (Revolver) (f)	L+10.25%	12.13	%	7/10/2019	3,136	2,545	2,553	0.9	%
					23,697	22,580	22,711	8.3	%
Retail									
Luxury Optical Holdings Co.	L+8.00%	9.88%		9/12/2019	4,352	4,325	3,858	1.4	%
		PIK							
Luxury Optical Holdings Co. (Delayed Draw) (f) (g)	L+11.50%	13.38	%	9/12/2019	1,059	623	623	0.2	%
Luxury Optical Holdings Co. (Revolver)	L+8.00%	9.88%		9/12/2019	201	201	178	0.1	%
		PIK							
TPP Operating, Inc.	L+6.00%	7.88%	(y)	11/8/2018	9,370	9,330	-	0.0	%
		PIK							
TPP Operating, Inc.	L+6.00%	7.88	%(y)	11/8/2018	7,672	7,630	38	0.0	%
TPP Operating, Inc.	L+9.61%	11.49	%(y)	11/8/2018	4,336	4,289	3,610	1.3	%
					26,990	26,398	8,307	3.0	%
Total Non-Controlled Affiliate Senior Secured Loans					71,696	69,179	49,455	18.1	%
Junior Secured Loans									
Consumer Goods: Non-Durable									
Millennial Brands LLC	n/a	15.00%	(y)	5/1/2020	2,011	2,011	-	0.0	%
		PIK							
					2,011	2,011	-	0.0	%
Total Non-Controlled Affiliate Company Junior Secured Loans					2,011	2,011	-	0.0	%



**Equity Securities** <sup>(u)</sup>

Banking, Finance, Insurance &  
Real Estate

American Community Homes, Inc. (warrant to purchase up to 9.0% of the equity)	-	-	(v)	10/9/2024	-	-	227	0.1	%	
							-	227	0.1	%
Consumer Goods: Non-Durable Millennial Brands LLC	-	-	(v)	-	-	-	-	-	0.0	%
Millennial Brands LLC	n/a	15.00%	(y)	-	-	967	-	-	0.0	%
		PIK				967	-	-	0.0	%

## MONROE CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS – (continued)

March 31, 2018

(in thousands, except for shares and units)

Portfolio Company <sup>(a)</sup>	Spread Above Index <sup>(b)</sup>	Interest Rate	Maturity	Principal	Amortized Cost	Fair Value <sup>(c)</sup>	% of Net Assets <sup>(d)</sup>
Containers, Packaging & Glass							
Summit Container Corporation (warrant to purchase up to 19.50% of the equity)	-	- (v)	1/6/2024	-	\$-	\$-	0.0 %
					-	-	0.0 %
Healthcare & Pharmaceuticals							
Rockdale Blackhawk, LLC - LLC Units (22.65% of the LLC interest)	-	- (v)	-	-	1,093	3,342	1.2 %
SHI Holdings, Inc. (24 shares of common stock)	-	- (v)	-	-	27	619	0.2 %
					1,120	3,961	1.4 %
Retail							
Luxury Optical Holdings Co. (86 shares of common stock)	-	- (v)	-	-	-	-	0.0 %
TPP Operating, Inc. (24 shares of common stock)	-	- (v)	-	-	1,953	-	0.0 %
TPP Operating, Inc. (16 shares of common stock) <sup>(z)</sup>	-	- (v)	-	-	1,302	-	0.0 %
					3,255	-	0.0 %
Total Non-Controlled Affiliate Equity Securities					5,342	4,188	1.5 %
Total Non-Controlled Affiliate Company Investments					\$76,532	\$53,643	19.6 %
<b>Controlled Affiliate Company Investments <sup>(aa)</sup></b>							
Equity Securities							
Investment Funds & Vehicles							
MRCC Senior Loan Fund I, LLC <sup>(e)</sup>	-	-	-	-	15,750	16,333	6.0 %
Total Controlled Affiliate Equity Securities					15,750	16,333	6.0 %
Total Controlled Affiliate Company Investments					\$15,750	\$16,333	6.0 %
<b>TOTAL INVESTMENTS</b>					<b>\$516,121</b>	<b>\$496,034</b>	<b>181.7 %</b>

(a) All of our investments are issued by eligible portfolio companies, as defined in the Investment Company Act of 1940 (the “1940 Act”), unless otherwise noted. All of our investments are issued by U.S. portfolio companies unless otherwise noted.

(b) The majority of the investments bear interest at a rate that may be determined by reference to London Interbank Offered Rate (“LIBOR” or “L”) or Prime Rate (“Prime” or “P”) which reset daily, monthly, quarterly, or semiannually. For each such investment, the Company has provided the spread over LIBOR or Prime and the current contractual interest rate in effect at March 31, 2018. Certain investments are subject to a LIBOR or Prime interest rate floor, or rate cap.

(c) Because there is no readily available market value for these investments, the fair value of these investments is determined in good faith using significant unobservable inputs by our board of directors as required by the Investment Company Act of 1940. (See Note 4 in the accompanying notes to the consolidated financial statements.)

**MONROE CAPITAL CORPORATION**

**CONSOLIDATED SCHEDULE OF INVESTMENTS – (continued)**

**March 31, 2018**

**(in thousands, except for shares and units)**

(d) Percentages are based on net assets of \$273,005 as of March 31, 2018.

(e) This investment is treated as a non-qualifying investment under Section 55(a) of the 1940 Act. Under the 1940 Act, the Company may not acquire any non-qualifying asset unless, at the time the acquisition is made, qualifying assets represent at least 70% of the Company's total assets. As of March 31, 2018, non-qualifying assets totaled 14.26% of the Company's total assets.

(f) All or a portion of this commitment was unfunded at March 31, 2018. As such, interest is earned only on the funded portion of this commitment.

(g) This delayed draw loan requires that certain financial covenants be met by the portfolio company prior to any fundings.

(h) All of this loan is held in the Company's wholly-owned subsidiary, Monroe Capital Corporation SBIC, LP and is therefore not collateral to the Company's revolving credit facility.

(i) A portion of this loan (principal of \$2,086) is held in the Company's wholly-owned subsidiary, Monroe Capital Corporation SBIC, LP and is therefore not collateral to the Company's revolving credit facility.

(j) A portion of the PIK interest rate for Cornerstone Detention Products, Inc. is structured as a fee paid upon the termination of the commitment. The fee currently accrues at 2.33% per annum.

(k) This investment represents a senior secured note that is traded in the secondary bond market.

(l) The PIK portion of the interest rate for Landpoint, LLC is structured as a fee paid upon the termination of the commitment. The fee currently accrues at 2.25% per annum.

(m) This is an international company.

(n) This term loan is denominated in Great Britain pounds and is translated into U.S. dollars as of the valuation date.

(o) A portion of the PIK interest rate for TRG, LLC is structured as a fee paid upon the termination of the commitment. The fee currently accrues at 2.60% per annum.

- (p) The PIK portion of the interest rate for Peerless Network, Inc. is structured as a fee paid upon the termination of the commitment. The fee currently accrues at 0.75% per annum.
- (q) The Company structures its unitranche secured loans as senior secured loans. The Company obtains security interests in the assets of these portfolio companies that serve as collateral in support of the repayment of these loans. This collateral may take the form of first-priority liens on the assets of a portfolio company. Generally, the Company syndicates a “first out” portion of the loan to an investor and retains a “last out” portion of the loan, in which case the “first out” portion of the loan will generally receive priority with respect to payments of principal, interest and any other amounts due thereunder. Unitranche structures combine characteristics of traditional first lien senior secured as well as second lien and subordinated loans and the Company’s unitranche secured loans will expose the Company to the risks associated with second lien and subordinated loans and may limit the Company’s recourse or ability to recover collateral upon a portfolio company’s bankruptcy. Unitranche secured loans typically provide for moderate loan amortization in the initial years of the facility, with the majority of the amortization deferred until loan maturity. Unitranche secured loans generally allow the borrower to make a large lump sum payment of principal at the end of the loan term, and there is a risk of loss if the borrower is unable to pay the lump sum or refinance the amount owed at maturity. In many cases the Company, together with its affiliates, are the sole or majority lender of these unitranche secured loans, which can afford the Company additional influence with a borrower in terms of monitoring and, if necessary, remediation in the event of underperformance.
- (r) A portion of this loan (principal of \$5,061) is held in the Company’s wholly-owned subsidiary, Monroe Capital Corporation SBIC, LP and is therefore not collateral to the Company’s revolving credit facility.
- (s) This term loan is subject to a prime rate cap of 1.10%.
- (t) Represents less than 5% ownership of the portfolio company’s voting securities.
- (u) Ownership of certain equity investments may occur through a holding company or partnership.
- (v) Represents a non-income producing security.
- (w) As defined in the 1940 Act, the Company is deemed to be an “Affiliated Person” of the portfolio company as it owns five percent or more of the portfolio company’s voting securities. See Note 5 in the accompanying notes to the consolidated financial statements for additional information on transactions in which the issuer was an Affiliated Person (but not a portfolio company that the Company is deemed to control).
- (x) This is a demand note with no stated maturity.
- (y) This position was on non-accrual status as of March 31, 2018, meaning that the Company has ceased accruing interest income on the position. See Note 2 in the accompanying notes to the consolidated financial statements for additional information on the Company’s accounting policies.
- (z) This investment is held in a wholly owned entity, MCC Holdco Equity Manager I, LLC (“MCC Holdco”), which has an independent manager who has full control over the operations of MCC Holdco, including the right to vote the shares of TPP Holdco LLC, the holding company which owns the Company’s equity interest in TPP. See Note 5 in the accompanying notes to the consolidated financial statements for additional information.
- (aa) As defined in the 1940 Act, the Company is deemed to be both an “Affiliated Person” of and to “Control” this portfolio company as it owns more than 25% in company’s voting securities. See Note 5 in the accompanying notes to the consolidated financial statements for additional information on transactions in which the issuer was both an Affiliated Person and a portfolio company that the Company is deemed to Control.

(ab) The PIK portion of the interest rate for Incipio Technologies, Inc. is structured as a fee paid upon the termination of the commitment. The fee currently accrues at 0.55% per annum.

n/a - not applicable

See Notes to Consolidated Financial Statements.

## MONROE CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2017

(in thousands, except for shares and units)

Portfolio Company <sup>(a)</sup>	Spread Above Index <sup>(b)</sup>	Interest Rate	Maturity	Principal	Amortized Cost	Fair Value <sup>(c)</sup>	% of Net Assets <sup>(d)</sup>	
Non-Controlled/Non-Affiliate Company Investments								
Senior Secured Loans								
Banking, Finance, Insurance & Real Estate								
Echelon Funding I, LLC (Delayed Draw) <sup>(e) (f) (g)</sup>	L+10.25%	11.61	% 2/24/2021	15,750	\$ 15,415	\$ 15,654	5.6	%
HFZ Capital Group, LLC <sup>(e)</sup>	L+10.00%	11.36	% 10/20/2019	18,000	17,613	17,991	6.5	%
Liftforward SPV II, LLC <sup>(e) (f)</sup>	L+10.75%	12.32	% 11/10/2020	10,000	4,212	4,268	1.5	%
PKS Holdings, LLC <sup>(e)</sup>	L+9.50%	10.85	% 11/30/2022	1,800	1,640	1,719	0.6	%
PKS Holdings, LLC (Revolver) <sup>(e) (f)</sup>	L+9.50%	10.85	% 11/30/2022	80	—	—	0.0	%
				45,630	38,880	39,632	14.2	%
Beverage, Food & Tobacco								
All Holding Company, LLC <sup>(h)</sup>	L+7.00%	8.57	% 11/15/2021	5,328	5,246	5,368	1.9	%
California Pizza Kitchen, Inc.	L+6.00%	7.57	% 8/23/2022	6,913	6,850	6,791	2.5	%
				12,241	12,096	12,159	4.4	%
Construction & Building								
Cali Bamboo, LLC	L+8.00%	9.57	% 7/10/2020	5,319	5,266	5,319	1.9	%
Cali Bamboo, LLC (Revolver) <sup>(f)</sup>	L+8.00%	9.57	% 7/10/2020	2,165	1,039	1,039	0.4	%
Cornerstone Detention Products, Inc. <sup>(i)</sup>	L+11.83%	10.07% Cash/ 3.33% PIK	<sup>(j)</sup> 4/8/2019	3,521	3,501	3,500	1.3	%
Cornerstone Detention Products, Inc. (Revolver) <sup>(f)</sup>	L+8.50%	10.07	% 4/8/2019	400	200	199	0.1	%
TRP Construction Group, LLC <sup>(h)</sup>	L+6.50%	8.07	% 10/5/2022	8,000	7,845	7,992	2.9	%
TRP Construction Group, LLC (Revolver) <sup>(f)</sup>	L+6.50%	8.07	% 10/5/2022	2,134	—	—	0.0	%
				21,539	17,851	18,049	6.6	%
Consumer Goods: Durable								
Parterre Flooring & Surface Systems, LLC <sup>(h)</sup>	L+7.25%	8.82	% 8/22/2022	11,850	11,625	11,808	4.2	%
Parterre Flooring & Surface Systems, LLC (Revolver) <sup>(f)</sup>	L+7.25%	8.82	% 8/22/2022	2,400	—	—	0.0	%
				14,250	11,625	11,808	4.2	%
Consumer Goods: Non-Durable								

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Bluestem Brands, Inc.	L+7.50%	9.07	% 11/6/2020	2,597	2,581	1,829	0.7	%
Gibson Brands, Inc. <sup>(k)</sup>	8.88%	8.88	% 8/1/2018	10,000	8,664	8,435	3.0	%
Solaray, LLC	L+6.50%	8.02	% 9/9/2023	3,264	3,236	3,264	1.2	%
Solaray, LLC (Delayed Draw)	L+6.50%	8.19	% 9/9/2023	699	699	699	0.3	%
				16,560	15,180	14,227	5.2	%
Energy: Oil & Gas								
		12.07%						
Landpoint, LLC	L+12.75%	Cash/ 2.25%	<sup>(l)</sup> 12/20/2019	2,386	2,372	2,352	0.8	%
		PIK						
Landpoint, LLC (Revolver) <sup>(f)</sup>	L+10.50%	12.07	% 12/20/2019	313	—	—	0.0	%
				2,699	2,372	2,352	0.8	%
Environmental Industries								
Synergy Environmental Corporation <sup>(h)</sup>	L+8.00%	9.57	% 4/29/2021	3,011	2,958	3,036	1.1	%
Synergy Environmental Corporation <sup>(h)</sup>	L+8.00%	9.57	% 4/29/2021	504	495	508	0.2	%
Synergy Environmental Corporation (Delayed Draw) <sup>(f) (g)</sup>	L+8.00%	9.57	% 4/29/2018	1,342	859	866	0.3	%
Synergy Environmental Corporation (Revolver) <sup>(f)</sup>	L+8.00%	9.57	% 4/29/2021	671	47	47	0.0	%
				5,528	4,359	4,457	1.6	%

See Notes to Consolidated Financial Statements.



