

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2020

OR
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
Commission File No. 814-00663

ARES CAPITAL CORPORATION

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

33-1089684
(I.R.S. Employer
Identification No.)

245 Park Avenue, 44th Floor, New York, New York 10167
(Address of principal executive offices) (Zip Code)
(212) 750-7300
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	ARCC	The NASDAQ Global Select Market
6.875% Senior Notes due 2047	AFC	The New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section §232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging Growth Company

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes No

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

The aggregate market value of the voting stock held by non-affiliates of the registrant on June 30, 2020, based on the closing price on that date of \$14.45 on The NASDAQ Global Select Market, was approximately \$6,072,661,908. As of February 4, 2021, there were 422,853,247 shares of the registrant's common stock outstanding.

Portions of the registrant's Proxy Statement for its 2021 Annual Meeting of Stockholders to be filed not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K are incorporated by reference into Part III of this Form 10-K.

ARES CAPITAL CORPORATION

TABLE OF CONTENTS

<u>Part I.</u>	
<u>Item 1. Business</u>	<u>3</u>
<u>Item 1A. Risk Factors</u>	<u>25</u>
<u>Item 1B. Unresolved Staff Comments</u>	<u>50</u>
<u>Item 2. Properties</u>	<u>50</u>
<u>Item 3. Legal Proceedings</u>	<u>50</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>50</u>
<u>Part II.</u>	
<u>Item 5. Market or Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	<u>51</u>
<u>Item 6. Selected Financial Data</u>	<u>62</u>
<u>Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>65</u>
<u>Item 7A. Quantitative and Qualitative Disclosures about Market Risk</u>	<u>93</u>
<u>Item 8. Financial Statements and Supplementary Data</u>	<u>94</u>
<u>Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	<u>95</u>
<u>Item 9A. Controls and Procedures</u>	<u>95</u>
<u>Item 9B. Other Information</u>	<u>95</u>
<u>Part III.</u>	
<u>Item 10. Directors, Executive Officers and Corporate Governance</u>	<u>96</u>
<u>Item 11. Executive Compensation</u>	<u>96</u>
<u>Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	<u>96</u>
<u>Item 13. Certain Relationships and Related Transactions, and Director Independence</u>	<u>96</u>
<u>Item 14. Principal Accountant Fees and Services</u>	<u>96</u>
<u>Part IV</u>	
<u>Item 15. Exhibits and Financial Statement Schedules</u>	<u>97</u>
<u>Form 10-K Summary</u>	<u>102</u>
<u>Signatures</u>	

PART I

Item 1. Business

GENERAL

Ares Capital Corporation

Ares Capital Corporation, a Maryland corporation (together with its subsidiaries, where applicable, “Ares Capital” or the “Company,” which may also be referred to as “we,” “us” or “our”), is a specialty finance company that is a closed-end, non-diversified management investment company. We have elected to be regulated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder, the “Investment Company Act.” We were founded on April 16, 2004, were initially funded on June 23, 2004 and completed our initial public offering (“IPO”) on October 8, 2004. As of December 31, 2020, we were the largest BDC in the United States with approximately \$16.2 billion of total assets.

We are externally managed by Ares Capital Management LLC (“Ares Capital Management” or our “investment adviser”), a subsidiary of Ares Management Corporation (NYSE:ARES) (“Ares Management” or “Ares”), a publicly traded, leading global alternative investment manager, pursuant to our investment advisory and management agreement. Ares Operations LLC (“Ares Operations” or our “administrator”), a subsidiary of Ares Management, provides certain administrative and other services necessary for us to operate.

Our investment objective is to generate both current income and capital appreciation through debt and equity investments. 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. However, we may from time to time invest in larger or smaller companies. We generally use the term “middle-market” to refer to companies with annual EBITDA between \$10 million and \$250 million. As used herein, EBITDA represents net income before net interest expense, income tax expense, depreciation and amortization.

We invest primarily in first lien senior secured loans (including “unitranche” loans, which are loans that combine both senior and subordinated debt, generally in a first lien position), and second lien senior secured loans. In addition to senior secured loans, we also invest in subordinated debt (sometimes referred to as mezzanine debt), which in some cases includes an equity component, and preferred equity. First and second lien senior secured loans generally are senior debt instruments that rank ahead of subordinated debt of a given portfolio company. Subordinated debt and preferred equity are subordinated to senior loans and are generally unsecured. Our investments in corporate borrowers generally range between \$30 million and \$500 million each and investments in project finance/power generation projects generally range between \$10 million and \$200 million. However, the investment sizes may be more or less than these ranges and may vary based on, among other things, our capital availability, the composition of our portfolio and general micro- and macro-economic factors.

To a lesser extent, we also make common equity investments, which have generally been non-control equity investments of less than \$20 million (usually in conjunction with a concurrent debt investment). However, we may increase the size or change the nature of these investments.

The proportion of these types of investments will change over time given our views on, among other things, the economic and credit environment in which we are operating. In pursuit of our investment objective we generally seek to self-originate investments and lead the investment process.

The instruments in which we invest typically are not rated by any rating agency, but we believe that if such instruments were rated, they would be below investment grade (rated lower than “Baa3” by Moody’s Investors Service, lower than “BBB-” by Fitch Ratings or lower than “BBB-” by Standard & Poor’s Ratings Services), which, under the guidelines established by these entities, is an indication of having predominantly speculative characteristics with respect to the issuer’s capacity to pay interest and repay principal. Bonds that are rated below investment grade are sometimes referred to as “high yield bonds” or “junk bonds.” We may invest without limit in debt or other securities of any rating, as well as debt or other securities that have not been rated by any nationally recognized statistical rating organization.

We believe that our investment adviser, Ares Capital Management, is able to leverage the current investment platform, resources and existing relationships of Ares Management with financial sponsors, financial institutions, hedge funds and other investment firms to provide us with attractive investment opportunities. For purposes of this document, we refer to Ares Management and its affiliated companies (other than portfolio companies of its affiliated funds) as “Ares.” In addition to deal flow, the Ares investment platform assists our investment adviser in analyzing, structuring and monitoring investments. Ares

has been in existence for over 20 years and its partners have an average of approximately 25 years of experience in leveraged finance, private equity, distressed debt, commercial real estate finance, investment banking and capital markets. We have access to Ares' investment professionals and administrative professionals, who provide assistance in accounting, finance, legal, compliance, operations, information technology and investor relations. As of December 31, 2020, Ares had over 525 investment professionals and over 925 administrative professionals.

While our primary focus is to generate current income and capital appreciation through investments in first and second lien senior secured loans and subordinated debt and, to a lesser extent, equity securities of eligible portfolio companies, we also may invest up to 30% of our portfolio in non-qualifying assets, as permitted by the Investment Company Act. Specifically, as part of this 30% basket, we may invest in entities that are not considered "eligible portfolio companies" (as defined in the Investment Company Act), including companies located outside of the United States, entities that are operating pursuant to certain exceptions under the Investment Company Act, and publicly traded entities whose public equity market capitalization exceeds the levels provided for under the Investment Company Act.

Ares Management Corporation

Ares is a publicly traded, leading global alternative investment manager. As of December 31, 2020, Ares had over 1,450 employees in over 25 offices in more than 10 countries. Since its inception in 1997, Ares has adhered to a disciplined investment philosophy that focuses on delivering strong risk-adjusted investment returns throughout market cycles. Ares believes each of its distinct but complementary investment groups in Credit, Private Equity, Real Estate and Strategic Initiatives is a market leader based on assets under management and investment performance. Ares was built upon the fundamental principle that each group benefits from being part of the greater whole.

Ares Capital Management LLC

Ares Capital Management, our investment adviser, is served by an origination, investment and portfolio management team of approximately 120 U.S.-based investment professionals as of December 31, 2020 and led by certain partners of the Ares Credit Group: Kipp deVeer, Mitchell Goldstein and Michael Smith. Ares Capital Management leverages off of Ares' investment platform and benefits from the significant capital markets, trading and research expertise of Ares' investment professionals. Ares Capital Management's investment committee has nine members primarily comprised of certain of the U.S.-based partners of the Ares Credit Group.

MARKET OPPORTUNITY

We believe that current market conditions present attractive opportunities for us to invest in middle-market companies, specifically:

- We believe that many commercial and investment banks have de-emphasized their service and product offerings to middle-market businesses in favor of lending to large corporate clients and managing capital markets transactions. In addition, these lenders may be constrained in their ability to underwrite and hold bank loans and high yield securities for middle-market issuers as they seek to meet existing and future regulatory capital requirements. These factors may result in opportunities for alternative funding sources to middle-market companies and therefore more new-issue market opportunities for us.
- We believe the disruption and volatility that occurs periodically in the credit markets reduces capital available to certain capital providers, causing a reduction in competition. Furthermore, in our view, the stable capital solutions provided by direct lenders is increasingly valuable and, as a result, widens the market opportunity for direct lending.
- We believe that there is a lack of market participants that are willing to hold meaningful amounts of certain middle-market loans. As a result, we believe our ability to minimize syndication risk for a company seeking financing by being able to hold our loans without having to syndicate or sell them is a competitive advantage.
- We believe that middle-market companies have faced difficulty in raising debt through the capital markets. This approach to financing may become more difficult to the extent institutional investors seek to invest in larger, more liquid offerings, leaving less competition and fewer financing alternatives for middle-market companies.

- We believe there is a large pool of un-invested private equity capital for middle-market businesses. We expect private equity firms will seek to leverage their investments by combining equity capital with senior secured loans and subordinated debt from other sources such as us.
- We believe the middle-market represents a significant portion of the overall economy, and exhibits healthy demand for capital. In addition, due to the fragmented nature of the middle-market and the lack of publicly available information, we believe direct lenders have an opportunity to originate and underwrite investments with more favorable terms, including stronger covenant and reporting packages, as well as better call protection and change of control provisions as compared to the large, broadly syndicated loan market.

COMPETITIVE ADVANTAGES

We believe that we have the following competitive advantages over other capital providers to middle-market companies:

The Ares Platform

Ares operates integrated groups across Credit, Private Equity, Real Estate and Strategic Initiatives. We believe our affiliation with Ares provides a distinct competitive advantage through Ares' originations, due diligence and marketing activities. In particular, we believe that the Ares platform provides us with an advantage through its deal flow generation and investment evaluation process. Ares' asset management platform also provides additional market information, company knowledge and industry insight that benefit our investment and due diligence process. Ares' professionals maintain extensive financial sponsor and intermediary relationships, which provide valuable insight and access to transactions and information.

Seasoned Management Team

The investment professionals in the Ares Credit Group and members of our investment adviser's investment committee also have significant experience investing across market cycles. This experience also provides us with a competitive advantage in identifying, originating, investing in and managing a portfolio of investments in middle-market companies.

Broad Origination Strategy

We focus on self-originating most of our investments by pursuing a broad array of investment opportunities in middle-market companies and power generation projects across multiple channels. We also leverage off of the extensive relationships of the broader Ares platform, including relationships with the portfolio companies in the IHAM Vehicles (as defined below), to identify investment opportunities. Additionally, our size and scale provide the opportunity to source attractive investments in some of our existing portfolio companies. Collectively, we believe these advantages allow for enhanced asset selectivity as we believe there is a significant relationship between proprietary deal origination and credit performance. We believe that this allows for asset selectivity and that there is a significant relationship between proprietary deal origination and credit performance. We believe that our focus on generating proprietary deal flow and lead investing also gives us greater control over capital structure, deal terms, pricing and documentation and enables us to actively manage our portfolio investments. Moreover, by leading the investment process, we are often able to secure controlling positions in credit tranches, thereby providing additional control in investment outcomes. We also have originated substantial proprietary deal flow from middle-market intermediaries, which often allows us to act as the sole or principal source of institutional capital to the borrower.

Scale and Flexible Transaction Structuring

We believe that being one of the largest BDCs makes us a more desirable and flexible capital provider, especially in competitive markets. We are flexible with the types of investments we make and the terms associated with those investments. We believe this approach and experience enables our investment adviser to identify attractive investment opportunities throughout economic cycles and across a company's capital structure so we can make investments consistent with our stated investment objective and preserve principal while seeking appropriate risk adjusted returns. In addition, we have the flexibility to provide "one stop" financing with the ability to invest capital across the balance sheet and syndicate and hold larger investments than many of our competitors. We believe that the ability to underwrite, syndicate and hold larger investments benefits our stockholders by (a) potentially increasing net income and earnings through leadership of the investment process and making commitments in excess of our final investment, (b) increasing originated deal flow flexibility, (c) broadening market relationships and deal flow, (d) allowing us to optimize our portfolio composition and (e) allowing us to provide capital to a broader spectrum of middle-market companies, which we believe currently have limited access to capital from traditional lending sources. In addition, we believe that the ability to provide capital at every level of the balance sheet provides a strong

value proposition to middle-market borrowers and our senior debt capabilities provide superior deal origination and relative value analysis capabilities compared to junior capital focused lenders.

Experience with and Focus on Middle-Market Companies

Ares has historically focused on investments in middle-market companies and we benefit from this experience. In sourcing and analyzing deals, our investment adviser benefits from Ares' extensive network of relationships focused on middle-market companies, including management teams, members of the investment banking community, private equity groups and other investment firms with whom Ares has had long-term relationships. We believe this network enables us to identify well-positioned prospective portfolio company investments. The Ares Credit Group works closely with Ares' other investment professionals. As of December 31, 2020, Ares oversaw a portfolio of investments in over 1,940 companies, over 760 alternative credit investments and over 210 properties across over 55 industries, which provides access to an extensive network of relationships and insights into industry trends and the state of the capital markets.

Disciplined Investment Philosophy

In making its investment decisions, our investment adviser has adopted Ares' long-standing, consistent, credit-based investment approach that was developed over 20 years ago by its founders. Specifically, our investment adviser's investment philosophy, portfolio construction and portfolio management involve an assessment of the overall macroeconomic environment and financial markets and company-specific research and analysis. Its investment approach emphasizes capital preservation, low volatility and minimization of downside risk. In addition to engaging in extensive due diligence from the perspective of a long-term investor, our investment adviser's approach seeks to reduce risk in investments by focusing on:

- businesses with strong franchises and sustainable competitive advantages;
- industries with positive long-term dynamics;
- businesses and industries with cash flows that are dependable and predictable;
- management teams with demonstrated track records and appropriate economic incentives;
- rates of return commensurate with the perceived risks;
- securities or investments that are structured with appropriate terms and covenants; and
- businesses backed by experienced private equity sponsors.

Extensive Industry Focus

We seek to concentrate our investing activities in industries with a history of predictable and dependable cash flows and in which the Ares investment professionals have had extensive investment experience. Ares investment professionals have developed long-term relationships with management teams and management consultants in over 55 industries, and have accumulated substantial information and identified potential trends within these industries. In turn, we benefit from these relationships, information and identification of potential trends in making investments.

OPERATING AND REGULATORY STRUCTURE

Our investment activities are managed by our investment adviser and supervised by our board of directors, a majority of whom are independent of Ares and its affiliates. Our investment adviser is registered under the Investment Advisers Act of 1940, or the "Advisers Act." Under our Second Amended and Restated Investment Advisory and Management Agreement with Ares Capital Management, referred to herein as our "investment advisory and management agreement," we have agreed to pay our investment adviser base management fees based on our total assets, as defined under the Investment Company Act (other than cash and cash equivalents, but including assets purchased with borrowed funds) ("base management fees"), fees based on our net investment income ("income based fees") and fees based on our net capital gains ("capital gains incentive fees"). See "Investment Advisory and Management Agreement." Ares Operations provides us with certain administrative and other services necessary for us to operate pursuant to an Amended and Restated Administration Agreement, referred to herein as our "administration agreement." See "Administration Agreement."

We have elected to be regulated as a BDC under the Investment Company Act and have elected to be treated as a regulated investment company (“RIC”) under the Internal Revenue Code of 1986, as amended (the “Code”). As with other companies regulated by the Investment Company Act, we are required to comply with certain substantive regulatory requirements. For example, we are not generally permitted to co-invest in any portfolio company in which a fund managed by Ares or any of its downstream affiliates (other than us and our downstream affiliates) is also co-investing. On January 18, 2017, we received an order from the Securities and Exchange Commission (the “SEC”) that permits us and other BDCs and registered closed-end management investment companies managed by Ares to co-invest in portfolio companies with each other and with affiliated investment funds (the “Co-investment Exemptive Order”). Co-investments made under the Co-investment Exemptive Order are subject to compliance with certain conditions and other requirements, which could limit our ability to participate in a co-investment transaction. On April 8, 2020, the SEC issued a conditional exemptive order that provided BDCs with temporary flexibility to engage in certain types of co-investment transactions (“Subject Transactions”). Although this relief expired on December 31, 2020, on January 5, 2021 the SEC stated that until March 31, 2021 it will not recommend enforcement action against any BDC with an existing co-investment order that engages in Subject Transactions. We may also otherwise co-invest with funds managed by Ares or any of its downstream affiliates, subject to compliance with existing regulatory guidance, applicable regulations and our allocation procedures.

Also, while we may borrow funds to make investments, our ability to use debt is limited in certain significant aspects. See “Regulation.” In particular, because we obtained the required approvals under Section 61(a)(2) of the Investment Company Act, we must have at least 150% asset coverage calculated pursuant to the Investment Company Act in order to incur debt or issue preferred stock (which we refer to collectively as “senior securities”) (i.e., we are able to borrow up to two dollars for every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued by us). See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Financial Condition, Liquidity and Capital Resources.”

As of December 31, 2020, our asset coverage was 182%.

In addition, as a consequence of our being a RIC under the Code, for U.S. federal income tax purposes, our asset growth is dependent on our ability to raise equity capital through the issuance of common stock. RICs generally must distribute substantially all of their investment company taxable income (as defined under the Code) to stockholders as dividends in order to preserve their status as a RIC and not to be subject to additional U.S. federal corporate-level income taxes. This requirement, in turn, generally prevents us from using our earnings to support our operations, including making new investments.

INVESTMENTS

Ares Capital Corporation Portfolio

We have built an investment portfolio of primarily first and second lien senior secured loans, subordinated debt, preferred equity and, to a lesser extent, common equity investments in private middle-market companies. Our portfolio is well diversified by industry sector and its concentration to any single issuer is limited.

Our debt investments in corporate borrowers generally range between \$30 million and \$500 million each and investments in project finance/power generation projects generally range between \$10 million and \$200 million each. However, the sizes of our investments may be more or less than these ranges and may vary based on, among other things, our capital availability, the composition of our portfolio and general micro- and macro-economic factors.

Our common equity investments have generally been non-control equity investments of less than \$20 million (usually in conjunction with a concurrent debt investment). However, we may increase the size or change the nature of these investments.

The proportion of these types of investments will change over time given our views on, among other things, the economic and credit environment in which we are operating. In pursuit of our investment objective we generally seek to self-originate investments and lead the investment process, which may result in us making commitments with respect to indebtedness or securities of a potential portfolio company in excess of our expected final hold size. In such situations, while we may initially agree to fund up to a certain dollar amount of an investment, we may subsequently syndicate or sell a portion of such amount (including, without limitation, to vehicles managed by our portfolio company, IHAM), such that we are left with a smaller investment than what was reflected in our original commitment. In addition to originating investments, we may also acquire investments in the secondary market (including purchases of a portfolio of investments).

We make senior secured loans primarily in the form of first lien loans (including “unitranche” loans, which are loans that combine both senior and subordinated debt, generally in a first lien position) and second lien loans. Our senior secured

loans generally have terms of three to 10 years and our subordinated debt investments generally have a term of up to 10 years. However, we may invest in loans and securities with any maturity or duration. In connection with our senior secured loans, we generally receive a security interest in certain of the assets of the borrower and consequently such assets serve as collateral in support of the repayment of such senior secured loans. Senior secured loans are generally exposed to the least amount of credit risk because they typically hold a senior position with respect to scheduled interest and principal payments and security interests in assets of the borrower. In connection with our senior secured loans, we may be provided opportunities to invest in equity interests of the borrower, typically in the form of an equity co-investment. However, unlike subordinated debt, senior secured loans typically do not receive any stock, warrants to purchase stock or other yield enhancements. Senior secured loans may include both revolving lines of credit and term loans.

Structurally, subordinated debt usually ranks junior in priority of payment to senior secured loans and is often unsecured. However, subordinated debt ranks senior to preferred and common equity in a borrower's capital structure. Subordinated debt investments generally offer lenders fixed returns in the form of interest payments and will often provide lenders an opportunity to participate in the capital appreciation of a borrower, if any, through an equity interest. This equity interest typically takes the form of preferred equity, an equity co-investment and/or warrants. The preferred equity, equity co-investment and warrants (if any) associated with a subordinated debt investment typically allow lenders to receive repayment of their principal on an agreed amortization schedule while retaining their equity interest in the borrower. Equity issued in connection with subordinated debt also may include a "put" feature, which permits the holder to sell its equity interest back to the borrower at a price determined through an agreed formula.

In making an equity investment, in addition to considering the factors discussed under "—Investment Selection" below, we also consider the anticipated timing of a liquidity event, such as a public offering, sale of the company or redemption of our equity securities.

While our primary focus is to generate current income and capital appreciation through debt and equity investments in eligible portfolio companies, we also may invest up to 30% of our portfolio in non-qualifying assets, as permitted by the Investment Company Act. See "—Regulation." Specifically, as part of this 30% basket, we may invest in entities that are not considered "eligible portfolio companies" (as defined in the Investment Company Act), including companies located outside of the United States, entities that are operating pursuant to certain exceptions under the Investment Company Act, and publicly traded entities whose public equity market capitalization exceeds the levels provided for under the Investment Company Act.

Senior Direct Lending Program

We have established a joint venture with Varagon Capital Partners ("Varagon") to make certain first lien senior secured loans, including certain stretch senior and unitranche loans, primarily to U.S. middle-market companies. Varagon was formed in 2013 as a lending platform by American International Group, Inc. and other partners. The joint venture is called the Senior Direct Lending Program, LLC (d/b/a the "Senior Direct Lending Program" or the "SDLP"). In July 2016, we and Varagon and its clients completed the initial funding of the SDLP. The SDLP may generally commit and hold individual loans of up to \$350 million. We may directly co-invest with the SDLP to accommodate larger transactions. The SDLP is capitalized as transactions are completed and all portfolio decisions and generally all other decisions in respect of the SDLP must be approved by an investment committee of the SDLP consisting of representatives of ours and Varagon (with approval from a representative of each required).

We provide capital to the SDLP in the form of subordinated certificates (the "SDLP Certificates"), and Varagon and its clients provide capital to the SDLP in the form of senior notes, intermediate funding notes and SDLP Certificates. As of December 31, 2020, we and a client of Varagon owned 87.5% and 12.5%, respectively, of the outstanding SDLP Certificates. The SDLP Certificates pay a coupon equal to LIBOR plus a stated spread and also entitle the holders thereof to receive a portion of the excess cash flow from the loan portfolio, which may result in a return to the holders of the SDLP Certificates that is greater than the stated coupon. The SDLP Certificates are junior in right of payment to the senior notes and intermediate funding notes.

As of December 31, 2020, we and Varagon and its clients had agreed to make capital available to the SDLP of \$6.2 billion in the aggregate, of which \$1.4 billion is to be made available from us. We will continue to provide capital to the SDLP in the form of SDLP Certificates, and Varagon and its clients will provide capital to the SDLP in the form of senior notes, intermediate funding notes and SDLP Certificates. This capital will only be committed to the SDLP upon approval of transactions by the investment committee of the SDLP as discussed above.

For more information on the SDLP, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Portfolio and Investment Activity—Senior Direct Lending Program” and Note 4 to our consolidated financial statements for the year ended December 31, 2020.

Ivy Hill Asset Management, L.P.

As of December 31, 2020, our portfolio company, IHAM, an SEC-registered investment adviser, managed 21 vehicles and served as the sub-manager/sub-servicer for two other vehicles (such vehicles, the “IHAM Vehicles”). As of December 31, 2020, IHAM had assets under management of approximately \$6.4 billion. As of December 31, 2020, the amortized cost and fair value of our investment in IHAM was \$541 million and \$628 million, respectively. In connection with IHAM’s registration as a registered investment adviser, on March 30, 2012, we received exemptive relief from the SEC allowing us to, subject to certain conditions, own directly or indirectly up to 100% of IHAM’s outstanding equity interests and make additional investments in IHAM. From time to time, IHAM or certain IHAM Vehicles may purchase investments from us or sell investments to us, in each case for a price equal to the fair market value of such investments determined at the time of such transactions.

Industry Composition

We generally seek to invest in companies in the industries in which Ares’ investment professionals have direct expertise. The industries in the table listed below are where we have focused our investing activities; however, we may invest in other industries if we are presented with attractive opportunities.

The industrial and geographic compositions of our portfolio at fair value as of December 31, 2020 and 2019 were as follows:

Industry	As of December 31,	
	2020	2019
Health Care Services	17.3 %	20.3 %
Software & Services	15.1	12.9
Commercial & Professional Services	8.0	8.5
Investment Funds and Vehicles(1)	7.5	7.0
Consumer Services	7.1	6.6
Consumer Durables & Apparel	6.3	6.0
Diversified Financials	6.0	5.3
Automobiles & Components	5.5	4.9
Power Generation	5.2	7.1
Capital Goods	5.1	4.2
Insurance Services	4.0	3.2
Energy	2.5	3.3
Food & Beverage	2.2	2.3
Retailing & Distribution	1.9	1.9
Materials	1.7	1.8
Other	4.6	4.7
Total	100.0 %	100.0 %

(1) Includes our investment in the SDLP, which had made first lien senior secured loans to 23 and 23 different borrowers as of December 31, 2020 and 2019, respectively. The portfolio companies in the SDLP are in industries similar to the companies in our portfolio.

Geographic Region	As of December 31,	
	2020	2019
Midwest	26.0 %	27.3 %
West(1)	24.9	23.7
Southeast	22.6	20.9
Mid Atlantic	16.7	17.0
Northeast	7.1	7.8
International	2.7	3.3
Total	100.0 %	100.0 %

(1) Includes our investment in the SDLP, which represented 7.2% and 6.3% of the total investment portfolio at fair value as of December 31, 2020 and 2019, respectively.

As of December 31, 2020, loans on non-accrual status represented 3.3% and 2.0% of the total investments at amortized cost and at fair value, respectively. As of December 31, 2019, loans on non-accrual status represented 1.9% and 0.9% of the total investments at amortized cost and at fair value, respectively.

Since our IPO on October 8, 2004 through December 31, 2020, our exited investments resulted in an asset level realized gross internal rate of return to us of approximately 14% (based on original cash invested, net of syndications, of approximately \$30.4 billion and total proceeds from such exited investments of approximately \$38.7 billion). Internal rate of return is the discount rate that makes the net present value of all cash flows related to a particular investment equal to zero. Internal rate of return is gross of expenses related to investments as these expenses are not allocable to specific investments. Investments are considered to be exited when the original investment objective has been achieved through the receipt of cash and/or non-cash consideration upon the repayment of a debt investment or sale of an investment or through the determination that no further consideration was collectible and, thus, a loss may have been realized. Approximately 58% of these exited investments resulted in an asset level realized gross internal rate of return to us of 10% or greater.

Additionally, since our IPO on October 8, 2004 through December 31, 2020, our realized gains have exceeded our realized losses by approximately \$753 million (excluding a one-time gain on the acquisition of Allied Capital Corporation (“Allied Capital”) in April 2010 (the “Allied Acquisition”) and realized gains/losses from the extinguishment of debt and other assets). For the same time period, our average annualized net realized gain rate was approximately 1.0% (excluding a one-time gain on the Allied Acquisition and realized gains/losses from the extinguishment of debt and other assets). Net realized gain/loss rates for a particular period are the amount of net realized gains/losses during such period divided by the average quarterly investments at amortized cost in such period.

Information included herein regarding internal rates of return, realized gains and losses and annualized net realized gain rates are historical results relating to our past performance and are not necessarily indicative of future results, the achievement of which cannot be assured.

INVESTMENT SELECTION

Ares’ investment philosophy was developed over 20 years ago and has remained consistent and relevant throughout a number of economic cycles. We are managed using a similar investment philosophy used by the investment professionals of Ares in respect of its other investment funds.

This investment philosophy involves, among other things:

- an assessment of the overall macroeconomic environment and financial markets and how such assessment may impact industry and asset selection;
- company-specific research and analysis; and
- with respect to each individual company, an emphasis on capital preservation, low volatility and minimization of downside risk.

The foundation of Ares' investment philosophy is intensive credit investment analysis, a portfolio management discipline based on both market technicals and fundamental value-oriented research, and diversification strategy. Ares also recognizes the importance of considering environmental, social and governance ("ESG") factors in the investment-decision making process in accordance with its ESG policy. We follow a rigorous investment process based on:

- a comprehensive analysis of issuer creditworthiness, including a quantitative and qualitative assessment of the issuer's business;
- an evaluation of management and its economic incentives;
- an analysis of business strategy and industry trends; and
- an in-depth examination of capital structure, financial results and projections.

We seek to identify those companies exhibiting superior fundamental risk-reward profiles and strong defensible business franchises while focusing on the relative value of the investment across the industry as well as for the specific company.

Intensive Due Diligence

The process through which an investment decision is made involves extensive research into the target company, its industry, its growth prospects and its ability to withstand adverse conditions. If the senior investment professional responsible for the potential transaction determines that an investment opportunity should be pursued, we will engage in an intensive due diligence process. Approximately 40-50% of the investments initially reviewed by us proceed to this phase. Though each transaction will involve a somewhat different approach, the regular due diligence steps generally undertaken include:

- meeting with the target company's management team to get a detailed review of the business, and to probe for potential weaknesses in business prospects;
- checking management's backgrounds and references;
- performing a detailed review of historical financial performance, including performance through various economic cycles, and the quality of earnings;
- reviewing both short and long term projections of the business, and sensitizing them for both upside and downside risk;
- visiting headquarters and company operations and meeting with top and middle-level executives;
- contacting customers and vendors to assess both business prospects and standard practices;
- conducting a competitive analysis, and comparing the issuer to its main competitors on an operating, financial, market share and valuation basis;
- researching the industry for historic growth trends and future prospects as well as to identify future exit alternatives (including available Wall Street research, industry association literature and general news);
- assessing asset value and the ability of physical infrastructure and information systems to handle anticipated growth; and
- investigating legal risks and financial and accounting systems.

Selective Investment Process

After an investment has been identified and preliminary diligence has been completed, a credit research and analysis report is prepared. This report is reviewed by the senior investment professional in charge of the potential investment. If such senior and other investment professionals are in favor of the potential investment, then it is first presented to the investment committee on a preliminary basis.

After the investment committee approves continued work on the potential investment, a more extensive due diligence process is employed by the transaction team. Additional due diligence with respect to any investment may be conducted on our behalf by attorneys, independent accountants, and other third party consultants and research firms prior to the closing of the investment, as appropriate on a case-by-case basis. Approximately 10-15% of all investments initially reviewed by us will be presented to the investment committee. Approval of an investment for funding requires the approval of the majority of the investment committee of our investment adviser, although unanimous consent is sought.

Issuance of Formal Commitment

Once we have determined that a prospective portfolio company is suitable for investment, we work with the management and/or sponsor of that company and its other capital providers, including senior, junior and equity capital providers, if any, to finalize the structure of the investment. Approximately 3-5% of the investments initially reviewed by us eventually result in the issuance of formal commitments and the closing of such transactions.

Investments

We invest in portfolio companies primarily in the form of first lien senior secured loans (including “unitranche” loans which are loans that combine both senior and subordinated debt, generally in a first lien position), second lien senior secured loans, subordinated debt and preferred equity. The first and second lien senior secured loans generally have terms of three to 10 years. In connection with our first and second lien senior secured loans, we generally receive security interests in certain assets of our portfolio companies that could serve as collateral in support of the repayment of such loans. First and second lien senior secured loans generally have floating interest rates, which may have interest rate floors, and also may provide for some amortization of principal and excess cash flow payments, with the remaining principal balance due at maturity.

We structure our subordinated debt investments primarily as unsecured subordinated loans that provide for relatively higher fixed interest rates. The subordinated debt investments generally have terms of up to 10 years. These loans typically have interest-only payments, with amortization of principal, if any, deferred to the later years of the subordinated debt investment. In some cases, we may enter into loans that, by their terms, convert into equity or additional debt or defer payments of interest (or at least cash interest) for the first few years after our investment. Also, in some cases our subordinated debt will be secured by a subordinated lien on some or all of the assets of the borrower.

In some cases, our debt and preferred equity investments may provide for a portion of the interest or dividends payable to be payment-in-kind (“PIK”). To the extent interest or dividends are PIK, they will be payable through the increase of the principal amount of the loan or preferred equity security by the amount of interest or dividend due on the then-outstanding aggregate principal amount of such loan or preferred equity security and is generally collected upon repayment of the outstanding principal or redemption of the equity security, as applicable.

In the case of our first and second lien senior secured loans, subordinated debt and preferred equity investments, we tailor the terms of the investment to the facts and circumstances of the transaction and the prospective portfolio company, negotiating a structure that aims to protect our rights and manage our risk while creating incentives for the portfolio company to achieve its business plan and improve its profitability. For example, in addition to generally seeking a senior position in the capital structure of our portfolio companies, we will seek, where appropriate, to limit the downside potential of our investments by:

- targeting a total return on our investments (including from both interest and potential equity appreciation) that compensates us for credit risk;
- incorporating “put” rights, call protection and interest rate floors for floating rate loans, into the investment structure; and
- negotiating covenants in connection with our investments that afford our portfolio companies as much flexibility in managing their businesses as possible, consistent with preservation of our capital. Such restrictions may include affirmative and negative covenants, default penalties, lien protection, change of control provisions and board rights, including either observation or participation rights.

We generally require financial covenants and terms that require an issuer to reduce leverage, thereby enhancing credit quality. These methods include: (a) maintenance leverage covenants requiring a decreasing ratio of indebtedness to cash flow over time, (b) maintenance cash flow covenants requiring an increasing ratio of cash flow to the sum of interest expense and capital expenditures and (c) indebtedness incurrence prohibitions, limiting a company’s ability to take on additional

indebtedness. In addition, by including limitations on asset sales and capital expenditures we may be able to prevent a borrower from changing the nature of its business or capitalization without our consent.

Our subordinated debt investments may include equity features, such as warrants or options to buy a minority interest in the portfolio company. Warrants we receive with our debt investments may require only a nominal cost to exercise, and thus, as a portfolio company appreciates in value, we may achieve additional investment return from this equity interest. We may structure the warrants to provide provisions protecting our rights as a minority-interest holder, as well as puts, or rights to sell such securities back to the portfolio company, upon the occurrence of specified events. In many cases, we also obtain registration rights in connection with these equity interests, which may include demand and “piggyback” registration rights.

We believe that our focus on generating proprietary deal flow and lead investing gives us greater control over the capital structures and investment terms described above and enables us to actively manage our investments. Moreover, by leading the investment process, we are often able to secure controlling positions in loan tranches, thereby providing additional control in investment outcomes.

To a lesser extent, we also make common equity investments, which have generally been non-control equity investments of less than \$20 million (usually in conjunction with a concurrent debt investment). However, we may increase the size or change the nature of these investments.

ACQUISITION OPPORTUNITIES

We believe that there may be opportunity for further consolidation in our industry. From time to time, we evaluate potential strategic opportunities, including acquisitions of:

- asset portfolios;
- other private and public finance companies, business development companies and asset managers; and
- selected secondary market assets.

We have been in, and from time to time may engage in, discussions with counterparties in respect of various potential strategic acquisition and investment transactions, including potential acquisitions of other finance companies, business development companies and asset managers. Some of these transactions could be material to our business and, if completed, could be difficult to integrate, result in increased leverage or dilution and/or subject us to unexpected liabilities. However, none of these discussions has progressed to the point at which the completion of any such transaction could be deemed to be probable or reasonably certain as of the date of this Annual Report. Completion of any such transaction would be subject to completion of due diligence, finalization of key business and financial terms (including price) and negotiation of final definitive documentation as well as a number of other factors and conditions including, without limitation, the approval of our board of directors, any required third party consents and, in certain cases, the approval of our stockholders. We cannot predict how quickly the terms of any such transaction could be finalized, if at all. Accordingly, there can be no assurance that such transaction would be completed. In connection with evaluating potential strategic acquisition and investment transactions, we may incur significant expenses for the evaluation and due diligence investigation of these potential transactions.

ON-GOING RELATIONSHIPS WITH AND MONITORING OF PORTFOLIO COMPANIES

We closely monitor each investment we make, maintain a regular dialogue with both the management team and other stakeholders and seek specifically tailored financial reporting. In addition, senior investment professionals may take board seats or obtain board observation rights in connection with our portfolio companies. As of December 31, 2020, of our 350 portfolio companies, we were entitled to board seats or board observation rights on 23% of these companies and these companies represented approximately 38% of our portfolio at fair value.

In addition to covenants and other contractual rights and through board participation, when appropriate, we seek to enhance portfolio company performance post-investment by actively working with management on strategic and operating initiatives where there is an opportunity to do so. We often introduce managers of companies in which we have invested to other portfolio companies to capitalize on complementary business activities and best practices.

We believe that our focus on generating proprietary deal flow gives us greater control over capital structure and investment terms and lead investing enhances our ability to closely monitor each investment we make.

Our investment adviser employs an investment rating system to categorize our investments. In addition to various risk management and monitoring tools, our investment adviser grades the credit risk of all investments on a scale of 1 to 4 no less frequently than quarterly. This system is intended primarily to reflect the underlying risk of a portfolio investment relative to our initial cost basis in respect of such portfolio investment (i.e., at the time of origination or acquisition), although it may also take into account under certain circumstances the performance of the portfolio company's business, the collateral coverage of the investment and other relevant factors. Under this system, investments with a grade of 4 involve the least amount of risk to our initial cost basis. The trends and risk factors for this investment since origination or acquisition are generally favorable, which may include the performance of the portfolio company or a potential exit. Investments graded 3 involve a level of risk to our initial cost basis that is similar to the risk to our initial cost basis at the time of origination or acquisition. This portfolio company is generally performing as expected and the risk factors to our ability to ultimately recoup the cost of our investment are neutral to favorable. All investments or acquired investments in new portfolio companies are initially assessed a grade of 3. Investments graded 2 indicate that the risk to our ability to recoup the initial cost basis of such investment has increased materially since origination or acquisition, including as a result of factors such as declining performance and non-compliance with debt covenants; however, payments are generally not more than 120 days past due. An investment grade of 1 indicates that the risk to our ability to recoup the initial cost basis of such investment has substantially increased since origination or acquisition, and the portfolio company likely has materially declining performance. For debt investments with an investment grade of 1, most or all of the debt covenants are out of compliance and payments are substantially delinquent. For investments graded 1, it is anticipated that we will not recoup our initial cost basis and may realize a substantial loss of our initial cost basis upon exit. For investments graded 1 or 2, our investment adviser enhances its level of scrutiny over the monitoring of such portfolio company. The grade of a portfolio investment may be reduced or increased over time.

As of December 31, 2020, the weighted average grade of our portfolio at fair value was 3.0. For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Portfolio and Investment Activity."

MANAGERIAL ASSISTANCE

As a BDC, we must offer, and must provide upon request, significant managerial assistance to certain of our portfolio companies. This assistance could involve, among other things, monitoring the operations of our portfolio companies, participating in board and management meetings, consulting with and advising officers of portfolio companies and providing other organizational and financial guidance. Ares Operations may provide all or a portion of this assistance pursuant to our administration agreement, the costs of which will be reimbursed by us. We may receive fees for these services.

COMPETITION

Our primary competitors include public and private funds, commercial and investment banks, commercial finance companies, other BDCs and private equity funds, each of which we compete with for financing opportunities. Some of our competitors are substantially larger and have considerably greater financial and marketing resources than we do. For example, some competitors may have access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider more investments and establish more relationships than we do. Furthermore, many of our competitors are not subject to the regulatory restrictions that the Investment Company Act imposes on us as a BDC. For additional information concerning the competitive risks we face, see "Risk Factors—Risks Relating to Our Business—We operate in a highly competitive market for investment opportunities."

We believe that the relationships of the members of our investment adviser's investment committee and of the partners of Ares enable us to learn about, and compete effectively for, financing opportunities with attractive middle-market companies in the industries in which we seek to invest. We believe that Ares' professionals' deep and long-standing direct sponsor relationships and the resulting proprietary transaction opportunities that these relationships often present, provide valuable insight and access to transactions and information. We use the industry information of Ares' investment professionals to which we have access to assess investment risks and determine appropriate pricing for our investments in portfolio companies.

STAFFING

We do not currently have any employees and do not expect to have any employees. Services necessary for our business are provided by individuals who are employees or affiliates of our investment adviser, Ares Capital Management, and our administrator, Ares Operations, each of which is a subsidiary of Ares Management, pursuant to the terms of our investment advisory and management agreement and our administration agreement, respectively, each as described below. Each of our executive officers is an employee or affiliate of our investment adviser or our administrator. Our day-to-day investment activities are managed by our investment adviser. Most of the services necessary for the origination of our investment portfolio

are provided by investment professionals employed by Ares Capital Management. Ares Capital Management had approximately 120 U.S.-based investment professionals as of December 31, 2020 who focus on origination, transaction development, investment and the ongoing monitoring of our investments. See “Investment Advisory and Management Agreement” below. We reimburse both our investment adviser and our administrator for a certain portion of expenses incurred in connection with such staffing, as described in more detail below. Because we have no employees, Ares Capital does not have a formal employee relations policy.

INVESTMENT ADVISORY AND MANAGEMENT AGREEMENT

Management Services

Ares Capital Management serves as our investment adviser and is registered as an investment adviser under the Advisers Act. Subject to the overall supervision of our board of directors, our investment adviser manages the day-to-day operations of, and provides investment advisory and management services to, Ares Capital. Under the terms of the investment advisory and management agreement, our investment adviser:

- determines the composition of our portfolio, the nature and timing of the changes to our portfolio and the manner of implementing such changes;
- identifies, evaluates and negotiates the structure of the investments we make (including performing due diligence on our prospective portfolio companies);
- closes and monitors the investments we make;
- determines the investments and other assets that we purchase, retain or sell; and
- provides us with such other investment advisory and research and related services as we may from time to time reasonably require.

Ares Capital Management’s services to us under the investment advisory and management agreement are not exclusive, and it is free to furnish similar services to other entities. Similarly, our investment adviser or its affiliates may directly or indirectly manage funds or other investment vehicles with investment objectives similar to ours. Accordingly, we may compete with these Ares funds or other investment vehicles managed by our investment adviser and its affiliates for capital and investment opportunities. Ares Capital Management endeavors to allocate investment opportunities in a fair and equitable manner, and in any event consistent with any fiduciary duties owed to Ares Capital. Nevertheless, it is possible that we may not be given the opportunity to participate in certain investments made by investment funds or other investment vehicles managed by our investment adviser or its affiliates. See “Risk Factors—Risks Relating to Our Business—There are significant potential conflicts of interest that could impact our investment returns.”

Base Management Fee

Pursuant to the investment advisory and management agreement and subject to the overall supervision of our board of directors, our investment adviser provides investment advisory and management services to us. For providing these services, our investment adviser receives fees from us consisting of a base management fee, an income based fee and a capital gains incentive fee.

The base management fee is calculated at an annual rate of 1.5% on all assets financed using leverage up to 1.0x debt to equity. For all assets financed using leverage over 1.0x debt to equity, the annual base management fee is calculated at an annual rate of 1.0%. The base management fee is based on the average value of our total assets (other than cash or cash equivalents but including assets purchased with borrowed funds) at the end of the two most recently completed calendar quarters and is calculated by applying the applicable fee rate. The base management fee is payable quarterly in arrears.

Income Based Fee

The income based fee is calculated and payable quarterly in arrears based on our pre-incentive fee net investment income, as defined in the investment advisory and management agreement, for the quarter. Pre-incentive fee net investment income means interest income, dividend income and any other income (including any other fees such as commitment, origination, structuring, diligence and consulting fees or other fees that we receive from portfolio companies but excluding fees for providing managerial assistance) accrued during the calendar quarter, minus operating expenses for the quarter (including

the base management fee, any expenses payable under the administration agreement, and any interest expense and dividends paid on any outstanding preferred stock, but excluding the income based fee and capital gains incentive fee accrued under U.S. generally accepted accounting principles (“GAAP”). Pre-incentive fee net investment income includes, in the case of investments with a deferred interest feature such as market discount, debt instruments with PIK interest, preferred stock with PIK dividends and zero coupon securities, accrued income that we have not yet received in cash. Our investment adviser is not under any obligation to reimburse us for any part of the income based fees it received that were based on accrued interest that we never actually received. See “Risk Factors—Risks Relating to Our Business—There are significant potential conflicts of interest that could impact our investment returns” and “Risk Factors—Risks Relating to Our Business—We may be obligated to pay our investment adviser certain fees even if we incur a loss.”

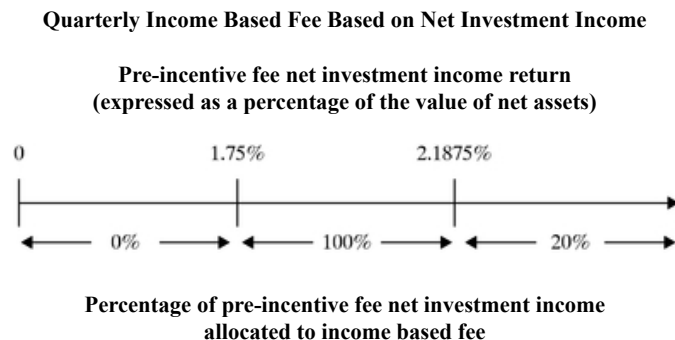
Pre-incentive fee net investment income does not include any realized capital gains, realized capital losses, unrealized capital appreciation, unrealized capital depreciation or income tax expense related to realized gains and losses. Because of the structure of the income based fee, it is possible that we may pay such fees in a quarter where we incur a loss. For example, if we receive pre-incentive fee net investment income in excess of the hurdle rate for a quarter, we will pay the applicable income based fee even if we have incurred a loss in that quarter due to realized and/or unrealized capital losses.

Pre-incentive fee net investment income, expressed as a rate of return on the value of our net assets (defined as total assets less indebtedness and before taking into account any income based fees and capital gains incentive fees payable during the period) at the end of the immediately preceding calendar quarter, is compared to a fixed “hurdle rate” of 1.75% per quarter. If market credit spreads rise, we may be able to invest our funds in debt instruments that provide for a higher return, which may increase our pre-incentive fee net investment income and make it easier for our investment adviser to surpass the fixed hurdle rate and receive an income based fee based on such net investment income. To the extent we have retained pre-incentive fee net investment income that has been used to calculate the income based fee, it is also included in the amount of our total assets (other than cash and cash equivalents but including assets purchased with borrowed funds) used to calculate the base management fee.

We pay our investment adviser an income based fee with respect to our pre-incentive fee net investment income in each calendar quarter as follows:

- No income based fee in any calendar quarter in which our pre-incentive fee net investment income does not exceed the hurdle rate;
- 100% 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 rate but is less than 2.1875% in any calendar quarter. We refer to this portion of our pre-incentive fee net investment income (which exceeds the hurdle rate but is less than 2.1875%) as the “catch-up” provision. The “catch-up” is meant to provide our investment adviser with 20% of the pre-incentive fee net investment income as if a hurdle rate did not apply if this net investment income exceeded 2.1875% in any calendar quarter; and
- 20% of the amount of our pre-incentive fee net investment income, if any, that exceeds 2.1875% in any calendar quarter.

The following is a graphical representation of the calculation of the income based fee:



These calculations are adjusted for any share issuances or repurchases during the quarter.

In connection with the acquisition of American Capital, Ltd. (“American Capital”) (the “American Capital Acquisition”), our investment adviser waived \$10 million of income based fees for each of the ten calendar quarters beginning with the second calendar quarter of 2017 and ending with the third calendar quarter of 2019 (the “Fee Waiver”).

Capital Gains Incentive Fee

The capital gains incentive fee is determined and payable in arrears as of the end of each calendar year (or, upon termination of our investment advisory and management agreement, as of the termination date) and is calculated at the end of each applicable year by subtracting (a) the sum of our cumulative aggregate realized capital losses and aggregate unrealized capital depreciation from (b) our cumulative aggregate realized capital gains, in each case calculated from October 8, 2004, (the date we completed our IPO). Realized capital gains and losses include gains and losses on investments and foreign currencies, gains and losses on extinguishment of debt and from other assets, as well as any income tax and other expenses related to cumulative aggregate realized gains and losses. If such amount is positive at the end of such year, then the capital gains incentive fee for such year is equal to 20% of such amount, less the aggregate amount of capital gains incentive fees paid in all prior years. If such amount is negative, then there is no capital gains incentive fee for such year.

The cumulative aggregate realized capital gains are calculated as the sum of the differences, if positive, between (a) the net sales price of each investment in our portfolio when sold and (b) the accreted or amortized cost basis of such investment.

The cumulative aggregate realized capital losses are calculated as the sum of the amounts by which (a) the net sales price of each investment in our portfolio when sold is less than (b) the accreted or amortized cost basis of such investment.

The aggregate unrealized capital depreciation is calculated as the sum of the differences, if negative, between (a) the valuation of each investment in our portfolio as of the applicable capital gains incentive fee calculation date and (b) the accreted or amortized cost basis of such investment.

Notwithstanding the foregoing, as a result of an amendment to the capital gains incentive fee under the investment advisory and management agreement that was adopted on June 6, 2011, if we are required by GAAP to record an investment at its fair value as of the time of acquisition instead of at the actual amount paid for such investment by us (including, for example, as a result of the application of the asset acquisition method of accounting), then solely for the purposes of calculating the capital gains incentive fee, the “accreted or amortized cost basis” of an investment shall be an amount (the “Contractual Cost Basis”) equal to (1) (x) the actual amount paid by us for such investment plus (y) any amounts recorded in our financial statements as required by GAAP that are attributable to the accretion of such investment plus (z) any other adjustments made to the cost basis included in our financial statements, including PIK interest or additional amounts funded (net of repayments) minus (2) any amounts recorded in our financial statements as required by GAAP that are attributable to the amortization of such investment, whether such calculated Contractual Cost Basis is higher or lower than the fair value of such investment (as determined in accordance with GAAP) at the time of acquisition.

We defer cash payment of any income based fee and the capital gains incentive fee otherwise earned by our investment adviser if during the most recent four full calendar quarter period ending on or prior to the date such payment is to be made the sum of (a) the aggregate distributions to our stockholders and (b) the change in net assets (defined as total assets less indebtedness and before taking into account any income based fees and capital gains incentive fees payable during the period) is less than 7.0% of our net assets (defined as total assets less indebtedness) at the beginning of such period. Any deferred income based fees and capital gains incentive fees are carried over for payment in subsequent calculation periods to the extent such payment is payable under our investment advisory and management agreement.

