Solar Senior Capital Ltd.
Form 497
September 09, 2016
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Filed pursuant to Rule 497
Registration No. 333-194774

PROSPECTUS SUPPLEMENT

(to Prospectus dated July 6, 2016)

4,000,000 Shares

Solar Senior Capital Ltd.

Common Stock

We are an externally managed finance company. Our investment objective is to seek to maximize current income consistent with the preservation of capital. We seek to achieve our investment objective by investing primarily in senior secured loans, including first lien, unitranche, and second lien debt instruments, made to private middle-market companies whose debt is rated below investment grade, which we refer to collectively as senior loans. We may also invest in debt of public companies that are thinly traded or in equity securities. Under normal market conditions, at least 80% of the value of our net assets (including the amount of any borrowings for investment purposes) will be invested in senior loans. Securities rated below investment grade, including the senior loans we target, are often referred to as leveraged loans, high yield or junk securities, and may be considered high risk compared to debt instruments that are rated above investment grade. In addition, some of our debt investments are not scheduled to fully amortize over their stated terms, which could cause us to suffer losses if the respective issuer of such debt investment is unable to refinance or repay their remaining indebtedness at maturity.

We were formed in December 2010 as a Maryland corporation structured as an externally managed, non-diversified closed-end management investment company. We have elected to be treated as a business development company under the Investment Company Act of 1940, or the 1940 Act. We are managed by Solar Capital Partners, LLC (the Investment Adviser). Solar Capital Management, LLC provides the administrative services necessary for us to operate.

The underwriters have agreed to purchase 4,000,000 shares from the Company. We have granted the underwriters a 30-day option to purchase up to 600,000 additional shares of our common stock at the public offering price, less underwriting discounts and commissions.

Our common stock is listed on the NASDAQ Global Select Market under the symbol SUNS. On September 6, 2016, the last reported sales price on the NASDAQ Global Select Market for our common stock was $16.92 per share.

This prospectus supplement and the accompanying prospectus contain important information about us that a prospective investor should know before investing in our common stock. Please read this prospectus supplement and the accompanying prospectus before investing and keep it for future reference. We are required to file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission. This information is available free of charge by contacting us by mail at 500 Park Avenue, New York, NY 10022, by telephone at (212) 993-1670 or on our website at *http://www.solarseniorcap.com*. The Securities and Exchange Commission also maintains a website at *http://www.sec.gov* that contains such information. Information contained on our website is not incorporated by reference into this prospectus supplement and the accompanying prospectus, and you should not consider that information to be part of this prospectus supplement and the accompanying prospectus.

An investment in our common stock is very risky and highly speculative. Shares of closed-end investment companies, including business development companies, frequently trade at a discount to their net asset value. In addition, the companies in which we invest are subject to special risks. See Risk Factors beginning on page 19 of the accompanying prospectus to read about factors you should consider, including the risk of leverage, before investing in our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement and the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total(2)
Public Offering Price	$ 16.40	$ 65,600,000
Sales Load payable to the underwriters by Investment Adviser (Underwriting Discounts and Commissions)(1)(3)	$ 0.574	$ 2,296,000
Additional supplemental payment to the underwriters by Investment Adviser(1)	$ 0.36	$ 1,440,000
Proceeds to us (before expenses)(1)	$ 16.76	$ 67,040,000

(1) The Investment Adviser has agreed to bear all of the sales load in connection with this offering, which is reflected in the above table. In addition, the Investment Adviser has agreed to pay to the underwriters an additional supplemental payment of $1,440,000, or $0.36 per share, which reflects the difference between the public offering price and the proceeds per share received by us in this offering. All payments made by the Investment Adviser will not be subject to reimbursement by us. All other expenses of the offering will be borne by us. We will incur approximately $300,000 of estimated expenses in connection with this offering.

(2) To the extent that the underwriters sell more than 4,000,000 shares of our common stock, the underwriters have the option to purchase up to an additional 600,000 shares of our common stock at the public offering price, less the sales load, within 30 days of the date of this prospectus supplement. If the underwriters exercise this option in full, the total public offering price, sales load payable by the Investment Adviser, the additional supplemental payment by the Investment Adviser and proceeds to us will be $75,440,000, $2,640,400, $1,656,000 and $77,096,000, respectively.

(3) See Underwriting for details of compensation to be received by the underwriters.

The underwriters expect to deliver the shares on or about September 13, 2016 through the book-entry facilities of The Depository Trust Company.

Joint Book-Running Managers

Morgan Stanley **Wells Fargo Securities**

Citigroup **Deutsche Bank Securities** **Goldman, Sachs & Co.** **J.P. Morgan**

Lead Manager

Keefe, Bruyette & Woods

A Stifel Company

Co-Managers

B. Riley & Co., LLC	**Ladenburg Thalmann**	**Maxim Group LLC**	**Oppenheimer & Co.**

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PROSPECTUS SUPPLEMENT

PROSPECTUS

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ABOUT THIS PROSPECTUS SUPPLEMENT

You should rely only on the information contained in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information from that contained in this prospectus supplement or the accompanying prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell, or a solicitation of an offer to buy, any shares of our common stock by any person in any jurisdiction where it is unlawful for that person to make such an offer or solicitation or to any person in any jurisdiction to whom it is unlawful to make such an offer or solicitation. The information contained in this prospectus supplement and the accompanying prospectus is complete and accurate only as of their respective dates, regardless of the time of their delivery or sale of our common stock. This prospectus supplement supersedes the accompanying prospectus to the extent it contains information different from or additional to the information in that prospectus.

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering of common stock and also adds to and updates information contained in the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information and disclosure. To the extent the information contained in this prospectus supplement differs from the information contained in the accompanying prospectus, the information in this prospectus supplement shall control. You should read this prospectus supplement and the accompanying prospectus together with the additional information described under the heading Available Information before investing in our common stock.

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SUMMARY

This summary highlights some of the information in this prospectus supplement and the accompanying prospectus. It is not complete and may not contain all of the information that you may want to consider. You should read carefully the more detailed information set forth under Risk Factors in the accompanying prospectus and the other information included in this prospectus supplement and the accompanying prospectus and the documents to which we have referred you.

Except where the context suggests otherwise, the terms we, us, our and Solar Senior Capital refer to Solar Senior Capital Ltd. In addition, the terms Solar Capital Partners and the investment adviser refer to Solar Capital Partners, LLC, and Solar Capital Management and the administrator refer to Solar Capital Management, LLC.

In this prospectus supplement, we use the term leveraged to refer to companies of any size with non-investment grade debt outstanding or, if not explicitly rated, those which we believe would be rated as non-investment grade based on their leverage levels and other terms. In addition, we use the term middle-market to refer to companies with annual revenues between $50 million and $1 billion. We also use the term unitranche to refer to debt instruments that combine both senior and subordinated debt into one debt instrument. Unitranche debt instruments typically pay a higher rate of interest than traditional senior debt instruments, but also pose greater risk associated with a lesser amount of asset coverage.

Solar Senior Capital

Solar Senior Capital, a Maryland corporation formed in December 2010, is a closed-end, externally managed, non-diversified management investment company that has elected to be treated as a business development company (BDC) under the Investment Company Act of 1940, as amended (the 1940 Act). Furthermore, as the Company is an investment company, it continues to apply the guidance in the Financial Accounting Standard Board (FASB) Accounting Standards Codification (ASC) Topic 946. In addition, for tax purposes we have 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 24, 2011, we priced our initial public offering (the IPO), selling 9.0 million shares of our common stock, including the underwriters over-allotment, at a price of $20.00 per share. Concurrent with this offering, Solar Senior Capital Investors LLC, an entity controlled by Michael S. Gross, our chairman and chief executive officer, and Bruce Spohler, our chief operating officer, purchased an additional 500,000 shares of our common stock through a private placement transaction exempt from registration under the Securities Act of 1933, as amended, or the Securities Act (the Concurrent Private Placement), also at $20.00 per share.

On August 26, 2011, we established a $200 million senior secured revolving credit facility (the Credit Facility) with Citigroup Global Markets Inc. acting as administrative agent. In connection with the Credit Facility, our wholly-owned subsidiary, SUNS SPV LLC (the SPV) was formed. The Credit Facility, as amended, currently has an aggregate of $175 million of commitments available. It can also be expanded up to $600 million. The stated interest rate on the Credit Facility is LIBOR plus 2.00% with no LIBOR floor requirement and the current final maturity date is June 30, 2020. The Credit Facility is secured by all of the assets held by the SPV. Under the terms of the Credit Facility, Solar Senior Capital and the SPV, as applicable, have made certain customary representations and warranties, and are required to comply with various covenants, including leverage restrictions, reporting requirements and other customary requirements for similar credit facilities. The Credit Facility also includes usual and customary events of default for credit facilities of this nature. The Credit Facility was amended on November 7, 2012, June 30, 2014 and May 29, 2015 to add greater investment flexibility, among other changes.

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We invest primarily in privately held U.S. middle-market companies, where we believe the supply of primary capital is limited and the investment opportunities are most attractive. Our investment objective is to seek to maximize current income consistent with the preservation of capital. We define middle market to refer to companies with annual revenues between $50 million and $1 billion. We seek to achieve our investment objective by investing primarily in senior loans, including first lien, unitranche, and second lien debt instruments, made to private middle-market companies whose debt is rated below investment grade, which we refer to collectively as senior loans. We may also invest in debt of public companies that are thinly traded or in equity securities. Under normal market conditions, at least 80% of the value of our net assets (including the amount of any borrowings for investment purposes) will be invested in senior loans. Senior loans typically pay interest at rates which are determined periodically on the basis of a floating base lending rate, primarily LIBOR, plus a premium. Senior loans in which we invest are typically made to U.S. and, to a limited extent, non-U.S. corporations, partnerships and other business entities which operate in various industries and geographical regions. Senior loans typically are rated below investment grade. Securities rated below investment grade are often referred to as leveraged loans, high yield or junk securities, and may be considered high risk compared to debt instruments that are rated investment grade. In addition, some of our debt investments are not scheduled to fully amortize over their stated terms, which could cause us to suffer losses if the respective issuer of such debt investment is unable to refinance or repay their remaining indebtedness at maturity. While the Company does not typically seek to invest in equity securities as part of its investment objective, the Company may occasionally acquire some equity securities in connection with senior loan investments and in certain other unique circumstances, such as the Company s equity investments in Gemino Healthcare Finance, LLC and First Lien Loan Program (FLLP).

We invest in senior loans made primarily to private leveraged middle market companies with approximately $20 million to $100 million of earnings before interest, taxes, depreciation and amortization (EBITDA). Our business is focused primarily on the direct origination of investments through portfolio companies or their financial sponsors. Our investments generally range between $5 million and $30 million each, although we expect that this investment size will vary proportionately with the size of our capital base. In addition, we may invest a portion of our portfolio in other types of investments, which we refer to as opportunistic investments, which are not our primary focus but are intended to enhance our overall returns. These opportunistic investments may include, but are not limited to, direct investments in public companies that are not thinly traded and securities of leveraged companies located in select countries outside of the United States. We may invest up to 30% of our total assets in such opportunistic investments, including senior loans issued by non-U.S. issuers, subject to compliance with our regulatory obligations as a BDC under the 1940 Act. We are managed by Solar Capital Partners. Solar Capital Management provides the administrative services necessary for us to operate.

As of June 30, 2016, our adviser, Solar Capital Partners, has invested approximately $5.6 billion in more than 250 different portfolio companies since 2006. Over the same period, the Investment Adviser completed transactions with more than 145 different financial sponsors.

Recent Developments

Distributions

On July 7, 2016, the Board declared a monthly distribution of $0.1175 per share payable on August 2, 2016 to holders of record as of July 21, 2016.

On August 2, 2016, the Board declared a monthly distribution of $0.1175 per share payable on September 1, 2016 to holders of record as of August 18, 2016.

First Lien Loan Program

On August 15, 2016, we announced that a wholly owned subsidiary of FLLP amended its senior secured revolving credit facility. The amendment includes a $25 million commitment increase to $100 million, as well as

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a maturity extension to August 2021. Wells Fargo Bank is acting as administrative agent for the facility. As of June 30, 2016, we had contributed $29.58 million of our $50.75 million equity commitment to FLLP.

Investment Advisory Fee Waivers

Upon completion of this offering, for the quarterly periods ended September 30, 2016 to June 30, 2017 (the Waiver Period), Solar Capital Partners has agreed to voluntarily waive a portion or all of the incentive fees, and to the extent necessary a portion or all of the base management fees, that Solar Capital Partners would otherwise be entitled to receive pursuant to our investment advisory and management agreement with Solar Capital Partners to the extent required in order for Solar Senior Capital to earn net investment income (exclusive of costs related to the expansion, extension and/or amendments of our credit facilities), as determined in accordance with U.S. generally accepted accounting principles (GAAP), sufficient to maintain Solar Senior Capital s current level of distributions. A portion or all of the voluntary fee waivers made during the Waiver Period would be made at the Investment Adviser s discretion and are subject to recapture by the Investment Adviser and reimbursement by Solar Senior Capital through June 30, 2018 to the extent GAAP net investment income equals or exceeds the current level of distributions. The amount to be waived or recaptured will be determined after the end of each quarter during the Waiver Period, with such amounts being accrued on a quarterly basis. There can be no assurance that Solar Capital Partners will extend these voluntary waivers beyond the Waiver Period. Even if Solar Capital Partners fully waives all incentive fees, and to the extent necessary all base management fees, to which it would otherwise be entitled, we cannot assure you that we will generate GAAP net investment income equal to or greater than the current level of distributions for the Waiver Period. Therefore, even with these voluntary waivers, there may be insufficient GAAP net investment income to avoid a return of capital. The waivers are also not a guarantee of a specific distribution level, as all distributions are subject to approval of our Board of Directors.

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About Solar Capital Partners

Solar Capital Partners, our investment adviser, is controlled and led by Michael S. Gross, our chairman and chief executive officer, and Bruce Spohler, our chief operating officer. They are supported by a team of dedicated investment professionals. Solar Capital Partners investment team has extensive experience in the private equity and leveraged lending industries, as well as significant contacts with financial sponsors operating in those industries.

In addition, Solar Capital Partners presently serves as investment adviser to Solar Capital Ltd., or Solar Capital, a publicly traded business development company with approximately $2.3 billion of investable capital that invests in mezzanine debt and mezzanine lending (i.e., actually or structurally subordinated) and equity securities of leveraged middle-market companies similar to those we target for investment. Through June 30, 2016 the investment team led by Messrs. Gross and Spohler has invested approximate $5.6 billion in more than 250 different portfolio companies for both Solar Capital and Solar Senior Capital, collectively, which investments involved more than 145 different financial sponsors. As of June 30, 2016, Mr. Gross and Mr. Spohler beneficially owned, either directly or indirectly, approximately 7.3% and 4.4%, respectively, of our outstanding common stock.

Mr. Gross has over 25 years of experience in the private equity, distressed debt and mezzanine businesses and has been involved in originating, structuring, negotiating, consummating and managing private equity, distressed debt and mezzanine lending (*i.e.*, actually or structurally subordinated) transactions. We also rely on over 25 years of experience of Mr. Spohler, who has served as our chief operating officer and a partner of Solar Capital Partners since its inception.

Solar Capital Partners senior investment professionals have been active participants in the primary and secondary leveraged credit markets throughout their careers. They have effectively managed portfolios of distressed and mezzanine debt and mezzanine lending (*i.e.*, actually or structurally subordinated) as well as other investment types. The depth of their experience and credit market expertise has led them through various stages of the economic cycle as well as several market disruptions.

Market Opportunity

Solar Senior Capital invests primarily in senior loans of private middle-market leveraged companies organized and located in the United States. We believe that the size of this market, coupled with leveraged companies need for flexible sources of capital at attractive terms and rates, creates an attractive investment environment for us. See Business Market Opportunity in the accompanying prospectus.

Middle-market companies have faced increasing difficulty in accessing the capital markets. While many middle-market companies were formerly able to raise funds by issuing high-yield bonds, we believe this approach to financing has become more difficult in recent years as institutional investors have sought to invest in larger, more liquid offerings. In addition, many private finance companies that historically financed their lending and investing activities through securitization transactions have lost that source of funding and reduced lending significantly. Moreover, consolidation of lenders and market participants and the illiquid nature of investments have resulted in fewer middle-market lenders and market participants.

There is a large pool of uninvested private equity capital likely to seek additional senior debt capital to support their investments. We believe there is more than $500 billion of uninvested private equity seeking debt financing to support acquisitions. We expect that middle-market private equity firms will continue to invest the over $185 billion raised since 2000 in middle-market companies and that those private equity firms will seek to support their investments with senior loans from other sources such as Solar Senior Capital.

The significant amount of leveraged loans maturing through 2018 should provide additional demand for senior debt capital. A high volume of financings were completed between the years 2004 and 2007, which are expected to mature over the next few years. We believe that this supply of prospective lending opportunities coupled with a lack of available credit in the middle-market lending space may offer attractive risk-adjusted returns to investors. Risk-adjusted return compares returns against the amount of risk incurred. The term risk-adjusted return does not imply that an investment is no risk or low risk.

Investing in private middle-market senior secured debt provides an attractive risk reward profile. In general, terms for illiquid, middle-market subordinated debt have been more attractive than those for larger corporations which are typically more liquid. We believe this is because fewer institutions are able to invest in illiquid asset classes.

Therefore, we believe that there is an opportunity to invest in senior loans of leveraged companies and that we are well positioned to serve this market.

Competitive Advantages and Strategy

We believe that we have the following competitive advantages over other providers of financing to leveraged companies. See Business Competitive Advantages and Strategy in the accompanying prospectus.

Management Expertise

As managing partner, Mr. Gross has principal management responsibility for Solar Capital Partners, to which he currently dedicates substantially all of his time. Mr. Gross has over 25 years of experience in leveraged finance, private equity and distressed debt investing. Mr. Spohler, our chief operating officer and a partner of Solar Capital Partners, has over 25 years of experience in evaluating and executing leverage finance transactions.

Proprietary Sourcing and Origination

We believe that Solar Capital Partners senior investment professionals longstanding relationships with financial sponsors, commercial and investment banks, management teams and other financial intermediaries provide us with a strong pipeline of origination opportunities. We expect to continue leveraging the over 100 relationships with middle-market sponsors that Solar Capital Partners investment team established while sourcing and originating investments for Solar Capital, which gives us access to deals that are not available through large syndication processes.

Since its inception, Solar Capital Partners has sourced investments in more than 250 different portfolio companies for both Solar Capital and Solar Senior Capital, collectively, which investments involved more than 145 different financial sponsors, through June 30, 2016.

Versatile Transaction Structuring and Flexibility of Capital

We believe Solar Capital Partners senior investment team s broad expertise and ability to draw upon its extensive experience enable us to identify, assess and structure investments successfully and to manage potential risk and return at all stages of the economic cycle. The attempt to manage risk does not imply low risk or no risk. While we are subject to significant regulation as a BDC, we are not subject to many of the regulatory limitations that govern traditional lending institutions such as banks. As a result, we believe that we can be more flexible than such lending institutions in selecting and structuring investments, adjusting investment criteria and building transaction structures.

Emphasis on Achieving Strong Risk-Adjusted Returns

Solar Capital Partners uses a structured investment and risk management process that emphasizes research and analysis. Solar Capital Partners seeks to build our portfolio on a bottom-up basis, choosing and sizing individual positions based on their relative risk/reward profiles as a function of the associated downside risk,

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volatility, correlation with the existing portfolio and liquidity. At the same time, Solar Capital Partners takes into consideration a variety of factors in managing our portfolio and imposes portfolio-based risk constraints promoting a more diverse portfolio of investments and limiting issuer and industry concentration. We do not pursue short-term origination targets. We believe this approach enables us to build an attractive investment portfolio that meets our return and value criteria over the long term. We believe it is critical to conduct extensive due diligence on investment targets. In evaluating new investments we, through Solar Capital Partners, conduct a rigorous due diligence process.

Deep Industry Focus with Substantial Information Flow

We concentrate our investing activities in industries characterized by strong cash flow and in which Solar Capital Partners investment professionals have deep investment experience. As a result of their investment experience, Messrs. Gross and Spohler, together with Solar Capital Partners other investment professionals, have long-term relationships with management consultants and management teams in the industries we target, as well as substantial information concerning those industries.

Longer Investment Horizon

Unlike private equity and venture capital funds, we are not subject to standard periodic capital return requirements. Such requirements typically stipulate that the capital of these funds, together with any capital gains on such invested funds, can only be invested once and must be returned to investors after a pre-agreed time period. We believe that our flexibility to make investments with a long-term view and without the capital return requirements of traditional private investment vehicles enables us to invest in private middle-market senior debt, which we believe provides a more attractive investment profile than the liquid senior debt market for larger companies. We also believe our longer investment horizon enables us to be a better long-term partner for our portfolio companies.

Investment Strategy

Solar Senior Capital seeks to create a diverse portfolio of senior loans by investing approximately $5 million to $30 million of capital, on average, in the securities of leveraged companies, including middle-market companies. We may also invest in debt of public companies that are thinly traded or in equity securities. Under normal market conditions, at least 80% of the value of our net assets (including the amount of any borrowings for investment purposes) will be invested in senior loans.

Senior loans typically pay interest at rates which are determined periodically on the basis of a floating base lending rate, primarily LIBOR, plus a premium. Senior loans in which we invest are typically made to U.S. and, to a limited extent, non-U.S. corporations, partnerships and other business entities which operate in various industries and geographical regions. Senior loans typically are rated below investment grade. Securities rated below investment grade are often referred to as leveraged loans, high yield or junk securities, and may be considered high risk compared to debt instruments that are rated investment grade. Senior secured loans, however are generally less risky than subordinated debt, bearing lower leverage and higher recovery statistics.

In addition to senior secured loans, we may invest a portion of our portfolio in opportunistic investments, which are not our primary focus, but are intended to enhance our returns to stockholders. These investments may include similar direct investments in public companies that are not thinly traded and securities of leveraged companies located in select countries outside of the United States. We may invest up to 30% of our total assets in such opportunistic investments, including senior loans issued by non-U.S. issuers, subject to compliance with our regulatory obligations as a BDC under the 1940 Act. See Regulation as a Business Development Company in the accompanying prospectus.

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We currently borrow funds under the Credit Facility and may borrow additional funds to make investments. As a result, we are exposed to the risks of leverage, which may be considered a speculative investment technique. The use of leverage magnifies the potential for loss on amounts invested and therefore increases the risks associated with investing in our securities. In addition, the costs associated with our borrowings, including any increase in management fees payable to our investment adviser, Solar Capital Partners, will be borne by our common stockholders.

Additionally, we may in the future seek to securitize our loans to generate cash for funding new investments. To securitize loans, we may create a wholly owned subsidiary and contribute a pool of loans to the subsidiary. This could include the sale of interests in the subsidiary on a non-recourse basis to purchasers who we would expect to be willing to accept a lower interest rate to invest in investment grade loan pools, and we would retain a portion of the equity in the securitized pool of loans.

Moreover, we may acquire investments in the secondary market and, in analyzing such investments, we will employ the same analytical process as we use for our primary investments.

We may utilize instruments such as forward contracts, currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of our portfolio positions from changes in currency exchange rates and market interest rates. Hedging against a decline in the values of our portfolio positions does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline. However, such hedging can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions may also limit the opportunity for gain if the values of the underlying portfolio positions should increase. It may not be possible to hedge against an exchange rate or interest rate fluctuation that is so generally anticipated that we are not able to enter into a hedging transaction at an acceptable price. Moreover, for a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Any such imperfect correlation may prevent us from achieving the intended hedge and expose us to risk of loss. In addition, it may not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of factors not related to currency fluctuations.

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Our principal focus is to provide senior secured loans, including first lien, unitranche and second lien loans, to private middle-market companies in a variety of industries. We generally seek to target companies that generate positive cash flows. We generally seek to invest in companies from the broad variety of industries in which our investment adviser has direct expertise. The following is a representative list of the industries in which we may invest.

Aerospace & Defense	Commercial Services & Supplies
Air Freight & Logistics	Communications Equipment
Asset Management	Construction & Engineering
Automobiles	Consumer Finance
Automotive Retail	Containers & Packaging
Beverages	Distributors
Building Products	Diversified Consumer Services
Capital Markets	Diversified Financial Services
Chemicals	Diversified Real Estate Activities
Diversified Telecommunications Services	Leisure Equipment & Products
Education Services	Machinery
Food Products	Media
Footwear	Multiline Retail
Health Care Equipment & Supplies	Paper & Forest Products
Health Care Facilities	Personal Products
Health Care Services	Professional Services
Health Care Technology	Real Estate Management & Development
Hotels, Restaurants & Leisure	Research & Consulting Services
Industrial Conglomerates	Software
Insurance	Specialty Retail
Internet Software & Services	Textiles, Apparel & Luxury Goods
IT Services	Utilities

We may invest in other industries if we are presented with attractive opportunities.