## MONROE CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS – (continued)

December 31, 2017

(in thousands, except for shares and units)

Portfolio Company <sup>(a)</sup>	Spread Above Index <sup>(b)</sup>	Interest Rate	Maturity	Principal	Amortized Cost	Fair Value <sup>(c)</sup>	% of Net Assets <sup>(d)</sup>	
Healthcare & Pharmaceuticals								
American Optics Holdco, Inc. <sup>(e) (m)</sup>	L+8.00%	9.57	% 9/13/2022	4,133	\$ 4,055	\$ 4,136	1.5	%
American Optics Holdco, Inc. (Revolver) <sup>(e) (f) (m)</sup>	L+8.00%	9.57	% 9/13/2022	440	—	—	0.0	%
American Optics Holdco, Inc. <sup>(e) (m)</sup>	L+8.00%	9.57	% 9/13/2022	760	746	761	0.3	%
American Optics Holdco, Inc. (Revolver) <sup>(e) (f) (m)</sup>	L+8.00%	9.57	% 9/13/2022	440	—	—	0.0	%
Beaver-Visitec International Holdings, Inc.	L+5.00%	6.69	% 8/19/2023	4,938	4,895	4,938	1.8	%
Edge Systems Holdings Corp.	L+7.75%	9.32	% 12/1/2021	3,384	3,329	3,445	1.2	%
Edge Systems Holdings Corp. (Revolver) <sup>(f)</sup>	P+6.75%	11.25	% 12/1/2021	260	—	—	0.0	%
Familia Dental Group Holdings, LLC <sup>(h)</sup>	L+8.00%	9.57	% 4/8/2021	5,259	5,199	5,322	1.9	%
Familia Dental Group Holdings, LLC	L+8.00%	9.57	% 4/8/2021	506	506	512	0.2	%
Familia Dental Group Holdings, LLC (Revolver) <sup>(f)</sup>	L+8.00%	9.57	% 4/8/2021	573	344	344	0.1	%
				20,693	19,074	19,458	7.0	%
High Tech Industries								
Answers Finance, LLC	L+5.00%	6.57	% 4/15/2021	253	251	249	0.1	%
Corbett Technology Solutions, Inc. <sup>(h)</sup>	L+7.00%	8.57	% 11/7/2021	4,275	4,224	4,318	1.5	%
Corbett Technology Solutions, Inc. (Revolver) <sup>(f)</sup>	L+7.00%	8.57	% 11/7/2021	867	607	607	0.2	%
Energy Services Group, LLC	L+9.82%	11.39	% 5/4/2022	4,620	4,568	4,678	1.7	%
Energy Services Group, LLC <sup>(e) (n)</sup>	L+9.82%	10.82	% 5/4/2022	2,495	2,361	2,509	0.9	%
Energy Services Group, LLC (Delayed Draw) <sup>(f) (g)</sup>	L+9.82%	11.39	% 5/4/2022	1,313	1,096	1,126	0.4	%
Newforma, Inc. <sup>(h)</sup>	L+7.50%	9.19	% 6/30/2022	14,962	14,754	15,060	5.4	%
Newforma, Inc. (Revolver) <sup>(f)</sup>	L+7.50%	9.19	% 6/30/2022	1,250	—	—	0.0	%
Prototek Sheetmetal Fabrication, LLC	L+7.50%	9.07	% 12/12/2022	3,500	3,430	3,430	1.2	%
Prototek Sheetmetal Fabrication, LLC (Delayed Draw) <sup>(f) (g)</sup>	L+7.50%	9.07	% 12/12/2022	2,334	—	—	0.0	%
Prototek Sheetmetal Fabrication, LLC (Revolver) <sup>(f)</sup>	L+7.50%	9.07	% 12/12/2022	233	—	—	0.0	%

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RPL Bidco Limited <sup>(e) (m) (n)</sup>	L+7.50%	8.02	% 11/9/2023	9,459	9,057	9,516	3.4	%
RPL Bidco Limited (Revolver) <sup>(e) (f) (m) (n)</sup>	L+7.50%	8.02	% 11/9/2023	540	—	—	0.0	%
				46,101	40,348	41,493	14.8	%
Hotels, Gaming & Leisure								
BC Equity Ventures LLC	L+6.50%	8.07	% 8/31/2022	2,586	2,543	2,624	0.9	%
Miles Partnership LLC	L+8.50%	10.19	% 3/24/2021	5,946	5,910	6,005	2.2	%
Miles Partnership LLC (Delayed Draw) <sup>(f) (g)</sup>	L+8.50%	10.19	% 3/24/2021	1,422	1,074	1,085	0.4	%
Miles Partnership LLC (Revolver) (f)	L+8.50%	10.19	% 3/24/2021	320	—	—	0.0	%
		8.86%						
TRG, LLC	L+12.42%	Cash/ 4.92%	<sup>(o)</sup> 3/31/2021	17,088	17,000	17,190	6.2	%
		PIK 8.86%						
TRG, LLC (CapEx) <sup>(f)</sup>	L+9.50%	Cash/ 2.00%	3/31/2021	1,629	1,340	1,354	0.5	%
		PIK						
TRG, LLC (Revolver) <sup>(f)</sup>	L+9.50%	10.86	% 3/31/2021	262	131	131	0.0	%
		8.57%						
Vacation Innovations, LLC <sup>(p)</sup>	L+9.31%	Cash/ 2.31%	<sup>(q)</sup> 8/20/2020	9,282	9,170	10,040	3.6	%
		PIK 8.57%						
Vacation Innovations, LLC (Delayed Draw) <sup>(f) (g)</sup>	L+7.50%	Cash/ 0.50%	8/20/2020	2,037	—	—	0.0	%
		PIK 8.57%						
Vacation Innovations, LLC (Revolver)	L+7.50%	Cash/ 0.50%	8/20/2020	342	342	342	0.1	%
		PIK						
				40,914	37,510	38,771	13.9	%

See Notes to Consolidated Financial Statements.

## MONROE CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS – (continued)

December 31, 2017

(in thousands, except for shares and units)

Portfolio Company <sup>(a)</sup>	Spread Above Index <sup>(b)</sup>	Interest Rate	Maturity	Principal	Amortized Cost	Fair Value <sup>(c)</sup>	% of Net Assets <sup>(d)</sup>	
Media: Advertising, Printing & Publishing								
AdTheorent, Inc.	L+8.50%	9.86	% 12/22/2021	4,906	\$ 4,824	\$ 4,937	1.8	%
Destination Media, Inc. <sup>(h)</sup>	L+6.50%	8.07	% 4/7/2022	7,850	7,747	7,991	2.8	%
Destination Media, Inc. (Revolver) <sup>(f)</sup>	L+6.50%	8.07	% 4/7/2022	542	—	—	0.0	%
MC Sign Lessor Corp.	L+7.00%	8.53	% 12/22/2022	10,000	9,801	9,800	3.5	%
MC Sign Lessor Corp. (Delayed Draw) <sup>(f) (g)</sup>	L+7.00%	8.53	% 12/22/2022	2,083	—	—	0.0	%
MC Sign Lessor Corp. (Revolver) <sup>(f)</sup>	L+7.00%	8.53	% 12/22/2022	625	146	146	0.1	%
				26,006	22,518	22,874	8.2	%
Media: Broadcasting & Subscription								
Jerry Lee Radio, LLC	L+9.50%	11.07	% 12/17/2020	11,443	11,256	11,443	4.1	%
				11,443	11,256	11,443	4.1	%
Retail								
Forman Mills, Inc. <sup>(h)</sup>	L+7.50%	9.07	% 10/4/2021	8,479	8,345	8,441	3.0	%
LuLu's Fashion Lounge, LLC	L+7.00%	8.57	% 8/28/2022	4,906	4,767	5,004	1.8	%
The Worth Collection, Ltd. <sup>(h)</sup>	L+8.50%	10.07	% 9/29/2021	10,587	10,421	9,206	3.3	%
Yandy Holding, LLC	L+9.00%	10.57	% 9/30/2019	4,508	4,480	4,366	1.6	%
Yandy Holding, LLC (Revolver) <sup>(f)</sup>	L+9.00%	10.57	% 9/30/2019	907	106	102	0.0	%
				29,387	28,119	27,119	9.7	%
Services: Business								
APCO Worldwide, Inc.	L+8.00%	9.57	% 6/30/2022	5,000	4,908	5,025	1.8	%
Burroughs, Inc. <sup>(h)</sup>	L+7.50%	9.03	% 12/22/2022	6,000	5,910	5,910	2.2	%
Burroughs, Inc. (Revolver) <sup>(f)</sup>	L+7.50%	9.07	% 12/22/2022	750	75	75	0.0	%
Curion Holdings, LLC <sup>(h)</sup>	L+7.00%	8.57	% 5/2/2022	3,884	3,832	3,841	1.4	%
Curion Holdings, LLC (Revolver) <sup>(f)</sup>	L+7.00%	8.57	% 5/2/2022	308	77	76	0.0	%
EB Employee Solutions, LLC <sup>(h)</sup>	L+8.50%	10.07	% 2/28/2019	3,195	3,168	3,115	1.1	%
First Call Resolution, LLC <sup>(h)</sup>	L+7.00%	8.36	% 9/22/2022	5,000	4,916	5,002	1.8	%
Madison Logic, Inc. <sup>(h)</sup>	L+8.00%	9.57	% 11/30/2021	10,237	10,069	10,289	3.7	%
Madison Logic, Inc. (Delayed Draw) <sup>(f) (g)</sup>	L+8.00%	9.57	% 11/30/2021	4,818	—	—	0.0	%
Madison Logic, Inc. (Revolver) <sup>(f)</sup>	L+8.00%	9.57	% 11/30/2021	988	—	—	0.0	%
				40,180	32,955	33,333	12.0	%

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Services: Consumer

PeopleConnect Intermediate, LLC (formerly Intelius, Inc.)	L+6.50%	7.84	% 7/1/2020	4,518	4,462	4,538	1.7	%
PeopleConnect Intermediate, LLC (formerly Intelius, Inc.)	L+12.50%	13.84	% 7/1/2020	4,759	4,697	4,756	1.7	%
PeopleConnect Intermediate, LLC (formerly Intelius, Inc.) (Revolver) (f)	L+9.50%	11.10	% 8/11/2020	236	118	118	0.0	%
				9,513	9,277	9,412	3.4	%

Telecommunications

Peerless Network, Inc. (h)	L+9.25%	9.86% Cash/ 0.75% PIK	(r) 12/11/2020	3,139	3,089	3,152	1.1	%
				3,139	3,089	3,152	1.1	%

Utilities: Electric

CRCI Holdings, Inc.	L+5.50%	7.19	% 8/31/2023	2,782	2,759	2,792	1.0	%
				2,782	2,759	2,792	1.0	%

Wholesale

Mid-West Wholesale Hardware Co. (h)	L+8.00%	9.57	% 2/9/2022	16,568	16,277	16,544	5.9	%
Mid-West Wholesale Hardware Co. (Revolver) (f)	L+8.00%	9.57	% 2/9/2022	4,421	—	—	0.0	%

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## MONROE CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS – (continued)

December 31, 2017

(in thousands, except for shares and units)