Payment of Our Expenses

The services of all investment professionals and staff of our investment adviser, when and to the extent engaged in providing investment advisory and management services to us and routine overhead expenses of such personnel allocable to such services, are provided and paid for by our investment adviser. Under the investment advisory and management agreement, we bear all other costs and expenses of our operations and transactions, including, but not limited to, those relating to: organization; calculation of our net asset value (including, but not limited to, the cost and expenses of any independent valuation firm); expenses incurred by our investment adviser payable to third parties, including agents, consultants or other advisers, in monitoring our financial and legal affairs and in monitoring our investments (including the cost of consultants hired to develop information technology systems designed to monitor our investments) and performing due diligence on our prospective portfolio companies; interest payable on indebtedness, if any, incurred to finance our investments (including payments to third party vendors for financial information services); offerings of our common stock and other securities;

investment advisory and management fees; administration fees; fees payable to third parties, including agents, attorneys, consultants or other advisers, relating to, or associated with, evaluating, negotiating with and making investments in portfolio companies, regardless of whether such transactions are ultimately consummated; transfer agent and custodial fees; registration fees; listing fees; taxes; independent directors' fees and expenses; costs of preparing and filing reports or other documents with the SEC; the costs of any reports, proxy statements or other notices to stockholders, including printing costs; to the extent we are covered by any joint insurance policies, our allocable portion of the insurance premiums for such policies; direct costs and expenses of administration, including auditor and legal costs; and all other expenses incurred by us or our administrator in connection with administering our business as described in more detail under "—Administration Agreement" below.

Duration, Termination and Amendment

At a meeting of our board of directors on May 28, 2020, our board of directors, including a majority of the directors who are not "interested persons" of the Company as defined in the Investment Company Act, voted to approve the continuation of our investment advisory and management agreement, which extended the terms of the agreement until June 6, 2021. Such meeting was held via videoconference pursuant to the exemptive relief granted under SEC Release No. 33817, dated March 13, 2020. See "Regulation."

Unless terminated earlier, our investment advisory and management agreement will renew for successive annual periods if approved annually by our board of directors or by the affirmative vote of the holders of a majority of our outstanding voting securities, and, in either case, approval by a majority of our directors who are not "interested persons" of the Company (as defined in the Investment Company Act). Our investment advisory and management agreement will automatically terminate in the event of its assignment (as defined in the Investment Company Act). The investment advisory and management agreement may be terminated by either party without penalty upon 60 days' written notice to the other party.

In voting to approve the investment advisory and management agreement, our independent directors consulted in executive session with their independent legal counsel regarding the approval of such agreement. In reaching a decision to approve the investment advisory and management agreement, our board of directors reviewed a significant amount of information and considered, among other things:

- (i) the nature, extent and quality of the services provided to the Company by our investment adviser;
- (ii) the advisory fees paid by the Company under the investment advisory and management agreement as compared to the advisory fees paid by other funds and accounts managed by our investment adviser with similar investment strategies as well as the fees and expenses of comparable BDCs;
- (iii) the long- and short-term investment performance of the Company and our investment adviser;
- (iv) the costs of the services provided by our investment adviser (including the base management fee, the income based fee (including the Fee Waiver) and the capital gains incentive fee (including the applicable hurdle rates and conditions for the deferral of fee payments) and expense ratios) under the investment advisory and management agreement and comparative data based on publicly available information;
- (v) the potential for, and sharing of, economies of scale in investment management given the directly originated nature of the Company's investment portfolio and resources dedicated by our investment adviser thereto;
- (vi) our investment adviser's pro forma profitability with respect to managing the Company based on financial information provided by our investment adviser;
- (vii) additional benefits to be derived by our investment adviser and its affiliates as a result of our relationship with our investment adviser; and
- (viii) various other matters, including the alignment of interests of our stockholders.

In voting to approve the investment advisory and management agreement, our board of directors, including all of the directors who are not "interested persons," of the Company, made the following conclusions:

- **Nature, Extent and Quality of Services.** Our board of directors considered the nature, extent and quality of the investment selection process employed by our investment adviser, including the flow of transaction opportunities resulting from Ares Capital Management's investment professionals' significant capital markets, trading and

research expertise, the employment of Ares Capital Management's investment philosophy, diligence procedures, credit recommendation process, investment structuring, and ongoing relationships with and monitoring of portfolio companies, in light of the investment objective of the Company. Our board of directors also considered our investment adviser's personnel and their prior experience in connection with the types of investments made by us, including such personnel's network of relationships with intermediaries focused on U.S. middle-market companies and other companies in which we may make investments. Our board of directors also considered the benefit and increasing costs of our investment adviser continuing to be able to recruit and retain top talent. In addition, our board of directors considered the other terms and conditions of the investment advisory and management agreement, including that the substantive terms of the investment advisory and management agreement (other than the fees payable thereunder, which our board of directors reviewed separately) are generally the same as those of comparable BDCs described in the available market data and that it would be difficult to obtain similar services of similar quality on a comparable basis from other third party service providers or through an internally managed structure. In addition, our board of directors considered the fact that we have the ability to terminate the investment advisory and management agreement without penalty upon 60 days' written notice to our investment adviser. Our board of directors further determined that our investment adviser is served by a dedicated origination, transaction development and investment team of investment professionals, and that these investment professionals have historically focused on investments in U.S. middle-market companies and other companies in which we may make investments, which experience and relationships coincide with our investment objective and generally equal or exceed those of the management teams or investment advisers of other comparable BDCs described in the available market data.

- **Investment Performance.** Our board of directors reviewed the long-term and short-term investment performance of the Company and our investment adviser, as well as comparative data based on publicly available information with respect to the long-term and short-term investment performance of other externally managed BDCs and their investment advisers. Our board of directors noted the longevity and consistency of the Company's investment performance and determined that our investment adviser was delivering results consistent with the investment objective of the Company and that the Company's investment performance was generally above average when compared to comparable BDCs, including based on one, three and five year time periods. Our board of directors further determined that in light of the performance history of the Company, our investment adviser's extensive experience with our particular investment objectives and policies and our investment adviser's commitment to the Company, our investment adviser was well-positioned to manage our investment performance, including through the volatile market conditions caused by the novel Coronavirus ("COVID-19") pandemic, with the approval of the investment advisory and management agreement.
- **Costs of the Services Provided to the Company.** Our board of directors considered (i) comparative data based on publicly available information with respect to services rendered and the advisory fees (including the base management fee, income based fee and capital gains incentive fee or similar fees (including applicable hurdle rates, other payment conditions and/or fee waivers)) of other BDCs with similar investment objectives, our operating expenses and expense ratios compared to other BDCs of similar size and with similar investment objectives and (ii) the administrative services that our administrator will provide to us at cost. Further, our board of directors considered comparative information with respect to the advisory fees paid by the Company as compared to the advisory fees paid by other funds and accounts managed by our investment adviser with similar investment strategies, and considered the rationale for the differences in fees, including, but not limited to, differences in investment objectives and investment strategies as well as the regulated nature of the Company.
- **Economies of Scale.** Our board of directors considered information about the potential for our stockholders to experience economies of scale as we grow in size.

In view of the wide variety of material factors that our board of directors considered in connection with its evaluation of the investment advisory and management agreement, it is not practical to quantify, rank or otherwise assign relative weights to the specific factors it considered in reaching its decision. Our board of directors did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to the ultimate determination of our board of directors. Rather, our board of directors based its approval on the totality of information presented to, and the investigation conducted by, it. In considering the factors discussed above, individual directors may have given different weights to different factors.

Based on the information reviewed and the factors discussed above, our directors (including those directors who are not "interested persons" of the Company) concluded that the terms of the investment advisory and management agreement,

including the fee rates thereunder, are fair and reasonable in relation to the services provided and approved the investment advisory and management agreement as being in the best interests of the Company and its stockholders.

Conflicts of interest may arise if our investment adviser seeks to change the terms of our investment advisory and management agreement, including, for example, the amount of the base management fee, the income based fee, the capital gains incentive fee or other compensation terms. Material amendments to our investment advisory and management agreement must be approved by the affirmative vote of the holders of a majority of our outstanding voting securities and by a majority of our independent directors, and we may from time to time decide it is appropriate to seek the requisite approval to change the terms of the agreement.

Indemnification

The investment advisory and management agreement provides that, absent willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations, our investment adviser, its members and their respective officers, managers, partners, agents, employees, controlling persons and members and any other persons affiliated with it are entitled to indemnification from us for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of our investment adviser's services under the investment advisory and management agreement or otherwise as our investment adviser.

Organization of our Investment Adviser

Our investment adviser is a Delaware limited liability company that is registered as an investment adviser under the Advisers Act. The principal executive offices of Ares Capital Management are located at 2000 Avenue of the Stars, 12th Floor, Los Angeles, California 90067.

ADMINISTRATION AGREEMENT

We are also party to an administration agreement, referred to herein as the "administration agreement", with our administrator, Ares Operations. Our board of directors approved the continuation of our administration agreement on May 28, 2020, which extended the term of the agreement until June 1, 2021. Pursuant to the administration agreement, Ares Operations furnishes us with office equipment and clerical, bookkeeping and record keeping services at our office facilities. Under the administration agreement, Ares Operations also performs, or oversees the performance of, our required administrative services, which include, among other things, providing assistance in accounting, legal, compliance, operations, technology and investor relations, being responsible for the financial records that we are required to maintain and preparing reports to our stockholders and reports filed with the SEC. In addition, Ares Operations assists us in determining and publishing our net asset value, assists us in providing managerial assistance to our portfolio companies, oversees the preparation and filing of our tax returns and the printing and dissemination of reports to our stockholders, and generally oversees the payment of our expenses and the performance of administrative and professional services rendered to us by others. Payments under the administration agreement are equal to an amount based upon our allocable portion of Ares Operations' overhead and other expenses (including travel expenses) incurred by Ares Operations in performing its obligations under the administration agreement, including our allocable portion of the compensation, rent and other expenses of certain of our officers (including our chief compliance officer, chief financial officer, chief accounting officer, general counsel, secretary, treasurer and assistant treasurer) and their respective staffs. The administration agreement may be terminated by either party without penalty upon 60 days' written notice to the other party.

For each of the years ended December 31, 2020 and 2019, we incurred \$13 million and \$14 million, respectively, in administrative fees. As of December 31, 2020 and 2019, \$3 million and \$3 million, respectively, of the administrative fees were unpaid and included in "accounts payable and other liabilities" in the accompanying consolidated balance sheets.

Indemnification

The administration agreement provides that, absent willful misfeasance, bad faith or negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations, Ares Operations, its members and their respective officers, managers, partners, agents, employees, controlling persons and members and any other persons or entities affiliated with it are entitled to indemnification from us for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of Ares Operations' services under the administration agreement or otherwise as our administrator.

LICENSE AGREEMENT

Ares Management LLC, the sole member of Ares Capital Management, has granted us a non-exclusive, royalty-free license to use the name “Ares” pursuant to a license agreement. Under this agreement, we will have a right to use the Ares name for so long as Ares Capital Management remains our investment adviser. Other than with respect to this limited license, we have no legal right to the “Ares” name.

LEVERAGE

We may from time to time borrow funds to make investments, a practice known as “leverage,” to attempt to increase returns to our stockholders. With certain limited exceptions, we are only allowed to borrow amounts such that our asset coverage, as calculated in accordance with the Investment Company Act, equals at least 150% after such borrowing (i.e., we are able to borrow up to two dollars for every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued by us).

The amount of leverage that we employ at any particular time will depend on our investment adviser’s and our board of directors’ assessments of market and other factors at the time of any proposed borrowing. As of February 4, 2021, we had \$8.1 billion in total aggregate principal amount of debt outstanding under the various debt instruments described below. See “Risk Factors—Risks Relating to Our Business—We borrow money, which magnifies the potential for gain or loss on amounts invested and may increase the risk of investing with us.”

We may from time to time seek to retire or repurchase our common stock through cash purchases, as well as retire, cancel or purchase our outstanding debt through cash purchases and/or exchanges, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual and regulatory restrictions and other factors. The amounts involved may be material.

We are party to a senior secured revolving credit facility (as amended and restated, the “Revolving Credit Facility”), which allows us to borrow up to \$3.6 billion at any one time outstanding. The Revolving Credit Facility consists of a \$740 million term loan tranche and a \$2.9 billion revolving tranche. For \$699 million of the term loan tranche, the stated maturity date is March 30, 2025. For the remaining \$41 million of the term loan tranche, the stated maturity date is March 30, 2024. For \$2.7 billion revolving tranche, the end of the revolving period and the stated maturity date are March 30, 2024 and March 30, 2025, respectively. For the remaining \$124 million of the revolving tranche, the end of the revolving period and the stated maturity date are March 30, 2023 and March 30, 2024, respectively. The Revolving Credit Facility also provides for a feature that allows us, under certain circumstances, to increase the overall size of the Revolving Credit Facility to a maximum of \$5.4 billion. The interest rate charged on the Revolving Credit Facility is based on an applicable spread of either 1.75% or 1.875% over LIBOR or 0.75% or 0.875% over an “alternate base rate” (as defined in the agreements governing the Revolving Credit Facility), in each case, determined monthly based on the total amount of the borrowing base relative to the total commitments of the Revolving Credit Facility and other debt, if any, secured by the same collateral as the Revolving Credit Facility.

We and our consolidated subsidiary, Ares Capital CP Funding LLC (“Ares Capital CP”) are party to the Revolving Funding Facility (as amended, the “Revolving Funding Facility”), which allows Ares Capital CP to borrow up to \$1.5 billion at any one time outstanding. The Revolving Funding Facility is secured by all of the assets held by, and the membership interest in, Ares Capital CP. The end of the reinvestment period and the stated maturity date for the Revolving Funding Facility are January 31, 2023 and January 31, 2025, respectively. The interest rate charged on the Revolving Funding Facility is based on LIBOR plus 2.00% per annum or a “base rate” (as defined in the agreements governing the Revolving Funding Facility) plus 1.00% per annum. Ares Capital CP is also required to pay a commitment fee of between 0.50% and 1.50% per annum depending on the size of the unused portion of the Revolving Funding Facility.

We and our consolidated subsidiary, Ares Capital JB Funding LLC (“ACJB”), are party to a revolving funding facility (as amended, the “SMBC Funding Facility”), which allows ACJB to borrow up to \$725 million at any one time outstanding. The SMBC Funding Facility is secured by all of the assets held by ACJB. The end of the reinvestment period and the stated maturity date for the SMBC Funding Facility are September 10, 2022 and September 10, 2024, respectively. The reinvestment period and the stated maturity date are both subject to two one-year extensions by mutual agreement. The SMBC Funding Facility also provides for a feature that allows ACJB, subject to receiving certain consents, to increase the overall size of the SMBC Funding Facility to \$1.0 billion. The interest rate charged on the SMBC Funding Facility is based on an applicable spread of either 1.75% or 2.00% over LIBOR or 0.75% or 1.00% over a “base rate” (as defined in the agreements governing the SMBC Funding Facility), in each case, determined monthly based on the amount of the average borrowings outstanding under the SMBC Funding Facility.

We and our consolidated subsidiary, ARCC FB Funding LLC (“AFB”), are party to a revolving funding facility (as amended, the “BNP Funding Facility”), which allows AFB to borrow up to \$300 million at any one time outstanding. The BNP Funding Facility is secured by all of the assets held by AFB. The end of the reinvestment period and the stated maturity date for the BNP Funding Facility are June 11, 2023 and June 11, 2025, respectively. The reinvestment period and the stated maturity date are both subject to a one-year extension by mutual agreement. The interest rate charged on the BNP Funding Facility is based on three-month LIBOR (subject to a floor of 0.45%), or over a “base rate” (as defined in the agreements governing the BNP Funding Facility) plus a margin that generally ranges between 2.65% and 3.15% (depending on the types of assets such advances relate to), with a weighted average floor for all classes of advances of (i) 2.75% during the reinvestment period and (ii) 3.25% following the reinvestment period.

We have approximately \$791 million aggregate principal amount of unsecured convertible notes outstanding comprised of \$388 million aggregate principal amount of unsecured convertible notes that mature on February 1, 2022 (the “2022 Convertible Notes”) and \$403 million aggregate principal amount of unsecured convertible notes that mature on March 1, 2024 (the “2024 Convertible Notes”) and together with the 2022 Convertible Notes, the “Convertible Unsecured Notes”). The Convertible Unsecured Notes mature upon their maturity date unless previously converted or repurchased in accordance with their terms. We do not have the right to redeem the Convertible Unsecured Notes prior to maturity. The 2022 Convertible Notes and the 2024 Convertible Notes bear interest at a rate of 3.75% and 4.625%, respectively, per annum, payable semi-annually.

We have approximately \$5.6 billion in aggregate principal amount of senior unsecured notes outstanding comprised of \$600 million in aggregate principal amount of senior unsecured notes that mature on January 19, 2022 and bear interest at a rate of 3.625% (the “2022 Notes”), \$750 million in aggregate principal amount of senior unsecured notes that mature on February 10, 2023 and bear interest at a rate of 3.500% (the “2023 Notes”), \$900 million in aggregate principal amount of senior unsecured notes that mature on June 10, 2024 and bear interest at a rate of 4.200% (the “2024 Notes”), \$600 million in aggregate principal amount of senior unsecured notes that mature on March 1, 2025 and bear interest at a rate of 4.250% (the “March 2025 Notes”), \$750 million in aggregate principal amount of senior unsecured notes that mature on July 15, 2025 and bear interest at a rate of 3.250% (the “July 2025 Notes”), \$1,150 million in aggregate principal amount of senior unsecured notes that mature on January 15, 2026 and bear interest at a rate of 3.875% (the “January 2026 Notes”), \$650 million in aggregate principal amount of senior unsecured notes that mature on July 15, 2026 and bear interest at a rate of 2.150% (the “July 2026 Notes”) and \$230 million in aggregate principal amount of senior unsecured notes that mature on April 15, 2047 and bear interest at a rate of 6.875% (the “2047 Notes”). The 2047 Notes are listed on The New York Stock Exchange. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments” as well as Note 17 to our consolidated financial statements for the year ended December 31, 2020 for more information regarding the issuance of the July 2026 Notes.

We intend to continue borrowing under the Revolving Credit Facility, the Revolving Funding Facility, the SMBC Funding Facility and the BNP Funding Facility (together the “Facilities”) in the future and we may increase the size of the Facilities, add additional credit facilities or otherwise issue additional debt securities or other evidences of indebtedness in the future, although there can be no assurance that we will be able to do so.

For more information on our debt, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Financial Condition, Liquidity and Capital Resources.”

REGULATION

We have elected to be regulated as a BDC under the Investment Company Act and have elected to be treated as a RIC under the Code. As with other companies regulated by the Investment Company Act, a BDC must adhere to certain substantive regulatory requirements. The Investment Company Act contains prohibitions and restrictions relating to certain transactions between BDCs and certain affiliates (including any investment advisers or sub-advisers), principal underwriters and certain affiliates of those affiliates or underwriters. Among other things, we generally cannot co-invest in any portfolio company in which a fund managed by Ares or any of its downstream affiliates other than us and our downstream affiliates) is also co-investing. On January 18, 2017, we received the Co-investment Exemptive Order from the SEC that permits us and other business development companies and registered closed-end management investment companies managed by Ares to co-invest in portfolio companies with each other and with affiliated investment funds. Co-investments made under the Co-investment Exemptive Order are subject to compliance with certain conditions and other requirements contained in the Co-investment Exemptive Order, which could limit our ability to participate in a co-investment transaction. On April 8, 2020, the SEC issued a conditional exemptive order that provided BDCs with temporary flexibility to engage in certain types of Subject Transactions. Although this relief expired on December 31, 2020, on January 5, 2021, the SEC stated that until March 31, 2021 it will not recommend enforcement action against any BDC with an existing co-investment order that engages in Subject Transactions.

We may also co-invest with funds managed by Ares or any of its downstream affiliates, subject to compliance with existing regulatory guidance, applicable regulations and our allocation procedures.

The Investment Company Act contains certain restrictions on certain types of investments we may make. Specifically, we may only invest up to 30% of our portfolio in entities that are not considered “eligible portfolio companies” (as defined in the Investment Company Act), including companies located outside of the United States, entities that are operating pursuant to certain exceptions under the Investment Company Act, and publicly traded entities whose public equity market capitalization exceeds the levels provided for under the Investment Company Act.

The Investment Company Act also requires that a majority of our directors be persons other than “interested persons,” as that term is defined in Section 2(a)(19) of the Investment Company Act, referred to herein as “independent directors.” In addition, the Investment Company Act provides that we may not change the nature of our business so as to cease to be, or to withdraw our election as, a BDC unless that change is approved by holders of at least a majority of our outstanding voting securities. Under the Investment Company Act, the vote of holders of at least a “majority of outstanding voting securities” means the vote of the holders of the lesser of: (a) 67% or more of the outstanding shares of our common stock present at a meeting or represented by proxy if holders of more than 50% of the shares of our common stock are present or represented by proxy or (b) more than 50% of the outstanding shares of our common stock.

Under the Investment Company Act, we are not generally able to issue and sell our common stock at a price below net asset value per share. We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the current net asset value per share of our common stock if our board of directors determines that such sale is in our best interests and the best interests of our stockholders, and our stockholders approve such sale. Pursuant to approval granted at a special meeting of stockholders held on August 13, 2020, we currently are permitted to sell or otherwise issue shares of our common stock at a price below net asset value, subject to certain limitations and determinations that must be made by our board of directors. Such stockholder approval expires on August 13, 2021.

We may invest up to 100% of our assets in securities acquired directly from issuers in privately negotiated transactions. Our intention is to not write (sell) or buy put or call options to manage risks associated with the publicly traded securities of our portfolio companies. We may enter into hedging transactions to manage the risks associated with interest rate and currency fluctuations. We may purchase or otherwise receive warrants or options to purchase the common stock of our portfolio companies in connection with acquisition financings or other investments. In connection with such an acquisition, we may acquire rights to require the issuers of acquired securities or their affiliates to repurchase them under certain circumstances.

We also do not intend to acquire securities issued by any investment company that exceed the limits imposed by the Investment Company Act. Under these limits, we generally cannot acquire more than 3% of the voting stock of any investment company (as defined in the Investment Company Act), invest more than 5% of the value of our total assets in the securities of one investment company or invest more than 10% of the value of our total assets in the securities of investment companies in the aggregate unless certain conditions are met. With regard to that portion of our portfolio invested in securities issued by investment companies, it should be noted that such investments might subject our stockholders to additional expenses.

We are currently allowed to borrow amounts or issue debt securities or preferred stock, which we refer to collectively as “senior securities,” such that our asset coverage, as calculated pursuant to the Investment Company Act, equals at least 150% immediately after such borrowing (i.e., we are able to borrow up to two dollars for every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued by us).

PRIVACY PRINCIPLES

We endeavor to maintain the privacy of our recordholders and to safeguard their non-public personal information. The following information is provided to help our recordholders understand what personal information we collect, how we protect that information and why, in certain cases, we may share information with select other parties.

Generally, we will not receive any non-public personal information about recordholders of our common stock, although certain of our recordholders’ non-public information may become available to us. The non-public personal information that we may receive falls into the following categories:

- information we receive from recordholders, whether we receive it orally, in writing or electronically. This includes recordholders’ communications to us concerning their investment;
- information about recordholders’ transactions and history with us; and

- other general information that we may obtain about recordholders, such as demographic and contact information such as address.

We disclose non-public personal information about recordholders:

- to our affiliates (such as our investment adviser and administrator) and their employees for everyday business purposes;
- to our service providers (such as our accountants, attorneys, custodians, transfer agent, underwriters and proxy solicitors) and their employees, as is necessary to service recordholder accounts or otherwise provide the applicable service;
- to comply with court orders, subpoenas, lawful discovery requests or other legal or regulatory requirements; or
- as allowed or required by applicable law or regulation.

When we share non-public recordholder personal information referred to above, the information is made available for limited business purposes and under controlled circumstances designed to protect our recordholders' privacy. We do not permit use of recordholder information for any non-business or marketing purpose, nor do we permit third parties to rent, sell, trade or otherwise release or disclose information to any other party.

Our service providers, such as our investment adviser, administrator and transfer agent, are required to maintain physical, electronic, and procedural safeguards to protect recordholder non-public personal information, to prevent unauthorized access or use and to dispose of such information when it is no longer required.

Personnel of affiliates may access recordholder information only for business purposes. The degree of access is based on the sensitivity of the information and on personnel need for the information to service a recordholder's account or comply with legal requirements.

If a recordholder ceases to be a recordholder, we will adhere to the privacy policies and practices as described above. We may choose to modify our privacy policies at any time. Before we do so, we will notify recordholders and provide a description of our privacy policy.

In the event of a corporate change in control resulting from, for example, a sale to, or merger with, another entity, or in the event of a sale of assets, we reserve the right to transfer non-public personal information of holders of our securities to the new party in control or the party acquiring assets.

AVAILABLE INFORMATION

We file with or submit to the SEC annual, quarterly and current periodic reports, proxy statements and other information meeting the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). This information is available free of charge by calling us collect at (310) 201-4200 or on our website at www.arescapitalcorp.com. Information contained on our website is not incorporated into this Annual Report and you should not consider such information to be part of this Annual Report. Such information is also available from the EDGAR database on the SEC's website at <http://www.sec.gov>.

Item 1A. Risk Factors

RISK FACTORS

You should carefully consider the risk factors described below, together with all of the other information included in this Annual Report, including our consolidated financial statements and the related notes thereto, before you decide whether to make an investment in our securities. The risks set out below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results. If any of the following events occur, our business, financial condition and results of operations could be materially adversely affected. In such case, the net asset value of our common stock and the trading price, if any, of our securities could decline, and you may lose all or part of your investment.

RISK FACTOR SUMMARY

The following is a summary of the principal risks that you should carefully consider before investing in our securities.

- The capital markets may experience periods of disruption and instability. Such market conditions may materially and adversely affect debt and equity capital markets, which may have a negative impact on our business and operations.
- The COVID-19 pandemic has caused severe disruptions in the global economy, which has had, and may continue to have, a negative impact on our portfolio companies and our business and operations.
- Global economic, political and market conditions, including uncertainty about the financial stability of the United States, could have a significant adverse effect on our business, financial condition and results of operations.
- A failure on our part to maintain our status as a BDC may significantly reduce our operating flexibility and a failure to maintain our status as a RIC may subject us to additional corporate-level income taxes and reduce earnings available from which to pay dividends.
- We are dependent upon certain key personnel of Ares for our future success and upon their access to other Ares investment professionals.
- We borrow money, which magnifies the potential for gain or loss on amounts invested and may increase the risk of investing with us.
- We operate in a highly competitive market for investment opportunities.
- There are significant potential conflicts of interest that could impact our investment returns.
- We are exposed to risks associated with changes in interest rates.
- Most of our portfolio investments are not publicly traded and, as a result, the fair value of these investments may not be readily determinable. Additionally, to the extent that we need liquidity and need to sell assets, the lack of liquidity in our investments may adversely affect our business.
- Our financial condition and results of operations could be negatively affected if a significant investment fails to perform as expected.
- Declines in market prices and liquidity in the corporate debt markets can result in significant net unrealized depreciation of our portfolio, which in turn would reduce our net asset value.
- Economic recessions or downturns, including as a result of the COVID-19 pandemic, could impair our portfolio companies and harm our operating results.
- Our investments, which are primarily in middle-market companies, may be risky and we could lose all or part of our investment.

- Our portfolio companies may be highly leveraged.
- Our shares of common stock may trade at a price above or below net asset value. If our common stock trades at a discount to net asset value, our ability to raise capital may be limited.
- Our ability to grow depends on our ability to raise capital.
- Our asset coverage requirement is 150%, which may increase the risk of investing with us.

RISKS RELATING TO OUR BUSINESS

The capital markets may experience periods of disruption and instability. Such market conditions may materially and adversely affect debt and equity capital markets, which may have a negative impact on our business and operations.

From time to time, capital markets may experience periods of disruption and instability, including as recently as 2020 as a result of the COVID-19 pandemic. In addition, between 2008 and 2009, the global capital markets were unstable as evidenced by periodic disruptions in liquidity in the debt capital markets, significant write-offs in the financial services sector, the re-pricing of credit risk in the broadly syndicated credit market and the failure of major financial institutions. Despite actions of the U.S. federal government and foreign governments, these events contributed to worsening general economic conditions that materially and adversely impacted the broader financial and credit markets and reduced the availability of debt and equity capital for the market as a whole and financial services firms in particular. There can be no assurance these market conditions will not continue or worsen in the future, including as a result of COVID-19, as discussed below.

Equity capital may be difficult to raise during such periods of adverse or volatile market conditions because, subject to some limited exceptions, as a BDC, we are generally not able to issue additional shares of our common stock at a price less than net asset value without first obtaining approval for such issuance from our stockholders and our independent directors. We generally seek approval from our stockholders so that we have the flexibility to issue up to 25% of our then outstanding shares of our common stock at a price below net asset value. Pursuant to approval granted at a special meeting of stockholders held on August 13, 2020, we are permitted to sell or otherwise issue shares of our common stock at a price below net asset value, subject to certain limitations and determinations that must be made by our board of directors. Such stockholder approval expires on August 13, 2021.

Volatility and dislocation in the capital markets can also create a challenging environment in which to raise or access debt capital. The reappearance of market conditions similar to those experienced during portions of 2020 and from 2008 through 2009 for any substantial length of time could make it difficult to extend the maturity of or refinance our existing indebtedness or obtain new indebtedness with similar terms and any failure to do so could have a material adverse effect on our business. The debt capital that will be available to us in the future, if at all, may be at a higher cost and on less favorable terms and conditions than what we currently experience, including being at a higher cost in rising rate environments. If we are unable to raise or refinance debt, then our equity investors may not benefit from the potential for increased returns on equity resulting from leverage and we may be limited in our ability to make new commitments or to fund existing commitments to our portfolio companies.

Significant disruption or volatility in the capital markets may also have a negative effect on the valuations of our investments. While most of our investments are not publicly traded, applicable accounting standards require us to assume as part of our valuation process that our investments are sold in a principal market to market participants (even if we plan on holding an investment through its maturity). Significant disruption or volatility in the capital markets may also affect the pace of our investment activity and the potential for liquidity events involving our investments. Thus, the illiquidity of our investments may make it difficult for us to sell such investments to access capital if required, and as a result, we could realize significantly less than the value at which we have recorded our investments if we were required to sell them for liquidity purposes. An inability to raise or access capital could have a material adverse effect on our business, financial condition or results of operations.

The COVID-19 pandemic has caused severe disruptions in the global economy, which has had, and may continue to have, a negative impact on our portfolio companies and our business and operations.

As of the filing date of this Annual Report, there is a continued outbreak of the COVID-19 pandemic, for which the World Health Organization has declared a global pandemic, the United States has declared a national emergency, and for the first time in its history, every state in the United States is under a federal disaster declaration. Many states, including those in which we and our portfolio companies operate, have issued orders requiring the closure of, or certain restrictions on the operation of, non-essential businesses and/or requiring residents to stay at home. The COVID-19 pandemic and restrictive

measures taken to contain or mitigate its spread have caused, and are continuing to cause, business shutdowns, or the re-introduction of business shutdowns, cancellations of events and restrictions on travel, significant reductions in demand for certain goods and services, reductions in business activity and financial transactions, supply chain interruptions and overall economic and financial market instability both globally and in the United States. Such effects will likely continue for the duration of the pandemic, which is uncertain, and for some period thereafter. While several countries, as well as certain states, counties and cities in the United States, began to relax the early public health restrictions with a view to partially or fully reopening their economies, many cities, both globally and in the United States, have since experienced a surge in the reported number of cases, hospitalizations and deaths related to the COVID-19 pandemic. This recent increase in cases has led to the re-introduction of restrictions and business shutdowns in certain states, counties and cities in the United States and globally and could continue to lead to the re-introduction of such restrictions elsewhere. Additionally, in December 2020, the U.S. Food and Drug Administration authorized vaccines produced by Pfizer-BioNTech and Moderna for emergency use. However, it remains unclear how quickly the vaccines will be distributed nationwide and globally or when “herd immunity” will be achieved and the restrictions that were imposed to slow the spread of the virus will be lifted entirely. The delay in distributing the vaccines could lead people to continue to self-isolate and not participate in the economy at pre-pandemic levels for a prolonged period of time. Even after the COVID-19 pandemic subsides, the U.S. economy and most other major global economies may continue to experience a recession, and our business and operations, as well as the business and operations of our portfolio companies, could be materially adversely affected by a prolonged recession in the U.S. and other major markets.

The COVID-19 pandemic (including the restrictive measures taken in response thereto) has to date (i) created significant business disruption issues for certain of our portfolio companies, and (ii) materially and adversely impacted the value and performance of certain of our portfolio companies. The COVID-19 pandemic is having a particularly adverse impact on industries in which certain of our portfolio companies operate, including energy, hospitality, travel, retail and restaurants. Certain of our portfolio companies in other industries have also been significantly impacted. The COVID-19 pandemic is continuing as of the filing date of this Annual Report, and its extended duration may have further adverse impacts on our portfolio companies after December 31, 2020, including for the reasons described below. Although the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) on March 27, 2020, which contains provisions intended to mitigate the adverse economic effects of the COVID-19 pandemic, and a second stimulus package on December 27, 2020, which provides \$900 billion in resources to small businesses and individuals as well as certain industries that have been adversely affected by the COVID-19 pandemic, it is uncertain whether, or how much, our portfolio companies have benefited or may benefit from such legislation or any other subsequent legislation intended to provide financial relief or assistance. As a result of this disruption and the pressures on their liquidity, certain of our portfolio companies have drawn, particularly in the beginning of the COVID-19 pandemic, on a higher percentage of the available revolving loans made available by us. While the levels of draw on available revolving loans have generally returned to pre-COVID-19 pandemic levels, some of our portfolio companies with such available revolving loans may draw or continue to draw on such loans at a higher level than before the COVID-19 pandemic, subject to availability under the terms of such loans.

The effects described above on our portfolio companies have, for certain of our portfolio companies to date, impacted their ability to make payments on their loans on a timely basis and in many cases have required us to amend certain terms of their loans, including payment terms. In addition, an extended duration of the COVID-19 pandemic may impact the ability of our portfolio companies to continue making their loan payments on a timely basis or meeting their loan covenants. The inability of portfolio companies to make timely payments or meet loan covenants may in the future require us to undertake similar amendment actions with respect to other of our investments or to restructure our investments. The amendment or restructuring of our investments may include the need for us to make additional investments in our portfolio companies (including debt or equity investments) beyond any existing commitments, exchange debt for equity, or change the payment terms of our loans to permit an affected portfolio company to pay a portion of its interest through PIK, which would defer the cash collection of such interest and add it to the principal balance, which would generally be due upon repayment of the outstanding principal.

The COVID-19 pandemic has adversely impacted the fair value of certain of our investments, including those reported as of December 31, 2020, and the values reported may differ materially from the values that we may ultimately realize with respect to our investments. The impact of the COVID-19 pandemic may not yet be fully reflected in the fair value of our investments as our valuations, and particularly valuations of private investments and private companies, are inherently uncertain, may fluctuate over short periods of time and are often based on estimates, comparisons and qualitative evaluations of private information that is often from a time period earlier, generally two to three months, than the quarter for which we are reporting. Additionally, we may not have yet received information or certifications from our portfolio companies that indicate the full and ongoing extent of declining performance or non-compliance with debt covenants, as applicable, as a result of the COVID-19 pandemic. As a result, our valuations, including those reported as of December 31, 2020, may not show the complete or continuing impact of the COVID-19 pandemic and the resulting restrictive measures taken in response thereto. In addition, write downs in the value of our investments have reduced, and any additional write downs may further reduce, our net asset value (and, as a result, our asset coverage calculation). Accordingly, we may incur additional net unrealized or realized losses after December 31, 2020, which could have a material adverse effect on our business, financial condition and results of operations.

Despite actions of the U.S. federal government and foreign governments, the uncertainty surrounding the COVID-19 pandemic, including uncertainty regarding new variants of COVID-19 that have emerged in the United Kingdom, South Africa, and Brazil, and other factors have contributed to significant volatility in the global public equity markets and global debt capital markets, including the market price of shares of our common stock and the trading prices of our issued debt securities. Market conditions may make it difficult for us to raise equity capital because, subject to some limited exceptions, as a BDC, we are generally not able to issue additional shares of our common stock at a price less than net asset value without first obtaining approval for such issuance from our stockholders and our independent directors. Pursuant to approval granted at a special meeting of stockholders, held on August 13, 2020, we are permitted to sell or otherwise issue shares of our common stock at a price below net asset value, subject to certain limitations and determinations that must be made by our board of directors. This stockholder approval expires on August 13, 2021. Moreover, these market conditions may make it difficult to access or obtain new indebtedness with similar terms to our existing indebtedness or otherwise have a negative effect on our cost of capital. See “Risk Factors—Risks Relating to Our Business—The capital markets may experience periods of disruption and instability. Such market conditions may materially and adversely affect debt and equity capital markets, which may have a negative impact on our business and operations.”

In response to the COVID-19 pandemic, Ares Management Corporation, the indirect owner of our investment adviser, instituted a work from home policy until it is deemed safe to return to the office. Such a policy of an extended period of remote working by our investment adviser and/or its affiliate’s employees could strain our technology resources and introduce operational risks, including heightened cybersecurity risk. Remote working environments may be less secure and more susceptible to hacking attacks, including phishing and social engineering attempts, that seek to exploit the COVID-19 pandemic.

A failure on our part to maintain our status as a BDC may significantly reduce our operating flexibility.

If we fail to maintain our status as a BDC, we might be regulated as a closed-end investment company that is required to register under the Investment Company Act, which would subject us to additional regulatory restrictions and significantly decrease our operating flexibility. In addition, any such failure could cause an event of default under our outstanding indebtedness, which could have a material adverse effect on our business, financial condition or results of operations.

We are dependent upon certain key personnel of Ares for our future success and upon their access to other Ares investment professionals.

We depend on the diligence, skill and network of business contacts of certain key personnel of the Ares Credit Group. We also depend, to a significant extent, on access to the investment professionals of other groups within Ares and the information and deal flow generated by Ares’ investment professionals in the course of their investment and portfolio management activities. Our future success depends on the continued service of certain key personnel of the Ares Credit Group. The departure of any of these individuals, or of a significant number of the investment professionals or partners of Ares, could have a material adverse effect on our business, financial condition or results of operations. In addition, we cannot assure you that Ares Capital Management will remain our investment adviser or that we will continue to have access to Ares’ investment professionals or its information and deal flow. Further, there can be no assurance that Ares Capital will replicate its own or Ares’ historical success, and we caution you that our investment returns could be substantially lower than the returns achieved by other Ares-managed funds.

Our financial condition and results of operations depend on our ability to manage future growth effectively.

Our ability to achieve our investment objective depends on our ability to acquire suitable investments and monitor and administer those investments, which depends, in turn, on our investment adviser’s ability to identify, invest in and monitor companies that meet our investment criteria.

Accomplishing this result on a cost-effective basis is largely a function of the structuring of our investment process and the ability of our investment adviser to provide competent, attentive and efficient services to us. Our executive officers and the members of our investment adviser’s investment committee have substantial responsibilities in connection with their roles at Ares and with the other Ares funds, as well as responsibilities under the investment advisory and management agreement. They may also be called upon to provide significant managerial assistance to certain of our portfolio companies. These demands on their time, which will increase as the number of investments grow, may distract them or slow the rate of investment. In order for us to grow, Ares will need to hire, train, supervise, manage and retain new employees. However, we cannot assure you that Ares will be able to do so effectively. Any failure to manage our future growth effectively could have a material adverse effect on our business, financial condition and results of operations.

Our ability to grow depends on our ability to raise capital.

We will need to periodically access the capital markets to raise cash to fund new investments in excess of our repayments, and we may also need to access the capital markets to refinance existing debt obligations to the extent such maturing obligations are not repaid with availability under our revolving credit facilities or cash flows from operations. We have elected to be treated as a RIC and operate in a manner so as to qualify for the U.S. federal income tax treatment applicable to RICs. Among other things, in order to maintain our RIC status, we must distribute to our stockholders on a timely basis generally an amount equal to at least 90% of our investment company taxable income, and, as a result, such distributions will not be available to fund investment originations or repay maturing debt. We must continue to borrow from financial institutions and issue additional securities to fund our growth. Unfavorable economic or capital market conditions may increase our funding costs, limit our access to the capital markets or could result in a decision by lenders not to extend credit to us. An inability to successfully access the capital markets may limit our ability to refinance our existing debt obligations as they come due and/or to fully execute our business strategy and could limit our ability to grow or cause us to have to shrink the size of our business, which could decrease our earnings, if any.

In addition, we are currently allowed to borrow amounts or issue debt securities or preferred stock, which we refer to collectively as “senior securities,” such that our asset coverage, as calculated pursuant to the Investment Company Act, equals at least 150% immediately after such borrowing (i.e., we are able to borrow up to two dollars for every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued by us). Such requirement, in certain circumstances, may restrict our ability to borrow or issue debt securities or preferred stock. The amount of leverage that we employ will depend on our investment adviser’s and our board of directors’ assessments of market and other factors at the time of any proposed borrowing or issuance of senior securities. We cannot assure you that we will be able to maintain or increase the amount available to us under our current Facilities (as defined below), obtain other lines of credit or issue senior securities at all or on terms acceptable to us.

Regulations governing our operation as a BDC affect our ability to, and the way in which we, raise additional capital.

We may issue senior securities or borrow money from banks or other financial institutions, up to the maximum amount permitted by the Investment Company Act. As a BDC, we are currently permitted to incur indebtedness or issue senior securities only in amounts such that our asset coverage, as calculated pursuant to the Investment Company Act, equals at least 150% after each such incurrence or issuance (i.e., we are able to borrow up to two dollars for every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued by us). If the value of our assets declines, we may be unable to satisfy this test, which may prohibit us from paying dividends and could prevent us from maintaining our status as a RIC or may prohibit us from repurchasing shares of our common stock. In addition, our inability to satisfy this test could cause an event of default under our existing indebtedness. If we cannot satisfy this test, we may be required to sell a portion of our investments at a time when such sales may be disadvantageous and, depending on the nature of our leverage, repay a portion of our indebtedness. Accordingly, any failure to satisfy this test could have a material adverse effect on our business, financial condition or results of operations. As of December 31, 2020, our asset coverage calculated in accordance with the Investment Company Act was 182%. Also, to generate cash for funding new investments, we may in the future seek to issue additional debt or to securitize certain of our loans. The Investment Company Act may impose restrictions on the structure of any such securitization.

We are not generally able to issue and sell our common stock at a price below net asset value per share. We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the current net asset value per share of our common stock if our board of directors determines that such sale is in our best interests and the best interests of our stockholders, and our stockholders approve such sale. Any such sale would be dilutive to the net asset value per share of our common stock. In any such case, the price at which our securities are to be issued and sold may not be less than a price that, in the determination of our board of directors, closely approximates the market value of such securities (less any commission or discount). If our common stock trades at a discount to net asset value, this restriction could adversely affect our ability to raise capital.

Pursuant to approval granted at a special meeting of stockholders held on August 13, 2020, we are permitted to sell or otherwise issue shares of our common stock at a price below net asset value, subject to certain limitations and determinations that must be made by our board of directors. Such stockholder approval expires on August 13, 2021.

We borrow money, which magnifies the potential for gain or loss on amounts invested and may increase the risk of investing with us.

Borrowings, also known as leverage, magnify the potential for gain or loss on amounts invested and, therefore, increase the risks associated with investing in our securities. We currently borrow under the Facilities and have issued or assumed other senior securities, and in the future may borrow from, or issue additional senior securities to, banks, insurance companies, funds, institutional investors and other lenders and investors. Lenders and holders of such senior securities have fixed dollar claims on our consolidated assets that are superior to the claims of our common stockholders or any preferred stockholders. If the value of our consolidated assets increases, then leveraging would cause the net asset value per share of our common stock to increase more sharply than it would have had we not incurred leverage.

Conversely, if the value of our consolidated assets decreases, leveraging would cause net asset value to decline more sharply than it otherwise would have had we not incurred leverage. Similarly, any increase in our consolidated income in excess of consolidated interest payable on the borrowed funds would cause our net income to increase more than it would had we not incurred leverage, while any decrease in our consolidated income would cause net income to decline more sharply than it would have had we not incurred leverage. Such a decline could negatively affect our ability to make common stock dividend payments. There can be no assurance that a leveraging strategy will be successful.

As of December 31, 2020, we had approximately \$2.8 billion of outstanding borrowings under the Facilities, approximately \$791 million in aggregate amount outstanding of the Convertible Unsecured Notes and approximately \$5.0 billion in aggregate principal amount outstanding of the 2022 Notes, the 2023 Notes, the 2024 Notes, the March 2025 Notes, the July 2025 Notes, the January 2026 Notes and the 2047 Notes (together the “Unsecured Notes”). In order for us to cover our annual interest payments on our outstanding indebtedness at December 31, 2020, we must achieve annual returns on our December 31, 2020 total assets of at least 1.8%. The weighted average stated interest rate charged on our principal amount of outstanding indebtedness as of December 31, 2020 was 3.4%. We intend to continue borrowing under the Facilities in the future and we may increase the size of the Facilities or issue additional debt securities or other evidences of indebtedness (although there can be no assurance that we will be successful in doing so). For more information on our indebtedness, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Financial Condition, Liquidity and Capital Resources.” Our ability to service our debt depends largely on our financial performance and is subject to prevailing economic conditions and competitive pressures. The amount of leverage that we employ at any particular time will depend on our investment adviser’s and our board of directors’ assessments of market and other factors at the time of any proposed borrowing. We are currently allowed to borrow amounts such that our asset coverage, as calculated pursuant to the Investment Company Act, equals at least 150% after such borrowing (i.e., we are able to borrow up to two dollars for every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued by us).

The Facilities, the Convertible Unsecured Notes and the Unsecured Notes impose financial and operating covenants that restrict our business activities, including limitations that could hinder our ability to finance additional loans and investments or to make the distributions required to maintain our status as a RIC. A failure to renew the Facilities or to add new or replacement debt facilities or to issue additional debt securities or other evidences of indebtedness could have a material adverse effect on our business, financial condition and results of operations.

The following table illustrates the effect on return to a holder of our common stock of the leverage created by our use of borrowing at the weighted average stated interest rate of 3.4% as of December 31, 2020, together with (a) our total value of net assets as of December 31, 2020; (b) approximately \$8.6 billion in aggregate principal amount of indebtedness outstanding as of December 31, 2020 and (c) hypothetical annual returns on our portfolio of minus 15% to plus 15%.

Assumed Return on Portfolio (Net of Expenses)(1)	-15.00 %	-10.00 %	-5.00 %	— %	5.00 %	10.00 %	15.00 %
Corresponding Return to Common Stockholders(2)	-37.90 %	-26.61 %	-15.33 %	-4.04 %	7.24 %	18.52 %	29.81 %

(1) The assumed portfolio return is required by SEC regulations and is not a prediction of, and does not represent, our projected or actual performance. Actual returns may be greater or less than those appearing in the table. Pursuant to SEC regulations, this table is calculated as of December 31, 2020. As a result, it has not been updated to take into account any changes in assets or leverage since December 31, 2020.

(2) In order to compute the “Corresponding Return to Common Stockholders,” the “Assumed Return on Portfolio” is multiplied by the total value of our assets at December 31, 2020 to obtain an assumed return to us. From this amount, the interest expense (calculated by multiplying the weighted average stated interest rate of 3.4% by the approximately \$8.6 billion of principal debt outstanding) is subtracted to determine the return available to stockholders. The return

available to stockholders is then divided by the total value of our net assets as of December 31, 2020 to determine the “Corresponding Return to Common Stockholders.”

In addition to regulatory requirements that restrict our ability to raise capital, the Facilities, the Convertible Unsecured Notes and the Unsecured Notes contain various covenants that, if not complied with, could accelerate repayment under the Facilities, the Convertible Unsecured Notes and the Unsecured Notes, thereby materially and adversely affecting our liquidity, financial condition and results of operations.

The agreements governing the Facilities, the Convertible Unsecured Notes and the Unsecured Notes require us to comply with certain financial and operational covenants. These covenants may include, among other things:

- restrictions on the level of indebtedness that we are permitted to incur in relation to the value of our assets;
- restrictions on our ability to incur liens; and
- maintenance of a minimum level of stockholders’ equity.

As of the date of this Annual Report, we are in compliance in all material respects with the covenants of the Facilities, the Convertible Unsecured Notes and the Unsecured Notes. However, our continued compliance with these covenants depends on many factors, some of which are beyond our control. For example, depending on the condition of the public debt and equity markets and pricing levels, unrealized depreciation in our portfolio may increase in the future. Any such increase could result in our inability to comply with our obligation to restrict the level of indebtedness that we are able to incur in relation to the value of our assets or to maintain a minimum level of stockholders’ equity.

Accordingly, although we believe we will continue to be in compliance, there are no assurances that we will continue to comply with the covenants in the Facilities, the Convertible Unsecured Notes and the Unsecured Notes. Failure to comply with these covenants could result in a default under the Facilities, the Convertible Unsecured Notes or the Unsecured Notes, that, if we were unable to obtain a waiver from the lenders or holders of such indebtedness, as applicable, such lenders or holders could accelerate repayment under such indebtedness and thereby have a material adverse impact on our business, financial condition and results of operations.

We operate in a highly competitive market for investment opportunities.

A number of entities compete with us to make the types of investments that we make in middle-market companies. We compete with other BDCs, public and private funds, commercial and investment banks, commercial financing companies, insurance companies, hedge funds, and, to the extent they provide an alternative form of financing, private equity funds. Some of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. Some competitors may have a lower cost of funds and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the Investment Company Act imposes on us as a BDC and that the Code imposes on us as a RIC. We cannot assure you that the competitive pressures we face will not have a material adverse effect on our business, financial condition and results of operations. Also, as a result of this competition, we may not be able to pursue attractive investment opportunities from time to time.

We do not seek to compete primarily based on the interest rates we offer and we believe that some of our competitors may make loans with interest rates that are comparable to or lower than the rates we offer. Rather, we compete with our competitors based on our existing investment platform, seasoned investment professionals, experience and focus on middle-market companies, disciplined investment philosophy, extensive industry focus and flexible transaction structuring. For a more detailed discussion of these competitive advantages, see “Business—Competitive Advantages.”

We may lose investment opportunities if we do not match our competitors’ pricing, terms and structure. The loss of such investment opportunities may limit our ability to grow or cause us to have to shrink the size of our portfolio, which could decrease our earnings. If we match our competitors’ pricing, terms and structure, we may experience decreased net interest income and increased risk of credit loss. As a result of operating in such a competitive environment, we may make investments that are on less favorable terms than what we may have originally anticipated, which may impact our return on these investments.

There are significant potential conflicts of interest that could impact our investment returns.

Conflicts may arise in allocating and structuring investments, time, services, expenses or resources among the investment activities of Ares funds, Ares, other Ares-affiliated entities and the employees of Ares. Certain of our executive officers and directors, and members of the investment committee of our investment adviser, serve or may serve as officers, directors or principals of other entities and affiliates of our investment adviser and investment funds managed by our investment adviser or its affiliates. Accordingly, they may have obligations to investors in those entities, the fulfillment of which might not be in our or our stockholders' best interests or may require them to devote time to services for other entities, which could interfere with the time available to provide services to us. Members of our investment adviser's investment committee may have significant responsibilities for other Ares funds. Similarly, although the professional staff of our investment adviser will devote as much time to the management of us as appropriate to enable our investment adviser to perform its duties in accordance with the investment advisory and management agreement, the investment professionals of our investment adviser may have conflicts in allocating their time and services among us, on the one hand, and investment vehicles managed by our investment adviser or one or more of its affiliates, on the other hand. These activities could be viewed as creating a conflict of interest insofar as the time and effort of the professional staff of our investment adviser and its officers and employees will not be devoted exclusively to our business but will instead be allocated between our business and the management of these other investment vehicles.