Summary Risk Factors

The value of our assets, as well as the market price of shares of our common stock, will fluctuate. Our investments may be risky, and you may lose all or part of your investment in us. Investing in Solar Senior Capital involves other risks, including the following:

We operate in a highly competitive market for investment opportunities;

Our investments are very risky and highly speculative;

The lack of liquidity in our investments may adversely affect our ability to meet our investment objectives;

Our portfolio may be concentrated in a limited number of portfolio companies and industries, which will subject us to a risk of significant loss if any of these companies performs poorly or defaults on its obligations under any of its debt instruments or if there is a downturn in a particular industry;

Our investments in securities rated below investment grade are speculative in nature and are subject to additional risk factors such as increased possibility of default, illiquidity of the security, and changes in value based on changes in interest rates;

Global economic, political and market conditions may adversely affect our business, results of operations and financial condition, including our revenue growth and profitability;

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There is a risk that our stockholders may not receive distributions or that our distributions may not grow over time;

Our shares may trade at a substantial discount from net asset value and may continue to do so over the long term;

Our common stock price may be volatile and may decrease substantially;

Sales of substantial amounts of our common stock in the public market may have an adverse effect on the market price of our common stock;

The net asset value per share of our common stock may be diluted if we sell shares of our common stock in one or more offerings at prices below the then current net asset value per share of our common stock;

We are dependent upon Solar Capital Partners key personnel for our future success;

Our financial condition and results of operations will depend on our Solar Capital Partners ability to manage our future growth effectively by identifying, investing in and monitoring companies that meet our investment criteria;

Regulations governing our operation as a BDC affect our ability to raise, and the way in which we will, raise additional capital. As a BDC, the necessity of raising additional capital may expose us to risks, including the typical risks associated with leverage;

We have and may continue to borrow money, which would magnify the potential for loss on amounts invested and may increase the risk of investing in us;

To the extent we use debt or preferred stock to finance our investments, changes in interest rates will affect our cost of capital and net investment income;

Our quarterly and annual operating results are subject to fluctuation as a result of the nature of our business, and if we fail to achieve our investment objective, the net asset value of our common stock may decline;

There will be uncertainty as to the value of our portfolio investments, which may impact our net asset value;

There are significant potential conflicts of interest, including Solar Capital Partners management of Solar Capital, which could impact our investment returns, and an investment in Solar Senior Capital is not an investment in Solar Capital Ltd.;

We may become subject to corporate-level U.S. federal income tax if we are unable to maintain our qualification as a RIC under Subchapter M of the Code; and

The failure in cyber security systems, as well as the occurrence of events unanticipated in our disaster recovery systems and management continuity planning could impair our ability to conduct business effectively.

See "Risk Factors" beginning on page 19 of the accompanying prospectus and the other information included in the accompanying prospectus for additional discussion of factors you should carefully consider before deciding to invest in shares of our common stock.

Operating and Regulatory Structure

Solar Senior Capital is a Maryland corporation structured as an externally managed non-diversified closed-end management investment company. We have elected to be treated as a business development company under the 1940 Act. As a business development company, we are required to meet regulatory tests, including the requirement to invest at least 70% of our total assets in "qualifying assets." Qualifying assets generally include,

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among other things, securities of eligible portfolio companies. Eligible portfolio companies generally include U.S. companies that are not investment companies and that do not have securities listed on a national exchange. See Regulation as a Business Development Company in the accompanying prospectus. We currently borrow funds under the Credit Facility and may borrow additional funds to make investments. In addition, we have elected to be treated for federal income tax purposes, and intend to qualify annually, as a RIC under Subchapter M of the Code. See Certain U.S. Federal Income Tax Considerations in the accompanying prospectus.

Our investment activities are managed by Solar Capital Partners and supervised by our board of directors. Solar Capital Partners is an investment adviser that is registered under the Investment Advisers Act of 1940, as amended (the Advisers Act). Under our investment advisory and management agreement, which we refer to as the Investment Advisory and Management Agreement, we have agreed to pay Solar Capital Partners an annual base management fee based on our gross assets as well as an incentive fee based on our performance. See Investment Advisory and Management Agreement in the accompanying prospectus. We have also entered into an administration agreement, which we refer to as the Administration Agreement, under which we have agreed to reimburse Solar Capital Management for the allocable portion of overhead and other expenses incurred by Solar Capital Management in performing its obligations under the Administration Agreement, including furnishing us with office facilities, equipment and clerical, bookkeeping and record keeping services at such facilities, as well as providing us with other administrative services. See Administration Agreement in the accompanying prospectus.

Our Corporate Information

Our offices are located at 500 Park Avenue, New York, New York 10022, and our telephone number is (212) 993-1670.

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THE OFFERING

Common Stock Offered by us, Excluding the Underwriters Over-Allotment Option	4,000,000 shares.
Common Stock Outstanding Prior to This Offering	11,534,859 shares.
Common Stock Outstanding After This Offering, Excluding the Underwriters Over-Allotment Option	15,534,859 shares.
Use of Proceeds	We estimate that the net proceeds we will receive from the sale of 4,000,000 shares of our common stock in this offering will be approximately $66.7 million (or approximately $76.8 million if the underwriters exercise their option to purchase additional shares in full), after deducting the offering expenses of approximately $300,000 payable by us. The Investment Adviser has agreed to pay to the underwriters all of the sales load in this offering. In addition, the Investment Adviser has agreed to pay to the underwriters an additional supplemental payment of $0.36 per share, which reflects the difference between the public offering price and the proceeds per share received by us in this offering. We expect to use the net proceeds from this offering to pay down outstanding indebtedness under our Credit Facility, and for general corporate purposes, including any working capital requirements. However, through re-borrowing under our Credit Facility, we intend to make investments in debt and equity securities consistent with our investment objective, as well as for any other general corporate purpose. A portion of the net proceeds may also be utilized to further capitalize the First Lien Loan Program, Gemino Healthcare Finance, or any newly created strategic or joint venture. See Use of Proceeds.
NASDAQ Global Select Market symbol	SUNS
Distributions	To the extent that we have income available, we intend to distribute monthly dividends to our stockholders. The amount of our dividends, if any, will be determined by our board of directors. Any dividends to our stockholders will be declared out of assets legally available for distribution. The specific tax characteristics of our dividends will be reported to shareholders after the end of each calendar year. We may issue preferred stock from time to time, although we have no immediate intention to do so. If we issue shares of preferred stock, holders of such preferred stock will be entitled to receive cash dividends at an annual rate that will be fixed or will vary for the successive dividend periods for each series. In general, the dividend periods for fixed rate preferred stock will be quarterly.
Taxation	We have elected to be treated for U.S. federal income tax purposes, and intend to qualify annually, as a RIC under Subchapter M of the Code. As a RIC, we generally will not have to pay corporate-level

	U.S. federal income taxes on any ordinary income or capital gains that we distribute to our stockholders as dividends. To continue to maintain our RIC tax treatment, we must meet specified source-of-income and asset diversification requirements and distribute annually at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. See Price Range of Common Stock and Distributions in this prospectus supplement and Certain U.S. Federal Income Tax Considerations in the accompanying prospectus.
Leverage	We currently borrow funds under the Credit Facility and may borrow additional funds to make investments. As a result, we will be exposed to the risks of leverage, which may be considered a speculative investment technique. The use of leverage magnifies the potential for loss on amounts invested and therefore increases the risks associated with investing in our securities. In addition, the costs associated with our borrowings, including any increase in the management fee payable to our investment adviser, Solar Capital Partners, will be borne by our common stockholders.
Investment Advisory Fees	We pay Solar Capital Partners a fee for its services under the Investment Advisory and Management Agreement consisting of two components a base management fee and an incentive fee. The base management fee is calculated at an annual rate of 1.00% of our gross assets, which includes any borrowings for investment purposes. The incentive fee consists of two parts. The first part is calculated and payable quarterly in arrears and equals 20% of our pre-incentive fee net investment income for the immediately preceding quarter, subject to a preferred return, or hurdle, and a catch up feature. The second part is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Advisory and Management Agreement) in an amount equal to 20% of our realized capital gains, if any, on a cumulative basis from inception through the end of each calendar year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fees. See Investment Advisory and Management Agreement in the accompanying prospectus.
Administration Agreement	We reimburse Solar Capital Management for the allocable portion of overhead and other expenses incurred by Solar Capital Management in performing its obligations under the Administration Agreement, including furnishing us with office facilities, equipment and clerical, bookkeeping and record keeping services at such facilities, as well as providing us with other administrative services. In addition, we reimburse Solar Capital Management for the fees and expenses associated with performing compliance functions, and our allocable portion of the compensation of our chief financial officer and any administrative support staff. See Administration Agreement in this prospectus.

Trading	Shares of closed-end investment companies frequently trade at a discount to their net asset value. The risk that our shares may trade at a discount to our net asset value is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether our shares will trade above, at or below net asset value.
License Agreement	We have entered into a license agreement with Solar Capital Partners, pursuant to which Solar Capital Partners has agreed to grant us a non-exclusive license to use the name Solar Senior Capital. See License Agreement in the accompanying prospectus.
Dividend Reinvestment Plan	We have adopted an opt out dividend reinvestment plan. If your shares of common stock are registered in your own name, your distributions will automatically be reinvested under our dividend reinvestment plan in additional whole and fractional shares of common stock, unless you opt out of our dividend reinvestment plan so as to receive cash distributions by delivering a written notice to our plan administrator. If your shares are held in the name of a broker or other nominee, you should contact the broker or nominee for details regarding opting out of our dividend reinvestment plan. Stockholders who receive distributions in the form of stock will be subject to the same federal, state and local tax consequences as stockholders who elect to receive their distributions in cash. See Dividend Reinvestment Plan in the accompanying prospectus.
Certain Anti-Takeover Measures	Our charter and bylaws, as well as certain statutory and regulatory requirements, contain certain provisions that may have the effect of discouraging a third party from making an acquisition proposal for us. These anti-takeover provisions may inhibit a change in control in circumstances that could give the holders of our common stock the opportunity to realize a premium over the market price for our common stock. See Description of Our Capital Stock in the accompanying prospectus.
Available Information	We are required to file periodic reports, current reports, proxy statements and other information with the SEC. This information is available at the SEC s public reference room at 100 F Street, NE, Washington, D.C. 20549 and on the SEC s website at *http://www.sec.gov*. The public may obtain information on the operation of the SEC s public reference room by calling the SEC at (202) 551-8090. This information is also available free of charge by contacting us at Solar Senior Capital Ltd., 500 Park Avenue, New York, NY 10022, by telephone at (212) 993-1670 or on our website at *http://www.solarseniorcap.com*.

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FEES AND EXPENSES

The following table is intended to assist you in understanding the costs and expenses that you will bear directly or indirectly as an investor in our common stock. We caution you that some of the percentages indicated in the table below are estimates and may vary. Except where the context suggests otherwise, whenever this prospectus supplement and the accompanying prospectus contains a reference to fees or expenses paid by us or Solar Senior Capital, or that we will pay fees or expenses, you will indirectly bear such fees or expenses as an investor in Solar Senior Capital Ltd.

Stockholder transaction expenses:	
Sales load borne by us (as a percentage of offering price)	None (1)
Offering expenses borne by us (as a percentage of offering price)	0.45%(2)
Dividend reinvestment plan expenses	None (3)
Total stockholder transaction expenses (as a percentage of offering price)	0.45%
Annual expenses (as a percentage of net assets attributable to common stock):(4)	
Base management fee	1.69%(5)
Incentive fees payable under our Investment Advisory and Management Agreement (up to 20%)	0.88%(6)
Acquired fund fees and expenses	0.99%(7)
Interest payments on borrowed funds	1.82%(8)
Other expenses (estimated)	1.31%(9)
Total annual expenses	6.69%

Example

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed that our annual operating expenses would remain at the levels set forth in the table above and have excluded performance-based incentive fees. See Note 7 below for additional information regarding certain assumptions regarding our level of leverage.

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a $1,000 investment, assuming a 5% annual return	$ 62	$ 177	$ 289	$ 562

(1) The Investment Adviser has agreed to bear all of the sales load (underwriting discounts and commissions) in connection with this offering, which is not reflected in the above table and will not be subject to reimbursement by the Company.
(2) The offering expenses of this offering are estimated to be approximately $300,000.
(3) The expenses of the dividend reinvestment plan are included in other expenses.
(4) Annual Expenses are presented in this manner because common shareholders will bear all costs of running the Company.
(5) Our 1% base management fee under the Investment Advisory and Management Agreement is based on our gross assets, which is defined as all the assets of Solar Senior Capital, including those acquired using borrowings for investment purposes, and assumes the base management fee remains consistent with fees incurred for the six months ended June 30, 2016. See Investment Advisory and Management Agreement in the accompanying prospectus.

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(6) Assumes that annual incentive fees earned by our investment adviser, Solar Capital Partners, remain consistent with the incentive fees earned by Solar Capital Partners for the six months ended June 30, 2016. The incentive fee expenses provided in the table above do not reflect Solar Capital Partners waiver of fees during the six months ended June 30, 2016. The incentive fee consists of two parts:

The first part, which is payable quarterly in arrears, equals 20% of the excess, if any, of our Pre-Incentive Fee Net Investment Income that exceeds a 1.75% quarterly (7.00% annualized) hurdle rate, which we refer to as the Hurdle, subject to a catch-up provision measured at the end of each calendar quarter. The first part of the incentive fee is computed and paid on income that may include interest that is accrued but not yet received in cash. The operation of the first part of the incentive fee for each quarter is as follows:

no incentive fee is payable to our investment adviser in any calendar quarter in which our Pre-Incentive Fee Net Investment Income does not exceed the Hurdle of 1.75%;

50% of our Pre-Incentive Fee Net Investment Income with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, that exceeds the Hurdle but is less than 2.9167% in any calendar quarter (11.67% annualized) is payable to our investment adviser. We refer to this portion of our Pre-Incentive Fee Net Investment Income (which exceeds the Hurdle but is less than 2.9167%) as the catch-up. The catch-up is meant to provide our investment adviser with 20% of our Pre-Incentive Fee Net Investment Income, as if a Hurdle did not apply when our Pre-Incentive Fee Net Investment Income exceeds 2.9167% in any calendar quarter; and

20% of the amount of our Pre-Incentive Fee Net Investment Income, if any, that exceeds 2.9167% in any calendar quarter (11.67% annualized) is payable to our investment adviser (once the Hurdle is reached and the catch-up is achieved, 20% of all Pre-Incentive Fee Investment Income thereafter is allocated to our investment adviser).

The second part of the incentive fee equals 20% of our Incentive Fee Capital Gains, if any, which equals our realized capital gains on a cumulative basis from inception through the end of each calendar year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fees. The second part of the incentive fee is payable, in arrears, at the end of each calendar year (or upon termination of the Investment Advisory and Management Agreement, as of the termination date). For a more detailed discussion of the calculation of this fee, see Investment Advisory and Management Agreement in the accompanying prospectus.

(7) The holders of shares of common stock indirectly bear the expenses of our investment in First Lien Loan Program LLC (FLLP). No management fee is charged on our investment in FLLP in connection with the administrative services provided to FLLP. Future expenses for FLLP may be substantially higher or lower because certain expenses may fluctuate over time.

(8) We currently borrow funds under the Credit Facility and may borrow additional funds from time to time to make investments to the extent we determine that the economic situation is conducive to doing so. The costs associated with our outstanding borrowings are indirectly born by our investors. For purposes of this section, we have computed interest expense using the average balance outstanding for all borrowings during the six months ended June 30, 2016. We used the LIBOR rate on June 30, 2016 and the interest rate on the Credit Facility on June 30, 2016. We have also included the estimated amortization of fees incurred in establishing the Credit Facility as of June 30, 2016. Additionally, we included the estimated cost of commitment fees for unused balances on the Credit Facility. As of June 30, 2016, we had $141.6 million outstanding and $33.4 million remaining available to us under the Credit Facility. We may also issue preferred stock, subject to our compliance with applicable requirements under the 1940 Act, although we have no immediate intention to do so.

(9) Other expenses are based on the amounts incurred for the six months ended June 30, 2016 and include our overhead expenses, including payments under our Administration Agreement based on our allocable portion of overhead and other expenses incurred by Solar Capital Management in performing its obligations under the Administration Agreement. See Administration Agreement in the accompanying prospectus.

The example and the expenses in the tables above should not be considered a representation of our future expenses, and actual expenses may be greater or less than those shown. While the example assumes,

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as required by the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. The incentive fee under the Investment Advisory and Management Agreement, which, assuming a 5% annual return, would either not be payable or would have an insignificant impact on the expense amounts shown above, is not included in the example. This illustration assumes that we will not realize any capital gains (computed net of all realized capital losses and unrealized capital depreciation) in any of the indicated time periods. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger an incentive fee of a material amount, our expenses and returns to our investors would be higher. For example, if we assumed that we received our 5% annual return completely in the form of net realized capital gains on our investments, computed net of all cumulative unrealized depreciation on our investments, the projected dollar amount of total cumulative expenses set forth in the above illustration would be as follows:

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a $1,000 investment, assuming a 5% annual return	$ 72	$ 204	$ 331	$ 630

In addition, while the example assumes reinvestment of all dividends at net asset value, participants in our dividend reinvestment plan will receive a number of shares of our common stock, determined by dividing the total dollar amount of the dividend payable to a participant by the market price per share of our common stock at the close of trading on the dividend payment date, which may be at, above or below net asset value unless the company makes open market purchases and the shares received will be determined based on the average price paid by our agent, plus commissions. See Dividend Reinvestment Plan in the accompanying prospectus for additional information regarding our dividend reinvestment plan.

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SELECTED FINANCIAL AND OTHER DATA

The selected financial and other data below should be read in conjunction with our Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and notes thereto. Financial information is presented for the six months ended June 30, 2016 and the fiscal years ended December 31, 2015, 2014, 2013 and 2012 as well as for the period from January 28, 2011 (commencement of operations) through December 31, 2011. The selected financial data for the six months ended June 30, 2016 is derived from the unaudited consolidated financial statements and notes of Solar Senior Capital. In the opinion of management, the selected financial data for the six months ended June 30, 2016 reflects all adjustments (consisting only of normal recurring adjustments) that are necessary to present fairly the results for such interim period. The selected financial data for the six months ended June 30, 2016, may not be indicative of the results that may be expected for the year ending December 31, 2016 or for any other period. Financial information for the years ending December 31, 2015, 2014, 2013 and 2012 and for the period from January 28, 2011 (commencement of operations) to December 31, 2011 has been derived from our consolidated financial statements that were audited by KPMG LLP (KPMG), an independent registered public accounting firm. See Management s Discussion and Analysis of Financial Condition and Results of Operations in this prospectus supplement and Senior Securities in the accompanying prospectus below for more information.

($ in thousands, except per share data)	Six Months Ended June 30, 2016 (unaudited)	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012	Period from January 28, 2011[(1)] to December 31, 2011
Income statement data:						
Total investment income	$ 13,030	$ 25,446	$ 22,104	$ 19,765	$ 20,539	$ 7,890
Net expenses	$ 4,899	$ 10,073	$ 8,290	$ 6,378	$ 8,046	$ 5,290
Net investment income	$ 8,131	$ 15,373	$ 13,814	$ 13,387	$ 12,493	$ 2,600
Net realized gain (loss)	$ 31	$ 18	$ (638)	$ (4,978)	$ 618	$ (576)
Net change in unrealized gain (loss).	$ 4,926	$ (14,344)	$ (1,486)	$ 4,209	$ 801	$ (2,274)
Net increase (decrease) in net assets resulting from operations	$ 13,088	$ 1,047	$ 11,690	$ 12,618	$ 13,912	$ (250)
Per share data:						
Net investment income(4)	$ 0.71	$ 1.33	$ 1.20	$ 1.17	$ 1.32	$ 0.30
Net realized and unrealized gain (loss)(4)	$ 0.42	$ (1.24)	$ (0.18)	$ (0.07)	$ 0.15	$ (0.33)
Dividends and distributions declared	$ 0.70	$ 1.41	$ 1.41	$ 1.41	$ 1.29	$ 0.55

	As of June 30, 2016	As of December 31, 2015	As of December 31, 2014	As of December 31, 2013	As of December 31, 2012	As of December 31, 2011
Balance sheet data:						
Total investment portfolio	$ 325,737	$ 306,518	$ 340,466	$ 267,852	$ 212,602	$ 177,749
Cash and cash equivalents	$ 37,647	$ 53,067	$ 42,471	$ 2,774	$ 2,647	$ 2,934
Total assets	$ 375,819	$ 362,577	$ 384,797	$ 272,561	$ 217,029	$ 187,395
Debt	$ 141,600	$ 116,200	$ 143,200	$ 61,400	$ 39,100	$ 8,600
Net assets	$ 193,261	$ 188,304	$ 203,519	$ 208,017	$ 174,103	$ 172,435
Per share data:						
Net asset value per share	$ 16.76	$ 16.33	$ 17.65	$ 18.04	$ 18.33	$ 18.15
Other data (unaudited):						
Weighted average annualized yield on income producing investments:(5)						
On fair value(2)	8.2%	7.9%	7.0%	7.5%	7.8%	8.5%
On cost(3)	8.0%	7.4%	7.1%	7.8%	7.7%	8.4%
Total return(6)	13.35%	8.90%	(10.47)%	5.39%	27.65%	(18.49)%
Number of portfolio companies at period end	52	45	43	36	31	21

(1) Commencement of operations

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(2) Throughout this document, the weighted average yield on income producing investments is computed as the (a) annual stated interest on accruing loans and debt securities plus the annual amortization of loan origination fees, original issue discount, and market discount on accruing loans and debt securities divided by (b) total income producing investments at fair value. The weighted average yield is computed as of the balance sheet date and excludes assets on non-accrual status or on a cost recovery basis as of such date.

(3) For this calculation, the weighted average yield on income producing investments is computed as the (a) annual stated interest on accruing loans and debt securities plus the annual amortization of loan origination fees, original issue discount, and market discount on accruing loans and debt securities divided by (b) total income producing investments at cost. The weighted average yield is computed as of the balance sheet date and excludes assets on non-accrual status or on a cost recovery basis as of such date.

(4) The per-share calculations are based on weighted average shares of 11,533,315, 11,533,315, 11,532,985, 11,423,958, 9,500,100 and 8,627,696 for the six months ended June 30, 2016 and years ended December 31, 2015, 2014, 2013, 2012 and 2011, respectively.

(5) The weighted average annualized yield on income producing investments does not represent a return to shareholders.

(6) Total return is based on the change in market price per share during the period and takes into account dividends, if any, reinvested in accordance with the dividend reinvestment plan. Not annualized for periods less than one year. Total return does not include a sales load.

Selected Quarterly Financial Data (Unaudited)

(dollar amounts in thousands, except per share data)

The following tables set forth certain quarterly financial information for the quarters ended June 30, 2016, March 31, 2016 and each of the quarters for the fiscal years ended December 31, 2015 and 2014. This information was derived from our unaudited consolidated financial statements. Results for any quarter are not necessarily indicative of results for the past fiscal year or for any future quarter.

	2016	
	Q2	Q1
Total investment income	$ 6,681	$ 6,349
Net investment income	$ 4,066	$ 4,065
Net realized and unrealized gain	$ 608	$ 4,349
Net increase in net assets resulting from operations	$ 4,674	$ 8,414
Earnings per share(1)	$ 0.41	$ 0.73
Net asset value per share at the end of the quarter(2)	$ 16.76	$ 16.70

	2015			
	Q4	Q3	Q2	Q1
Total investment income	$ 6,128	$ 6,520	$ 6,655	$ 6,143
Net investment income	$ 4,066	$ 4,085	$ 3,346	$ 3,876
Net realized and unrealized gain (loss)	$ (8,507)	$ (5,580)	$ (450)	$ 210
Net increase (decrease) in net assets resulting from operations	$ (4,441)	$ (1,495)	$ 2,896	$ 4,086
Earnings (loss) per share(3)	$ (0.39)	$ (0.13)	$ 0.25	$ 0.35
Net asset value per share at the end of the quarter(4)	$ 16.33	$ 17.06	$ 17.55	$ 17.65

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	2014			
	Q4	Q3	Q2	Q1
Total investment income	$ 5,912	$ 5,322	$ 5,134	$ 5,736
Net investment income	$ 4,018	$ 3,528	$ 2,415	$ 3,853
Net realized and unrealized gain (loss)	$ (1)	$ (1,782)	$ (475)	$ 135
Net increase in net assets resulting from operations	$ 4,017	$ 1,746	$ 1,940	$ 3,988
Earnings per share(5)	$ 0.35	$ 0.15	$ 0.17	$ 0.35
Net asset value per share at the end of the quarter(6)	$ 17.65	$ 17.65	$ 17.85	$ 18.04

(1) Based on 11,533,315 and 11,533,315 weighted average shares of Solar Senior Capital Ltd. outstanding during the first and second quarters of 2016, respectively.

(2) Based on 11,533,315 and 11,533,315 shares of Solar Senior Capital Ltd. outstanding as of the end of the first and second quarters of 2016, respectively.

(3) Based on 11,533,315, 11,533,315, 11,533,315, 11,533,315 weighted average shares of Solar Senior Capital Ltd. outstanding during first, second, third and fourth quarters of 2015, respectively.

(4) Based on 11,533,315, 11,533,315, 11,533,315, 11,533,315 shares of Solar Senior Capital Ltd. outstanding as of the end of the first, second, third and fourth quarters of 2015, respectively.

(5) Based on 11,531,975, 11,533,315, 11,533,315, and 11,533,315 weighted average shares of Solar Senior Capital Ltd. outstanding during the first, second, third, and fourth quarters of 2014.

(6) Based on 11,533,315, 11,533,315, 11,533,315, and 11,533,315 shares of Solar Senior Capital Ltd. outstanding as of the end of the first, second, third and fourth quarters of 2014.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement contains forward-looking statements that involve substantial risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about Solar Senior Capital, our current and prospective portfolio investments, our industry, our beliefs, and our assumptions. Words such as anticipates, expects, intends, plans, believes, seeks, estimates, would, should, targets, projects, and variations of these words and similar expressions are intended to identi forward-looking statements.

The forward-looking statements contained in this prospectus supplement and the accompanying prospectus involve risks and uncertainties, including statements as to:

- our future operating results;
- our business prospects and the prospects of our portfolio companies;
- the impact of investments that we expect to make;
- our contractual arrangements and relationships with third parties;
- the dependence of our future success on the general economy and its impact on the industries in which we invest;
- the ability of our portfolio companies to achieve their objectives;
- our expected financings and investments;
- our breach of any of the covenants or other provisions in our debt agreements;
- the adequacy of our cash resources and working capital; and
- the timing of cash flows, if any, from the operations of our portfolio companies.

These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements, including without limitation:

- an economic downturn could impair our portfolio companies ability to continue to operate, which could lead to the loss of some or all of our investments in such portfolio companies;

- a contraction of available credit and/or an inability to access the equity markets could impair our lending and investment activities;

- interest rate volatility could adversely affect our results, particularly if we elect to use leverage as part of our investment strategy;

- currency fluctuations could adversely affect the results of our investments in foreign companies, particularly to the extent that we receive payments denominated in foreign currency rather than U.S. dollars; and

- the risks, uncertainties and other factors we identify in Risk Factors and elsewhere in this prospectus supplement, the accompanying prospectus and in our filings with the SEC.