Portfolio Company <sup>(a)</sup>	Spread Above Index <sup>(b)</sup>	Interest Rate	Maturity	Principal	Amortized Cost	Fair Value <sup>(c)</sup>	% of Net Assets <sup>(d)</sup>	
Nearly Natural, Inc. <sup>(h)</sup>	L+7.00%	8.59 %	12/15/2022	7,000	\$6,861	\$6,860	2.5 %	
Nearly Natural, Inc. (Revolver) <sup>(f)</sup>	L+7.00%	8.59 %	12/15/2022	1,522	—	—	0.0 %	
				29,511	23,138	23,404	8.4 %	
Total								
Non-Controlled/Non-Affiliate Senior Secured Loans				378,116	332,406	335,935	120.6 %	
Unitranche Secured Loans <sup>(ab)</sup>								
Chemicals, Plastics & Rubber MFG Chemical, LLC <sup>(h)</sup>	L+6.00%	7.57 %	6/23/2022	8,856	8,734	8,860	3.2 %	
				8,856	8,734	8,860	3.2 %	
Consumer Goods: Non-Durable								
Incipio Technologies, Inc. <sup>(s)</sup>	L+7.75%	9.32 %	12/26/2019	12,209	12,063	11,769	4.2 %	
				12,209	12,063	11,769	4.2 %	
Healthcare & Pharmaceuticals								
Collaborative Neuroscience Network, LLC	L+11.50%	13.07 %	4/27/2018	6,120	6,076	5,912	2.1 %	
		12.00%						
Collaborative Neuroscience Network, LLC	L+15.00%	Cash/3.00% PIK	4/27/2018	295	295	295	0.1 %	
Collaborative Neuroscience Network, LLC (Revolver)	L+10.00%	11.57 %	4/27/2018	200	191	195	0.1 %	
Priority Ambulance, LLC <sup>(h)</sup>	L+6.50%	8.19 %	4/12/2022	9,258	9,088	9,309	3.4 %	
Priority Ambulance, LLC (Delayed Draw) <sup>(f) (g)</sup>	L+6.50%	8.19 %	4/12/2022	677	—	—	0.0 %	
				16,550	15,650	15,711	5.7 %	
Hotels, Gaming & Leisure								
Playtime, LLC	L+7.50%	9.07 %	12/31/2021	4,214	4,214	3,955	1.4 %	
				4,214	4,214	3,955	1.4 %	
Total								
Non-Controlled/Non-Affiliate Unitranche Secured Loans				41,829	40,661	40,295	14.5 %	
Junior Secured Loans								
Aerospace & Defense								
AIM Aerospace, Inc.	L+9.00%	10.38 %	8/2/2022	5,000	4,943	5,000	1.8 %	
				5,000	4,943	5,000	1.8 %	

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Banking, Finance, Insurance &  
Real Estate

Confie Seguros Holdings II Co.	L+9.50%	10.98	%	5/8/2019	8,594	8,361	8,336	3.0	%
					8,594	8,361	8,336	3.0	%

Beverage, Food & Tobacco

CSM Bakery Supplies LLC	L+7.75%	9.08	%	7/3/2021	5,792	5,792	5,611	2.0	%
					5,792	5,792	5,611	2.0	%

Healthcare & Pharmaceuticals

Heartland Dental, LLC	L+8.50%	9.75	%	7/31/2024	3,000	2,956	3,034	1.1	%
					3,000	2,956	3,034	1.1	%

High Tech Industries

Answers Finance, LLC	P+7.90%	9.00	% <sup>(ac)</sup>	9/15/2021	394	392	386	0.1	%
Micro Holdings Corp.	L+7.50%	9.09	%	8/18/2025	3,000	2,971	3,021	1.1	%
					3,394	3,363	3,407	1.2	%

Media: Broadcasting &  
Subscription

Mergermarket Bidco Limited	L+7.25%	8.71	%	8/3/2025	4,500	4,456	4,522	1.6	%
					4,500	4,456	4,522	1.6	%

See Notes to Consolidated Financial Statements.

## MONROE CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS – (continued)

December 31, 2017

(in thousands, except for shares and units)

Portfolio Company <sup>(a)</sup>	Spread Above Index <sup>(b)</sup>	Interest Rate	Maturity	Principal	Amortized Cost	Fair Value <sup>(c)</sup>	% of Net Assets <sup>(d)</sup>	
Media: Diversified & Production								
The Octave Music Group, Inc. (fka SCP TPZ Acquisition, Inc.)	L+8.25%	9.62	% 5/29/2022	5,000	\$ 4,947	\$ 5,006	1.8	%
				5,000	4,947	5,006	1.8	%
Services: Consumer								
Education Corporation of America	L+11.00%	12.69	% 12/31/2018	625	620	625	0.2	%
Pre-Paid Legal Services, Inc. (Legal Shield)	L+9.00%	10.57	% 7/1/2020	3,000	3,000	3,008	1.1	%
				3,625	3,620	3,633	1.3	%
Total Non-Controlled/Non-Affiliate Junior Secured Loans				38,905	38,438	38,549	13.8	%
<b>Equity Securities <sup>(f) (u)</sup></b>								
Banking, Finance, Insurance & Real Estate								
PKS Holdings, LLC (warrant to purchase 14,247 class A preferred units) <sup>(e)</sup>	—	—	(v) 11/30/2027	—	116	119	0.0	%
					116	119	0.0	%
Healthcare & Pharmaceuticals								
Collaborative Neuroscience								
Network, LLC (warrant to purchase up to 2 LLC units)	—	—	(v) 12/27/2022	—	—	—	0.0	%
Collaborative Neuroscience								
Network, LLC (warrant to purchase up to 2 LLC units)	—	—	(v) 12/31/2027	—	—	—	0.0	%
					—	—	0.0	%
High Tech Industries								
Answers Finance, LLC (76,539 shares of common stock)	—	—	(v) —	—	2,413	1,339	0.5	%
					2,413	1,339	0.5	%
Hotels, Gaming & Leisure								
Playtime, LLC – Preferred Units (8,665 units)	—	—	(v) —	—	200	18	0.0	%
					200	18	0.0	%
Media: Advertising, Printing & Publishing								
	—	—	(v) —	—	129	171	0.1	%

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AdTheorent, Inc. (128,866 class A voting units)									
InMobi Pte, Ltd. (represents the right to purchase 2.80% of the equity) <sup>(e)</sup> <sub>(m)</sub>	—	—	(v) 9/18/2025	—	—	219	0.1	%	
					129	390	0.2	%	
<b>Retail</b>									
The Tie Bar Operating Company, LLC – Class A Preferred Units (1,275—units)	—	—	—	—	86	122	0.0	%	
The Tie Bar Operating Company, LLC – Class B Preferred Units (1,275—units)	—	—	—	—	1	—	0.0	%	
					87	122	0.0	%	
<b>Services: Business</b>									
APCO Worldwide, Inc. (100 class A voting common stock)	—	—	(v) —	—	395	399	0.1	%	
					395	399	0.1	%	
<b>Services: Consumer</b>									
Education Corporation of America – Series G Preferred Stock (8,333 shares)	n/a	12.00% PIK	—	—	8,366	8,429	3.0	%	
					8,366	8,429	3.0	%	

See Notes to Consolidated Financial Statements.



## MONROE CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS – (continued)

December 31, 2017

(in thousands, except for shares and units)

Portfolio Company <sup>(a)</sup>	Spread Above Index <sup>(b)</sup>	Interest Rate	Maturity	Principal	Amortized Cost	Fair Value <sup>(c)</sup>	% of Net Assets <sup>(d)</sup>	
Wholesale								
Nearly Natural, Inc. (152,174 class A units)	—	—	(v) —	—	\$ 152	\$ 152	0.1	%
					152	152	0.1	%
Total Non-Controlled/Non-Affiliate Equity Securities					11,858	10,968	3.9	%
Total Non-Controlled/Non-Affiliate Company Investments					\$423,363	\$425,747	152.8	%
<b>Non-Controlled Affiliate Company Investments <sup>(w)</sup></b>								
Senior Secured Loans								
Banking, Finance, Insurance & Real Estate								
American Community Homes, Inc.	L+8.00%	9.57 9.57%	% 7/22/2019	7,667	7,592	7,441	2.7	%
American Community Homes, Inc.	L+12.50%	Cash/ 4.50% PIK 9.57%	7/22/2019	4,413	4,376	4,329	1.6	%
American Community Homes, Inc.	L+12.50%	Cash/ 4.50% PIK	n/a <sup>(x)</sup>	542	536	542	0.2	%
American Community Homes, Inc.	L+8.00%	9.57 9.57%	% 7/22/2019	444	435	431	0.2	%
American Community Homes, Inc.	L+12.50%	Cash/ 4.50% PIK	7/22/2019	228	223	224	0.1	%
American Community Homes, Inc. (Delayed Draw) <sup>(f) (g)</sup>	L+8.00%	9.57 9.57%	% 7/22/2019	444	—	—	0.0	%
American Community Homes, Inc. (Delayed Draw) <sup>(f) (g)</sup>	L+12.50%	Cash/ 4.50% PIK	7/22/2019	222	—	—	0.0	%
				13,960	13,162	12,967	4.8	%
Consumer Goods: Non-Durable								
Millennial Brands LLC (fka Rocket Dog Brands, LLC)	n/a	12.00% PIK	(y) 8/29/2019	1,157	1,157	—	0.0	%

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Millennial Brands LLC (fka Rocket Dog Brands, LLC)	n/a	15.00% PIK	(y) 8/29/2019	422	416	—	0.0	%
Millennial Brands LLC (fka Rocket Dog Brands, LLC)	n/a	17.00% PIK	(y) 3/30/2018	235	235	—	0.0	%
Millennial Brands LLC (fka Rocket Dog Brands, LLC)	n/a	16.50% PIK	(y) 8/29/2019	550	534	550	0.2	%
				2,364	2,342	550	0.2	%
Containers, Packaging & Glass								
Summit Container Corporation (h)	L+12.00%	12.00% Cash/ 2.00% PIK	1/6/2019	3,593	3,576	3,421	1.2	%
Summit Container Corporation (h)	L+12.00%	12.00% Cash/ 2.00% PIK	1/6/2019	1,508	1,508	1,507	0.5	%
				5,101	5,084	4,928	1.7	%
Healthcare & Pharmaceuticals								
Rockdale Blackhawk, LLC	L+13.00%	14.57	% 3/31/2020	10,922	10,355	10,594	3.8	%
Rockdale Blackhawk, LLC (Capex)	L+13.00%	14.57	% 3/31/2020	549	549	533	0.2	%
Rockdale Blackhawk, LLC (Revolver)	L+13.00%	14.57	% 3/31/2020	1,849	1,849	1,797	0.6	%
Rockdale Blackhawk, LLC (Revolver)	L+13.00%	14.57	% 3/31/2020	3,236	3,236	3,145	1.1	%
SHI Holdings, Inc. (h)	L+10.25%	11.82	% 7/10/2019	2,625	2,608	2,625	0.9	%
SHI Holdings, Inc. (Revolver) (f)	L+10.25%	11.82	% 7/10/2019	2,318	2,216	2,226	0.8	%
				21,499	20,813	20,920	7.4	%
Retail								
Luxury Optical Holdings Co.	L+8.00%	9.57% PIK	9/12/2019	4,249	4,218	3,697	1.3	%
Luxury Optical Holdings Co. (Delayed Draw) (f) (g)	L+11.50%	13.07	% 9/12/2019	1,176	741	741	0.3	%
Luxury Optical Holdings Co. (Revolver)	L+8.00%	9.57% PIK	9/12/2019	196	196	170	0.1	%
TPP Operating, Inc.	L+6.00%	7.57% PIK	(y) 11/8/2018	9,370	9,330	—	0.0	%

See Notes to Consolidated Financial Statements.

## MONROE CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS – (continued)

December 31, 2017

(in thousands, except for shares and units)

Portfolio Company <sup>(a)</sup>	Spread Above Index <sup>(b)</sup>	Interest Rate	Maturity	Principal	Amortized Cost	Fair Value <sup>(c)</sup>	% of Net Assets <sup>(d)</sup>	
TPP Operating, Inc.	L+6.00%	7.57	% <sup>(y)</sup> 11/8/2018	6,885	\$ 6,885	\$ 3,373	1.2	%
TPP Operating, Inc.	L+9.61%	11.18	% <sup>(y)</sup> 11/8/2018	4,593	4,593	4,593	1.6	%
				26,469	25,963	12,574	4.5	%
Total Non-Controlled Affiliate Senior Secured Loans				69,393	67,364	51,939	18.6	%
Junior Secured Loans								
Consumer Goods: Non-Durable								
Millennial Brands LLC (fka Rocket Dog Brands LLC)	n/a	15.00% PIK	<sup>(y)</sup> 5/1/2020	2,011	2,011	—	0.0	%
				2,011	2,011	—	0.0	%
Total Non-Controlled Affiliate Company Junior Secured Loans				2,011	2,011	—	0.0	%
Equity Securities								
Banking, Finance, Insurance & Real Estate								
American Community Homes, Inc. (warrant to purchase up to 9.0% of the equity)	—	—	<sup>(v)</sup> 10/9/2024	—	—	353	0.1	%
						—	353	0.1
Consumer Goods: Non-Durable								
Millennial Brands LLC (fka Rocket Dog Brands LLC)	—	—	<sup>(v)</sup> —	—	—	—	0.0	%
Millennial Brands LLC (fka Rocket Dog Brands LLC)	n/a	15.00% PIK	<sup>(y)</sup> —	—	967	—	0.0	%
					967	—	0.0	%
Containers, Packaging & Glass								
Summit Container Corporation (warrant to purchase up to 19.50% of the equity)	—	—	<sup>(v)</sup> 1/6/2024	—	—	—	0.0	%
						—	—	0.0
Healthcare & Pharmaceuticals								
Rockdale Blackhawk, LLC – LLC Units (18.03% of the LLC interest)	—	—	<sup>(v)</sup> —	—	1,093	5,673	2.0	%
SHI Holdings, Inc. (24 shares of common stock)	—	—	<sup>(v)</sup> —	—	27	786	0.3	%
Retail						1,120	6,459	2.3

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Luxury Optical Holdings Co. (86 shares of common stock)	—	—	(v)	—	—	—	—	0.0	%
TPP Operating, Inc. (24 shares of common stock)	—	—	(v)	—	—	1,953	—	0.0	%
TPP Operating, Inc. (16 shares of common stock) <sup>(z)</sup>	—	—	(v)	—	—	1,302	—	0.0	%
						3,255	—	0.0	%
Total Non-Controlled Affiliate Equity Securities						5,342	6,812	2.4	%
Total Non-Controlled Affiliate Company Investments						\$ 74,717	\$ 58,751	21.0	%

See Notes to Consolidated Financial Statements.