In addition, certain Ares funds may have investment objectives that compete or overlap with, and may from time to time invest in asset classes similar to those targeted by, Ares Capital. Consequently, we, on the one hand, and these other entities, on the other hand, may from time to time pursue the same or similar capital and investment opportunities. Ares and our investment adviser endeavor to allocate investment opportunities in a fair and equitable manner, and in any event consistent with any fiduciary duties owed to Ares Capital. Nevertheless, it is possible that we may not be given the opportunity to participate in certain investments made by investment funds managed by investment managers affiliated with Ares (including our investment adviser). In addition, there may be conflicts in the allocation of investments among us and the funds managed by investment managers affiliated with Ares (including our investment adviser) or one or more of our controlled affiliates or among the funds they manage, including investments made pursuant to the Co-investment Exemptive Order. Further, such other Ares-managed funds may hold positions in portfolio companies in which Ares Capital has also invested. Such investments may raise potential conflicts of interest between Ares Capital and such other Ares-managed funds, particularly if Ares Capital and such other Ares-managed funds invest in different classes or types of securities or investments of the same underlying portfolio company. In that regard, actions may be taken by such other Ares-managed funds that are adverse to Ares Capital's interests, including, but not limited to, during a restructuring, bankruptcy or other insolvency proceeding or similar matter occurring at the underlying portfolio company.

We have from time to time sold assets to IHAM and certain of the IHAM Vehicles and, as part of our investment strategy, we may offer to sell additional assets to vehicles managed by one or more of our affiliates (including IHAM) or we may purchase assets from vehicles managed by one or more of our affiliates (including IHAM). In addition, vehicles managed by one or more of our affiliates (including IHAM) may offer assets to or may purchase assets from one another. While assets may be sold or purchased at prices that are consistent with those that could be obtained from third parties in the marketplace, and although these types of transactions generally require approval of one or more independent parties, there may be an inherent conflict of interest in such transactions between us and funds managed by one of our affiliates (including our investment adviser).

We pay a base management fee, an income based fee and a capital gains incentive fee to our investment adviser, and reimburse our investment adviser for certain expenses it incurs. Ares, from time to time, incurs fees, costs, and expenses on behalf of more than one fund. To the extent such fees, costs, and expenses are incurred for the account or benefit of more than one fund, each such fund will typically bear an allocable portion of any such fees, costs, and expenses in proportion to the size of its investment in the activity or entity to which such expense relates (subject to the terms of each fund's governing documents) or in such other manner as Ares considers fair and equitable under the circumstances such as the relative fund size or capital available to be invested by such funds. Where a fund's governing documents do not permit the payment of a particular expense, Ares will generally pay such fund's allocable portion of such expense. In addition, investors in our common stock will invest on a gross basis and receive distributions on a net basis after expenses, resulting in, among other things, a lower rate of return than one might achieve if distributions were made on a gross basis.

Our investment adviser's base management fee is based on a percentage of our total assets (other than cash or cash equivalents but including assets purchased with borrowed funds) and, consequently, our investment adviser may have conflicts of interest in connection with decisions that could affect our total assets, such as decisions as to whether to incur indebtedness or to make future investments. We are currently allowed to borrow amounts such that our asset coverage, as calculated pursuant to the Investment Company Act, equals at least 150% after such borrowing (i.e., we are able to borrow up to two dollars for

every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued by us). Accordingly, our investment adviser may have conflicts of interest in connection with decisions to use increased leverage permitted under our asset coverage requirement applicable to senior securities, as the incurrence of such additional indebtedness would result in an increase in the base management fees payable to our investment adviser and may also result in an increase in the income based fees and capital gains incentive fees payable to our investment adviser.

The income based fees payable by us to our investment adviser that relate to our pre-incentive fee net investment income is computed and paid on income that may include interest that is accrued but not yet received in cash. If a portfolio company defaults on a loan that is structured to provide accrued interest, it is possible that accrued interest previously used in the calculation of such fee will become uncollectible. Our investment adviser is not under any obligation to reimburse us for any part of the income based fees it received that were based on accrued interest that we never actually receive.

Our investment advisory and management agreement renews for successive annual periods if approved by our board of directors or by the affirmative vote of the holders of a majority of our outstanding voting securities, including, in either case, approval by a majority of our directors who are not “interested persons” of us as defined in Section 2(a)(19) of the Investment Company Act. However, both we and our investment adviser have the right to terminate the agreement without penalty upon 60 days’ written notice to the other party. Moreover, conflicts of interest may arise if our investment adviser seeks to change the terms of our investment advisory and management agreement, including, for example, the terms for compensation to our investment adviser. While any material change to the investment advisory and management agreement must be submitted to stockholders for approval under the Investment Company Act, we may from time to time decide it is appropriate to seek stockholder approval to change the terms of the agreement.

We are party to an administration agreement with our administrator, Ares Operations, a subsidiary of Ares Management, pursuant to which our administrator furnishes us with administrative services and we pay our administrator at cost our allocable portion of overhead and other expenses (including travel expenses) incurred by our administrator in performing its obligations under our administration agreement, including our allocable portion of the compensation, rent, and other expenses of certain of our officers (including our chief compliance officer, chief financial officer, chief accounting officer, general counsel, secretary, treasurer and assistant treasurer) and their respective staffs, but not investment professionals.

Our portfolio company, IHAM, is party to an administration agreement, referred to herein as the “IHAM administration agreement,” with Ares Operations. Pursuant to the IHAM administration agreement, our administrator provides IHAM with administrative services and IHAM reimburses our administrator for all of the actual costs associated with such services, including its allocable portion of our administrator’s overhead and the cost of our administrator’s officers and respective staff in performing its obligations under the IHAM administration agreement. Prior to entering into the IHAM administration agreement, IHAM was party to a services agreement with our investment adviser, pursuant to which our investment adviser provided similar services.

As a result of the arrangements described above, there may be times when the management team of Ares Management (including those members of management focused primarily on managing Ares Capital) has interests that differ from those of yours, giving rise to a conflict.

Our stockholders may have conflicting investment, tax and other objectives with respect to their investments in us. The conflicting interests of individual stockholders may relate to or arise from, among other things, the nature of our investments, the structure or the acquisition of our investments, and the timing of dispositions of our investments. As a consequence, conflicts of interest may arise in connection with decisions made by our investment adviser, including with respect to the nature or structuring of our investments, that may be more beneficial for one stockholder than for another stockholder, especially with respect to stockholders’ individual tax situations. In selecting and structuring investments appropriate for us, our investment adviser will consider the investment and tax objectives of the Company and our stockholders, as a whole, not the investment, tax or other objectives of any stockholder individually.

We may be subject to additional corporate-level income taxes if we fail to maintain our status as a RIC.

We have elected to be treated as a RIC under the Code and operate in a manner so as to qualify for the U.S. federal income tax treatment applicable to RICs. As a RIC, we generally will not pay U.S. federal corporate-level income taxes on our income and net capital gains that we distribute to our stockholders as dividends on a timely basis. We will be subject to U.S. federal corporate-level income tax on any undistributed income and/or gains. To maintain our status as a RIC, we must meet certain source of income, asset diversification and annual distribution requirements. We may also be subject to certain U.S. federal excise taxes, as well as state, local and foreign taxes.

To maintain our RIC status, we must timely distribute an amount equal to at least 90% of our investment company taxable income (as defined by the Code, which generally includes net ordinary income and net short term capital gains) to our stockholders (the “Annual Distribution Requirement”). We have the ability to pay a large portion of our dividends in shares of our stock, and as long as a portion of such dividend is paid in cash and other requirements are met, such stock dividends will be taxable as a dividend for U.S. federal income tax purposes. This may result in our U.S. stockholders having to pay tax on such dividends, even if no cash is received, and may result in our non-U.S. stockholders being subject to withholding tax in respect of amounts distributed in our stock. Because we use debt financing, we are subject to certain asset coverage ratio requirements under the Investment Company Act and financial covenants under our indebtedness that could, under certain circumstances, restrict us from making distributions necessary to qualify as a RIC. If we are unable to obtain cash from other sources, we may fail to maintain our status as a RIC and, thus, may be subject to corporate-level income tax on all of our income and/or gains.

To maintain our status as a RIC, in addition to the Annual Distribution Requirement, we must also meet certain annual source of income requirements at the end of each taxable year and asset diversification requirements at the end of each calendar quarter. Failure to meet these requirements may result in our having to (a) dispose of certain investments quickly or (b) raise additional capital to prevent the loss of RIC status. Because most of our investments are in private companies and are generally illiquid, any such dispositions may be at disadvantageous prices and may result in losses. Also, the rules applicable to our qualification as a RIC are complex with many areas of uncertainty. Accordingly, no assurance can be given that we have qualified or will continue to qualify as a RIC. If we fail to maintain our status as a RIC for any reason and become subject to regular “C” corporation income tax, the resulting corporate-level income taxes could substantially reduce our net assets, the amount of income available for distribution and the amount of our distributions. Such a failure would have a material adverse effect on us and on any investment in us. Certain provisions of the Code provide some relief from RIC disqualification due to failures of the source of income and asset diversification requirements, although there may be additional taxes due in such cases. We cannot assure you that we would qualify for any such relief should we fail the source of income or asset diversification requirements.

We may have difficulty paying our required distributions under applicable tax rules if we recognize income before or without receiving cash representing such income.

For U.S. federal income tax purposes, we generally are required to include in income certain amounts that we have not yet received in cash, such as original issue discount, which may arise, for example, if we receive warrants in connection with the making of a loan, or PIK interest representing contractual interest added to the loan principal balance and due at the end of the loan term. Such original issue discount or PIK interest is included in income before we receive any corresponding cash payments. We also may be required to include in income certain other amounts that we will not receive in cash, including, for example, amounts attributable to hedging and foreign currency transactions.

Since, in certain cases, we may recognize income before or without receiving cash in respect of such income, we may have difficulty meeting the U.S. federal income tax requirement to distribute generally an amount equal to at least 90% of our investment company taxable income to maintain our status as a RIC. Accordingly, we may have to sell some of our investments at times we would not consider advantageous, raise additional debt or equity capital or reduce new investment originations to meet these distribution requirements. If we are not able to obtain cash from other sources, we may fail to qualify as a RIC and thus be subject to additional corporate-level income taxes. Such a failure could have a material adverse effect on us and on any investment in us.

We are exposed to risks associated with changes in interest rates.

General interest rate fluctuations may have a substantial negative impact on our investments and investment opportunities and, accordingly, may have a material adverse effect on our investment objective and our net investment income. Because we borrow money and may issue debt securities or preferred stock to make investments, our net investment income is dependent upon the difference between the rate at which we borrow funds or pay interest or dividends on such debt securities or preferred stock and the rate at which we invest these funds. If market rates decrease we may earn less interest income from investments made during such lower rate environment. From time to time, we may also enter into certain hedging transactions to mitigate our exposure to changes in interest rates. In the past, we have entered into certain hedging transactions, such as interest rate swap agreements, to mitigate our exposure to adverse fluctuations in interest rates, and we may do so again in the future. In addition, we may increase our floating rate investments to position the portfolio for rate increases. However, we cannot assure you that such transactions will be successful in mitigating our exposure to interest rate risk. There can be no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income.

Trading prices tend to fluctuate more for fixed-rate securities that have longer maturities. Although we have no policy governing the maturities of our investments, under current market conditions we expect that we will invest in a portfolio of debt

generally having maturities of up to 10 years. Trading prices for debt that pays a fixed rate of return tend to fall as interest rates rise. This means that we are subject to greater risk (other things being equal) than a fund invested solely in shorter-term securities. A decline in the prices of the debt we own could adversely affect the trading price of our common stock. Also, an increase in interest rates available to investors could make an investment in our common stock less attractive if we are not able to increase our dividend rate, which could reduce the value of our common stock.

Most of our portfolio investments are not publicly traded and, as a result, the fair value of these investments may not be readily determinable.

A large percentage of our portfolio investments are not publicly traded. The fair value of investments that are not publicly traded may not be readily determinable. We value these investments quarterly at fair value as determined in good faith by our board of directors based on, among other things, the input of our management and audit committee and independent valuation firms that have been engaged at the direction of our board of directors to assist in the valuation of each portfolio investment without a readily available market quotation at least once during a trailing 12-month period (with certain de minimis exceptions). The valuation process is conducted at the end of each fiscal quarter, with a portion (based on value) of our valuations of portfolio companies without readily available market quotations subject to review by an independent valuation firm each quarter. However, we may use these independent valuation firms to review the value of our investments more frequently, including in connection with the occurrence of significant events or changes in value affecting a particular investment. In addition, our independent registered public accounting firm obtains an understanding of, and performs select procedures relating to, our investment valuation process within the context of performing the integrated audit.

The types of factors that may be considered in valuing our investments include the enterprise value of the portfolio company (the entire value of the portfolio company to a market participant, including the sum of the values of debt and equity securities used to capitalize the enterprise at a point in time), the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flows, the markets in which the portfolio company does business, a comparison of the portfolio company's securities to similar publicly traded securities, changes in the interest rate environment and the credit markets generally that may affect the price at which similar investments would trade in their principal markets and other relevant factors. When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, we consider the pricing indicated by the external event to corroborate our valuation. Because such valuations, and particularly valuations of private investments and private companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these investments existed and may differ materially from the values that we may ultimately realize. Our net asset value per share could be adversely affected if our determinations regarding the fair value of these investments are higher than the values that we realize upon disposition of such investments.

The lack of liquidity in our investments may adversely affect our business.

As we generally make investments in private companies, substantially all of these investments are subject to legal and other restrictions on resale or are otherwise less liquid than publicly traded securities. The illiquidity of our investments may make it difficult for us to sell such investments if the need arises. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we could realize significantly less than the value at which we have recorded our investments or could be unable to dispose of our investments in a timely manner. In addition, we may face other restrictions on our ability to liquidate an investment in a portfolio company to the extent that we or an affiliated manager of Ares has material non-public information regarding such portfolio company.

Our financial condition and results of operations could be negatively affected if a significant investment fails to perform as expected.

Our investment portfolio includes investments that may be significant individually or in the aggregate. If a significant investment in one or more companies fails to perform as expected, such a failure could have a material adverse effect on our business, financial condition and operating results, and the magnitude of such effect could be more significant than if we had further diversified our portfolio.

We are subject to risks related to corporate social responsibility.

Our business (including that of our portfolio companies) faces increasing public scrutiny related to ESG activities. We risk damage to our brand and reputation if we fail to act responsibly in a number of areas, such as diversity, equity and inclusion, environmental stewardship, support for local communities, corporate governance and transparency and considering ESG factors in our investment processes. Adverse incidents with respect to ESG activities could impact the value of our brand,

our relationship with existing and future portfolio companies, the cost of our operations and relationships with investors, all of which could adversely affect our business and results of operations.

Additionally, new regulatory initiatives related to ESG that are applicable to us and our portfolio companies could adversely affect our business. In May 2018, the European Commission adopted an “action plan on financing sustainable growth.” The action plan is, among other things, designed to define and reorient investment toward sustainability. The action plan contemplates: establishing EU labels for green financial products; increasing disclosure requirements in the financial services sector around ESG and strengthening the transparency of companies on their ESG policies and introducing a ‘green supporting factor’ in the EU prudential rules for banks and insurance companies to incorporate climate risks into banks’ and insurance companies’ risk management policies. There is a risk that a significant reorientation in the market following the implementation of these and further measures could be adverse to our portfolio companies if they are perceived to be less valuable as a consequence of, e.g., their carbon footprint or “greenwashing” (i.e., the holding out of a product as having green or sustainable characteristics where this is not, in fact, the case). We and our portfolio companies are subject to the risk that similar measures might be introduced in other jurisdictions in the future. Additionally, compliance with any new laws or regulations increases our regulatory burden and could make compliance more difficult and expensive, affect the manner in which we or our portfolio companies conduct our businesses and adversely affect our profitability.

Changes in laws or regulations governing our operations or the operations of our portfolio companies, changes in the interpretation thereof or newly enacted laws or regulations, such as the Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) and the Small Business Credit Availability Act (the “SBCAA”), could require changes to certain business practices of us or our portfolio companies, negatively impact the operations, cash flows or financial condition of us or our portfolio companies, impose additional costs on us or our portfolio companies or otherwise adversely affect our business or the business of our portfolio companies.

We and our portfolio companies are subject to regulation by laws and regulations at the local, state, federal and, in some cases, foreign levels. These laws and regulations, as well as their interpretation, may be changed from time to time, and new laws and regulations may be enacted. Accordingly, any change in these laws or regulations, changes in their interpretation, or newly enacted laws or regulations could require changes to certain business practices of us or our portfolio companies, negatively impact the operations, cash flows or financial condition of us or our portfolio companies, impose additional costs on us or our portfolio companies or otherwise adversely affect our business or the business of our portfolio companies.

On July 21, 2010, President Obama signed into law the Dodd-Frank Act, certain aspects of which were amended by the 2018 Economic Growth, Regulatory Relief, and Consumer Protection Act. In addition, U.S. regulatory agencies continue to consider changes to regulations promulgated under the Dodd-Frank Act. Although the full impact of the Dodd-Frank Act on us and our portfolio companies may not be known for an extended period of time, the Dodd-Frank Act, including the rules implementing its provisions and the interpretation of those rules relating to capital, margin, trading and clearance and settlement of derivatives, may negatively impact the operations, cash flows or financial condition of us or our portfolio companies, impose additional costs on us or our portfolio companies, intensify the regulatory supervision of us or our portfolio companies or otherwise adversely affect our business or the business of our portfolio companies.

On February 3, 2017, President Trump signed Executive Order 13772 announcing the new Administration’s policy to regulate the U.S. financial system in a manner consistent with certain “Core Principles,” including regulation that is efficient, effective and appropriately tailored. The Executive Order directed the Secretary of the Treasury, in consultation with the heads of the member agencies of the Financial Stability Oversight Council, to report to the President on the extent to which existing laws, regulations and other government policies promote the Core Principles and to identify any laws, regulations or other government policies that inhibit federal regulation of the U.S. financial system. On June 12, 2017, the U.S. Department of the Treasury published the first of several reports in response to the Executive Order on the depository system covering banks and other savings institutions. On October 6, 2017, the Treasury released a second report outlining ways to streamline and reform the U.S. regulatory system for capital markets, followed by a third report, on October 26, 2017, examining the current regulatory framework for the asset management and insurance industries. The Treasury released a fourth report on July 31, 2018 describing recommendations relating to non-bank financial institutions, financial technology and innovation. Subsequent reports are expected to address retail and institutional investment products and vehicles.

On May 24, 2018, President Trump signed into law the Economic Growth, Regulatory Relief, and Consumer Protection Act, which increased from \$50 billion to \$250 billion the asset threshold for designation of “systemically important financial institutions” or “SIFIs” subject to enhanced prudential standards set by the Federal Reserve, staggering application of this change based on the size and risk of the covered bank holding company. On July 17, 2018, the House of Representatives passed the JOBS and Investor Confidence Act, which includes 32 pieces of legislation intended to help small businesses,

entrepreneurs and investors by reforming capital markets. The proposed legislation includes provisions to expand the definition of “accredited investors,” extend on-ramp exemptions for emerging growth companies (EGCs) and ease securities regulations on initial public offerings. The legislation was forwarded to the Senate for consideration, where no further action was taken, although it may be reintroduced in the future. At this time it is not possible to determine the potential impact of these new laws and proposals on us.

On March 23, 2018, the SBCAA was signed into law. The SBCAA, among other things, modified the applicable provisions of the Investment Company Act to reduce the required asset coverage ratio applicable to a BDC from 200% to 150% subject to certain approval, time and disclosure requirements (including either stockholder approval or approval of a “required majority” of its board of directors). On June 21, 2018, our board of directors, including a “required majority” of our board of directors, approved the application of the modified asset coverage requirement set forth in Section 61(a)(2) of the Investment Company Act, as amended by the SBCAA. As a result, effective on June 21, 2019, our asset coverage requirement applicable to senior securities was reduced from 200% to 150% (i.e., we are able to borrow up to two dollars for every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued by us), and the risks associated with an investment in us may increase.

Additionally, legislative or other actions relating to taxes could have a negative effect on us. The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the Internal Revenue Service (“IRS”) and the U.S. Treasury Department. We cannot predict with certainty how any changes in the tax laws might affect us, our stockholders, or our portfolio companies. New legislation and any U.S. Treasury regulations, administrative interpretations or court decisions interpreting such legislation could significantly and negatively affect our ability to qualify for tax treatment as a RIC or the U.S. federal income tax consequences to us and our stockholders of such qualification, or could have other adverse consequences. Stockholders are urged to consult with their tax advisor regarding tax legislative, regulatory, or administrative developments and proposals and their potential effect on an investment in our securities.

Changes to United States tariff and import/export regulations may have a negative effect on our portfolio companies and, in turn, harm us.

There has been ongoing discussion and commentary regarding potential significant changes to U.S. trade policies, treaties and tariffs. There continues to exist significant uncertainty about the future relationship between the U.S. and other countries with respect to such trade policies, treaties and tariffs. These developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global trade and, in particular, trade between the impacted nations and the U.S. Any of these factors could depress economic activity and restrict our portfolio companies’ access to suppliers or customers and have a material adverse effect on their business, financial condition and results of operations, which in turn would negatively impact us.

Uncertainty relating to the LIBOR calculation process may adversely affect the value of the LIBOR-indexed, floating-rate debt securities in our portfolio or the cost of our borrowings.

National and international regulators and law enforcement agencies have conducted investigations into a number of rates or indices that are deemed to be “reference rates.” Actions by such regulators and law enforcement agencies may result in changes to the manner in which certain reference rates are determined, their discontinuance, or the establishment of alternative reference rates. In particular, on July 27, 2017, the Chief Executive of the U.K. Financial Conduct Authority (the “FCA”), which regulates LIBOR, announced that the FCA will no longer persuade or compel banks to submit rates for the calculation of LIBOR after 2021. On November 30, 2020, ICE Benchmark Administration (“IBA”), the administrator of LIBOR, with the support of the United States Federal Reserve and the United Kingdom’s Financial Conduct Authority, announced plans to consult on ceasing publication of USD LIBOR on December 31, 2021 for only the one week and two month USD LIBOR tenors, and on June 30, 2023 for all other USD LIBOR tenors. The United States Federal Reserve concurrently issued a statement advising banks to stop new USD LIBOR issuances by the end of 2021. Such announcements indicate that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. It appears highly likely that LIBOR will be discontinued or modified by 2021. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, is considering replacing U.S. dollar LIBOR with a new index calculated by short-term repurchase agreements, backed by Treasury securities (the “Secured Overnight Financing Rate,” or “SOFR”). The future of LIBOR at this time is uncertain. Potential changes, or uncertainty related to such potential changes, may adversely affect the market for LIBOR-based securities, including our portfolio of LIBOR-indexed, floating-rate debt securities, or the cost of our borrowings. In addition, changes or reforms to the determination or supervision of LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR, which could have an adverse impact on the market for LIBOR-based securities, including the value of the LIBOR-indexed, floating-rate debt securities in our portfolio, or the cost of our borrowings. Additionally, if LIBOR ceases to exist, we may need to renegotiate the credit agreements

extending beyond 2021 with our credit facility lenders and our portfolio companies that utilize LIBOR as a factor in determining the interest rate to replace LIBOR with the new standard that is established.

Our investment adviser's liability is limited under the investment advisory and management agreement, and we are required to indemnify our investment adviser against certain liabilities, which may lead our investment adviser to act in a riskier manner on our behalf than it would when acting for its own account.

Our investment adviser has not assumed any responsibility to us other than to render the services described in the investment advisory and management agreement, and it will not be responsible for any action of our board of directors in declining to follow our investment adviser's advice or recommendations. Pursuant to the investment advisory and management agreement, our investment adviser and its members and their respective officers, managers, partners, agents, employees, controlling persons and members and any other persons affiliated with it will not be liable to us for their acts under the investment advisory and management agreement, absent willful misfeasance, bad faith, gross negligence or reckless disregard in the performance of their duties. We have agreed to indemnify, defend and protect our investment adviser and its members and their respective officers, managers, partners, agents, employees, controlling persons and members and any other persons or entities affiliated with it with respect to all damages, liabilities, costs and expenses arising out of or otherwise based upon the performance of any of our investment adviser's duties or obligations under the investment advisory and management agreement or otherwise as an investment adviser for us, and not arising out of willful misfeasance, bad faith, gross negligence or reckless disregard in the performance of their duties under the investment advisory and management agreement. These protections may lead our investment adviser to act in a riskier manner when acting on our behalf than it would when acting for its own account. See "Risk Factors—Risks Relating to Our Investments—Our investment adviser's fee structure may induce it to make certain investments on our behalf, including speculative investments."

We may be obligated to pay our investment adviser certain fees even if we incur a loss.

Our investment adviser is entitled to income based fees for each fiscal quarter in an amount equal to a percentage of the excess of our pre-incentive fee net investment income for that quarter (before deducting any income based fee and capital gains incentive fees and certain other items) above a threshold return for that quarter. Our pre-incentive fee net investment income for income based fee purposes excludes realized and unrealized capital losses or depreciation and income taxes related to realized gains that we may incur in the fiscal quarter, even if such capital losses or depreciation and income taxes related to realized gains result in a net loss on our statement of operations for that quarter. Thus, we may be required to pay our investment adviser income based fees for a fiscal quarter even if there is a decline in the value of our portfolio or the net asset value of our common stock or we incur a net loss for that quarter.

Under the investment advisory and management agreement, we will defer cash payment of any income based fee and the capital gains incentive fee otherwise earned by our investment adviser if, during the most recent four full calendar quarter periods ending on or prior to the date such payment is to be made, the sum of (a) our aggregate distributions to our stockholders and (b) our change in net assets (defined as total assets less indebtedness and before taking into account any income based fees or capital gains incentive fees accrued during the period) is less than 7.0% of our net assets (defined as total assets less indebtedness) at the beginning of such period. These calculations will be adjusted for any share issuances or repurchases. Any such deferred fees will be carried over for payment in subsequent calculation periods to the extent such payment can then be made under the investment advisory and management agreement.

If a portfolio company defaults on a loan that is structured to provide interest, it is possible that accrued and unpaid interest previously used in the calculation of income based fees will become uncollectible. Our investment adviser is not under any obligation to reimburse us for any part of income based fees it received that was based on accrued income that we never receive.

RISKS RELATING TO OUR INVESTMENTS

Declines in market prices and liquidity in the corporate debt markets can result in significant net unrealized depreciation of our portfolio, which in turn would reduce our net asset value.

As a BDC, we are required to carry our investments at market value or, if no market value is ascertainable, at fair value as determined in good faith by or under the direction of our board of directors. We may take into account the following types of factors, if relevant, in determining the fair value of our investments: the enterprise value of a portfolio company (the entire value of the portfolio company to a market participant, including the sum of the values of debt and equity securities used to capitalize the enterprise at a point in time), the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flow, the markets in which the portfolio company does business, a comparison of the portfolio company's securities to similar publicly traded securities, changes in the interest rate environment and the credit markets generally that may affect the price at which similar investments would trade in their principal markets and other relevant factors. When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, we use the pricing indicated by the external event to corroborate our valuation. While most of our investments are not publicly traded, applicable accounting standards require us to assume as part of our valuation process that our investments are sold in a principal market to market participants (even if we plan on holding an investment through its maturity). As a result, volatility in the capital markets can also adversely affect our investment valuations. Decreases in the market values or fair values of our investments are recorded as unrealized depreciation. The effect of all of these factors on our portfolio can reduce our net asset value (and, as a result our asset coverage calculation) by increasing net unrealized depreciation in our portfolio. Depending on market conditions, we could incur substantial realized and/or unrealized losses, which could have a material adverse effect on our business, financial condition or results of operations.

Economic recessions or downturns could impair our portfolio companies and harm our operating results.

As the COVID-19 pandemic has demonstrated, many of our portfolio companies may be susceptible to economic downturns or recessions and may be unable to repay our loans during these periods. Therefore, during these periods our non-performing assets may increase and the value of our portfolio may decrease if we are required to write down the values of our investments. Adverse economic conditions may also decrease the value of collateral securing some of our loans and the value of our equity investments. Economic slowdowns or recessions could lead to financial losses in our portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could prevent us from increasing investments and harm our operating results. We experienced to some extent such effects as a result of the economic downturn that occurred in 2020 as a result of the COVID-19 pandemic and from 2008 through 2009 and may experience such effects again in any future downturn or recession.

A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, acceleration of the time when the loans are due and foreclosure on its assets representing collateral for its obligations, which could trigger cross defaults under other agreements and jeopardize our portfolio company's ability to meet its obligations under the debt investments that we hold and the value of any equity securities we own. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting portfolio company.

Investments in privately held middle-market companies involve significant risks.

We primarily invest in privately held U.S. middle-market companies. Investments in privately held middle-market companies involve a number of significant risks, including the following:

- these companies may have limited financial resources and may be unable to meet their obligations, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing our investment;
- they typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;
- they typically depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse effect on such portfolio company and, in turn, on us;

- there is generally little public information about these companies. These companies and their financial information are generally not subject to the Exchange Act (as defined below) and other regulations that govern public companies, and we may be unable to uncover all material information about these companies, which may prevent us from making a fully informed investment decision and cause us to lose money on our investments;
- they generally have less predictable operating results and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position;
- we, our executive officers, directors and our investment adviser may, in the ordinary course of business, be named as defendants in litigation arising from our investments in our portfolio companies and may, as a result, incur significant costs and expenses in connection with such litigation;
- changes in laws and regulations (including the tax laws), as well as their interpretations, may adversely affect their business, financial structure or prospects; and
- they may have difficulty accessing the capital markets to meet future capital needs.

Our debt investments may be risky and we could lose all or part of our investment.

The debt that we invest in is typically not initially rated by any rating agency, but we believe that if such investments were rated, they would be below investment grade (rated lower than “Baa3” by Moody’s Investors Service, lower than “BBB-” by Fitch Ratings or lower than “BBB-” by Standard & Poor’s Ratings Services), which under the guidelines established by these entities is an indication of having predominantly speculative characteristics with respect to the issuer’s capacity to pay interest and repay principal. Bonds that are rated below investment grade are sometimes referred to as “high yield bonds” or “junk bonds.” Therefore, our investments may result in an above average amount of risk and volatility or loss of principal. While the debt we invest in is often secured, such security does not guarantee that we will receive principal and interest payments according to the terms of the loan, or that the value of any collateral will be sufficient to allow us to recover all or a portion of the outstanding amount of the loan should we be forced to enforce our remedies.

We also may invest in assets other than first and second lien and subordinated debt investments, including high-yield securities, U.S. government securities, credit derivatives and other structured securities and certain direct equity investments. These investments entail additional risks that could adversely affect our investment returns.

Investments in equity securities, many of which are illiquid with no readily available market, involve a substantial degree of risk.

We may purchase common and other equity securities. Although common stock has historically generated higher average total returns than fixed income securities over the long-term, common stock also has experienced significantly more volatility in those returns. The equity securities we acquire may fail to appreciate and may decline in value or become worthless and our ability to recover our investment will depend on the underlying portfolio company’s success. Investments in equity securities involve a number of significant risks, including:

- any equity investment we make in a portfolio company could be subject to further dilution as a result of the issuance of additional equity interests and to serious risks as a junior security that will be subordinate to all indebtedness (including trade creditors) or senior securities in the event that the issuer is unable to meet its obligations or becomes subject to a bankruptcy process;
- to the extent that the portfolio company requires additional capital and is unable to obtain it, we may not recover our investment; and
- in some cases, equity securities in which we invest will not pay current dividends, and our ability to realize a return on our investment, as well as to recover our investment, will be dependent on the success of the portfolio company. Even if the portfolio company is successful, our ability to realize the value of our investment may be dependent on the occurrence of a liquidity event, such as a public offering or the sale of the portfolio company. It is likely to take a significant amount of time before a liquidity event occurs or we can otherwise sell our investment. In addition, the equity securities we receive or invest in may be subject to restrictions on resale during periods in which it could be advantageous to sell them.

There are special risks associated with investing in preferred securities, including:

- preferred securities may include provisions that permit the issuer, at its discretion, to defer distributions for a stated period without any adverse consequences to the issuer. If we own a preferred security that is deferring its distributions, we may be required to report income for tax purposes before we receive such distributions;
- preferred securities are subordinated to debt in terms of priority to income and liquidation payments, and therefore will be subject to greater credit risk than debt;
- preferred securities may be substantially less liquid than many other securities, such as common stock or U.S. government securities; and
- generally, preferred security holders have no voting rights with respect to the issuing company, subject to limited exceptions.

Additionally, when we invest in first lien senior secured loans (including “unitranche” loans, which are loans that combine both senior and mezzanine debt, generally in a first lien position), second lien senior secured loans or subordinated debt, we may acquire warrants or other equity securities as well. Our goal is ultimately to dispose of such equity interests and realize gains upon our disposition of such interests. However, the equity interests we receive may not appreciate in value and, in fact, may decline in value. Accordingly, we may not be able to realize gains from our equity interests and any gains that we do realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience.

We may invest, to the extent permitted by law, in the equity securities of investment funds that are operating pursuant to certain exceptions to the Investment Company Act and in advisers to similar investment funds and, to the extent we so invest, will bear our ratable share of any such company’s expenses, including management and performance fees. We will also remain obligated to pay the base management fee, income based fee and capital gains incentive fee to our investment adviser with respect to the assets invested in the securities and instruments of such companies. With respect to each of these investments, each of our common stockholders will bear his or her share of the base management fee, income based fee and capital gains incentive fee due to our investment adviser as well as indirectly bearing the management and performance fees and other expenses of any such investment funds or advisers.

There may be circumstances in which our debt investments could be subordinated to claims of other creditors or we could be subject to lender liability claims.

If one of our portfolio companies were to go bankrupt, even though we may have structured our interest as senior debt, depending on the facts and circumstances, a bankruptcy court might recharacterize our debt holding as an equity investment and subordinate all or a portion of our claim to that of other creditors. In addition, lenders can be subject to lender liability claims for actions taken by them where they become too involved in the borrower’s business or exercise control over the borrower. For example, we could become subject to a lender’s liability claim, if, among other things, we actually render significant managerial assistance.

Our portfolio companies may incur debt or issue equity securities that rank equally with, or senior to, our investments in such companies.

Our portfolio companies may have, or may be permitted to incur, other debt, or issue other equity securities, that rank equally with, or senior to, our investments. By their terms, such instruments may provide that the holders are entitled to receive payment of dividends, interest or principal on or before the dates on which we are entitled to receive payments in respect of our investments. These debt instruments would usually prohibit the portfolio companies from paying interest on or repaying our investments in the event and during the continuance of a default under such debt. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of securities ranking senior to our investment in that portfolio company typically are entitled to receive payment in full before we receive any distribution in respect of our investment. After repaying such holders, the portfolio company may not have any remaining assets to use for repaying its obligation to us. In the case of securities ranking equally with our investments, we would have to share on an equal basis any distributions with other security holders in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company.

The rights we may have with respect to the collateral securing any junior priority loans we make to our portfolio companies may also be limited pursuant to the terms of one or more intercreditor agreements (including agreements governing “first out” and “last out” structures) that we enter into with the holders of senior debt. Under such an intercreditor agreement, at any time that senior obligations are outstanding, we may forfeit certain rights with respect to the collateral to the holders of the

senior obligations. These rights may include the right to commence enforcement proceedings against the collateral, the right to control the conduct of such enforcement proceedings, the right to approve amendments to collateral documents, the right to release liens on the collateral and the right to waive past defaults under collateral documents. We may not have the ability to control or direct such actions, even if as a result our rights as junior lenders are adversely affected.

When we are a debt or minority equity investor in a portfolio company, we are often not in a position to exert influence on the entity, and other equity holders and management of the company may make decisions that could decrease the value of our investment in such portfolio company.

When we make debt or minority equity investments, we are subject to the risk that a portfolio company may make business decisions with which we disagree and the other equity holders and management of such company may take risks or otherwise act in ways that do not serve our interests. As a result, a portfolio company may make decisions that could decrease the value of our investment.

Our portfolio companies may be highly leveraged.

Some of our portfolio companies may be highly leveraged, which may have adverse consequences to these companies and to us as an investor. These companies may be subject to restrictive financial and operating covenants and the leverage may impair these companies' ability to finance their future operations and capital needs. As a result, these companies' flexibility to respond to changing business and economic conditions and to take advantage of business opportunities may be limited. Further, a leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money were not used.

Our investment adviser's fee structure may induce it to make certain investments on our behalf, including speculative investments.

The fees payable by us to our investment adviser may create an incentive for our investment adviser to make investments on our behalf that are risky or more speculative than would be the case in the absence of such compensation arrangement. The way in which income based fees payable to our investment adviser are determined, which are calculated as a percentage of the return on invested capital, may encourage our investment adviser to use leverage to increase the return on our investments. Under certain circumstances, the use of leverage may increase the likelihood of default, which would disfavor the holders of our common stock and the holders of securities convertible into our common stock. In addition, our investment adviser will receive the capital gains incentive fee based, in part, upon net capital gains realized on our investments. Unlike income based fees, there is no hurdle rate applicable to the capital gains incentive fee. As a result, our investment adviser may have a tendency to invest more in investments that are likely to result in capital gains as compared to income producing securities. Such a practice could result in our investing in more speculative securities than would otherwise be the case, which could result in higher investment losses, particularly during economic downturns.

The income based fees are computed and paid on income that has been accrued but not yet received in cash, including as a result of investments with a deferred interest feature such as debt instruments with PIK interest, preferred stock with PIK dividends and zero coupon securities. If a portfolio company defaults on a loan that is structured to provide accrued interest, it is possible that accrued interest previously used in the calculation of the income based fee will become uncollectible. Our investment adviser is not under any obligation to reimburse us for any part of the fees it received that were based on such accrued interest that we never actually received.

Because of the structure of the income based fees, it is possible that we may have to pay income based fees in a quarter during which we incur a loss. For example, if we receive pre-incentive fee net investment income in excess of the hurdle rate for a quarter, we will pay the applicable income based fees even if we have incurred a loss in that quarter due to realized and/or unrealized capital losses. In addition, if market interest rates rise, our investment adviser may be able to invest our funds in debt instruments that provide for a higher return, which would increase our pre-incentive fee net investment income and make it easier for our investment adviser to surpass the fixed hurdle rate and receive income based fees.

Our investments in foreign companies may involve significant risks in addition to the risks inherent in U.S. investments.

Our investment strategy contemplates potential investments in foreign companies. Investing in foreign companies may expose us to additional risks not typically associated with investing in U.S. companies. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes (potentially at confiscatory levels), less liquid markets, less available information than is generally the case in the U.S., higher transaction costs, less government

supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Although we expect most of our investments will be U.S. dollar denominated, our investments that are denominated in a foreign currency will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. We may employ hedging techniques to minimize these risks, but we cannot assure you that such strategies will be effective or without risk to us.

We may expose ourselves to risks if we engage in hedging transactions.

We have and may in the future enter into hedging transactions, which may expose us to risks associated with such transactions. 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. Use of these hedging instruments may include counter-party credit risk.

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. Moreover, 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.

The success of our hedging transactions will depend on our ability to correctly predict movements in currencies and interest rates. Therefore, while we may enter into such transactions to seek to reduce currency exchange rate and interest rate risks, unanticipated changes in currency exchange rates or interest rates may result in poorer overall investment performance than if we had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged may vary. Moreover, for a variety of reasons, we may not seek to (or be able 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. See also “Risk Factors—Risks Relating to Our Business—We are exposed to risks associated with changes in interest rates.”

RISKS RELATING TO OUR COMMON STOCK AND PUBLICLY TRADED NOTES

Our shares of common stock have traded at a discount from net asset value and may do so again, which could limit our ability to raise additional equity capital.

Shares of closed-end investment companies frequently trade at a market price that is less than the net asset value that is attributable to those shares. This characteristic of closed-end investment companies is separate and distinct from the risk that our net asset value per share may decline. It is not possible to accurately predict whether any shares of our common stock will trade at, above, or below net asset value. In the recent past (including during much of 2020), the stocks of BDCs as an industry, including at times shares of our common stock, have traded below net asset value and during much of 2009 traded at near historic lows as a result of concerns over liquidity, leverage restrictions and distribution requirements. See “Risk Factors—Risks Relating to Our Business—The capital markets may experience periods of disruption and instability. Such market conditions may materially and adversely affect debt and equity capital markets, which may have a negative impact on our business and operations.” When our common stock is trading below its net asset value per share, we will generally not be able to issue additional shares of our common stock at its market price without first obtaining approval for such issuance from our stockholders and our independent directors. Pursuant to approval granted at a special meeting of stockholders held on August 13, 2020, we currently are permitted to sell or otherwise issue shares of our common stock at a price below net asset value, subject to certain limitations and determinations that must be made by our board of directors. Such stockholder approval expires on August 13, 2021.

There is a risk that investors in our common stock may not receive dividends or that our dividends may not grow over time and that investors in our debt securities may not receive all of the interest income to which they are entitled.

We intend to make distributions on a quarterly basis to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to make a specified level of cash distributions or year-to-year increases in cash distributions. If we declare a dividend and if more stockholders opt to receive cash distributions rather than participate in our dividend reinvestment plan, we may be forced to sell some of our investments in order to make cash dividend payments.

In addition, due to the asset coverage test applicable to us as a BDC, we may be limited in our ability to make distributions. Certain of the Facilities may also limit our ability to declare dividends if we default under certain provisions. Further, if we invest a greater amount of assets in non-income producing securities, it could reduce the amount available for distribution and may also inhibit our ability to make required interest payments to holders of our debt, which may cause a default under the terms of our debt agreements. Such a default could materially increase our cost of raising capital, as well as cause us to incur penalties under the terms of our debt agreements.

Provisions of the Maryland General Corporation Law and of our charter and bylaws could deter takeover attempts and have an adverse effect on the price of our common stock.

The Maryland General Corporation Law (the “MGCL”), our charter and our bylaws contain provisions that may discourage, delay or make more difficult a change in control of Ares Capital or the removal of our directors. We are subject to the Maryland Business Combination Act (the “Business Combination Act”), subject to any applicable requirements of the Investment Company Act. Our board of directors has adopted a resolution exempting from the Business Combination Act any business combination between us and any other person, subject to prior approval of such business combination by our board, including approval by a majority of our disinterested directors. If the resolution exempting business combinations is repealed or our board or disinterested directors do not approve a business combination, the Business Combination Act may discourage third parties from trying to acquire control of us and may increase the difficulty of consummating such an offer. Our bylaws exempt from the Maryland Control Share Acquisition Act (the “Control Share Acquisition Act”) acquisitions of our stock by any person. If we amend our bylaws to repeal the exemption from the Control Share Acquisition Act, subject to any applicable requirements of the Investment Company Act, the Control Share Acquisition Act also may make it more difficult for a third party to obtain control of us and may increase the difficulty of consummating such an offer.

We have also adopted measures that may make it difficult for a third party to obtain control of us, including provisions of our charter classifying our board of directors into three classes serving staggered three-year terms, and provisions of our charter authorizing our board of directors to classify or reclassify shares of our stock into one or more classes or series, to cause the issuance of additional shares of our stock, and to amend our charter from time to time, without stockholder approval, to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue. These provisions, as well as other provisions of our charter and bylaws, may discourage, delay, defer, make more difficult or prevent a transaction or a change in control that might otherwise be in stockholders’ best interest.

Our bylaws designate the Circuit Court for Baltimore City, Maryland as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers or other employees.

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Circuit Court for Baltimore City, Maryland, or, if that Court does not have jurisdiction, the U.S. District Court for the District of Maryland, Baltimore Division, will be the sole and exclusive forum for: (i) any derivative action or proceeding brought on our behalf, (ii) any Internal Corporate Claim, as such term is defined in Section 1-101(p) of the MGCL, including, without limitation, (a) any action asserting a claim of breach of any duty owed by any of our directors or officers or other employees to us or to our stockholders or (b) any action asserting a claim against us or any of our directors or officers or other employees arising pursuant to any provision of the MGCL or our charter or bylaws or (iii) any action asserting a claim against us or any of our directors or officers or other employees that is governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring or holding any interest in our shares shall be deemed to have notice of and to have consented and waived any objection to this exclusive forum provision of our bylaws, as the same may be amended from time to time. Our board of directors, without stockholder approval, adopted this exclusive forum provision so that we can respond to such litigation more efficiently, reduce the costs associated with our responses to such litigation, particularly litigation that might otherwise be brought in multiple forums, and make it less likely that plaintiffs’ attorneys will be able to employ such litigation to coerce us into otherwise unjustified settlements. However, this exclusive forum provision may limit a stockholder’s ability to bring a claim in a judicial forum that such stockholder believes is favorable for disputes with us or our directors, officers or other

employees, if any, and may discourage lawsuits against us and our directors, officers or other employees, if any. We believe the risk of a court declining to enforce this exclusive forum provision is remote, as the General Assembly of Maryland has specifically amended the MGCL to authorize the adoption of such provision. However, if a court were to find such provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings notwithstanding that the MGCL expressly provides that the charter or bylaws of a Maryland corporation may require that any Internal Corporate Claim be brought only in courts sitting in one or more specified jurisdictions, we may incur additional costs that we do not currently anticipate associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition and results of operations.

Investing in our common stock may involve an above average degree of risk.

The investments we make in accordance with our investment objective may result in a higher amount of risk than alternative investment options and volatility or loss of principal. Our investments in portfolio companies may be highly speculative and aggressive and, therefore, an investment in our securities may not be suitable for someone with lower risk tolerance.

The market price of our common stock may fluctuate significantly.

The capital and credit markets have experienced periods of extreme volatility and disruption over the past several years (including throughout much of 2020 as a result of the COVID-19 pandemic). The market price and liquidity of the market for shares of our common stock may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include:

- significant volatility in the market price and trading volume of securities of publicly traded RICs, BDCs or other companies in our sector, which are not necessarily related to the operating performance of these companies;
- price and volume fluctuations in the overall stock market from time to time;
- the inclusion or exclusion of our common stock from certain indices;
- changes in law, regulatory policies or tax guidelines, or interpretations thereof, particularly with respect to RICs or BDCs;
- loss of our RIC status;
- our ability to manage our capital resources effectively;
- changes in our earnings or variations in our operating results;
- changes in the value of our portfolio of investments;
- any shortfall in investment income or net investment income or any increase in losses from levels expected by investors or securities analysts;
- departure of Ares' key personnel;
- short-selling pressure with respect to shares of our common stock or BDCs generally;
- future sales of our securities convertible into or exchangeable or exercisable for our common stock or the conversion of such securities, including the Convertible Unsecured Notes;
- uncertainty surrounding the strength of the U.S. economy;
- uncertainty between the U.S. and other countries with respect to trade policies, treaties, and tariffs; and
- general economic trends and other external factors.

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. If our stock price fluctuates significantly, we may be the target of

securities litigation in the future. Securities litigation could result in substantial costs and divert management's attention and resources from our business.

We may in the future determine to issue preferred stock, which could adversely affect the market value of our common stock.

The issuance of shares of preferred stock with dividend or conversion rights, liquidation preferences or other economic terms favorable to the holders of preferred stock could adversely affect the market price for our common stock by making an investment in the common stock less attractive. In addition, the dividends on any preferred stock we issue must be cumulative. Payment of dividends and repayment of the liquidation preference of preferred stock must take preference over any dividends or other payments to our common stockholders, and holders of preferred stock are not subject to any of our expenses or losses and are not entitled to participate in any income or appreciation in excess of their stated preference (other than convertible preferred stock that converts into common stock). In addition, under the Investment Company Act, preferred stock constitutes a "senior security" for purposes of the asset coverage test.

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 or securities to subscribe for or convertible into shares of our common stock.

At a special meeting of stockholders held on August 13, 2020, subject to certain determinations required to be made by our board of directors, our stockholders approved our ability to sell or otherwise issue shares of our common stock, in an amount not exceeding 25% of our then outstanding common stock, at a price below the then current net asset value per share during a period that began on August 13, 2020 and expires on August 13, 2021.

In addition, at our 2009 annual stockholders meeting, our stockholders approved a proposal authorizing us to sell or otherwise issue warrants or securities to subscribe for or convertible into shares of our common stock subject to certain limitations (including, without limitation, that the number of shares issuable does not exceed 25% of our then outstanding common stock and that the exercise or conversion price thereof is not, at the date of issuance, less than the greater of the market value per share and the net asset value per share of our common stock). The authorization granted to sell or issue warrants or securities to subscribe for or convertible into shares of our common stock has no expiration.

Any decision to sell shares of our common stock below its then current net asset value per share or securities to subscribe for or convertible into shares of our common stock would be subject to the determination by our board of directors that such issuance is in our and our stockholders' best interests.

If we were to sell shares of our common stock below its then current net asset value per share, such sales would result in an immediate dilution to the net asset value per share of our common stock. This dilution would occur as a result of the sale of shares at a price below the then current net asset value per share of our common stock and a proportionately greater decrease in the stockholders' interest in our earnings and assets and their voting interest in us than the increase in our assets resulting from such issuance. Because the number of shares of common stock that could be so issued and the timing of any issuance is not currently known, the actual dilutive effect cannot be predicted.

In addition, if we issue warrants or securities to subscribe for or convertible into shares of our common stock, subject to certain limitations, the exercise or conversion price per share could be less than net asset value per share at the time of exercise or conversion (including through the operation of anti-dilution protections). Because we would incur expenses in connection with any issuance of such securities, such issuance could result in a dilution of the net asset value per share at the time of exercise or conversion. This dilution would include reduction in net asset value per share as a result of the proportionately greater decrease in the stockholders' interest in our earnings and assets and their voting interest than the increase in our assets resulting from such issuance.

Further, if our current stockholders do not purchase any shares to maintain their percentage interest when we issue new shares, regardless of whether such offering is above or below the then current net asset value per share, their voting power will be diluted.

Our stockholders will experience dilution in their ownership percentage if they opt out of our dividend reinvestment plan.

All dividends declared in cash payable to stockholders that are participants in our dividend reinvestment plan are automatically reinvested in shares of our common stock. As a result, our stockholders that opt out of our dividend reinvestment plan will experience dilution in their ownership percentage of our common stock over time.

Our stockholders may experience dilution upon the conversion of the Convertible Unsecured Notes.

As of December 31, 2020, the 2022 Convertible Notes are convertible into shares of our common stock beginning on August 1, 2021 and the 2024 Convertible Notes are convertible into shares of our common stock beginning on December 1, 2023 or, under certain circumstances, earlier. Upon conversion of the 2022 Convertible Unsecured Notes, we have the choice to pay or deliver, as the case may be, at our election, cash, shares of our common stock or a combination of cash and shares of our common stock. As of December 31, 2020, the conversion price of the 2022 Convertible Notes was effectively \$19.09 per share and the conversion price of the 2024 Convertible Notes was effectively \$19.88 per share, in each case taking into account certain de minimis adjustments that will be made on the conversion date and subject to further adjustment in certain circumstances. If we elect to deliver shares of common stock upon a conversion at the time our tangible book value per share exceeds the conversion price in effect at such time, our stockholders may incur dilution. In addition, our stockholders will experience dilution in their ownership percentage of common stock upon our issuance of common stock in connection with the conversion of the Convertible Unsecured Notes and any dividends paid on our common stock will also be paid on shares issued in connection with such conversion after such issuance.

Our stockholders may receive shares of our common stock as dividends, which could result in adverse cash flow consequences to them.