Although we believe that the assumptions on which these forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions also could be inaccurate. Important assumptions include our ability to originate new loans and investments, certain margins and levels of profitability and the availability of additional capital. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this prospectus supplement and the accompanying prospectus should not be regarded as a representation by us that our plans and objectives will be achieved. These risks and uncertainties include those described or identified in Risk Factors and elsewhere in this prospectus supplement and the accompanying prospectus. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this prospectus supplement. However, we will update this prospectus supplement to reflect any material changes to the information contained herein. The forward-looking statements and projections contained in this prospectus supplement are excluded from the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended, or the Securities Act.

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CAPITALIZATION

The following table sets forth:

the actual capitalization of Solar Senior Capital Ltd. at June 30, 2016; and

the as adjusted capitalization of Solar Senior Capital Ltd., which reflects the sale of 4,000,000 shares of our common stock by us in this offering at a public offering price of $16.40 per share. The Investment Adviser has agreed to bear all of the sales load in connection with this offering. In addition, the Investment Adviser has agreed to pay to the underwriters an additional supplemental payment of $0.36 per share, which reflects the difference between the public offering price and the proceeds per share received by us in this offering. All payments made by the Investment Adviser will not be subject to reimbursement by the Company. All other expenses of the offering will by borne by the Company, including estimated offering expenses of approximately $300,000.

	As of June 30, 2016	
	Solar Senior Capital Ltd. Actual (unaudited) (in thousands)	Solar Senior Capital Ltd. As Adjusted (unaudited) (in thousands)
Assets:		
Cash and cash equivalents	$ 37,647	$ 37,647
Investments at fair value	$ 325,737	$ 325,737
Other assets	$ 12,435	$ 12,435
Total assets	$ 375,819	$ 375,819
Liabilities:		
Credit facility payable	$ 141,600	$ 74,860
Other Liabilities	$ 40,958	$ 40,958
Total Liabilities	$ 182,558	$ 115,818
Net Assets:		
Common stock, par value $0.01 per share; 200,000,000 shares authorized, 11,533,315 shares issued and outstanding, actual, 15,533,315 shares issued and outstanding, as adjusted	$ 115	$ 155
Paid-in capital in excess of par value	$ 211,486	$ 278,186
Total Net Assets	$ 193,261	$ 260,001

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USE OF PROCEEDS

We estimate that the net proceeds we will receive from the sale of 4,000,000 shares of our common stock in this offering will be approximately $66.7 million (or approximately $76.8 million if the underwriters exercise their option to purchase additional shares in full), after deducting the offering expenses of approximately $300,000 payable by us. The Investment Adviser has agreed to pay to the underwriters all of the sales load in this offering. In addition, the Investment Adviser has agreed to pay to the underwriters an additional supplemental payment of $0.36 per share, which reflects the difference between the public offering price and the proceeds per share received by us in this offering.

We expect to use the net proceeds from this offering to pay down outstanding indebtedness under our Credit Facility, and for general corporate purposes, including any working capital requirements. However, through re-borrowing under our Credit Facility, we intend to make investments in debt and equity securities consistent with our investment objective, as well as for any other general corporate purpose. A portion of the net proceeds may also be utilized to further capitalize the First Lien Loan Program, Gemino Healthcare Finance, or any newly created strategic or joint venture. We are continuously identifying, reviewing and, to the extent consistent with our investment objective, funding new investments. As a result, we typically raise capital as we deem appropriate to fund such new investments.

Under the Credit Facility, which matures in June 2020 and generally bears interest at LIBOR plus 2.00%, we had approximately $141.6 million outstanding as of June 30, 2016. For additional information regarding our Credit Facility, see Management s Discussion and Analysis of Financial Condition and Results of Operations in this prospectus supplement.

Affiliates of certain underwriters are lenders under our Credit Facility. Accordingly, affiliates of such underwriters may receive more than 5% of the net proceeds of this offering to the extent such proceeds are used to repay outstanding indebtedness under our Credit Facility.

We estimate that it will take three to nine months for us to invest substantially all of the net proceeds of this offering in new investments, depending on the availability of attractive opportunities and market conditions. However, we can offer no assurance that we will be able to achieve this goal. We expect that it may take more than three months to invest all of the net proceeds of this offering, in part because investments in private companies often require substantial research and due diligence.

Pending such uses, we may invest the net proceeds primarily in temporary investments, including cash equivalents, U.S. government securities, and other high-quality debt investments that mature in one year or less from the date of investment. These securities may have lower yields than the types of investments we would typically make in accordance with our investment objective and, accordingly, may result in lower distributions, if any, during such period. See Regulation as a Business Development Company Temporary Investments in the accompanying prospectus for additional information about temporary investments we may make while waiting to make longer-term investments in pursuit of our investment objective.

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PRICE RANGE OF COMMON STOCK AND DISTRIBUTIONS

Our common stock is traded on the NASDAQ Global Select Market under the symbol SUNS . The following table sets forth, for each fiscal quarter during the last two fiscal years and the current fiscal year to date, the net asset value (NAV) per share of our common stock, the high and low closing sale prices for our common stock, such sale prices as a percentage of NAV per share and quarterly distributions per share.

		Price Range				
	NAV(1)	High	Low	Premium or (Discount) of High Closing Sale Price to NAV(2)	Premium or (Discount) of Low Closing Sale Price to NAV(2)	Declared Distributions(3)
Fiscal 2016						
Third Quarter (through September 6, 2016)	*	$ 16.99	$ 16.22	*	*	$ 0.2350
Second Quarter	$ 16.76	$ 16.28	$ 14.31	(2.9)%	(14.6)%	$ 0.3525
First Quarter	$ 16.70	$ 15.20	$ 13.04	(9.0)	(21.9)	$ 0.3525
Fiscal 2015						
Fourth Quarter	$ 16.33	$ 15.97	$ 14.62	(2.2)%	(10.5)%	$ 0.3525
Third Quarter	17.06	16.11	14.22	(5.6)	(16.6)	0.3525
Second Quarter	17.55	16.68	15.36	(5.0)	(12.5)	0.3525
First Quarter	17.65	16.53	14.93	(6.3)	(15.4)	0.3525
Fiscal 2014						
Fourth Quarter	$ 17.65	$ 15.68	$ 14.63	(11.2)%	(17.1)%	$ 0.3525
Third Quarter	17.65	17.10	15.39	(3.1)	(12.8)	0.3525
Second Quarter	17.85	17.65	16.29	(1.1)	(8.7)	0.3525
First Quarter	18.04	18.63	17.11	3.3	(5.2)	0.3525

(1) Net asset value per share is determined as of the last day in the relevant quarter and therefore may not reflect the net asset value per share on the date of the high and low sales prices. The net asset values shown are based on outstanding shares at the end of each period.
(2) Calculated as the respective high or low closing sales price divided by NAV and subtracting 1.
(3) Represents the cash distribution declared for the specified quarter.
* Not determinable at the time of filing.

On September 6, 2016, the last reported sales price of our common stock was $16.92 per share. As of September 6, 2016, we had 5 shareholders of record.

Shares of business development companies may trade at a market price that is less than the value of the net assets attributable to those shares. The possibility that our shares of common stock will trade at a discount from net asset value or at premiums that are unsustainable over the long term are separate and distinct from the risk that our net asset value will decrease. Since our initial public offering on February 24, 2011, our shares of common stock have traded at both a discount and a premium to the net assets attributable to those shares. As of September 6, 2016, our shares of common stock traded at a premium equal to approximately 1% of the net assets attributable to those shares based upon our net asset value as of June 30, 2016. It is not possible to predict whether the shares offered hereby will trade at, above, or below net asset value.

We intend to continue to make monthly distributions to our stockholders. Our monthly distributions, if any, will be determined by our board of directors.

We have elected to be taxed as a RIC under Subchapter M of the Code. To maintain our RIC tax treatment, we must distribute at least 90% of our ordinary income and realized net short-term capital gains in excess of

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realized net long-term capital losses, if any, out of the assets legally available for distribution. In addition, although we currently intend to distribute realized net capital gains (i.e., net long-term capital gains in excess of net short-term capital losses), if any, at least annually, out of the assets legally available for such distributions, we may in the future decide to retain such capital gains for investment, and pay any resulting tax levied thereon. See Certain U.S. Federal Income Tax Considerations in the accompanying prospectus.

We maintain an opt out dividend reinvestment plan for our common stockholders. As a result, if we declare a distribution, then stockholders cash distributions will be automatically reinvested in additional shares of our common stock, unless they specifically opt out of the dividend reinvestment plan so as to receive cash distributions.

We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. In addition, we may be limited in our ability to make distributions due to the asset coverage test for borrowings when applicable to us as a business development company under the 1940 Act and due to provisions in current and future credit facilities. If we do not distribute a certain percentage of our income annually, we will suffer adverse tax consequences, including possible loss of our RIC tax treatment. We cannot assure stockholders that they will receive any distributions at a particular level.

All distributions declared in cash payable to stockholders that are participants in our dividend reinvestment plan are generally automatically reinvested in shares of our common stock. As a result, stockholders that do not participate in the dividend reinvestment plan may experience dilution over time. Stockholders who do not elect to receive distributions in shares of common stock may experience accretion to the net asset value of their shares if our shares are trading at a premium and dilution if our shares are trading at a discount. The level of accretion or discount would depend on various factors, including the proportion of our stockholders who participate in the plan, the level of premium or discount at which our shares are trading and the amount of the distribution payable to a stockholder.

The following table reflects the cash distributions, including dividends and returns of capital, if any, per share that we have declared on our common stock for the two most recent fiscal years and the current fiscal year to date:

Date Declared	Record Date	Payment Date	Amount
Fiscal 2016			
August 2, 2016	August 18, 2016	September 1, 2016	0.1175
July 7, 2016	July 21, 2016	August 2, 2016	0.1175
June 7, 2016	June 23, 2016	July 1, 2016	0.1175
May 3, 2016	May 19, 2016	June 2, 2016	0.1175
April 7, 2016	April 21, 2016	May 3, 2016	0.1175
February 24, 2016	March 24, 2016	April 1, 2016	0.1175
February 4, 2016	February 18, 2016	March 2, 2016	0.1175
January 7, 2016	January 21, 2016	February 2, 2016	0.1175
YTD Total (2016)			$ 0.94

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Date Declared	Record Date	Payment Date	Amount
Fiscal 2015			
December 2, 2015	December 17, 2015	January 5, 2016	$ 0.1175
November 3, 2015	November 19, 2015	December 1, 2015	0.1175
October 7, 2015	October 22, 2015	November 3, 2015	0.1175
September 9, 2015	September 24, 2015	October 1, 2015	0.1175
August 4, 2015	August 20, 2015	September 1, 2015	0.1175
July 8, 2015	July 23, 2015	July 31, 2015	0.1175
June 9, 2015	June 25, 2015	July 1, 2015	0.1175
May 5, 2015	May 21, 2015	June 2, 2015	0.1175
April 9, 2015	April 23, 2015	May 1, 2015	0.1175
February 25, 2015	March 19, 2015	April 2, 2015	0.1175
February 3, 2015	February 19, 2015	February 27, 2015	0.1175
January 8, 2015	January 22, 2015	January 30, 2015	0.1175
Total (2015)			$ 1.41
Fiscal 2014			
December 4, 2014	December 18, 2014	January 5, 2015	$ 0.1175
November 4, 2014	November 20, 2014	December 2, 2014	0.1175
October 8, 2014	October 23, 2014	October 31, 2014	0.1175
September 9, 2014	September 25, 2014	October 2, 2014	0.1175
August 4, 2014	August 21, 2014	September 3, 2014	0.1175
July 9, 2014	July 24, 2014	August 1, 2014	0.1175
June 6, 2014	June 19, 2014	July 1, 2014	0.1175
May 5, 2014	May 22, 2014	May 30, 2014	0.1175
April 8, 2014	April 24, 2014	May 1, 2014	0.1175
February 25, 2014	March 20, 2014	April 1, 2014	0.1175
February 6, 2014	February 20, 2014	February 28, 2014	0.1175
January 9, 2014	January 23, 2014	January 31, 2014	0.1175
Total (2014)			$ 1.41

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MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information contained in this section should be read in conjunction with the Selected Financial and Other Data and our Financial Statements and notes thereto appearing elsewhere in this prospectus supplement.

Overview

Solar Senior Capital, a Maryland corporation formed in December 2010, is a closed-end, externally managed, non-diversified management investment company that has elected to be regulated as a BDC under the 1940 Act. Furthermore, as the Company is an investment company, it continues to apply the guidance in the FASB ASC Topic 946. In addition, for tax purposes, the Company has treated to be regulated as a RIC under Subchapter M of the Code.

On February 24, 2011, we priced our IPO, selling 9.0 million shares, including the underwriters over-allotment, at a price of $20.00 per share. Concurrent with this offering, our senior management team purchased an additional 500,000 shares through the Concurrent Private Placement, also at $20.00 per share.

On August 26, 2011, the Company established SUNS SPV, LLC (SUNS SPV) which entered into a $200 million senior secured revolving credit facility (the Credit Facility) with Citigroup Global Markets Inc. acting as administrative agent. The Credit Facility was scheduled to mature on August 26, 2016 and generally bore

interest at the London Interbank Offered Rate (LIBOR) plus 2.25%. The Credit Facility had $150 million immediately available with an additional $50 million available under a delayed draw feature. The Credit Facility can also be expanded up to $600 million and is secured by all of the assets held by the SUNS SPV. Under the terms of the Credit Facility, Solar Senior and the SUNS SPV, as applicable, have made certain customary representations and warranties, and are required to comply with various covenants, including leverage restrictions, reporting requirements and other customary requirements for similar credit facilities. The Credit Facility also includes usual and customary events of default for credit facilities of this nature. On November 7, 2012, we amended our Credit Facility. As a result of the amendment, the stated interest rate on the Credit Facility was reduced to LIBOR plus 2.00% from LIBOR plus 2.25%, and the Credit Facility continues to have no LIBOR floor requirement. The amendment also provided us greater investment flexibility and extended the final maturity date to November 6, 2017. On June 30, 2014, the Company again amended the Credit Facility. As a result of this amendment, commitments under the Credit Facility were reduced by $25 million to $175 million and may be expanded up to $600 million under its accordion feature. This amendment to the Credit Facility also added greater investment flexibility and extends the final maturity date to June 28, 2019. The stated interest rate remains LIBOR plus 2.00% with no LIBOR floor requirement. On May 29, 2015, the Company entered into another amendment to the Credit Facility. This amendment added greater investment flexibility and extended the final maturity date to June 30, 2020.

We invest primarily in U.S. middle market companies, where we believe the supply of primary capital is limited and the investment opportunities are most attractive. Our investment objective is to seek to maximize current income consistent with the preservation of capital. We seek to achieve our investment objective by directly and indirectly investing primarily in senior loans, including first lien and second lien debt instruments, made to private middle-market companies whose debt is rated below investment grade, which we refer to collectively as senior loans. We may also invest in debt of public companies that are thinly traded. Under normal market conditions, at least 80% of the value of our net assets (including the amount of any borrowings for investment purposes) will be invested in senior loans. Senior loans typically pay interest at rates which are determined periodically on the basis of a floating base lending rate, primarily LIBOR, plus a premium. Senior loans in which we expect to invest are typically made to U.S. and, to a limited extent, non-U.S. corporations, partnerships and other business entities which operate in various industries and geographical regions. Senior loans typically are rated below investment grade. Securities rated below investment grade are often referred to as

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leveraged loans or high yield securities, and may be considered high risk compared to debt instruments that are rated investment grade.

We expect to invest in senior loans made primarily to private, leveraged middle-market companies with approximately $20 million to $100 million of earnings before income taxes, depreciation and amortization (EBITDA). Our business model is focused primarily on the direct origination of investments through portfolio companies or their financial sponsors. We expect that our direct investments will generally range between $5 million and $30 million each, although we expect that this investment size will vary proportionately with the size of our capital base and/or with strategic initiatives. In addition, we may invest a portion of our portfolio in other types of investments, which we refer to as opportunistic investments, which are not our primary focus but are intended to enhance our overall returns. These opportunistic investments may include, but are not limited to, direct investments in public companies that are not thinly traded and securities of leveraged companies located in select countries outside of the United States. We may invest up to 30% of our total assets in such opportunistic investments, including senior loans issued by non-U.S. issuers, subject to compliance with our regulatory obligations as a BDC under the 1940 Act. Our investment activities are managed by Solar Capital Partners, LLC (the Investment Adviser) and supervised by our board of directors, a majority of whom are non-interested, as such term is defined in the 1940 Act. Solar Capital Management, LLC (the Administrator) provides the administrative services necessary for us to operate.

As of June 30, 2016, the Investment Adviser has invested approximately $5.6 billion in more than 250 different portfolio companies since 2006. Over the same period, the Investment Adviser completed transactions with more than 145 different financial sponsors.

Recent Developments

On July 7, 2016, the Board declared a monthly distribution of $0.1175 per share payable on August 2, 2016 to holders of record as of July 21, 2016.

On August 2, 2016, the Board declared a monthly distribution of $0.1175 per share payable on September 1, 2016 to holders of record as of August 18, 2016.

Investments

Our level of investment activity can and does vary substantially from period to period depending on many factors, including the amount of debt and equity capital available to middle market companies, the level of merger and acquisition activity for such companies, the general economic environment and the competitive environment for the types of investments we make. As a BDC, we must not acquire any assets other than qualifying assets specified in the 1940 Act unless, at the time the acquisition is made, at least 70% of our total assets are qualifying assets (with certain limited exceptions). Qualifying assets include investments in eligible portfolio companies. The definition of eligible portfolio company includes certain public companies that do not have any securities listed on a national securities exchange and companies whose securities are listed on a national securities exchange but whose market capitalization is less than $250 million.

Revenue

We generate revenue primarily in the form of interest and dividend income from the securities we hold and capital gains, if any, on investment securities that we may sell. Our debt investments generally have a stated term of three to seven years and typically bear interest at a floating rate usually determined on the basis of a benchmark London interbank offered rate (LIBOR), commercial paper rate, or the prime rate. Interest on our debt investments is generally payable quarterly but may be monthly or semi-annually. In addition, our investments may provide payment-in-kind (PIK) interest. Such amounts of accrued PIK interest are added to the cost of the investment on the respective capitalization dates and generally become due at maturity of the

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investment or upon the investment being called by the issuer. We may also generate revenue in the form of commitment, origination, structuring fees, fees for providing managerial assistance and, if applicable, consulting fees, etc.

Expenses

All investment professionals of the investment adviser and their respective staffs, when and to the extent engaged in providing investment advisory and management services, and the compensation and routine overhead expenses of such personnel allocable to such services, are provided and paid for by Solar Capital Partners. We bear all other costs and expenses of our operations and transactions, including (without limitation):

- the cost of our organization and public offerings;
- the cost of calculating our net asset value, including the cost of any third-party valuation services;
- the cost of effecting sales and repurchases of our shares and other securities;
- interest payable on debt, if any, to finance our investments;
- fees payable to third parties relating to, or associated with, making investments, including fees and expenses associated with performing due diligence reviews of prospective investments and advisory fees;
- transfer agent and custodial fees;
- fees and expenses associated with marketing efforts;
- federal and state registration fees, any stock exchange listing fees;
- federal, state and local taxes;
- independent directors fees and expenses;
- brokerage commissions;
- fidelity bond, directors and officers errors and omissions liability insurance and other insurance premiums;

- direct costs and expenses of administration, including printing, mailing, long distance telephone and staff;

- fees and expenses associated with independent audits and outside legal costs;

- costs associated with our reporting and compliance obligations under the 1940 Act and applicable federal and state securities laws; and

- all other expenses incurred by either Solar Capital Management or us in connection with administering our business, including payments under the Administration Agreement that will be based upon our allocable portion of overhead and other expenses incurred by Solar Capital Management in performing its obligations under the Administration Agreement, including rent, the fees and expenses associated with performing compliance functions, and our allocable portion of the costs of compensation and related expenses of our chief compliance officer and our chief financial officer and any administrative support staff.

We expect our general and administrative operating expenses related to our ongoing operations to increase moderately in dollar terms. During periods of asset growth, we generally expect our general and administrative operating expenses to decline as a percentage of our total assets and increase during periods of asset declines. Incentive fees, interest expense and costs relating to future offerings of securities, among others, may also increase or reduce overall operating expenses based on portfolio performance, interest rate benchmarks, and offerings of our securities relative to comparative periods, among other factors.

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Portfolio and Investment Activity

During the three months ended June 30, 2016, we invested $33.6 million across 13 portfolio companies. This compares to investing $40.3 million in 9 portfolio companies for the three months ended June 30, 2015. Investment sales, prepayments and repayments during the three months ended June 30, 2016 totaled $21.2 million versus $38.5 million for the three months ended June 30, 2015.

At June 30, 2016, our portfolio consisted of 52 portfolio companies and was invested 80.7% in senior secured loans and 19.3% in common equity (of which 10.7% is Gemino Healthcare Finance, LLC and 8.6% is First Lien Loan Program LLC) measured at fair value versus 47 portfolio companies invested 80.3% in senior secured loans, 1.1% in unsecured loans and 18.6% in common equity/equity interests (of which 10.2% is Gemino Healthcare Finance, LLC and 8.3% is First Lien Loan Program LLC) at June 30, 2015.

The weighted average yields on our income producing portfolio of investments were 8.2% and 7.0%, respectively, at June 30, 2016 and 2015 measured at fair value, and 8.0% and 7.1%, respectively for the same periods, measured at amortized cost.

At June 30, 2016, 96.1% of our $313.0 million income producing investment portfolio* was floating rate and 3.9% or $12.7 million was fixed rate, measured at fair value. At June 30, 2015, 94.6% or $328.0 million of our income producing investment portfolio* was floating rate and 5.4% or $18.9 million was fixed rate, measured at fair value.

Since the initial public offering of Solar Senior on February 24, 2011 and through June 30, 2016, invested capital totaled approximately $964 million in 107 portfolio companies. Over the same period, Solar Senior completed transactions with more than 65 different financial sponsors.

* We have included First Lien Loan Program LLC and Gemino Healthcare Finance, LLC as 100% floating rate within our income producing investment portfolio.

Gemino Healthcare Finance, LLC

We acquired Gemino Healthcare Finance, LLC (d/b/a Gemino Senior Secured Healthcare Finance) (Gemino) on September 30, 2013. Gemino is a commercial finance company that originates, underwrites, and manages primarily secured, asset-based loans for small and mid-sized companies operating in the healthcare industry. Our initial investment in Gemino was $32.8 million. The management team of Gemino co-invested in the transaction and continues to lead Gemino.

Concurrent with the closing of the transaction, Gemino entered into a new, four-year, non-recourse, $100.0 million credit facility with non-affiliates, which was expandable to $150.0 million under its accordion feature. Effective March 31, 2014, the credit facility was expanded to $105.0 million and again on June 27, 2014 to $110.0 million and most recently to $125.0 million on May 27, 2016. Also on May 27, 2016, the accordion feature was increased to $200.0 million.

On December 31, 2013, we contributed our 32,839 units in Gemino to Gemino Senior Secured Healthcare LLC (Gemino Senior Secured Healthcare). In exchange for this contribution, we received 19,839 units of equity interests and $13.0 million in floating rate secured notes of Gemino Senior Secured Healthcare bearing interest at LIBOR plus 7.50%, maturing on December 31, 2018. However, our financial statements, including our schedule of investments, reflect our investments in Gemino Senior Secured Healthcare on a consolidated basis. Gemino s management team currently owns approximately 6% of the equity in Gemino. Gemino Senior Secured Healthcare owns approximately 94% of the equity in Gemino and Solar Senior owns 100% of the equity in Gemino Senior Secured Healthcare. Gemino and Gemino Senior Secured Healthcare are treated as pass-through entities for tax purposes.

Gemino currently manages a highly diverse portfolio of directly-originated and underwritten senior-secured commitments. As of June 30, 2016, the portfolio totaled approximately $207.4 million of commitments, of which $131.4 million were funded, on total assets of $132.4 million. As of December 31, 2015, the portfolio totaled approximately $188.3 million of commitments, of which $130.6 million were funded, on total assets of $133.7 million. At June 30, 2016, the portfolio consisted of 38 issuers with an average balance of approximately $3.5 million versus 36 issuers with an average balance of approximately $3.6 million at December 31, 2015. All of the commitments in Gemino s portfolio are floating-rate, senior-secured, cash-pay loans. Gemino s credit facility, which is non-recourse to us, had approximately $97.0 million and $98.5 million of borrowings outstanding at June 30, 2016 and December 31, 2015, respectively. For the three and six months ended June 30, 2016, Gemino had net income of $1.0 million and $2.4 million, respectively, on gross income of $3.3 million and $7.1 million, respectively. For the three and six months ended June 30, 2015, Gemino had net income of $0.9 million and $2.1 million, respectively, on gross income of $3.0 million and $6.3 million, respectively. Due to timing and non-cash items, there may be material differences between GAAP net income and cash available for distributions. As of June 30, 2016, and based upon our expectations for Gemino s portfolio performance, we believe that Gemino will be able to maintain its dividend payments to the Company.