**MONROE CAPITAL CORPORATION****CONSOLIDATED SCHEDULE OF INVESTMENTS – (continued)****December 31, 2017****(in thousands, except for shares and units)**

<b>Portfolio Company</b> <sup>(a)</sup>	<b>Spread Above Index</b> <sup>(b)</sup>	<b>Interest Rate</b>	<b>Maturity</b>	<b>Principal</b>	<b>Amortized Cost</b>	<b>Fair Value</b> <sup>(c)</sup>	<b>% of Net Assets</b> <sup>(d)</sup>
<b>Controlled Affiliate Company</b>							
<b>Investments</b> <sup>(aa)</sup>							
Equity Securities							
Investment Funds & Vehicles							
MRCC Senior Loan Fund I, LLC <sup>(e)</sup>	—	—	—	—	9,500	9,640	3.5 %
Total Controlled Affiliate Equity Securities					9,500	9,640	3.5 %
Total Controlled Affiliate Company Investments					\$9,500	\$9,640	3.5 %
<b>TOTAL INVESTMENTS</b>					<b>\$507,580</b>	<b>\$494,138</b>	<b>177.3 %</b>

All of our investments are issued by eligible portfolio companies, as defined in the Investment Company Act of (a) 1940 (the “1940 Act”), unless otherwise noted. All of our investments are issued by U.S. portfolio companies unless otherwise noted.

The majority of the investments bear interest at a rate that may be determined by reference to London Interbank Offered Rate (“LIBOR” or “L”) or Prime Rate (“Prime” or “P”) which reset daily, monthly, quarterly, or semiannually. For (b) each such investment, the Company has provided the spread over LIBOR or Prime and the current contractual interest rate in effect at December 31, 2017. Certain investments are subject to a LIBOR or Prime interest rate floor.

Because there is no readily available market value for these investments, the fair value of these investments is determined in good faith using significant unobservable inputs by our board of directors as required by the (c) Investment Company Act of 1940. (See Note 4 in the accompanying notes to the consolidated financial statements.)

(d) Percentages are based on net assets of \$278,699 as of December 31, 2017.

This investment is treated as a non-qualifying investment under Section 55(a) of the 1940 Act. Under the 1940 Act, (e) the Company may not acquire any non-qualifying asset unless, at the time the acquisition is made, qualifying assets represent at least 70% of the Company’s total assets. As of December 31, 2017, non-qualifying assets totaled 13.13% of the Company’s total assets excluding prepaid expenses.

(f) All or a portion of this commitment was unfunded at December 31, 2017. As such, interest is earned only on the funded portion of this commitment.

(g) This delayed draw loan requires that certain financial covenants be met by the portfolio company prior to any fundings.

(h) All of this loan is held in the Company’s wholly-owned subsidiary, Monroe Capital Corporation SBIC, LP and is therefore not collateral to the Company’s revolving credit facility.

(i) A portion of this loan (principal of \$2,113) is held in the Company’s wholly-owned subsidiary, Monroe Capital Corporation SBIC, LP and is therefore not collateral to the Company’s revolving credit facility.

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- (j) A portion of the PIK interest rate for Cornerstone Detention Products, Inc. is structured as a fee paid upon the termination of the commitment. The fee currently accrues at 2.33% per annum.
- (k) This investment represents a senior secured note that is traded in the secondary bond market.
- (l) The PIK portion of the interest rate for Landpoint, LLC is structured as a fee paid upon the termination of the commitment. The fee currently accrues at 2.25% per annum.
- (m) This is an international company.
- (n) This term loan is denominated in Great Britain pounds and is translated into U.S. dollars as of the valuation date.
- (o) A portion of the PIK interest rate for TRG, LLC is structured as a fee paid upon the termination of the commitment. The fee currently accrues at 2.92% per annum.
- (p) A portion of this loan (principal of \$4,099) is held in the Company's wholly-owned subsidiary, Monroe Capital Corporation SBIC, LP and is therefore not collateral to the Company's revolving credit facility.

See Notes to Consolidated Financial Statements.

**MONROE CAPITAL CORPORATION**

**CONSOLIDATED SCHEDULE OF INVESTMENTS – (continued)**

**December 31, 2017**

**(in thousands, except for shares and units)**

(q) A portion of the PIK interest rate for Vacation Innovations, LLC is structured as a fee paid upon the termination of the commitment. The fee currently accrues at 1.81% per annum.

(r) The PIK portion of the interest rate for Peerless Network, Inc. is structured as a fee paid upon the termination of the commitment. The fee currently accrues at 0.75% per annum.

(s) A portion of this loan (principal of \$4,477) is held in the Company's wholly-owned subsidiary, Monroe Capital Corporation SBIC, LP and is therefore not collateral to the Company's revolving credit facility.

(t) Represents less than 5% ownership of the portfolio company's voting securities.

(u) Ownership of certain equity investments may occur through a holding company or partnership.

(v) Represents a non-income producing security.

(w) As defined in the 1940 Act, the Company is deemed to be an "Affiliated Person" of the portfolio company as it owns five percent or more of the portfolio company's voting securities. See Note 5 in the accompanying notes to the consolidated financial statements for additional information on transactions in which the issuer was an Affiliated Person (but not a portfolio company that the Company is deemed to control).

(x) This is a demand note with no stated maturity.

(y) This position was on non-accrual status as of December 31, 2017, meaning that the Company has ceased accruing interest income on the position. See Note 2 in the accompanying notes to the consolidated financial statements for additional information on the Company's accounting policies.

(z) This investment is held in a wholly owned entity, MCC Holdco Equity Manager I, LLC ("MCC Holdco"), which has an independent manager who has full control over the operations of MCC Holdco, including the right to vote the shares of TPP Holdco LLC, the holding company which owns the Company's equity interest in TPP. See Note 5 in the accompanying notes to the consolidated financial statements for additional information.

(aa) As defined in the 1940 Act, the Company is deemed to be both an "Affiliated Person" of and to "Control" this portfolio company as it owns more than 25% in company's voting securities. See Note 5 in the accompanying notes to the consolidated financial statements for additional information on transactions in which the issuer was both an Affiliated Person and a portfolio company that the Company is deemed to Control.

(ab) The Company structures its unitranche secured loans as senior secured loans. The Company obtains security interests in the assets of these portfolio companies that serve as collateral in support of the repayment of these loans. This collateral may take the form of first-priority liens on the assets of a portfolio company. Generally, the Company syndicates a "first out" portion of the loan to an investor and retains a "last out" portion of the loan, in which case the "first out" portion of the loan will generally receive priority with respect to payments of principal, interest and any other amounts due thereunder. Unitranche structures combine characteristics of traditional first lien senior secured as well as second lien and subordinated loans and the Company's unitranche secured loans will expose the Company to the risks associated with second lien and subordinated loans and may limit the Company's recourse or ability to recover collateral upon a portfolio company's bankruptcy. Unitranche secured loans typically provide for moderate loan amortization in the initial years of the facility, with the majority of the amortization deferred until loan maturity. Unitranche secured loans generally allow the borrower to make a large lump sum payment of principal at the end of the loan term, and there is a risk of loss if the borrower is unable to pay the lump sum or refinance the amount owed at maturity. In many cases the Company, together with its affiliates, are the sole or majority lender of these unitranche secured loans, which can afford the Company additional influence with a borrower in terms of monitoring and, if necessary, remediation in the event of underperformance.

(ac) This term loan is subject to a prime rate cap of 1.10%.

n/a — not applicable

See Notes to Consolidated Financial Statements.



## **MONROE CAPITAL CORPORATION**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(unaudited)**

**(in thousands, except share and per share data)**

#### **Note 1. Organization and Principal Business**

Monroe Capital Corporation (“Monroe Capital” and together with its subsidiaries, the “Company”) was formed in February 2011 to act as an externally managed non-diversified, closed-end management investment company and has elected to be treated as a business development company under the Investment Company Act of 1940, as amended (the “1940 Act”). The Company had no substantive operating activities prior to October 24, 2012, the date of its initial public offering. Monroe Capital’s investment objective is to maximize the total return to its stockholders in the form of current income and capital appreciation through investment in senior secured, junior secured and unitranche secured (a combination of senior secured and junior secured debt in the same facility in which the Company syndicates a “first out” portion of the loan to an investor and retains a “last out” portion of the loan) debt and, to a lesser extent, unsecured subordinated debt and equity investments. Monroe Capital is managed by Monroe Capital BDC Advisors, LLC (“MC Advisors”), a registered investment adviser under the Investment Advisers Act of 1940, as amended. In addition, for U.S. federal income tax purposes, Monroe Capital has elected to be treated as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”).

On February 28, 2014, the Company’s wholly-owned subsidiary, Monroe Capital Corporation SBIC, LP (“MRCC SBIC”), a Delaware limited partnership, received a license from the Small Business Administration (“SBA”) to operate as a Small Business Investment Company (“SBIC”) under Section 301(c) of the Small Business Investment Act of 1958, as amended. MRCC SBIC commenced operations on September 16, 2013. As of March 31, 2018, MRCC SBIC had \$57,624 in leverageable capital and \$112,800 in SBA-guaranteed debentures outstanding. See Note 7 for additional information.

#### **Note 2. Summary of Significant Accounting Policies**

##### **Basis of Presentation**

The accompanying consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”). The accompanying consolidated financial statements of the Company and related financial information have been prepared pursuant to the

requirements for reporting on Form 10-Q and Articles 6 or 10 of Regulation S-X. The Company has determined it meets the definition of an investment company and follows the accounting and reporting guidance in the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 946 — *Financial Services — Investment Companies* (“ASC Topic 946”). Certain prior period amounts have been reclassified to conform to the current period presentation.

### **Use of Estimates**

The preparation of the consolidated financial statements in conformity with GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### **Consolidation**

As permitted under Regulation S-X and ASC Topic 946, the Company will generally not consolidate its investment in a portfolio company other than an investment company subsidiary or a controlled operating company whose business consists of providing services to the Company. Accordingly, the Company consolidated the results of the Company’s wholly-owned subsidiaries, MRCC SBIC and its wholly-owned general partner MCC SBIC GP, LLC, MC Forest Park Lender, LLC, and MC Reserve Lender, LLC, in its consolidated financial statements. All intercompany balances and transactions have been eliminated. The Company does not consolidate its non-controlling interest in MRCC Senior Loan Fund I, LLC (“SLF”). See further description of the Company’s investment in SLF in Note 3.

### **Fair Value of Financial Instruments**

The Company applies fair value to substantially all of its financial instruments in accordance with ASC Topic 820 — *Fair Value Measurements and Disclosures* (“ASC Topic 820”). ASC Topic 820 defines fair value, establishes a framework used to measure fair value, and requires disclosures for fair value measurements, including the categorization of financial instruments into a three-level hierarchy based on the transparency of valuation inputs. See Note 4 for further discussion regarding the fair value measurements and hierarchy.

ASC Topic 820 requires disclosure of the fair value of financial instruments for which it is practical to estimate such value. The Company believes that the carrying amounts of its other financial instruments such as cash, receivables and payables approximate the fair value of such items due to the short maturity of such instruments.



## Revenue Recognition

The Company's revenue recognition policies are as follows:

*Investments and related investment income:* Interest and dividend income are recorded on the accrual basis to the extent that the Company expects to collect such amounts. Interest income is accrued based upon the outstanding principal amount and contractual terms of debt and preferred equity investments. Interest is accrued on a daily basis. All other income is recorded into income when earned. The Company records fees on loans based on the determination of whether the fee is considered a yield enhancement or payment for a service. If the fee is considered a yield enhancement associated with a funding of cash on a loan, the fee is generally deferred and recognized into interest income using the effective interest method if captured in the cost basis or using the straight-line method if the loan is unfunded and therefore there is no cost basis. If the fee is not considered a yield enhancement because a service was provided, and the fee is payment for that service, the fee is deemed earned and recognized as fee income in the period earned.