In order to satisfy the Annual Distribution Requirement applicable to RICs, we have the ability to declare a large portion of a dividend in shares of our common stock instead of in cash. As long as a portion of such dividend is paid in cash (which portion could be as low as 20%) and certain requirements are met, the entire distribution would be treated as a dividend for U.S. federal income tax purposes. As a result, a stockholder would be taxed on 100% of the fair market value of the shares received as part of the dividend on the date a stockholder received it in the same manner as a cash dividend, even though most of the dividend was paid in shares of our common stock.

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.

Sales of substantial amounts of our common stock, or the availability of such common stock for sale (including as a result of the conversion of our Convertible Unsecured Notes into common stock), could adversely affect the prevailing market prices for our common stock. If this occurs and continues, it could impair our ability to raise additional capital through the sale of securities should we desire to do so.

The trading market or market value of our publicly issued debt securities may fluctuate.

Our publicly issued debt securities may or may not have an established trading market. We cannot assure holders of our debt securities that a trading market for our publicly issued debt securities will ever develop or be maintained if developed. In addition to our creditworthiness, many factors may materially adversely affect the trading market for, and market value of, our publicly issued debt securities. These factors include, but are not limited to, the following:

- the time remaining to the maturity of these debt securities;
- the outstanding principal amount of debt securities with terms identical to these debt securities;
- the ratings assigned by national statistical ratings agencies;
- the general economic environment;
- the supply of such debt securities trading in the secondary market, if any;
- the redemption or repayment features, if any, of these debt securities;

- the level, direction and volatility of market interest rates generally; and
- market rates of interest higher or lower than rates borne by the debt securities.

Holders of our debt securities should also be aware that there may be a limited number of buyers if and when they decide to sell their debt securities. This too may materially adversely affect the market value of the debt securities or the trading market for the debt securities.

Terms relating to redemption may materially adversely affect our noteholders' return on any debt securities that we may issue.

If our noteholders' debt securities are redeemable at our option, we may choose to redeem their debt securities at times when prevailing interest rates are lower than the interest rate paid on their debt securities. In addition, if our noteholders' debt securities are subject to mandatory redemption, we may be required to redeem their debt securities also at times when prevailing interest rates are lower than the interest rate paid on their debt securities. In this circumstance, our noteholders may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as their debt securities being redeemed.

Our credit ratings may not reflect all risks of an investment in our debt securities.

Our credit ratings are an assessment by third parties of our ability to pay our obligations. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of our debt securities. Our credit ratings, however, may not reflect the potential impact of risks related to market conditions generally or other factors discussed above on the market value of or trading market for the publicly issued debt securities.

GENERAL RISK FACTORS

Global economic, political and market conditions, including uncertainty about the financial stability of the United States, could have a significant adverse effect on our business, financial condition and results of operations.

Downgrades by rating agencies to the U.S. government's credit rating or concerns about its credit and deficit levels in general could cause interest rates and borrowing costs to rise, which may negatively impact both the perception of credit risk associated with our debt portfolio and our ability to access the debt markets on favorable terms. In addition, a decreased U.S. government credit rating could create broader financial turmoil and uncertainty, which may weigh heavily on our financial performance and the value of our common stock.

Deterioration in the economic conditions in the Eurozone and globally, including instability in financial markets, may pose a risk to our business. In recent years, financial markets have been affected at times by a number of global macroeconomic and political events, including the following: large sovereign debts and fiscal deficits of several countries in Europe and in emerging markets jurisdictions, levels of non-performing loans on the balance sheets of European banks, the potential effect of any European country leaving the Eurozone, the effect of the United Kingdom leaving the European Union (the "EU"), and market volatility and loss of investor confidence driven by political events. The decision made in the United Kingdom to leave the EU has led to volatility in global financial markets and may lead to weakening in consumer, corporate and financial confidence in the United Kingdom and Europe. Market and economic disruptions have affected, and may in the future affect, consumer confidence levels and spending, personal bankruptcy rates, levels of incurrence and default on consumer debt and home prices, among other factors. We cannot assure you that market disruptions in Europe, including the increased cost of funding for certain governments and financial institutions, will not impact the global economy, and we cannot assure you that assistance packages will be available, or if available, be sufficient to stabilize countries and markets in Europe or elsewhere affected by a financial crisis. To the extent uncertainty regarding any economic recovery in Europe negatively impacts consumer confidence and consumer credit factors, our business, financial condition and results of operations could be significantly and adversely affected.

The Chinese capital markets have also experienced periods of instability over the past several years. The current political climate has also intensified concerns about a potential trade war between the U.S. and China in connection with each country's recent or proposed tariffs on the other country's products. These market and economic disruptions and the potential trade war with China have affected, and may in the future affect, the U.S. capital markets, which could adversely affect our business, financial condition or results of operations.

The current global financial market situation, as well as various social and political circumstances in the U.S. and around the world (including wars and other forms of conflict, terrorist acts, security operations and catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes and global health epidemics), may contribute to increased market volatility and economic uncertainties or deterioration in the U.S. and worldwide, which could adversely affect our business, financial condition or results of operations. Additionally, these market and economic disruptions could cause interest rates to be volatile, which may negatively impact our ability to access the debt and capital markets on favorable terms.

We may experience fluctuations in our quarterly results.

We could experience fluctuations in our quarterly operating results due to a number of factors, including the interest rates payable on the debt investments we make, the default rates on such investments, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

We are dependent on information systems and systems failures could significantly disrupt our business, which may, in turn, negatively affect our liquidity, financial condition or results of operations.

Our business is dependent on our and third parties' communications and information systems. Further, in the ordinary course of our business we or our investment adviser may engage certain third party service providers to provide us with services necessary for our business. Any failure or interruption of those systems or services, including as a result of the termination or suspension of an agreement with any third-party service providers, could cause delays or other problems in our business activities. Our financial, accounting, data processing, backup or other operating systems and facilities may fail to operate properly or become disabled or damaged as a result of a number of factors including events that are wholly or partially beyond our control and adversely affect our business. There could be:

- sudden electrical or telecommunications outages;
- natural disasters such as earthquakes, tornadoes and hurricanes;
- disease pandemics;
- events arising from local or larger scale political or social matters, including terrorist acts; and
- cyber-attacks.

These events, in turn, could have a material adverse effect on our business, financial condition and operating results and negatively affect the market price of our common stock and our ability to pay dividends to our stockholders.

Cybersecurity risks and cyber incidents may adversely affect our business or the business of our portfolio companies by causing a disruption to our operations or the operations of our portfolio companies, a compromise or corruption of our confidential information or the confidential information of our portfolio companies and/or damage to our business relationships or the business relationships of our portfolio companies, all of which could negatively impact the business, financial condition and operating results of us or our portfolio companies.

A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of the information resources of us or our portfolio companies. These incidents may be an intentional attack or an unintentional event and could involve gaining unauthorized access to our information systems or those of our portfolio companies for purposes of misappropriating assets, stealing confidential information, corrupting data or causing operational disruption. We and our investment adviser's employees have been and expect to continue to be the target of fraudulent calls, emails and other forms of activities. The result of these incidents may include disrupted operations, misstated or unreliable financial data, liability for stolen assets or information, increased cybersecurity protection and insurance costs, litigation and damage to business relationships. The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means. As our and our portfolio companies' reliance on technology has increased, so have the risks posed to our information systems, both internal and those provided by Ares Management and third-party service providers, and the information systems of our portfolio companies. Ares Management has implemented processes, procedures and internal controls to help mitigate

cybersecurity risks and cyber intrusions, but these measures, as well as our increased awareness of the nature and extent of a risk of a cyber incident, do not guarantee that a cyber incident will not occur and/or that our financial results, operations or confidential information will not be negatively impacted by such an incident. In addition, cybersecurity has become a top priority for regulators around the world, and some jurisdictions have enacted laws requiring companies to notify individuals of data security breaches involving certain types of personal data. If we fail to comply with the relevant laws and regulations, we could suffer financial losses, a disruption of our business, liability to investors, regulatory intervention or reputational damage.

Ineffective internal controls could impact our business and operating results.

Our internal control over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. Even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If we fail to maintain the adequacy of our internal controls, including any failure to implement required new or improved controls, or if we experience difficulties in their implementation, our business and operating results could be harmed and we could fail to meet our financial reporting obligations.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We do not own any real estate or other physical properties materially important to our operation. Our headquarters are currently located at 245 Park Avenue, 44th Floor, New York, New York 10167. We are party to office leases pursuant to which we are leasing office facilities from third parties.

Item 3. Legal Proceedings

For a description of our legal proceedings, see Note 16 to our consolidated financial statements for the year ended December 31, 2020.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

PRICE RANGE OF COMMON STOCK AND DISTRIBUTIONS

Our common stock is traded on The NASDAQ Global Select Market under the symbol “ARCC.” Our common stock has historically traded at prices both above and below our net asset value per share. It is not possible to predict whether our common stock will trade at, above or below net asset value. See “Risk Factors—Risks Relating to Our Common Stock and Publicly Traded Notes—Our shares of common stock have traded at a discount from net asset value and may do so again, which could limit our ability to raise additional equity capital.”

The following table sets forth, for each fiscal quarter for the fiscal years ended December 31, 2020, 2019 and 2018, the net asset value per share of our common stock, the range of high and low closing sales prices of our common stock, the closing sales price as a premium (discount) to net asset value and the dividends or distributions declared by us.

	Net Asset Value(1)	Price Range		High Sales Price Premium (Discount) to Net Asset Value(2)	Low Sales Price Premium (Discount) to Net Asset Value(2)	Cash Dividend Per Share(3)
		High	Low			
Year ended December 31, 2018						
First Quarter	\$ 16.84	\$ 16.28	\$ 15.25	(3.33)%	(9.44)%	\$0.38
Second Quarter	\$ 17.05	\$ 17.09	\$ 15.90	0.23 %	(6.74)%	\$0.38
Third Quarter	\$ 17.16	\$ 17.51	\$ 16.45	2.04 %	(4.14)%	\$0.39
Fourth Quarter	\$ 17.12	\$ 17.58	\$ 14.71	2.69 %	(14.08)%	\$0.39
Year ended December 31, 2019						
First Quarter	\$ 17.21	\$ 17.48	\$ 15.28	1.57 %	(11.21)%	\$0.48 (4)
Second Quarter	\$ 17.27	\$ 18.12	\$ 17.22	4.92 %	(0.29)%	\$0.40
Third Quarter	\$ 17.26	\$ 19.19	\$ 17.99	11.18 %	4.23 %	\$0.40
Fourth Quarter	\$ 17.32	\$ 19.02	\$ 18.10	9.82 %	4.50 %	\$0.40
Year ended December 31, 2020						
First Quarter	\$ 15.58	\$ 19.23	\$ 8.08	23.43 %	(48.14)%	\$0.40
Second Quarter	\$ 15.83	\$ 16.20	\$ 9.13	2.34 %	(42.32)%	\$0.40
Third Quarter	\$ 16.48	\$ 15.02	\$ 13.27	(8.86)%	(19.48)%	\$0.40
Fourth Quarter	\$ 16.97	\$ 17.28	\$ 13.82	1.83 %	(18.56)%	\$0.40

(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 closing sales prices. The net asset values shown are based on outstanding shares at the end of the relevant quarter.

(2) Calculated as the respective high or low closing sales price less net asset value, divided by net asset value (in each case, as of the applicable quarter).

(3) Represents the dividend or distribution declared in the relevant quarter.

(4) Consists of a quarterly dividend of \$0.40 per share and additional quarterly dividends of \$0.02 per share, all of which were declared in the first quarter of 2019 and paid on March 29, 2019, June 28, 2019, September 30, 2019 and December 27, 2019 to stockholders of record as of March 15, 2019, June 14, 2019, September 16, 2019 and December 16, 2019, respectively.

On February 4, 2021, the last reported closing sales price of our common stock on The NASDAQ Global Select Market was \$17.83 per share, which represented a premium of approximately 5.07% to the net asset value per share reported by us as of December 31, 2020.

HOLDERS

As of February 4, 2021, there were 1,273 holders of record of our common stock (including Cede & Co.).

DIVIDEND/DISTRIBUTION POLICY

We currently intend to distribute dividends or make distributions to our stockholders on a quarterly basis out of assets legally available for distribution. We may also distribute additional dividends or make additional distributions to our stockholders from time to time. Our quarterly and additional dividends or distributions, if any, will be determined by our board of directors.

To maintain our RIC status under the Code, we must timely distribute an amount equal to at least 90% of our investment company taxable income (as defined by the Code, which generally includes net ordinary income and net short term capital gains) to our stockholders. In addition, we generally will be required to pay an excise tax equal to 4% on certain undistributed taxable income unless we distribute in a timely manner an amount at least equal to the sum of (i) 98% of our ordinary income recognized during a calendar year and (ii) 98.2% of our capital gain net income, as defined by the Code, recognized during a calendar year and (iii) any income recognized, but not distributed, in preceding years. The taxable income on which we pay excise tax is generally distributed to our stockholders in the next tax year. Depending on the level of taxable income earned in a tax year, we may choose to carry forward such taxable income for distribution in the following year, and pay any applicable excise tax. For the years ended December 31, 2020, 2019 and 2018, we recorded a net excise tax expense of \$17 million, \$15 million and \$14 million, respectively. We cannot assure you that we will achieve results that will permit the payment of any cash distributions. We maintain an “opt out” dividend reinvestment plan for our common stockholders. As a result, if we declare a cash dividend, stockholders’ cash dividends 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 dividends. See “Dividend Reinvestment Plan.”

RECENT SALES OF UNREGISTERED EQUITY SECURITIES

We did not sell any securities during the period covered by this Annual Report that were not registered under the Securities Act of 1933, as amended.

ISSUER PURCHASES OF EQUITY SECURITIES

Dividend Reinvestment Plan

During the year ended December 31, 2020, as a part of our dividend reinvestment plan for our common stockholders, we purchased shares of our common stock in the open market in order to satisfy the reinvestment portion of our dividends. The following chart outlines such purchases of our common stock during the fourth quarter of 2020:

(dollars in millions, except per share data) Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
October 1, 2020 through October 31, 2020	663,877	\$ 14.32	—	—
November 1, 2020 through November 30, 2020	—	—	—	—
December 1, 2020 through December 31, 2020	—	—	—	—
Total	663,877	\$ 14.32	—	\$ —

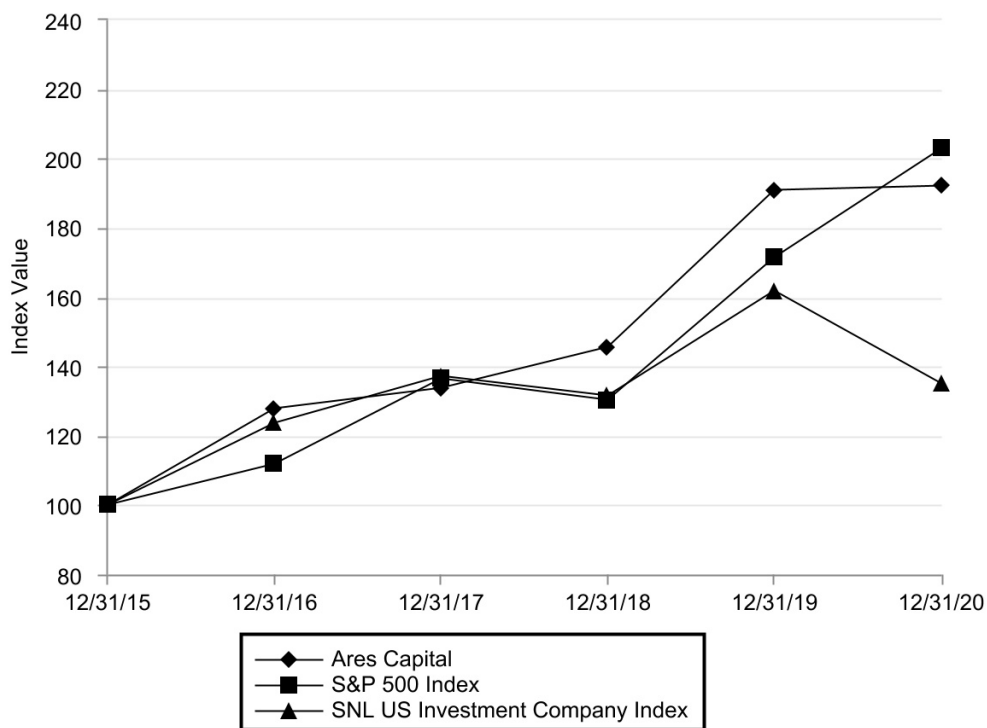
Stock Repurchase Program

In February 2020, our board of directors authorized an amendment to our stock repurchase program to extend the expiration date of the program from February 15, 2020 to February 15, 2021. Under the program, we may repurchase up to \$500 million in the aggregate of our outstanding common stock in the open market at certain thresholds below its net asset value per share, in accordance with the guidelines specified in Rule 10b-18 of the Exchange Act. The timing, manner, price and amount of any share repurchases will be determined by us, in our discretion, based upon the evaluation of economic and market conditions, stock price, applicable legal and regulatory requirements and other factors. The program will be in effect through February 15, 2021, unless extended or until the approved dollar amount has been used to repurchase shares. The program does not require us to repurchase any specific number of shares and we cannot assure stockholders that any shares will be repurchased under the program. The program may be suspended, extended, modified or discontinued at any time. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments” as well as Note 17 to our consolidated financial statements for the year ended December 31, 2020 for a subsequent event relating to our stock repurchase program.

For the quarter ended December 31, 2020, there were no repurchases of our common stock under our stock repurchase program. As of December 31, 2020, the approximate dollar value of shares that may yet be purchased under the program was \$493 million.

COMPARISON OF CUMULATIVE TOTAL RETURN AMONG ARES CAPITAL CORPORATION, S&P 500 INDEX AND SNL US INVESTMENT COMPANY INDEX

Total Return Performance



SOURCE: S&P Global Market Intelligence

NOTES: Assumes \$100 invested on December 31, 2015 in Ares Capital, the S&P 500 Index and the SNL US Investment Company Index. Assumes all dividends are reinvested on the respective dividend payment dates without commissions.

	Dec15	Dec16	Dec17	Dec18	Dec19	Dec20
Ares Capital	100.00	127.96	133.75	145.50	190.97	192.19
S&P 500 Index	100.00	111.96	136.40	130.42	171.49	203.04
SNL US Investment Company Index	100.00	123.70	137.14	131.54	161.92	135.09

The stock performance graph and other information above shall not be deemed to be “soliciting material” or to be “filed” with the SEC or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Exchange Act, as amended.

FEES AND EXPENSES

The following table is intended to assist you in understanding the costs and expenses that an investor in our common stock will bear, directly or indirectly, based on the assumptions set forth below. 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 Form 10-K contains a reference to our fees or expenses, we will pay such fees and expenses out of our net assets and, consequently, stockholders will indirectly bear such fees or expenses as investors in us.

Stockholder transaction expenses (as a percentage of offering price):		
Sales load	—	(1)
Offering expenses	—	(2)
Dividend reinvestment plan expenses	Up to \$15 Transaction Fee	(3)
Total stockholder transaction expenses paid	—	(4)
Annual expenses (as a percentage of consolidated net assets attributable to common stock)(5):		
Base management fees	3.28 %	(6)
Income based fees and capital gains incentive fees	1.80 %	(7)
Interest payments on borrowed funds	4.54 %	(8)
Other expenses	0.83 %	(9)
Acquired fund fees and expenses	1.58 %	(10)
Total annual expenses	12.03 %	(11)

- (1) In the event that shares of our common stock are sold to or through underwriters, the applicable prospectus or prospectus supplement will disclose the applicable sales load (underwriting discount or commission). Purchases of shares of our common stock on the secondary market are not subject to sales charges but may be subject to brokerage commissions or other charges. The table does not include any sales load that stockholders may have paid in connection with their purchase of shares of our common stock.
- (2) The applicable prospectus or prospectus supplement will disclose the estimated amount of offering expenses, the offering price and the offering expenses borne by us as a percentage of the offering price.
- (3) The expenses of the dividend reinvestment plan are included in "Other expenses." The plan administrator's fees under the plan are paid by us. If a participant elects by notice to the plan administrator in advance of termination to have the plan administrator sell part or all of the shares held by the plan administrator in the participant's account and remit the proceeds to the participant, the plan administrator is authorized to deduct a transaction fee of up to \$15 plus a \$0.12 per share fee from the proceeds. See "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities—Issuer Purchases of Equity Securities—Dividend Reinvestment Plan" for more information.
- (4) The applicable prospectus or prospectus supplement will disclose the offering price and the total stockholder transaction expenses as a percentage of the offering price.
- (5) The "consolidated net assets attributable to common stock" used to calculate the percentages in this table is our average net assets of \$7.0 billion for the year ended December 31, 2020.
- (6) Our base management fee is calculated at an annual rate of 1.5% based on the average value of our total assets (other than cash or cash equivalents but including assets purchased with borrowed funds) at the end of the two most recently completed calendar quarters; provided, however, the base management fee is calculated at an annual rate of 1.0% on the average value of our total assets (other than cash or cash equivalents but including assets purchased with borrowed funds) that exceeds the product of (A) 200% and (B) our net asset value at the end of the most recently completed calendar quarter. See "Business—Investment Advisory and Management Agreement."
- (7) This item represents our investment adviser's income based fees and capital gains incentive fees based on actual income based fees for the year ended December 31, 2020 and the capital gains incentive fee expense accrued in accordance with GAAP for the year ended December 31, 2020, even though no capital gains incentive fee was actually payable under the investment advisory and management agreement as of December 31, 2020.

GAAP requires that the capital gains incentive fee accrual consider the cumulative aggregate unrealized capital appreciation in the calculation, as a capital gains incentive fee would be payable if such unrealized capital appreciation were realized, even though such unrealized capital appreciation is not permitted to be considered in calculating the fee actually payable under the Investment Company Act or the investment advisory and management agreement. This GAAP accrual is calculated using the aggregate cumulative realized capital gains and losses and aggregate cumulative unrealized capital depreciation included in the calculation of the capital gains incentive fee actually payable under the investment advisory and management agreement plus the aggregate cumulative unrealized capital appreciation. If such amount is positive at the end of a period, then GAAP requires us to record a capital gains incentive fee equal to 20% of such cumulative amount, less the aggregate amount of actual capital gains incentive fees paid or capital gains incentive fees accrued under GAAP in all prior periods. The resulting accrual for any capital gains incentive fee under GAAP in a given period may result in an additional expense if such cumulative amount is greater than in the prior period or a reversal of previously recorded expense if such cumulative amount is less than in the prior period. If such cumulative amount is negative, then there is no accrual. There can be no assurance that such unrealized capital appreciation will be realized in the future or that the amount accrued for will ultimately be paid.

For purposes of this table, we have assumed that these fees will be payable (in the case of the capital gains incentive fee) and that they will remain constant, although they are based on our performance and will not be paid unless we achieve certain goals. We expect to invest or otherwise utilize all of the net proceeds from securities registered under our registration statement pursuant to a particular prospectus supplement within three months of the date of the offering pursuant to such prospectus supplement and may have capital gains and interest income that could result in the payment of these fees to our investment adviser in the first year after completion of such offerings. Since our IPO through December 31, 2020, the average quarterly fees accrued related to income based fees and capital gains incentive fees (including capital gains incentive fees accrued under GAAP even though they may not be payable) have been approximately 0.61% of our weighted average net assets for such period (2.44% on an annualized basis). For more detailed information about income based fees and capital gains incentive fees previously incurred by us, please see Note 3 to our consolidated financial statements for the year ended December 31, 2020.

Income based fees are payable quarterly in arrears in an amount equal to 20% of our pre-incentive fee net investment income (including interest that is accrued but not yet received in cash), subject to a 1.75% quarterly (7.0% annualized) hurdle rate and a “catch-up” provision measured as of the end of each calendar quarter. Under this provision, in any calendar quarter, our investment adviser receives no income based fees until our net investment income equals the hurdle rate of 1.75% but then receives, as a “catch-up,” 100% 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 rate but is less than 2.1875%. The effect of this provision is that, if pre-incentive fee net investment income exceeds 2.1875% in any calendar quarter, our investment adviser will receive 20% of our pre-incentive fee net investment income as if a hurdle rate did not apply.

Capital gains incentive fees are payable annually in arrears in an amount equal to 20% of our realized capital gains on a cumulative basis from inception through the end of the year, if any, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of capital gains incentive fees paid in all prior years.

We will defer cash payment of any income based fees and capital gains incentive fees otherwise earned by our investment adviser if, during the most recent four full calendar quarter period ending on or prior to the date such payment is to be made, the sum of (a) our aggregate distributions to our stockholders and (b) our change in net assets (defined as total assets less indebtedness and before taking into account any income based fees or capital gains incentive fees accrued during the period) is less than 7.0% of our net assets (defined as total assets less indebtedness) at the beginning of such period. Any deferred income based fees and capital gains incentive fees are carried over for payment in subsequent calculation periods to the extent such payment is payable under the investment advisory and management agreement.

These calculations will be adjusted for any share issuances or repurchases.

See “Business—Investment Advisory and Management Agreement.”

- (8) “Interest payments on borrowed funds” represents our interest expenses estimated based on our actual interest and credit facility expenses incurred for the year ended December 31, 2020. During the year ended December 31, 2020, our average outstanding borrowings were approximately \$7.8 billion and cash paid for interest expense was \$243 million. We had outstanding borrowings of approximately \$8.6 billion (with a carrying value of approximately \$8.5 billion) as of December 31, 2020. This item is based on the assumption that our borrowings and interest costs after an offering will remain similar to those prior to such offering. The amount of leverage that we may employ at any

particular time will depend on, among other things, our investment adviser's and our board of directors' assessment of market and other factors at the time of any proposed borrowing. See "Risk Factors—Risks Relating to Our Business—We borrow money, which magnifies the potential for gain or loss on amounts invested and may increase the risk of investing with us." We are currently allowed to borrow amounts such that our asset coverage, as calculated pursuant to the Investment Company Act, equals at least 150% after such borrowing (i.e., we are able to borrow up to two dollars for every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued by us). See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Financial Condition, Liquidity and Capital Resources".

- (9) Includes our overhead expenses, including payments under our administration agreement based on our allocable portion of overhead and other expenses incurred by Ares Operations in performing its obligations under the administration agreement, and income taxes. Such expenses are estimated based on actual "Other expenses" for the year ended December 31, 2020. The holders of shares of our common stock (and not the holders of our debt securities or preferred stock, if any) indirectly bear the cost associated with our annual expenses. See "Business—Administration Agreement."
- (10) Our stockholders indirectly bear the expenses of underlying funds or other investment vehicles that would be investment companies under section 3(a) of the Investment Company Act but for the exceptions to that definition provided for in sections 3(c)(1) and 3(c)(7) of the Investment Company Act ("Acquired Funds") in which we invest. This amount is estimated based on the estimated annual fees and operating expenses of Acquired Funds in which the Company is invested as of December 31, 2020. Certain of these Acquired Funds are subject to management fees, which generally range from 1% to 2.5% of total net assets, or incentive fees, which generally range between 15% and 25% of net profits. When applicable, fees and operating expenses estimates are based on historic fees and operating expenses for the Acquired Funds. For those Acquired Funds with little or no operating history, fees and operating expenses are estimates based on expected fees and operating expenses stated in the Acquired Funds' offering memorandum, private placement memorandum or other similar communication without giving effect to any performance. Future fees and operating expenses for these Acquired Funds may be substantially higher or lower because certain fees and operating expenses are based on the performance of the Acquired Funds, which may fluctuate over time. Also included with the amount is an estimate of the annual fees and operating expenses of the SDLP. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Portfolio and Investment Activity—Senior Direct Lending Program" and Note 4 to our consolidated financial statements for the year ended December 31, 2020 for more information on the SDLP. The annual fees and operating expenses of the SDLP were estimated based on the funded portfolio of the SDLP as of December 31, 2020 and include interest payments on the senior notes and intermediate funding notes provided by Varagon and its clients, which represent 87% of such expenses.
- (11) Total annual expenses as a percentage of consolidated net assets attributable to common stock are higher than the total annual expenses percentage would be for a company that is not leveraged. We borrow money to leverage and increase our total assets. The SEC requires that the "Total annual expenses" percentage be calculated as a percentage of net assets (defined as total assets less indebtedness and before taking into account any income based fees or capital gains incentive fees accrued during the period), rather than the total assets, including assets that have been funded with borrowed monies.

Example

The following example demonstrates the projected dollar amount of total cumulative expenses over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed that we would have no additional leverage, that none of our assets are cash or cash equivalents and that our annual operating expenses would remain at the levels set forth in the table above. Income based fees and the capital gains incentive fees under the investment advisory and management agreement, which, assuming a 5% annual return, would either not be payable or have an insignificant impact on the expense amounts shown below, are not included in the example, except as specifically set forth below. Transaction expenses are not included in the following example.

	1 year	3 years	5 years	10 years
You would pay the following expenses on a \$1,000 common stock investment, assuming a 5% annual return (none of which is subject to the capital gains incentive fee)(1)	(\$105)	(\$298)	(\$470)	(\$824)
You would pay the following expenses on a \$1,000 common stock investment, assuming a 5% annual return resulting entirely from net realized capital gains (all of which is subject to the capital gains incentive fee)(2)	(\$115)	(\$325)	(\$510)	(\$885)

- (1) Assumes that we will not realize any capital gains computed net of all realized capital losses and unrealized capital depreciation.
- (2) Assumes no unrealized capital depreciation and a 5% annual return resulting entirely from net realized capital gains and not otherwise deferrable under the terms of the investment advisory and management agreement and therefore subject to the capital gains incentive fee.

The foregoing table is to assist you in understanding the various costs and expenses that an investor in our common stock will bear directly or indirectly. While the example assumes, as required by the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. If we were to achieve sufficient returns on our investments, including through the realization of capital gains, to trigger income based fees or capital gains incentive fees of a material amount, our expenses, and returns to our investors, would be higher. In addition, while the example assumes reinvestment of all dividends and distributions at net asset value, if our board of directors authorizes and we declare a cash dividend, participants in our dividend reinvestment plan who have not otherwise elected to receive cash 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 valuation date for the dividend. See “Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities—Issuer Purchases of Equity Securities—Dividend Reinvestment Plan” for additional information regarding our dividend reinvestment plan.

This example and the expenses in the table above should not be considered a representation of our future expenses as actual expenses (including the cost of debt, if any, and other expenses) that we may incur in the future and such actual expenses may be greater or less than those shown.

SENIOR SECURITIES
(dollar amounts in millions, except per unit data)

Information about our senior securities (including preferred stock, debt securities and other indebtedness) is shown in the following tables as of the end of the last ten fiscal years. The report of our independent registered public accounting firm, KPMG LLP, on the senior securities table as of December 31, 2020, is attached as an exhibit to this annual report on Form 10-K. The “—” indicates information that the SEC expressly does not require to be disclosed for certain types of senior securities.

Class and Year	Total Amount Outstanding Exclusive of Treasury Securities(1)	Asset Coverage Per Unit(2)	Involuntary Liquidating Preference Per Unit(3)	Average Market Value Per Unit(4)
Revolving Credit Facility				
Fiscal 2020	\$ 1,180	\$ 1,824	\$ —	N/A
Fiscal 2019	2,250	2,042	—	N/A
Fiscal 2018	1,064	2,362	—	N/A
Fiscal 2017	395	2,415	—	N/A
Fiscal 2016	571	2,296	—	N/A
Fiscal 2015	515	2,213	—	N/A
Fiscal 2014	170	2,292	—	N/A
Fiscal 2013	—	—	—	N/A
Fiscal 2012	—	—	—	N/A
Fiscal 2011	395	2,393	—	N/A
Revolving Funding Facility				
Fiscal 2020	\$ 1,027	\$ 1,824	\$ —	N/A
Fiscal 2019	638	2,042	—	N/A
Fiscal 2018	520	2,362	—	N/A
Fiscal 2017	600	2,415	—	N/A
Fiscal 2016	155	2,296	—	N/A
Fiscal 2015	250	2,213	—	N/A
Fiscal 2014	324	2,292	—	N/A
Fiscal 2013	185	2,547	—	N/A
Fiscal 2012	300	2,721	—	N/A
Fiscal 2011	463	2,393	—	N/A
SMBC Funding Facility				
Fiscal 2020	\$ 453	\$ 1,824	\$ —	N/A
Fiscal 2019	301	2,042	—	N/A
Fiscal 2018	245	2,362	—	N/A
Fiscal 2017	60	2,415	—	N/A
Fiscal 2016	105	2,296	—	N/A
Fiscal 2015	110	2,213	—	N/A
Fiscal 2014	62	2,292	—	N/A
Fiscal 2013	—	—	—	N/A
Fiscal 2012	—	—	—	N/A
BNP Funding Facility				
Fiscal 2020	\$ 150	\$ 1,824	\$ —	N/A
SBA Debentures				
Fiscal 2017	\$ —	\$ —	\$ —	N/A
Fiscal 2016	25	2,296	—	N/A
Fiscal 2015	22	2,213	—	N/A
Debt Securitization				

Class and Year	Total Amount Outstanding Exclusive of Treasury Securities(1)	Asset Coverage Per Unit(2)	Involuntary Liquidating Preference Per Unit(3)	Average Market Value Per Unit(4)
Fiscal 2011	\$ 78	\$ 2,393	\$ —	N/A
February 2016 Convertible Notes				
Fiscal 2015	\$ 575	\$ 2,213	\$ —	N/A
Fiscal 2014	575	2,292	—	N/A
Fiscal 2013	575	2,547	—	N/A
Fiscal 2012	575	2,721	—	N/A
Fiscal 2011	575	2,393	—	N/A
June 2016 Convertible Notes				
Fiscal 2015	\$ 230	\$ 2,213	\$ —	N/A
Fiscal 2014	230	2,292	—	N/A
Fiscal 2013	230	2,547	—	N/A
Fiscal 2012	230	2,721	—	N/A
Fiscal 2011	230	2,393	—	N/A
2017 Convertible Notes				
Fiscal 2016	\$ 163	\$ 2,296	\$ —	N/A
Fiscal 2015	163	2,213	—	N/A
Fiscal 2014	163	2,292	—	N/A
Fiscal 2013	163	2,547	—	N/A
Fiscal 2012	163	2,721	—	N/A
2018 Convertible Notes				
Fiscal 2017	\$ 270	\$ 2,415	\$ —	N/A
Fiscal 2016	270	2,296	—	N/A
Fiscal 2015	270	2,213	—	N/A
Fiscal 2014	270	2,292	—	N/A
Fiscal 2013	270	2,547	—	N/A
Fiscal 2012	270	2,721	—	N/A
2019 Convertible Notes				
Fiscal 2018	\$ 300	\$ 2,362	\$ —	N/A
Fiscal 2017	300	2,415	—	N/A
Fiscal 2016	300	2,296	—	N/A
Fiscal 2015	300	2,213	—	N/A
Fiscal 2014	300	2,292	—	N/A
Fiscal 2013	300	2,547	—	N/A
2022 Convertible Notes				
Fiscal 2020	\$ 388	\$ 1,824	\$ —	N/A
Fiscal 2019	388	2,042	—	N/A
Fiscal 2018	388	2,362	—	N/A
Fiscal 2017	388	2,415	—	N/A
2024 Convertible Notes				
Fiscal 2020	\$ 403	\$ 1,824	\$ —	N/A
Fiscal 2019	403	2,042	—	N/A
2018 Notes				
Fiscal 2017	\$ 750	\$ 2,415	\$ —	N/A
Fiscal 2016	750	2,296	—	N/A
Fiscal 2015	750	2,213	—	N/A

Class and Year	Total Amount Outstanding Exclusive of Treasury Securities(1)	Asset Coverage Per Unit(2)	Involuntary Liquidating Preference Per Unit(3)	Average Market Value Per Unit(4)
Fiscal 2014	750	2,292	—	N/A
Fiscal 2013	600	2,547	—	N/A
2020 Notes				
Fiscal 2018	\$ 600	\$ 2,362	\$ —	N/A
Fiscal 2017	600	2,415	—	N/A
Fiscal 2016	600	2,296	—	N/A
Fiscal 2015	600	2,213	—	N/A
Fiscal 2014	400	2,292	—	N/A
2022 Notes				
Fiscal 2020	\$ 600	\$ 1,824	\$ —	N/A
Fiscal 2019	600	2,042	—	N/A
Fiscal 2018	600	2,362	—	N/A
Fiscal 2017	600	2,415	—	N/A
Fiscal 2016	600	2,296	—	N/A
February 2022 Notes				
Fiscal 2014	\$ 144	\$ 2,292	\$ —	\$ 1,024
Fiscal 2013	144	2,547	—	1,043
Fiscal 2012	144	2,721	—	1,035
October 2022 Notes				
Fiscal 2016	\$ 183	\$ 2,296	\$ —	\$ 1,017
Fiscal 2015	183	2,213	—	1,011
Fiscal 2014	183	2,292	—	1,013
Fiscal 2013	183	2,547	—	993
Fiscal 2012	183	2,721	—	986
2040 Notes				
Fiscal 2014	\$ 200	\$ 2,292	\$ —	\$ 1,040
Fiscal 2013	200	2,547	—	1,038
Fiscal 2012	200	2,721	—	1,041
Fiscal 2011	200	2,393	—	984
Fiscal 2010	200	3,079	—	952
2023 Notes				
Fiscal 2020	\$ 750	\$ 1,824	\$ —	N/A
Fiscal 2019	750	2,042	—	N/A
Fiscal 2018	750	2,362	—	N/A
Fiscal 2017	750	2,415	—	N/A
2024 Notes				
Fiscal 2020	\$ 900	\$ 1,824	\$ —	N/A
Fiscal 2019	900	2,042	—	N/A
March 2025 Notes				
Fiscal 2020	\$ 600	\$ 1,824	\$ —	N/A
Fiscal 2019	600	2,042	—	N/A
Fiscal 2018	600	2,362	—	N/A
July 2025 Notes				
Fiscal 2020	\$ 750	\$ 1,824	\$ —	N/A

Class and Year	Total Amount Outstanding Exclusive of Treasury Securities(1)	Asset Coverage Per Unit(2)	Involuntary Liquidating Preference Per Unit(3)	Average Market Value Per Unit(4)
January 2026 Notes				
Fiscal 2020	\$ 1,150	\$ 1,824	\$ —	N/A
2047 Notes				
Fiscal 2020	\$ 230	\$ 1,824	\$ —	\$ 1,013
Fiscal 2019	230	2,042	—	1,033
Fiscal 2018	230	2,362	—	1,013
Fiscal 2017	230	2,415	—	1,021
Fiscal 2016	230	2,296	—	1,015
Fiscal 2015	230	2,213	—	1,011
Fiscal 2014	230	2,292	—	985
Fiscal 2013	230	2,547	—	972
Fiscal 2012	230	2,721	—	978
Fiscal 2011	230	2,393	—	917

- (1) Total amount of each class of senior securities outstanding at principal value 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 total senior securities representing indebtedness. This asset coverage ratio is multiplied by \$1,000 to determine the “Asset Coverage Per Unit” (including for the February 2022 Notes, the October 2022 Notes, the 2040 Notes and the 2047 Notes, which were issued in \$25 increments). In June 2016, we received exemptive relief from the SEC allowing us to modify the asset coverage requirements to exclude debentures issued by Ares Venture Finance, L.P. and guaranteed by the Small Business Administration (the “SBA”), subject to the issuance of a capital commitment by the SBA and other customary procedures (the “SBA Debentures”), from this calculation. As such, the asset coverage ratio beginning with Fiscal 2016 excludes the SBA Debentures. Certain prior year amounts have been reclassified to conform to the 2016 and 2017 presentation. In particular, unamortized debt issuance costs were previously included in other assets and were reclassified to long-term debt as a result of the adoption of Accounting Standards Update 2015-03, Interest-Imputation of Interest (Topic 835): Simplifying the Presentation of Debt Issuance Costs during the first quarter of 2016.
- (3) The amount to which such class of senior security would be entitled upon our involuntary liquidation in preference to any security junior to it.
- (4) Not applicable, except for with respect to the February 2022 Notes, the October 2022 Notes, the 2040 Notes and the 2047 Notes, as other senior securities are not registered for public trading on a stock exchange. The average market value per unit for each of the February 2022 Notes, the October 2022 Notes, the 2040 Notes and the 2047 Notes is based on the average daily prices of such notes and is expressed per \$1,000 of indebtedness (including for the February 2022 Notes, the October 2022 Notes, the 2040 Notes and the 2047 Notes, which were issued in \$25 increments).

Item 6. Selected Financial Data

The following selected financial and other data for the years ended December 31, 2020, 2019, 2018, 2017 and 2016 are derived from our consolidated financial statements which have been audited by KPMG LLP, an independent registered public accounting firm whose report thereon is included elsewhere in this Annual Report. The data should be read in conjunction with our consolidated financial statements and notes thereto and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” which are included elsewhere in this Annual Report.

ARES CAPITAL CORPORATION AND SUBSIDIARIES
SELECTED FINANCIAL DATA
(dollar amounts in millions, except per share data and as otherwise indicated)

	As of and For the Years Ended December 31,				
	2020	2019	2018	2017	2016
Total Investment Income	\$ 1,511	\$ 1,528	\$ 1,337	\$ 1,160	\$ 1,012
Total Expenses, Net of Waiver of Income Based Fees	698	701	624	630	497
Net Investment Income Before Income Taxes	813	827	713	530	515
Income Tax Expense, Including Excise Tax	19	16	19	19	21
Net Investment Income	794	811	694	511	494
Net Realized and Unrealized Gains (Losses) on Investments, Foreign Currencies and Other Transactions and Extinguishment of Debt	(310)	(18)	164	156	(20)
Net Increase in Stockholders' Equity Resulting from Operations	\$ 484	\$ 793	\$ 858	\$ 667	\$ 474
Per Share Data:					
Net Increase in Stockholders' Equity Resulting from Operations:					
Basic	\$ 1.14	\$ 1.86	\$ 2.01	\$ 1.57	\$ 1.51
Diluted	\$ 1.14	\$ 1.86	\$ 2.01	\$ 1.57	\$ 1.51
Cash Dividends Declared and Payable(1)	\$ 1.60	\$ 1.68	\$ 1.54	\$ 1.52	\$ 1.52
Net Asset Value	\$ 16.97	\$ 17.32	\$ 17.12	\$ 16.65	\$ 16.45
Total Assets(2)	\$ 16,196	\$ 14,905	\$ 12,895	\$ 12,347	\$ 9,245
Total Debt (Carrying Value)(2)	\$ 8,491	\$ 6,971	\$ 5,214	\$ 4,854	\$ 3,874
Total Debt (Principal Amount)	\$ 8,582	\$ 7,060	\$ 5,297	\$ 4,943	\$ 3,951
Total Stockholders' Equity	\$ 7,176	\$ 7,467	\$ 7,300	\$ 7,098	\$ 5,165
Other Data:					
Number of Portfolio Companies at Period End(3)	350	354	344	314	218
Principal Amount of Investments Purchased(4)	\$ 6,741	\$ 6,829	\$ 7,176	\$ 7,263	\$ 3,490
Principal Amount of Investments Acquired as part of the American Capital Acquisition on the Acquisition Date	\$ —	\$ —	\$ —	\$ 2,543	\$ —
Principal Amount of Investments Sold and Repayments	\$ 5,858	\$ 5,098	\$ 6,440	\$ 7,107	\$ 3,655
Total Return Based on Market Value(5)	(0.9)%	30.5 %	8.9 %	4.5 %	26.4 %
Total Return Based on Net Asset Value(6)	5.2 %	12.1 %	12.1 %	10.5 %	9.2 %
Weighted Average Yield of Debt and Other Income Producing Securities at Fair Value(7)	9.2 %	9.7 %	10.3 %	9.8 %	9.4 %
Weighted Average Yield of Debt and Other Income Producing Securities at Amortized Cost(7)	9.1 %	9.6 %	10.2 %	9.7 %	9.3 %
Weighted Average Yield of Total Investments at Fair Value(8)	8.2 %	8.7 %	9.3 %	8.7 %	8.5 %
Weighted Average Yield of Total Investments at Amortized Cost(8)	8.0 %	8.6 %	9.0 %	8.7 %	8.3 %

(1) Includes additional dividends of \$0.08 per share in the aggregate paid in the year ended December 31, 2019.

(2) Certain prior year amounts have been reclassified to conform to the current year presentation. In particular, unamortized debt issuance costs were previously included in other assets and were reclassified to debt as a result of the adoption of Accounting Standards Update 2015-03, Interest-Imputation of Interest (Topic 835): Simplifying the Presentation of Debt Issuance Costs, during the first quarter of 2016.

- (3) Includes commitments to portfolio companies for which funding had yet to occur.
- (4) Excludes \$2.5 billion of investments acquired as part of the American Capital Acquisition on January 3, 2017 (the “Acquisition Date”).
- (5) For the year ended December 31, 2020, the total return based on market value equaled the decrease of the ending market value at December 31, 2020 of \$16.89 per share from the ending market value at December 31, 2019 of \$18.65 per share plus the declared and payable dividends of \$1.60 per share for the year ended December 31, 2020, divided by the market value at December 31, 2019. For the year ended December 31, 2019, the total return based on market value equaled the increase of the ending market value at December 31, 2019 of \$18.65 per share from the ending market value at December 31, 2018 of \$15.58 per share plus the declared and payable dividends of \$1.68 per share for the year ended December 31, 2019, divided by the market value at December 31, 2018. For the year ended December 31, 2018, the total return based on market value equaled the decrease of the ending market value at December 31, 2018 of \$15.58 per share from the ending market value at December 31, 2017 of \$15.72 per share plus the declared and payable dividends of \$1.54 per share for the year ended December 31, 2018, divided by the market value at December 31, 2017. For the year ended December 31, 2017, the total return based on market value equaled the decrease of the ending market value at December 31, 2017 of \$15.72 per share from the ending market value at December 31, 2016 of \$16.49 per share plus the declared and payable dividends of \$1.52 per share for the year ended December 31, 2017, divided by the market value at December 31, 2016. For the year ended December 31, 2016, the total return based on market value equaled the increase of the ending market value at December 31, 2016 of \$16.49 per share from the ending market value at December 31, 2015 of \$14.25 per share plus the declared and payable dividends of \$1.52 per share for the year ended December 31, 2016, divided by the market value at December 31, 2015. The Company’s shares fluctuate in value. The Company’s performance changes over time and currently may be different than that shown. Past performance is no guarantee of future results.
- (6) For the year ended December 31, 2020, the total return based on net asset value equaled the change in net asset value during the period plus the declared and payable dividends of \$1.60 per share for the year ended December 31, 2020, divided by the beginning net asset value for the period. For the year ended December 31, 2019, the total return based on net asset value equaled the change in net asset value during the period plus the declared and payable dividends of \$1.68 per share for the year ended December 31, 2019, divided by the beginning net asset value for the period. For the year ended December 31, 2018, the total return based on net asset value equaled the change in net asset value during the period plus the declared and payable dividends of \$1.54 per share for the year ended December 31, 2018, divided by the beginning net asset value for the period. For the year ended December 31, 2017, the total return based on net asset value equaled the change in net asset value during the period plus the declared and payable dividends of \$1.52 per share for the year ended December 31, 2017, divided by the beginning net asset value for the period. For the year ended December 31, 2016, the total return based on net asset value equaled the change in net asset value during the period plus the declared and payable dividends of \$1.52 per share for the year ended December 31, 2016, divided by the beginning net asset value for the period. These calculations are adjusted for shares issued in connection with the dividend reinvestment plan and the issuance of common stock in connection with any equity offerings and the equity components of any convertible notes issued during the period. The Company’s performance changes over time and currently may be different than that shown. Past performance is no guarantee of future results.
- (7) “Weighted average yield of debt and other income producing securities” is computed as (a) the annual stated interest rate or yield earned plus the net annual amortization of original issue discount and market discount or premium earned on accruing debt and other income producing securities, divided by (b) the total accruing debt and other income producing securities at amortized cost or at fair value, as applicable.
- (8) “Weighted average yield on total investments” is computed as (a) the annual stated interest rate or yield earned plus the net annual amortization of original issue discount and market discount or premium earned on accruing debt and other income producing securities, divided by (b) the total investments at amortized cost or at fair value, as applicable.

Item 7. 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 Data and our financial statements and notes thereto appearing elsewhere in this Annual Report. In addition, some of the statements in this Annual Report (including in the following discussion) constitute forward-looking statements, which relate to future events or the future performance or financial condition of Ares Capital Corporation (the "Company," "Ares Capital," "we," "us," or "our"). The forward-looking statements contained in this report involve a number of risks and uncertainties, including statements concerning:

- our, or our portfolio companies', future business, operations, operating results or prospects;
- the return or impact of current and future investments;
- the impact of global health epidemics, such as the current novel coronavirus ("COVID-19") pandemic, on our or our portfolio companies' business and the global economy;
- the impact of a protracted decline in the liquidity of credit markets on our business;
- the impact of the elimination of the London Interbank Offered Rate ("LIBOR") on our operating results;
- the impact of fluctuations in interest rates on our business;
- the impact of changes in laws or regulations (including the interpretation thereof), including the tax laws and the Coronavirus Aid, Relief and Economic Security Act and the subsequent stimulus package passed by Congress and signed into law in December 2020, governing our operations or the operations of our portfolio companies or the operations of our competitors;
- the expiration of the Securities and Exchange Commission's ("the SEC") temporary, conditional relief and subsequent no action position, in each case with respect to allowing co-investments with certain other funds managed by the investment adviser or its affiliates;
- the valuation of our investments in portfolio companies, particularly those having no liquid trading market;
- our ability to recover unrealized losses;
- market conditions and our ability to access alternative debt markets and additional debt and equity capital and our ability to manage our capital resources effectively;
- our contractual arrangements and relationships with third parties, including parties to our co-investment program;
- the general economy and its impact on the industries in which we invest;
- uncertainty surrounding the financial stability of the United States, Europe and China;
- the social, geopolitical, financial, trade and legal implications of Brexit;
- Middle East turmoil and the potential for volatility in energy prices and its impact on the industries in which we invest;
- the financial condition of our current and prospective portfolio companies and their ability to achieve their objectives;
- our expected financings and investments;
- our ability to successfully complete and integrate any acquisitions;
- the outcome and impact of any litigation;
- the adequacy of our cash resources and working capital;

- the timing, form and amount of any dividend distributions;
- the timing of cash flows, if any, from the operations of our portfolio companies; and
- the ability of our investment adviser to locate suitable investments for us and to monitor and administer our investments.

We use words such as “anticipates,” “believes,” “expects,” “intends,” “will,” “should,” “may” and similar expressions to identify forward-looking statements, although not all forward-looking statements include these words. Our actual results and condition could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors set forth in “Risk Factors” and the other information included in this Annual Report.

We have based the forward-looking statements included in this Annual Report on information available to us on the filing date of this Annual Report, and we assume no obligation to update any such forward-looking statements. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we have filed or in the future may file with the SEC, including annual reports on Form 10-K, registration statements on Form N-2, quarterly reports on Form 10-Q and current reports on Form 8-K.

OVERVIEW

We are a specialty finance company that is a closed-end, non-diversified management investment company incorporated in Maryland. We have elected to be regulated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended (together with the rules and regulations promulgated thereunder, the “Investment Company Act”).

We are externally managed by Ares Capital Management LLC (“Ares Capital Management” or our “investment adviser”), a subsidiary of Ares Management Corporation (NYSE: ARES) (“Ares Management”), a publicly traded, leading global alternative investment manager, pursuant to our investment advisory and management agreement. Ares Operations LLC (“Ares Operations” or our “administrator”), a subsidiary of Ares Management, provides certain administrative and other services necessary for us to operate.