First Lien Loan Program LLC

On September 10, 2014, the Company entered into a limited liability company agreement to create a First Lien Loan Program (FLLP) with Voya Investment Management LLC (Voya). Voya acts as the investment advisor for several wholly-owned insurance subsidiaries of Voya Financial, Inc. (NYSE: VOYA). The joint venture vehicle, structured as an unconsolidated Delaware limited liability company, is expected to invest primarily in senior secured floating rate term loans to middle market companies predominantly owned by private equity sponsors or entrepreneurs. Solar Senior and Voya have committed to provide $50.75 million and $7.25 million, respectively, of capital to the joint venture. All portfolio decisions and generally all other decisions in respect of the FLLP must be approved by an investment committee of the FLLP consisting of representatives of the Company and Voya (with approval from a representative of each required). On February 13, 2015, FLLP commenced operations. On February 13, 2015, FLLP as transferor and FLLP 2015-1, LLC, a newly formed wholly owned subsidiary of FLLP, as borrower entered into a $75 million senior secured revolving credit facility (the FLLP Facility) with Wells Fargo Securities, LLC acting as administrative agent. Solar Senior Capital Ltd. acts as servicer under the FLLP Facility. The FLLP Facility is scheduled to mature on February 13, 2020. The FLLP Facility generally bears interest at a rate of LIBOR plus a range of 2.25%-2.50%. FLLP and FLLP 2015-1, LLC, as applicable, have made certain customary representations and warranties, and are required to comply with various covenants, including leverage restrictions, reporting requirements and other customary requirements for similar credit facilities. The FLLP Facility also includes usual and customary events of default for credit facilities of this nature. There were $64.0 million of borrowings outstanding as of June 30, 2016. As of June 30, 2016 and December 31, 2015, Solar Senior and Voya contributed combined equity capital in the amount of $33.8 million and $33.8 million, respectively. Of the $33.8 million of contributed equity capital, the Company contributed $29.6 million in the form of investments and Voya contributed $4.2 million in the form of cash. As of June 30, 2016, Solar Senior and Voya s remaining commitments totaled $21.2 million and $3.0 million, respectively. The Company, along with Voya, controls the funding of FLLP and FLLP may not call the unfunded commitments without approval of both the Company and Voya.

As of June 30, 2016 and December 31, 2015, FLLP had total assets of $104.6 million and $76.8 million, respectively. For the same periods, FLLP s portfolio consisted of first lien floating rate senior secured loans to 20 and 15 different borrowers, respectively. For the three months ended June 30, 2016, FLLP invested $7.2 million across 4 portfolio companies. For the three months ended June 30, 2015, FLLP invested $22.8 million across 5 portfolio companies. Investments prepaid totaled $6.2 million for the three months ended June 30, 2016 and $0.1 million for the three months ended June 30, 2015. At June 30, 2016 and 2015, the weighted average yield of FLLP s portfolio was 6.5% and 6.2%, respectively, measured at fair value and 6.4% and 6.3%, respectively, measured at cost.

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FLLP Portfolio as of June 30, 2016 (in thousands)

Description	Industry	Spread Above Index[1]	LIBOR Floor	Interest Rate[2]	Maturity Date	Par Amount	Cost	Fair Value[3]
1A Smart Start LLC	Electronic Equipment, Instruments & Components	L+475	1.00%	5.75%	2/21/22	$ 7,960	$ 7,889	$ 7,920
Athletico Management, LLC and Accelerated Holdings, LLC[4]	Health Care Facilities	L+550	0.75%	6.25%	12/2/20	4,610	4,573	4,610
Capstone Logistics Acquisition, Inc.[4]	Professional Services	L+450	1.00%	5.50%	10/7/21	5,361	5,317	5,254
Castle Management Borrower LLC (Highgate Hotels)[4]	Real Estate Management & Development	L+450	1.00%	5.50%	9/18/20	3,820	3,791	3,744
CIBT Holdings, Inc.[4]	Professional Services	L+525	1.00%	6.25%	6/28/22	2,627	2,601	2,601
Confie Seguros Holding II Co.[4]	Insurance	L+450	1.25%	5.75%	11/9/18	5,430	5,427	5,389
Innovative Xcessories & Services, LLC[4]	Automotive Retail	L+400	1.00%	5.00%	2/21/20	2,434	2,434	2,410
Kellermeyer Bergensons Services, LLC (KBS)[4]	Commercial Services & Supplies	L+500	1.00%	6.00%	10/29/21	2,438	2,417	2,364
MedRisk, LLC	Health Care Services	L+525	1.00%	6.25%	3/1/23	3,990	3,951	3,970
Metamorph US 3, LLC (Metalogix)[4]	Software	L+650	1.00%	7.50%	12/1/20	4,063	3,981	3,453
Pearl Merger Sub, LLC (PetVet)[4]	Health Care Facilities	L+475	1.00%	5.75%	12/17/20	5,418	5,331	5,377
Pet Holdings ULC & Pet Supermarket, Inc.	Specialty Retail	L+550	1.00%	6.50%	7/5/22	4,549	4,481	4,481
PSP Group, LLC (Pet Supplies Plus)[4]	Specialty Retail	L+475	1.00%	5.75%	4/6/21	5,381	5,338	5,354
QBS Holding Company, Inc. (Quorum)[4]	Software	L+475	1.00%	5.75%	8/7/21	3,448	3,419	3,378
Salient Partners, L.P.[4]	Asset Management	L+850	1.00%	9.50%	6/9/21	5,369	5,277	5,168
Sarnova HC, LLC	Trading Companies and Distributors	L+475	1.00%	5.75%	1/28/22	4,988	4,940	4,963
Suburban Broadband, LLC (Jab Wireless, Inc.)	Wireless Telecommunication Services	L+450	1.00%	5.50%	3/26/19	8,188	8,057	8,127
Telular Corporation	Wireless Telecommunication Services	L+425	1.25%	5.50%	6/24/19	5,209	5,188	5,182
The Hilb Group, LLC & Gencorp Insurance Group, Inc.[4]	Insurance	L+500	1.00%	6.00%	6/24/21	3,841	3,767	3,783
VT Buyer Acquisition Corp. (Veritext)[4]	Professional Services	L+500	1.00%	6.00%	1/29/22	4,503	4,462	4,481
							$ 92,641	$ 92,009

(1) Floating rate instruments accrue interest at a predetermined spread relative to an index, typically the LIBOR or PRIME rate. These instruments are typically subject to a LIBOR or PRIME rate floor.

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(2) Floating rate debt investments typically bear interest at a rate determined by reference to either the London Interbank Offered Rate (LIBOR or L) index rate or the prime index rate (PRIME or P), and which typically reset monthly, quarterly or semi-annually. For each debt investment we have provided the current interest rate in effect as of June 30, 2016.
(3) Represents the fair value in accordance with ASC Topic 820. The determination of such fair value is not included in the Board s valuation process described elsewhere herein.
(4) The Company also holds this security on its Consolidated Statements of Assets and Liabilities.

FLLP Portfolio as of December 31, 2015 (audited) (in thousands)

Description	Industry	Interest Rate[1]	Maturity Date	Par Amount	Cost	Fair Value[2]
1A Smart Start LLC	Electronic Equipment, Instruments & Components	5.75%	2/21/22	$ 8,000	$ 7,924	$ 7,880
Athletico Management, LLC and Accelerated Holdings, LLC[3]	Health Care Facilities	6.25%	12/2/20	4,724	4,682	4,653
Capstone Logistics Acquisition, Inc.[3]	Professional Services	5.50%	10/7/21	5,436	5,387	5,395
Castle Management Borrower LLC (Highgate Hotels)[3]	Real Estate Management & Development	5.50%	9/18/20	3,950	3,916	3,812
Confie Seguros Holding II Co.[3]	Insurance	5.75%	11/9/18	5,458	5,454	5,390
Innovative Xcessories & Services, LLC[3]	Automotive Retail	5.25%	2/21/20	2,500	2,500	2,462
Kellermeyer Bergensons Services, LLC (KBS)[3]	Commercial Services & Supplies	6.00%	10/29/21	2,475	2,453	2,364
Metamorph US 3, LLC (Metalogix)[3]	Software	6.50%	12/1/20	4,875	4,768	4,485
Pearl Merger Sub, LLC (PetVet)[3]	Health Care Facilities	5.50%	12/17/20	5,445	5,350	5,336
PSP Group, LLC (Pet Supplies Plus)[3]	Specialty Retail	5.75%	4/6/21	5,459	5,411	5,350
QBS Holding Company, Inc. (Quorum)[3]	Software	5.75%	8/7/21	3,465	3,434	3,361
RCPSI Corporation (Pet Supermarket)[3]	Specialty Retail	6.75%	4/16/21	5,473	5,423	5,363
Salient Partners, L.P.[3]	Asset Management	7.50%	6/9/21	5,418	5,317	5,228
Suburban Broadband, LLC (Jab Wireless, Inc.)	Wireless Telecommunication Services	5.50%	3/26/19	8,229	8,076	8,065
Telular Corporation	Wireless Telecommunication Services	5.50%	6/24/19	5,354	5,330	5,274
					$ 75,425	$ 74,418

(1) Floating rate debt investments typically bear interest at a rate determined by reference to either the London Interbank Offered Rate (LIBOR or L) index rate or the prime index rate (PRIME or P), and which typically reset monthly, quarterly or semi-annually. For each debt investment we have provided the current interest rate in effect as of December 31, 2015.
(2) Represents the fair value in accordance with ASC Topic 820. The determination of such fair value is not included in the Board s valuation process described elsewhere herein.
(3) The Company also holds a portion of this position on its Consolidated Statements of Assets and Liabilities.

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Below is certain summarized financial information for FLLP as of June 30, 2016 and December 31, 2015 and for the three and six months ended June 30, 2016, the three months ended June 30, 2015 and the period from February 13, 2015 (commencement of operations) through June 30, 2015:

	June 30, 2016	December 31, 2015 (audited)
Selected Balance Sheet Information for FLLP (in thousands):		
Investments at fair value (cost $92,641 and $75,425, respectively)	$ 92,009	$ 74,418
Cash and other assets	12,639	2,370
Total assets	$ 104,648	$ 76,788
Debt outstanding	$ 63,983	$ 43,998
Payable for investments purchased	7,081	
Distributions payable	898	742
Interest payable	549	400
Accrued expenses and other payables	94	113
Total liabilities	$ 72,605	$ 45,253
Members equity	$ 32,043	$ 31,535
Total liabilities and members equity	$ 104,648	$ 76,788

	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	For the Period February 13, 2015 (commencement of operations) through June 30, 2015
Selected Income Statement Information for FLLP (in thousands):				
Interest income	$ 1,540	$ 720	$ 2,883	$ 904
Service fees	$ 16	$ 7	$ 30	$ 9
Interest and other credit facility expenses	509	169	973	1,535*
Other general and administrative expenses	51	36	86	47
Total expenses	576	212	1,089	1,591
Net investment income (loss)	$ 964	$ 508	$ 1,794	$ (687)
Net change in unrealized gain (loss) on investments	295	249	375	348
Net income (loss)	$ 1,259	$ 757	$ 2,169	$ (339)

* FLLP made an irrevocable election to apply the fair value option of accounting to the FLLP Facility, in accordance with ASC 825-10. As such, all expenses related to the establishment of the FLLP Facility were expensed during the period from February 13, 2015 (commencement of operations) through June 30, 2015. This amount totaled $1,316.

Critical Accounting Policies

The preparation of consolidated financial statements and related disclosures in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and revenues and expenses during the periods reported. Actual results could materially differ from those estimates. We have identified the following items as critical accounting policies. Within the context of these critical accounting policies and disclosed subsequent events herein, we are not currently aware of any other reasonably likely events or circumstances that would result in materially different amounts being reported.

Valuation of Portfolio Investments

We conduct the valuation of our assets, pursuant to which our net asset value is determined, at all times consistent with GAAP, and the 1940 Act. Our valuation procedures are set forth in more detail below:

The Company conducts the valuation of its assets in accordance with GAAP and the 1940 Act. The Company generally values its assets on a quarterly basis, or more frequently if required. Investments for which market quotations are readily available on an exchange are valued at the closing price on the date of valuation. The Company may also obtain quotes with respect to certain of its investments from pricing services or brokers or dealers in order to value assets. When doing so, management determines whether the quote obtained is sufficient according to GAAP to determine the fair value of the investment. If determined adequate, the Company uses the quote obtained. Debt investments with maturities of 60 days or less shall each be valued at cost plus accreted discount, or minus amortized premium, which is expected to approximate fair value, unless such valuation, in the judgment of the Investment Adviser, does not represent fair value, in which case such investments shall be valued at fair value as determined in good faith by or under the direction of the Company s board of directors (the Board).

Investments for which reliable market quotations are not readily available or for which the pricing sources do not provide a valuation or methodology or provide a valuation or methodology that, in the judgment of the Investment Adviser or the Board does not represent fair value, each shall be valued as follows: (i) each portfolio company or investment is initially valued by the investment professionals responsible for the portfolio investment; (ii) preliminary valuations are discussed with senior management of the Investment Adviser; (iii) independent valuation firms engaged by, or on behalf of, the Board will conduct independent appraisals and review the Investment Adviser s preliminary valuations and make their own independent assessment for (a) each portfolio investment that, when taken together with all other investments in the same portfolio company, exceeds 10% of estimated total assets, plus available borrowings, as of the end of the most recently completed fiscal quarter, and (b) each portfolio investment that is presently in payment default; (iv) the Board will discuss the valuations and determine the fair value of each investment in our portfolio in good faith based on the input of the Investment Adviser and, where appropriate, the respective independent valuation firm.

The recommendation of fair value generally considers the following factors among others, as relevant: applicable market yields; the nature and realizable value of any collateral; the portfolio company s ability to make payments; the portfolio company s earnings and discounted cash flow; the markets in which the issuer does business; and comparisons to publicly traded securities, among others.

When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, the Company will consider the pricing indicated by the external event to corroborate the valuation. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the investments may differ significantly from the values that would have been used had a readily available market value existed for such investments, and the differences could be material.

Investments are valued utilizing a market approach, an income approach, or both approaches, as appropriate. However, in accordance with ASC 820-10, certain investments that qualify as investment companies in accordance with ASC 946, may be valued using net asset value as a practical expedient as fair value. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these

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approaches, the types of factors that we may take into account in fair value pricing our investments include, as relevant: available current market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, security covenants, call protection provisions, the nature and realizable value of any collateral, the portfolio company s ability to make payments, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, M&A comparables, and enterprise values, among other factors. When available, broker quotations and/or quotations provided by pricing services are considered as an input in the valuation process. Escrow receivables, if any, included in the receivables for investments sold in the Consolidated Statements of Assets and Liabilities are reviewed quarterly and the value of the receivable is adjusted as necessary. For the six months ended June 30, 2016, there has been no change to the Company s valuation techniques and the nature of the related inputs considered in the valuation process.

Accounting Standards Codification (ASC) Topic 820 classifies the inputs used to measure these fair values into the following hierarchy:

Level 1: Quoted prices in active markets for identical assets or liabilities, accessible by the Company at the measurement date.

Level 2: Quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active, or other observable inputs other than quoted prices.

Level 3: Unobservable inputs for the asset or liability.

In all cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to each investment. The exercise of judgment is based in part on our knowledge of the asset class and our prior experience.

Determination of fair value involves subjective judgments and estimates. Accordingly, the notes to our consolidated financial statements express the uncertainty with respect to the possible effect of such valuations, and any change in such valuations, on our consolidated financial statements.

Valuation of Credit Facility

The Company has made an irrevocable election to apply the fair value option of accounting to the Credit Facility, in accordance with ASC 825-10. We believe accounting for the Credit Facility at fair value better aligns the measurement methodologies of assets and liabilities, which may mitigate certain earnings volatility.

Revenue Recognition

The Company records dividend income and interest, adjusted for amortization of premium and accretion of discount, on an accrual basis. Investments that are expected to pay regularly scheduled interest and/or dividends in cash are generally placed on non-accrual status when principal or interest/dividend cash payments are past due 30 days or more and/or when it is no longer probable that principal or interest/dividend cash payments will be collected. Such non-accrual investments are restored to accrual status if past due principal and interest or dividends are paid in cash, and in management s judgment, are likely to continue timely payment of their remaining interest or dividend obligations. Interest or dividend cash payments received on investments may be recognized as income or applied to principal depending upon management s judgment. Some of our investments may have contractual PIK interest or dividends. PIK interest and dividends computed at the contractual rate is accrued into income and reflected as receivable up to the capitalization date. PIK investments offer issuers the option at each payment date of making payments in cash or in additional securities. When additional securities are received, they typically have the same terms, including maturity dates and interest rates as the original securities issued. On these payment dates, the Company capitalizes the accrued interest or dividends receivable (reflecting such amounts as the basis in the additional securities received). PIK generally becomes due at the maturity of the investment or upon the investment being called by the issuer. At the point the Company believes PIK is not expected to be realized, the PIK investment will be placed on non-accrual status. When a PIK investment is placed on non-accrual status, the accrued, uncapitalized interest or dividends is reversed from the related receivable through interest or dividend income, respectively. The Company does not reverse previously capitalized PIK interest or dividends. Upon capitalization, PIK is subject to the fair value estimates associated with their related investments. PIK investments on non-accrual status are restored to accrual status if the Company again believes that PIK is expected to be realized. Loan origination fees, original issue discount, and market discounts are capitalized and amortized into income using the interest method or straight-line, as applicable. Upon the prepayment of a loan, any unamortized loan origination fees are recorded as interest income. We record prepayment premiums on loans and other investments as interest income when we receive such amounts. Capital structuring fees are recorded as other income when earned.

The typically higher yields and interest rates on PIK securities, to the extent we invested, reflects the payment deferral and increased credit risk associated with such instruments and that such investments may represent a significantly higher credit risk than coupon loans. PIK securities may have unreliable valuations because their continuing accruals require continuing judgments about the collectability of the deferred payments and the value of any associated collateral. PIK interest has the effect of generating investment income and increasing the incentive fees payable at a compounding rate. In addition, the deferral of PIK interest also increases the loan-to-value ratio at a compounding rate. PIK securities create the risk that incentive fees will be paid to the Investment Adviser based on non-cash accruals that ultimately may not be realized, but the Investment Adviser will be under no obligation to reimburse the Company for these fees. For the three and six months ended June 30, 2016, capitalized PIK income totaled $0.0 million and less than $0.1 million, respectively. For the three and six months ended June 30, 2015, capitalized PIK income totaled less than $0.1 million and $0.1 million, respectively.

Net Realized Gain or Loss and Net Change in Unrealized Gain or Loss

We generally measure realized gain or loss by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment, without regard to unrealized appreciation or depreciation previously recognized, but considering unamortized origination or commitment fees and prepayment penalties. The net change in unrealized gain or loss reflects the change in portfolio investment values during the reporting period, including the reversal of previously recorded unrealized gain or loss, when gains or losses are realized.

Income Taxes

Solar Senior Capital, a U.S. corporation, has elected to be treated as a RIC under Subchapter M of the Code. In order to qualify as a RIC, among other things, the Company is required to timely distribute to its stockholders at least 90% of investment company taxable income, as defined by the Code, for each year. Depending on the level of taxable income earned in a given tax year, we may choose to carry forward taxable income in excess of current year distributions into the next tax year and pay a 4% excise tax on such income, as required. To the extent that the Company determines that its estimated current year annual taxable income will be in excess of estimated current year distributions, the Company accrues an estimated excise tax, if any, on estimated excess taxable income.

Recent Accounting Pronouncements

In February 2015, the FASB issued Accounting Standards Update (ASU) 2015-02, Consolidation (Topic 810) Amendments to the Consolidation Analysis. The update changes the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. Public companies are required to apply ASU 2015-02 for interim and annual reporting periods beginning after December 15, 2015.

Accordingly, the Company has evaluated the impact of ASU 2015-02 on its consolidated financial statements and determined that the adoption of ASU 2015-02 has not had a material impact on our consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, Interest Imputation of Interest (Subtopic 835-30) Simplifying the Presentation of Debt Issuance Costs. The update requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. Public companies are required to apply ASU 2015-03 retrospectively for interim and annual reporting periods beginning after December 15, 2015. Accordingly, the Company has evaluated the impact of ASU 2015-03 on its consolidated financial statements and determined that the adoption of ASU 2015-03 has not had a material impact on our consolidated financial statements.

In May 2015, the FASB issued ASU 2015-07, Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). The update eliminates the requirement to categorize investments in the fair value hierarchy if their fair value is measured at net asset value (NAV) per share (or its equivalent) using the practical expedient in the FASB s fair value measurement guidance. Public companies are required to apply ASU 2015-07 retrospectively for interim and annual reporting periods beginning after December 15, 2015. Accordingly, the Company has evaluated the impact of ASU 2015-07 on its consolidated financial statements and determined that the adoption of ASU 2015-07 has not had a material impact on our consolidated financial statements.

RESULTS OF OPERATIONS

Results comparisons are for the three and six months ended June 30, 2016 and June 30, 2015:

Investment Income

For the three and six months ended June 30, 2016, gross investment income totaled $6.7 million and $13.0 million, respectively. For the three and six months ended June 30, 2015, gross investment income totaled $6.7 million and $12.8 million, respectively. The slight increase in gross investment income year over year was primarily due to the continued ramp-up of the FLLP portfolio offset by a smaller average portfolio size year over year.

Expenses

Net expenses totaled $2.6 million and $4.9 million, respectively, for the three and six months ended June 30, 2016, of which $1.3 million and $2.5 million, respectively, were base management fees and gross performance-based incentive fees and $0.9 million and $1.8 million, respectively, were interest and other credit facility expenses. Over the same periods, $0.2 million and $0.6 million of performance-based incentive fees were waived. Administrative services and other general and administrative expenses totaled $0.6 million and $1.3 million, respectively, for the three and six months ended June 30, 2016. Net expenses totaled $3.3 million and $5.6 million, respectively, for the three and six months ended June 30, 2015, of which $0.9 million and $1.9 million, respectively, were base management fees and gross performance-based incentive fees and $1.7 million and $2.5 million, respectively, were interest and other credit facility expenses. Over the same periods, $0.0 million and $0.2 million of performance-based incentive fees were waived. Administrative services and other general and administrative expenses totaled $0.8 million and $1.3 million, respectively, for the three and six months ended June 30, 2015. Expenses generally consist of management fees, performance-based incentive fees, administrative services expenses, insurance, legal expenses, directors expenses, audit and tax expenses, transfer agent fees and expenses, and other general and administrative expenses. Interest and other credit facility expenses generally consist of interest, unused fees, agency fees and loan origination fees, if any, among others. The decrease in net expenses year over year is due to costs incurred in 2015 from an amendment to the Credit Facility partially offset by an increase in performance-based incentive fees. The Investment Adviser, at its discretion, may in the future continue to fully or partially waive incentive fees. Any such waiver is subject to recapture by the Investment Adviser and reimbursement by the Company should net investment income during and/or for fiscal 2016 equal or exceed distributions declared in fiscal 2016.

Net Investment Income

The Company s net investment income totaled $4.1 million and $8.1 million, or $0.35 and $0.71, per average share, respectively, for the three and six months ended June 30, 2016. The Company s net investment income totaled $3.3 million and $7.2 million, or $0.29 and $0.63, per average share, respectively, for the three and six months ended June 30, 2015.

Net Realized Gain

The Company had investment sales and prepayments totaling approximately $21.2 million and $39.0 million, respectively, for the three and six months ended June 30, 2016. Net realized gains over the same periods were $0.02 million and $0.03 million, respectively. The Company had investment sales and prepayments totaling approximately $38.5 million and $88.3 million, respectively, for the three and six months ended June 30, 2015. Net realized gains over the same periods were $0.04 million and $0.05 million, respectively. Net realized gains for the three and six months ended June 30, 2016 were primarily related to the sales of CT Technologies Intermediate Holdings and Varsity Brands Holdings Co., Inc. Net realized gains for the three and six months ended June 30, 2015 were primarily related to partial sales of select investments.

Net Change in Unrealized Gain (Loss)

For the three and six months ended June 30, 2016, net change in unrealized gain (loss) on the Company s assets and liabilities totaled $0.6 million and $5.0 million, respectively. For the three and six months ended June 30, 2015, net change in unrealized gain (loss) on the Company s assets and liabilities totaled ($0.5) million and ($0.3) million, respectively. Net unrealized gain for the three months ended June 30, 2016 is primarily due to appreciation in the value of our investments in Securus Technologies, Inc., Gemino and FLLP partially offset by depreciation in Trident USA Health Services, TwentyEighty, Inc., Hostway Corporation and Metamorph US 3, LLC, among others. Net unrealized gain for the six months ended June 30, 2016 is primarily due to appreciation in the value of our investments in Securus Technologies, Inc., Gemino, CGSC of Delaware Holdings Corp., Asurion, LLC, FLLP and Global Tel*Link Corporation among others, partially offset by depreciation in Trident USA Health Services, Hostway Corporation, TwentyEighty, Inc. and Metamorph US 3, LLC, among others. Net unrealized loss for the three months ended June 30, 2015 is primarily due to depreciation in the value of our investments in Engineering Solutions & Products, LLC, Securus Technologies, Inc. and CGSC of Delaware Holdings Corporation, among others, partially offset by appreciation in Gemino Healthcare Finance LLC and First Lien Loan Program LLC, among others. Net unrealized loss for the six months ended June 30, 2015 is primarily due to depreciation in the value of our investments in First Lien Loan Program LLC and Engineering Solutions & Products, LLC., among others, partially offset by appreciation in Gemino Healthcare Finance LLC, among others.

Net Increase in Net Assets From Operations

For the three and six months ended June 30, 2016, the Company had a net increase in net assets resulting from operations of $4.7 million and $13.1 million, respectively. For the same periods, earnings per average share were $0.41 and $1.13, respectively. For the three and six months ended June 30, 2015, the Company had a net increase in net assets resulting from operations of $2.9 million and $7.0 million, respectively. For the same periods, earnings per average share were $0.25 and $0.61, respectively.

LIQUIDITY AND CAPITAL RESOURCES

The Company s liquidity and capital resources are generally available through its Credit Facility, through periodic follow-on equity offerings, as well as from cash flows from operations, investment sales and

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pre-payments of investments. At June 30, 2016, the Company had $141.6 million in borrowings outstanding on its Credit Facility and $33.4 million of unused capacity, subject to borrowing base limits.

On January 18, 2013, the Company closed a follow-on public equity offering of 2.0 million shares of common stock at $18.85 per share raising approximately $37.2 million in net proceeds. In the future, the Company may raise additional equity or debt capital, among other considerations. The primary uses of funds will be investments in portfolio companies, reductions in debt outstanding and other general corporate purposes. The issuance of debt or equity securities will depend on future market conditions, funding needs and other factors and there can be no assurance that any such issuance will occur or be successful.