Dividend income on preferred equity securities is recorded as dividend income on an accrual basis to the extent that such amounts are payable by the portfolio company and are expected to be collected. Dividend income on common equity securities is recorded on the record date for private portfolio companies. Each distribution received from limited liability company ("LLC") and limited partnership ("LP") investments is evaluated to determine if the distribution should be recorded as dividend income or a return of capital. Generally, the Company will not record distributions from equity investments in LLCs and LPs as dividend income unless there are sufficient accumulated tax-basis earnings and profits in the LLC or LP prior to the distribution. Distributions that are classified as a return of capital are recorded as a reduction in the cost basis of the investment. For the three months ended March 31, 2018 and 2017, the Company received return of capital distributions from the Company's investment in LLC equity interest in SLF of \$9,500 and zero, respectively.

Loan origination fees, original issue discount and market discount or premiums are capitalized, and the Company then amortizes such amounts using the effective interest method as interest income over the life of the investment. Unamortized discounts and loan origination fees totaled \$7,352 and \$8,005 as of March 31, 2018 and December 31, 2017, respectively. Upfront loan origination and closing fees received for the three months ended March 31, 2018 and 2017 totaled \$316 and \$690, respectively. For the three months ended March 31, 2018 and 2017, interest income included \$1,032 and \$388 of accretion of loan origination fees, original issue discounts and market discounts or premiums, respectively. Upon the prepayment of a loan or debt security, any unamortized premium or discount or loan origination fees are recorded as interest income. For the three months ended March 31, 2018 and 2017, interest income included \$133 and \$652 of unamortized discount or loan origination fees recorded as interest income upon prepayment of a loan or debt security, respectively.

The Company has certain investments in its portfolio that contain a payment-in-kind (“PIK”) interest provision, which represents contractual interest or dividends that are added to the principal balance and recorded as income. For the three months ended March 31, 2018 and 2017, interest income included \$329 and \$613 of PIK interest, respectively. For the three months ended March 31, 2018 and 2017, dividend income included \$260 and zero of PIK dividends, respectively. The Company stops accruing PIK interest when it is determined that PIK interest is no longer collectible. To maintain RIC tax treatment, and to avoid corporate tax, substantially all of this income must be paid out to stockholders in the form of distributions, even though the Company has not yet collected the cash.

Investment transactions are recorded on a trade-date basis. Realized gains or losses on portfolio investments are calculated based upon the difference between the net proceeds from the disposition and the amortized cost basis of the investment, without regard to unrealized gains and losses previously recognized. Realized gains and losses are recorded within net realized gain (loss) on investments in the consolidated statements of operations. Changes in the fair value of investments from the prior period, as determined by the Company’s board of directors (the “Board”) through the application of the Company’s valuation policy, are included within net change in unrealized gain (loss) on investments in the consolidated statements of operations.

*Non-accrual:* Loans or preferred equity securities are placed on non-accrual status when principal, interest or dividend payments become materially past due, or when there is reasonable doubt that principal, interest or dividends will be collected. The Company generally reverses accrued interest when a loan is placed on non-accrual status. Additionally, any original issue discount and market discount are no longer accreted to interest income as of the date the loan is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management’s judgment. Non-accrual loans are restored to accrual status when past due principal, interest, or dividends are paid, and, in management’s judgment are likely to remain current. The fair value of the Company’s investments on non-accrual status totaled \$4,189 and \$8,516 at March 31, 2018 and December 31, 2017, respectively.

*Partial loan sales:* The Company follows the guidance in ASC Topic 860 — Transfers and Servicing (“ASC Topic 860”), when accounting for loan participations and other partial loan sales. Such guidance requires a participation or other partial loan sale to meet the definition of a “participating interest,” as defined in the guidance, in order for sale treatment to be allowed. Participations or other partial loan sales which do not meet the definition of a participating interest remain on the Company’s consolidated statements of assets and liabilities and the proceeds are recorded as a secured borrowing until the definition is met. For these partial loan sales, the interest earned on the entire loan balance is recorded within “interest income” and the interest earned by the buyer in the partial loan sale is recorded within “interest and other debt financing expenses” in the accompanying consolidated statements of operations. Changes in the fair value of secured borrowings from the prior period, as determined by the Board through the application of the Company’s valuation policy, are included as changes in unrealized gain (loss) on secured borrowings in the consolidated statements of operations. See Note 7 “Secured Borrowings” for additional information.

## Distributions

Distributions to common stockholders are recorded on the record date. The amount, if any, to be distributed is determined by the Board each quarter and is generally based upon the earnings estimated by management. Net realized capital gains, if any, are generally distributed at least annually, although the Company may decide to retain such capital gains for investment.

The determination of the tax attributes for the Company's distributions is made annually, based upon its taxable income for the full year and distributions paid for the full year. Ordinary dividend distributions from a RIC do not qualify for the preferential tax rate on qualified dividend income from domestic corporations and qualified foreign corporations, except to the extent that the RIC received the income in the form of qualifying dividends from domestic corporations and qualified foreign corporations. The tax attributes for distributions will generally include both ordinary income and capital gains, but may also include qualified dividends or return of capital.

The Company has adopted a dividend reinvestment plan ("DRIP") that provides for the reinvestment of dividends on behalf of its stockholders, unless a stockholder has elected to receive dividends in cash. As a result, if the Company declares a cash dividend, the Company's stockholders who have not "opted out" of the DRIP at least three days prior to the dividend payment date will have their cash dividend automatically reinvested into additional shares of the Company's common stock. The Company has the option to satisfy the share requirements of the DRIP through the issuance of new shares of common stock or through open market purchases of common stock by the DRIP plan administrator. Newly issued shares are valued based upon the final closing price of the Company's common stock on a date determined by the Board. Shares purchased in the open market to satisfy the DRIP requirements will be valued based upon the average price of the applicable shares purchased by the DRIP plan administrator, before any associated brokerage or other costs. See Note 8 for additional information.

## Earnings per Share

In accordance with the provisions of ASC Topic 260 — *Earnings per Share* ("ASC Topic 260"), basic earnings per share is computed by dividing earnings available to common stockholders by the weighted average number of shares outstanding during the period. The weighted average shares outstanding utilized in the calculation of earnings per share take into account share issues on the issuance date and the Company's repurchases of its common stock on the repurchase date. See Note 9 for additional information on the Company's share activity. For the periods presented in these consolidated financial statements, there were no potentially dilutive common shares issued.

## Segments

In accordance with ASC Topic 280 — *Segment Reporting*, the Company has determined that it has a single reporting segment and operating unit structure.

## **Cash**

The Company deposits its cash in a financial institution and, at times, such balances may be in excess of the Federal Deposit Insurance Corporation insurance limits.

## **Restricted Cash**

Restricted cash includes amounts held within MRCC SBIC. Cash held within an SBIC is generally restricted to the originations of new loans from the SBIC and the payment of SBA debentures and related interest expense.

## **Unamortized Deferred Financing Costs**

Deferred financing costs represent fees and other direct incremental costs incurred in connection with the Company's borrowings. As of March 31, 2018 and December 31, 2017, the Company had unamortized deferred financing costs of \$4,468 and \$4,670, respectively, presented as a direct reduction of the carrying amount of debt on the consolidated statements of assets and liabilities. These amounts are amortized and included in interest expense in the consolidated statements of operations over the estimated average life of the borrowings. Amortization of deferred financing costs for the three months ended March 31, 2018 and 2017 was \$281 and \$231, respectively.

## **Offering Costs**

Offering costs include, among other things, fees paid in relation to legal, accounting, regulatory and printing work completed in preparation of equity offerings. Offering costs are charged against the proceeds from equity offerings within the consolidated statements of changes in net assets. As of March 31, 2018 and December 31, 2017, other assets on the consolidated statements of assets and liabilities included \$501 and \$494, respectively, of deferred offering costs which will be charged against the proceeds from future equity offerings when received.

## **Investments Denominated in Foreign Currency**

As of March 31, 2018, the Company held investments in two portfolio companies that were denominated in Great Britain pounds.

At each balance sheet date, portfolio company investments denominated in foreign currencies are translated into U.S. dollars using the spot exchange rate on the last business day of the period. Purchases and sales of foreign portfolio company investments, and any income from such investments, are translated into U.S. dollars using the rates of exchange prevailing on the respective dates of such transactions.



Although the fair values of foreign portfolio company investments and the fluctuation in such fair values are translated into U.S. dollars using the applicable foreign exchange rates described above, the Company does not isolate that portion of the change in fair values resulting from foreign currency exchange rates fluctuations from the change in fair values of the underlying investment. All fluctuations in fair value are included in net change in unrealized gain (loss) of investments in the Company's consolidated statements of operations.

Investments denominated in foreign currencies and foreign currency transactions may involve certain consideration and risks not typically associated with those of domestic origin, including unanticipated movements in the value of the foreign currency relative to the U.S. dollar.

## **Income Taxes**

The Company has elected to be treated as a RIC under Subchapter M of the Code and operates in a manner so as to qualify for the tax treatment available to RICs. To maintain qualification as a RIC, the Company must, among other things, meet certain source-of-income and asset diversification requirements and distribute to stockholders, for each taxable year, at least 90% of the Company's "investment company taxable income," which is generally the Company's net ordinary income plus the excess, if any, of realized net short-term capital gains over realized net long-term capital losses. If the Company qualifies as a RIC and satisfies the annual distribution requirement, the Company will not have to pay corporate-level federal income taxes on any income that the Company distributes to its stockholders. The Company intends to make distributions in an amount sufficient to maintain RIC status each year and to avoid any federal income taxes on income. The Company will also be subject to nondeductible federal excise taxes if the Company does not distribute at least 98% of net ordinary income, 98.2% of any capital gain net income, if any, and any recognized and undistributed income from prior years for which it paid no federal income taxes. To the extent that the Company determines that its estimated current year annual taxable income may exceed estimated current year dividend distributions, the Company accrues excise tax, if any, calculated as 4% of the estimated excess taxable income as taxable income is earned. For the three months ended March 31, 2018 and 2017, \$11 and zero, respectively, were recorded on the consolidated statements of operations for U.S. federal excise taxes. As of March 31, 2018 and December 31, 2017, payables for excise taxes of zero and \$80, respectively, were included in accounts payable and accrued expenses on the consolidated statements of assets and liabilities.

The Company accounts for income taxes in conformity with ASC Topic 740 — *Income Taxes* ("ASC Topic 740"). ASC Topic 740 provides guidelines for how uncertain tax positions should be recognized, measured, presented and disclosed in the consolidated financial statements. ASC Topic 740 requires the evaluation of tax positions taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" to be sustained by the applicable tax authority. Tax benefits of positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense in the current year. It is the Company's policy to recognize accrued interest and penalties related to uncertain tax benefits in income tax expense. There were no material uncertain income tax positions through March 31, 2018. The 2014 through 2017 tax years remain subject to examination by U.S. federal and state tax authorities.

## Subsequent Events

The Company has evaluated the need for disclosures and/or adjustments resulting from subsequent events through the date the consolidated financial statements were issued and such disclosure is included in Note 12. Other than what was disclosed in Note 12, there have been no subsequent events that occurred during such period that would require disclosure in this Form 10-Q or would be required to be recognized in the consolidated financial statements as of and for the three months ended March 31, 2018.

## Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers* (ASC Topic 606) (“ASU 2014-09”). The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: Step 1: Identify the contract(s) with a customer. Step 2: Identify the performance obligations in the contract. Step 3: Determine the transaction price. Step 4: Allocate the transaction price to the performance obligations in the contract. Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

ASU 2014-09 also specified the accounting for some costs to obtain or fulfill a contract with a customer. In addition, ASU 2014-09 requires that an entity disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The initial effective date of ASU 2014-09 was for fiscal periods beginning after December 15, 2016. However, in August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers* (ASC Topic 606): *Deferral of the Effective Date*, which deferred the effective date to fiscal periods beginning after December 15, 2017. The Company has adopted ASU 2014-09, and the adoption did not have a material impact on the Company’s consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments — Overall* (Subtopic 825-10): *Recognition and Measurement of Financial Assets and Financial Liabilities* (“ASU 2016-01”). ASU 2016-01 retains many current requirements for the classification and measurement of financial instruments; however, it significantly revises an entity’s accounting related to (1) the classification and measurement of investments in equity securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. ASU 2016-01 also amends certain disclosure requirements associated with the fair value of financial instruments. This guidance is effective for annual and interim periods beginning after December 15, 2017, and early adoption is not permitted for public business entities. The Company has adopted ASU 2016-01, and the adoption did not have a material impact on the Company’s consolidated financial statements.