Our investment objective is to generate both current income and capital appreciation through debt and equity investments. We invest primarily in first lien senior secured loans (including “unitranche” loans, which are loans that combine both senior and mezzanine debt, generally in a first lien position) and second lien senior secured loans. In addition to senior secured loans, we also invest in subordinated loans (sometimes refer to as mezzanine debt), which in some cases includes an equity component and preferred equity.

To a lesser extent, we also make common equity investments, which have generally been non-control equity investments, of less than \$20 million (usually in conjunction with a concurrent debt investment). However, we may increase the size or change the nature of these investments.

Since our initial public offering (“IPO”) on October 8, 2004 through December 31, 2020, our exited investments resulted in an asset level realized gross internal rate of return to us of approximately 14% (based on original cash invested, net of syndications, of approximately \$30.4 billion and total proceeds from such exited investments of approximately \$38.7 billion). Internal rate of return is the discount rate that makes the net present value of all cash flows related to a particular investment equal to zero. Internal rate of return is gross of expenses related to investments as these expenses are not allocable to specific investments. Investments are considered to be exited when the original investment objective has been achieved through the receipt of cash and/or non-cash consideration upon the repayment of a debt investment or sale of an investment or through the determination that no further consideration was collectible and, thus, a loss may have been realized. Approximately 58% of these exited investments resulted in an asset level realized gross internal rate of return to us of 10% or greater.

Additionally, since our IPO on October 8, 2004 through December 31, 2020, our realized gains have exceeded our realized losses by approximately \$753 million (excluding a one-time gain on the acquisition of Allied Capital Corporation (“Allied Capital”) in April 2010 (the “Allied Acquisition”) and realized gains/losses from the extinguishment of debt and other transactions). For this same time period, our average annualized net realized gain rate was approximately 1.0% (excluding a one-time gain on the acquisition of Allied Capital and realized gains/losses from the extinguishment of debt and other

transactions). Net realized gain/loss rates for a particular period are the amount of net realized gains/losses during such period divided by the average quarterly investments at amortized cost in such period.

Information included herein regarding internal rates of return, realized gains and losses and annualized net realized gain rates are historical results relating to our past performance and are not necessarily indicative of future results, the achievement of which cannot be assured.

As a BDC, we are required to comply with certain regulatory requirements. For instance, we generally have to invest at least 70% of our total assets in “qualifying assets,” including securities and indebtedness of private U.S. companies and certain public U.S. companies, cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less. We also may invest up to 30% of our portfolio in non-qualifying assets, as permitted by the Investment Company Act. Specifically, as part of this 30% basket, we may invest in entities that are not considered “eligible portfolio companies” (as defined in the Investment Company Act), including companies located outside of the United States, entities that are operating pursuant to certain exceptions under the Investment Company Act, and publicly traded entities whose public equity market capitalization exceeds the levels provided for under the Investment Company Act.

We have elected to be treated as a regulated investment company (“RIC”) under the Internal Revenue Code of 1986, as amended (the “Code”), and operate in a manner so as to qualify for the tax treatment applicable to RICs. To qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements and timely distribute to our stockholders generally at least 90% of our investment company taxable income, as defined by the Code, for each year. Pursuant to this election, we generally will not have to pay U.S. federal corporate-level taxes on any income that we distribute to our stockholders provided that we satisfy those requirements.

PORTFOLIO AND INVESTMENT ACTIVITY

Our investment activity for the years ended December 31, 2020 and 2019 is presented below.

(dollar amounts in millions)	For the Years Ended December 31,	
	2020	2019
New investment commitments(1):		
New portfolio companies	\$ 3,070	\$ 3,639
Existing portfolio companies	3,633	3,622
Total new investment commitments(2)	6,703	7,261
Less:		
Investment commitments exited(3)	(5,786)	(5,350)
Net investment commitments	\$ 917	\$ 1,911
Principal amount of investments funded:		
First lien senior secured loans(4)	\$ 4,966	\$ 4,431
Second lien senior secured loans	819	1,344
Subordinated certificates of the SDLP(5)	308	407
Senior subordinated loans	269	252
Preferred equity securities	219	215
Other equity securities	160	180
Total	\$ 6,741	\$ 6,829
Principal amount of investments sold or repaid:		
First lien senior secured loans(4)	\$ 4,503	\$ 3,809
Second lien senior secured loans	903	850
Subordinated certificates of the SDLP(5)	94	150
Senior subordinated loans	142	222
Collateralized loan obligations	39	4
Preferred equity securities	65	21
Other equity securities	112	42
Total	\$ 5,858	\$ 5,098
Number of new investment commitments(6)	142	163
Average new investment commitment amount	\$ 47	\$ 45
Weighted average term for new investment commitments (in months)	71	73
Percentage of new investment commitments at floating rates	93 %	94 %
Percentage of new investment commitments at fixed rates	4 %	2 %
Weighted average yield of debt and other income producing securities(7):		
Funded during the period at amortized cost	7.8 %	9.2 %
Funded during the period at fair value(8)	7.9 %	9.3 %
Exited or repaid during the period at amortized cost	7.8 %	9.1 %
Exited or repaid during the period at fair value(8)	7.8 %	9.1 %

(1) New investment commitments include new agreements to fund revolving loans or delayed draw loans. See “Off Balance Sheet Arrangements” as well as Note 7 to our consolidated financial statements for the year ended December 31, 2020, for more information on our commitments to fund revolving loans or delayed draw loans.

(2) Includes both funded and unfunded commitments. Of these new investment commitments, we funded \$5.6 billion and \$5.9 billion for the years ended December 31, 2020 and 2019, respectively.

- (3) Includes both funded and unfunded commitments. For the years ended December 31, 2020 and 2019, investment commitments exited included exits of unfunded commitments of \$798 million and \$718 million, respectively.
- (4) For the year ended December 31, 2020, net repayments of first lien secured revolving loans were \$29 million. For the year ended December 31, 2019, net fundings of first lien secured revolving loans were \$65 million.
- (5) See “Senior Direct Lending Program” below and Note 4 to our consolidated financial statements for the year ended December 31, 2020 for more information on the SDLP (as defined below).
- (6) Number of new investment commitments represents each commitment to a particular portfolio company or a commitment to multiple companies as part of an individual transaction (e.g., the purchase of a portfolio of investments).
- (7) “Weighted average yield of debt and other income producing securities” is computed as (a) the annual stated interest rate or yield earned plus the net annual amortization of original issue discount and market discount or premium earned on accruing debt and other income producing securities, divided by (b) the total accruing debt and other income producing securities at amortized cost or at fair value, as applicable.
- (8) Represents fair value for investments in the portfolio as of the most recent prior quarter end, if applicable.

As of December 31, 2020 and 2019, our investments consisted of the following:

(in millions)	As of December 31,			
	2020		2019	
	Amortized Cost	Fair Value(1)	Amortized Cost	Fair Value
First lien senior secured loans(2)	\$ 7,224	\$ 6,987	\$ 6,606	\$ 6,372
Second lien senior secured loans	4,386	4,171	4,439	4,334
Subordinated certificates of the SDLP(3)	1,123	1,123	909	909
Senior subordinated loans	1,005	951	815	822
Collateralized loan obligations	—	—	40	35
Preferred equity securities	1,020	926	815	728
Other equity securities	1,156	1,357	1,072	1,226
Total	<u>\$ 15,914</u>	<u>\$ 15,515</u>	<u>\$ 14,696</u>	<u>\$ 14,426</u>

- (1) As of December 31, 2020, the fair value of our investments was negatively impacted by the uncertainty surrounding the impact of the COVID-19 pandemic. For more information, see “Results of Operations - Net Unrealized Gains/Losses.”
- (2) First lien senior secured loans include certain loans that we classify as “unitranche” loans. The total amortized cost and fair value of the loans that we classified as “unitranche” loans were \$2,909 million and \$2,793 million, respectively, as of December 31, 2020, and \$1,959 million and \$1,885 million, respectively, as of December 31, 2019.
- (3) The proceeds from these certificates were applied to co-investments with Varagon Capital Partners (“Varagon”) and its clients to fund first lien senior secured loans to 23 and 23 different borrowers as of December 31, 2020 and 2019, respectively.

The weighted average yields at amortized cost and fair value of the following portions of our portfolio as of December 31, 2020 and 2019 were as follows:

	As of December 31,			
	2020		2019	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Debt and other income producing securities(1)	9.1 %	9.2 %	9.6 %	9.7 %
Total portfolio(2)	8.0 %	8.2 %	8.6 %	8.7 %
First lien senior secured loans(2)	7.7 %	8.0 %	7.7 %	7.9 %
Second lien senior secured loans(2)	8.7 %	9.1 %	10.2 %	10.4 %
Subordinated certificates of the SDLP(2)(3)	13.5 %	13.5 %	14.5 %	14.5 %
Senior subordinated loans(2)	9.0 %	9.5 %	11.4 %	11.3 %
Collateralized loan obligations	— %	— %	16.9 %	18.9 %
Income producing equity securities(2)	11.2 %	10.8 %	12.5 %	12.3 %

- (1) “Weighted average yield of debt and other income producing securities” is computed as (a) the annual stated interest rate or yield earned plus the net annual amortization of original issue discount and market discount or premium earned on accruing debt and other income producing securities, divided by (b) the total accruing debt and other income producing securities at amortized cost or at fair value as applicable.
- (2) “Weighted average yields” are computed as (a) the annual stated interest rate or yield earned plus the net annual amortization of original issue discount and market discount or premium earned on the relevant accruing debt and other income producing securities, divided by (b) the total relevant investments at amortized cost or at fair value as applicable.
- (3) The proceeds from these certificates were applied to co-investments with Varagon and its clients to fund first lien senior secured loans.

Ares Capital Management, our investment adviser, employs an investment rating system to categorize our investments. In addition to various risk management and monitoring tools, our investment adviser grades the credit risk of all investments on a scale of 1 to 4 no less frequently than quarterly. This system is intended primarily to reflect the underlying risk of a portfolio investment relative to our initial cost basis in respect of such portfolio investment (i.e., at the time of origination or acquisition), although it may also take into account under certain circumstances the performance of the portfolio company’s business, the collateral coverage of the investment and other relevant factors. Under this system, investments with a grade of 4 involve the least amount of risk to our initial cost basis. The trends and risk factors for this investment since origination or acquisition are generally favorable, which may include the performance of the portfolio company or a potential exit. Investments graded 3 involve a level of risk to our initial cost basis that is similar to the risk to our initial cost basis at the time of origination or acquisition. This portfolio company is generally performing as expected and the risk factors to our ability to ultimately recoup the cost of our investment are neutral to favorable. All investments or acquired investments in new portfolio companies are initially assessed a grade of 3. Investments graded 2 indicate that the risk to our ability to recoup the initial cost basis of such investment has increased materially since origination or acquisition, including as a result of factors such as declining performance and non-compliance with debt covenants; however, payments are generally not more than 120 days past due. An investment grade of 1 indicates that the risk to our ability to recoup the initial cost basis of such investment has substantially increased since origination or acquisition, and the portfolio company likely has materially declining performance. For debt investments with an investment grade of 1, most or all of the debt covenants are out of compliance and payments are substantially delinquent. For investments graded 1, it is anticipated that we will not recoup our initial cost basis and may realize a substantial loss of our initial cost basis upon exit. For investments graded 1 or 2, our investment adviser enhances its level of scrutiny over the monitoring of such portfolio company. The grade of a portfolio investment may be reduced or increased over time.

Set forth below is the grade distribution of our portfolio companies as of December 31, 2020 and 2019:

(dollar amounts in millions)	As of December 31,							
	2020				2019			
	Fair Value	%	Number of Companies	%	Fair Value	%	Number of Companies	%
Grade 1	\$ 117	0.7 %	25	7.1 %	\$ 92	0.6 %	19	5.4 %
Grade 2	2,046	13.2 %	47	13.4 %	688	4.8 %	14	4.0 %
Grade 3	11,756	75.8 %	244	69.8 %	12,407	86.0 %	301	85.0 %
Grade 4	1,596	10.3 %	34	9.7 %	1,239	8.6 %	20	5.6 %
Total	\$ 15,515	100.0 %	350	100.0 %	\$ 14,426	100.0 %	354	100.0 %

As of December 31, 2020 and 2019, the weighted average grade of the investments in our portfolio at fair value was 3.0 and 3.0, respectively. As of December 31, 2020, there was an increase in investments graded 1 and 2 and a resulting decline in the investments graded 3 as compared to as of December 31, 2019, primarily due to our view of the increased risk around our ability to recoup the initial cost basis of such investments given the duration of the COVID-19 pandemic so far and the continuing uncertainty surrounding its full duration and impact. For more information, see “Results of Operations - Net Unrealized Gains/Losses.”

As of December 31, 2020, loans on non-accrual status represented 3.3% and 2.0% of the total investments at amortized cost and at fair value, respectively. As of December 31, 2019, loans on non-accrual status represented 1.9% and 0.9% of the total investments at amortized cost and at fair value, respectively.

Senior Direct Lending Program

We have established a joint venture with Varagon to make certain first lien senior secured loans, including certain stretch senior and unitranche loans, primarily to U.S. middle-market companies. Varagon was formed in 2013 as a lending platform by American International Group, Inc. and other partners. The joint venture is called the Senior Direct Lending Program, LLC (d/b/a the “Senior Direct Lending Program” or the “SDLP”). In July 2016, we and Varagon and its clients completed the initial funding of the SDLP. The SDLP may generally commit and hold individual loans of up to \$350 million. The SDLP is capitalized as transactions are completed and all portfolio decisions and generally all other decisions in respect of the SDLP must be approved by an investment committee of the SDLP consisting of representatives of ours and Varagon (with approval from a representative of each required).

We provide capital to the SDLP in the form of subordinated certificates (the “SDLP Certificates”), and Varagon and its clients provide capital to the SDLP in the form of senior notes, intermediate funding notes and SDLP Certificates. As of December 31, 2020, we and a client of Varagon owned 87.5% and 12.5%, respectively, of the outstanding SDLP Certificates.

As of December 31, 2020 and 2019, we and Varagon and its clients had agreed to make capital available to the SDLP of \$6.2 billion and \$6.2 billion, respectively, in the aggregate, of which \$1.4 billion and \$1.4 billion, respectively, is to be made available from us. This capital will only be committed to the SDLP upon approval of transactions by the investment committee of the SDLP. Below is a summary of the funded capital and unfunded capital commitments of the SDLP.

(in millions)	As of December 31,	
	2020	2019
Total capital funded to the SDLP(1)	\$ 4,772	\$ 3,899
Total capital funded to the SDLP by the Company(1)	\$ 1,123	\$ 909
Total unfunded capital commitments to the SDLP(2)	\$ 152	\$ 404
Total unfunded capital commitments to the SDLP by the Company(2)	\$ 37	\$ 94

(1) At principal amount.

(2) These commitments to fund delayed draw loans have been approved by the investment committee of the SDLP and will be funded if and when conditions to funding such delayed draw loans are met.

The SDLP Certificates pay a coupon equal to LIBOR plus 8.0% and also entitle the holders thereof to receive a portion of the excess cash flow from the loan portfolio, after expenses, which may result in a return to the holders of the SDLP Certificates that is greater than the stated coupon. The SDLP Certificates are junior in right of payment to the senior notes and intermediate funding notes.

The amortized cost and fair value of our SDLP Certificates were \$1.1 billion and \$1.1 billion, respectively, as of December 31, 2020 and \$909 million and \$909 million, respectively, as of December 31, 2019. Our yield on our investment in the SDLP Certificates at amortized cost and fair value was 13.5% and 13.5%, respectively, as of December 31, 2020 and 14.5% and 14.5%, respectively, as of December 31, 2019. For the years ended December 31, 2020, 2019 and 2018, we earned interest income of \$127 million, \$122 million and \$87 million, respectively, from our investment in the SDLP Certificates. We are also entitled to certain fees in connection with the SDLP. For the years ended December 31, 2020, 2019 and 2018, in connection with the SDLP, we earned capital structuring service and other fees totaling \$23 million, \$25 million and \$16 million, respectively.

As of December 31, 2020 and 2019, the SDLP portfolio was comprised entirely of first lien senior secured loans primarily to U.S. middle-market companies and were in industries similar to the companies in our portfolio. As of December 31, 2020 and 2019, none of the loans were on non-accrual status. Below is a summary of the SDLP's portfolio as of December 31, 2020 and 2019:

(dollar amounts in millions)	As of December 31,	
	2020	2019
Total first lien senior secured loans(1)(2)	\$ 4,483	\$ 3,892
Weighted average yield on first lien senior secured loans(3)	6.9 %	7.7 %
Largest loan to a single borrower(1)	\$ 345	\$ 348
Total of five largest loans to borrowers(1)	\$ 1,565	\$ 1,391
Number of borrowers in the SDLP	23	23
Commitments to fund delayed draw loans(4)	\$ 152	\$ 404

(1) At principal amount.

(2) First lien senior secured loans include certain loans that the SDLP classifies as "unitranche" loans. As of December 31, 2020 and 2019, the total principal amount of loans in the SDLP portfolio that the SDLP classified as "unitranche" loans was \$3,551 million and \$3,643 million, respectively.

(3) Computed as (a) the annual stated interest rate on accruing first lien senior secured loans, divided by (b) total first lien senior secured loans at principal amount.

(4) As discussed above, these commitments have been approved by the investment committee of the SDLP.

Selected financial information for the SDLP as of and for the years ended December 31, 2020 and 2019, was as follows:

(in millions)	As of December 31,	
	2020	2019
Selected Balance Sheet Information:		
Investments at fair value (amortized cost of \$4,483 and \$3,892, respectively)	\$ 4,345	\$ 3,817
Other assets	400	91
Total assets	<u>\$ 4,745</u>	<u>\$ 3,908</u>
Senior notes	\$ 3,364	\$ 2,769
Intermediate funding notes	124	92
Other liabilities	52	63
Total liabilities	<u>3,540</u>	<u>2,924</u>
Subordinated certificates and members' capital	1,205	984
Total liabilities and members' capital	<u>\$ 4,745</u>	<u>\$ 3,908</u>
Selected Statement of Operations Information:		
Total investment income	\$ 302	\$ 291
Interest expense	113	137
Other expenses	16	14
Total expenses	<u>129</u>	<u>151</u>
Net investment income	<u>173</u>	<u>140</u>
Net realized and unrealized losses on investments	<u>(64)</u>	<u>(36)</u>
Net increase in members' capital resulting from operations	<u>\$ 109</u>	<u>\$ 104</u>

SDLP Loan Portfolio as of December 31, 2020

(dollar amounts in millions) Portfolio Company	Business Description	Maturity Date	Stated Interest Rate(1)	Principal Amount	Fair Value(2)
ADCS Clinics Intermediate Holdings, LLC (3)	Dermatology practice	5/2022	6.8 %	\$ 77.0	\$ 75.5
AEP Holdings, Inc. (3)(4)	Distributor of non-discretionary, mission critical aftermarket replacement parts	11/2025	6.8 %	253.5	248.4
BakeMark Holdings, Inc.	Manufacturer and distributor of specialty bakery ingredients	8/2023	6.3 %	242.8	242.8
Benecon Midco II LLC (3)(4)	Employee benefits provider for small and mid-size employers	12/2026	6.5 %	175.0	173.0
Center for Autism and Related Disorders, LLC (3)	Autism treatment and services provider specializing in applied behavior analysis therapy	11/2024	5.5 %	123.0	115.7
Chariot Acquisition, LLC (3)	Manufacturer of aftermarket golf cart parts and accessories	9/2021	7.3 %	97.7	97.7
Emergency Communications Network, LLC (3)	Provider of mission critical emergency mass notification solutions	6/2023	8.8 %	219.1	195.0
EP Purchaser, LLC and Entertainment Partners Canada ULC (3)(4)	Provider of entertainment workforce and production management solutions	5/2026	6.5 %	344.7	324.1
Excelligence Learning Corporation (3)	Developer, manufacturer and retailer of educational products	4/2023	8.0 %	149.6	121.2
FS Squared Holding Corp. (3)(4)	Provider of on-site vending and micro-market solutions to employers	3/2025	5.4 %	238.8	226.8
Infogix, Inc. (3)(4)	Enterprise data analytics and integrity software solutions provider	4/2024	7.0 %	124.3	124.3
KeyImpact Holdings, Inc. (4)	Foodservice sales and marketing agency	1/2022	8.9 %	73.6	73.6
Manna Pro Products, LLC (3)	Manufacturer and supplier of specialty nutrition and care products for animals	12/2026	7.0 %	182.6	180.8
n2y Holding, LLC (3)	Developer of cloud-based special education platform	11/2026	6.8 %	197.4	197.4
NCWS Intermediate, Inc. (3)(4)	Manufacturer and supplier of car wash equipment, parts and supplies to the conveyORIZED car wash market	12/2026	7.5 %	211.8	209.6
Nordco Inc. (3)	Manufacturer of railroad maintenance-of-way machinery	12/2022	9.5 %	106.8	103.6
Pegasus Global Enterprise Holdings, LLC (3)(4)	Provider of plant maintenance and scheduling software	5/2025	6.8 %	345.4	345.4
Penn Detroit Diesel Allison, LLC	Distributor of aftermarket parts to the heavy-duty truck industry	12/2023	8.0 %	71.7	71.7
SM Wellness Holdings, Inc. (3)(4)	Breast cancer screening provider	8/2024	7.0 %	271.0	268.2
TDG Group Holding Company (3)(4)	Operator of multiple franchise concepts primarily related to home maintenance or repairs	5/2024	5.4 %	243.8	243.8
THG Acquisition, LLC (3)	Multi-line insurance broker	12/2026	6.8 %	288.5	285.8
Towne Holdings, Inc.	Parking management and hospitality services provider	5/2022	9.8 %	129.9	110.4
Walnut Parent, Inc. (3)	Manufacturer of natural solution pest and animal control products	11/2027	6.5 %	315.0	310.3
				<u>\$ 4,483.0</u>	<u>\$ 4,345.1</u>

- (1) Represents the weighted average annual stated interest rate as of December 31, 2020. All interest rates are payable in cash, except for portions of the stated interest rates which are payment-in-kind for investments in Emergency Communications Network, LLC, Excelligence Learning Corporation, KeyImpact Holdings, Inc., Nordco Inc. and Towne Holdings, Inc.
- (2) Represents the fair value in accordance with Accounting Standards Codification 820-10, *Fair Value Measurements and Disclosures* ("ASC 820-10"). The determination of such fair value is not included in our board of directors valuation process described elsewhere herein.
- (3) We also hold a portion of this company's first lien senior secured loan.
- (4) We hold an equity investment in this company.

SDLP Loan Portfolio as of December 31, 2019

(dollar amounts in millions)					
Portfolio Company	Business Description	Maturity Date	Stated Interest Rate(1)	Principal Amount	Fair Value(2)
42 North Dental, LLC (3)	Dental services provider	5/2022	7.9 %	\$ 152.3	\$ 152.3
ADCS Clinics Intermediate Holdings, LLC (3)	Dermatology practice	5/2022	7.7 %	77.8	77.0
AEP Holdings, Inc. (3)(4)	Distributor of non-discretionary, mission critical aftermarket replacement parts	8/2021	7.9 %	158.3	150.4
BakeMark Holdings, Inc.	Manufacturer and distributor of specialty bakery ingredients	8/2023	7.2 %	245.3	245.3
Center for Autism and Related Disorders, LLC (3)	Autism treatment and services provider specializing in applied behavior analysis therapy	11/2024	5.9 %	117.8	117.8
Chariot Acquisition, LLC (3)	Manufacturer of aftermarket golf cart parts and accessories	9/2021	8.4 %	99.7	98.7
D4C Dental Brands, Inc. (3)(4)	Dental services provider	12/2022	8.2 %	179.9	179.9
Emergency Communications Network, LLC (3)	Provider of mission critical emergency mass notification solutions	6/2023	8.2 %	219.2	190.7
EP Purchaser, LLC and Entertainment Partners Canada ULC (3)(4)	Provider of entertainment workforce and production management solutions	5/2026	7.7 %	348.1	348.1
Excelligence Learning Corporation (3)	Developer, manufacturer and retailer of educational products	4/2023	7.9 %	145.0	118.9
FS Squared Holding Corp. (3)(4)	Provider of on-site vending and micro-market solutions to employers	3/2025	7.2 %	181.7	181.7
Infogix, Inc. (3)(4)	Enterprise data analytics and integrity software solutions provider	4/2024	8.4 %	125.5	125.5
ISS Compressors Industries, Inc.	Provider of repairs, refurbishments and services to the broader industrial end user markets	6/2020	8.9 %	80.2	79.4
KeyImpact Holdings, Inc. (4)	Foodservice sales and marketing agency	11/2021	8.0 %	74.0	74.0
n2y Holding, LLC (3)	Developer of cloud-based special education platform	11/2026	7.9 %	131.3	129.9
Nordco Inc. (3)	Manufacturer of railroad maintenance-of-way machinery	8/2020	8.4 %	110.1	106.8
Pegasus Global Enterprise Holdings, LLC (3)(4)	Provider of plant maintenance and scheduling software	5/2025	7.7 %	270.1	267.5
Penn Detroit Diesel Allison, LLC	Distributor of aftermarket parts to the heavy-duty truck industry	12/2021	8.2 %	77.6	77.6
SM Wellness Holdings, Inc. (3)(4)	Breast cancer screening provider	8/2024	7.4 %	226.6	226.6
TDG Group Holding Company (3)(4)	Operator of multiple franchise concepts primarily related to home maintenance or repairs	5/2024	7.4 %	246.3	246.3
THG Acquisition, LLC (3)	Multi-line insurance broker	12/2026	7.7 %	214.8	212.6
Towne Holdings, Inc.	Parking management and hospitality services provider	5/2022	7.2 %	130.0	128.7
Woodstream Group, Inc. (3)	Manufacturer of natural solution pest and animal control products	5/2022	8.2 %	280.8	280.8
				<u>\$ 3,892.4</u>	<u>\$ 3,816.5</u>

- (1) Represents the weighted average annual stated interest rate as of December 31, 2019. All interest rates are payable in cash.
- (2) Represents the fair value in accordance with ASC 820-10. The determination of such fair value is not included in our board of directors valuation process described elsewhere herein.
- (3) We also hold a portion of this company's first lien senior secured loan.
- (4) We hold an equity investment in this company.

RESULTS OF OPERATIONS

For the years ended December 31, 2020 and 2019

Operating results for the years ended December 31, 2020 and 2019 were as follows:

(in millions)	For the Years Ended December 31,	
	2020	2019
Total investment income	\$ 1,511	\$ 1,528
Total expenses, net of waiver of income based fees	698	701
Net investment income before income taxes	813	827
Income tax expense, including excise tax	19	16
Net investment income	794	811
Net realized losses on investments, foreign currency and other transactions	(166)	(65)
Net unrealized gains (losses) on investments, foreign currency and other transactions	(144)	47
Net increase in stockholders' equity resulting from operations	\$ 484	\$ 793

Net income can vary substantially from period to period due to various factors, including acquisitions, the level of new investment commitments, the recognition of realized gains and losses and unrealized appreciation and depreciation. As a result, comparisons of net increase in stockholders' equity resulting from operations may not be meaningful.

Investment Income

(in millions)	For the Years Ended December 31,	
	2020	2019
Interest income from investments	\$ 1,159	\$ 1,180
Capital structuring service fees	149	162
Dividend income	149	152
Other income	54	34
Total investment income	\$ 1,511	\$ 1,528

Interest income from investments for the year ended December 31, 2020 decreased from the comparable period in 2019 primarily as a result of the decrease in the weighted average yield of our portfolio partially offset against an increase in the average size of our portfolio. The decline in the weighted average yields for the year ended December 31, 2020, as compared to the same period in 2019 were primarily due to the decline in LIBOR. The average three-month LIBOR during the year ended December 31, 2020 was 0.65% compared to 2.33% during the year ended December 31, 2019. The average size and weighted average yield of our portfolio at amortized cost for the years ended December 31, 2020 and 2019 were as follows:

(in millions)	For the Years Ended December 31,	
	2020	2019
Average size of portfolio	\$ 15,187	\$ 13,705
Weighted average yield on portfolio	8.1 %	9.1 %

The decrease in capital structuring service fees for the year ended December 31, 2020 from the comparable period in 2019 was primarily due to the decrease in new investment commitments. The volatility and disruption to the global economy and capital markets from the COVID-19 pandemic reduced the pace of our investment activity during much of 2020, particularly in the second and third quarters, with a significant rebound of activity during the fourth quarter of 2020. The new investment commitments and weighted average capital structuring service fee percentages for the years ended December 31, 2020 and 2019 were as follows:

(in millions)	For the Years Ended December 31,	
	2020	2019
New investment commitments	\$ 6,703	\$ 7,261
Weighted average capital structuring service fee percentages	2.2 %	2.2 %

Dividend income for the years ended December 31, 2020 and 2019 were as follows:

(in millions)	For the Years Ended December 31,	
	2020	2019
Dividend income received from IHAM	\$ 74	\$ 68
Recurring dividends	73	69
Non-recurring dividends	2	15
Total dividend income	\$ 149	\$ 152

Other income for the year ended December 31, 2020 increased from the comparable period in 2019 primarily due to an increase in amendment and other fees.

Operating Expenses

(in millions)	For the Years Ended December 31,	
	2020	2019
Interest and credit facility fees	\$ 317	\$ 291
Base management fees	217	205
Income based fees	184	194
Capital gains incentive fees(1)	(58)	(4)
Administrative fees	13	14
Other general and administrative	25	31
Total expenses	698	731
Waiver of income based fees	—	(30)
Total expenses, net of waiver of income based fees	\$ 698	\$ 701

(1) Calculated in accordance with U.S. generally accepted accounting principles (“GAAP”) as discussed below.

Interest and credit facility fees for the years ended December 31, 2020 and 2019, were comprised of the following:

(in millions)	For the Years Ended December 31,	
	2020	2019
Stated interest expense	\$ 274	\$ 253
Credit facility fees	13	12
Amortization of debt issuance costs	23	18
Net accretion of discount on notes payable	7	8
Total interest and credit facility fees	\$ 317	\$ 291

Stated interest expense for the year ended December 31, 2020 increased from the comparable period in 2019 primarily due to the increase in the average principal amount of debt outstanding. Effective June 21, 2019, our asset coverage requirement applicable to senior securities was reduced from 200% to 150%. Our debt to equity ratio increased to 1.20x as of December 31, 2020 from 0.95x as of December 31, 2019, primarily as a result of an increase in the total debt outstanding which increased our interest expense. The decrease in our weighted average stated interest rate for the year ended December 31, 2020 from the comparable period in 2019 was primarily due to the decline in LIBOR, which lowered the stated interest rate on our revolving credit facilities. Average debt outstanding and weighted average stated interest rate on our debt outstanding for the years ended December 31, 2020 and 2019 were as follows:

(in millions)	For the Years Ended December 31,	
	2020	2019
Average debt outstanding	\$ 7,781	\$ 6,209
Weighted average stated interest rate on debt	3.5 %	4.1 %

Base management fees for the year ended December 31, 2020 increased from the comparable period in 2019 primarily due to the increase in the average size of our portfolio for the year ended December 31, 2020 as compared to the comparable period in 2019.

Income based fees for the year ended December 31, 2020 decreased from the comparable period in 2019 primarily due to the pre-incentive fee net investment income, as defined in the investment advisory and management agreement, for the year ended December 31, 2020 being lower than in the comparable period in 2019. Further, in connection with the acquisition of American Capital, Ltd. (“American Capital”) (the “American Capital Acquisition”), Ares Capital Management waived \$10 million of income based fees for each of the ten calendar quarters beginning with the second calendar quarter of 2017 and ending with the third calendar quarter of 2019 (the “Fee Waiver”). The year ended December 31, 2019 reflects the Fee Waiver of \$30 million.

For the years ended December 31, 2020 and 2019, the reduction in the capital gains incentive fee calculated in accordance with GAAP was \$58 million and \$4 million, respectively. The capital gains incentive fee accrual for the year ended December 31, 2020 changed from the comparable period in 2019 primarily due to net losses on investments, foreign currency and other transactions of \$310 million compared to net losses of \$18 million for the year ended December 31, 2019. The capital gains incentive fee accrued under GAAP includes an accrual related to unrealized capital appreciation, whereas the capital gains incentive fee actually payable under our investment advisory and management agreement does not. There can be no assurance that such unrealized capital appreciation will be realized in the future. The accrual for any capital gains incentive fee under GAAP in a given period may result in an additional expense if such cumulative amount is greater than in the prior period or a reduction of previously recorded expense if such cumulative amount is less than in the prior period. If such cumulative amount is negative, then there is no accrual. As of December 31, 2020, there was no capital gains incentive fee accrued in accordance with GAAP. As of December 31, 2019, the total capital gains incentive fee accrual calculated in accordance with GAAP was \$58 million. As of December 31, 2020 and 2019, there was no capital gains incentive fee actually payable under our investment advisory and management agreement. See Note 3 to our consolidated financial statements for the year ended December 31, 2020, for more information on the base management fees, income based fees and capital gains incentive fees.

Cash payment of any income based fees and capital gains incentive fees otherwise earned by our investment adviser is deferred if, during the most recent four full calendar quarter period ending on or prior to the date such payment is to be made, the sum of (a) the aggregate distributions to our stockholders and (b) the change in net assets (defined as total assets less indebtedness and before taking into account any income based fees and capital gains incentive fees payable during the period) is less than 7.0% of our net assets (defined as total assets less indebtedness) at the beginning of such period. These calculations will be adjusted for any share issuances or repurchases. Any income based fees and capital gains incentive fees deferred for payment are carried over for payment in subsequent calculation periods to the extent such fees are payable under the terms of the investment advisory and management agreement. Pursuant to these terms, payment of \$83 million of the income based fees earned by our investment adviser for the second and third quarters of 2020 had been previously deferred. As of December 31, 2020, such deferred income based fees were payable under the terms of the investment advisory management agreement. There are currently no capital gains fees payable. See Note 3 to our consolidated financial statements for the year ended December 31, 2020, for more information on the related deferral terms.

Administrative fees represent fees paid to Ares Operations for our allocable portion of overhead and other expenses incurred by Ares Operations in performing its obligations under the administration agreement, including our allocable portion of the compensation, rent and other expenses of certain of our executive officers and their respective staffs. See Note 3 to our consolidated financial statements for the year ended December 31, 2020, for more information on the administrative fees.

Other general and administrative expenses include, among other costs, professional fees, insurance, fees and expenses related to evaluating and making investments in portfolio companies and independent directors’ fees.

Income Tax Expense, Including Excise Tax

We have elected to be treated as a RIC under the Code and operate in a manner so as to qualify for the tax treatment applicable to RICs. To qualify as a RIC, we must (among other requirements) meet certain source-of-income and asset diversification requirements and timely distribute to our stockholders at least 90% of our investment company taxable income, as defined by the Code, for each year. We have made and intend to continue to make the requisite distributions to our stockholders which will generally relieve us from U.S. federal corporate-level income taxes.

Depending on the level of taxable income earned in a tax year, we may choose to carry forward such taxable income in excess of current year dividend distributions from such current year taxable income into the next tax year and pay a 4% excise tax on such income, as required. To the extent that we determine that our estimated current year taxable income will be in excess of estimated dividend distributions for the current year from such income, we accrue excise tax, if any, on estimated excess taxable income as such taxable income is earned. For the years ended December 31, 2020 and 2019, we recorded a net expense of \$17 million and \$15 million, respectively, for U.S. federal excise tax.

Certain of our consolidated subsidiaries are subject to U.S. federal and state income taxes. For the years ended December 31, 2020 and 2019, we recorded a net tax expense of \$2 million and \$1 million, respectively, for these subsidiaries. The income tax expense for our taxable consolidated subsidiaries will vary depending on the level of realized gains from the exits of investments held by such taxable subsidiaries during the respective periods.

Net Realized Gains/Losses

The net realized gains (losses) from the sales, repayments or exits of investments during the years ended December 31, 2020 and 2019 were comprised of the following:

(in millions)	For the Years Ended December 31,	
	2020	2019
Sales, repayments or exits of investments(1)	\$ 5,586	\$ 4,879
Net realized gains (losses) on investments:		
Gross realized gains	\$ 122	\$ 78
Gross realized losses	(270)	(205)
Total net realized losses on investments	\$ (148)	\$ (127)

- (1) Includes \$940 million and \$1,141 million of loans sold to IHAM and certain vehicles managed by IHAM during the years ended December 31, 2020 and 2019, respectively. Net realized losses of \$21 million and \$2 million, respectively, were recorded on these transactions with IHAM during the years ended December 31, 2020 and 2019. See Note 4 to our consolidated financial statements for the year ended December 31, 2020 for more information on IHAM and its managed vehicles.

The net realized losses on investments during the year ended December 31, 2020 consisted of the following:

(in millions) Portfolio Company	Net Realized Gains (Losses)
Dynatrace, Inc.	\$ 29
UL Holding Co., LLC	20
PERC Holdings 1 LLC	16
Nodality, Inc.	(12)
Centric Brands Inc.	(22)
Production Resource Group, L.L.C.	(65)
VPROP Operating, LLC and Vista Proppants and Logistics, LLC	(103)
Other, net	(11)
Total	\$ (148)

During the year ended December 31, 2020, we also recognized net realized losses on foreign currency and other transactions of \$18 million.

The net realized losses on investments during the year ended December 31, 2019 consisted of the following:

(in millions) Portfolio Company	Net Realized Gains (Losses)
Soil Safe, Inc. and Soil Safe Acquisition Corp.	\$ 13
Petroflow Energy Corporation and TexOak Petro Holdings LLC	(33)
Indra Holdings Corp.	(62)
New Trident Holdcorp, Inc.	(96)
Other, net	51
Total	<u>\$ (127)</u>

During the year ended December 31, 2019, we also recognized net realized gains on foreign currency and other transactions of \$16 million. We also recognized a realized gain of \$46 million in connection with the receipt of a litigation judgment payment related to a former portfolio company of American Capital.

Net Unrealized Gains/Losses

We value our portfolio investments quarterly and the changes in value are recorded as unrealized gains or losses in our consolidated statement of operations. Net unrealized gains and losses on investments for the years ended December 31, 2020 and 2019, were comprised of the following:

(in millions)	For the Years Ended December 31,	
	2020	2019
Unrealized appreciation	\$ 388	\$ 178
Unrealized depreciation	(620)	(310)
Net unrealized (appreciation) depreciation reversed related to net realized gains or losses(1)	88	193
Total net unrealized gains (losses) on investments	<u>\$ (144)</u>	<u>\$ 61</u>

- (1) The net unrealized (appreciation) depreciation reversed related to net realized gains or losses represents the unrealized appreciation or depreciation recorded on the related asset at the end of the prior period.

During the year ended December 31, 2020, our operating results were negatively impacted by the uncertainty surrounding the COVID-19 pandemic, which has caused severe disruptions in the global economy and negatively impacted the fair value and performance of certain portfolio companies in our investment portfolio. For the year ended December 31, 2020, the net unrealized losses recorded on investments were primarily due to the impact of the COVID-19 pandemic, including from business shutdowns, government restrictions and/or possible additional liquidity needs of certain of our portfolio companies. For additional information concerning the COVID-19 pandemic and its potential impact on our business and our operating results, see “Risk Factors—The COVID-19 pandemic has caused severe disruptions in the global economy, which has had, and may continue to have, a negative impact on our portfolio companies and our business and operations.”

The changes in net unrealized appreciation and depreciation on investments during the year ended December 31, 2020 consisted of the following:

(in millions) Portfolio Company	Net Unrealized Appreciation (Depreciation)
Singer Sewing Company	\$ 102
Blue Angel Buyer 1, LLC and Blue Angel Holdco, LLC	18
Evolent Health LLC and Evolent Health, Inc.	16
Absolute Dental Group LLC and Absolute Dental Equity, LLC	11
BW Landco LLC	11
Ivy Hill Asset Management, L.P.	11
OUTFRONT Media Inc.	11
Alcami Corporation and ACM Holdings I, LLC	(13)
Implus Footcare, LLC	(14)
Varsity Brands Holding Co., Inc.	(15)
Centric Brands Inc.	(18)
Cipriani USA, Inc.	(18)
Sundance Energy, Inc.	(22)
Garden Fresh Restaurant Corp.	(24)
Microstar Logistics LLC	(27)
Teligent, Inc.	(30)
Green Energy Partners, Stonewall LLC and Panda Stonewall Intermediate Holdings II LLC	(35)
OTG Management, LLC	(111)
Other, net	(85)
Total	<u>\$ (232)</u>

The changes in net unrealized appreciation and depreciation on investments during the year ended December 31, 2019 consisted of the following:

(in millions) Portfolio Company	Net Unrealized Appreciation (Depreciation)
Instituto de Banca y Comercio, Inc. & Leeds IV Advisors, Inc.	\$ 21
Dynatrace, Inc.	17
ADG, LLC and RC IV GEDC Investor LLC	(13)
Alcami Corporation and ACM Holdings I, LLC	(15)
Eckler Industries, Inc. and Eckler Purchaser LLC	(20)
VPROP Operating, LLC and Vista Proppants and Logistics, LLC	(47)
Other, net	(75)
Total	<u>\$ (132)</u>

During the year ended December 31, 2019, we also recognized net unrealized losses on foreign currency and other transactions of \$14 million.

For the years ended December 31, 2019 and 2018

The comparison of the fiscal years ended December 31, 2019 and 2018 can be found in our annual report on Form 10-K for the fiscal year ended December 31, 2019 located within Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, which is incorporated herein by reference.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Our liquidity and capital resources are generated primarily from the net proceeds of public offerings of equity and debt securities, advances from the Revolving Credit Facility, the Revolving Funding Facility, SMBC Funding Facility and the BNP Funding Facility (each as defined below, and together, the “Facilities”), net proceeds from the issuance of other securities, including unsecured notes, as well as cash flows from operations.

In accordance with the Investment Company Act, we are allowed to borrow amounts such that our asset coverage calculated pursuant to the Investment Company Act, is at least 150% after such borrowings (i.e., we are able to borrow up to two dollars for every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued by us). As of December 31, 2020, we had \$254 million in cash and cash equivalents and \$8.6 billion in total aggregate principal amount of debt outstanding (\$8.5 billion at carrying value) and our asset coverage was 182%. Subject to borrowing base and other restrictions, we had approximately \$3.3 billion available for additional borrowings under the Facilities as of December 31, 2020.

We may from time to time seek to retire or repurchase our common stock through cash purchases, as well as retire, cancel or purchase our outstanding debt through cash purchases and/or exchanges, in open market purchases, privately negotiated transactions or otherwise. The amounts involved may be material. In addition, we may from time to time enter into additional debt facilities, increase the size of existing facilities or issue additional debt securities, including secured debt, unsecured debt and/or debt securities convertible into common stock. Any such purchases or exchanges of common stock or outstanding debt, or incurrence or issuance of additional debt would be subject to prevailing market conditions, our liquidity requirements, contractual and regulatory restrictions and other factors.

Equity Capital Activities

As of December 31, 2020 and 2019, our total equity market capitalization was \$7.1 billion and \$8.0 billion, respectively.

We are party to equity distribution agreements with two sales agents (the “Equity Distribution Agreements”), pursuant to which we may from time to time issue and sell shares of our common stock having an aggregate offering amount of up to \$500 million. Subject to the terms and conditions of the Equity Distribution Agreements, sales of common stock, if any, may be made in transactions that are deemed to be an “at the market offering” as defined in Rule 415(a)(4) under the Securities Act of 1933, as amended. The Company’s “at the market offering” activity for the years ended December 31, 2020 and 2019 is presented below:

(in millions)	For the Years Ended December 31,	
	2020	2019
Shares issued and sold	0.2	3.5
Gross proceeds(1)	\$ 4	\$ 65

(1) Includes \$0 million and \$1 million of sales agents’ commissions and certain offering expenses during the years ended December 31, 2020 and 2019, respectively.

As of December 31, 2020, we had cumulatively issued and sold 3.7 million shares of common stock under the Equity Distribution Agreements, with net proceeds totaling \$68 million, after deducting sales agents’ commissions and certain offering expenses of approximately \$1 million. As of December 31, 2020, common stock with an aggregate offering amount of \$431 million remained available for issuance under the Equity Distribution Agreements.

For the year ended December 31, 2019, in addition to equity issuances under the Equity Distribution Agreements, we also issued common stock in connection with our dividend reinvestment program. There were no other issuances of our equity securities during the years ended December 31, 2020 and 2019.

We are authorized under our stock repurchase program to purchase up to \$500 million in the aggregate of our outstanding common stock in the open market at certain thresholds below our net asset value per share, in accordance with the guidelines specified in Rule 10b-18 under the Securities Exchange Act of 1934, as amended. The timing, manner, price and amount of any share repurchases will be determined by us, in our discretion, based upon the evaluation of economic and market conditions, stock price, applicable legal and regulatory requirements and other factors. The program does not require us to

repurchase any specific number of shares, and we cannot assure stockholders that any shares will be repurchased under the program. The expiration date of the stock repurchase program is February 15, 2021. The program may be suspended, extended, modified or discontinued at any time.

As of December 31, 2020, we had cumulatively repurchased a total of 9.0 million shares of our common stock in the open market under the stock repurchase program since its inception in September 2015, at an average price of \$11.95 per share, including commissions paid, leaving approximately \$393 million available for additional repurchases under the program. During the year ended December 31, 2020, we repurchased a total of 8.5 million shares of our common stock in the open market under the stock repurchase program for \$100 million. The shares were repurchased at an average price of \$11.83 per share, including commissions paid. During the year ended December 31, 2019, we did not repurchase any shares of our common stock under the stock repurchase program.

See “Recent Developments,” as well as Note 17 to our consolidated financial statements for the year ended December 31, 2020 for a subsequent event relating to our stock repurchase program.

Debt Capital Activities

Our debt obligations consisted of the following as of December 31, 2020 and 2019:

(in millions)	As of December 31,					
	2020			2019		
	Total Aggregate Principal Amount Available/Outstanding(1)	Principal Amount Outstanding	Carrying Value	Total Aggregate Principal Amount Available/Outstanding(1)	Principal Amount Outstanding	Carrying Value
Revolving Credit Facility	\$ 3,617 (2)	\$ 1,180	\$ 1,180	\$ 3,365	\$ 2,250	\$ 2,250
Revolving Funding Facility	1,525	1,028	1,028	1,275	638	638
SMBC Funding Facility	725 (3)	453	453	650	301	301
BNP Funding Facility	300	150	150	—	—	—
2022 Convertible Notes	388	388	383 (4)	388	388	377 (4)
2024 Convertible Notes	403	403	392 (4)	403	403	389 (4)
2022 Notes	600	600	598 (5)	600	600	597 (5)
2023 Notes	750	750	747 (6)	750	750	746 (6)
2024 Notes	900	900	896 (7)	900	900	895 (7)
March 2025 Notes	600	600	595 (8)	600	600	594 (8)
July 2025 Notes	750	750	742 (9)	—	—	—
January 2026 Notes	1,150	1,150	1,141 (10)	—	—	— (10)
2047 Notes	230	230	186 (11)	230	230	184 (11)
Total	\$ 11,938	\$ 8,582	\$ 8,491	\$ 9,161	\$ 7,060	\$ 6,971

- (1) Represents the total aggregate amount committed or outstanding, as applicable, under such instrument. Borrowings under the committed Revolving Credit Facility, Revolving Funding Facility, SMBC Funding Facility and BNP Funding Facility (each as defined below) are subject to borrowing base and other restrictions.
- (2) Provides for a feature that allows us, under certain circumstances, to increase the size of the Revolving Credit Facility (as defined below) to a maximum of \$5.4 billion.
- (3) Provides for a feature that allows ACJB (as defined below), under certain circumstances, to increase the size of the SMBC Funding Facility (as defined below) to a maximum of \$1.0 billion.
- (4) Represents the aggregate principal amount outstanding of the Convertible Unsecured Notes (as defined below). As of December 31, 2020, the total unamortized debt issuance costs and the unaccreted discount for the 2022 Convertible

Notes and the 2024 Convertible Notes (each as defined below) were \$5 million and \$11 million, respectively. As of December 31, 2019, the total unamortized debt issuance costs and the unaccreted discount for the 2022 Convertible Notes and the 2024 Convertible Notes were \$11 million and \$14 million, respectively.

- (5) Represents the aggregate principal amount outstanding of the 2022 Notes (as defined below), less unamortized debt issuance costs and the net unaccreted discount recorded upon the issuance of the 2022 Notes. As of December 31, 2020 and 2019, the total unamortized debt issuance costs and the unaccreted discount were \$2 million and \$3 million, respectively.
- (6) Represents the aggregate principal amount outstanding of the 2023 Notes (as defined below), less unamortized debt issuance costs and the unaccreted discount recorded upon the issuance of the 2023 Notes. As of December 31, 2020 and 2019, the total unamortized debt issuance costs and the unaccreted discount was \$3 million and \$4 million, respectively.
- (7) Represents the aggregate principal amount outstanding of the 2024 Notes (as defined below), less unamortized debt issuance costs and the net unaccreted discount recorded upon the issuance of the 2024 Notes. As of December 31, 2020 and 2019, the total unamortized debt issuance costs and net unaccreted discount was \$4 million and \$5 million, respectively.
- (8) Represents the aggregate principal amount outstanding of the March 2025 Notes (as defined below), less unamortized debt issuance costs and the unaccreted discount recorded upon the issuance of the March 2025 Notes. As of December 31, 2020 and 2019, the total unamortized debt issuance costs and the unaccreted discount was \$5 million and \$6 million, respectively.
- (9) Represents the aggregate principal amount outstanding of the July 2025 Notes (as defined below), less unamortized debt issuance costs and the unaccreted discount recorded upon the issuance of the July 2025 Notes. As of December 31, 2020, the total unamortized debt issuance costs and unaccreted discount was \$8 million.
- (10) Represents the aggregate principal amount outstanding of the January 2026 Notes (as defined below), less unamortized debt issuance costs and the unaccreted discount recorded upon the issuance of the January 2026 Notes. As of December 31, 2020, the total unamortized debt issuance costs and net unaccreted discount was \$9 million.
- (11) Represents the aggregate principal amount outstanding of the 2047 Notes (as defined below), less unamortized debt issuance costs and unaccreted discount recorded as part of the Allied Acquisition. As of December 31, 2020 and 2019, the total unaccreted purchased discount was \$44 million and \$46 million, respectively.

The weighted average stated interest rate and weighted average maturity, both on aggregate principal amount outstanding, of all our debt outstanding as of December 31, 2020 were 3.4% and 4.2 years, respectively, and as of December 31, 2019 were 3.9% and 4.7 years, respectively.

The ratio of total principal amount of debt outstanding to stockholders' equity as of December 31, 2020 was 1.20:1.00 compared to 0.95:1.00 as of December 31, 2019.