We currently expect that our liquidity needs will be met with cash flows from operations, borrowings under our Credit Facility, including its accordion feature, as well as from other available financing activities.

Cash Equivalents

We deem certain U.S. Treasury bills, repurchase agreements and other high-quality, short-term debt securities as cash equivalents. The Company makes purchases that are consistent with its purpose of making investments in securities described in paragraphs 1 through 3 of Section 55(a) of the 1940 Act. From time to time, including at or near the end of each fiscal quarter, we consider using various temporary investment strategies for our business. One strategy includes taking proactive steps by utilizing cash equivalents as temporary assets with the objective of enhancing our investment flexibility pursuant to Section 55 of the 1940 Act. More specifically, from time-to-time we may purchase U.S. Treasury bills or other high-quality, short-term debt securities at or near the end of the quarter and typically close out the position on a net cash basis subsequent to quarter end. We may also utilize repurchase agreements or other balance sheet transactions, including drawing down on our credit facilities, as deemed appropriate. The amount of these transactions or such drawn cash for this purpose is excluded from total assets for purposes of computing the asset base upon which the management fee is determined. We held approximately $33 million in cash equivalents as of June 30, 2016.

Debt

Senior Secured Revolving Credit Facility On August 26, 2011, the Company established the SUNS SPV which entered into the Credit Facility with Citigroup Global Markets Inc. acting as administrative agent. The Credit Facility was scheduled to mature on August 26, 2016 and generally bore interest at a rate of LIBOR plus 2.25%. The Credit Facility can also be expanded up to $600 million and is secured by all of the assets held by the SUNS SPV. Under the terms of the Credit Facility, Solar Senior and the SUNS SPV, as applicable, have made certain customary representations and warranties, and are required to comply with various covenants, including leverage restrictions, reporting requirements and other customary requirements for similar credit facilities. The Credit Facility also includes usual and customary events of default for credit facilities of this nature. On November 7, 2012, we amended our Credit Facility. As a result of the amendment, the stated interest rate on the Credit Facility was reduced to LIBOR plus 2.00% from LIBOR plus 2.25%, and the Credit Facility continues to have no LIBOR floor requirement. The amendment also provided us greater investment flexibility and extended the final maturity date to November 6, 2017. On February 26, 2014, the Company utilized the Credit Facility s delayed draw feature, expanding immediately available capital from $150.0 million to $200.0 million, subject to borrowing base limitations. On June 30, 2014, the Company again amended the Credit Facility. As a result of this amendment, commitments under the Credit Facility were reduced by $25.0 million to $175.0 million and may be expanded up to $600.0 million under its accordion feature. This amendment to the Credit Facility also added greater investment flexibility and extended the final maturity date to June 28, 2019. The stated interest rate remains LIBOR plus 2.00% with no LIBOR floor requirement. On May 29, 2015, the Company entered into another amendment to the Credit Facility. This amendment added greater investment flexibility and extended the final maturity date to June 30, 2020. At June 30, 2016, the Company was in compliance with all financial and operational covenants required by the Credit Facility.

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Contractual Obligations

	Payments due by Period as of June 30, 2016 (dollars in millions)				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Senior Secured Revolving Credit Facility(1)	$ 141.6	$	$	$ 141.6	$

(1) At June 30, 2016, $33.4 million of capacity remained unused.

Information about our senior securities is shown in the following table as of each year ended December 31 since the Company commenced operations, unless otherwise noted. The indicates information which the SEC expressly does not require to be disclosed for certain types of senior securities.

Class and Year	Total Amount Outstanding(1)	Asset Coverage Per Unit(2)	Involuntary Liquidating Preference Per Unit(3)	Average Market Value Per Unit(4)
Revolving Credit Facility				
Fiscal 2016 (through June 30, 2016)	$ 141,600	$ 2,365	$	N/A
Fiscal 2015	116,200	2,621		N/A
Fiscal 2014	143,200	2,421		N/A
Fiscal 2013	61,400	4,388		N/A
Fiscal 2012	39,100	5,453		N/A
Fiscal 2011	8,600	21,051		N/A

(1) Total amount of each class of senior securities outstanding at the end of the period presented.

(2) The asset coverage ratio for a class of senior securities representing indebtedness is calculated as our consolidated total assets, less all liabilities and indebtedness not represented by senior securities, divided by senior securities representing indebtedness. This asset coverage ratio is multiplied by one thousand to determine the Asset Coverage Per Unit. In order to determine the specific Asset Coverage Per Unit for each class of debt, the total Asset Coverage Per Unit was divided based on the amount outstanding at the end of the period for each. As of June 30, 2016, asset coverage was 236.5%.

(3) The amount to which such class of senior security would be entitled upon the involuntary liquidation of the issuer in preference to any security junior to it.

(4) Not applicable, we do not have senior securities that are registered for public trading.

We have also entered into two contracts under which we have future commitments: the Advisory Agreement, pursuant to which Solar Capital Partners, LLC has agreed to serve as our investment adviser, and the Administration Agreement, pursuant to which Solar Capital Management, LLC has agreed to furnish us with the facilities and administrative services necessary to conduct our day-to-day operations and provide on our behalf managerial assistance to those portfolio companies to which we are required to provide such assistance. Payments under the Advisory Agreement are equal to (1) a percentage of the value of our average gross assets and (2) a two-part incentive fee. Payments under the Administration Agreement are equal to an amount based upon our allocable portion of the Administrator s overhead in performing its obligations under the Administration Agreement, including rent, technology systems, insurance and our allocable portion of the costs of our chief financial officer and chief compliance officer and their respective staffs. Either party may terminate each of the Advisory Agreement and Administration Agreement without penalty upon 60 days written notice to the other. See note 3 to our Consolidated Financial Statements.

On September 10, 2014, FLLP entered into a servicing agreement with the Company. FLLP engaged and retained the Company to provide certain administrative services relating to the facilities, supplies and necessary ongoing overhead support services for the operation of FLLP s ongoing business affairs in exchange for a fee. Either party may terminate this agreement upon 30 days written notice to the other.

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Off-Balance Sheet Arrangements

The Company had unfunded debt and equity commitments to delayed draw and revolving loans as well as to Gemino Healthcare Finance, LLC. The total amount of these unfunded commitments as of June 30, 2016 and December 31, 2015 is $10.7 million and $6.7 million, respectively, comprised of the following:

	June 30, 2016	December 31, 2015
(in millions)		
Gemino Healthcare Finance, LLC	$ 5.0	$ 5.0
Genmark Diagnostics, Inc.	3.1	
Engineering Solutions & Products, LLC	1.6	1.7
CIBT Holdings, Inc.	0.5	
VT Buyer Acquisition Corp. (Veritext)	0.5	
Total Commitments*	$ 10.7	$ 6.7

* The Company controls the funding of the Gemino Healthcare Finance, LLC commitment and may cancel it at its discretion (also see First Lien Loan Program LLC section in Item 7).

As of June 30, 2016 and December 31, 2015, the Company had sufficient cash available and/or liquid securities available to fund its commitments as well as the commitment to FLLP disclosed earlier.

In the normal course of its business, we invest or trade in various financial instruments and may enter into various investment activities with off-balance sheet risk, which may include forward foreign currency contracts. Generally, these financial instruments represent future commitments to purchase or sell other financial instruments at specific terms at future dates. These financial instruments contain varying degrees of off-balance sheet risk whereby changes in the market value or our satisfaction of the obligations may exceed the amount recognized in our Consolidated Statements of Assets and Liabilities.

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Distributions

The following table reflects the cash distributions per share on our common stock for the two most recent fiscal years and the current fiscal year to date:

Date Declared	Record Date	Payment Date	Amount
Fiscal 2016			
August 2, 2016	August 18, 2016	September 1, 2016	$ 0.1175
July 7, 2016	July 21, 2016	August 2, 2016	0.1175
June 7, 2016	June 23, 2016	July 1, 2016	0.1175
May 3, 2016	May 19, 2016	June 2, 2016	0.1175
April 7, 2016	April 21, 2016	May 3, 2016	0.1175
February 24, 2016	March 24, 2016	April 1, 2016	0.1175
February 4, 2016	February 18, 2016	March 2, 2016	0.1175
January 7, 2016	January 21, 2016	February 2, 2016	0.1175
YTD Total (2016)			$ 0.94
Fiscal 2015			
December 2, 2015	December 17, 2015	January 5, 2016	$ 0.1175
November 3, 2015	November 19, 2015	December 1, 2015	0.1175
October 7, 2015	October 22, 2015	November 3, 2015	0.1175
September 9, 2015	September 24, 2015	October 1, 2015	0.1175
August 4, 2015	August 20, 2015	September 1, 2015	0.1175
July 8, 2015	July 23, 2015	July 31, 2015	0.1175
June 9, 2015	June 25, 2015	July 1, 2015	0.1175
May 5, 2015	May 21, 2015	June 2, 2015	0.1175
April 9, 2015	April 23, 2015	May 1, 2015	0.1175
February 25, 2015	March 19, 2015	April 2, 2015	0.1175
February 3, 2015	February 19, 2015	February 27, 2015	0.1175
January 8, 2015	January 22, 2015	January 30, 2015	0.1175
Total (2015)			$ 1.41
Fiscal 2014			
December 4, 2014	December 18, 2014	January 5, 2015	$ 0.1175
November 4, 2014	November 20, 2014	December 2, 2014	0.1175
October 8, 2014	October 23, 2014	October 31, 2014	0.1175
September 9, 2014	September 25, 2014	October 2, 2014	0.1175
August 4, 2014	August 21, 2014	September 3, 2014	0.1175
July 9, 2014	July 24, 2014	August 1, 2014	0.1175
June 6, 2014	June 19, 2014	July 1, 2014	0.1175
May 5, 2014	May 22, 2014	May 30, 2014	0.1175
April 8, 2014	April 24, 2014	May 1, 2014	0.1175
February 25, 2014	March 20, 2014	April 1, 2014	0.1175
February 6, 2014	February 20, 2014	February 28, 2014	0.1175
January 9, 2014	January 23, 2014	January 31, 2014	0.1175
Total (2014)			$ 1.41

Tax characteristics of all distributions will be reported to shareholders on Form 1099 after the end of the calendar year. Future distributions, if any, will be determined by our Board. We expect that our distributions to stockholders will generally be from accumulated net investment income, from net realized capital gains or non-taxable return of capital, if any, as applicable.

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We have elected to be taxed as a RIC under Subchapter M of the Code. To maintain our RIC status, we must distribute at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, out of the assets legally available for distribution. In addition, although we currently intend to distribute realized net capital gains (*i.e.*, net long-term capital gains in excess of net short-term capital losses), if any, at least annually, out of the assets legally available for such distributions, we may in the future decide to retain such capital gains for investment.

We maintain an opt out dividend reinvestment plan for our common stockholders. As a result, if we declare a distribution, then stockholders cash distributions will be automatically reinvested in additional shares of our common stock, unless they specifically opt out of the dividend reinvestment plan so as to receive cash distributions.

We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. In addition, due to the asset coverage test applicable to us as a business development company, we may in the future be limited in our ability to make distributions. Also, our revolving credit facility may limit our ability to declare distributions if we default under certain provisions. If we do not distribute a certain percentage of our income annually, we will suffer adverse tax consequences, including possible loss of the tax benefits available to us as a regulated investment company. In addition, in accordance with GAAP and tax regulations, we include in income certain amounts that we have not yet received in cash, such as contractual payment-in-kind interest, which represents contractual interest added to the loan balance that becomes due at the end of the loan term, or the accrual of original issue or market discount. Since we may recognize income before or without receiving cash representing such income, we may have difficulty meeting the requirement to distribute at least 90% of our investment company taxable income to obtain tax benefits as a regulated investment company.

With respect to the distributions to stockholders, income from origination, structuring, closing and certain other upfront fees associated with investments in portfolio companies are treated as taxable income and accordingly, distributed to stockholders.

Related Parties

We have entered into a number of business relationships with affiliated or related parties, including the following:

We have entered into the Advisory Agreement with Solar Capital Partners. Mr. Gross, our chairman and chief executive officer, is a managing member and a senior investment professional of, and has financial and controlling interests in, the Investment Adviser. In addition, Mr. Spohler, our chief operating officer is a partner and a senior investment professional of, and has financial interests in, the Investment Adviser.

The Administrator provides us with the office facilities and administrative services necessary to conduct day-to-day operations pursuant to our Administration Agreement. We reimburse the Administrator for the allocable portion of overhead and other expenses incurred by it in performing its obligations under the Administration Agreement, including rent, the fees and expenses associated with performing compliance functions, and the compensation of our chief compliance officer, our chief financial officer and any administrative support staff.

We have entered into a license agreement with the Investment Adviser, pursuant to which the Investment Adviser has granted us a non-exclusive, royalty-free license to use the name Solar Capital.

The Investment Adviser and its affiliates may also manage other funds in the future that may have investment mandates that are similar, in whole and in part, with ours. For example, the Investment Adviser

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presently serves as investment adviser to Solar Capital Ltd., a publicly traded BDC, which to focuses on investing primarily in senior secured loans, mezzanine loans and equity securities. In addition, Michael S. Gross, our chairman and chief executive officer, Bruce Spohler, our chief operating officer, and Richard L. Peteka, our chief financial officer, serve in similar capacities for Solar Capital Ltd. The Investment Adviser and certain investment advisory affiliates may determine that an investment is appropriate for us and for one or more of those other funds. In such event, depending on the availability of such investment and other appropriate factors, the Investment Adviser or its affiliates may determine that we should invest side-by-side with one or more other funds. Any such investments will be made only to the extent permitted by applicable law and interpretive positions of the SEC and its staff, and consistent with the Investment Adviser s allocation procedures.

Related party transactions may occur between Solar Senior Capital Ltd. and Gemino Healthcare Finance, LLC, between Solar Senior Capital Ltd. and First Lien Loan Program LLC and between Solar Senior Capital Ltd. and FLLP 2015-1, LLC. These transactions may occur in the normal course of business. No administrative fees are paid to Solar Capital Partners by either Gemino Healthcare Finance, LLC or First Lien Loan Program LLC.

In addition, we have adopted a formal code of ethics that governs the conduct of our officers and directors. Our officers and directors also remain subject to the duties imposed by both the 1940 Act and the Maryland General Corporation Law.

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UNDERWRITERS

Under the terms and subject to the conditions in an underwriting agreement dated the date of this prospectus supplement, the underwriters named below, for whom Morgan Stanley & Co. LLC and Wells Fargo Securities, LLC are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them, severally, the number of shares indicated below:

Name	Number of Shares
Morgan Stanley & Co. LLC	920,000
Wells Fargo Securities, LLC	920,000
Citigroup Global Markets Inc.	400,000
Deutsche Bank Securities Inc.	400,000
Goldman, Sachs & Co.	400,000
J.P. Morgan Securities LLC	400,000
Keefe, Bruyette & Woods, Inc.	240,000
B. Riley & Co., LLC	80,000
Ladenburg Thalmann & Co. Inc.	80,000
Maxim Group LLC	80,000
Oppenheimer & Co. Inc.	80,000
Total:	4,000,000

The underwriters and the representatives are collectively referred to as the underwriters and the representatives, respectively. The underwriters are offering the shares of common stock subject to their acceptance of the shares from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of common stock offered by this prospectus supplement are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the shares of common stock offered by this prospectus supplement if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters option to purchase additional shares described below.

The underwriters initially propose to offer part of the shares of common stock directly to the public at the offering price listed on the cover page of this prospectus supplement and part to certain dealers. After the initial offering of the shares of common stock, the offering price and other selling terms may from time to time be varied by the representatives.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus supplement, to purchase up to 600,000 additional shares of common stock at the public offering price listed on the cover page of this prospectus supplement, less underwriting discounts and commissions. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional shares of common stock as the number listed next to the underwriter s name in the preceding table bears to the total number of shares of common stock listed next to the names of all underwriters in the preceding table.

The following table shows the per share and total public offering price, underwriting discounts and commissions payable by the Investment Adviser, the additional supplemental payment payable by the Investment Adviser, and proceeds before expenses to us. These amounts are shown assuming both no exercise and full exercise of the underwriters option to purchase up to an additional 600,000 shares of common stock.

		Total	
	Per Share	No Exercise	Full Exercise
Public offering price	$ 16.40	$ 65,600,000	$ 75,440,000
Underwriting discounts and commissions to be paid by Investment Adviser	$ 0.574	$ 2,296,000	$ 2,640,400
Additional supplemental payment to underwriters by Investment Adviser	$ 0.36	$ 1,440,000	$ 1,656,000
Proceeds, before expenses, to us	$ 16.76	$ 67,040,000	$ 77,096,000

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The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately $300,000. We have agreed to reimburse the underwriters for expenses relating to clearance of this offering with the Financial Industry Regulatory Authority up to $15,000.

The Investment Adviser has agreed to pay to the underwriters all of the sales load in this offering. There is no guaranty that there will be any sales of our common stock pursuant to this prospectus supplement or the accompanying prospectus.

Our common stock is listed on the NASDAQ Global Select Market under the symbol SUNS .

We, Solar Capital Partners, Solar Capital Management and our officers and directors have agreed that, without the prior written consent of Morgan Stanley & Co. LLC and Wells Fargo Securities, LLC on behalf of the underwriters, we and they will not, during the period ending 45 days after the date of this prospectus supplement (the restricted period):

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for shares of common stock or publicly announce the intention to undertake any such transaction;

- file any registration statement with the Securities and Exchange Commission relating to the offering of any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock; or

- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock.

whether any such transaction described above is to be settled by delivery of common stock or such other securities, in cash or otherwise. In addition, we and each such person agrees that, without the prior written consent of Morgan Stanley & Co. LLC and Wells Fargo Securities, LLC on behalf of the underwriters, we or such other person will not, during the restricted period, make any demand for, or exercise any right with respect to, the registration of any shares of common stock or any security convertible into or exercisable or exchangeable for common stock.

The restrictions described in the immediately preceding paragraph to do not apply to:

- the sale of shares to the underwriters;

- the issuance by the Company of shares of common stock upon the exercise of an option or a warrant or the conversion of a security outstanding on the date of this prospectus supplement of which the underwriters have been advised in writing;

- the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of common stock, provided that (i) such plan does not provide for the transfer of common stock during the restricted period and (ii) to the extent a public announcement or filing under the Exchange Act, if any, is required or voluntarily made regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of common stock may be made under such plan during the restricted period;

the issuance and sale of Common Stock pursuant to any dividend reinvestment plan of the Company in effect at the time of this offering; or

and certain other specified exceptions.

Morgan Stanley & Co. LLC and Wells Fargo Securities, LLC, in their sole discretion, may release the common stock and other securities subject to the lock-up agreements described above in whole or in part at any time.

In order to facilitate the offering of the common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the common stock. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A

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short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the option. The underwriters can close out a covered short sale by exercising the option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the option. The underwriters may also sell shares in excess of the option, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, shares of common stock in the open market to stabilize the price of the common stock. These activities may raise or maintain the market price of the common stock above independent market levels or prevent or retard a decline in the market price of the common stock. The underwriters are not required to engage in these activities and may end any of these activities at any time.

We, Solar Capital Partners, Solar Capital Management and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

A prospectus supplement in electronic format may be made available on websites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The representatives may agree to allocate a number of shares of common stock to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging. financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

Affiliates of certain of the underwriters serve as lenders under the Credit Facility. Certain of the underwriters and their affiliates were underwriters in connection with our initial public offering, for which they received customary fees.

The net proceeds from the sale of our common stock in this offering are expected to be used to temporarily pay down outstanding indebtedness under our Credit Facility, as well as for any general corporate purposes. Affiliates of the underwriters are lenders under our Credit Facility. Accordingly, affiliates of such underwriters may receive more than 5% of the net proceeds of this offering to the extent such proceeds are used to repay outstanding indebtedness under our Credit Facility.

In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments. The underwriters and their respective affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

In connection with securities offerings conducted by us, persons associated with one or more of the underwriters may purchase shares of our common stock, which may be deemed additional underwriting compensation by the Financial Industry Regulatory Authority, or FINRA. An associated person of one of the

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underwriters has purchased 85,500 shares of our common stock in this offering at the public offering price. These shares are deemed underwriting compensation by FINRA. Such securities may not be sold, transferred, assigned, pledged or hypothecated or be the subject of any hedging, short sale, derivative, put or call transaction that would result in the effective economic disposition of such securities for a period of 180 days immediately following the date of commencement of sales of the offering, except as permitted by FINRA Rule 5110(g)(2).

Because FINRA views the common stock offered hereby as interests in a direct participation program, the offering is being made in compliance with the requirements of FINRA Rule 2310. In compliance with such requirements, the underwriting discounts and commissions in connection with the sale of securities will not exceed 10.0% of gross proceeds of this offering. Investor suitability with respect to the common stock should be judged similarly to suitability with respect to other securities that are listed for trading on a national securities exchange.

The principal business address of Morgan Stanley & Co. LLC is 1585 Broadway, New York, NY 10036. The principal business address of Wells Fargo Securities, LLC is 550 South Tryon Street, Charlotte, North Carolina 28202.

LEGAL MATTERS

Certain legal matters in connection with the securities offered hereby will be passed upon for us by Sutherland Asbill & Brennan LLP, Washington, DC, and Venable LLP, Baltimore, Maryland. Certain legal matters in connection with the securities offered hereby will be passed upon for the underwriters by Simpson Thacher & Bartlett LLP, New York, NY.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

KPMG LLP is an independent registered public accounting firm and is located at 345 Park Avenue, New York, New York 10154. The consolidated financial statements as of December 31, 2015 and 2014, and for each of the years in the three-year period ended December 31, 2015 have been included in the accompanying prospectus and elsewhere in the registration statement in reliance upon the reports of KPMG LLP appearing elsewhere in the accompanying prospectus, and upon the authority of said firm as experts in accounting and auditing.

With respect to the unaudited interim financial information for the periods ended June 30, 2016 and 2015, included herein, the independent registered public accounting firm has reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included in the Company s quarterly report on Form 10-Q for the quarter ended June 30, 2016, and included herein, states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. The accountants are not subject to the liability provisions of Section 11 of the Securities Act for their report on the unaudited interim financial information because that report is not a report or a part of the registration statement prepared or certified by the accountants within the meaning of Sections 7 and 11 of the Securities Act.

AVAILABLE INFORMATION

We have filed with the SEC a registration statement on Form N-2, together with all amendments and related exhibits, under the Securities Act, with respect to our shares of common stock offered by this prospectus supplement and the accompanying prospectus. The registration statement contains additional information about us and our shares of common stock being offered by this prospectus supplement and the accompanying prospectus.

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We are required to file with or submit to the SEC annual, quarterly and current periodic reports, proxy statements and other information meeting the informational requirements of the Exchange Act. You may inspect and copy these reports, proxy statements and other information, as well as the registration statement and related exhibits and schedules, at the Public Reference Room of the SEC at 100 F Street, NE, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements and other information filed electronically by us with the SEC which are available on the SEC s website at *http://www.sec.gov*. Copies of these reports, proxy and information statements and other information may be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov, or by writing to the SEC s Public Reference Section, Washington, D.C. 20549. This information will also be available free of charge by contacting us at Solar Senior Capital Ltd., 500 Park Avenue, New York, NY 10022, by telephone at (212) 993-1670, or on our website at *http://www.solarseniorcap.com*.

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SOLAR SENIOR CAPITAL LTD.

CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES

(in thousands, except share amounts)

	June 30, 2016 (unaudited)	December 31, 2015
Assets		
Investments at fair value:		
Companies less than 5% owned (cost: $267,550 and $253,373, respectively)	$ 260,505	$ 242,502
Companies 5% to 25% owned (cost: $3,932 and $3,816, respectively)	2,445	2,423
Companies more than 25% owned (cost: $62,423 and $62,423, respectively)	62,787	61,593
Total investments (cost: $333,905 and $319,612, respectively)	325,737	306,518
Cash	4,650	3,070
Cash equivalents (cost: $32,997 and $49,997, respectively)	32,997	49,997
Receivable for investments sold	9,318	45
Dividends receivable	1,327	526
Interest receivable	1,315	2,040
Prepaid expenses and other assets	475	381
Total assets	$ 375,819	$ 362,577
Liabilities		
Credit facility payable (see note 6 and 7)	$ 141,600	$ 116,200
Payable for investments and cash equivalents purchased	37,578	54,897
Distributions payable	1,355	1,355
Management fee payable (see note 3)	834	831
Performance-based incentive fee payable (see note 3)	237	
Interest payable (see note 7)	307	262
Administrative services expense payable (see note 3)	349	534
Other liabilities and accrued expenses	298	194
Total liabilities	$ 182,558	$ 174,273
Commitments and contingencies (see note 10 and 11)		
Net Assets		
Common stock, par value $0.01 per share, 200,000,000 and 200,000,000 common shares authorized, respectively, and 11,533,315 and 11,533,315 issued and outstanding, respectively	$ 115	$ 115
Paid-in capital in excess of par	211,486	211,486
Distributions in excess of net investment income	(5,185)	(5,185)
Accumulated net realized loss	(4,987)	(5,018)

Net unrealized depreciation		(8,168)		(13,094)
Total net assets	$	193,261	$	188,304
Net Asset Value Per Share	$	16.76	$	16.33

See notes to consolidated financial statements.