**Note 3. Investments**

The following tables show the composition of the investment portfolio, at amortized cost and fair value (with corresponding percentage of total portfolio investments):

	March 31, 2018		December 31, 2017	
Amortized Cost:				
Senior secured loans	\$395,936	76.7 %	\$399,770	78.8 %
Unitranche secured loans	46,478	9.0	40,661	8.0
Junior secured loans	40,496	7.8	40,449	8.0
LLC equity interest in SLF	15,750	3.1	9,500	1.8
Equity securities	17,461	3.4	17,200	3.4
Total	\$516,121	100.0%	\$507,580	100.0 %

	March 31, 2018		December 31, 2017	
Fair Value:				
Senior secured loans	\$380,115	76.6 %	\$387,874	78.5 %
Unitranche secured loans	45,976	9.3	40,295	8.2
Junior secured loans	38,578	7.8	38,549	7.8
LLC equity interest in SLF	16,333	3.3	9,640	1.9
Equity securities	15,032	3.0	17,780	3.6
Total	\$496,034	100.0%	\$494,138	100.0 %

The following tables show the composition of the investment portfolio by geographic region, at amortized cost and fair value (with corresponding percentage of total portfolio investments). The geographic composition is determined by the location of the corporate headquarters of the portfolio company, which may not be indicative of the primary source of the portfolio company's business:

	March 31, 2018		December 31, 2017	
Amortized Cost:				
International	\$13,857	2.7 %	\$13,858	2.7 %
Midwest	97,547	18.9	91,160	18.0
Northeast	147,024	28.5	142,742	28.1
Southeast	76,045	14.7	84,108	16.6
Southwest	60,982	11.8	59,335	11.7
West	120,666	23.4	116,377	22.9
Total	\$516,121	100.0%	\$507,580	100.0 %

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	March 31, 2018		December 31, 2017	
Fair Value:				
International	\$15,095	3.0 %	\$14,632	3.0 %
Midwest	98,915	19.9	90,399	18.3
Northeast	148,335	30.0	143,942	29.1
Southeast	75,236	15.2	85,293	17.3
Southwest	42,637	8.6	47,968	9.7
West	115,816	23.3	111,904	22.6
Total	\$496,034	100.0%	\$494,138	100.0 %

The following tables show the composition of the investment portfolio by industry, at amortized cost and fair value (with corresponding percentage of total portfolio investments):

	March 31, 2018		December 31, 2017	
Amortized Cost:				
Aerospace & Defense	\$4,945	1.0 %	\$4,943	1.0 %
Banking, Finance, Insurance & Real Estate	59,226	11.5	60,519	11.9
Beverage, Food & Tobacco	17,843	3.5	17,888	3.5
Chemicals, Plastics & Rubber	10,337	2.0	8,734	1.7
Construction & Building	18,353	3.6	17,851	3.5
Consumer Goods: Durable	11,489	2.2	11,625	2.3
Consumer Goods: Non-Durable	36,796	7.1	32,563	6.4
Containers, Packaging & Glass	5,116	1.0	5,084	1.0
Energy: Oil & Gas	2,300	0.4	2,372	0.5
Environmental Industries	4,334	0.8	4,359	0.9
Healthcare & Pharmaceuticals	62,117	12.0	59,613	11.7
High Tech Industries	50,334	9.8	46,124	9.1
Hotels, Gaming & Leisure	32,168	6.2	41,924	8.2
Investment Funds & Vehicles	15,750	3.1	9,500	1.9
Media: Advertising, Printing & Publishing	22,441	4.3	22,647	4.5
Media: Broadcasting & Subscription	15,490	3.0	15,712	3.1
Media: Diversified & Production	4,949	1.0	4,947	1.0
Retail	57,546	11.1	57,424	11.3
Services: Business	33,553	6.5	33,350	6.6
Services: Consumer	21,472	4.2	21,263	4.2
Telecommunications	2,919	0.6	3,089	0.6
Utilities: Electric	2,760	0.5	2,759	0.5
Wholesale	23,883	4.6	23,290	4.6
Total	\$516,121	100.0%	\$507,580	100.0 %

	March 31, 2018		December 31, 2017	
Fair Value:				
Aerospace & Defense	\$5,000	1.0 %	\$5,000	1.0 %
Banking, Finance, Insurance & Real Estate	60,526	12.2	61,407	12.4
Beverage, Food & Tobacco	17,566	3.5	17,770	3.6
Chemicals, Plastics & Rubber	10,461	2.1	8,860	1.8
Construction & Building	18,573	3.7	18,049	3.6
Consumer Goods: Durable	11,693	2.4	11,808	2.4
Consumer Goods: Non-Durable	29,768	6.0	26,546	5.4
Containers, Packaging & Glass	4,967	1.0	4,928	1.0
Energy: Oil & Gas	2,273	0.5	2,352	0.5
Environmental Industries	4,397	0.9	4,457	0.9
Healthcare & Pharmaceuticals	65,645	13.2	65,582	13.3
High Tech Industries	50,967	10.3	46,239	9.4

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Hotels, Gaming & Leisure	33,241	6.7	42,744	8.6
Investment Funds & Vehicles	16,333	3.3	9,640	2.0
Media: Advertising, Printing & Publishing	23,048	4.6	23,264	4.7
Media: Broadcasting & Subscription	15,742	3.2	15,965	3.2
Media: Diversified & Production	5,006	1.0	5,006	1.0
Retail	35,157	7.1	39,815	8.1
Services: Business	34,152	6.9	33,732	6.8
Services: Consumer	21,463	4.3	21,474	4.3
Telecommunications	2,985	0.6	3,152	0.6
Utilities: Electric	2,797	0.6	2,792	0.6
Wholesale	24,274	4.9	23,556	4.8
Total	\$496,034	100.0%	\$494,138	100.0%

### **MRCC Senior Loan Fund I, LLC**

The Company co-invests with NLV Financial Corporation (“NLV”) in senior secured loans through SLF, an unconsolidated Delaware limited liability company. SLF is capitalized as underlying investment transactions are completed, taking into account available debt and equity commitments available for funding these investments. All portfolio and investment decisions in respect of SLF must be approved by the SLF investment committee, consisting of one representative of each of the Company and NLV. SLF may cease making new investments upon notification of either member, but operations will continue until all investments have been sold or paid-off in the normal course of business. Investments held by SLF are measured at fair value using the same valuation methodologies as described in Note 4.

SLF’s profits and losses are allocated to the Company and NLV in accordance with their respective ownership interests. As of March 31, 2018, the Company and NLV owned 50.0% and 50.0%, respectively of the LLC equity interests of SLF. As of March 31, 2018, SLF had \$100,000 in commitments from its members (in the aggregate), of which \$31,500 was funded. As of December 31, 2017, the Company and NLV owned 50.0% and 50.0%, respectively of the LLC equity interests of SLF. As of December 31, 2017, SLF had \$100,000 in commitments from its members (in the aggregate), of which \$19,000 was funded.

SLF has entered into a senior secured revolving credit facility (as amended, the “SLF Credit Facility”) with Capital One, N.A., through its wholly-owned subsidiary MRCC Senior Loan Fund I Financing SPV, LLC (“SLF SPV”), which as of March 31, 2018 allowed SLF SPV to borrow up to \$100,000 at any one time outstanding, subject to leverage and borrowing base restrictions. Borrowings under the SLF Credit Facility bear interest at an annual rate of LIBOR (three-month) plus 2.25%. The maturity date on the SLF Credit Facility is March 22, 2023.

As of March 31, 2018 and December 31, 2017, SLF had total assets at fair value of \$60,510 and \$41,641, respectively. As of March 31, 2018 and December 31, 2017, SLF had zero and zero portfolio company investments on non-accrual status, respectively. The portfolio companies in SLF are in industries and geographies similar to those in which the Company may invest directly. Additionally, as of March 31, 2018 and December 31, 2017, SLF had commitments to fund various undrawn revolvers and delayed draw investments to its portfolio companies totaling \$3,812 and \$2,083, respectively.

Below is a summary of SLF’s portfolio, followed by a listing of the individual investments in SLF’s portfolio as of March 31, 2018 and December 31, 2017 (in thousands):

As of



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	March 31, 2018	December 31, 2017
Senior secured loans <sup>(1)</sup>	58,207	29,438
Weighted average current interest rate on senior secured loans <sup>(2)</sup>	7.4 %	7.1 %
Number of borrowers in SLF	17	8

(1) Represents outstanding principal amount, excluding unfunded commitments.

(2) Computed as the (a) annual stated interest rate on senior secured loans divided by (b) total senior secured loans at outstanding principal amount.

**MRCC SENIOR LOAN FUND I, LLC****SCHEDULE OF INVESTMENTS****(unaudited)****March 31, 2018**

<b>Portfolio Company<sup>(a)</sup></b>	<b>Spread Above Index<sup>(b)</sup></b>	<b>Interest Rate<sup>(b)</sup></b>	<b>Maturity</b>	<b>Principal</b>	<b>Fair Value</b>
<b>Non-Controlled/Non-Affiliate Company Investments</b>					
<b>Senior Secured Loans</b>					
<b>Banking, Finance, Insurance &amp; Real Estate</b>					
MTC Intermediate Holdco, Inc.	L+4.75%	6.63	% 1/30/2023	5,000	\$4,998
				5,000	4,998
<b>Beverage, Food &amp; Tobacco</b>					
Il Fornaio (America) Corporation	L+6.50%	8.38	% 11/10/2022	4,973	4,973
US Salt, LLC	L+4.75%	6.63	% 11/30/2023	3,500	3,500
				8,473	8,473
<b>Chemicals, Plastics &amp; Rubber</b>					
Loparex International B.V. <sup>(c)</sup>	L+4.25%	6.13	% 4/09/2025	500	498
Peach State Labs, LLC, and Flow Polymers, LLC	L+6.25%	7.92	% 6/30/2021	2,876	2,891
				3,376	3,389
<b>Construction &amp; Building</b>					
Fastener Acquisition, Inc. <sup>(c)</sup>	L+4.25%	6.13	% 3/23/2025	1,333	1,338
				1,333	1,338
<b>Consumer Goods: Non-Durable</b>					
Solaray, LLC	L+6.50%	8.53	% 9/09/2023	1,621	1,621
Solaray, LLC (Delayed Draw) <sup>(d)</sup>	L+6.50%	8.53	% 9/09/2023	1,875	838
				3,496	2,459
<b>Healthcare &amp; Pharmaceuticals</b>					
LSCS Holdings, Inc. <sup>(c)</sup>	L+4.25%	6.40	% 3/16/2025	2,800	2,786
LSCS Holdings, Inc. (Delayed Draw) <sup>(c) (d)</sup>	L+4.25%	6.40	% 3/16/2025	700	—
Radiology Partners Holdings, LLC	L+5.75%	7.69	% 12/04/2023	1,701	1,704
Radiology Partners Holdings, LLC (Delayed Draw) <sup>(d)</sup>	L+5.75%	7.69	% 12/04/2023	1,170	396
				6,371	4,886
<b>High Tech Industries</b>					
Gigamon, Inc.	L+4.50%	6.80	% 12/19/2024	2,993	3,022
				2,993	3,022
<b>Media: Diversified &amp; Production</b>					
Research Now Group, Inc. and Survey Sampling International, LLC	L+5.50%	7.86	% 12/06/2024	6,983	6,950
				6,983	6,950
<b>Services: Business</b>					
Engage2Excel, Inc.	L+6.50%	8.54	% 3/07/2023	4,375	4,288
Engage2Excel, Inc. (Revolver) <sup>(d)</sup>	L+6.50%	8.21	% 3/07/2023	545	98
Output Services Group, Inc. <sup>(c)</sup>	L+4.25%	6.13	% 3/27/2024	4,145	4,166

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Output Services Group, Inc. (Delayed Draw) <sup>(c) (d)</sup>	L+4.25%	6.13	% 3/27/2024	855	—
				9,920	8,552
Services: Consumer					
EWC Ventures, LLC	L+5.50%	7.17	% 1/18/2023	3,350	3,358
LegalZoom.com, Inc.	L+4.50%	6.34	% 11/21/2024	1,995	2,012
Zenith Merger Sub, Inc.	L+5.50%	7.80	% 12/13/2023	3,741	3,741
				9,086	9,111
Wholesale					
BMC Acquisition, Inc.	L+5.25%	7.70	% 12/28/2024	4,988	5,000
				4,988	5,000
TOTAL INVESTMENTS					\$58,178

(a) All investments are U.S. companies, except for Loparex International B.V.

The majority of investments bear interest at a rate that may be determined by reference to the London Interbank

(b) Offered Rate (“LIBOR” or “L”) or Prime Rate (“Prime” or “P”) which reset daily, quarterly or semiannually. The Company has provided the spread over LIBOR or Prime and the current contractual rate of interest in effect at March 31, 2018. Certain investments are subject to a LIBOR or Prime interest rate floor.

(c) Investment position or portion thereof unsettled as of March 31, 2018.

(d) All or a portion of this commitment was unfunded as of March 31, 2018. Principal reflects the commitment outstanding.