Revolving Credit Facility

We are party to a senior secured revolving credit facility (as amended and restated, the "Revolving Credit Facility"), that allows us to borrow up to \$3.6 billion at any one time outstanding. The Revolving Credit Facility consists of a \$740 million term loan tranche and a \$2.9 billion revolving tranche. For \$699 million of the term loan tranche, the stated maturity date is March 30, 2025. For the remaining \$41 million of the term loan tranche, the stated maturity date is March 30, 2024. For \$2.7 billion of the revolving tranche, the end of the revolving period and the stated maturity date are March 30, 2024 and March 30, 2025, respectively. For the remaining \$124 million of the revolving tranche, the end of the revolving period and the stated maturity date are March 30, 2023 and March 30, 2024, respectively. The Revolving Credit Facility also provides for a feature that allows us, under certain circumstances, to increase the overall size of the Revolving Credit Facility to a maximum of \$5.4 billion. The interest rate charged on the Revolving Credit Facility is based on an applicable spread of either 1.75% or 1.875% over LIBOR or 0.75% or 0.875% over an "alternate base rate" (as defined in the agreements governing the Revolving Credit Facility), in each case, determined monthly based on the total amount of the borrowing base relative to the total commitments of the Revolving Credit Facility and other debt, if any, secured by the same collateral as the Revolving Credit Facility. As of December 31, 2020, the interest rate in effect was LIBOR plus 1.75%. We are also required to pay a letter of credit fee of either 2.00% or 2.125% per annum on letters of credit issued, determined monthly based on the total amount of the borrowing base

relative to the total commitments of the Revolving Credit Facility and other debt, if any, secured by the same collateral as the Revolving Credit Facility. Additionally, we are required to pay a commitment fee of 0.375% per annum on any unused portion of the Revolving Credit Facility. As of December 31, 2020, there was \$1.2 billion outstanding under the Revolving Credit Facility and we were in compliance in all material respects with the terms of the Revolving Credit Facility.

Revolving Funding Facility

We and our consolidated subsidiary, Ares Capital CP Funding LLC (“Ares Capital CP”), are party to a revolving funding facility (as amended, the “Revolving Funding Facility”), that allows Ares Capital CP to borrow up to \$1.5 billion at any one time outstanding. The Revolving Funding Facility is secured by all of the assets held by, and the membership interest in, Ares Capital CP. The end of the reinvestment period and the stated maturity date for the Revolving Funding Facility are January 31, 2023 and January 31, 2025, respectively. The interest rate charged on the Revolving Funding Facility is based on LIBOR plus 2.00% per annum or a “base rate” (as defined in the agreements governing the Revolving Funding Facility) plus 1.00% per annum. Ares Capital CP is also required to pay a commitment fee of between 0.50% and 1.50% per annum depending on the size of the unused portion of the Revolving Funding Facility. As of December 31, 2020, there was \$1.0 billion outstanding under the Revolving Funding Facility and we and Ares Capital CP were in compliance in all material respects with the terms of the Revolving Funding Facility.

SMBC Funding Facility

We and our consolidated subsidiary, Ares Capital JB Funding LLC (“ACJB”), are party to a revolving funding facility (as amended, the “SMBC Funding Facility”), with ACJB, as the borrower, and Sumitomo Mitsui Banking Corporation, as the administrative agent, collateral agent and lender, that allows ACJB to borrow up to \$725 million at any one time outstanding. The SMBC Funding Facility also provides for a feature that allows ACJB, subject to receiving certain consents, to increase the overall size of the SMBC Funding Facility to \$1.0 billion. The SMBC Funding Facility is secured by all of the assets held by ACJB. The end of the reinvestment period and the stated maturity date for the SMBC Funding Facility are September 10, 2022 and September 10, 2024, respectively. The reinvestment period and the stated maturity date are both subject to two one-year extensions by mutual agreement. The interest rate charged on the SMBC Funding Facility is based on an applicable spread of either 1.75% or 2.00% over LIBOR or 0.75% or 1.00% over a “base rate” (as defined in the agreements governing the SMBC Funding Facility), in each case, determined monthly based on the amount of the average borrowings outstanding under the SMBC Funding Facility. As of December 31, 2020, the interest rate in effect was LIBOR plus 1.75%. ACJB is also required to pay a commitment fee of between 0.50% and 1.00% per annum depending on the size of the unused portion of the SMBC Funding Facility. As of December 31, 2020, there was \$453 million outstanding under the SMBC Funding Facility and we and ACJB were in compliance in all material respects with the terms of the SMBC Funding Facility.

BNP Funding Facility

We and our consolidated subsidiary, ARCC FB Funding LLC (“AFB”), are party to a revolving funding facility (as amended, the “BNP Funding Facility”) with AFB, as the borrower, and BNP Paribas, as the administrative agent and lender, that allows AFB to borrow up to \$300 million at any one time outstanding. The BNP Funding Facility is secured by all of the assets held by AFB. The end of the reinvestment period and the stated maturity date for the BNP Funding Facility are June 11, 2023 and June 11, 2025, respectively. The reinvestment period and the stated maturity date are both subject to a one-year extension by mutual agreement. The interest rate charged on the BNP Funding Facility is based on three month LIBOR (subject to a floor of 0.45%), or over a “base rate” (as defined in the agreements governing the BNP Funding Facility) plus a margin that generally ranges between 2.65% and 3.15% (depending on the types of assets such advances relate to), with a weighted average floor for all classes of advances of (i) 2.75% during the reinvestment period and (ii) 3.25% following the reinvestment period. As of December 31, 2020, the interest rate in effect was LIBOR plus 2.88%. Beginning on December 11, 2020, AFB is required to pay a commitment fee of between 0.00% and 1.25% per annum depending on the size of the unused portion of the BNP Funding Facility. Prior to December 11, 2020, there was no commitment fee required to be paid. As of December 31, 2020, there was \$150 million outstanding under the BNP Funding Facility and we and AFB were in compliance in all material respects with the terms of the BNP Funding Facility.

Convertible Unsecured Notes

We have issued \$388 million in aggregate principal amount of unsecured convertible notes that mature on February 1, 2022 (the “2022 Convertible Notes”) and \$403 million in aggregate principal amount of unsecured convertible notes that mature on March 1, 2024 (the “2024 Convertible Notes” and together with the 2022 Convertible Notes, the “Convertible Unsecured Notes”). The Convertible Unsecured Notes mature upon their respective maturity dates unless previously converted or repurchased in accordance with their terms. We do not have the right to redeem the Convertible Unsecured Notes prior to

maturity. The 2022 Convertible Notes and the 2024 Convertible Notes bear interest at a rate of 3.75% and 4.625%, respectively, per annum, payable semi-annually.

In certain circumstances, assuming the respective conversion date below has not already passed, the Convertible Unsecured Notes will be convertible into cash, shares of our common stock or a combination of cash and shares of our common stock, at our election, at their respective conversion rates (listed below as of December 31, 2020) subject to customary anti-dilution adjustments and the requirements of their respective indenture (the “Convertible Unsecured Notes Indentures”). Prior to the close of business on the business day immediately preceding their respective conversion date (listed below), holders may convert their Convertible Unsecured Notes only under certain circumstances set forth in the Convertible Unsecured Notes Indentures. On or after their respective conversion dates until the close of business on the scheduled trading day immediately preceding the maturity date for the 2022 Convertible Notes and the second scheduled trading day immediately preceding the maturity date for the 2024 Convertible Notes, holders may convert their Convertible Unsecured Notes at any time. In addition, if we engage in certain corporate events as described in their respective Convertible Unsecured Notes Indenture, holders of the Convertible Unsecured Notes may require us to repurchase for cash all or part of the Convertible Unsecured Notes at a repurchase price equal to 100% of the principal amount of the Convertible Unsecured Notes to be repurchased, plus accrued and unpaid interest through, but excluding, the required repurchase date.

Certain key terms related to the convertible features for each of the Convertible Unsecured Notes as of December 31, 2020 are listed below.

	2022 Convertible Notes		2024 Convertible Notes		
Conversion premium		15.0	%	15.0	%
Closing stock price at issuance	\$	16.86	\$	17.29	
Closing stock price date		January 23, 2017		March 5, 2019	
Conversion price(1)	\$	19.09	\$	19.88	
Conversion rate (shares per one thousand dollar principal amount)(1)		52.3794		50.2930	
Conversion dates		August 1, 2021		December 1, 2023	

- (1) Represents conversion price and conversion rate, as applicable, as of December 31, 2020, taking into account any applicable de minimis adjustments that will be made on the conversion date.

Unsecured Notes

2022 Notes

We have issued \$600 million in aggregate principal amount of unsecured notes that mature on January 19, 2022 and bear interest at a rate of 3.625% per annum (the “2022 Notes”). The 2022 Notes pay interest semi-annually, and all principal is due upon maturity. The 2022 Notes may be redeemed in whole or in part at any time at our option at a redemption price equal to par plus a “make whole” premium, if applicable, as determined pursuant to the indenture governing the 2022 Notes, and any accrued and unpaid interest.

2023 Notes

We have issued \$750 million in aggregate principal amount of unsecured notes that mature on February 10, 2023 and bear interest at a rate of 3.500% per annum (the “2023 Notes”). The 2023 Notes pay interest semi-annually, and all principal is due upon maturity. The 2023 Notes may be redeemed in whole or in part at any time at our option at a redemption price equal to par plus a “make whole” premium, if applicable, as determined pursuant to the indenture governing the 2023 Notes, and any accrued and unpaid interest.

2024 Notes

We have issued \$900 million in aggregate principal amount of unsecured notes that mature on June 10, 2024 and bear interest at a rate of 4.200% per annum (the “2024 Notes”). The 2024 Notes pay interest semi-annually, and all principal is due upon maturity. The 2024 Notes may be redeemed in whole or in part at any time at our option at a redemption price equal to par plus a “make whole” premium, if applicable, as determined pursuant to the indenture governing the 2024 Notes, and any accrued and unpaid interest.

March 2025 Notes

We have issued \$600 million in aggregate principal amount of unsecured notes that mature on March 1, 2025 and bear interest at a rate of 4.250% per annum (the “March 2025 Notes”). The March 2025 Notes pay interest semi-annually, and all principal is due upon maturity. The March 2025 Notes may be redeemed in whole or in part at any time at our option at a redemption price equal to par plus a “make whole” premium, if applicable, as determined pursuant to the indenture governing the March 2025 Notes, and any accrued and unpaid interest.

July 2025 Notes

We have issued \$750 million in aggregate principal amount of unsecured notes that mature on July 15, 2025 and bear interest at a rate of 3.250% per annum (the “July 2025 Notes”). The July 2025 Notes pay interest semi-annually, and all principal is due upon maturity. The July 2025 Notes may be redeemed in whole or in part at any time at our option at a redemption price equal to par plus a “make whole” premium, if applicable, as determined pursuant to the indenture governing the July 2025 Notes, and any accrued and unpaid interest.

January 2026 Notes

We have issued \$1,150 million in aggregate principal amount of unsecured notes that mature on January 15, 2026 and bear interest at a rate of 3.875% per annum (the “January 2026 Notes”). The January 2026 Notes pay interest semi-annually, and all principal is due upon maturity. The January 2026 Notes may be redeemed in whole or in part at any time at our option at a redemption price equal to par plus a “make whole” premium, if applicable, as determined pursuant to the indenture governing the January 2026 Notes, and any accrued and unpaid interest.

2047 Notes

As part of the Allied Acquisition, we assumed \$230 million in aggregate principal amount of unsecured notes that mature on April 15, 2047 and bear interest at a rate of 6.875% per annum (the “2047 Notes” and together with the 2022 Notes, the 2023 Notes, the 2024 Notes, the March 2025 Notes, the July 2025 Notes and the January 2026 Notes, the “Unsecured Notes”). The 2047 Notes pay interest quarterly, and all principal is due upon maturity. The 2047 Notes may be redeemed in whole or in part at any time or from time to time at our option, at a par redemption price of \$25.00 per security plus accrued and unpaid interest.

See “Recent Developments,” as well as Note 17 to our consolidated financial statements for the year ended December 31, 2020 for a subsequent event relating to an additional issuance of unsecured notes.

As of December 31, 2020, we were in compliance in all material respects with the terms of the Convertible Unsecured Notes Indentures and the indentures governing the Unsecured Notes.

The Convertible Unsecured Notes and the Unsecured Notes are our senior unsecured obligations and rank senior in right of payment to any future indebtedness that is expressly subordinated in right of payment to the Convertible Unsecured Notes and the Unsecured Notes; equal in right of payment to our existing and future unsecured indebtedness that is not expressly subordinated; effectively junior in right of payment to any of our secured indebtedness (including existing unsecured indebtedness that we later secure) to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness (including trade payables) incurred by our subsidiaries, financing vehicles or similar facilities.

See Note 5 to our consolidated financial statements for the year ended December 31, 2020 for more information on our debt obligations.

CONTRACTUAL OBLIGATIONS

A summary of the maturities of our principal amounts of debt and other contractual payment obligations as of December 31, 2020 are as follows:

(in millions)	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
Revolving Credit Facility	\$ 1,180	\$ —	\$ —	\$ 1,180 (1)	\$ —
Revolving Funding Facility	1,028	—	—	1,028 (2)	—
SMBC Funding Facility	453	—	—	453 (3)	—
BNP Funding Facility	150	—	—	150 (4)	—
2022 Convertible Notes	388	—	388	—	—
2024 Convertible Notes	403	—	—	403	—
2022 Notes	600	—	600	—	—
2023 Notes	750	—	750	—	—
2024 Notes	900	—	—	900	—
March 2025 Notes	600	—	—	600	—
July 2025 Notes	750	—	—	750	—
January 2026 Notes	1,150	—	—	—	1,150
2047 Notes	230	—	—	—	230
Operating lease obligations(5)	65	16	31	12	6
	<u>\$ 8,647</u>	<u>\$ 16</u>	<u>\$ 1,769</u>	<u>\$ 5,476</u>	<u>\$ 1,386</u>

- (1) The Revolving Credit Facility consists of a \$740 million term loan tranche and a \$2,877 million revolving tranche. For \$699 million of the term loan tranche, the stated maturity date is March 30, 2025. For the remaining \$41 million of the term loan tranche, the stated maturity date is March 30, 2024. For the \$2,753 million of the revolving tranche, the end of the revolving period and the stated maturity date are March 30, 2024 and March 30, 2025, respectively. For the remaining \$124 million of the revolving tranche, the end of the revolving period and the stated maturity date are March 30, 2023 and March 30, 2024, respectively. We are required to repay any outstanding principal amounts under such revolving tranche on a monthly basis equal to 1/12th of the outstanding principal amount at the end of the revolving period.
- (2) The end of the reinvestment period for the Revolving Funding Facility is January 31, 2023. Subsequent to the end of this reinvestment period and prior to the stated maturity date of January 31, 2025, any principal proceeds from sales and repayments of loan assets held by Ares Capital CP will be used to repay the aggregate principal amount outstanding.
- (3) The end of the reinvestment period for the SMBC Funding Facility is September 10, 2022. Subsequent to the end of this reinvestment period and prior to the stated maturity date of September 10, 2024, any principal proceeds from sales and repayments of loan assets held by ACJB will be used to repay the aggregate principal amount outstanding.
- (4) The end of the reinvestment period for the BNP Funding Facility is June 11, 2023. Subsequent to the end of this reinvestment period and prior to the stated maturity date of June 11, 2025, any principal proceeds from sales and repayments of loan assets held by AFB will be used to repay the aggregate principal amount outstanding.
- (5) We are obligated under a number of operating leases and subleases to pay for office spaces with terms ranging from approximately one to six years. See Note 7 to our consolidated financial statements for the year ended December 31, 2020 for more information on our lease obligations.

OFF BALANCE SHEET ARRANGEMENTS

We have various commitments to fund investments in our portfolio, as described below.

As of December 31, 2020 and 2019, we had the following commitments to fund various revolving and delayed draw senior secured and subordinated loans, including commitments to fund which are at (or substantially at) our discretion:

(in millions)	As of December 31,	
	2020	2019
Total revolving and delayed draw loan commitments	\$ 2,020	\$ 2,009
Less: funded commitments	(409)	(460)
Total unfunded commitments	1,611	1,549
Less: commitments substantially at our discretion	(29)	(6)
Less: unavailable commitments due to borrowing base or other covenant restrictions	(8)	—
Total net adjusted unfunded revolving and delayed draw loan commitments	\$ 1,574	\$ 1,543

Included within the total revolving and delayed draw loan commitments as of December 31, 2020 and 2019 were delayed draw loan commitments totaling \$652 million and \$633 million, respectively. Our commitment to fund delayed draw loans is triggered upon the satisfaction of certain pre-negotiated terms and conditions. Generally, the most significant and uncertain term requires the borrower to satisfy a specific use of proceeds covenant. The use of proceeds covenant typically requires the borrower to use the additional loans for the specific purpose of a permitted acquisition or permitted investment, for example. In addition to the use of proceeds covenant, the borrower is generally required to satisfy additional negotiated covenants (including specified leverage levels).

Also included within the total revolving loan commitments as of December 31, 2020 were commitments to issue up to \$375 million in letters of credit through a financial intermediary on behalf of certain portfolio companies. As of December 31, 2020, we had \$72 million in letters of credit issued and outstanding under these commitments on behalf of the portfolio companies. For all these letters of credit issued and outstanding, we would be required to make payments to third parties if the portfolio companies were to default on their related payment obligations. Of these letters of credit, \$63 million expire in 2021 and \$9 million expire in 2022. As of December 31, 2020, we recorded a liability of \$1 million for certain letters of credit issued and outstanding and none of the other letters of credit issued and outstanding were recorded as a liability on our balance sheet as such other letters of credit are considered in the valuation of the investments in the portfolio company.

We also have commitments to co-invest in the SDLP for our portion of the SDLP's commitments to fund delayed draw loans to certain portfolio companies of the SDLP. See "Senior Direct Lending Program" above and Note 4 to our consolidated financial statements for the year ended December 31, 2020 for more information.

As of December 31, 2020 and 2019, we were party to subscription agreements to fund equity investments in private equity investment partnerships as follows:

(in millions)	As of December 31,	
	2020	2019
Total private equity commitments	\$ 111	\$ 110
Less: funded private equity commitments	(68)	(62)
Total unfunded private equity commitments	43	48
Less: private equity commitments substantially our discretion	(43)	(48)
Total net adjusted unfunded private equity commitments	\$ —	\$ —

In the ordinary course of business, we may sell certain of our investments to third party purchasers. In particular, in connection with the sale of certain controlled portfolio company equity investments (as well as certain other sales), we have, and may continue to do so in the future, agreed to indemnify such purchasers for future liabilities arising from the investments and the related sale transaction. Such indemnification provisions have given rise to liabilities in the past and may do so in the future.

In addition, in the ordinary course of business, we may guarantee certain obligations in connection with our portfolio companies (in particular, certain controlled portfolio companies). Under these guarantee arrangements, payments may be required to be made to third parties if such guarantees are called upon or if the portfolio companies were to default on their related obligations, as applicable.

RECENT DEVELOPMENTS

In January 2021, we issued \$650 million in aggregate principal amount of unsecured notes, which bear interest at a rate of 2.150% per annum and mature on July 15, 2026 (the “July 2026 Notes”). The July 2026 Notes pay interest semi-annually and all principal is due upon maturity. The July 2026 Notes may be redeemed in whole or in part at any time at our option at the redemption prices determined pursuant to the indenture governing the July 2026 Notes, and any accrued and unpaid interest. The July 2026 Notes were issued at a discount to the principal amount.

In February 2021, our board of directors authorized an amendment to our existing stock repurchase program to (a) extend the expiration date of the program from February 15, 2021 to February 15, 2022 and (b) increase the amount of the stock repurchase program to a full \$500 million. Under the stock repurchase program, we may repurchase up to \$500 million in the aggregate of our outstanding common stock in the open market at a price per share that meets certain thresholds below our net asset value per share, in accordance with the guidelines specified in Rule 10b-18 of the Exchange Act. The timing, manner, price and amount of any share repurchases will be determined by us, in our discretion, based upon the evaluation of economic and market conditions, stock price, applicable legal and regulatory requirements and other factors.

From January 1, 2021 through February 4, 2021, we made new investment commitments of approximately \$524 million, of which \$411 million were funded. Of these new commitments, 86% were in first lien senior secured loans, 9% were in senior subordinated loans and 5% were in second lien senior secured loans. Of the approximately \$524 million of new investment commitments, 83% were floating rate, 16% were fixed rate and 1% was on non-accrual status. The weighted average yield of debt and other income producing securities funded during the period at amortized cost was 8.0%. We may seek to sell all or a portion of these new investment commitments, although there can be no assurance that we will be able to do so.

From January 1, 2021 through February 4, 2021, we exited approximately \$1.1 billion of investment commitments, including \$260 million of loans sold to IHAM or certain vehicles managed by IHAM. Of the total investment commitments exited, 72% were first lien senior secured loans, 11% were second lien senior secured loans, 9% were senior subordinated loans, 7% were subordinated certificates of the SDLP and 1% were other equity securities. Of the approximately \$1.1 billion of exited investment commitments, 91% were floating rate, 6% were fixed rate, 2% were on non-accrual status and 1% were non-interest bearing. The weighted average yield of debt and other income producing securities exited or repaid during the period at amortized cost was 9.0%, and the weighted average yield on total investments exited or repaid during the period at amortized cost was 8.7%. On the approximately \$1.1 billion of investment commitments exited from January 1, 2021 through February 4, 2021, we recognized total net realized gains of approximately \$13 million. There were no realized gains or losses recognized from the sale of loans to IHAM or certain vehicles managed by IHAM.

In addition, as of February 4, 2021, we had an investment backlog and pipeline of approximately \$685 million and \$280 million, respectively. Investment backlog includes transactions approved by our investment adviser’s investment committee and/or for which a formal mandate, letter of intent or a signed commitment have been issued, and therefore we believe are likely to close. Investment pipeline includes transactions where due diligence and analysis are in process, but no formal mandate, letter of intent or signed commitment have been issued. The consummation of any of the investments in this backlog and pipeline depends upon, among other things, one or more of the following: satisfactory completion of our due diligence investigation of the prospective portfolio company, our acceptance of the terms and structure of such investment and the execution and delivery of satisfactory transaction documentation. In addition, we may sell all or a portion of these investments and certain of these investments may result in the repayment of existing investments. We cannot assure you that we will make any of these investments or that we will sell all or any portion of these investments.

CRITICAL ACCOUNTING POLICIES

The preparation of our consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Changes in the economic environment, financial markets, and any other parameters used in determining such estimates could cause actual results to differ. Our critical accounting policies, including those relating to the valuation of our investment portfolio, are described below. The critical accounting policies should be read in connection with our risk factors as disclosed in “Item 1A. Risk Factors.” See Note 2 to our consolidated financial statements for the year ended December 31, 2020 for more information on our critical accounting policies.

Investments

Investment transactions are recorded on the trade date. Realized gains or losses are measured by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment using the specific identification method without regard to unrealized gains or losses previously recognized, and include investments charged off

during the period, net of recoveries. Unrealized gains or losses primarily reflect the change in investment values, including the reversal of previously recorded unrealized gains or losses when gains or losses are realized.

Investments for which market quotations are readily available are typically valued at such market quotations. In order to validate market quotations, we look at a number of factors to determine if the quotations are representative of fair value, including the source and nature of the quotations. Debt and equity securities that are not publicly traded or whose market prices are not readily available (i.e., substantially all of our investments) are valued at fair value as determined in good faith by our board of directors, based on, among other things, the input of our investment adviser, audit committee and independent third-party valuation firms that have been engaged at the direction of our board of directors to assist in the valuation of each portfolio investment without a readily available market quotation at least once during a trailing 12-month period (with certain de minimis exceptions) and under a valuation policy and a consistently applied valuation process. The valuation process is conducted at the end of each fiscal quarter, and a portion of our investment portfolio at fair value is subject to review by an independent third-party valuation firm each quarter. In addition, our independent registered public accounting firm obtains an understanding of, and performs select procedures relating to, our investment valuation process within the context of performing the integrated audit.

As part of the valuation process, we may take into account the following types of factors, if relevant, in determining the fair value of our investments: the enterprise value of a portfolio company (the entire value of the portfolio company to a market participant, including the sum of the values of debt and equity securities used to capitalize the enterprise at a point in time), the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flow, the markets in which the portfolio company does business, a comparison of the portfolio company's securities to any similar publicly traded securities, changes in the interest rate environment and the credit markets, which may affect the price at which similar investments would trade in their principal markets and other relevant factors. When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, we consider the pricing indicated by the external event to corroborate our valuation.

Because there is not a readily available market value for most of the investments in our portfolio, we value substantially all of our portfolio investments at fair value as determined in good faith by our board of directors, as described herein. 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 our investments may fluctuate from period to period. Additionally, the fair value of our investments may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values that we may ultimately realize. Further, such investments are generally subject to legal and other restrictions on resale or otherwise are less liquid than publicly traded securities. If we were required to liquidate a portfolio investment in a forced or liquidation sale, we could realize significantly less than the value at which we have recorded it.

In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the unrealized gains or losses reflected in the valuations currently assigned.

Our board of directors undertakes a multi-step valuation process each quarter, as described below:

- Our quarterly valuation process begins with each portfolio company or investment being initially valued by the investment professionals responsible for the portfolio investment in conjunction with our portfolio management team.
- Preliminary valuations are reviewed and discussed with our investment adviser's management and investment professionals, and then valuation recommendations are presented to our board of directors.
- The audit committee of our board of directors reviews these valuations, as well as the input of third parties, including independent third-party valuation firms who have reviewed a portion of the investments in our portfolio at fair value.
- Our board of directors discusses valuations and ultimately determines the fair value of each investment in our portfolio without a readily available market quotation in good faith based on, among other things, the input of our investment adviser, audit committee and, where applicable, independent third-party valuation firms.

Fair Value of Financial Instruments

We follow ASC 825-10, *Recognition and Measurement of Financial Assets and Financial Liabilities* (“ASC 825-10”), which provides companies the option to report selected financial assets and liabilities at fair value. ASC 825-10 also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities and to more easily understand the effect of the company’s choice to use fair value on its earnings. ASC 825-10 also requires entities to display the fair value of the selected assets and liabilities on the face of the balance sheet. We have not elected the ASC 825-10 option to report selected financial assets and liabilities at fair value. With the exception of the line items entitled “other assets” and “debt,” which are reported at amortized cost, the carrying value of all other assets and liabilities approximate fair value.

We also follow ASC 820-10, which expands the application of fair value accounting. ASC 820-10 defines fair value, establishes a framework for measuring fair value in accordance with GAAP and expands disclosure of fair value measurements. ASC 820-10 determines fair value to be the price that would be received for an investment in a current sale, which assumes an orderly transaction between market participants on the measurement date. ASC 820-10 requires us to assume that the portfolio investment is sold in its principal market to market participants or, in the absence of a principal market, the most advantageous market, which may be a hypothetical market. Market participants are defined as buyers and sellers in the principal or most advantageous market that are independent, knowledgeable, and willing and able to transact. In accordance with ASC 820-10, we have considered its principal market as the market in which we exit our portfolio investments with the greatest volume and level of activity. ASC 820-10 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. In accordance with ASC 820-10, these inputs are summarized in the three broad levels listed below:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that we have the ability to access.
- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

In addition to using the above inputs in investment valuations, we continue to employ the net asset valuation policy approved by our board of directors that is consistent with ASC 820-10. Consistent with our valuation policy, we evaluate the source of inputs, including any markets in which our investments are trading (or any markets in which securities with similar attributes are trading), in determining fair value. Our valuation policy considers the fact that because there is not a readily available market value for most of the investments in our portfolio, the fair value of the investments must typically be determined using unobservable inputs.

Our portfolio investments (other than as described below in the following paragraph) are typically valued using two different valuation techniques. The first valuation technique is an analysis of the enterprise value (“EV”) of the portfolio company. Enterprise value means the entire value of the portfolio company to a market participant, including the sum of the values of debt and equity securities used to capitalize the enterprise at a point in time. The primary method for determining EV uses a multiple analysis whereby appropriate multiples are applied to the portfolio company’s EBITDA (generally defined as net income before net interest expense, income tax expense, depreciation and amortization). EBITDA multiples are typically determined based upon review of market comparable transactions and publicly traded comparable companies, if any. We may also employ other valuation multiples to determine EV, such as revenues or, in the case of certain portfolio companies in the power generation industry, kilowatt capacity. The second method for determining EV uses a discounted cash flow analysis whereby future expected cash flows of the portfolio company are discounted to determine a present value using estimated discount rates (typically a weighted average cost of capital based on costs of debt and equity consistent with current market conditions). The EV analysis is performed to determine the value of equity investments, the value of debt investments in portfolio companies where we have control or could gain control through an option or warrant security, and to determine if there is credit impairment for debt investments. If debt investments are credit impaired, an EV analysis may be used to value such debt investments; however, in addition to the methods outlined above, other methods such as a liquidation or wind-down analysis may be utilized to estimate enterprise value. The second valuation technique is a yield analysis, which is typically performed for non-credit impaired debt investments in portfolio companies where we do not own a controlling equity position. To determine fair value using a yield analysis, a current price is imputed for the investment based upon an assessment of the expected market yield for a similarly structured investment with a similar level of risk. In the yield analysis, we consider the current contractual interest rate, the maturity and other terms of the investment relative to the risk of the company and the specific investment. A key determinant of risk, among other things, is the leverage through the investment relative to the enterprise value of the portfolio company. As debt investments held by us are substantially illiquid with no active transaction

market, we depend on primary market data, including newly funded transactions, as well as secondary market data with respect to high yield debt instruments and syndicated loans, as inputs in determining the appropriate market yield, as applicable.

For other portfolio investments such as investments in the SDLP Certificates, discounted cash flow analysis is the primary technique utilized to determine fair value. Expected future cash flows associated with the investment are discounted to determine a present value using a discount rate that reflects estimated market return requirements.

The SEC recently adopted new Rule 2a-5 under the 1940 Act. This establishes requirements for determining fair value in good faith for purposes of the 1940 Act. We will comply with the new rule's valuation requirements on or before the SEC's compliance date in 2022.

See Note 8 to our consolidated financial statements for the year ended December 31, 2020 for more information on our valuation process.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are subject to financial market risks, including changes in interest rates and the valuations of our investment portfolio. Uncertainty with respect to the economic effects of the COVID-19 pandemic has introduced significant volatility in the financial markets, and the effects of this volatility could materially impact our market risks, including those listed below. For additional information concerning the COVID-19 pandemic and its potential impact on our business and our operating results, see "Risk Factors—The COVID-19 pandemic has caused severe disruptions in the global economy, which has had, and may continue to have, a negative impact on our portfolio companies and our business and operations."

Investment valuation risk

Because there is not a readily available market value for most of the investments in our portfolio, we value substantially all of our portfolio investments at fair value as determined in good faith by our board of directors based on, among other things, the input of our management and audit committee and independent third-party valuation firms that have been engaged at the direction of our board of directors to assist in the valuation of each portfolio investment without a readily available market quotation at least once during a trailing 12-month period (with certain de minimis exceptions). 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 our investments may fluctuate from period to period. Additionally, the fair value of our investments may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values that we may ultimately realize. Further, such investments are generally subject to legal and other restrictions on resale or otherwise are less liquid than publicly traded securities. If we were required to liquidate a portfolio investment in a forced or liquidation sale, we could realize significantly less than the value at which we have recorded it. In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the unrealized gains or losses reflected in the valuations currently assigned. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies" as well as Notes 2 and 8 to our consolidated financial statements for the year ended December 31, 2020 for more information relating to our investment valuation.

Interest Rate Risk

Interest rate sensitivity refers to the change in our earnings that may result from changes in the level of interest rates. Because we fund a portion of our investments with borrowings, our net investment income is affected by the difference between the rate at which we invest and the rate at which we borrow. As a result, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income. See "Risk Factors—Risks Relating to Our Business—We are exposed to risks associated with changes in interest rates."

As of December 31, 2020, 84% of the investments at fair value in our portfolio bore interest at variable rates (including our investment in the SDLP Certificates which accounted for 7% of our total investments at fair value), 5% bore interest at fixed rates, 9% were non-interest earning and 2% were on non-accrual status. Additionally, excluding our investment in the SDLP Certificates, 84% of the remaining variable rate investments at fair value contained interest rate floors. The Revolving Credit Facility, the Revolving Funding Facility and the SMBC Funding Facility bear interest at variable rates with no interest rate floors. The BNP Funding Facility bears interest at variable rates using a spread over LIBOR with a LIBOR floor of 0.45%. The Unsecured Notes and the Convertible Unsecured Notes bear interest at fixed rates.

We regularly measure our exposure to interest rate risk. We assess interest rate risk and manage our interest rate exposure on an ongoing basis by comparing our interest rate sensitive assets to our interest rate sensitive liabilities. Based on that review, we determine whether or not any hedging transactions are necessary to mitigate exposure to changes in interest rates.

In December 2017, in connection with \$395 million of the term loan tranche of our Revolving Credit Facility, we entered into a three-year interest rate swap agreement for a total notional amount of \$395 million and a maturity date of January 4, 2021. Under the interest rate swap agreement, we paid a fixed interest rate of 2.06% and received a floating rate based on the prevailing one-month LIBOR. See Note 5 to our consolidated financial statements for the year ended December 31, 2020 for more information on the Revolving Credit Facility and see Note 6 to our consolidated financial statements for the year ended December 31, 2020 for more information on the interest rate swap.

Based on our December 31, 2020 balance sheet, the following table shows the annual impact on net income of base rate changes in interest rates (considering interest rate floors for variable rate instruments) assuming no changes in our investment and borrowing structure:

(in millions) Basis Point Change	Interest Income	Interest Expense(1)	Net Income(2)
Up 300 basis points	\$ 380	\$ 72	\$ 308
Up 200 basis points	\$ 247	\$ 48	\$ 199
Up 100 basis points	\$ 113	\$ 24	\$ 89
Down 100 basis points	\$ 4	\$ (6)	\$ 10
Down 200 basis points	\$ 4	\$ (6)	\$ 10
Down 300 basis points	\$ 3	\$ (6)	\$ 9

(1) Includes the impact of the interest rate swap (discussed above) as a result of changes in interest rates.

(2) Excludes the impact of income based fees. See Note 3 to our consolidated financial statements for the year ended December 31, 2020 for more information on the income based fees.

Based on our December 31, 2019 balance sheet, the following table shows the annual impact on net income of base rate changes in interest rates (considering interest rate floors for variable rate instruments) assuming no changes in our investment and borrowing structure:

(in millions) Basis Point Change	Interest Income	Interest Expense (1)	Net Income(2)
Up 300 basis points	\$ 372	\$ 84	\$ 288
Up 200 basis points	\$ 248	\$ 56	\$ 192
Up 100 basis points	\$ 124	\$ 28	\$ 96
Down 100 basis points	\$ (106)	\$ (28)	\$ (78)
Down 200 basis points	\$ (107)	\$ (50)	\$ (57)
Down 300 basis points	\$ (107)	\$ (50)	\$ (57)

(1) Includes the impact of the interest rate swap (discussed above) as a result of changes in interest rates.

(2) Excludes the impact of income based fees. See Note 3 to our consolidated financial statements for the year ended December 31, 2020 for more information on the income based fees.

Item 8. Financial Statements and Supplementary Data

See the Index to Consolidated Financial Statements.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

(a) **Evaluation of Disclosure Controls and Procedures.** We maintain disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2020. Based upon that evaluation and subject to the foregoing, our principal executive officer and principal financial officer concluded that, as of December 31, 2020, the design and operation of our disclosure controls and procedures were effective to accomplish their objectives at the reasonable assurance level.

(b) **Management's Report on Internal Control over Financial Reporting.** Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect our transactions; providing reasonable assurance that transactions are recorded as necessary for preparation of our consolidated financial statements; providing reasonable assurance that receipts and expenditures of company assets are made in accordance with management authorization; and providing reasonable assurance that unauthorized acquisition, use or disposition of company assets that could have a material effect on our consolidated financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a material misstatement of our consolidated financial statements would be prevented or detected.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2020. The Company's independent registered public accounting firm, KPMG LLP, has issued an audit report on the effectiveness of the Company's internal control over financial reporting.

(c) **Attestation Report of the Registered Public Accounting Firm.** Our independent registered public accounting firm, KPMG LLP, has issued an attestation report on the effectiveness of our internal control over financial reporting which is set forth under the heading "Report of Independent Registered Public Accounting Firm" on page F-2.

(d) **Changes in Internal Control over Financial Reporting.** There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2020, that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item will be contained in the Company's definitive Proxy Statement for its 2021 Annual Stockholder Meeting, to be filed with the SEC within 120 days after December 31, 2020, and is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this item will be contained in the Company's definitive Proxy Statement for its 2021 Annual Stockholder Meeting, to be filed with the SEC within 120 days after December 31, 2020, and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item will be contained in the Company's definitive Proxy Statement for its 2021 Annual Stockholder Meeting, to be filed with the SEC within 120 days after December 31, 2020, and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item will be contained in the Company's definitive Proxy Statement for its 2021 Annual Stockholder Meeting, to be filed with the SEC within 120 days after December 31, 2020, and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information required by this item will be contained in the Company's definitive Proxy Statement for its 2021 Annual Stockholder Meeting, to be filed with the SEC within 120 days after December 31, 2020, and is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

The following documents are filed as part of this Annual Report:

1. Financial Statements—See the Index to Consolidated Financial Statements on Page F-1.
2. Financial Statement Schedules—None. We have omitted financial statement schedules because they are not required or are not applicable, or the required information is shown in the financial statements or notes to the financial statements.
3. Exhibits.

Number	Document
3.1	Articles of Amendment and Restatement, as amended(1)
3.2	Third Amended and Restated Bylaws, as amended(2)
4.1	Form of Stock Certificate(3)
4.2	Form of Subscription Certificate(4)
4.3	Indenture, dated June 16, 2006, between Allied Capital Corporation and The Bank of New York, as trustee(5)
4.4	Form of Note under the Indenture, dated June 16, 2006, between Allied Capital Corporation and The Bank of New York, as trustee(6)
4.5	Third Supplemental Indenture, dated as of March 28, 2007, between Allied Capital Corporation and The Bank of New York, as trustee(6)
4.6	Form of 6.875% Notes due 2047(6)
4.7	Fourth Supplemental Indenture, dated as of April 1, 2010, among Ares Capital Corporation, Allied Capital Corporation and The Bank of New York Mellon, as trustee(7)
4.8	Indenture, dated as of October 21, 2010, between Ares Capital Corporation and U.S. Bank National Association, as trustee(8)
4.9	Sixth Supplemental Indenture, dated as of September 19, 2016, relating to the 3.625% Notes due 2022, between Ares Capital Corporation and U.S. Bank National Association, as trustee(9)
4.10	Form of 3.625% Notes due 2022(9)
4.11	Seventh Supplemental Indenture, dated as of August 10, 2017, relating to the 3.500% Notes due 2023, between Ares Capital Corporation and U.S. Bank National Association, as trustee(10)
4.12	Form of 3.500% Notes due 2023(10)
4.13	Eighth Supplemental Indenture, dated as of January 11, 2018, relating to the 4.250% Notes due 2025, between Ares Capital Corporation and U.S. Bank National Association, as trustee(11)
4.14	Form of 4.250% Notes due 2025(11)
4.15	Ninth Supplemental Indenture, dated as of March 8, 2019, relating to the 4.625% Convertible Notes due 2024, between Ares Capital Corporation and U.S. Bank National Association, as trustee(12)
4.16	Form of 4.625% Convertible Senior Notes due 2024(12)
4.17	Tenth Supplemental Indenture, dated as of June 10, 2019, relating to the 4.200% Notes due 2024, between Ares Capital Corporation and U.S. Bank National Association, as trustee(13)
4.18	Form of 4.200% Notes due 2024(13)
4.19	Eleventh Supplemental Indenture, dated as of January 15, 2020, relating to the 3.250% Notes due 2025, between the Company and U.S. Bank National Association, as trustee(14)
4.20	Form of 3.250% Notes due 2025(14)
4.21	Twelfth Supplemental Indenture, dated as of July 15, 2020, relating to the 3.875% Notes due 2026, between the Company and U.S. Bank National Association, as trustee(15)
4.22	Form of 3.875% Notes due 2026 (15)
4.23	Thirteenth Supplemental Indenture, dated as of January 13, 2021, relating to the 2.150% Notes due 2026, between the Company and U.S. Bank National Association, as trustee(16)
4.24	Form of 2.150% Notes due 2026 (16)
4.25	Indenture, dated as of January 27, 2017, between Ares Capital Corporation and U.S. Bank National Association, as trustee(17)
4.26	Form of 3.75% Convertible Senior Notes due 2022(17)

Number	Document
4.27	Description of Securities(18)
10.1	Dividend Reinvestment Plan of Ares Capital Corporation(19)
10.2	Second Amendment Restated Investment Advisory and Management Agreement between Ares Capital Corporation and Ares Capital Management LLC, dated as of June 6, 2019(20)
10.3	Amended and Restated Administration Agreement, dated as of June 1, 2007, between Ares Capital Corporation and Ares Operations LLC(21)
10.4	Amended and Restated Custodian Agreement, dated as of May 15, 2009, between Ares Capital Corporation and U.S. Bank National Association(22)
10.5	Amendment No. 1, dated as of December 19, 2014, to the Amended and Restated Custodian Agreement dated as of May 15, 2009, by and among Ares Capital Corporation and U.S. Bank National Association(23)
10.6	Trademark License Agreement between Ares Capital Corporation and Ares Management LLC(24)
10.7	Form of Indemnification Agreement between Ares Capital Corporation and directors and certain officers(25)
10.8	Form of Indemnification Agreement between Ares Capital Corporation and members of Ares Capital Management LLC investment committee(25)
10.9	Amended and Restated Purchase and Sale Agreement, dated as of January 22, 2010, among Ares Capital Corporation, as seller, and Ares Capital CP Funding Holdings LLC, as purchaser(26)
10.10	Amendment No. 1 to Amended and Restated Purchase and Sale Agreement, dated as of June 7, 2012, among Ares Capital Corporation, as seller, and Ares Capital CP Funding Holdings LLC, as purchaser(27)
10.11	Second Tier Purchase and Sale Agreement, dated as of January 22, 2010, among Ares Capital CP Funding Holdings LLC, as seller, and Ares Capital CP Funding LLC, as purchaser(28)
10.12	Amendment No. 1 to Second Tier Purchase and Sale Agreement, dated as of June 7, 2012, among Ares Capital CP Funding Holdings LLC, as seller, and Ares Capital CP Funding LLC, as purchaser(27)
10.13	Amended and Restated Sale and Servicing Agreement, dated as of January 22, 2010, among Ares Capital CP Funding LLC, as borrower, Ares Capital Corporation, as servicer, Wachovia Bank, National Association, as note purchaser, U.S. Bank National Association, as trustee and collateral custodian, and Wells Fargo Securities, LLC, as agent(26)
10.14	Amendment No. 1 to the Amended and Restated Sale and Servicing Agreement, dated as of May 6, 2010, among Ares Capital CP Funding LLC, as borrower, Ares Capital Corporation, as servicer, Wells Fargo Bank, National Association, as successor by merger to Wachovia Bank as note purchaser, U.S. Bank, National Association, as trustee and collateral custodian, and Wells Fargo Securities LLC, as agent(28)
10.15	Amendment No. 2 to the Amended and Restated Sale and Servicing Agreement, dated as of January 18, 2011, among Ares Capital CP Funding LLC, as borrower, Ares Capital Corporation, as servicer, Wells Fargo Bank, National Association, as successor by merger to Wachovia Bank as note purchaser, U.S. Bank National Association, as trustee and collateral custodian, and Wells Fargo Securities, LLC, as agent(29)
10.16	Amendment No. 3 to the Amended and Restated Sale and Servicing Agreement, dated as of October 13, 2011, among Ares Capital CP Funding LLC, as borrower, Ares Capital Corporation, as servicer and as transferor, Wells Fargo Bank, National Association (as successor by merger to Wachovia Bank, National Association), as note purchaser, U.S. Bank National Association, as trustee, collateral custodian and bank and Wells Fargo Securities, LLC, as agent(30)
10.17	Amendment No. 4 to the Amended and Restated Sale and Servicing Agreement, dated as of January 18, 2012, among Ares Capital CP Funding LLC, as borrower, Ares Capital Corporation, as servicer and transferor, Wells Fargo Bank, National Association (as successor by merger to Wachovia Bank, National Association), as note purchaser, Wells Fargo Securities, LLC, as agent, and U.S. Bank National Association, as collateral custodian, trustee and bank(31)
10.18	Amendment No. 5 to the Amended and Restated Sale and Servicing Agreement, dated as of June 7, 2012, among Ares Capital CP Funding LLC, as borrower, Ares Capital Corporation, as servicer and transferor, Wells Fargo Bank, National Association (as successor by merger to Wachovia Bank, National Association), as note purchaser, Wells Fargo Securities, LLC, as agent, and U.S. Bank National Association, as collateral custodian, trustee and bank(27)
10.19	Amendment No. 6 to Loan and Servicing Agreement, dated as of January 25, 2013, among Ares Capital CP Funding LLC, as borrower, Ares Capital Corporation, as servicer and transferor, Wells Fargo Securities, LLC, as agent, Wells Fargo Bank, National Association, as swingline lender, and the other lenders party thereto (32)
10.20	Omnibus Amendment, dated as of May 14, 2014, among Ares Capital CP Funding LLC, Ares Capital CP Funding Holdings LLC, Ares Capital Corporation, Wells Fargo Bank, National Association, as swingline lender and as a lender, Wells Fargo Securities, LLC, as agent, and U.S. Bank National Association, as trustee, bank and collateral custodian (amending the Loan and Servicing Agreement, dated as of January 22, 2010, the Amended and Restated Purchase and Sale Agreement, dated as of January 22, 2010, and the Second Tier Purchase and Sale Agreement, dated as of January 22, 2010)(33)
10.21	Amendment No. 8 to the Loan and Servicing Agreement, dated as of January 3, 2017, among Ares Capital CP Funding LLC, as borrower, Ares Capital Corporation, as servicer and transferor, Wells Fargo Securities, LLC, as agent, and Wells Fargo Bank, National Association, as swingline lender, and the other lenders party thereto(34)

Number	Document
10.22	Amendment No. 10 to Loan and Servicing Agreement, dated as of October 2, 2018, among Ares Capital CP Funding LLC, Ares Capital Corporation, Wells Fargo Bank National Association, as the agent and Wells Fargo Bank, National Association, as a lender and Bank of America, N.A.(35)
10.23	Amendment No. 11 to Loan and Servicing Agreement, dated as of December 14, 2018, among Ares Capital CP Funding LLC, Ares Capital Corporation, Wells Fargo Bank National Association, as the agent and Wells Fargo Bank, National Association, as a lender and Bank of America, N.A. (36)
10.24	Amendment No. 12 to Loan and Servicing Agreement, dated as of June 18, 2019, among Ares Capital CP Funding LLC, as the borrower, Ares Capital Corporation, as the servicer, Wells Fargo Bank, National Association, as the agent, Wells Fargo Bank, National Association, as a lender, Bank of America, N.A, as a lender and U.S. Bank National Association, as trustee, bank and collateral custodian(37)
10.25	Amendment No. 13 to Loan and Servicing Agreement, dated as of January 31, 2020, among Ares Capital CP Funding LLC, as the borrower, Ares Capital Corporation, as the servicer, Wells Fargo Bank, National Association, as the agent, Wells Fargo Bank, National Association, as a lender, Bank of America, N.A, as a lender, TIAA, FSB, as a lender, Sampension Livsforsikring A/S, as a lender, Arkitekternes Pensionskasse, as a lender, Pensionskassen for Jordbrugsakademikere og Dyrlæger, as a lender and U.S. Bank National Association, as trustee, bank and collateral custodian (38)
10.26	Eleventh Amended and Restated Senior Secured Revolving Credit Agreement, dated as of March 30, 2020, among Ares Capital Corporation, the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent(39)
10.27	Loan and Servicing Agreement, dated as of January 20, 2012, among Ares Capital JB Funding LLC, as borrower, Ares Capital Corporation, as servicer and transferor, Sumitomo Mitsui Banking Corporation, as administrative agent, collateral agent and lender, and U.S. Bank National Association, as collateral custodian and bank(40)
10.28	Purchase and Sale Agreement, dated as of January 20, 2012, between Ares Capital JB Funding LLC, as purchaser, and Ares Capital Corporation, as seller(40)
10.29	Revolving Credit and Security Agreement, dated as of June 11, 2020, among ARCC FB Funding LLC, as the borrower, BNP Paribas, as the administrative agent, Ares Capital Corporation as equity holder and servicer, and U.S. Bank National Association as collateral agent(41)
10.30	Purchase and Sale Agreement, dated as of June 11, 2020, between ARCC FB Funding LLC, as the purchaser and Ares Capital Corporation, as the seller(41)
10.31	Amendment No. 1, dated as of December 21, 2020, among ARCC FB Funding LLC, as the borrower, BNP Paribas, as the administrative agent, Ares Capital Corporation as equity holder and servicer, and U.S. Bank National Association as collateral agent*
10.32	Omnibus Amendment No. 1, dated as of September 14, 2012, among Ares Capital JB Funding LLC, as borrower, Ares Capital Corporation, as servicer and transferor, Sumitomo Mitsui Banking Corporation, as administrative agent, lender and collateral agent, and U.S. Bank National Association, as collateral custodian and bank (amending the Loan and Servicing Agreement, dated as of January 20, 2012, and the Purchase and Sale Agreement, dated as of January 20, 2012)(42)
10.33	Omnibus Amendment No. 2, dated as of December 20, 2013, among Ares Capital JB Funding LLC, as borrower, Ares Capital Corporation, as servicer and transferor, Sumitomo Mitsui Banking Corporation, as administrative agent, lender and collateral agent, and U.S. Bank National Association, as collateral custodian and bank (amending the Loan and Servicing Agreement, dated as of January 20, 2012, and the Purchase and Sale Agreement, dated as of January 20, 2012)(43)
10.34	Omnibus Amendment No. 3, dated as of June 30, 2015, among Ares Capital JB Funding LLC, as borrower, Ares Capital Corporation, as servicer and transferor, Sumitomo Mitsui Banking Corporation, as administrative agent, lender and collateral agent, and U.S. Bank National Association, as collateral custodian and bank (amending the Loan and Servicing Agreement, dated as of January 20, 2012, and the Purchase and Sale Agreement, dated as of January 20, 2012)(44)
10.35	Omnibus Amendment No. 4, dated as of August 24, 2017, among Ares Capital JB Funding LLC, as borrower, Ares Capital Corporation, as servicer and transferor, Sumitomo Mitsui Banking Corporation, as administrative agent, lender and collateral agent, and U.S. Bank National Association, as collateral custodian and bank (amending the Loan and Servicing Agreement, dated as of January 20, 2012)(45)
10.36	Omnibus Amendment No. 5, dated as of September 12, 2018, among Ares Capital JB Funding LLC, as borrower, Ares Capital Corporation, as servicer and transferor, Sumitomo Mitsui Banking Corporation, as administrative agent, lender and collateral agent, and U.S. Bank National Association, as collateral custodian and bank (amending the Loan and Servicing Agreement, dated as of January 20, 2012)(46)
10.37	Omnibus Amendment No. 6, dated as of September 10, 2019, among Ares Capital JB Funding LLC, as borrower, Ares Capital Corporation, as servicer and transferor, Sumitomo Mitsui Banking Corporation, as administrative agent, lender and collateral agent, and U.S. Bank National Association, as collateral custodian and bank (amending the Loan and Servicing Agreement, dated as of January 20, 2012 and the Purchase and Sale Agreement, dated as of January 20, 2012)(47)

Number	Document
10.38	Omnibus Amendment No. 7, dated as of December 31, 2019, among Ares Capital JB Funding LLC, as borrower, Ares Capital Corporation, as servicer and transferor, Sumitomo Mitsui Banking Corporation, as administrative agent, lender and collateral agent, and U.S. Bank National Association, as collateral custodian and bank (amending the Loan and Servicing Agreement, dated as of January 20, 2012 and the Purchase and Sale Agreement, dated as of January 20, 2012)(48)
10.39	Equity Distribution Agreement, dated as of November 8, 2019, among Ares Capital Corporation, Ares Capital Management LLC, Ares Operations LLC and Truist Securities Inc.(49)
10.40	Equity Distribution Agreement, dated as of August 10, 2020, among Ares Capital Corporation, Ares Capital Management LLC, Ares Operations LLC and Regions Securities LLC (50)
11.1	Statement of Computation of Per Share Earnings(51)
14.1	Code of Ethics(52)
21.1	Subsidiaries of Ares Capital Corporation*
23.1	Consent of Independent Registered Public Accounting Firm*
31.1	Certification by Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
31.2	Certification by Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
32.1	Certification by Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
99.1	Report of Independent Registered Public Accounting Firm on Supplemental Information*

* Filed herewith

** Furnished herewith

- (1) Incorporated by reference to Exhibit 3.1 to the Company's Form 10-Q (File No. 814-00663), for the quarter ended September 30, 2020, filed on October 27, 2020.
- (2) Incorporated by reference to Exhibit 3.2 to the Company's Form 10-K (File No. 814-00663) for the year ended December 31, 2018, filed on February 12, 2019.
- (3) Incorporated by reference to Exhibit (d) to the Company's pre effective Amendment No. 2 to the Registration Statement under the Securities Act of 1933, as amended, on Form N 2 (File No. 333 114656), filed on September 28, 2004.
- (4) Incorporated by reference to Exhibit (d)(4) to the Company's pre effective Amendment No. 2 to the Registration Statement under the Securities Act of 1933, as amended, on Form N-2 (File No. 333-149139), filed on April 9, 2008.
- (5) Incorporated by reference to Exhibit d.2 to Allied Capital's Registration Statement under the Securities Act of 1933, as amended, on Form N 2/A (File No. 333 133755), filed on June 21, 2006.
- (6) Incorporated by reference to Exhibits d.8 and d.9, as applicable, to Allied Capital's post effective Amendment No. 3 to the Registration Statement under the Securities Act of 1933, as amended, on Form N 2/A (File No. 333 133755), filed on March 28, 2007.
- (7) Incorporated by reference to Exhibit 10.1 to the Company's Form 8 K (File No. 814 00663), filed on April 7, 2010.
- (8) Incorporated by reference to Exhibit 4.1 to the Company's Form 8 K (File No. 814 00663), filed on October 22, 2010.
- (9) Incorporated by reference to Exhibits 4.1 and 4.2, as applicable, to the Company's Form 8-K (File No. 814-00663), filed on September 19, 2016.
- (10) Incorporated by reference to Exhibits 4.1 and 4.2, as applicable, to the Company's Form 8-K (File No. 814-00663), filed on August 10, 2017.
- (11) Incorporated by reference to Exhibits 4.1 and 4.2, as applicable, to the Company's Form 8-K (File No. 814-00663), filed on January 11, 2018.
- (12) Incorporated by reference to Exhibits 4.1 and 4.2, as applicable, to the Company's Form 8 K (File No. 814 00663), filed on March 8, 2019.
- (13) Incorporated by reference to Exhibits 4.1 and 4.2, as applicable, to the Company's Form 8 K (File No. 814 00663), filed on June 10, 2019.
- (14) Incorporated by reference to Exhibits 4.1 and 4.2, as applicable, to the Company's Form 8 K (File No. 814 00663), filed on January 15, 2020.
- (15) Incorporated by reference to Exhibits 4.1 and 4.2, as applicable, to the Company's Form 8-K (File No. 814-00663), filed July 15, 2020.
- (16) Incorporated by reference to Exhibits 4.1 and 4.2, as applicable, to the Company's Form 8 K (File No. 814-00663), filed on January 13, 2021.
- (17) Incorporated by reference to Exhibits 4.1 and 4.2, as applicable, to the Company's Form 8 K (File No. 814-00663), filed on January 27, 2017.