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SOLAR SENIOR CAPITAL LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

(in thousands, except share amounts)

	Three months ended		Six months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
INVESTMENT INCOME:				
Interest:				
Companies less than 5% owned	$ 4,867	$ 5,198	$ 9,291	$ 10,317
Companies 5% to 25% owned	52	54	102	107
Dividends:				
Companies more than 25% owned	1,703	1,307	3,511	2,276
Other income:				
Companies less than 5% owned	43	89	96	89
Companies more than 25% owned	16	7	30	9
Total investment income	6,681	6,655	13,030	12,798
EXPENSES:				
Management fees (see note 3)	$ 834	$ 879	$ 1,631	$ 1,745
Performance-based incentive fees (see note 3)	465		850	157
Interest and other credit facility expenses (see note 7)	913	1,660	1,764	2,492
Administrative services expense (see note 3)	299	282	594	536
Other general and administrative expenses	332	488	673	803
Total expenses	2,843	3,309	5,512	5,733
Performance-based incentive fees waived (see note 3)	(228)		(613)	(157)
Net expenses	2,615	3,309	4,899	5,576
Net investment income	$ 4,066	$ 3,346	$ 8,131	$ 7,222
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND CASH EQUIVALENTS:				
Net realized gain on investments and cash equivalents (companies less than 5% owned)	22	40	31	49
Net change in unrealized gain (loss) on investments and cash equivalents	586	(490)	4,926	(289)
Net realized and unrealized gain (loss) on investments and cash equivalents	608	(450)	4,957	(240)

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	$ 4,674	$ 2,896	$ 13,088	$ 6,982
EARNINGS PER SHARE (see note 5)	$ 0.41	$ 0.25	$ 1.13	$ 0.61

See notes to consolidated financial statements.

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SOLAR SENIOR CAPITAL LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(in thousands, except share amounts)

	Six months ended June 30, 2016 (unaudited)	Year ended December 31, 2015
Increase in net assets resulting from operations:		
Net investment income	$ 8,131	$ 15,373
Net realized gain	31	18
Net change in unrealized gain (loss)	4,926	(14,344)
Net increase in net assets resulting from operations	13,088	1,047
Distributions to stockholders:		
From net investment income	(8,131)	(16,262)
Capital transactions:		
Net increase in net assets resulting from capital transactions		
Total increase (decrease) in net assets	4,957	(15,215)
Net assets at beginning of period	188,304	203,519
Net assets at end of period(1)	$ 193,261	$ 188,304
Capital share activity:		
Net increase from capital share activity		

(1) Includes overdistributed net investment income of ($5,185) and ($5,185), respectively.

See notes to consolidated financial statements.

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SOLAR SENIOR CAPITAL LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

(in thousands)

	Six months ended June 30, 2016	Six months ended June 30, 2015
Cash Flows from Operating Activities:		
Net increase in net assets resulting from operations	$ 13,088	$ 6,982
Adjustments to reconcile net increase in net assets resulting from operations to net cash (used in) provided by operating activities:		
Net realized gain on investments and cash equivalents	(31)	(49)
Net change in unrealized (gain) loss on investments and cash equivalents	(4,926)	289
(Increase) decrease in operating assets:		
Purchase of investments	(53,074)	(65,251)
Proceeds from disposition of investments	38,812	58,166
Capitalization of payment-in-kind interest		(51)
Receivable for investments sold	(9,273)	
Interest receivable	725	94
Dividends receivable	(801)	(494)
Prepaid expenses and other assets	(94)	(70)
Increase (decrease) in operating liabilities:		
Payable for investments and cash equivalents purchased	(17,319)	4,179
Management fee payable	3	81
Performance-based incentive fee payable	237	
Administrative services expense payable	(185)	(212)
Interest payable	45	54
Other liabilities and accrued expenses	104	106
Net Cash Provided by (Used in) Operating Activities	(32,689)	3,824
Cash Flows from Financing Activities:		
Cash distributions paid	(8,131)	(8,131)
Proceeds from borrowings	55,800	23,500
Repayments of borrowings	(30,400)	(23,300)
Net Cash Provided by (Used in) Financing Activities	17,269	(7,931)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(15,420)	(4,107)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	53,067	42,471
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 37,647	$ 38,364

Supplemental disclosure of cash flow information:

Cash paid for interest	$ 1,719	$ 2,438

Non-cash financing activities: During the six months ended June 30, 2015, $29,584 of investments were transferred from the Company to First Lien Loan Program LLC (see note 11).

See notes to consolidated financial statements.

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SOLAR SENIOR CAPITAL LTD.

CONSOLIDATED SCHEDULE OF INVESTMENTS (unaudited)

June 30, 2016

(in thousands, except share/unit amounts)

Description	Industry	Spread above Index(3)	Libor Floor	Interest Rate(1)	Acquisition Date	Maturity Date	Par Amount	Cost	Fair Value
Bank Debt/Senior Secured Loans 136.0%									
ABB/Con-Cise Optical Group LLC(2)	Health Care Supplies	L+500	1.00%	6.00%	6/14/2016	6/15/2023	$ 3,000	$ 2,970	$ 3,015
Acrisure, LLC(2)	Insurance	L+550	1.00%	6.50%	5/14/2015	5/19/2022	4,950	4,907	4,927
Advantage Sales and Marketing, Inc	Professional Services	L+650	1.00%	7.50%	2/14/2013	7/21/2022	8,000	7,951	7,500
Aegis Toxicology Sciences Corporation	Health Care Services	L+850	1.00%	9.50%	2/20/2014	8/24/2021	4,000	3,954	3,520
ALG B.V. (Apple Leisure)(2)(4)	Hotels, Restaurants & Leisure	L+575	1.25%	7.00%	2/28/2013	2/28/2019	2,692	2,678	2,692
ALG USA Holdings, LLC (Apple Leisure)(2)	Hotels, Restaurants & Leisure	L+575	1.25%	7.00%	2/28/2013	2/28/2019	3,568	3,550	3,568
American Seafoods Group LLC(2)	Food Products	L+500	1.00%	6.00%	8/10/2015	8/19/2021	4,891	4,870	4,842
American Teleconferencing Services, Ltd. (PGI)(2)	Communications Equipment	L+650	1.00%	7.50%	5/5/2016	12/8/2021	8,887	8,013	7,998
Aperture Group, LLC (Trade Monster)(2)	Capital Markets	L+625	1.00%	7.25%	9/2/2014	8/29/2019	3,753	3,740	3,734
Asurion, LLC	Insurance	L+750	1.00%	8.50%	2/27/2014	3/3/2021	3,300	3,213	3,191
Athletico Management, LLC and Accelerated	Health Care Facilities	L+550	0.75%	6.25%	12/1/2014	12/2/2020	9,219	9,148	9,219

Holdings, LLC[2]									
Capstone Logistics Acquisition, Inc.[2]	Professional Services	L+450	1.00%	5.50%	10/3/2014	10/7/2021	8,278	8,213	8,113
Castle Management Borrower LLC (Highgate Hotels)[2]	Real Estate Management & Development	L+450	1.00%	5.50%	10/10/2014	9/18/2020	7,641	7,584	7,488
CIBT Holdings, Inc	Professional Services	L+525	1.00%	6.25%	6/28/2016	6/28/2022	2,627	2,601	2,601
Confie Seguros Holding II Co.[2]	Insurance	L+450	1.25%	5.75%	11/9/2012	11/9/2018	10,202	10,153	10,125
ConvergeOne Holdings Corp.[2]	Communications Equipment	L+500	1.00%	6.00%	6/16/2014	6/17/2020	6,860	6,812	6,671
CT Technologies Intermediate Holdings[2]	Health Care Technology	L+425	1.00%	5.25%	12/1/2014	12/1/2021	3,410	3,392	3,359
Engineering Solutions & Products, LLC[6]	Aerospace & Defense	L+600	2.00%	8.00%	11/5/2013	5/4/2018	222	222	222
Engineering Solutions & Products, LLC[6]	Aerospace & Defense	L+600	2.00%	8.00%	11/5/2013	11/5/2018	2,343	2,343	2,155
Epic Health Services, Inc.[2]	Health Care Services	L+475	1.00%	5.75%	2/20/2015	2/17/2021	4,808	4,776	4,760
Filtration Group Corp.	Industrial Conglomerates	L+725	1.00%	8.25%	11/15/2013	11/21/2021	524	520	517
GenMark Diagnostics, Inc[2][4]	Health Care Services			6.90%	4/22/2016	1/12/2019	9,643	9,397	9,643
Global Tel*Link Corporation	Communications Equipment	L+375	1.25%	5.00%	11/6/2015	5/23/2020	3,446	3,058	3,121
Global Tel*Link Corporation	Communications Equipment	L+775	1.25%	9.00%	5/21/2013	11/23/2020	3,000	2,960	2,498
HC Group Holdings III, Inc. (Walgreens)[2]	Health Care Services	L+500	1.00%	6.00%	3/25/2015	4/7/2022	4,963	4,941	4,981
Hostway Corporation[2]	Internet Software & Services	L+475	1.25%	6.00%	6/27/2014	12/13/2019	9,026	8,999	7,763
Innovative Xcessories & Services, LLC[2]	Automotive Retail	L+400	1.00%	5.00%	8/21/2014	2/21/2020	4,503	4,472	4,458
Kellermeyer Bergensons Services, LLC (KBS)[2]	Commercial Services & Supplies	L+500	1.00%	6.00%	10/31/2014	10/29/2021	4,875	4,836	4,729
Landslide Holdings, Inc	Software	L+725	1.00%	8.25%	2/25/2014	2/25/2021	3,310	3,306	3,219

LegalZoom.com, Inc.[2]	Internet Software & Services	L+700	1.00%	8.00%	5/13/2015	5/13/2020	9,875	9,695	9,875
Lumeris Solutions Company, LLC[2]	Health Care Technology			9.42%	4/22/2016	12/27/2017	2,917	2,858	2,917
Material Handling Services, LLC (TFS)[2]	Air Freight & Logistics	L+475	1.00%	5.75%	3/3/2014	3/26/2020	11,236	11,160	11,011
Metamorph US 3, LLC (Metalogix)[2]	Software	L+650	1.00%	7.50%	12/1/2014	12/1/2020	8,125	7,968	6,906
MYI Acquiror Corp. (McLarens Young)[2]	Insurance	L+450	1.25%	5.75%	5/21/2014	5/28/2019	3,439	3,418	3,370
MYI Acquiror Ltd. (McLarens Young)[2][4]	Insurance	L+450	1.25%	5.75%	5/21/2014	5/28/2019	4,338	4,311	4,251
Novavax, Inc[2][4]	Pharmaceuticals			12.10%	4/22/2016	12/1/2016	149	143	149
Pearl Merger Sub LLC (PetVet)[2]	Health Care Facilities	L+475	1.00%	5.75%	1/29/2015	12/17/2020	4,433	4,362	4,399
Precyse Acquisition Corp.[2]	Health Care Services	L+550	1.00%	6.50%	4/19/2016	10/20/2022	3,000	2,956	2,991
PSP Group, LLC (Pet Supplies Plus)[2][7]	Specialty Retail	L+475	1.00%	5.75%	4/2/2015	4/6/2021	489	485	487
QBS Holding Company, Inc. (Quorum)[2]	Software	L+475	1.00%	5.75%	8/1/2014	8/7/2021	6,403	6,353	6,274
Richelieu Foods, Inc.[2]	Food Products	L+475	1.00%	5.75%	11/21/2014	5/21/2020	6,650	6,576	6,650
Salient Partners, L.P.[2]	Asset Management	L+850	1.00%	9.50%	6/10/2015	6/9/2021	4,393	4,317	4,228
Securus Technologies, Inc	Communications Equipment	L+775	1.25%	9.00%	4/17/2013	4/30/2021	10,000	9,940	9,017
SHO Holding I Corporation (Shoes for Crews)[2]	Footwear	L+500	1.00%	6.00%	11/20/2015	10/27/2022	5,970	5,915	5,970
Skinnypop Popcorn, LLC[2]	Food Products	L+450	1.00%	5.50%	7/17/2014	7/17/2019	4,570	4,540	4,570
SolarWinds Holdings, Inc.[2]	Internet Software & Services	L+550	1.00%	6.50%	2/1/2016	2/6/2023	5,000	4,761	4,991
Strategic Partners Acquisition Corp.	Textiles, Apparel & Luxury Goods	L+525	1.00%	6.25%	6/24/2016	6/30/2023	2,000	1,980	2,000
Stratose Intermediate	Health Care Services	L+500	1.00%	6.00%	1/25/2016	1/26/2022	4,975	4,928	4,975

Holdings II, LLC[2]									
The Edelman Financial Center, LLC[2]	Diversified Financial Services	L+550	1.00%	6.50%	12/16/2015	12/18/2022	4,975	4,881	4,938
The Hilb Group, LLC & Gencorp Insurance Group, Inc.[2]	Insurance	L+500	1.00%	6.00%	3/16/2016	6/24/2021	3,841	3,767	3,783
Trident USA Health Services[2]	Health Care Services	L+525	1.25%	6.50%	7/29/2013	7/31/2019	8,843	8,797	7,560
TwentyEighty, Inc. (fka Miller Heiman)[2]	Professional Services	L+600	1.00%	7.00%	9/30/2013	9/30/2019	7,038	6,994	5,454
Vizient, Inc.[2]	Health Care Services	L+525	1.00%	6.25%	2/9/2016	2/13/2023	998	969	1,006
VT Buyer Acquisition Corp. (Veritext)[2]	Professional Services	L+500	1.00%	6.00%	1/29/2016	1/29/2022	4,503	4,462	4,481
Total Bank Debt/Senior Secured Loans								**$ 270,115**	**$ 262,882**
Common Equity/Equity Interests 32.5%							**Shares/Units**		
Engineering Solutions & Products, LLC[6][8]	Aerospace & Defense				11/5/2013		133,668	$ 1,367	$ 68
First Lien Loan Program LLC[4][5]	Asset Management				2/13/2015			29,584	28,037
Gemino Healthcare Finance, LLC[4][5][9]	Diversified Financial Services				9/30/2013		32,839	32,839	34,750
Total Common Equity/Equity Interests								**$ 63,790**	**$ 62,855**
Total Investments[10] 168.5%								**$ 333,905**	**$ 325,737**
Cash Equivalents 17.1%							**Par Amount**		
U.S. Treasury Bill	Government				6/29/2016	7/21/2016	33,000	$ 32,997	$ 32,997
Total Investments & Cash Equivalents 185.6%								**$ 366,902**	**$ 358,734**
Liabilities in Excess of Other Assets (85.6%)									(165,473)
Net Assets 100.0%									**$ 193,261**

See notes to consolidated financial statements.

SOLAR SENIOR CAPITAL LTD.

CONSOLIDATED SCHEDULE OF INVESTMENTS (unaudited) (continued)

June 30, 2016

(in thousands)

(1) Floating rate debt investments typically bear interest at a rate determined by reference to either the London Interbank Offered Rate (LIBOR or L) index rate or the prime index rate (PRIME or P), and which typically reset monthly, quarterly or semi-annually. For each debt investment we have provided the current interest rate in effect as of June 30, 2016.

(2) Indicates an investment that is wholly or partially held by Solar Senior Capital Ltd. through its wholly-owned financing subsidiary SUNS SPV LLC. Such investments are pledged as collateral under the Senior Secured Revolving Credit Facility (see Note 7 to the consolidated financial statements) and are not generally available to creditors, if any, of Solar Senior Capital Ltd. The respective par amount for the investment that is partially held through SUNS SPV LLC is Genmark Diagnostics, Inc. $4,821. The par balance in excess of this stated amount is held directly by Solar Senior Capital Ltd.

(3) Floating rate instruments accrue interest at a predetermined spread relative to an index, typically the LIBOR or PRIME rate. These instruments are typically subject to a LIBOR or PRIME rate floor.

(4) Indicates assets that the Company believes may not represent qualifying assets under Section 55(a) of the Investment Company Act of 1940 (1940 Act), as amended. If we fail to invest a sufficient portion of our assets in qualifying assets, we could be prevented from making follow-on investments in existing portfolio companies or could be required to dispose of investments at inappropriate times in order to comply with the 1940 Act. As of June 30, 2016, on a fair value basis, non-qualifying assets in the portfolio represented 21.2% of the total assets of the Company.

(5) Denotes investments in which we are deemed to exercise a controlling influence over the management or policies of a company, as defined in the 1940 Act, due to beneficially owning, either directly or through one or more controlled companies, more than 25% of the outstanding voting securities of the investment. Transactions during the six months ended June 30, 2016 in these controlled investments are as follows:

Name of Issuer	Fair Value at December 31, 2015	Gross Additions	Gross Reductions	Realized Gain (Loss)	Dividend/Other Income	Fair Value at June 30, 2016
First Lien Loan Program LLC	$ 27,593	$	$	$	$ 1,510	$ 28,037
Gemino Healthcare Finance, LLC	34,000				2,031	34,750
	$ 61,593	$	$	$	$ 3,541	$ 62,787

(6) Denotes investments in which we are an Affiliated Person but not exercising a controlling influence, as defined in the 1940 Act, due to beneficially owning, either directly or through one or more controlled companies, more than

5% but less than 25% of the outstanding voting securities of the investment. Transactions during the six months ended June 30, 2016 in these affiliated investments are as follows:

Name of Issuer	Fair Value at December 31, 2015	Gross Additions	Gross Reductions	Realized Gain (Loss)	Interest Income	Fair Value at June 30, 2016
Engineering Solutions & Products, LLC (1st lien)	$ 106	$ 174	$ 58	$	$ 7	$ 222
Engineering Solutions & Products, LLC (2nd lien)	2,249				95	2,155
Engineering Solutions & Products, LLC (equity interests)	68					68
	$ 2,423	$ 174	$ 58	$	$ 102	$ 2,445

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

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

(9) Investment represents the operating company after consolidation of the holding company Gemino Senior Secured Healthcare LLC.

(10) Aggregate net unrealized depreciation for federal income tax purposes is $11,318; aggregate gross unrealized appreciation and depreciation for federal tax purposes is $2,381 and $13,699, respectively, based on a tax cost of $337,055.

Non-income producing security.

See notes to consolidated financial statements.

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SOLAR SENIOR CAPITAL LTD.

CONSOLIDATED SCHEDULE OF INVESTMENTS (unaudited) (continued)

June 30, 2016

Industry Classification	Percentage of Total Investments (at fair value) as of June 30, 2016
Diversified Financial Services	12.2%
Health Care Services	12.1%
Asset Management	9.9%
Insurance	9.1%
Communications Equipment	9.0%
Professional Services	8.6%
Internet Software & Services	7.0%
Software	5.0%
Food Products	4.9%
Health Care Facilities	4.2%
Air Freight & Logistics	3.4%
Real Estate Management & Development	2.3%
Health Care Technology	1.9%
Hotels, Restaurants & Leisure	1.9%
Footwear	1.8%
Commercial Services & Supplies	1.5%
Automotive Retail	1.4%
Capital Markets	1.1%
Health Care Supplies	0.9%
Aerospace & Defense	0.8%
Textile, Apparel & Luxury Goods	0.6%
Industrial Conglomerates	0.2%
Specialty Retail	0.2%
Pharmaceuticals	0.0%
Total Investments	100.0%

See notes to consolidated financial statements.

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SOLAR SENIOR CAPITAL LTD.

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2015

(in thousands, except share/unit amounts)

ption	Industry	Spread above Index[3]	Libor Floor	Interest Rate[1]	Acquisition Date	Maturity Date	Par Amount	Cost	Fa Va
Debt/Senior ed Loans %									
re, LLC[2]	Insurance	L+550	1.00%	6.50%	5/14/2015	5/19/2022	$ 4,975	$ 4,929	$ 4
tage Sales and ting, Inc	Professional Services	L+650	1.00%	7.50%	2/14/2013	7/21/2022	8,000	7,948	7
Toxicology es ration	Health Care Services	L+850	1.00%	9.50%	2/20/2014	8/24/2021	4,000	3,951	3
B.V. (Apple e) [2][4]	Hotels, Restaurants & Leisure	L+575	1.25%	7.00%	2/28/2013	2/28/2019	2,708	2,692	2
USA Holdings, Apple e)[2]	Hotels, Restaurants & Leisure	L+575	1.25%	7.00%	2/28/2013	2/28/2019	3,589	3,568	3
can Seafoods LLC[2]	Food Products	L+500	1.00%	6.00%	8/10/2015	8/19/2021	4,988	4,964	4
re Group, Trade er)[2]	Capital Markets	L+625	1.00%	7.25%	9/2/2014	8/29/2019	3,950	3,935	3
n, LLC	Insurance	L+750	1.00%	8.50%	2/27/2014	3/3/2021	3,300	3,206	2
co ement, LLC ccelerated gs, LLC[2]	Health Care Facilities	L+550	0.75%	6.25%	12/1/2014	12/2/2020	9,448	9,368	9
ibbon, LLC [2]	Beverages	L+450	1.00%	5.50%	11/5/2014	11/13/2021	1,367	1,356	1
ne Logistics ition, Inc.[2]	Professional Services	L+450	1.00%	5.50%	10/3/2014	10/7/2021	8,394	8,322	8
Management ver LLC ate Hotels)[2]	Real Estate Management & Development	L+450	1.00%	5.50%	10/10/2014	9/18/2020	7,900	7,835	7
of Delaware gs Corp. er Gay)	Insurance	L+700	1.25%	8.25%	4/5/2013	10/16/2020	4,000	3,962	3
	Insurance	L+450	1.25%	5.75%	11/9/2012	11/9/2018	10,255	10,196	10

Seguros g II Co.[2]								
rgeOne gs Corp.[2]	Communications Equipment	L+500	1.00%	6.00%	6/16/2014	6/17/2020	6,895	6,841
chnologies ediate gs[2]	Health Care Technology	L+425	1.00%	5.25%	12/1/2014	12/1/2021	7,438	7,383
ering ons & ts, LLC[6]	Aerospace & Defense	L+600	2.00%	8.00%	11/5/2013	5/4/2018	106	106
ering ons & ts, LLC[6]	Aerospace & Defense	L+600	2.00%	8.00%	11/5/2013	11/5/2018	2,343	2,343
ealth es, Inc.[2]	Health Care Services	L+475	1.00%	5.75%	2/20/2015	2/17/2021	4,818	4,783
on Group	Industrial Conglomerates	L+725	1.00%	8.25%	11/15/2013	11/21/2021	524	519
Tel*Link ration	Communications Equipment	L+375	1.25%	5.00%	11/6/2015	5/23/2020	1,089	850
Tel*Link ration	Communications Equipment	L+775	1.25%	9.00%	5/21/2013	11/23/2020	3,000	2,956
oup Holdings . reens)[2]	Health Care Services	L+500	1.00%	6.00%	3/25/2015	4/7/2022	4,988	4,964
ay ration[2]	Internet Software & Services	L+475	1.25%	6.00%	6/27/2014	12/13/2019	9,276	9,244
tive ories & es, LLC[2]	Automotive Retail	L+425	1.00%	5.25%	8/21/2014	2/21/2020	4,625	4,589
meyer asons es, LLC [2]	Commercial Services & Supplies	L+500	1.00%	6.00%	10/31/2014	10/29/2021	4,950	4,907
ide Holdings,	Software	L+725	1.00%	8.25%	2/25/2014	2/25/2021	3,310	3,306
Zoom.com,	Internet Software & Services	L+700	1.00%	8.00%	5/13/2015	5/13/2020	9,925	9,725
al Handling es, LLC [2]	Air Freight & Logistics	L+475	1.00%	5.75%	3/3/2014	3/26/2020	11,416	11,329
orph US 3, Metalogix)[2]	Software	L+550	1.00%	6.50%	12/1/2014	12/1/2020	9,750	9,543
cquiror Corp. rens)[2]	Insurance	L+450	1.25%	5.75%	5/21/2014	5/28/2019	3,456	3,432
cquiror Ltd. rens)[2][4]	Insurance	L+450	1.25%	5.75%	5/21/2014	5/28/2019	4,338	4,307
Merger Sub PetVet)[2]	Health Care Facilities	L+450	1.00%	5.50%	1/29/2015	12/17/2020	4,455	4,378
	Specialty Retail	L+475	1.00%	5.75%	4/2/2015	4/6/2021	496	492

roup, LLC pplies)(7)									
Iolding any, Inc. m)(2)	Software	L+475	1.00%	5.75%	8/1/2014	8/7/2021	6,435	6,381	6
Corporation permarket)(2)	Specialty Retail	L+575	1.00%	6.75%	4/22/2015	4/16/2021	9,453	9,367	9
eu Foods,	Food Products	L+475	1.00%	5.75%	11/21/2014	5/21/2020	6,720	6,637	6
Partners,	Asset Management	L+650	1.00%	7.50%	6/10/2015	6/9/2021	4,433	4,350	4
s ologies, Inc	Communications Equipment	L+775	1.25%	9.00%	4/17/2013	4/30/2021	10,000	9,934	5
Iolding I ration (Shoes ews)(2)	Footwear	L+500	1.00%	6.00%	11/20/2015	10/27/2022	6,000	5,941	5
pop Popcorn,	Food Products	L+450	1.00%	5.50%	7/17/2014	7/17/2019	4,752	4,717	4
e ediate gs II, LLC(2)	Health Care Services	L+450	1.00%	5.50%	6/2/2015	6/30/2021	6,965	6,900	6
lelman ial Center,)	Diversified Financial Services	L+550	1.00%	6.50%	12/16/2015	12/18/2022	5,000	4,900	4
t USA Health es (2)	Health Care Services	L+525	1.25%	6.50%	7/29/2013	7/31/2019	8,893	8,839	8
Eighty, Inc. iller n)(2)	Professional Services	L+575	1.00%	6.75%	9/30/2013	9/30/2019	7,131	7,081	6
Brands gs Co., Inc.(2)	Diversified Consumer Services	L+400	1.00%	5.00%	12/10/2014	12/11/2021	4,941	4,902	4
Bank Debt/Senior Secured Loans								**$ 252,178**	**$ 24**
ured Notes									
Investment ration(4)	Diversified Financial Services			5.75%	11/10/2011	1/15/2016	$3,650	$ **3,644**	$ 3
non /Equity sts 32.8%							**Shares/Units**		
ering ons & ts, LLC(6)(8)	Aerospace & Defense				11/5/2013		133,668	$ 1,367	$
ien Loan m LLC(4)(5)	Asset Management				2/13/2015			29,584	27
o Healthcare e, LLC(4)(5)(9)	Diversified Financial Services				9/30/2013		32,839	32,839	34

Common Equity/Equity Interests					**$ 63,790**	**$ 61**
Investments[10] 162.8%					**$ 319,612**	**$ 30**
Equivalents				**Par Amount**		
reasury Bill	Government	12/28/2015	1/21/2016	50,000	$ 49,997	$ 4
Investments & Cash Equivalents 189.3%					**$ 369,609**	**$ 35**
ties in Excess of Other Assets (89.3%)						(16
ssets 100.0%						**$ 18**

See notes to consolidated financial statements.