**MRCC SENIOR LOAN FUND I, LLC****SCHEDULE OF INVESTMENTS****December 31, 2017**

<b>Portfolio Company<sup>(a)</sup></b>	<b>Spread Above Index<sup>(b)</sup></b>	<b>Interest Rate<sup>(b)</sup></b>	<b>Maturity</b>	<b>Principal</b>	<b>Fair Value</b>
<b>Non-Controlled/Non-Affiliate Company Investments</b>					
<b>Senior Secured Loans</b>					
<b>Banking, Finance, Insurance &amp; Real Estate</b>					
Clearent Holdings LLC and Clearent, LLC <sup>(c)</sup>	P+3.75%	8.25	% 1/02/2024	1,056	\$1,045
Clearent Holdings LLC and Clearent, LLC <sup>(c)</sup>	P+3.75%	8.25	% 1/02/2024	1,257	1,244
Clearent Holdings LLC and Clearent, LLC <sup>(c) (d)</sup>	P+3.75%	8.25	% 1/02/2024	208	—
				2,521	2,289
<b>Beverage, Food &amp; Tobacco</b>					
Il Fornaio (America) Corporation	L+6.50%	8.07	% 11/10/2022	5,000	5,008
US Salt, LLC <sup>(c)</sup>	L+4.75%	6.18	% 11/30/2023	3,500	3,500
				8,500	8,508
<b>Consumer Goods: Non-Durable</b>					
Solaray, LLC	L+6.50%	8.02	% 9/09/2023	1,625	1,625
Solaray, LLC (Delayed Draw) <sup>(d)</sup>	L+6.50%	8.02	% 9/09/2023	1,875	—
				3,500	1,625
<b>High Tech Industries</b>					
Gigamon, Inc. <sup>(c)</sup>	L+4.50%	6.03	% 12/19/2024	3,000	2,985
				3,000	2,985
<b>Media: Diversified &amp; Production</b>					
Research Now Group, Inc. and Survey Sampling International, LLC <sup>(c)</sup>	L+5.50%	7.13	% 12/06/2024	7,000	6,714
				7,000	6,714
<b>Services: Consumer</b>					
LegalZoom.com, Inc. <sup>(c)</sup>	L+4.50%	5.94	% 11/21/2024	2,000	2,005
				2,000	2,005
<b>Wholesale</b>					
BMC Acquisition, Inc. <sup>(c)</sup>	L+5.25%	6.94	% 12/28/2024	5,000	5,000
				5,000	5,000
<b>TOTAL INVESTMENTS</b>					<b>\$29,126</b>

(a) All investments are U.S. companies.

The majority of investments bear interest at a rate that may be determined by reference to the London Interbank

(b) Offered Rate (“LIBOR” or “L”) or Prime Rate (“Prime” or “P”) which reset daily, quarterly or semiannually. The Company has provided the spread over LIBOR or Prime and the current contractual rate of interest in effect at December 31, 2017. Certain investments are subject to a LIBOR or Prime interest rate floor.

(c) Investment position or portion thereof unsettled as of December 31, 2017.

(d) All or a portion of this commitment was unfunded as of December 31, 2017. Principal reflects the commitment outstanding.

As of March 31, 2018 and December 31, 2017, the Company has committed to fund \$50,000 and \$50,000 of LLC equity interest subscriptions to SLF, respectively. As of March 31, 2018 and December 31, 2017, \$15,750 and \$9,500 of the Company's LLC equity interest subscriptions to SLF had been called and contributed, net of return of capital distributions subject to recall, respectively. For the three months ended March 31, 2018 and 2017, the Company received \$175 and zero dividend income from the SLF LLC equity interests, respectively.

Below is certain summarized financial information for SLF as of March 31, 2018 and December 31, 2017 and for the three months ended March 31, 2018 and 2017 (dollars in thousands):

	March 31, 2018	December 31, 2017
<b>Assets</b>		
Investments, at fair value	\$ 58,178	\$ 29,126
Cash	858	12,504
Restricted cash	1,287	—
Receivable for open trades	48	—
Interest receivable	139	11
Total assets	\$ 60,510	\$ 41,641
<b>Liabilities</b>		
Revolving credit facility	\$ 20,297	\$ —
Less: Unamortized deferred financing costs	(1,310	) —
Total debt, less unamortized deferred financing costs	18,987	—
Payable for open trades	8,735	22,304
Interest payable	36	—
Accounts payable and accrued expenses	87	57
Total liabilities	27,845	22,361
Members' capital	32,665	19,280
Total liabilities and members' capital	\$ 60,510	\$ 41,641

	Three months ended	
	March 31, 2018	March 31, 2017 <sup>(1)</sup>
<b>Investment income:</b>		
Interest income	\$ 780	\$ —
Total investment income	780	—
<b>Expenses:</b>		
Interest and other debt financing expenses	44	—
Organizational costs	6	—
Professional fees	40	—
Total expenses	90	—
Net investment income (loss)	690	—
<b>Net gain (loss) on investments:</b>		
Net change in unrealized gain (loss) on investments	545	—
Net gain (loss) on investments	545	—

Net increase (decrease) in members' capital	\$ 1,235	\$	—
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(1) SLF commenced operations on November 14, 2017.

#### **Note 4. Fair Value Measurements**

##### **Investments**

The Company values all investments in accordance with ASC Topic 820. ASC Topic 820 requires enhanced disclosures about assets and liabilities that are measured and reported at fair value. As defined in ASC Topic 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, fair value is based on observable market prices or parameters, or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied. These valuation models involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the assets or liabilities or market and the assets' or liabilities' complexity.

ASC Topic 820 establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability of inputs used in measuring investments at fair value. Market price observability is affected by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Based on the observability of the inputs used in the valuation techniques, the Company is required to provide disclosures on fair value measurements according to the fair value hierarchy. The fair value hierarchy ranks the observability of the inputs used to determine fair values. Investments carried at fair value are classified and disclosed in one of the following three categories:

Level 1 — Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 — Valuations based on inputs other than quoted prices in active markets, including quoted prices for similar assets or liabilities, which are either directly or indirectly observable.

Level 3 — Valuations based on inputs that are unobservable and significant to the overall fair value measurement. This includes situations where there is little, if any, market activity for the assets or liabilities. The inputs into the determination of fair value are based upon the best information available and may require significant management judgment or estimation.



In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an asset's or liability's categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability. All investments, with the exception of investments measured at fair value using net asset value ("NAV"), as of March 31, 2018 and December 31, 2017 were categorized as Level 3 investments.

With respect to investments for which market quotations are not readily available, the Company's Board undertakes a multi-step valuation process each quarter, as described below:

- the quarterly valuation process begins with each portfolio company or investment being initially evaluated and rated by the investment professionals of MC Advisors responsible for the portfolio investment;

- preliminary valuation conclusions are then documented and discussed with the investment committee of the Company;

- the Board also engages one or more independent valuation firm(s) to conduct independent appraisals of a selection of investments for which market quotations are not readily available. The Company will consult with independent valuation firm(s) relative to each portfolio company at least once in every calendar year, but are generally received quarterly;

the audit committee of the Board reviews the preliminary valuations of MC Advisors and of the independent valuation firm(s) and responds and supplements the valuation recommendations to reflect any comments; and

the Board discusses these valuations and determines the fair value of each investment in the portfolio in good faith, based on the input of MC Advisors, the independent valuation firm(s) and the audit committee.

The accompanying consolidated schedules of investments held by the Company consist primarily of private debt instruments (“Level 3 debt”). The Company generally uses the yield approach to determine fair value, as long as it is appropriate. If there is deterioration in credit quality or a debt investment is in workout status, the Company may consider other factors in determining the fair value, including the value attributable to the debt investment from the enterprise value of the portfolio company or the proceeds that would be received in a liquidation analysis. The Company generally considers its Level 3 debt to be performing loans if the borrower is not in default, the borrower is remitting payments in a timely manner; the loan is in covenant compliance or is otherwise not deemed to be impaired. In determining the fair value of the performing Level 3 debt, the Company considers fluctuations in current interest rates, the trends in yields of debt instruments with similar credit ratings, financial condition of the borrower, economic conditions and other relevant factors, both qualitative and quantitative. In the event that a Level 3 debt instrument is not performing, as defined above, the Company will evaluate the value of the collateral utilizing the same framework described above for a performing loan to determine the value of the Level 3 debt instrument.

Under the yield approach, the Company uses discounted cash flow models to determine the present value of the future cash flow streams of its debt investments, based on future interest and principal payments as set forth in the associated loan agreements. In determining fair value under the yield approach, the Company also considers the following factors: applicable market yields and leverage levels, credit quality, prepayment penalties, the nature and realizable value of any collateral, the portfolio company’s ability to make payments, and changes in the interest rate environment and the credit markets that generally may affect the price at which similar investments may be made.

Under the market approach, the Company typically uses the enterprise value methodology to determine the fair value of an investment. There is no one methodology to estimate enterprise value and, in fact, for any one portfolio company, enterprise value is generally best expressed as a range of values, from which the Company derives a single estimate of enterprise value. In estimating the enterprise value of a portfolio company, the Company analyzes various factors consistent with industry practice, including but not limited to original transaction multiples, the portfolio company’s historical and projected financial results, applicable market trading and transaction comparables, applicable market yields and leverage levels, the nature and realizable value of any collateral, the markets in which the portfolio company does business, and comparisons of financial ratios of peer companies that are public. Typically, the enterprise values of private companies are based on multiples of earnings before interest, income taxes, depreciation and amortization (“EBITDA”), cash flows, net income, revenues, or in limited cases, book value.

In addition, for certain debt investments, the Company may base its valuation on indicative bid and ask prices provided by an independent third-party pricing service. Bid prices reflect the highest price that the Company and

others may be willing to pay. Ask prices represent the lowest price that the Company and others may be willing to accept. The Company generally uses the midpoint of the bid/ask range as its best estimate of fair value of such investment.

## Secured Borrowings

The Company has elected the fair value option under ASC Topic 825 — *Financial Instruments* (“ASC Topic 825”) relating to accounting for debt obligations at their fair value for its secured borrowings which arose due to partial loan sales which did not meet the criteria for sale treatment under ASC Topic 860. The Company reports changes in the fair value of its secured borrowings within net change in unrealized gain (loss) on secured borrowings in the consolidated statements of operations. The net gain or loss reflects the difference between the fair value and the principal amount due on maturity.

Due to the absence of a liquid trading market for these secured borrowings, they are valued by calculating the net present value of the future expected cash flow streams using an appropriate risk-adjusted discount rate model. The discount rate considers projected performance of the related loan investment, applicable market yields and leverage levels, credit quality, prepayment penalties and comparable company analysis. The Company consults with an independent valuation firm relative to the fair value of its secured borrowings at least once in every calendar year.

## Fair Value Disclosures

The following table presents fair value measurements of investments and secured borrowings, by major class, as of March 31, 2018, according to the fair value hierarchy:

	Fair Value Measurements			Total
	Level 1	Level 2	Level 3	
Investments:				
Senior secured loans	\$—	\$—	\$380,115	\$380,115
Unitranche secured loans	—	—	45,976	45,976
Junior secured loans	—	—	38,578	38,578
Equity securities	—	—	15,032	15,032
Investments measured at NAV <sup>(1)</sup> <sup>(2)</sup>	—	—	—	16,333
Total Investments	\$—	\$—	\$479,701	\$496,034

The following table presents fair value measurements of investments and secured borrowings, by major class, as of December 31, 2017, according to the fair value hierarchy:

	Fair Value Measurements			Total
	Level 1	Level 2	Level 3	
Investments:				
Senior secured loans	\$—	\$—	\$387,874	\$387,874
Unitranche secured loans	—	—	40,295	40,295
Junior secured loans	—	—	38,549	38,549
Equity securities	—	—	17,780	17,780
Investments measured at NAV <sup>(1)</sup> <sup>(2)</sup>	—	—	—	9,640
Total Investments	\$—	\$—	\$484,498	\$494,138

Certain investments that are measured at fair value using the NAV have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Consolidated Statements of Assets and Liabilities.

<sup>(2)</sup> Represents the Company's investment in LLC equity interests in SLF. The fair value of this investment has been determined using the NAV of the Company's ownership interest in members' capital.

Senior, unitranche and junior secured loans are collateralized by tangible and intangible assets of the borrowers. These investments include loans to entities that have some level of challenge in obtaining financing from other, more conventional institutions, such as a bank. Interest rates on these loans are either fixed or floating, and are based on current market conditions and credit ratings of the borrower. Excluding loans on non-accrual, the contractual interest rates on the loans ranged between 6.88% to 16.38% at March 31, 2018 and 6.57% to 15.00% at December 31, 2017. The maturity dates on the loans outstanding at March 31, 2018 range between April 2018 and August 2025.

The following tables provide a reconciliation of the beginning and ending balances for investments and secured borrowings that use Level 3 inputs for the three months ended March 31, 2018 and 2017:

	Investments				Total investments	Secured borrowings
	Senior secured loans	Unitranche secured loans	Junior secured loans	Equity securities		
Balance as of December 31, 2017	\$387,874	\$40,295	\$38,549	\$17,780	\$484,498	\$—
Net change in unrealized gain (loss) on investments	(3,927)	(136)	(17)	(3,008)	(7,088)	—
Net realized gain (loss) on investments	—	—	—	—	—	—

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Purchases of investments and other adjustments to cost <sup>(1)</sup>	12,024	6,019	47	260	18,350	—
Proceeds from principal payments and sales on investments <sup>(2)</sup>	(15,856 )	(202 )	(1 )	—	(16,059 )	—
Net change in unrealized gain (loss) on secured borrowings	—	—	—	—	—	—
Repayments on secured borrowings	—	—	—	—	—	—
Net realized (gain) loss on secured borrowings	—	—	—	—	—	—
Balance as of March 31, 2018	\$380,115	\$ 45,976	\$ 38,578	\$ 15,032	\$ 479,701	\$ —

	Investments					
	Senior secured loans	Unitranche secured loans	Junior secured loans	Equity securities	Total investments	Secured borrowings
Balance as of December 31, 2016	\$275,253	\$ 51,638	\$ 59,366	\$ 26,663	\$ 412,920	\$ 1,314
Net change in unrealized gain (loss) on investments	(2,241 )	(110 )	182	(1,462 )	(3,631 )	—
Net realized gain (loss) on investments	41	—	—	126	167	—
Purchases of investments and other adjustments to cost <sup>(1)</sup>	42,156	232	149	—	42,537	—
Proceeds from principal payments and sales on investments <sup>(2)</sup>	(14,986 )	(1,295 )	(17,437 )	(126 )	(33,844 )	—
Net change in unrealized gain (loss) on secured borrowings	—	—	—	—	—	1
Repayments on secured borrowings	—	—	—	—	—	—
Net realized (gain) loss on secured borrowings	—	—	—	—	—	—
Balance as of March 31, 2017	\$300,223	\$ 50,465	\$ 42,260	\$ 25,201	\$ 418,149	\$ 1,315

(1) Includes purchases of new investments, effects of refinancing and restructurings, premium and discount accretion and amortization and PIK interest.