- (18) Incorporated by reference to Exhibit 4.23 to the Company's Form 10-K (File No. 814-00663) for the year ended December 31, 2019, filed on February 12, 2020.
- (19) Incorporated by reference to Exhibit 10.1 to the Company's Form 10-K (File No. 814-00663) for the year ended December 31, 2018, filed on February 12, 2019.
- (20) Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (File No. 814-00663), filed on June 7, 2019.
- (21) Incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q (File No. 814-00663) for the quarter ended June 30, 2007, filed on August 9, 2007.
- (22) Incorporated by reference to Exhibit (j) to the Company's pre effective Amendment No. 1 to the Registration Statement under the Securities Act of 1933, as amended, on Form N-2 (File No. 333-158211), filed on May 28, 2009.
- (23) Incorporated by reference to Exhibit 10.5 to the Company's Form 10-K (File No. 814-00663) for the year ended December 31, 2014, filed on February 26, 2015.
- (24) Incorporated by reference to Exhibit 99(K)(3) to the Company's pre-effective Amendment No. 1 to the Registration Statement under the Securities Act of 1933, as amended, on Form N-2 (File No. 333-114656), filed on September 17, 2004.
- (25) Incorporated by reference to Exhibits (k)(3) and (k)(4), as applicable, to the Company's Registration Statement under the Securities Act of 1933, as amended, on Form N-2 (File No. 333-188175), filed on April 26, 2013.
- (26) Incorporated by reference to Exhibits 10.2 through 10.4, as applicable, to the Company's Form 8-K (File No. 814-00663), filed on January 25, 2010.
- (27) Incorporated by reference to Exhibits 10.1 through 10.3, as applicable, to the Company's Form 8-K (File No. 814-0663), filed on June 8, 2012.
- (28) Incorporated by reference to Exhibit 10.5 to the Company's Form 10-Q (File No. 814-00663) for the quarter ended March 30, 2010, filed on May 10, 2010.
- (29) Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (File No. 814-00663), filed on January 19, 2011.
- (30) Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (File No. 814-00663), filed on October 14, 2011.
- (31) Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (File No. 814-00663), filed on January 19, 2012.
- (32) Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (File No. 814-00663), filed on January 28, 2013.
- (33) Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (File No. 814-00663), filed on May 15, 2014.
- (34) Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (File No. 814-00663), filed on January 4, 2017.
- (35) Incorporated by reference to Exhibits 10.1 and 10.2, as applicable, to the Company's Form 8-K (File No. 814-00663), filed on October 3, 2018.
- (36) Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (File No. 814-00663), filed on December 17, 2018.
- (37) Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (File No. 814-00663), filed on June 19, 2019.
- (38) Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (File No. 814-00663), filed on February 3, 2020.
- (39) Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (File No. 814-00663), filed on March 31, 2020.
- (40) Incorporated by reference to Exhibits 10.1 and 10.2, as applicable, to the Company's Form 8-K (File No. 814-00663), filed on January 24, 2012.
- (41) Incorporated by reference to Exhibits 10.1 and 10.2, as applicable, to the Company's Form 8-K (File No. 814-00663), filed on June 16, 2020.
- (42) Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (File No. 814-00663), filed on September 17, 2012.
- (43) Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (File No. 814-00663), filed on December 23, 2013.
- (44) Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (File No. 814-00663), filed on July 1, 2015.
- (45) Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (File No. 814-00663), filed on August 28, 2017.
- (46) Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (File No. 814-00663), filed on September 13, 2018.
- (47) Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (File No. 814-00663), filed on September 10, 2019.
- (48) Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (File No. 814-00663), filed on January 2, 2020.
- (49) Incorporated by reference to Exhibits 10.1 and 10.2, as applicable, to the Company's 8-K (File No. 814-00663), filed on November 8, 2019.

- (50) Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (File No. 814-00663), filed on August 10, 2020.
- (51) Included in Note 10 to the Company's Notes to Consolidated Financial Statements filed herewith.
- (52) Incorporated by reference to Exhibit (r) to the Registrant's pre-effective Amendment No. 1 to the Registration Statement under the Securities Act of 1933, as amended, on Form N-2 (File No. 333-212142), filed on June 14, 2017.

Item 16. Form 10-K Summary

None.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Reports of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheet as of December 31, 2020 and 2019	F-5
Consolidated Statement of Operations for the years ended December 31, 2020, 2019 and 2018	F-6
Consolidated Schedules of Investments as of December 31, 2020 and 2019	F-7
Consolidated Statement of Stockholders' Equity for the years ended December 31, 2020, 2019 and 2018	F-84
Consolidated Statement of Cash Flows for the years ended December 31, 2020, 2019 and 2018	F-85
Notes to Consolidated Financial Statements	F-86

Report of Independent Registered Public Accounting Firm

To the stockholders and board of directors

Ares Capital Corporation:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Ares Capital Corporation and subsidiaries (the “Company”), including the consolidated schedules of investments, as of December 31, 2020 and 2019, the related consolidated statements of operations, stockholders’ equity, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2020 based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 10, 2021 expressed an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Such procedures also included confirmation of investments owned as of December 31, 2020 and 2019 by correspondence with custodians, portfolio companies or agents. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgment. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Fair value of investments

As discussed in Notes 2 and 4 to the consolidated financial statements, consistent with the Company’s valuation policy and in consideration of the fact that there is not a readily available market value for most of the investments in the Company’s portfolio, the Company measures substantially all of its investments at fair value using unobservable inputs and assumptions. As of December 31, 2020, total investments at fair value were \$15,515 million.

We identified the evaluation of the fair value of investments as a critical audit matter. Due to inherent estimation uncertainty, assessment of the Company’s judgments regarding the use of specific valuation assumptions involved a high degree of subjective auditor judgment. Changes in these assumptions could have a significant impact on the fair value of investments. In particular, the Company made judgments relating to market yields used in yield analyses for debt and other interest-bearing investments, market multiples used in determining enterprise values, and discount rates used in discounted cash flow analyses. Additionally, specialized skills and knowledge were required to evaluate these assumptions.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's process to measure the fair value of its investments. These included controls related to the development of the market yield, market multiples, and discount rate assumptions used in the Company's valuations. We also evaluated the Company's ability to estimate fair value by comparing a selection of prior period fair values to transaction prices of transactions occurring subsequent to the prior period valuation date. To assess management's use of the market yield, market multiples, and discount rate assumptions to measure fair value of its investments, for a selection of investments, we assessed these assumptions by using third-party market and industry data. For a selection of the Company's investments, we involved valuation professionals with specialized skills and knowledge, who assisted in:

- developing a range of market yields, market multiples, and discount rate assumptions using market information and comparing them to the assumptions used by the Company.
- evaluating the Company's estimate of fair value by developing an independent estimate of fair value based upon independently developed ranges for market yields, market multiples, and discount rate assumptions.

KPMG LLP

We have served as the Company's auditor since 2004.

Los Angeles, California
February 10, 2021

Report of Independent Registered Public Accounting Firm

To the stockholders and board of directors

Ares Capital Corporation:

Opinion on Internal Control Over Financial Reporting

We have audited Ares Capital Corporation and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company, including the consolidated schedules of investments, as of December 31, 2020 and 2019, the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the consolidated financial statements), and our report dated February 10, 2021, expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance

regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

KPMG LLP

Los Angeles, California
February 10, 2021

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(in millions, except per share data)

	As of December 31,	
	December 31, 2020	December 31, 2019
ASSETS		
Investments at fair value		
Non-controlled/non-affiliate company investments	\$ 12,780	\$ 12,198
Non-controlled affiliate company investments	296	296
Controlled affiliate company investments	2,439	1,932
Total investments at fair value (amortized cost of \$15,914 and \$14,696, respectively)	15,515	14,426
Cash and cash equivalents	254	167
Restricted cash	72	9
Interest receivable	112	117
Other assets	94	78
Operating lease right-of-use asset	38	94
Receivable from participants	38	—
Receivable for open trades	73	14
Total assets	<u>\$ 16,196</u>	<u>\$ 14,905</u>
LIABILITIES		
Debt	\$ 8,491	\$ 6,971
Payable to participants	72	9
Base management fees payable	56	54
Income based fees payable	140	48
Capital gains incentive fees payable	—	58
Interest and facility fees payable	83	54
Accounts payable and other liabilities	113	90
Payable for open trades	6	33
Operating lease liabilities	59	121
Total liabilities	<u>9,020</u>	<u>7,438</u>
Commitments and contingencies (Note 7)		
STOCKHOLDERS' EQUITY		
Common stock, par value \$0.001 per share, 600 common shares authorized; 423 and 431 common shares issued and outstanding, respectively	—	—
Capital in excess of par value	7,656	7,760
Accumulated overdistributed earnings	(480)	(293)
Total stockholders' equity	<u>7,176</u>	<u>7,467</u>
Total liabilities and stockholders' equity	<u>\$ 16,196</u>	<u>\$ 14,905</u>
NET ASSETS PER SHARE	<u>\$ 16.97</u>	<u>\$ 17.32</u>

See accompanying notes to consolidated financial statements.

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
(in millions, except per share data)

	For the Years Ended December 31,		
	2020	2019	2018
INVESTMENT INCOME:			
From non-controlled/non-affiliate company investments:			
Interest income from investments (excluding payment-in-kind ("PIK") interest)	\$ 844	\$ 941	\$ 834
PIK interest income from investments	116	57	42
Capital structuring service fees	128	138	130
Dividend income	74	75	35
Other income	50	28	38
Total investment income from non-controlled/non-affiliate company investments	1,212	1,239	1,079
From non-controlled affiliate company investments:			
Interest income from investments (excluding PIK interest)	9	13	16
PIK interest income from investments	3	5	4
Capital structuring service fees	1	2	—
Dividend income	—	8	4
Total investment income from non-controlled affiliate company investments	13	28	24
From controlled affiliate company investments:			
Interest income from investments (excluding PIK interest)	156	147	123
PIK interest income from investments	31	17	22
Capital structuring service fees	20	22	13
Dividend income	75	69	58
Other income	4	6	18
Total investment income from controlled affiliate company investments	286	261	234
Total investment income	1,511	1,528	1,337
EXPENSES:			
Interest and credit facility fees	317	291	240
Base management fees	217	205	180
Income based fees	184	194	169
Capital gains incentive fees	(58)	(4)	33
Administrative fees	13	14	13
Other general and administrative	25	31	29
Total expenses	698	731	664
Waiver of income based fees	—	(30)	(40)
Total expenses, net of waiver of income based fees	698	701	624
NET INVESTMENT INCOME BEFORE INCOME TAXES	813	827	713
Income tax expense, including excise tax	19	16	19
NET INVESTMENT INCOME	794	811	694
REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS, FOREIGN CURRENCY AND OTHER TRANSACTIONS:			
Net realized gains (losses):			
Non-controlled/non-affiliate company investments	(159)	(113)	90
Non-controlled affiliate company investments	16	(34)	—
Controlled affiliate company investments	(5)	20	316
Foreign currency and other transactions	(18)	62	13
Net realized gains (losses)	(166)	(65)	419
Net unrealized gains (losses):			
Non-controlled/non-affiliate company investments	(284)	17	(85)
Non-controlled affiliate company investments	(2)	41	4
Controlled affiliate company investments	142	3	(190)
Foreign currency and other transactions	—	(14)	16
Net unrealized gains (losses)	(144)	47	(255)
Net realized and unrealized gains (losses) on investments, foreign currency and other transactions	(310)	(18)	164
NET INCREASE IN STOCKHOLDERS' EQUITY RESULTING FROM OPERATIONS	\$ 484	\$ 793	\$ 858
BASIC AND DILUTED NET INCOME PER COMMON SHARE (see Note 10)	\$ 1.14	\$ 1.86	\$ 2.01
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING (see Note 10)	424	427	426

See accompanying notes to consolidated financial statements.

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2020
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(3)(7)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Health Care Services							
Absolute Dental Group LLC and Absolute Dental Equity, LLC (5) (15)	Dental services provider	First lien senior secured loan (\$9.2 par due 9/2022)	11.00% PIK (Libor + 10.00%/Q)	1/5/2016	\$ 9.2	\$ 9.2 (2)(11)	
		First lien senior secured loan (\$16.4 par due 9/2022)	11.00% PIK (Libor + 10.00%/Q)	1/5/2016	16.4	16.4 (2)(11)	
		Class A pref units (14,750,000 units)		1/5/2016	4.7	5.3 (2)	
		Common units (7,200,000 units)		1/5/2016	—	— (2)	
					30.3	30.9	
Acessa Health Inc. (fka HALT Medical, Inc.)	Medical supply provider	Common stock (569,823 shares)		6/22/2017	0.1	—	
ADCS Billings Intermediate Holdings, LLC (15)	Dermatology practice	First lien senior secured revolving loan (\$4.8 par due 5/2022)	6.75% (Libor + 5.75%/Q)	5/18/2016	4.8	4.7 (2)(11)	
ADG, LLC and RC IV GEDC Investor LLC (15)	Dental services provider	First lien senior secured revolving loan (\$7.7 par due 9/2022)	7.50% (Libor + 1.50% Cash, 2.75% PIK/M)	9/28/2016	7.7	6.9 (2)(11)	
		Second lien senior secured loan (\$103.3 par due 3/2024)		9/28/2016	89.0	77.5 (2)(10)	
		Membership units (3,000,000 units)		9/28/2016	3.0	— (2)	
					99.7	84.4	
Alteon Health, LLC	Provider of physician management services	First lien senior secured loan (\$2.8 par due 9/2023)	7.50% (Libor + 6.50%/Q)	5/15/2017	2.8	2.3 (2)(11)	
Athenahealth, Inc., VVC Holding Corp., Virence Intermediate Holding Corp., and Virence Holdings LLC (15)	Revenue cycle management provider to the physician practices and acute care hospitals	Second lien senior secured loan (\$210.3 par due 2/2027)	8.65% (Libor + 8.50%/M)	2/11/2019	210.3	210.3 (2)	
		Senior preferred stock (121,810 shares)	11.28% PIK (Libor + 11.13%/Q)	2/11/2019	149.4	149.4 (2)	
		Class A interests (0.39% interest)		2/11/2019	9.0	13.9 (2)	
					368.7	373.6	
Bearcat Buyer, Inc. and Bearcat Parent, Inc. (15)	Provider of central institutional review boards over clinical trials	First lien senior secured revolving loan (\$0.1 par due 7/2024)	5.25% (Libor + 4.25%/Q)	7/9/2019	0.1	0.1 (2)(11)	
		First lien senior secured loan (\$30.6 par due 7/2026)	5.25% (Libor + 4.25%/Q)	7/9/2019	30.6	30.6 (2)(11)	
		First lien senior secured loan (\$17.0 par due 7/2026)	5.25% (Libor + 4.25%/Q)	9/10/2019	17.0	17.0 (2)(11)	
		Second lien senior secured loan (\$64.2 par due 7/2027)	9.25% (Libor + 8.25%/Q)	7/9/2019	64.2	64.2 (2)(11)	
		Second lien senior secured loan (\$5.3 par due 7/2027)	9.25% (Libor + 8.25%/Q)	7/9/2019	5.3	5.3 (2)(11)	
		Second lien senior secured loan (\$12.7 par due 7/2027)	9.25% (Libor + 8.25%/Q)	9/10/2019	12.7	12.7 (2)(11)	
		Class B common units (4,211 units)		7/9/2019	4.2	8.3 (2)	
					134.1	138.2	
CCS-CMGC Holdings, Inc. (15)	Correctional facility healthcare operator	First lien senior secured revolving loan		10/1/2018	—	— (13)	
		First lien senior secured loan (\$34.3 par due 10/2025)	5.67% (Libor + 5.50%/Q)	9/25/2018	34.1	32.9 (2)	
					34.1	32.9	
Center for Autism and Related Disorders, LLC (15)	Autism treatment and services provider specializing in applied behavior analysis therapy	First lien senior secured revolving loan (\$7.5 par due 11/2023)	4.73% (Libor + 4.50%/Q)	11/21/2018	7.5	7.1 (2)(14)	
Comprehensive EyeCare Partners, LLC (15)	Vision care practice management company	First lien senior secured revolving loan (\$1.3 par due 2/2024)	7.00% (Libor + 5.75%/Q)	2/14/2018	1.3	1.3 (2)(11)	
		First lien senior secured loan (\$5.3 par due 2/2024)	7.00% (Libor + 5.75%/Q)	2/14/2018	5.3	5.2 (2)(11)	
		First lien senior secured loan (\$1.0 par due 2/2024)	8.00% (Base Rate + 4.75%/Q)	2/14/2018	1.0	1.0 (2)(11)	
		First lien senior secured loan (\$2.7 par due 2/2024)	7.00% (Libor + 5.75%/Q)	2/14/2018	2.7	2.7 (2)(11)	
					10.3	10.2	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2020
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(3)(7)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Convey Health Solutions, Inc.	Healthcare workforce management software provider	First lien senior secured loan (\$3.1 par due 9/2026)	6.25% (Libor + 5.25%/Q)	9/4/2019	3.1	3.1	(2)(11)
		First lien senior secured loan (\$2.3 par due 9/2026)	10.00% (Libor + 9.00%/Q)	4/8/2020	2.3	2.3	(2)(11)
					5.4	5.4	
CVP Holdco, Inc. and OMERS Wildcats Investment Holdings LLC (15)	Veterinary hospital operator	First lien senior secured revolving loan		10/31/2019	—	—	(13)
		First lien senior secured loan (\$53.2 par due 10/2025)	6.25% (Libor + 5.25%/Q)	10/31/2019	53.2	53.2	(2)(11)
		First lien senior secured loan (\$31.3 par due 10/2025)	6.25% (Libor + 5.25%/Q)	10/31/2019	31.3	31.3	(2)(11)
		Common stock (32,429 shares)		10/31/2019	10.0	11.9	(2)
				94.5	96.4		
D4C Dental Brands HoldCo, Inc. and Bambino Group Holdings, LLC	Dental services provider	Class A preferred units (1,000,000 units)		12/21/2016	1.0	1.0	(2)
DCA Investment Holding LLC (15)	Multi-branded dental practice management	First lien senior secured revolving loan (\$5.7 par due 7/2021)	6.25% (Libor + 5.25%/Q)	7/2/2015	5.7	5.5	(2)(11)(14)
		First lien senior secured loan (\$18.1 par due 7/2021)	6.25% (Libor + 5.25%/Q)	7/2/2015	18.1	17.6	(2)(11)
					23.8	23.1	
Emerus Holdings, Inc.	Freestanding 24-hour emergency care micro-hospitals operator	First lien senior secured loan (\$16.9 par due 2/2022)	14.00%	2/21/2019	16.9	16.9	(2)
Evolent Health LLC and Evolent Health, Inc. (15)	Medical technology company focused on value based care services and payment solutions	First lien senior secured loan (\$67.1 par due 12/2024)	9.00% (Libor + 8.00%/Q)	12/30/2019	61.2	75.9	(2)(6)(11)
		Warrant to purchase up to 1,354,968 shares of common stock (expires 1/2025)		12/30/2019	5.9	7.0	(2)(6)
					67.1	82.9	
GHX Ultimate Parent Corporation, Commerce Parent, Inc. and Commerce Topco, LLC	On-demand supply chain automation solutions provider to the healthcare industry	Second lien senior secured loan (\$34.5 par due 6/2025)	9.00% (Libor + 8.00%/Q)	6/30/2017	34.3	34.5	(2)(11)
		Second lien senior secured loan (\$55.0 par due 6/2025)	9.00% (Libor + 8.00%/Q)	1/13/2020	55.0	55.0	(2)(11)
		Series A preferred stock (110,425 shares)	11.75% (Libor + 10.75%/Q)	6/30/2017	166.9	166.9	(2)(11)
		Class A units (14,013,303 units)		6/30/2017	14.0	17.3	(2)
					270.2	273.7	
Global Medical Response Inc	Emergency air medical services provider	Senior subordinated loan (\$182.7 par due 3/2026)	8.88% (Libor + 7.88%/Q)	3/14/2018	182.7	182.7	(2)(11)
		Warrant to purchase up to 115,733 units of common stock (expires 3/2028)		3/14/2018	0.9	2.1	(2)
					183.6	184.8	
HealthEdge Software, Inc. (15)	Provider of financial, administrative and clinical software platforms to the healthcare industry	First lien senior secured revolving loan		4/9/2020	—	—	(13)
		First lien senior secured loan (\$47.5 par due 4/2026)	7.25% (Libor + 6.25%/M)	12/16/2020	47.5	47.5	(2)(11)
		First lien senior secured loan (\$3.7 par due 4/2026)	7.25% (Libor + 6.25%/M)	4/9/2020	3.7	3.7	(2)(11)
		First lien senior secured loan (\$10.7 par due 4/2026)	7.25% (Libor + 6.25%/M)	4/9/2020	10.7	10.7	(2)(11)
					61.9	61.9	
Hygiena Borrower LLC (15)	Adenosine triphosphate testing technology provider	Second lien senior secured loan (\$2.5 par due 8/2023)	8.75% (Libor + 7.75%/Q)	8/26/2016	2.5	2.5	(2)(11)
		Second lien senior secured loan (\$10.7 par due 8/2023)	8.75% (Libor + 7.75%/Q)	2/27/2017	10.7	10.7	(2)(11)
		Second lien senior secured loan (\$11.1 par due 8/2023)	8.75% (Libor + 7.75%/Q)	6/29/2018	11.1	11.1	(2)(11)
		Second lien senior secured loan (\$0.6 par due 8/2023)	8.75% (Libor + 7.75%/Q)	6/29/2018	0.6	0.6	(2)(11)
					24.9	24.9	
JDC Healthcare Management, LLC (15)	Dental services provider	First lien senior secured revolving loan (\$0.8 par due 4/2022)		4/10/2017	0.5	0.6	(2)(10)

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2020
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(3)(7)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan (\$29.9 par due 4/2023)		4/10/2017	27.9	23.1 (2)(10)	
		First lien senior secured loan (\$4.2 par due 4/2023)		4/10/2017	3.9	3.2 (2)(10)	
					32.3	26.9	
LivaNova USA Inc.	Medical device company focused on treating cardiovascular and neurological diseases	First lien senior secured loan (\$42.5 par due 6/2025)	7.50% (Libor + 6.50%/Q)	6/10/2020	42.5	42.0 (11)	
MB2 Dental Solutions, LLC (15)	Dental services provider	First lien senior secured revolving loan (\$2.9 par due 9/2023)	8.75% (Base Rate + 5.50%/Q)	9/29/2017	2.9	2.9 (2)(11)	
MCH Holdings, Inc. and MC Acquisition Holdings I, LLC	Healthcare professional provider	First lien senior secured loan (\$113.5 par due 7/2021)	8.50% (Libor + 7.00%/M)	7/26/2017	113.5	113.5 (2)(11)	
		Class A units (1,438,643 shares)		1/17/2014	1.5	1.1 (2)	
					115.0	114.6	
Minerva Surgical, Inc. (15)	Medical device company focused on women's health	First lien senior secured loan (\$31.5 par due 12/2022)	11.50% (Libor + 3.50% Cash, 6.00% PIK/Q)	12/30/2019	30.7	31.5 (2)(11)	
Napa Management Services Corporation and ASP NAPA Holdings, LLC	Anesthesia management services provider	Second lien senior secured loan (\$72.8 par due 10/2023)	12.00% PIK (Libor + 11.00%/Q)	4/19/2016	72.8	67.0 (2)(11)	
		Preferred units (1,842 units)	15.00% PIK	6/29/2020	0.1	0.1 (2)	
		Senior preferred units (5,320 units)	8.00% PIK	6/29/2020	0.3	0.3 (2)	
		Class A units (25,277 units)		4/19/2016	2.5	0.9 (2)	
					75.7	68.3	
NMN Holdings III Corp. and NMN Holdings LP (15)	Provider of complex rehabilitation technology solutions for patients with mobility loss	First lien senior secured revolving loan		11/13/2018	—	— (13)	
		Partnership units (30,000 units)		11/13/2018	3.0	4.7 (2)	
					3.0	4.7	
NueHealth Performance, LLC (15)	Developer, builder and manager of specialty surgical hospitals and ambulatory surgery centers	First lien senior secured loan (\$11.1 par due 9/2023)	8.25% (Libor + 7.25%/M)	9/27/2018	11.1	11.0 (2)(11)	
		First lien senior secured loan (\$1.5 par due 9/2023)	8.25% (Libor + 7.25%/M)	9/27/2018	1.5	1.5 (2)(11)	
					12.6	12.5	
Olympia Acquisition, Inc. and Olympia TopCo, L.P. (15)	Behavioral health and special education platform provider	First lien senior secured revolving loan (\$10.1 par due 9/2024)	8.50% (Libor + 5.50% Cash, 2.00% PIK/Q)	9/24/2019	10.1	9.3 (2)(11)	
		First lien senior secured loan (\$0.0 par due 9/2026)	8.50% (Libor + 5.50% Cash, 2.00% PIK/M)	12/31/2020	0.1	— (2)(11)	
		First lien senior secured loan (\$42.5 par due 9/2026)	8.50% (Libor + 5.50% Cash, 2.00% PIK/M)	9/24/2019	42.5	39.1 (2)(11)	
		Class A common units (9,549,000 units)		9/24/2019	9.5	3.2 (2)	
					62.2	51.6	
OMH-HealthEdge Holdings, LLC	Provider of financial, administrative and clinical software platforms to the healthcare industry	First lien senior secured loan (\$26.4 par due 10/2025)	6.25% (Libor + 5.25%/Q)	10/24/2019	26.4	26.4 (2)(11)	
OneSmile Intermediate, LLC	Dental services provider	Senior subordinated loan (\$8.5 par due 10/2026)	8.00% PIK	12/1/2020	8.5	7.1 (2)	
OSYS Holdings, LLC	Provider of technology-enabled solutions to pharmacies	Limited liability company membership interest (1.57%)		11/21/2013	1.0	0.7 (2)	
Pathway Vet Alliance LLC and Jedi Group Holdings LLC (15)	Veterinary hospital operator	First lien senior secured revolving loan		3/31/2020	—	— (13)	
		Second lien senior secured loan (\$76.3 par due 3/2028)	8.75% (Libor + 7.75%/M)	3/31/2020	76.3	76.3 (2)(11)	
		Class R common units (6,004,768 units)		3/31/2020	6.0	8.0 (2)	
					82.3	84.3	
Performance Health Supply, Inc.	Distributor of rehabilitation supplies and equipment	Second lien senior secured loan (\$84.0 par due 8/2023)	11.50% PIK (Libor + 10.50%/Q)	9/2/2015	83.3	74.8 (2)(11)	
PetVet Care Centers, LLC	Veterinary hospital operator	First lien senior secured loan (\$26.0 par due 2/2025)	5.25% (Libor + 4.25%/M)	10/31/2019	25.6	26.0 (2)(11)	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2020
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(3)(7)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
PhyMED Management LLC	Provider of anesthesia services	Second lien senior secured loan (\$50.0 par due 9/2022)	12.00% (Libor + 2.50% Cash, 8.50% PIK/Q)	12/18/2015	49.9	46.0	(2)(11)
Premise Health Holding Corp. and OMERS Bluejay Investment Holdings LP (15)	Provider of employer-sponsored onsite health and wellness clinics and pharmacies	First lien senior secured revolving loan (\$12.0 par due 7/2023)	3.47% (Libor + 3.25%/Q)	7/10/2018	12.0	11.9	(2)(14)
		First lien senior secured loan (\$10.7 par due 7/2025)	3.75% (Libor + 3.50%/Q)	7/10/2018	10.7	10.6	(2)
		Second lien senior secured loan (\$67.1 par due 7/2026)	7.75% (Libor + 7.50%/Q)	7/10/2018	66.6	67.1	(2)
		Class A units (9,775 units)		7/10/2018	9.8	14.4	(2)
					99.1	104.0	
Project Ruby Ultimate Parent Corp.	Provider of care coordination and transition management software solutions	First lien senior secured loan (\$1.6 par due 2/2024)	5.25% (Libor + 4.25%/Q)	12/31/2020	1.6	1.6	(2)(11)
		Second lien senior secured loan (\$1.4 par due 2/2025)	9.25% (Libor + 8.25%/Q)	12/31/2020	1.4	1.4	(2)(11)
					3.0	3.0	
Respicardia, Inc.	Developer of implantable therapies to improve cardiovascular health	Warrant to purchase up to 99,094 shares of Series C preferred stock (expires 6/2022)		6/28/2012	—	—	(2)
RTI Surgical, Inc. and Pioneer Surgical Technology, Inc. (15)	Manufacturer of biologic, metal and synthetic implants/devices	First lien senior secured loan (\$38.1 par due 7/2026)	8.25% (Libor + 6.75%/Q)	7/20/2020	38.1	37.4	(11)
SCSG EA Acquisition Company, Inc. (15)	Provider of outsourced clinical services to hospitals and health systems	First lien senior secured revolving loan		9/1/2017	—	—	(13)
SiroMed Physician Services, Inc. and SiroMed Equity Holdings, LLC (15)	Outsourced anesthesia provider	First lien senior secured loan (\$13.2 par due 3/2024)	5.75% (Libor + 4.75%/Q)	3/26/2018	13.2	10.4	(2)(11)
		Common units (684,854 units)		3/26/2018	4.8	—	(2)
					18.0	10.4	
SM Wellness Holdings, Inc. and SM Holdco, Inc. (15)	Breast cancer screening provider	First lien senior secured loan (\$7.0 par due 8/2024)	7.00% (Libor + 6.25%/Q)	8/1/2018	7.0	6.9	(2)(11)
		First lien senior secured loan (\$2.0 par due 8/2024)	7.00% (Libor + 6.25%/Q)	9/25/2019	2.0	2.0	(2)(11)
		Series A preferred stock (44,975 shares)	10.48% PIK (Libor + 10.25%/Q)	8/1/2018	60.2	60.2	(2)
		Series A units (8,041 units)		8/1/2018	8.0	—	(2)
		Series B units (804,142 units)		8/1/2018	—	4.4	(2)
					77.2	73.5	
Symplr Software Inc. and Symplr Software Intermediate Holdings, Inc. (15)	SaaS based healthcare compliance platform provider	Second lien senior secured loan (\$53.5 par due 12/2028)	8.50% (Libor + 7.75%/Q)	12/22/2020	53.5	52.4	(2)(11)
		Series C preferred shares (75,939 shares)	11.00% PIK	12/22/2020	76.1	76.1	(2)
					129.6	128.5	
Synergy HomeCare Franchising, LLC and NP/Synergy Holdings, LLC (15)	Franchisor of private-pay home care for the elderly	First lien senior secured revolving loan		4/2/2018	—	—	(13)
		First lien senior secured loan (\$15.7 par due 4/2024)	6.75% (Libor + 5.75%/Q)	4/2/2018	15.7	15.7	(2)(11)
		Common units (550 units)		4/2/2018	0.6	0.8	
					16.3	16.5	
Teligent, Inc.	Pharmaceutical company that develops, manufactures and markets injectable pharmaceutical products	Second lien senior secured loan (\$59.3 par due 6/2024)		12/13/2018	52.3	28.5	(2)(10)
		Second lien senior secured loan (\$34.3 par due 6/2024)		12/13/2018	30.4	16.5	(2)(10)
		Warrant to purchase up to 490,492 shares of common stock (expires 4/2025)		4/6/2020	—	—	(2)
		Warrant to purchase up to 122,548 shares of common stock (expires 7/2025)		7/20/2020	—	—	(2)
					82.7	45.0	
Touchstone Acquisition, Inc. and Touchstone Holding, L.P.	Manufacturer of consumable products in the dental, medical, cosmetic and consumer/industrial end-markets	First lien senior secured loan (\$25.2 par due 11/2025)	4.90% (Libor + 4.75%/M)	11/15/2018	25.2	24.7	(2)

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2020
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(3)(7)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan (\$11.2 par due 11/2025)	4.90% (Libor + 4.75%/M)	11/15/2018	11.2	10.9	
		Class A preferred units (2,149 units)	8.00% PIK	11/15/2018	2.5	2.5 (2)	
					38.9	38.1	
U.S. Anesthesia Partners, Inc.	Anesthesiology service provider	Second lien senior secured loan (\$71.8 par due 6/2025)	8.25% (Libor + 7.25%/Q)	6/16/2017	71.2	70.4 (2)(11)	
United Digestive MSO Parent, LLC (15)	Gastroenterology physician group	First lien senior secured loan (\$1.1 par due 12/2024)	5.00% (Libor + 4.00%/Q)	12/14/2018	1.1	1.1 (2)(11)	
		First lien senior secured loan (\$2.4 par due 12/2024)	5.00% (Libor + 4.00%/Q)	12/14/2018	2.4	2.4 (2)(11)	
					3.5	3.5	
Urgent Cares of America Holdings I, LLC and FastMed Holdings I, LLC	Operator of urgent care clinics	Preferred units (7,696,613 units)		6/11/2015	7.7	—	
		Series A common units (2,000,000 units)		6/11/2015	2.0	—	
		Series C common units (5,288,427 units)		6/11/2015	—	—	
					9.7	—	
Urology Management Associates, LLC and JWC/UMA Holdings, L.P.	Urology private practice	First lien senior secured loan (\$9.7 par due 8/2024)	6.00% (Libor + 5.00%/M)	8/31/2018	9.6	9.7 (11)	
		Limited partnership interests (3.64% interest)		8/31/2018	4.8	3.7 (2)	
					14.4	13.4	
WSHP FC Acquisition LLC (15)	Provider of biospecimen products for pharma research	First lien senior secured revolving loan (\$3.3 par due 3/2024)	7.25% (Libor + 6.25%/Q)	3/30/2018	3.3	3.3 (2)(11)	
		First lien senior secured loan (\$27.9 par due 3/2024)	7.25% (Libor + 6.25%/Q)	3/30/2018	27.9	27.9 (2)(11)	
		First lien senior secured loan (\$5.9 par due 3/2024)	7.25% (Libor + 6.25%/Q)	3/30/2018	5.9	5.9 (2)(11)	
		First lien senior secured loan (\$4.6 par due 3/2024)	7.25% (Libor + 6.25%/Q)	2/11/2019	4.6	4.6 (2)(11)	
		First lien senior secured loan (\$8.6 par due 3/2024)	7.25% (Libor + 6.25%/Q)	8/30/2019	8.6	8.6 (2)(11)	
		First lien senior secured loan (\$10.9 par due 3/2024)	7.25% (Libor + 6.25%/Q)	10/31/2019	10.9	10.9 (2)(11)	
					61.2	61.2	
					2,758.5	2,680.5	37.35%
Software & Services							
AffiniPay Midco, LLC and AffiniPay Intermediate Holdings, LLC (15)	Payment processing solution provider	First lien senior secured revolving loan		2/28/2020	—	— (13)	
		First lien senior secured loan (\$64.6 par due 3/2026)	6.25% (Libor + 5.00%/Q)	2/28/2020	64.6	64.6 (2)(11)	
		Senior subordinated loan (\$24.2 par due 2/2028)	12.75% PIK	2/28/2020	24.2	24.2 (2)	
					88.8	88.8	
Anaqua Parent Holdings, Inc. & Astorg VII Co-Invest Anaqua (15)	Provider of intellectual property management lifecycle software	First lien senior secured loan (\$5.1 par due 4/2026)	5.50% (Euribor + 5.50%/Q)	4/10/2019	4.7	5.1	
		Limited partnership units (4,400,000 units)		6/13/2019	5.0	8.8 (2)(6)	
					9.7	13.9	
APG Intermediate Holdings Corporation and APG Holdings, LLC (4)(15)	Aircraft performance software provider	First lien senior secured loan (\$12.8 par due 1/2025)	6.75% (Libor + 5.25%/Q)	1/3/2020	12.8	12.8 (2)(11)	
		First lien senior secured loan (\$0.8 par due 1/2025)	6.75% (Libor + 5.25%/Q)	1/3/2020	0.8	0.8 (2)(11)	
		Class A membership units (9,750,000 units)		1/3/2020	9.8	12.6 (2)	
					23.4	26.2	
Apptio, Inc. (15)	Provider of cloud-based technology business management solutions	First lien senior secured loan (\$62.2 par due 1/2025)	8.25% (Libor + 7.25%/Q)	1/10/2019	62.2	62.2 (11)	
Banyan Software Holdings, LLC (15)	Vertical software businesses holding company	First lien senior secured loan (\$18.6 par due 10/2026)	8.50% (Libor + 7.50%/Q)	10/30/2020	18.6	18.4 (2)(11)	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2020
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(3)(7)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Blue Campaigns Intermediate Holding Corp. and Elevate Parent, Inc. (dba EveryAction) (15)	Provider of fundraising and organizing efforts and digital services to non-profits and political campaigns	First lien senior secured revolving loan		8/20/2018	—	— (13)	
		First lien senior secured loan (\$47.2 par due 8/2023)	8.50% (Libor + 6.75%/Q)	8/20/2018	47.2	47.2 (11)	
		Series A preferred stock (150,000 shares)		9/26/2018	1.5	2.0 (2)	
					48.7	49.2	
CallMiner, Inc.	Provider of cloud-based conversational analytics solutions	Warrant to purchase up to 2,350,636 shares of Series 1 preferred stock (expires 7/2024)		7/23/2014	—	— (2)	
Cardinal Parent, Inc. and Packers Software Intermediate Holdings, Inc. (15)	Provider of software and technology-enabled content and analytical solutions to insurance brokers	Second lien senior secured loan (\$48.1 par due 11/2028)	8.50% (Libor + 7.75%/Q)	11/12/2020	48.1	47.2 (2)(11)	
		Series A-2 preferred shares (8,963 shares)	11.25% PIK (Libor + 11.00%/Q)	12/23/2020	9.0	9.0 (2)	
		Series A preferred shares (24,898 shares)	11.21% PIK (Libor + 11.00%/Q)	11/12/2020	25.3	25.3 (2)	
					82.4	81.5	
Clearwater Analytics, LLC (15)	Provider of integrated cloud-based investment portfolio management, accounting, reporting and analytics software	First lien senior secured loan (\$45.9 par due 10/2025)	7.25% (Libor + 6.25%/Q)	10/19/2020	45.9	45.9 (2)(11)	
Cority Software Inc., IQS, Inc. and Project Falcon Parent, Inc. (15)	Provider of environmental, health and safety software to track compliance data	First lien senior secured loan (\$6.4 par due 7/2026)	6.25% (Libor + 5.25%/Q)	7/2/2019	6.4	6.4 (2)(6)(11)	
		First lien senior secured loan (\$4.5 par due 7/2026)	6.25% (Libor + 5.25%/Q)	10/15/2019	4.5	4.5 (2)(6)(11)	
		First lien senior secured loan (\$1.1 par due 7/2026)	8.25% (Libor + 7.25%/Q)	9/3/2020	1.1	1.1 (2)(6)(11)	
		Preferred equity (198 shares)	9.00% PIK	7/2/2019	0.2	0.2 (2)(6)	
		Common equity (190,143 shares)		7/2/2019	—	0.2 (2)(6)	
					12.2	12.4	
Datix Bidco Limited	Global healthcare software company that provides software solutions for patient safety and risk management	First lien senior secured loan (\$0.1 par due 4/2025)	4.74% (Libor + 4.50%/Q)	10/7/2019	—	— (2)(6)	
Diligent Corporation (15)	Provider of secure SaaS solutions for board and leadership team documents	First lien senior secured revolving loan		8/4/2020	—	— (13)	
		First lien senior secured loan (\$33.4 par due 8/2025)	7.25% (Libor + 6.25%/Q)	8/4/2020	32.6	33.0 (11)	
					32.6	33.0	
Drilling Info Holdings, Inc. and Titan DI Preferred Holdings, Inc.	SaaS based business analytics company focused on oil and gas industry	Second lien senior secured loan (\$25.0 par due 7/2026)	8.40% (Libor + 8.25%/M)	2/11/2020	25.0	24.3 (2)	
		Preferred stock (29.53 shares)	13.50% PIK	2/11/2020	32.3	33.3 (2)	
					57.3	57.6	
Elemica Parent, Inc. & EZ Elemica Holdings, Inc. (15)	SaaS based supply chain management software provider focused on chemical markets	First lien senior secured revolving loan (\$3.4 par due 9/2025)	7.00% (Libor + 6.00%/Q)	9/18/2019	3.4	3.3 (2)	
		First lien senior secured loan (\$51.0 par due 9/2025)	7.00% (Libor + 6.00%/Q)	9/18/2019	51.0	49.5 (2)(11)	
		First lien senior secured loan (\$11.5 par due 9/2025)	7.00% (Libor + 6.00%/Q)	9/18/2019	11.5	11.2 (2)(11)	
		First lien senior secured loan (\$5.8 par due 9/2025)	7.00% (Libor + 6.00%/Q)	12/15/2020	5.8	5.6 (2)(11)	
		Preferred equity (4,599 shares)		9/18/2019	4.6	5.1	
					76.3	74.7	
EP Purchaser, LLC., Entertainment Partners Canada ULC and TPG VIII EP Co-Invest II, L.P. (15)	Provider of entertainment workforce and production management solutions	First lien senior secured loan (\$29.2 par due 5/2026)	6.50% (Libor + 6.25%/Q)	5/10/2019	29.2	27.4	
		First lien senior secured loan (\$20.5 par due 5/2026)	6.50% (Libor + 6.25%/Q)	5/10/2019	20.5	19.3 (2)(9)	
		First lien senior secured loan (\$10.7 par due 5/2026)	6.50% (Libor + 6.25%/Q)	5/10/2019	10.7	10.0 (2)(6)	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2020
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(3)(7)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan (\$4.1 par due 5/2026)	6.50% (Libor + 6.25%/Q)	5/10/2019	4.1	3.8	(2)(6)(9)
		Partnership units (5,034,483 units)		5/10/2019	5.0	5.8	(2)
					69.5	66.3	
Episerver Inc. and Goldcup 17308 AB (15)	Provider of web content management and digital commerce solutions	First lien senior secured loan (\$6.5 par due 10/2024)	6.00% (Euribor + 6.00%/Q)	3/22/2019	6.0	6.3	(2)(6)
		First lien senior secured loan (\$27.2 par due 10/2024)	6.75% (Libor + 5.75%/Q)	10/9/2018	27.2	26.6	(2)(6)(11)
					33.2	32.9	
eResearch Technology, Inc. and Astorg VII Co-Invest ERT (15)	Provider of mission-critical, software-enabled clinical research solutions	Second lien senior secured loan (\$19.9 par due 2/2028)	8.50% (Libor + 8.00%/M)	2/4/2020	19.5	19.8	(2)(11)
		Limited partnership interest (3,300,000 shares)		1/31/2020	3.7	4.0	(2)(6)
					23.2	23.8	
First Insight, Inc.	Software company providing merchandising and pricing solutions to companies worldwide	Warrant to purchase up to 122,827 units of Series C preferred stock (expires 3/2024)		3/20/2014	—	—	(2)
FM: Systems Group LLC (15)	Provider of facilities and space management software solutions	First lien senior secured revolving loan (\$1.5 par due 12/2024)	7.50% (Libor + 6.50%/Q)	2/8/2018	1.5	1.5	(2)(11)
		First lien senior secured loan (\$3.2 par due 12/2024)	7.50% (Libor + 6.50%/Q)	12/2/2019	3.2	3.2	(2)(11)
					4.7	4.7	
Forescout Technologies, Inc. (15)	Network access control solutions provider	First lien senior secured loan (\$17.0 par due 8/2026)	10.50% PIK (Libor + 9.50%/Q)	8/17/2020	16.6	16.9	(2)(11)
Frontline Technologies Group Holding LLC, Frontline Technologies Blocker Buyer, Inc., Frontline Technologies Holdings, LLC and Frontline Technologies Parent, LLC	Provider of human capital management and SaaS-based software solutions to employees and administrators of K-12 school organizations	First lien senior secured loan (\$17.4 par due 9/2023)	6.75% (Libor + 5.75%/M)	12/30/2020	17.4	17.4	(2)(11)
		Class A preferred units (4,574 units)	9.00% PIK	9/18/2017	5.6	6.2	
		Class B common units (499,050 units)		9/18/2017	—	4.6	
					23.0	28.2	
Genesis Acquisition Co. and Genesis Holding Co. (15)	Child care management software and services provider	First lien senior secured revolving loan (\$1.5 par due 7/2024)	4.25% (Libor + 4.00%/Q)	7/31/2018	1.5	1.4	(2)
		First lien senior secured loan (\$0.2 par due 7/2024)	4.25% (Libor + 4.00%/Q)	7/31/2018	0.2	0.1	(2)
		Second lien senior secured loan (\$25.8 par due 7/2025)	7.73% (Libor + 7.50%/Q)	7/31/2018	25.8	23.7	(2)
		Second lien senior secured loan (\$6.6 par due 7/2025)	7.73% (Libor + 7.50%/Q)	7/31/2018	6.6	6.0	(2)
		Class A common stock (8 shares)		7/31/2018	0.8	0.6	(2)
					34.9	31.8	
Graphpad Software, LLC (15)	Provider of data analysis, statistics, and visualization software solutions for scientific research applications	First lien senior secured loan (\$0.5 par due 12/2023)	7.00% (Libor + 6.00%/Q)	11/2/2020	0.5	0.5	(2)(11)
GTCR-Ultra Holdings III, LLC and GTCR-Ultra Holdings LLC (15)	Provider of payment processing and merchant acquiring solutions	Class B units (2,878,372 units)		8/1/2017	—	—	(2)
Help/Systems Holdings, Inc. (15)	Provider of IT operations management and cybersecurity software	First lien senior secured loan (\$26.0 par due 11/2026)	5.75% (Libor + 4.75%/Q)	11/22/2019	26.0	26.0	(2)(11)
IByPhone Inc.	Voice-based marketing automation software provider	Warrant to purchase up to 124,300 shares of Series C preferred stock (expires 10/2022)		10/15/2012	0.1	—	(2)
Infogix, Inc. and Infogix Parent Corporation (15)	Enterprise data analytics and integrity software solutions provider	First lien senior secured revolving loan (\$5.3 par due 4/2024)	7.00% (Libor + 6.00%/Q)	4/18/2018	5.3	5.3	(2)(11)
		Series A preferred stock (2,475 shares)		1/3/2017	2.6	3.9	
		Common stock (1,297,768 shares)		1/3/2017	—	—	
					7.9	9.2	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2020
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(3)(7)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Inmar, Inc.	Technology-driven solutions provider for retailers, wholesalers and manufacturers	First lien senior secured loan (\$15.5 par due 5/2024)	5.00% (Libor + 4.00%/Q)	1/31/2019	15.0	15.2	(2)(11)
		Second lien senior secured loan (\$28.3 par due 5/2025)	9.00% (Libor + 8.00%/Q)	4/25/2017	28.0	27.4	(2)(11)
					43.0	42.6	
Huskies Parent, Inc. (15)	Insurance software provider	First lien senior secured revolving loan (\$0.6 par due 7/2024)	4.15% (Libor + 4.00%/M)	7/18/2019	0.6	0.6	(2)
Invoice Cloud, Inc. (15)	Provider of electronic payment processing solutions	First lien senior secured revolving loan		2/11/2019	—	—	(13)
		First lien senior secured loan (\$34.3 par due 2/2024)	7.50% (Libor + 3.25% Cash, 3.25% PIK/Q)	2/11/2019	34.3	34.3	(2)(11)
		First lien senior secured loan (\$13.9 par due 2/2024)	7.50% (Libor + 3.25% Cash, 3.25% PIK/Q)	2/11/2019	13.8	13.9	(2)(11)
					48.1	48.2	
IV Rollover Holdings, LLC	Solar power generation facility developer and operator	Class B units (170,490 units)		5/31/2017	—	—	(2)
		Class X units (5,000,000 units)		5/31/2017	2.3	2.3	(2)
					2.3	2.3	
Majesco and Magic Topco, L.P. (15)	Insurance software provider	First lien senior secured revolving loan		9/21/2020	—	—	(13)
		First lien senior secured loan (\$36.7 par due 9/2027)	8.75% (Libor + 7.75%/Q)	9/21/2020	36.7	36.4	(2)(11)
		Class A units (2,199 units)	9.00% PIK	9/21/2020	2.3	2.3	(2)
		Class B units (494,157 units)		9/21/2020	—	—	(2)
					39.0	38.7	
Ministry Brands, LLC and MB Parent HoldCo, L.P. (dba Community Brands) (15)	Software and payment services provider to faith-based institutions	First lien senior secured loan (\$9.3 par due 12/2022)	5.00% (Libor + 4.00%/Q)	4/6/2017	9.3	9.0	(2)(11)
		First lien senior secured loan (\$4.8 par due 12/2022)	5.00% (Libor + 4.00%/Q)	8/22/2017	4.8	4.7	(2)(11)
		Second lien senior secured loan (\$90.0 par due 6/2023)	10.25% (Libor + 9.25%/Q)	12/2/2016	89.7	89.1	(2)(11)
		Second lien senior secured loan (\$16.6 par due 6/2023)	10.25% (Libor + 9.25%/Q)	12/2/2016	16.6	16.4	(2)(11)
		Second lien senior secured loan (\$9.2 par due 6/2023)	10.25% (Libor + 9.25%/Q)	4/6/2017	9.2	9.1	(2)(11)
		Second lien senior secured loan (\$4.7 par due 6/2023)	10.25% (Libor + 9.25%/Q)	4/6/2017	4.7	4.7	(2)(11)
		Second lien senior secured loan (\$17.9 par due 6/2023)	10.25% (Libor + 9.25%/Q)	8/22/2017	17.9	17.7	(2)(11)
		Second lien senior secured loan (\$10.3 par due 6/2023)	9.00% (Libor + 8.00%/Q)	4/18/2018	10.3	10.0	(2)(11)
		Second lien senior secured loan (\$38.6 par due 6/2023)	9.00% (Libor + 8.00%/Q)	4/18/2018	38.6	37.5	(2)(11)
		Class A units (500,000 units)		12/2/2016	5.0	4.0	(2)
					206.1	202.2	
MRI Software LLC (15)	Provider of real estate and investment management software	First lien senior secured loan (\$50.4 par due 2/2026)	6.50% (Libor + 5.50%/Q)	2/10/2020	50.4	49.9	(2)(11)
		First lien senior secured loan (\$0.5 par due 2/2026)	6.50% (Libor + 5.50%/Q)	8/28/2020	0.5	0.5	(2)(11)
					50.9	50.4	
Novetta Solutions, LLC	Provider of advanced analytics solutions for the government, defense and commercial industries	First lien senior secured loan (\$8.4 par due 10/2022)	6.00% (Libor + 5.00%/Q)	1/3/2017	8.3	8.4	(2)(11)
		Second lien senior secured loan (\$31.0 par due 10/2023)	9.50% (Libor + 8.50%/Q)	1/3/2017	29.8	31.0	(2)(11)
					38.1	39.4	
nThrive, Inc. (fka Precyse Acquisition Corp.)	Provider of healthcare information management technology and services	Second lien senior secured loan (\$10.0 par due 4/2023)	10.75% (Libor + 9.75%/M)	4/20/2016	9.9	10.0	(2)(11)
PayNearMe, Inc.	Electronic cash payment system provider	Warrant to purchase up to 195,726 shares of Series E preferred stock (expires 3/2023)		3/11/2016	0.2	—	(2)
PaySimple, Inc. (15)	Provider of business management solutions	First lien senior secured revolving loan		8/23/2019	—	—	(13)