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SOLAR SENIOR CAPITAL LTD.

CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)

December 31, 2015

(in thousands)

(1) Floating rate debt investments typically bear interest at a rate determined by reference to either the London Interbank Offered Rate (LIBOR or L) index rate or the prime index rate (PRIME or P), and which typically reset monthly, quarterly or semi-annually. For each debt investment we have provided the current interest rate in effect as of December 31, 2015.
(2) Indicates an investment that is wholly held by Solar Senior Capital Ltd. through its wholly-owned financing subsidiary SUNS SPV LLC. Such investments are pledged as collateral under the Senior Secured Revolving Credit Facility (see Note 7 to the consolidated financial statements) and are not generally available to creditors, if any, of Solar Senior Capital Ltd.
(3) Floating rate instruments accrue interest at a predetermined spread relative to an index, typically the LIBOR or PRIME rate. These instruments are typically subject to a LIBOR or PRIME rate floor.
(4) Indicates assets that the Company believes may not represent qualifying assets under Section 55(a) of the Investment Company Act of 1940 (1940 Act), as amended. If we fail to invest a sufficient portion of our assets in qualifying assets, we could be prevented from making follow-on investments in existing portfolio companies or could be required to dispose of investments at inappropriate times in order to comply with the 1940 Act. As of December 31, 2015, on a fair value basis, non-qualifying assets in the portfolio represented 19.9% of the total assets of the Company.
(5) Denotes investments in which we are deemed to exercise a controlling influence over the management or policies of a company, as defined in the 1940 Act, due to beneficially owning, either directly or through one or more controlled companies, more than 25% of the outstanding voting securities of the investment. Transactions during the year ended December 31, 2015 in these controlled investments are as follows:

Name of Issuer	Fair Value at December 31, 2014	Gross Additions	Gross Reductions	Realized Gain (Loss)	Dividend/Other Income	Fair Value at December 31, 2015
First Lien Loan Program LLC	$	$ 29,584	$	$	$ 1,794	$ 27,593
Gemino Healthcare Finance, LLC	34,421				3,510	34,000
	$ 34,421	$ 29,584	$	$	$ 5,304	$ 61,593

(6) Denotes investments in which we are an Affiliated Person but not exercising a controlling influence, as defined in the 1940 Act, due to beneficially owning, either directly or through one or more controlled companies, more than 5% but less than 25% of the outstanding voting securities of the investment. Transactions during the year ended December 31, 2015 in these affiliated investments are as follows:

Name of Issuer	Fair Value at December 31, 2014	Gross Additions	Gross Reductions	Realized Gain (Loss)	Interest Income	Fair Value at December 31, 2015
Engineering Solutions & Products, LLC (1st lien)	$ 324	$	$ 218	$	$ 24	$ 106
Engineering Solutions & Products, LLC (2nd lien)	2,343				190	2,249
Engineering Solutions & Products, LLC (equity interests)	956					68
	$ 3,623	$	$ 218	$	$ 214	$ 2,423

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

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

(9) Investment represents the operating company after consolidation of the holding company Gemino Senior Secured Healthcare LLC.

(10) Aggregate net unrealized depreciation for federal income tax purposes is $15,316; aggregate gross unrealized appreciation and depreciation for federal tax purposes is $1,172 and $16,488, respectively, based on a tax cost of $321,834.

Non-income producing security.

See notes to consolidated financial statements.

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SOLAR SENIOR CAPITAL LTD.

CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)

December 31, 2015

Industry Classification	Percentage of Total Investments (at fair value) as of December 31, 2015
Diversified Financial Services	13.9%
Asset Management	10.4%
Insurance	9.5%
Health Care Services	9.3%
Professional Services	7.2%
Internet Software & Services	6.0%
Software	6.0%
Food Products	5.3%
Communications Equipment	5.0%
Health Care Facilities	4.5%
Air Freight & Logistics	3.7%
Specialty Retail	3.2%
Real Estate Management & Development	2.5%
Health Care Technology	2.3%
Hotels, Restaurants & Leisure	2.0%
Footwear	1.9%
Diversified Consumer Services	1.6%
Commercial Services & Supplies	1.5%
Automotive Retail	1.5%
Capital Markets	1.3%
Aerospace & Defense	0.8%
Beverages	0.4%
Industrial Conglomerates	0.2%
Total Investments	100.0%

See notes to consolidated financial statements.

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SOLAR SENIOR CAPITAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

June 30, 2016

(in thousands, except share amounts)

Note 1. Organization

Solar Senior Capital Ltd. (Solar Senior , the Company , SUNS , we , us , or our), a Maryland corporation formed December 16, 2010, is a closed-end, externally managed, non-diversified management investment company that has elected to be treated as a business development company (BDC) under the Investment Company Act of 1940 (the 1940 Act). Furthermore, as the Company is an investment company, it continues to apply the guidance in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 946. In addition, for tax purposes, we have elected to be treated as a regulated investment company (RIC), under the Internal Revenue Code of 1986, as amended (the Code).

On January 28, 2011, Solar Senior was capitalized with initial equity of $2 and commenced operations. On February 24, 2011, Solar Senior priced its initial public offering, selling 9.0 million shares, including the underwriters over-allotment, at a price of $20.00 per share. Concurrent with this offering, our senior management team purchased an additional 500,000 shares through a private placement, also at $20.00 per share.

The Company s investment objective is to seek to maximize current income consistent with the preservation of capital. We seek to achieve our investment objective by directly or indirectly investing primarily in senior secured loans, including first lien and second lien debt instruments, made primarily to leveraged private middle-market companies whose debt is rated below investment grade, which the Company refers to collectively as senior loans. From time to time, we may also invest in public companies that are thinly traded. Under normal market conditions, at least 80% of the value of the Company s net assets (including the amount of any borrowings for investment purposes) will be invested in senior loans.

Note 2. Significant Accounting Policies

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (GAAP), and include the accounts of the Company and its wholly-owned subsidiaries. The consolidated financial statements reflect all adjustments and reclassifications which, in the opinion of management, are necessary for the fair presentation of the results of the operations and financial condition for the periods presented. All significant intercompany balances and transactions have been eliminated. Certain prior period amounts may have been reclassified to conform to current period presentation.

Interim consolidated financial statements are prepared in accordance with GAAP for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Regulation S-X, as appropriate. Accordingly, they may not include all of the information and notes required by GAAP for annual consolidated financial statements. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reported periods. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ materially. The current period s results of operations will not necessarily be indicative of results that ultimately may be achieved for the fiscal year ending on December 31, 2016.

In the opinion of management, all adjustments which are of a normal recurring nature considered necessary for the fair presentation of financial statements, have been included.

The significant accounting policies consistently followed by the Company are:

(a) Investment transactions are accounted for on the trade date;

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SOLAR SENIOR CAPITAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

June 30, 2016

(in thousands, except share amounts)

(b) The Company conducts the valuation of its assets in accordance with GAAP and the 1940 Act. The Company generally values its assets on a quarterly basis, or more frequently if required. Investments for which market quotations are readily available on an exchange are valued at the closing price on the date of valuation. The Company may also obtain quotes with respect to certain of its investments from pricing services or brokers or dealers in order to value assets. When doing so, management determines whether the quote obtained is sufficient according to GAAP to determine the fair value of the investment. If determined adequate, the Company uses the quote obtained. Debt investments with maturities of 60 days or less shall each be valued at cost plus accreted discount, or minus amortized premium, which is expected to approximate fair value, unless such valuation, in the judgment of Solar Capital Partners, LLC (the Investment Adviser), does not represent fair value, in which case such investments shall be valued at fair value as determined in good faith by or under the direction of the Company s board of directors (the Board).

Investments for which reliable market quotations are not readily available or for which the pricing sources do not provide a valuation or methodology or provide a valuation or methodology that, in the judgment of the Investment Adviser or the Board does not represent fair value, shall be valued as follows: (i) each portfolio company or investment is initially valued by the investment professionals responsible for the portfolio investment; (ii) preliminary valuations are discussed with senior management of the Investment Adviser; (iii) independent valuation firms engaged by, or on behalf of, the Board will conduct independent appraisals and review the Investment Adviser s preliminary valuations and make their own independent assessment for (a) each portfolio investment that, when taken together with all other investments in the same portfolio company, exceeds 10% of estimated total assets, plus available borrowings, as of the end of the most recently completed fiscal quarter, and (b) each portfolio investment that is presently in payment default; (iv) the Board will discuss the valuations and determine the fair value of each investment in our portfolio in good faith based on the input of the Investment Adviser and, where appropriate, the respective independent valuation firm.

The recommendation of fair value generally considers the following factors among others, as relevant: applicable market yields; the nature and realizable value of any collateral; the portfolio company s ability to make payments; the portfolio company s earnings and discounted cash flow; the markets in which the issuer does business; and comparisons to publicly traded securities, among others.

When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, the Company will consider the pricing indicated by the external event to corroborate the valuation. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the investments may differ significantly from the values that would have been used had a readily available market value existed for such investments, and the differences could be material.

Investments are valued utilizing a market approach, an income approach, or both approaches, as appropriate. However, in accordance with ASC 820-10, certain investments that qualify as investment companies in accordance with ASC 946, may be valued using net asset value as a practical expedient as fair value. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that we may take into account in fair value pricing our investments include, as relevant: available current market data, including relevant and applicable market trading and transaction comparables,

SOLAR SENIOR CAPITAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

June 30, 2016

(in thousands, except share amounts)

applicable market yields and multiples, security covenants, call protection provisions, the nature and realizable value of any collateral, the portfolio company s ability to make payments, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, M&A comparables, and enterprise values, among other factors. When available, broker quotations and/or quotations provided by pricing services are considered as an input in the valuation process. Escrow receivables, if any, included in the receivables for investments sold in the Consolidated Statements of Assets and Liabilities are reviewed quarterly and the value of the receivable is adjusted as necessary. For the six months ended June 30, 2016, there has been no change to the Company s valuation techniques and the nature of the related inputs considered in the valuation process.

ASC Topic 820 classifies the inputs used to measure these fair values into the following hierarchy:

Level 1: Quoted prices in active markets for identical assets or liabilities, accessible by the Company at the measurement date.

Level 2: Quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active, or other observable inputs other than quoted prices.

Level 3: Unobservable inputs for the asset or liability.

In all cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to each investment. The exercise of judgment is based in part on our knowledge of the asset class and our prior experience.

(c) Gains or losses on investments are calculated by using the specific identification method.

(d) The Company records dividend income and interest, adjusted for amortization of premium and accretion of discount, on an accrual basis. Loan origination fees, original issue discount, and market discounts are capitalized and we amortize such amounts into income using the effective interest method or on a straight-line basis, as applicable. Upon the prepayment of a loan, any unamortized loan origination fees are recorded as interest income. We record call premiums on loans repaid as interest income when we receive such amounts. Capital structuring fees, amendment fees, consent fees, and any other non-recurring fee income as well as management fee and other fee income for services rendered, if any, are recorded as other income when earned.

(e) The Company intends to comply with the applicable provisions of the Internal Revenue Code pertaining to regulated investment companies to make distributions of taxable income sufficient to relieve it of substantially all U.S. federal income taxes. The Company, at its discretion, may carry forward taxable income in excess of calendar year distributions and pay a 4% excise tax on this income. The Company will accrue excise tax on such estimated excess taxable income as appropriate.

(f) Book and tax basis differences relating to stockholder distributions and other permanent book and tax differences are typically reclassified among the Company s capital accounts annually. In addition, the character of income and gains to be distributed is determined in accordance with income tax regulations that may differ from GAAP.

(g) Distributions to common stockholders are recorded as of the record date. The amount to be paid out as a distribution is determined by the Board. Net realized capital gains, if any, are generally distributed or deemed distributed at least annually.

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SOLAR SENIOR CAPITAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

June 30, 2016

(in thousands, except share amounts)

(h) In accordance with Regulation S-X and ASC Topic 810 *Consolidation*, the Company consolidates its interest in investment company subsidiaries, financing subsidiaries and certain wholly-owned holding companies that serve to facilitate investment in portfolio companies. In addition, the Company may also consolidate any controlled operating companies substantially all of whose business consists of providing services to the Company.

(i) The accounting records of the Company are maintained in U.S. dollars. Any assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the rate of exchange of such currencies against the U.S. dollar on the date of valuation. The Company will not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations would be included with the net unrealized gain or loss from investments. The Company s investments in foreign securities, if any, may involve certain risks, including without limitation: foreign exchange restrictions, expropriation, taxation or other political, social or economic risks, all of which could affect the market and/or credit risk of the investment. In addition, changes in the relationship of foreign currencies to the U.S. dollar can significantly affect the value of these investments in terms of U.S. dollars and therefore the earnings of the Company.

(j) The Company has made an irrevocable election to apply the fair value option of accounting to its senior secured revolving credit facility (the Credit Facility), in accordance with ASC 825-10. The Company uses an independent third-party valuation firm to assist in measuring its fair value.

(k) In accordance with ASC 835-30, the Company records origination and other expenses related to certain debt issuances, if any, as a direct deduction from the carrying amount of the debt liability. These expenses are deferred and amortized using either the effective interest method or the straight-line method over the stated life. The straight-line method may be used on revolving facilities and when it approximates the effective yield method.

(l) The Company records expenses related to shelf registration statements and applicable equity offering costs as prepaid assets. These expenses are typically charged as a reduction of capital upon utilization, in accordance with ASC 946-20-25. Certain subsequent costs are expensed per the AICPA Audit & Accounting Guide for Investment Companies.

(m)

Investments that are expected to pay regularly scheduled interest in cash are generally placed on non-accrual status when principal or interest cash payments are past due 30 days or more and/or when it is no longer probable that principal or interest cash payments will be collected. Such non-accrual investments are restored to accrual status if past due principal and interest are paid in cash, and in management s judgment, are likely to continue timely payment of their remaining principal and interest obligations. Cash interest payments received on such investments may be recognized as income or applied to principal depending on management s judgment.

(n) The Company defines cash equivalents as securities that are readily convertible into known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only securities with a maturity of three months or less would qualify, with limited exceptions. The Company believes that certain U.S. Treasury bills, repurchase agreements and other high-quality, short-term debt securities would qualify as cash equivalents.

Recent Accounting Pronouncements

In February 2015, the FASB issued Accounting Standards Update (ASU) 2015-02, Consolidation (Topic 810) Amendments to the Consolidation Analysis. The update changes the analysis that a

SOLAR SENIOR CAPITAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

June 30, 2016

(in thousands, except share amounts)

reporting entity must perform to determine whether it should consolidate certain types of legal entities. Public companies are required to apply ASU 2015-02 for interim and annual reporting periods beginning after December 15, 2015. Accordingly, the Company has evaluated the impact of ASU 2015-02 on its consolidated financial statements and determined that the adoption of ASU 2015-02 has not had a material impact on our consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, Interest Imputation of Interest (Subtopic 835-30) Simplifying the Presentation of Debt Issuance Costs. The update requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. Public companies are required to apply ASU 2015-03 retrospectively for interim and annual reporting periods beginning after December 15, 2015. Accordingly, the Company has evaluated the impact of ASU 2015-03 on its consolidated financial statements and determined that the adoption of ASU 2015-03 has not had a material impact on our consolidated financial statements.

In May 2015, the FASB issued ASU 2015-07, Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). The update eliminates the requirement to categorize investments in the fair value hierarchy if their fair value is measured at net asset value (NAV) per share (or its equivalent) using the practical expedient in the FASB s fair value measurement guidance. Public companies are required to apply ASU 2015-07 retrospectively for interim and annual reporting periods beginning after December 15, 2015. Accordingly, the Company has evaluated the impact of ASU 2015-07 on its consolidated financial statements and determined that the adoption of ASU 2015-07 has not had a material impact on our consolidated financial statements.

Note 3. Agreements

Solar Senior has an Advisory Agreement with the Investment Adviser, under which the Investment Adviser manages the day-to-day operations of, and provides investment advisory services to, Solar Senior. For providing these services, the Investment Adviser receives a fee from Solar Senior, consisting of two components a base management fee and an incentive fee. The base management fee is calculated at an annual rate of 1.00% of gross assets. For services rendered under the Advisory Agreement, the base management fee is payable quarterly in arrears. The base management fee is calculated based on the average value of our gross assets at the end of the two most recently completed calendar quarters. Base management fees for any partial month or quarter will be appropriately pro-rated. For purposes of computing the base management fee, gross assets exclude temporary assets acquired at the end of each fiscal quarter for purposes of preserving investment flexibility in the next fiscal quarter. Temporary assets include, but are not limited to, U.S. treasury bills, other short-term U.S. government or government agency securities, repurchase agreements or cash borrowings.

The incentive fee has two parts, as follows: one is calculated and payable quarterly in arrears based on our pre-incentive fee net investment income for the immediately preceding calendar quarter. For this purpose, pre-incentive fee net investment income means interest income, dividend income and any other income (other than fees for providing managerial assistance) accrued during the calendar quarter, minus our operating expenses for the quarter (excluding the incentive fee). Pre-incentive fee net investment income includes, in the case of investments, if any, with a deferred interest feature (such as original issue discount, debt instruments with pay-in-kind interest and zero-coupon securities), accrued income that we have not yet received in cash. Pre-incentive fee net investment income does not include any realized capital gains or losses or unrealized capital appreciation or depreciation. Pre-incentive fee net investment income, expressed as a rate of return on the value of our net assets at the end of the immediately preceding calendar quarter, is compared to a hurdle of 1.75% per quarter (7.00%

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

June 30, 2016

(in thousands, except share amounts)

annualized). The Company pays the Investment Adviser an incentive fee with respect to pre-incentive fee net investment income for each calendar quarter as follows:

- no incentive fee in any calendar quarter in which our pre-incentive fee net investment income does not exceed the hurdle of 1.75%;

- 50% of pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the hurdle but is less than 2.9167% in any calendar quarter (11.67% annualized);

and

- 20% of the amount of pre-incentive fee net investment income, if any, that exceeds 2.9167% in any calendar quarter (11.67% annualized) will be payable to the Investment Adviser.

The second part of the incentive fee is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Advisory Agreement, as of the termination date) and will equal 20% of the Company s cumulative realized capital gains less cumulative realized capital losses, unrealized capital depreciation (unrealized depreciation on a gross investment-by-investment basis at the end of each calendar year) and all net capital gains upon which prior performance-based capital gains incentive fee payments were previously made to the Investment Adviser. For financial statement purposes, the second part of the incentive fee is accrued based upon 20% of cumulative net realized gains and net unrealized capital appreciation. No accrual was required for the three and six months ended June 30, 2016 and 2015.

For the three and six months ended June 30, 2016, the Company recognized $834 and $1,631, respectively, in base management fees and $465 and $850, respectively, in performance-based incentive fees. For the three and six months ended June 30, 2016, $228 and $613, respectively, of such performance-based incentive fees were waived. For the three and six months ended June 30, 2015, the Company recognized $879 and $1,745, respectively, in base management fees and $0 and $157, respectively, in performance-based incentive fees. For the three and six months ended June 30, 2015, $0 and $157, respectively, of such performance-based incentive fees were waived. The voluntary fee waiver for the three and six months ended June 30, 2016 was made at the Investment Adviser s discretion and is subject to recapture by the Investment Adviser and reimbursement by the Company should net investment income during and/or for fiscal 2016 equal or exceed distributions declared in fiscal 2016. The voluntary fee waiver for the three and six months ended June 30, 2015 was made at the Investment Adviser s discretion and is not subject to recapture by the Investment Adviser or reimbursement by the Company.

Solar Senior has also entered into an Administration Agreement with Solar Capital Management, LLC (the Administrator) under which the Administrator provides administrative services for Solar Senior. For providing these services, facilities and personnel, Solar Senior reimburses the Administrator for Solar Senior s allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations under the Administration Agreement, including rent. The Administrator will also provide, on Solar Senior s behalf, managerial assistance to those portfolio companies to which Solar Senior is required to provide such assistance.

For the three and six months ended June 30, 2016, the Company recognized expenses under the Administration Agreement of $299 and $594, respectively. For the three and six months ended June 30, 2015, the Company recognized expenses under the Administration Agreement of $282 and $536, respectively. No managerial assistance fees were accrued or collected for the three and six months ended June 30, 2016 and 2015.

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SOLAR SENIOR CAPITAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

June 30, 2016

(in thousands, except share amounts)

Note 4. Net Asset Value Per Share

At June 30, 2016, the Company s total net assets and net asset value per share were $193,261 and $16.76, respectively. This compares to total net assets and net asset value per share at December 31, 2015 of $188,304 and $16.33, respectively.

Note 5. Earnings Per Share

The following table sets forth the computation of basic and diluted net increase in net assets per share resulting from operations, pursuant to ASC 260-10, for the three and six months ended June 30, 2016 and 2015:

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Earnings per share (basic & diluted)				
Numerator net increase in net assets resulting from operations:	$ 4,674	$ 2,896	$ 13,088	$ 6,982
Denominator weighted average shares:	11,533,315	11,533,315	11,533,315	11,533,315
Earnings per share:	$ 0.41	$ 0.25	$ 1.13	$ 0.61

Note 6. Fair Value

Fair value is defined as 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. GAAP establishes a framework for measuring fair value that includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

Level 1. Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Company has the ability to access.

Level 2. Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

a) Quoted prices for similar assets or liabilities in active markets;

b) Quoted prices for identical or similar assets or liabilities in non-active markets;

c) Pricing models whose inputs are observable for substantially the full term of the asset or liability; and

d) Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

Level 3. Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management s and, if applicable, an independent third-party valuation firm s own assumptions about the assumptions a market participant would use in pricing the asset or liability.

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SOLAR SENIOR CAPITAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

June 30, 2016

(in thousands, except share amounts)

When the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement in its entirety. For example, a Level 3 fair value measurement may include inputs that are observable (Levels 1 and 2) and unobservable (Level 3).

Gains and losses for assets and liabilities categorized within the Level 3 table below may include changes in fair value that are attributable to both observable inputs (Levels 1 and 2) and unobservable inputs (Level 3).

A review of fair value hierarchy classifications is conducted on a quarterly basis. Changes in the observability of valuation inputs may result in a reclassification for certain financial assets or liabilities. Such reclassifications are reported as transfers in/out of the appropriate category as of the end of the quarter in which the reclassifications occur.

The following tables present the balances of assets and liabilities measured at fair value on a recurring basis, as of June 30, 2016 and December 31, 2015:

Fair Value Measurements

As of June 30, 2016

	Level 1	Level 2	Level 3	Measured at Net Asset Value*	Total
Assets:					
Bank Debt/Senior Secured Loans	$	$ 50,099	$ 212,783	$	$ 262,882
Common Equity/Equity Interests			34,818	28,037	62,855
Total Investments	$	$ 50,099	$ 247,601	$ 28,037	$ 325,737
Liabilities:					
Credit Facility	$	$	$ 141,600	$	$ 141,600

* In accordance with ASC 820-10, certain investments that are measured using the net asset value per share (or its equivalent) as a practical expedient as fair value have not been classified 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.

Fair Value Measurements

As of December 31, 2015

	Level 1	Level 2	Level 3	Measured at Net Asset Value*	Total
Assets:					
Bank Debt/Senior Secured Loans	$	$ 42,371	$ 198,836	$	$ 241,207
Unsecured Notes			3,650		3,650
Common Equity/Equity Interests			34,068	27,593	61,661
Total Investments	$	$ 42,371	$ 236,554	$ 27,593	$ 306,518
Liabilities:					
Credit Facility	$	$	$ 116,200	$	$ 116,200

* In accordance with ASC 820-10, certain investments that are measured using the net asset value per share (or its equivalent) as a practical expedient as fair value have not been classified in the fair value hierarchy.

SOLAR SENIOR CAPITAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

June 30, 2016

(in thousands, except share amounts)

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.

The following table provides a summary of the changes in fair value of Level 3 assets and liabilities for the six months ended June 30, 2016, as well as the portion of gains or losses included in income attributable to unrealized gains or losses related to those assets and liabilities still held at June 30, 2016:

Fair Value Measurements Using Level 3 Inputs

	Bank Debt/Senior Secured Loans	Unsecured Notes	Common Equity/Equity Interests
Fair value, December 31, 2015	$ 198,836	$ 3,650	$ 34,068
Total gains or losses included in earnings:			
Net realized gain (loss)			
Net change in unrealized gain (loss)	(1,389)	(6)	750
Purchase of investment securities	40,135		
Proceeds from dispositions of investment securities	(24,799)	(3,644)	
Transfers in/out of Level 3			
Fair value, June 30, 2016	$ 212,783	$	$ 34,818
Unrealized gains (losses) for the period relating to those Level 3 assets that were still held by the Company at the end of the period:			
Net change in unrealized gain (loss):	$ (1,847)	$	$ 750

During the six months ended June 30, 2016, there were no transfers in and out of Levels 1 and 2.

The following table shows a reconciliation of the beginning and ending balances for fair valued liabilities measured using significant unobservable inputs (Level 3) for the six months ended June 30, 2016:

Beginning fair value at December 31, 2015	$ 116,200
Borrowings	55,800
Repayments	(30,400)

Transfers in/out of Level 3	
Ending fair value at June 30, 2016	$ 141,600

The Company has made an irrevocable election to apply the fair value option of accounting to the Credit Facility, in accordance with ASC 825-10. On June 30, 2016, there were borrowings of $141,600 on the Credit Facility. For the six months ended June 30, 2016, the Credit Facility had no net change in unrealized (appreciation) depreciation. The Company used an independent third-party valuation firm to assist in measuring the fair value of the Credit Facility.