(2) Represents net proceeds from investments sold and principal paydowns received.

The total change in unrealized gain (loss) included in the consolidated statements of operations within net change in unrealized gain (loss) on investments for the three months ended March 31, 2018 and 2017, attributable to Level 3 investments still held at March 31, 2018 and 2017, was (\$6,219) and (\$2,727), respectively. The total change in unrealized (gain) loss included in the consolidated statements of operations within net change in unrealized (gain) loss on secured borrowings for the three months ended March 31, 2018 and 2017, attributable to Level 3 investments still held at March 31, 2018 and 2017, was zero and (\$1), respectively. Reclassifications impacting Level 3 of the fair value hierarchy are reported as transfers in or out of Level 3 as of the beginning of the period which the reclassifications occur. There were no transfers among Levels 1, 2 and 3 during the three months ended March 31, 2018 and 2017.

### Significant Unobservable Inputs

ASC Topic 820 requires disclosure of quantitative information about the significant unobservable inputs used in the valuation of assets and liabilities classified as Level 3 within the fair value hierarchy. Disclosure of this information is not required in circumstances where a valuation (unadjusted) is obtained from a third-party pricing service and the information regarding the unobservable inputs is not reasonably available to the Company and as such, the disclosures provided below exclude those investments valued in that manner. The tables below are not intended to be all-inclusive, but rather to provide information on significant unobservable inputs and valuation techniques used by the Company.

The valuation techniques and significant unobservable inputs used in recurring Level 3 fair value measurements of assets and liabilities as of March 31, 2018 were as follows:

	Fair Value	Valuation Technique	Unobservable Input	Weighted Average		Range			
				Mean		Minimum	Maximum		
Assets:									
Senior secured loans	\$ 251,320	Discounted cash flow	EBITDA multiples	7.1	x	3.5	x	13.5	x
			Market yields	11.6	%	8.3	%	24.5	%
Senior secured loans	56,621	Discounted cash flow	Revenue multiples	2.2	x	0.3	x	6.0	x
			Market yields	13.8	%	8.7	%	19.0	%
Senior secured loans	14,681	Waterfall	Delinquency ratio	0.2	%	0.2	%	0.2	%
Senior secured loans	12,929	Combination of discounted cash flow and enterprise value	Tangible book value multiples	1.3	x	1.2	x	1.4	x
			Market yields	13.5	%	10.0	%	18.3	%
	9,207	Enterprise value	EBITDA multiples	7.0	x	6.3	x	7.8	x

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Senior secured loans									
Senior secured loans	3,648	Combination of enterprise value and liquidation	Revenue multiples	0.1	x	0.1	x	0.1	x
Senior secured loans	541	Enterprise value	Revenue multiples	0.5	x	0.4	x	0.5	x
Unitranche secured loans	45,679	Discounted cash flow	EBITDA multiples	6.2	x	3.8	x	9.0	x
			Market yields	16.3	%	9.5	%	25.0	%
Unitranche secured loans	297	Enterprise value	EBITDA multiples	5.0	x	4.5	x	5.5	x
Junior secured loans	5,625	Discounted cash flow	EBITDA multiples	9.4	x	4.0	x	10.5	x
			Market yields	11.4	%	10.4%		14.5	%
Equity securities	8,503	Discounted cash flow	EBITDA multiples	4.3	x	4.0	x	4.5	x
			Market yields	22.0	%	21.0%		23.0	%
Equity securities	3,561	Enterprise value	Revenue multiples	0.4	x	0.3	x	2.7	x
Equity securities	1,574	Enterprise value	EBITDA multiples	7.0	x	4.3	x	11.0	x
Equity securities	227	Enterprise value	Tangible book value multiples	1.3	x	1.2	x	1.4	x
Total Level 3 Assets	\$414,413 <sup>(1)</sup>								

(1) Excludes loans of \$65,288 at fair value where valuation (unadjusted) is obtained from a third-party pricing service for which such disclosure is not required. Also excludes the Company's investment in SLF of \$16,333.

The valuation techniques and significant unobservable inputs used in recurring Level 3 fair value measurements of assets and liabilities as of December 31, 2017 were as follows:

	Fair Value	Valuation Technique	Unobservable Input	Weighted Average Mean		Range Minimum	Range Maximum	
Assets:								
Senior secured loans	\$ 300,882	Discounted cash flow	EBITDA multiples	6.8	x	3.8	x	14.0
			Market yields	11.6	%	8.1	%	23.5
Senior secured loans	15,654	Waterfall	Delinquency ratio	0.0	%	0.0	%	0.0
Senior secured loans	12,967	Discounted cash flow	Tangible book value multiples	1.3	x	1.2	x	1.3
			Market yields	14.5	%	10.3	%	19.9
Senior secured loans	9,516	Discounted cash flow	Revenue multiples	4.0	x	3.8	x	4.3
			Market yields	8.8	%	8.4	%	9.2
Senior secured loans	8,718	Enterprise value	EBITDA multiples	7.5	x	6.0	x	9.3
Senior secured loans	8,516	Enterprise value	Revenue multiples	0.3	x	0.3	x	0.6
Unitranche secured loans	40,000	Discounted cash flow	EBITDA multiples	6.2	x	3.8	x	8.5
			Market yields	15.0	%	8.8	%	23.0
Unitranche secured loans	295	Enterprise value	EBITDA multiples	5.0	x	4.5	x	5.5
Junior secured loans	5,625	Discounted cash flow	EBITDA multiples	9.1	x	3.8	x	10.3
			Market yields	11.1	%	10.2	%	14.0
Equity securities	8,429	Discounted cash flow	EBITDA multiples	4.0	x	3.8	x	4.3
			Market yields	21.0	%	20.0	%	22.0
Equity securities	5,892	Enterprise value	Revenue multiples	0.4	x	0.4	x	2.7
Equity securities	1,767	Enterprise value	EBITDA multiples	6.8	x	4.5	x	9.0
Equity securities	353	Enterprise value	Tangible book value multiples	1.3	x	1.2	x	1.3
Total Level 3 Assets	\$ 418,614 <sup>(1)</sup>							

(1) Excludes loans of \$65,884 at fair value where valuation (unadjusted) is obtained from a third-party pricing service for which such disclosure is not required.

The significant unobservable inputs used in the market approach of fair value measurement of the Company's investments are the market multiples of EBITDA or revenue of the comparable guideline public companies. The Company selects a population of public companies for each investment with similar operations and attributes of the portfolio company. Using these guideline public companies' data, a range of multiples of enterprise value to EBITDA or revenue is calculated. The Company selects percentages from the range of multiples for purposes of determining the portfolio company's estimated enterprise value based on said multiple and generally the latest twelve months



EBITDA or revenue of the portfolio company (or other meaningful measure). Increases (decreases) in the multiple will result in an increase (decrease) in enterprise value, resulting in an increase (decrease) in the fair value estimate of the investment.

The significant unobservable inputs used in the yield approach of fair value measurement of the Company's investments is the discount rate used to discount the estimated future cash flows expected to be received from the underlying investment, which include both future principal and interest payments. Increases (decreases) in the discount rate would result in a decrease (increase) in the fair value estimate of the investment. Included in the consideration and selection of discount rates are the following factors: risk of default, rating of the investment and comparable investments, and call provisions.

### **Other Financial Assets and Liabilities**

ASC Topic 820 requires disclosure of the fair value of financial instruments for which it is practical to estimate such value. The Company believes that the carrying amounts of its other financial instruments such as cash, receivables and payables approximate the fair value of such items due to the short maturity of such instruments. Fair value of the Company's revolving credit facility is estimated by discounting remaining payments using applicable market rates or market quotes for similar instruments at the measurement date, if applicable. The Company believes that the carrying value of its revolving credit facility approximates fair value. SBA-guaranteed debentures are carried at cost and with their longer maturity dates, fair value is estimated by discounting remaining payments using current market rates for similar instruments and considering such factors as the legal maturity date and the ability of market participants to prepay the debentures. As of March 31, 2018 and December 31, 2017, the fair value of the Company's SBA debentures using Level 3 inputs were estimated at \$112,800 and \$109,520, respectively, which is the same as the Company's carrying value of the SBA debentures.

**Note 5. Transactions with Affiliated Companies**

An affiliated company is a company in which the Company has an ownership interest of 5% or more of its voting securities. A controlled affiliate company is a company in which the Company has an ownership interest of more than 25% of its voting securities. Please see the Company's consolidated schedule of investments for the type of investment, principal amount, interest rate including the spread, and the maturity date. Transactions related to the Company's investments with affiliates for the three months ended March 31, 2018 and 2017 were as follows:

Portfolio Company	Fair value at December 31, 2017	Transfers in	Purchases	Sales and paydowns	PIK interest	Discount accretion	Net realized gains (losses)	Net unrealized gains (losses)	Fair value at March 31, 2018
		(cost)	(cost)	(cost)	(cost)				
Non-controlled affiliate company investments :									
American Community Homes, Inc.	\$ 7,441	\$ —	\$ —	\$ (331 )	\$ —	\$ 11	\$ —	\$ 245	\$ 7,366
American Community Homes, Inc.	4,329	—	—	(165 )	49	5	—	116	4,334
American Community Homes, Inc.	542	—	—	—	7	1	—	(1 )	549
American Community Homes, Inc.	431	—	—	—	—	1	—	15	447
American Community Homes, Inc.	224	—	—	—	2	1	—	6	233
American Community Homes, Inc. (Delayed Draw)	—	—	—	—	—	—	—	—	—
American Community Homes, Inc. (Delayed Draw)	—	—	—	—	—	—	—	—	—
American Community Homes, Inc. (warrant to purchase up to 9.0% of the equity)	353	—	—	—	—	—	—	(126 )	227
	13,320	—	—	(496 )	58	19	—	255	13,156
Luxury Optical Holdings Co.	3,697	—	—	—	103	4	—	54	3,858
Luxury Optical Holdings Co. (Delayed Draw)	741	—	—	(118 )	—	—	—	—	623
Luxury Optical Holdings Co. (Revolver)	170	—	—	—	5	—	—	3	178
Luxury Optical Holdings Co. (86 shares of common stock)	—	—	—	—	—	—	—	—	—
	4,608	—	—	(118 )	108	4	—	57	4,659

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Millennial Brands LLC	—	—	—	—	—	—	—	—	—		
Millennial Brands LLC	—	—	—	—	—	—	—	—	—		
Millennial Brands LLC	—	—	—	—	—	—	—	—	—		
Millennial Brands LLC	550	—	—	—	—	—	(9	)	541		
Millennial Brands LLC	—	—	—	—	—	—	—	—	—		
Millennial Brands LLC (10 preferred units)	—	—	—	—	—	—	—	—	—		
Millennial Brands LLC (75,502 common units)	—	—	—	—	—	—	—	—	—		
	550	—	—	—	—	—	(9	)	541		
Rockdale Blackhawk, LLC	10,594	—	—	—	—	54	—	39	10,687		
Rockdale Blackhawk, LLC (Capex)	533	—	—	—	—	—	—	4	537		
Rockdale Blackhawk, LLC (Revolver)	1,797	—	—	—	—	—	—	8	1,805		
Rockdale Blackhawk, LLC (Revolver)	3,145	—	—	—	—	—	—	13	3,158		
Rockdale Blackhawk, LLC (Revolver)	—	—	1,387	—	—	—	—	(34	)	1,353	
Rockdale Blackhawk, LLC – LLC Units (22.65% of the LLC interest) <sup>(1)</sup>	5,673	—	—	—	—	—	—	(2,331	)	3,342	
	21,742	—	1,387	—	—	54	—	(2,301	)	20,882	
SHI Holdings, Inc.	2,625	—	—	(7	)	—	4	—	(4	)	2,618
SHI Holdings, Inc. (Revolver)	2,226	—	328	—	—	1	—	(2	)	2,553	
SHI Holdings, Inc. (24 shares of common stock)	786	—	—	—	—	—	—	(167	)	619	
	5,637	—	328	(7	)	—	5	—	(173	)	5,790
Summit Container Corporation	3,421	—	—	—	18	6	—	7	3,452		
Summit Container Corporation	1,507	—	—	—	8	—	—	—	1,515		
Summit Container Corporation (warrant to purchase up to 19.50% of the equity)	—	—	—	—	—	—	—	—	—		
	4,928	—	—	—	26	—	—	—	—		