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SOLAR SENIOR CAPITAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

June 30, 2016

(in thousands, except share amounts)

The following table provides a summary of the changes in fair value of Level 3 assets and liabilities for the year ended December 31, 2015, as well as the portion of gains or losses included in income attributable to unrealized gains or losses related to those assets and liabilities still held at December 31, 2015:

Fair Value Measurements Using Level 3 Inputs

	Bank Debt/Senior Secured Loans	Unsecured Notes	Common Equity/Equity Interests
Fair value, December 31, 2014	$ 251,823	$	$ 35,377
Total gains or losses included in earnings:			
Net realized gain (loss)	39		
Net change in unrealized gain (loss)	(4,272)		(1,309)
Purchase of investment securities	70,682		
Proceeds from dispositions of investment securities	(114,486)		
Transfers in/out of Level 3	(4,950)	3,650	
Fair value, December 31, 2015	$ 198,836	$ 3,650	$ 34,068
Unrealized gains (losses) for the period relating to those Level 3 assets that were still held by the Company at the end of the period:			
Net change in unrealized gain (loss):	$ (4,400)	$ (228)	$ (1,309)

During the fiscal year ended December 31, 2015, our investment in CT Technologies Intermediate Holdings was transferred from Level 3 to Level 2. The transfer was a result of changes in the quantity and quality of information used as valuation inputs by the Investment Adviser. Our investment in Apollo Investment Corporation was transferred from Level 2 to Level 3 during the fiscal year ended December 31, 2015 as the quote was deemed to be not representative of fair value given the impending maturity. There were no other transfers between levels.

The following table shows a reconciliation of the beginning and ending balances for fair valued liabilities measured using significant unobservable inputs (Level 3) for the year ended December 31, 2015:

Beginning fair value at December 31, 2014	$ 143,200
Borrowings	47,700

Repayments	(74,700)
Transfers in/out of Level 3	
Ending fair value at December 31, 2015	$ 116,200

The Company has made an irrevocable election to apply the fair value option of accounting to the Credit Facility, in accordance with ASC 825-10. On December 31, 2015, there were borrowings of $116,200 on the Credit Facility. For the year ended December 31, 2015, the Credit Facility had no net change in unrealized (appreciation) depreciation. The Company used an independent third-party valuation firm to assist in measuring the fair value of the Credit Facility.

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Quantitative Information about Level 3 Fair Value Measurements

The Company typically determines the fair value of its performing debt investments utilizing a yield analysis. In a yield analysis, a price is ascribed for each investment based upon an assessment of current and expected market yields for similar investments and risk profiles. Additional consideration is given to current contractual interest rates, relative maturities and other key terms and risks associated with an investment. Among other factors, a significant determinant of risk is the amount of leverage used by the portfolio company relative to the total enterprise value of the company, and the rights and remedies of our investment within each portfolio company.

Significant unobservable quantitative inputs typically used in the fair value measurement of the Company s Level 3 assets and liabilities primarily reflect current market yields, including indices, and readily available quotes from brokers, dealers, and pricing services as indicated by comparable assets and liabilities, as well as enterprise values, returns on equity and earnings before income taxes, depreciation and amortization (EBITDA) multiples of similar companies, and comparable market transactions for equity securities.

Quantitative information about the Company s Level 3 asset and liability fair value measurements as of June 30, 2016 is summarized in the table below:

	Asset or Liability	Fair Value at June 30, 2016	Principal Valuation Technique/Methodology	Unobservable Input	Range (Weighted Average)
Bank Debt / Senior Secured Loans	Asset	$ 212,783	Yield Analysis	Market Yield	5.6% 16.4% (7.9%)
Common Equity/Equity Interests	Asset	$ 68	Enterprise Value	EBITDA Multiple	7.6x - 21.4x (21.4x)
		$ 34,750	Enterprise Value	Return on Equity	6.5% - 14.2% (14.2%)
Credit Facility	Liability	$ 141,600	Yield Analysis	Market Yield	L+1.5% L+4.8% (L+2.0%)

Significant increases or decreases in any of the above unobservable inputs in isolation, including unobservable inputs used in deriving bid-ask spreads, if applicable, would result in a significantly lower or higher fair value measurement for such assets and liabilities.

Quantitative information about the Company s Level 3 asset and liability fair value measurements as of December 31, 2015 is summarized in the table below:

	Asset or Liability	Fair Value at December 31, 2015	Principal Valuation Technique/Methodology	Unobservable Input	Range (Weighted Average)
Bank Debt / Senior Secured Loans / Unsecured Notes	Asset	$ 202,486	Yield Analysis	Market Yield	5.6% 12.0% (7.2%)
Common Equity/Equity Interests	Asset	$ 68	Enterprise Value	EBITDA Multiple	9.1x - 16.9x (16.9x)
		$ 34,000	Enterprise Value	Return on Equity	7.0% - 13.3% (13.3%)
Credit Facility	Liability	$ 116,200	Yield Analysis	Market Yield	L+0.5% L+4.8% (L+2.0%)

Significant increases or decreases in any of the above unobservable inputs in isolation, including unobservable inputs used in deriving bid-ask spreads, if applicable, would result in a significantly lower or higher fair value measurement for such assets and liabilities.

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Note 7. Debt

Senior Secured Revolving Credit Facility On August 26, 2011, the Company established SUNS SPV, LLC (SUNS SPV) which entered into the $200,000 Credit Facility with Citigroup Global Markets Inc. acting as administrative agent. The Credit Facility was scheduled to mature on August 26, 2016 and generally bore interest at a rate of LIBOR plus 2.25%. The Credit Facility can also be expanded up to $600,000 and is secured by all of the assets held by the SUNS SPV. Under the terms of the Credit Facility, Solar Senior and the SUNS SPV, as applicable, have made certain customary representations and warranties, and are required to comply with various covenants, including leverage restrictions, reporting requirements and other customary requirements for similar credit facilities. The Credit Facility also includes usual and customary events of default for credit facilities of this nature. On November 7, 2012, the Company amended the Credit Facility. As a result of the amendment, the stated interest rate on the Credit Facility was reduced to LIBOR plus 2.00% from LIBOR plus 2.25%, and the Credit Facility continues to have no LIBOR floor requirement. The amendment also provided us greater investment flexibility and extended the final maturity date to November 6, 2017. On February 26, 2014, the Company utilized the Credit Facility s delayed draw feature, expanding immediately available capital from $150,000 to $200,000, subject to borrowing base limitations. On June 30, 2014, the Company again amended the Credit Facility. As a result of this amendment, commitments under the Credit Facility were reduced by $25,000 to $175,000 and may be expanded up to $600,000 under its accordion feature. This amendment to the Credit Facility also added greater investment flexibility and extended the final maturity date to June 28, 2019. The stated interest rate remains LIBOR plus 2.00% with no LIBOR floor requirement. On May 29, 2015, the Company entered into another amendment to the Credit Facility. This amendment added greater investment flexibility and extended the final maturity date to June 30, 2020.

The Company has made an irrevocable election to apply the fair value option of accounting to the Credit Facility, in accordance with ASC 825-10. We believe accounting for the Credit Facility at fair value better aligns the measurement methodologies of assets and liabilities, which may mitigate certain earnings volatility. ASC 825-10 requires entities to display the fair value of the selected assets and liabilities on the face of the Consolidated Statements of Assets and Liabilities and changes in fair value of the Credit Facility are reported in the Consolidated Statements of Operations.

The average annualized interest cost for all borrowings for the six months ended June 30, 2016 and the year ended December 31, 2015 was 2.54% and 2.25%, respectively. These costs are exclusive of other credit facility expenses such as unused fees and fees paid to the back-up servicer, if any. During the six months ended June 30, 2016 and the year ended December 31, 2015, the Company expensed $0 and $829 in conjunction with amendments to the Credit Facility. The maximum amount borrowed on the Credit Facility during the six months ended June 30, 2016 and the year ended December 31, 2015, was $141,600 and $148,600, respectively.

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Note 8. Financial Highlights and Senior Securities Table

The following is a schedule of financial highlights for the six months ended June 30, 2016 and for the year ended December 31, 2015:

	Six months ended June 30, 2016 (unaudited)	Year ended December 31, 2015
Per Share Data:[(a)]		
Net asset value, beginning of year	$ 16.33	$ 17.65
Net investment income	0.71	1.33
Net realized and unrealized gain (loss)	0.42	(1.24)
Net increase in net assets resulting from operations	1.13	0.09
Distributions to stockholders:		
From net investment income	(0.70)	(1.41)
Net asset value, end of period	$ 16.76	$ 16.33
Per share market value, end of period	$ 16.11	$ 14.90
Total Return[(b)]	13.35%	8.90%
Net assets, end of period	$ 193,261	$ 188,304
Shares outstanding, end of period	11,533,315	11,533,315
Ratios to average net assets[(c)]:		
Net investment income	4.27%	7.63%
Operating expenses	1.65%*	2.92%*
Interest and other credit facility expenses	0.92%	2.08%
Total expenses	2.57%*	5.00%*
Average debt outstanding	$ 126,086	$ 136,900
Portfolio turnover ratio	12.5%	34.0%

(a) Calculated using the average shares outstanding method.

(b) Total return is based on the change in market price per share during the period and takes into account distributions, if any, reinvested in accordance with the dividend reinvestment plan. Total return does not include a sales load.

(c) Not annualized for periods less than one year.

* The ratio of operating expenses to average net assets and the ratio of total expenses to average net assets is shown net of a voluntary incentive fee waiver (see note 3).

For the six months ended June 30, 2016, the ratios of operating expenses to average net assets and total expenses to average net assets would be 1.97% and 2.89%, respectively, without the voluntary incentive fee waiver. For the year ended December 31, 2015, the ratios of operating expenses to average net assets and total expenses to average net assets would be 3.29% and 5.37%, respectively, without the voluntary incentive fee waiver.

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Information about our senior securities is shown in the following table as of each year ended December 31 since the Company commenced operations, unless otherwise noted. The indicates information which the SEC expressly does not require to be disclosed for certain types of senior securities.

Class and Year	Total Amount Outstanding(1)	Asset Coverage Per Unit(2)	Involuntary Liquidating Preference Per Unit(3)	Average Market Value Per Unit(4)
Revolving Credit Facility				
Fiscal 2016 (through June 30, 2016)	$ 141,600	$ 2,365	$	N/A
Fiscal 2015	116,200	2,621		N/A
Fiscal 2014	143,200	2,421		N/A
Fiscal 2013	61,400	4,388		N/A
Fiscal 2012	39,100	5,453		N/A
Fiscal 2011	8,600	21,051		N/A

(1) Total amount of each class of senior securities outstanding at the end of the period presented.

(2) The asset coverage ratio for a class of senior securities representing indebtedness is calculated as our consolidated total assets, less all liabilities and indebtedness not represented by senior securities, divided by senior securities representing indebtedness. This asset coverage ratio is multiplied by one thousand to determine the Asset Coverage Per Unit. In order to determine the specific Asset Coverage Per Unit for each class of debt, the total Asset Coverage Per Unit was divided based on the amount outstanding at the end of the period for each. As of June 30, 2016, asset coverage was 236.5%.

(3) The amount to which such class of senior security would be entitled upon the involuntary liquidation of the issuer in preference to any security junior to it.

(4) Not applicable, we do not have senior securities that are registered for public trading.

Note 9. Gemino Healthcare Finance, LLC

We acquired Gemino Healthcare Finance, LLC (d/b/a Gemino Senior Secured Healthcare Finance) (Gemino) on September 30, 2013. Gemino is a commercial finance company that originates, underwrites, and manages primarily secured, asset-based loans for small and mid-sized companies operating in the healthcare industry. Our initial investment in Gemino was $32,839. The management team of Gemino co-invested in the transaction and continues to lead Gemino.

Concurrent with the closing of the transaction, Gemino entered into a new, four-year, non-recourse, $100,000 credit facility with non-affiliates, which was expandable to $150,000 under its accordion feature. Effective March 31, 2014, the credit facility was expanded to $105,000 and again on June 27, 2014 to $110,000 and most recently to $125,000 on May 27, 2016. Also on May 27, 2016, the accordion feature was increased to $200,000.

On December 31, 2013, we contributed our 32,839 units in Gemino to Gemino Senior Secured Healthcare LLC (Gemino Senior Secured Healthcare). In exchange for this contribution, we received 19,839 units of equity interests and $13,000 in floating rate secured notes of Gemino Senior Secured Healthcare bearing interest at LIBOR plus 7.50%, maturing on December 31, 2018. However, our financial statements, including our schedule of investments, reflect our investments in Gemino Senior Secured Healthcare on a consolidated basis. Gemino s management team currently owns approximately 6% of the equity in Gemino. Gemino Senior Secured Healthcare owns approximately 94% of the equity in Gemino and Solar Senior owns 100% of the equity in Gemino Senior Secured Healthcare. Gemino and Gemino Senior Secured Healthcare are treated as pass-through entities for tax purposes.

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Gemino currently manages a highly diverse portfolio of directly-originated and underwritten senior-secured commitments. As of June 30, 2016, the portfolio totaled approximately $207,381 of commitments, of which $131,359 were funded, on total assets of $132,412. As of December 31, 2015, the portfolio totaled approximately $188,254 of commitments, of which $130,618 were funded, on total assets of $133,678. At June 30, 2016, the portfolio consisted of 38 issuers with an average balance of approximately $3,457 versus 36 issuers with an average balance of approximately $3,628 at December 31, 2015. All of the commitments in Gemino s portfolio are floating-rate, senior-secured, cash-pay loans. Gemino s credit facility, which is non-recourse to us, had approximately $97,000 and $98,500 of borrowings outstanding at June 30, 2016 and December 31, 2015, respectively. For the three and six months ended June 30, 2016, Gemino had net income of $963 and $2,388, respectively, on gross income of $3,313 and $7,132, respectively. For the three and six months ended June 30, 2015, Gemino had net income of $923 and $2,078, respectively, on gross income of $2,976 and $6,274, respectively. Due to timing and non-cash items, there may be material differences between GAAP net income and cash available for distributions.

Note 10. Commitments and Contingencies

The Company had unfunded debt and equity commitments to delayed draw and revolving loans, as well as to Gemino. The total amount of these unfunded commitments as of June 30, 2016 and December 31, 2015 is $10,715 and $6,736, respectively, comprised of the following:

	June 30, 2016	December 31, 2015
Gemino Healthcare Finance, LLC	$ 5,000	$ 5,000
Genmark Diagnostics, Inc.	3,125	
Engineering Solutions & Products, LLC	1,620	1,736
CIBT Holdings, Inc	484	
VT Buyer Acquisition Corp. (Veritext)	486	
Total Commitments*	$ 10,715	$ 6,736

* The Company controls the funding of the Gemino Healthcare Finance, LLC commitment and may cancel it at its discretion.

As of June 30, 2016 and December 31, 2015, the Company had sufficient cash available and/or liquid securities available to fund its commitments as well as the commitment to FLLP disclosed in Note 11.

Note 11. First Lien Loan Program LLC

On September 10, 2014, the Company entered into a limited liability company agreement to create a First Lien Loan Program (FLLP) with Voya Investment Management LLC (Voya). Voya acts as the investment advisor for several wholly-owned insurance subsidiaries of Voya Financial, Inc. (NYSE: VOYA). The joint venture vehicle, structured as an unconsolidated Delaware limited liability company, is expected to invest primarily in senior secured floating rate term loans to middle market companies predominantly owned by private equity sponsors or entrepreneurs. Solar Senior and Voya have committed to provide $50,750 and $7,250, respectively, of capital to the joint venture. All portfolio decisions and generally all other decisions in respect of the FLLP must be approved by an investment committee of the FLLP consisting of representatives of the Company and Voya (with approval from a representative of each required). On February 13, 2015, FLLP commenced operations. On February 13, 2015, FLLP as transferor and FLLP 2015-1, LLC, a newly formed

SOLAR SENIOR CAPITAL LTD.

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wholly owned subsidiary of FLLP, as borrower entered into a $75,000 senior secured revolving credit facility (the FLLP Facility) with Wells Fargo Securities, LLC acting as administrative agent. Solar Senior Capital Ltd. acts as servicer under the FLLP Facility. The FLLP Facility is scheduled to mature on February 13, 2020. The FLLP Facility generally bears interest at a rate of LIBOR plus a range of 2.25%-2.50%. FLLP and FLLP 2015-1, LLC, as applicable, have made certain customary representations and warranties, and are required to comply with various covenants, including leverage restrictions, reporting requirements and other customary requirements for similar credit facilities. The FLLP Facility also includes usual and customary events of default for credit facilities of this nature. There were $63,983 of borrowings outstanding as of June 30, 2016. As of June 30, 2016 and December 31, 2015, Solar Senior and Voya contributed combined equity capital in the amount of $33,810 and $33,810, respectively. Of the $33,810 of contributed equity capital, the Company contributed $29,584 in the form of investments and Voya contributed $4,226 in the form of cash. As of June 30, 2016, Solar Senior and Voya s remaining commitments totaled $21,166 and $3,024, respectively. The Company, along with Voya, controls the funding of FLLP and FLLP may not call the unfunded commitments without approval of both the Company and Voya.

As of June 30, 2016 and December 31, 2015, FLLP had total assets of $104,648 and $76,788, respectively. For the same periods, FLLP s portfolio consisted of first lien floating rate senior secured loans to 20 and 15 different borrowers, respectively. For the three months ended June 30, 2016, FLLP invested $7,185 across 4 portfolio companies. For the three months ended June 30, 2015, FLLP invested $22,765 across 5 portfolio companies. Investments prepaid totaled $6,184 for the three months ended June 30, 2016 and $121 for the three months ended June 30, 2015. At June 30, 2016 and 2015, the weighted average yield of FLLP s portfolio was 6.5% and 6.2%, respectively, measured at fair value and 6.4% and 6.3%, respectively, measured at cost.

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FLLP Portfolio as of June 30, 2016

Description	Industry	Spread Above Index[(1)]	LIBOR Floor	Interest Rate[(2)]	Maturity Date	Par Amount	Cost	Fair Value[(3)]
1A Smart Start LLC	Electronic Equipment, Instruments & Components	L+475	1.00%	5.75%	2/21/22	$ 7,960	$ 7,889	$ 7,920
Athletico Management, LLC and Accelerated Holdings, LLC[(4)]	Health Care Facilities	L+550	0.75%	6.25%	12/2/20	4,610	4,573	4,610
Capstone Logistics Acquisition, Inc.[(4)]	Professional Services	L+450	1.00%	5.50%	10/7/21	5,361	5,317	5,254
Castle Management Borrower LLC (Highgate Hotels)[(4)]	Real Estate Management & Development	L+450	1.00%	5.50%	9/18/20	3,820	3,791	3,744
CIBT Holdings, Inc.[(4)]	Professional Services	L+525	1.00%	6.25%	6/28/22	2,627	2,601	2,601
Confie Seguros Holding II Co.[(4)]	Insurance	L+450	1.25%	5.75%	11/9/18	5,430	5,427	5,389
Innovative Xcessories & Services, LLC[(4)]	Automotive Retail	L+400	1.00%	5.00%	2/21/20	2,434	2,434	2,410
Kellermeyer Bergensons Services, LLC	Commercial Services & Supplies	L+500	1.00%	6.00%	10/29/21	2,438	2,417	2,364

(KBS)(4)								
MedRisk, LLC	Health Care Services	L+525	1.00%	6.25%	3/1/23	3,990	3,951	3,970
Metamorph US 3, LLC (Metalogix)(4)	Software	L+650	1.00%	7.50%	12/1/20	4,063	3,981	3,453
Pearl Merger Sub, LLC (PetVet)(4)	Health Care Facilities	L+475	1.00%	5.75%	12/17/20	5,418	5,331	5,377
Pet Holdings ULC & Pet Supermarket, Inc.	Specialty Retail	L+550	1.00%	6.50%	7/5/22	4,549	4,481	4,481
PSP Group, LLC (Pet Supplies Plus)(4)	Specialty Retail	L+475	1.00%	5.75%	4/6/21	5,381	5,338	5,354
QBS Holding Company, Inc. (Quorum)(4)	Software	L+475	1.00%	5.75%	8/7/21	3,448	3,419	3,378
Salient Partners, L.P.(4)	Asset Management	L+850	1.00%	9.50%	6/9/21	5,369	5,277	5,168
Sarnova HC, LLC	Trading Companies and Distributors	L+475	1.00%	5.75%	1/28/22	4,988	4,940	4,963
Suburban Broadband, LLC (Jab Wireless, Inc.)	Wireless Telecommunication Services	L+450	1.00%	5.50%	3/26/19	8,188	8,057	8,127
Telular Corporation	Wireless Telecommunication Services	L+425	1.25%	5.50%	6/24/19	5,209	5,188	5,182
The Hilb Group, LLC & Gencorp Insurance Group, Inc.(4)	Insurance	L+500	1.00%	6.00%	6/24/21	3,841	3,767	3,783
VT Buyer Acquisition Corp. (Veritext)(4)	Professional Services	L+500	1.00%	6.00%	1/29/22	4,503	4,462	4,481
							$ 92,641	$ 92,009

(1) Floating rate instruments accrue interest at a predetermined spread relative to an index, typically the LIBOR or PRIME rate. These instruments are typically subject to a LIBOR or PRIME rate floor.

(2) Floating rate debt investments typically bear interest at a rate determined by reference to either the London Interbank Offered Rate (LIBOR or L) index rate or the prime index rate (PRIME or P), and which typically reset monthly, quarterly or semi-annually. For each debt investment we have provided the current interest rate in effect as of June 30, 2016.

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(3) Represents the fair value in accordance with ASC Topic 820. The determination of such fair value is not included in the Board s valuation process described elsewhere herein.
(4) The Company also holds this security on its Consolidated Statements of Assets and Liabilities.

FLLP Portfolio as of December 31, 2015 (audited)

Description	Industry	Interest Rate[1]	Maturity Date	Par Amount	Cost	Fair Value[2]
1A Smart Start LLC	Electronic Equipment, Instruments & Components	5.75%	2/21/22	$ 8,000	$ 7,924	$ 7,880
Athletico Management, LLC and Accelerated Holdings, LLC[3]	Health Care Facilities	6.25%	12/2/20	4,724	4,682	4,653
Capstone Logistics Acquisition, Inc.[3]	Professional Services	5.50%	10/7/21	5,436	5,387	5,395
Castle Management Borrower LLC (Highgate Hotels)[3]	Real Estate Management & Development	5.50%	9/18/20	3,950	3,916	3,812
Confie Seguros Holding II Co.[3]	Insurance	5.75%	11/9/18	5,458	5,454	5,390
Innovative Xcessories & Services, LLC[3]	Automotive Retail	5.25%	2/21/20	2,500	2,500	2,462
Kellermeyer Bergensons Services, LLC (KBS)[3]	Commercial Services & Supplies	6.00%	10/29/21	2,475	2,453	2,364
Metamorph US 3, LLC (Metalogix)[3]	Software	6.50%	12/1/20	4,875	4,768	4,485
Pearl Merger Sub, LLC (PetVet)[3]	Health Care Facilities	5.50%	12/17/20	5,445	5,350	5,336
PSP Group, LLC (Pet Supplies Plus)[3]	Specialty Retail	5.75%	4/6/21	5,459	5,411	5,350
QBS Holding Company, Inc. (Quorum)[3]	Software	5.75%	8/7/21	3,465	3,434	3,361
RCPSI Corporation (Pet Supermarket)[3]	Specialty Retail	6.75%	4/16/21	5,473	5,423	5,363
Salient Partners, L.P.[3]	Asset Management	7.50%	6/9/21	5,418	5,317	5,228
Suburban Broadband, LLC (Jab Wireless, Inc.)	Wireless Telecommunication Services	5.50%	3/26/19	8,229	8,076	8,065
Telular Corporation		5.50%	6/24/19	5,354	5,330	5,274

Wireless Telecommunication Services		
	$ 75,425	$ 74,418

(1) Floating rate debt investments typically bear interest at a rate determined by reference to either the London Interbank Offered Rate (LIBOR or L) index rate or the prime index rate (PRIME or P), and which typically reset monthly, quarterly or semi-annually. For each debt investment we have provided the current interest rate in effect as of December 31, 2015.

(2) Represents the fair value in accordance with ASC Topic 820. The determination of such fair value is not included in the Board s valuation process described elsewhere herein.

(3) The Company also holds a portion of this position on its Consolidated Statements of Assets and Liabilities.

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Below is certain summarized financial information for FLLP as of June 30, 2016 and December 31, 2015 and for the three and six months ended June 30, 2016, the three months ended June 30, 2015 and the period from February 13, 2015 (commencement of operations) through June 30, 2015:

	June 30, 2016	December 31, 2015 (audited)
Selected Balance Sheet Information for FLLP:		
Investments at fair value (cost $92,641 and $75,425, respectively)	$ 92,009	$ 74,418
Cash and other assets	12,639	2,370
Total assets	$ 104,648	$ 76,788
Debt outstanding	$ 63,983	$ 43,998
Payable for investments purchased	7,081	
Distributions payable	898	742
Interest payable	549	400
Accrued expenses and other payables	94	113
Total liabilities	$ 72,605	$ 45,253
Members equity	$ 32,043	$ 31,535
Total liabilities and members equity	$ 104,648	$ 76,788

	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	For the Period February 13, 2015 (commencement of operations) through June 30, 2015
Selected Income Statement Information for FLLP:				
Interest income	$ 1,540	$ 720	$ 2,883	$ 904

Service fees	$	16	$	7	$	30	$	9
Interest and other credit facility expenses		509		169		973		1,535*
Other general and administrative expenses		51		36		86		47
Total expenses		576		212		1,089		1,591
Net investment income (loss)	$	964	$	508	$	1,794	$	(687)
Net change in unrealized gain (loss) on investments		295		249		375		348
Net income (loss)	$	1,259	$	757	$	2,169	$	(339)

* FLLP made an irrevocable election to apply the fair value option of accounting to the FLLP Facility, in accordance with ASC 825-10. As such, all expenses related to the establishme