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2020
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(3)(7)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan (\$35.4 par due 8/2025)	5.65% (Libor + 5.50%/M)	9/23/2020	35.4	35.1 (2)	
					35.4	35.1	
PDI TA Holdings, Inc., Peachtree Parent, Inc. and Insight PDI Holdings, LLC (15)	Provider of enterprise management software for the convenience retail and petroleum wholesale market	First lien senior secured loan (\$54.0 par due 10/2024)	5.50% (Libor + 4.50%/Q)	3/19/2019	54.0	54.0 (2)(11)	
		Second lien senior secured loan (\$8.3 par due 10/2025)	9.50% (Libor + 8.50%/Q)	12/17/2020	8.3	8.3 (2)(11)	
		Second lien senior secured loan (\$70.1 par due 10/2025)	9.50% (Libor + 8.50%/Q)	3/19/2019	70.1	70.1 (2)(11)	
		Series A preferred stock (13,656 shares)	13.25% PIK	3/19/2019	17.0	17.2 (2)	
		Class A units (2,062,493 units)		3/19/2019	2.1	2.4 (2)	
					151.5	152.0	
Pegasus Global Enterprise Holdings, LLC, Mekone Blocker Acquisition, Inc. and Mekone Parent, LLC (15)	Provider of plant maintenance and scheduling software	First lien senior secured loan (\$20.0 par due 5/2025)	6.75% (Libor + 5.75%/Q)	5/29/2019	20.0	20.0 (2)(11)	
		First lien senior secured loan (\$5.8 par due 5/2025)	6.75% (Libor + 5.75%/Q)	5/29/2019	5.8	5.8 (2)(11)	
		First lien senior secured loan (\$5.8 par due 5/2025)	7.25% (Libor + 6.25%/Q)	6/24/2020	5.8	5.8 (2)(11)	
		First lien senior secured loan (\$48.7 par due 5/2025)	7.25% (Libor + 6.25%/Q)	10/16/2020	48.7	48.7 (2)(11)	
		First lien senior secured loan (\$1.8 par due 5/2025)	7.25% (Libor + 6.25%/Q)	10/16/2020	1.8	1.8 (2)(11)	
		Class A units (5,000 units)		5/29/2019	5.0	9.2	
					87.1	91.3	
Perforce Software, Inc. (15)	Developer of software used for application development	First lien senior secured revolving loan (\$0.1 par due 7/2024)	4.65% (Libor + 4.50%/M)	7/1/2019	0.1	0.1 (2)	
PHNTM Holdings, Inc. and Planview Parent, Inc.	Provider of project and portfolio management software	Class A common stock (990 shares)		1/27/2017	1.0	2.2 (2)	
		Class B common stock (168,329 shares)		1/27/2017	—	0.4 (2)	
					1.0	2.6	
Poplicus Incorporated	Business intelligence and market analytics platform for companies that sell to the public sector	Warrant to purchase up to 2,402,991 shares of Series C preferred stock (expires 6/2025)		6/25/2015	0.1	— (2)	
Project Alpha Intermediate Holding, Inc. and Qlik Parent, Inc.	Provider of data visualization software for data analytics	Class A common stock (7,445 shares)		8/22/2016	7.4	10.8 (2)	
		Class B common stock (1,841,609 shares)		8/22/2016	0.1	0.1 (2)	
					7.5	10.9	
Project Potter Buyer, LLC and Project Potter Parent, L.P. (15)	Software solutions provider to the ready-mix concrete industry	First lien senior secured revolving loan		4/23/2020	—	— (13)	
		First lien senior secured loan (\$44.5 par due 4/2027)	9.25% (Libor + 8.25%/M)	4/23/2020	44.5	44.5 (2)(11)	
		First lien senior secured loan (\$13.0 par due 4/2027)	9.25% (Libor + 8.25%/M)	10/30/2020	13.0	13.0 (2)(11)	
		First lien senior secured loan (\$14.6 par due 4/2027)	9.25% (Libor + 8.25%/M)	11/18/2020	14.6	14.6 (2)(11)	
		First lien senior secured loan (\$5.0 par due 4/2027)	9.25% (Libor + 8.25%/M)	11/18/2020	5.0	5.0 (2)(11)	
		Class A units (1,599 units)	9.00% PIK	4/23/2020	1.7	1.7 (2)	
		Class B units (588,636 units)		4/23/2020	—	— (2)	
					78.8	78.8	
QF Holdings, Inc. (15)	SaaS based electronic health record software provider	First lien senior secured loan (\$24.4 par due 9/2024)	8.00% (Libor + 7.00%/Q)	9/19/2019	24.4	24.4 (2)(11)	
		First lien senior secured loan (\$4.9 par due 9/2024)	8.00% (Libor + 7.00%/Q)	9/19/2019	4.9	4.9 (2)(11)	
					29.3	29.3	
Raptor Technologies, LLC and Rocket Parent, LLC (15)	Provider of SaaS-based safety and security software to the K-12 school market	First lien senior secured revolving loan (\$0.8 par due 12/2023)	7.00% (Libor + 6.00%/M)	12/17/2018	0.8	0.8 (2)(11)	
		First lien senior secured loan (\$15.7 par due 12/2024)	7.00% (Libor + 6.00%/Q)	12/17/2018	15.7	15.2 (2)(11)	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2020
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(3)(7)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan (\$5.3 par due 12/2024)	7.00% (Libor + 6.00%/Q)	12/17/2018	5.3	5.2	(2)(11)
		Class A common units (2,294,000 units)		12/17/2018	2.3	1.9	
					24.1	23.1	
Regent Education, Inc.	Provider of software solutions designed to optimize the financial aid and enrollment processes	Warrant to purchase up to 5,393,194 shares of common stock (expires 12/2026)		12/23/2016	—	—	(2)
		Warrant to purchase up to 987 shares of common stock (expires 12/2026)		12/23/2016	—	—	(2)
					—	—	
Retriever Medical/Dental Payments LLC, FSDC Holdings, LLC, Rectangle Ware-Ever Pay LLC and Retriever Enterprises, LLC (15)	Provider of payment processing services and software to healthcare providers	First lien senior secured loan (\$26.5 par due 2/2023)	6.75% (Libor + 5.75%/Q)	3/4/2019	26.5	26.5	(2)(11)
RMCF III CIV XXIX, L.P	Software provider for clinical trial management	Limited partnership interest (99.90% interest)		12/19/2014	1.0	13.8	(2)
Severin Acquisition, LLC, PeopleAdmin, Inc., Promachos Holding, Inc. and Performance Matters LLC (15)	Provider of student information system software solutions to the K-12 education market	First lien senior secured revolving loan (\$2.0 par due 8/2023)	3.40% (Libor + 3.25%/M)	8/1/2018	2.0	2.0	(2)
		First lien senior secured loan (\$26.6 par due 8/2025)	5.50% (Libor + 4.50%/M)	11/22/2019	26.6	26.6	(11)
		Second lien senior secured loan (\$80.0 par due 8/2026)	6.90% (Libor + 6.75%/M)	6/12/2018	79.4	80.0	(2)
					108.0	108.6	
Smarsh Inc., MobileGuard, LLC, Actiance, Inc. and Skywalker TopCo, LLC	SaaS based communication archival service provider	First lien senior secured loan (\$13.3 par due 11/2025)	9.25% (Libor + 8.25%/Q)	11/20/2020	13.3	13.0	(2)(11)
		Common units (1,432,835 units)		11/20/2020	4.8	4.8	(2)
					18.1	17.8	
SocialFlow, Inc.	Social media optimization platform provider	Warrant to purchase up to 215,331 shares of Series C preferred stock (expires 1/2026)		1/13/2016	—	—	(2)
Sophia, L.P.	Provider of ERP software and services for higher education institutions	Second lien senior secured loan (\$105.9 par due 10/2028)	9.00% (Libor + 8.00%/Q)	10/7/2020	105.9	103.8	(2)(11)
SoundCloud Limited	Platform for receiving, sending, and distributing music	Common stock (73,422 shares)		8/15/2017	0.4	0.7	(2)(6)
SpareFoot, LLC (15)	PMS solutions and web services for the self-storage industry	First lien senior secured revolving loan (\$1.2 par due 4/2023)	6.00% (Libor + 5.00%/Q)	4/13/2018	1.2	1.2	(2)(11)(14)
		First lien senior secured loan (\$1.2 par due 4/2024)	6.00% (Libor + 5.00%/Q)	5/6/2020	1.2	1.2	(2)(11)
		Second lien senior secured loan (\$6.1 par due 4/2025)	10.25% (Libor + 9.25%/Q)	4/13/2018	6.0	6.1	(2)(11)
		Second lien senior secured loan (\$4.2 par due 4/2025)	10.25% (Libor + 9.25%/Q)	8/31/2018	4.1	4.2	(2)(11)
		Second lien senior secured loan (\$2.5 par due 4/2025)	10.25% (Libor + 9.25%/Q)	7/1/2019	2.5	2.5	(2)(11)
		Second lien senior secured loan (\$1.3 par due 4/2025)	10.25% (Libor + 9.25%/Q)	7/1/2019	1.3	1.3	(2)(11)
		Second lien senior secured loan (\$1.1 par due 4/2025)	10.25% (Libor + 9.25%/Q)	5/6/2020	1.1	1.1	(2)(11)
					17.4	17.6	
Sparta Systems, Inc., Project Silverback Holdings Corp. and Silverback Holdings, Inc. (15)	Quality management software provider	First lien senior secured revolving loan		8/21/2017	—	—	(13)
		Second lien senior secured loan (\$20.0 par due 8/2025)	9.25% (Libor + 8.25%/M)	8/21/2017	19.8	20.0	(2)(11)
		Series B preferred stock (10,084 shares)		8/21/2017	1.1	3.8	
					20.9	23.8	
Storm UK Holdco Limited and Storm US Holdco Inc. (15)	Provider of water infrastructure software solutions for municipalities / utilities and engineering consulting firms	First lien senior secured revolving loan (\$0.2 par due 5/2022)	6.25% (Libor + 5.25%/M)	5/5/2017	0.2	0.2	(2)(6)(11)
Surf Holdings, LLC	Cybersecurity solutions provider	Second lien senior secured loan (\$25.0 par due 3/2028)	9.00% (Libor + 8.00%/Q)	3/5/2020	25.0	25.0	(2)(6)(11)

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2020
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(3)(7)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
TCP Hawker Intermediate LLC (15)	Workforce management solutions provider	First lien senior secured loan (\$6.7 par due 8/2026)	6.50% (Libor + 5.50%/M)	12/1/2020	6.7	6.7 (2)(11)	
		First lien senior secured loan (\$35.1 par due 8/2026)	6.50% (Libor + 5.50%/Q)	8/30/2019	35.1	35.1 (2)(11)	
		First lien senior secured loan (\$7.4 par due 8/2026)	6.50% (Libor + 5.50%/M)	8/30/2019	7.4	7.4 (2)(11)	
					49.2	49.2	
The Ultimate Software Group, Inc. and H&F Unite Partners, L.P. (15)	Provider of cloud based HCM solutions for businesses	First lien senior secured revolving loan		5/3/2019	—	— (6)(13)	
		Second lien senior secured loan (\$205.4 par due 5/2027)	8.15% (Libor + 8.00%/M)	5/3/2019	205.4	205.4 (2)(6)	
		Limited partnership interests (12,583,556 interests)		5/3/2019	12.6	14.4 (2)(6)	
					218.0	219.8	
Vela Trading Technologies, LLC (15)	Provider of market data software and content to global financial services clients	First lien senior secured revolving loan (\$3.4 par due 6/2022)	6.50% (Libor + 5.00% Cash, 0.50% PIK/Q)	2/8/2018	3.4	3.2 (2)(11)	
		First lien senior secured revolving loan (\$0.1 par due 6/2022)	9.00% (Libor + 7.50% Cash, 0.50% PIK/Q)	2/8/2018	0.1	0.1 (2)(11)	
		First lien senior secured loan (\$4.5 par due 6/2022)	11.00% (Libor + 7.50% Cash, 2.50% PIK/Q)	4/17/2018	4.5	4.3 (2)(11)	
					8.0	7.6	
Velocity Holdings Corp.	Hosted enterprise resource planning application management services provider	Common units (1,713,546 units)		12/13/2013	4.5	2.4	
Verscend Holding Corp. (15)	Healthcare analytics solutions provider	First lien senior secured revolving loan		8/27/2018	—	— (13)	
WebPT, Inc. (15)	Electronic medical record software provider	First lien senior secured loan (\$48.1 par due 8/2024)	7.75% (Libor + 6.75%/Q)	8/28/2019	48.1	47.6 (2)(11)	
Zemax Software Holdings, LLC (15)	Provider of optical illumination design software to design engineers	First lien senior secured revolving loan (\$2.0 par due 6/2024)	8.00% (Base Rate + 4.75%/Q)	6/25/2018	2.0	2.0 (2)(11)	
		First lien senior secured loan (\$16.7 par due 6/2024)	6.75% (Libor + 5.75%/Q)	6/25/2018	16.7	16.7 (2)(11)	
					18.7	18.7	
					2,320.7	2,344.8	32.67%
Commercial & Professional Services							
Accommodations Plus Technologies LLC and Accommodations Plus Technologies Holdings LLC (15)	Provider of outsourced crew accommodations and logistics management solutions to the airline industry	First lien senior secured revolving loan (\$4.1 par due 5/2023)	10.25% (Libor + 9.25%/Q)	5/11/2018	4.1	3.9 (2)(11)	
		Class A common units (236,358 units)		5/11/2018	4.3	4.6	
					8.4	8.5	
Aero Operating LLC	Provider of snow removal and melting service for airports and marine terminals	First lien senior secured loan (\$36.9 par due 2/2026)	8.00% (Libor + 6.50%/M)	2/7/2020	36.9	35.1 (2)(11)	
AMCP Clean Intermediate, LLC (15)	Provider of janitorial and facilities management services	First lien senior secured revolving loan		10/1/2018	—	— (13)	
		First lien senior secured loan (\$1.4 par due 10/2024)	7.25% (Libor + 6.25%/Q)	7/31/2020	1.4	1.4 (2)(11)	
		First lien senior secured loan (\$0.7 par due 10/2024)	7.25% (Libor + 6.25%/Q)	10/1/2020	0.7	0.7 (2)(11)	
		First lien senior secured loan (\$8.7 par due 10/2024)	7.25% (Libor + 6.25%/Q)	12/14/2020	8.7	8.7 (2)(11)	
					10.8	10.8	
Capstone Acquisition Holdings, Inc. and Capstone Parent Holdings, LP (15)	Outsourced supply chain solutions provider to operators of distribution centers	First lien senior secured revolving loan (\$1.4 par due 11/2025)	5.75% (Libor + 4.75%/M)	11/12/2020	1.4	1.4 (2)(11)(14)	
		Second lien senior secured loan (\$68.3 par due 11/2028)	9.75% (Libor + 8.75%/Q)	11/12/2020	68.3	66.9 (2)(11)	
		Class A units (10,581 units)		11/12/2020	10.6	10.6 (2)	
					80.3	78.9	
Cozzini Bros., Inc. and BH-Sharp Holdings LP (15)	Provider of commercial knife sharpening and cutlery services in the restaurant industry	First lien senior secured revolving loan		3/10/2017	—	— (13)	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2020
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(3)(7)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan (\$12.0 par due 3/2023)	8.50% (Libor + 3.00% Cash, 4.50% PIK/Q)	3/10/2017	12.0	10.3 (2)(11)	
		Common units (2,950,000 units)		3/10/2017	3.0	0.3 (2)	
					15.0	10.6	
Crown Health Care Laundry Services, LLC and Crown Laundry Holdings, LLC (4)(15)	Provider of outsourced healthcare linen management solutions	First lien senior secured revolving loan		3/13/2014	—	— (13)	
		First lien senior secured loan (\$9.9 par due 12/2021)	7.25% (Libor + 6.25%/M)	3/13/2014	9.9	9.9 (2)(11)	
		First lien senior secured loan (\$0.9 par due 12/2021)	7.25% (Libor + 6.25%/M)	4/6/2017	0.9	0.9 (2)(11)	
		First lien senior secured loan (\$5.0 par due 12/2021)	7.25% (Libor + 6.25%/M)	2/22/2019	5.0	5.0 (11)	
		First lien senior secured loan (\$11.3 par due 12/2021)	7.25% (Libor + 6.25%/M)	6/12/2018	11.3	11.3 (2)(11)	
		Class A preferred units (3,393,973 units)		3/13/2014	4.0	6.0 (2)	
		Class B common units (377,108 units)		3/13/2014	0.4	6.5 (2)	
					31.5	39.6	
Divisions Holding Corporation and RC V Tecmo Investor LLC (15)	Technology based aggregator for facility maintenance services	First lien senior secured revolving loan (\$2.5 par due 8/2026)	7.50% (Libor + 6.50%/Q)	8/14/2020	2.5	2.5 (2)(11)	
		First lien senior secured loan (\$43.6 par due 8/2026)	7.50% (Libor + 6.50%/Q)	8/14/2020	43.6	43.2 (2)(11)	
		Common member units (9,624,000 units)		8/14/2020	9.6	15.5 (2)	
					55.7	61.2	
DTI Holdco, Inc. and OPE DTI Holdings, Inc. (15)	Provider of legal process outsourcing and managed services	First lien senior secured revolving loan (\$0.4 par due 9/2022)	6.75% (Base Rate + 3.50%/Q)	9/23/2016	0.4	0.4 (2)(14)	
		First lien senior secured revolving loan (\$4.4 par due 9/2022)	4.71% (Libor + 4.50%/Q)	9/23/2016	4.4	3.9 (2)(14)	
		Class A common stock (7,500 shares)		8/19/2014	7.5	3.7 (2)	
		Class B common stock (7,500 shares)		8/19/2014	—	— (2)	
					12.3	8.0	
Elevation Services Parent Holdings, LLC (15)	Elevator service platform	First lien senior secured revolving loan (\$0.4 par due 12/2026)	6.50% (Libor + 5.50%/Q)	12/18/2020	0.4	0.4 (2)(11)	
		First lien senior secured loan (\$8.8 par due 12/2026)	6.50% (Libor + 5.50%/Q)	12/18/2020	8.8	8.7 (2)(11)	
					9.2	9.1	
HAI Acquisition Corporation and Aloha Topco, LLC (15)	Professional employer organization offering human resources, compliance and risk management services	First lien senior secured loan (\$61.7 par due 11/2024)	6.50% (Libor + 5.50%/M)	11/1/2017	61.7	61.7 (2)(11)	
		Class A units (16,980 units)		11/1/2017	1.7	2.5 (2)	
					63.4	64.2	
IMIA Holdings, Inc. (15)	Marine preservation maintenance company	First lien senior secured revolving loan		10/26/2018	—	— (13)	
		First lien senior secured loan (\$28.4 par due 10/2025)	7.00% (Libor + 6.00%/Q)	10/26/2018	28.3	28.4 (11)	
					28.3	28.4	
IRI Holdings, Inc., IRI Group Holdings, Inc. and IRI Parent, L.P.	Market research company focused on the consumer packaged goods industry	First lien senior secured loan (\$57.7 par due 12/2025)	4.40% (Libor + 4.25%/M)	11/30/2018	57.2	57.7	
		First lien senior secured loan (\$7.9 par due 12/2025)	5.15% (Libor + 5.00%/M)	9/28/2020	7.5	7.9 (2)	
		Second lien senior secured loan (\$86.8 par due 11/2026)	8.15% (Libor + 8.00%/M)	11/30/2018	85.7	86.8 (2)	
		Series A-1 preferred shares (46,900 shares)	11.50% PIK (Libor + 10.50%/S)	11/30/2018	58.2	58.9 (2)(11)	
		Class A-1 common units (90,500 units)		11/30/2018	9.1	16.5 (2)	
					217.7	227.8	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2020
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(3)(7)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Kellermeyer Bergensons Services, LLC (15)	Provider of janitorial and facilities management services	First lien senior secured loan (\$1.7 par due 11/2026)	7.50% (Libor + 6.50%/Q)	11/7/2019	1.7	1.7	(2)(11)
		First lien senior secured loan (\$30.0 par due 11/2026)	7.50% (Libor + 6.50%/Q)	11/7/2019	29.7	30.0	(2)(11)
		First lien senior secured loan (\$6.6 par due 11/2026)	7.50% (Libor + 6.50%/Q)	11/7/2019	6.6	6.6	(2)(11)
					38.0	38.3	
KPS Global LLC and Cool Group LLC	Manufacturer of walk-in cooler and freezer systems	First lien senior secured loan (\$15.2 par due 4/2022)	6.50% (Libor + 5.50%/M)	4/5/2017	15.2	15.2	(2)(11)
		First lien senior secured loan (\$4.1 par due 4/2022)	6.50% (Libor + 5.50%/M)	11/16/2018	4.1	4.1	(2)(11)
		Class A units (13,292 units)		9/21/2018	1.1	2.0	
					20.4	21.3	
Laboratories Bidco LLC (15)	Lab testing services for nicotine containing products	First lien senior secured loan (\$20.8 par due 6/2024)	7.00% (Libor + 6.00%/Q)	10/30/2020	20.8	20.8	(2)(11)
		First lien senior secured loan (\$29.5 par due 6/2024)	7.00% (Libor + 6.00%/Q)	10/4/2019	29.5	29.5	(2)(11)
		First lien senior secured loan (\$25.5 par due 6/2024)	7.00% (CDOR + 6.00%/Q)	10/4/2019	24.4	25.5	(11)
					74.7	75.8	
Microstar Logistics LLC, Microstar Global Asset Management LLC, and MStar Holding Corporation	Keg management solutions provider	Second lien senior secured loan (\$138.9 par due 7/2023)	10.00% PIK (Libor + 9.00%/Q)	8/13/2020	138.9	119.4	(2)(11)
		Series A preferred stock (1,507 shares)		8/13/2020	1.5	2.1	(2)
		Common stock (54,710 shares)		12/14/2012	4.9	1.0	(2)
					145.3	122.5	
NAS, LLC and Nationwide Marketing Group, LLC (15)	Buying and marketing services organization for appliance, furniture and consumer electronics dealers	First lien senior secured loan (\$6.4 par due 6/2024)	7.50% (Libor + 6.50%/Q)	11/3/2020	6.4	6.4	(2)(11)
NM GRC Holdco, LLC	Regulatory compliance services provider to financial institutions	First lien senior secured loan (\$35.6 par due 2/2024)	8.50% (Libor + 6.00% Cash, 1.50% PIK/M)	2/9/2018	35.4	34.2	(2)(11)
		First lien senior secured loan (\$9.5 par due 2/2024)	8.50% (Libor + 6.00% Cash, 1.50% PIK/M)	2/9/2018	9.5	9.1	(2)(11)
					44.9	43.3	
Petroleum Service Group LLC (15)	Provider of operational services for US petrochemical and refining companies	First lien senior secured revolving loan		7/23/2019	—	—	(13)
		First lien senior secured loan (\$34.6 par due 7/2025)	6.25% (Libor + 5.25%/Q)	7/23/2019	34.6	34.6	(11)
		First lien senior secured loan (\$0.7 par due 7/2025)	6.25% (Libor + 5.25%/Q)	7/23/2019	0.7	0.7	(2)(11)
					35.3	35.3	
QC Supply, LLC (15)	Specialty distributor and solutions provider to the swine and poultry markets	First lien senior secured revolving loan (\$8.8 par due 12/2021)	8.00% (Libor + 7.00%/M)	12/29/2016	8.8	8.1	(2)(11)(14)
		First lien senior secured loan (\$25.8 par due 12/2022)	8.00% (Libor + 6.50% Cash, 0.50% PIK/M)	12/29/2016	25.8	23.8	(2)(11)
		First lien senior secured loan (\$8.7 par due 12/2022)	8.00% (Libor + 6.50% Cash, 0.50% PIK/M)	12/29/2016	8.7	8.0	(2)(11)
					43.3	39.9	
R2 Acquisition Corp.	Marketing services	Common stock (250,000 shares)		5/29/2007	0.3	0.3	(2)
RE Community Holdings GP, LLC and RE Community Holdings, LP	Operator of municipal recycling facilities	Limited partnership interest (2.86% interest)		3/1/2011	—	—	(2)
		Limited partnership interest (2.49% interest)		3/1/2011	—	—	(2)
					—	—	
Research Now Group, LLC and Survey Sampling International, LLC	Provider of outsourced data collection to the market research industry	First lien senior secured loan (\$41.1 par due 12/2024)	6.50% (Libor + 5.50%/Q)	2/14/2019	41.1	39.9	(2)(11)

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2020
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(3)(7)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
SecurAmerica, LLC, ERMCO LLC, ERMCO of America, LLC, SecurAmerica Corporation, SecurAmerica Aviation Security LLC, American Security Programs, Inc., USI LLC, Argenbright Holdings IV, LLC and Scrub Holdings, Inc (15)	Provider of outsourced security guard services, outsourced facilities management and outsourced aviation services	First lien senior secured loan (\$4.7 par due 12/2023)	9.25% (Libor + 8.00%/Q)	11/24/2020	4.7	4.7	(2)(11)
		First lien senior secured loan (\$25.7 par due 12/2023)	9.25% (Libor + 8.00%/M)	12/21/2018	25.7	25.7	(2)(11)
		First lien senior secured loan (\$9.7 par due 12/2023)	9.25% (Libor + 8.00%/M)	12/21/2018	9.7	9.7	(2)(11)
		First lien senior secured loan (\$1.7 par due 12/2023)	9.25% (Libor + 8.00%/M)	12/21/2018	1.7	1.7	(2)(11)
		First lien senior secured loan (\$1.1 par due 12/2023)	9.25% (Libor + 8.00%/M)	12/21/2018	1.1	1.1	(2)(11)
		First lien senior secured loan (\$3.0 par due 7/2021)	9.25% (Libor + 3.50% Cash, 4.50% PIK/Q)	4/16/2020	3.0	3.0	(2)(11)
		First lien senior secured loan (\$14.5 par due 12/2023)	9.25% (Libor + 8.00%/M)	11/24/2020	14.5	14.5	(2)(11)
					60.4	60.4	
SSE Buyer, Inc., Supply Source Enterprises, Inc., Impact Products LLC, The Safety Zone, LLC and SSE Parent, LP (15)	Manufacturer and distributor of personal protection equipment, commercial cleaning, maintenance and safety products	First lien senior secured loan (\$22.0 par due 6/2026)	10.22% (Libor + 9.22%/Q)	6/30/2020	22.0	22.0	(2)(11)
		Limited partnership class A-1 units (2,173 units)		6/30/2020	1.1	1.7	(2)
		Limited partnership class A-2 units (2,173 units)		6/30/2020	1.1	1.7	(2)
					24.2	25.4	
Startee Equity, LLC (5)	Communication services	Member interest		4/1/2020	—	—	
TDG Group Holding Company and TDG Co-Invest, LP (15)	Operator of multiple franchise concepts primarily related to home maintenance or repairs	First lien senior secured revolving loan (\$0.1 par due 5/2024)	5.40% (Libor + 5.25%/M)	5/31/2018	0.1	0.1	(2)(14)
		Preferred units (2,871,000 units)		5/31/2018	2.9	3.5	(2)
		Common units (29,000 units)		5/31/2018	—	2.1	(2)
					3.0	5.7	
Tyden Group Holding Corp.	Producer and marketer of global cargo security, product identification and traceability products and utility meter products	Preferred stock (46,276 shares)		1/3/2017	0.4	0.4	(6)
		Common stock (5,521,203 shares)		1/3/2017	2.0	1.1	(6)
					2.4	1.5	
Visual Edge Technology, Inc.	Provider of outsourced office solutions with a focus on printer and copier equipment and other parts and supplies	First lien senior secured loan (\$16.8 par due 8/2022)	8.50% (Libor + 5.75% Cash, 1.25% PIK/M)	8/31/2017	16.7	16.6	(2)(11)
		First lien senior secured loan (\$15.7 par due 8/2022)	8.50% (Libor + 5.75% Cash, 1.25% PIK/Q)	8/31/2017	15.7	15.5	(2)(11)
		Senior subordinated loan (\$75.6 par due 9/2024)	16.00% PIK	8/31/2017	73.4	74.0	(2)
		Warrant to purchase up to 3,094,492 shares of common stock (expires 8/2027)		8/31/2017	—	—	(2)
		Warrant to purchase up to 2,838,079 shares of preferred stock (expires 8/2027)		8/31/2017	3.9	2.6	(2)
					109.7	108.7	
VLS Recovery Services, LLC (15)	Provider of commercial and industrial waste processing and disposal services	First lien senior secured revolving loan		10/17/2017	—	—	(13)
VRC Companies, LLC (15)	Provider of records and information management services	First lien senior secured loan (\$26.4 par due 3/2023)	7.50% (Libor + 6.50%/Q)	3/31/2017	26.4	26.4	(2)(11)
WCI-HFG Holdings, LLC	Distributor of repair and replacement parts for commercial kitchen equipment	Preferred units (1,400,000 units)		10/20/2015	1.4	1.7	(2)
XIFIN, Inc. and ACP Charger Co-Invest LLC (15)	Revenue cycle management provider to labs	First lien senior secured loan (\$2.1 par due 2/2026)	6.25% (Libor + 5.25%/Q)	2/6/2020	2.1	2.1	(2)(11)

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2020
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(3)(7)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Common stock (180,000 shares)		2/6/2020	1.8	2.6 (2)	
					3.9	4.7	
					<u>1,250.6</u>	<u>1,239.7</u>	17.27%
Investment Funds and Vehicles							
ACAS Equity Holdings Corporation (5)	Investment company	Common stock (589 shares)		1/3/2017	0.4	— (6)	
Ares IIIR/IVR CLO Ltd.	Investment vehicle	Subordinated notes (\$20.0 par due 4/2021)		1/3/2017	—	— (6)	
Blue Wolf Capital Fund II, L.P. (4)	Investment partnership	Limited partnership interest (8.50% interest)		1/3/2017	—	0.2 (6)(18)	
CoLTs 2005-1 Ltd. (5)	Investment vehicle	Preferred shares (360 shares)		1/3/2017	—	— (6)	
CoLTs 2005-2 Ltd. (5)	Investment vehicle	Preferred shares (34,170,000 shares)		1/3/2017	—	— (6)	
CREST Exeter Street Solar 2004-1	Investment vehicle	Preferred shares (3,500,000 shares)		1/3/2017	—	— (6)	
European Capital UK SME Debt LP (4)	Investment partnership	Limited partnership interest (45% interest)		1/3/2017	26.6	29.7 (6)(16)	
HCI Equity, LLC (5)	Investment company	Member interest (100.00% interest)		4/1/2010	—	0.1 (6)(18)	
Partnership Capital Growth Investors III, L.P.	Investment partnership	Limited partnership interest (2.50% interest)		10/5/2011	2.8	3.4 (6)(18)	
PCG-Ares Sidecar Investment II, L.P. (4)	Investment partnership	Limited partnership interest (100.00% interest)		10/31/2014	6.9	10.2 (2)(6)(16)	
PCG-Ares Sidecar Investment, L.P. (4)	Investment partnership	Limited partnership interest (100.00% interest)		5/22/2014	4.8	0.4 (6)(16)	
Piper Jaffray Merchant Banking Fund I, L.P.	Investment partnership	Limited partnership interest (2.00% interest)		8/16/2012	1.1	1.3 (6)(18)	
Senior Direct Lending Program, LLC (5)(17)	Co-investment vehicle	Subordinated certificates (\$1122.9 par due 12/2036)	8.24% (Libor + 8.00%/Q)(12)	7/27/2016	1,122.9	1,122.9 (6)	
		Member interest (87.50% interest)		7/27/2016	—	— (6)	
					<u>1,122.9</u>	<u>1,122.9</u>	
VSC Investors LLC	Investment company	Membership interest (1.95% interest)		1/24/2008	0.3	0.5 (2)(6)(18)	
					<u>1,165.8</u>	<u>1,168.7</u>	16.29%
Consumer Services							
ADF Capital, Inc., ADF Restaurant Group, LLC, and ARG Restaurant Holdings, Inc. (5)	Restaurant owner and operator	First lien senior secured loan (\$56.6 par due 12/2019)		11/27/2006	39.9	— (2)(10)	
		First lien senior secured loan (\$6.6 par due 12/2019)		12/22/2016	4.8	— (2)(10)	
		Promissory note (\$31.8 par due 12/2023)		11/27/2006	13.8	— (2)	
		Warrant to purchase up to 0.95 units of Series D common stock (expires 12/2023)		12/18/2013	—	— (2)	
					<u>58.5</u>	<u>—</u>	
Aimbridge Acquisition Co., Inc.	Hotel operator	Second lien senior secured loan (\$22.5 par due 2/2027)	7.65% (Libor + 7.50%/M)	2/1/2019	22.2	20.0 (2)	
American Residential Services L.L.C. and Aragorn Parent Holdings LP (15)	Heating, ventilation and air conditioning services provider	First lien senior secured revolving loan (\$0.5 par due 10/2025)	3.65% (Libor + 3.50%/M)	10/15/2020	0.5	0.5 (2)(14)	
		Second lien senior secured loan (\$56.4 par due 10/2028)	9.50% (Libor + 8.50%/Q)	10/15/2020	56.4	55.8 (2)(11)	
		Series A preferred units (2,531,500 units)	10.00% PIK	10/15/2020	2.6	2.5 (2)	
					<u>59.5</u>	<u>58.8</u>	
ATI Restoration, LLC (15)	Provider of disaster recovery services	First lien senior secured revolving loan		7/31/2020	—	— (13)	
		First lien senior secured loan (\$33.7 par due 7/2026)	6.50% (Libor + 5.50%/Q)	7/31/2020	33.7	33.3 (11)	
					<u>33.7</u>	<u>33.3</u>	
ChargePoint, Inc.	Developer and operator of electric vehicle charging stations	Warrant to purchase up to 809,126 shares of Series E preferred stock (expires 12/2024)		12/30/2014	0.3	3.0 (2)	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2020
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(3)(7)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Cipriani USA, Inc. (15)	Manager and operator of banquet facilities, restaurants, hotels and other leisure properties	First lien senior secured loan (\$12.6 par due 5/2023)	11.75% (Libor + 10.75%/M)	12/22/2020	12.6	11.1	(2)(11)
		First lien senior secured loan (\$68.2 par due 5/2023)	11.75% (Libor + 10.75%/M)	5/30/2018	66.8	60.0	(2)(11)
		First lien senior secured loan (\$12.2 par due 5/2023)	11.75% (Libor + 10.75%/M)	11/5/2018	12.2	10.7	(2)(11)
		First lien senior secured loan (\$15.0 par due 5/2023)	11.75% (Libor + 10.75%/M)	7/3/2019	14.7	13.2	(2)(11)
		First lien senior secured loan (\$20.0 par due 5/2023)	11.75% (Libor + 10.75%/M)	12/27/2019	18.2	17.6	(2)(11)
		First lien senior secured loan (\$3.0 par due 5/2023)	11.75% (Libor + 10.75%/M)	8/20/2018	3.0	2.7	(2)(11)
		First lien senior secured loan (\$3.0 par due 5/2023)	11.75% (Libor + 10.75%/M)	11/5/2018	3.0	2.7	(2)(11)
		First lien senior secured loan (\$4.9 par due 5/2023)	11.75% (Libor + 10.75%/M)	6/30/2020	4.9	4.3	(2)(11)
					135.4	122.3	
Concert Golf Partners Holdco LLC (15)	Golf club owner and operator	First lien senior secured loan (\$18.2 par due 8/2025)	5.50% (Libor + 4.50%/Q)	8/20/2019	18.2	18.2	(2)(11)
		First lien senior secured loan (\$2.2 par due 8/2025)	5.50% (Libor + 4.50%/Q)	8/20/2019	2.2	2.2	(2)(11)
					20.4	20.4	
Essential Services Holding Corporation and OMERS Mahomes Investment Holdings LLC (15)	Provider of plumbing and HVAC services	First lien senior secured revolving loan		11/16/2020	—	—	(13)
		First lien senior secured loan (\$115.8 par due 11/2026)	6.75% (Libor + 5.75%/Q)	11/16/2020	115.8	114.6	(2)(11)
		First lien senior secured loan (\$33.0 par due 11/2026)	6.75% (Libor + 5.75%/Q)	11/16/2020	33.0	32.7	(2)(11)
		Class A units (5,803.43 units)		11/16/2020	19.6	19.6	(2)
					168.4	166.9	
FWR Holding Corporation (15)	Restaurant owner, operator, and franchisor	First lien senior secured revolving loan		8/21/2017	—	—	(13)
		First lien senior secured loan (\$4.0 par due 8/2023)	8.00% (Libor + 5.50% Cash, 1.50% PIK/Q)	8/21/2017	4.0	3.7	(2)(11)
		First lien senior secured loan (\$0.5 par due 8/2023)	8.00% (Libor + 5.50% Cash, 1.50% PIK/Q)	8/21/2017	0.5	0.5	(2)(11)
		First lien senior secured loan (\$0.5 par due 8/2023)	8.00% (Libor + 5.50% Cash, 1.50% PIK/Q)	2/28/2019	0.5	0.5	(2)(11)
		First lien senior secured loan (\$0.8 par due 8/2023)	8.00% (Libor + 5.50% Cash, 1.50% PIK/Q)	2/28/2019	0.8	0.8	(2)(11)
		First lien senior secured loan (\$0.5 par due 8/2023)	8.00% (Libor + 5.50% Cash, 1.50% PIK/Q)	2/28/2019	0.5	0.5	(2)(11)
		First lien senior secured loan (\$0.7 par due 8/2023)	8.00% (Libor + 5.50% Cash, 1.50% PIK/Q)	2/28/2019	0.7	0.6	(2)(11)
		First lien senior secured loan (\$1.8 par due 8/2023)	8.00% (Libor + 5.50% Cash, 1.50% PIK/Q)	12/20/2019	1.8	1.7	(2)(11)
					8.8	8.3	
Garden Fresh Restaurant Corp. and GFRC Holdings LLC (15)	Restaurant owner and operator	First lien senior secured revolving loan (\$6.9 par due 2/2022)		2/1/2017	6.3	—	(2)(10)
		First lien senior secured loan (\$19.6 par due 2/2022)		2/1/2017	17.9	—	(2)(10)
					24.2	—	
Jenny C Acquisition, Inc.	Health club franchisor	Senior subordinated loan (\$1.3 par due 4/2025)	8.00% PIK	4/5/2019	1.3	1.3	(2)
Jim N Nicks Management, LLC (15)	Restaurant owner and operator	First lien senior secured revolving loan (\$4.9 par due 7/2023)	6.25% (Libor + 5.25%/Q)	7/10/2017	4.9	4.4	(2)(11)
		First lien senior secured loan (\$13.7 par due 7/2023)	6.25% (Libor + 5.25%/Q)	7/10/2017	13.7	12.5	(2)(11)
		First lien senior secured loan (\$1.1 par due 7/2023)	6.25% (Libor + 5.25%/Q)	7/10/2017	1.1	1.0	(2)(11)
					19.7	17.9	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2020
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(3)(7)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
ME Equity LLC	Franchisor in the massage industry	Common stock (3,000,000 shares)		9/27/2012	3.0	2.2 (2)	
Movati Athletic (Group) Inc. (15)	Premier health club operator	First lien senior secured loan (\$2.9 par due 10/2022)	7.50% (CDOR + 5.50% Cash, 0.50% PIK/Q)	10/5/2017	3.0	2.7 (2)(6)(11)	
		First lien senior secured loan (\$2.1 par due 10/2022)	7.50% (CDOR + 5.50% Cash, 0.50% PIK/Q)	10/5/2017	2.0	1.9 (2)(6)(11)	
					5.0	4.6	
OTG Management, LLC (15)	Airport restaurant operator	First lien senior secured revolving loan (\$10.1 par due 8/2021)	10.00% (Libor + 7.00% Cash, 2.00% PIK/Q)	8/26/2016	10.1	8.7 (2)(11)	
		First lien senior secured loan (\$5.4 par due 8/2021)	10.00% (Libor + 7.00% Cash, 2.00% PIK/Q)	10/7/2020	5.4	4.6 (2)(11)	
		First lien senior secured loan (\$23.8 par due 8/2021)	10.00% (Libor + 7.00% Cash, 2.00% PIK/Q)	8/26/2016	23.8	20.5 (2)(11)	
		First lien senior secured loan (\$98.5 par due 8/2021)	10.00% (Libor + 7.00% Cash, 2.00% PIK/Q)	8/26/2016	98.5	84.7 (2)(11)	
		First lien senior secured loan (\$9.7 par due 8/2021)	10.00% (Libor + 7.00% Cash, 2.00% PIK/Q)	10/10/2018	9.7	8.3 (2)(11)	
		First lien senior secured loan (\$16.1 par due 8/2021)	10.00% (Libor + 7.00% Cash, 2.00% PIK/Q)	10/7/2020	16.1	13.8 (2)(11)	
		Senior subordinated loan (\$38.6 par due 2/2022)		8/26/2016	36.1	29.0 (2)(10)	
		Class A preferred units (3,000,000 units)		8/26/2016	38.3	—	
		Common units (3,000,000 units)		1/5/2011	3.0	—	
		Warrant to purchase up to 7.73% of common units		6/19/2008	0.1	—	
					241.1	169.6	
Portillo's Holdings, LLC	Fast casual restaurant brand	Second lien senior secured loan (\$34.0 par due 12/2024)	10.75% (Libor + 9.50%/Q)	11/27/2019	33.2	34.0 (2)(11)	
Pyramid Management Advisors, LLC and Pyramid Investors, LLC (15)	Hotel operator	First lien senior secured revolving loan (\$9.5 par due 7/2023)	8.00% (Libor + 5.75% Cash, 1.25% PIK/Q)	4/12/2018	9.5	8.5 (2)(11)(14)	
		First lien senior secured loan (\$16.8 par due 7/2023)	8.00% (Libor + 5.75% Cash, 1.25% PIK/Q)	4/12/2018	16.8	15.1 (2)(11)	
		First lien senior secured loan (\$1.4 par due 7/2023)	8.00% (Libor + 5.75% Cash, 1.25% PIK/Q)	4/12/2018	1.4	1.3 (2)(11)	
		First lien senior secured loan (\$6.3 par due 7/2023)	8.00% (Libor + 5.75% Cash, 1.25% PIK/Q)	12/27/2019	6.3	5.7 (2)(11)	
		Preferred membership units (996,833 units)		7/15/2016	1.0	0.3	
					35.0	30.9	
Redwood Services, LLC and Redwood Services Holdco, LLC (15)	Provider of residential HVAC and plumbing services	First lien senior secured loan (\$5.4 par due 12/2025)	8.00% (Libor + 7.00%/Q)	12/31/2020	5.4	5.3 (2)(11)	
		Series D units (5,291,723 units)	8.00% PIK	12/31/2020	5.3	5.3	
					10.7	10.6	
Safe Home Security, Inc., Security Systems Inc., Safe Home Monitoring, Inc., National Protective Services, Inc., Bright Integrations LLC and Medguard Alert, Inc. (15)	Provider of safety systems for business and residential customers	First lien senior secured loan (\$45.3 par due 8/2024)	8.25% (Libor + 7.25%/M)	8/4/2020	45.3	44.8 (2)(11)	
SERV 2020-1	Provider of restoration and cleaning services to commercial and residential customers	First lien senior secured loan (\$0.0 par due 1/2051)	3.34%	12/9/2020	—	— (2)	
Spectra Finance, LLC (15)	Venue management and food and beverage provider	First lien senior secured revolving loan (\$15.2 par due 4/2023)	6.75% (Libor + 5.00% Cash, 0.75% PIK/M)	4/2/2018	15.2	14.0 (2)(11)(14)	
		First lien senior secured loan (\$3.2 par due 4/2024)	6.75% (Libor + 5.00% Cash, 0.75% PIK/Q)	4/2/2018	3.2	2.9 (2)(11)	
					18.4	16.9	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2020
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(3)(7)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Spin HoldCo Inc. and Airvending Limited	Laundry service and equipment provider	First lien senior secured loan (\$15.6 par due 11/2022)	7.00% (Libor + 6.00%/Q)	5/15/2020	15.6	15.6 (6)(11)	
		First lien senior secured loan (\$11.0 par due 11/2022)	7.00% (Libor + 6.00%/Q)	5/15/2020	11.0	11.0 (2)(11)	
		Second lien senior secured loan (\$154.2 par due 5/2023)	8.50% (Libor + 7.50%/Q)	5/14/2013	154.2	152.6 (2)(11)	
					180.8	179.2	
Taymax Group, L.P., Taymax Group G.P., LLC, PF Salem Canada ULC and TCP Fit Parent, L.P. (15)	Planet Fitness franchisee	First lien senior secured revolving loan (\$1.3 par due 7/2024)	5.75% (Libor + 4.75%/Q)	7/31/2018	1.3	1.2 (2)(11)	
		First lien senior secured loan (\$0.3 par due 7/2025)	5.75% (Libor + 4.75%/Q)	3/5/2020	0.3	0.3 (2)(11)	
		First lien senior secured loan (\$0.6 par due 7/2025)	5.75% (Libor + 4.75%/Q)	3/5/2020	0.6	0.6 (2)(11)	
		Class A units (37,020 units)		7/31/2018	3.8	0.8	
					6.0	2.9	
The Alaska Club Partners, LLC, Athletic Club Partners LLC and The Alaska Club, Inc. (15)	Premier health club operator	First lien senior secured loan (\$15.4 par due 12/2024)	10.25% (Libor + 5.00% Cash, 2.00% PIK/Q)	12/16/2019	15.4	13.8 (2)(11)	
WASH Multifamily Acquisition Inc. and Coinamatic Canada Inc.	Laundry service and equipment provider	First lien senior secured loan (\$110.5 par due 5/2022)	5.75% (Libor + 4.75%/M)	8/1/2019	110.5	110.5 (2)(11)	
		Second lien senior secured loan (\$22.0 par due 5/2023)	8.00% (Libor + 7.00%/M)	5/14/2015	21.7	21.5 (2)(11)	
		Second lien senior secured loan (\$3.8 par due 5/2023)	8.00% (Libor + 7.00%/M)	5/14/2015	3.8	3.8 (2)(11)	
					136.0	135.8	
					1,282.3	1,097.5	15.29%
Consumer Durables & Apparel							
Badger Sportswear Acquisition, Inc.	Provider of team uniforms and athletic wear	Second lien senior secured loan (\$56.8 par due 3/2024)	11.00% (Libor + 9.75%/Q)	9/6/2016	56.8	50.0 (2)(11)	
Bowhunter Holdings, LLC	Provider of branded archery and bowhunting accessories	Common units (421 units)		4/24/2014	4.2	—	
Centric Brands LLC (15)	Designer, marketer and distributor of licensed and owned apparel	First lien senior secured revolving loan (\$3.0 par due 10/2024)	6.50% (Libor + 5.50%/Q)	5/20/2020	3.0	3.0 (2)(11)	
		First lien senior secured loan (\$60.2 par due 10/2025)	11.00% (Libor + 10.00% PIK/Q)	10/29/2018	60.2	54.1 (2)(11)	
		Membership interests (273,609 units)		10/29/2018	2.9	3.1 (2)	
					66.1	60.2	
DRS Holdings III, Inc. and DRS Holdings I, Inc. (15)	Footwear and orthopedic foot-care brand	First lien senior secured loan (\$30.1 par due 11/2025)	6.75% (Libor + 5.75%/Q)	11/1/2019	30.1	29.5 (2)(11)	
		Common stock (8,549 shares)		11/1/2019	8.5	4.9 (2)	
					38.6	34.4	
GSM Acquisition Corp. (15)	Manufacturer of outdoor products	First lien senior secured loan (\$1.8 par due 11/2026)	6.00% (Libor + 5.00%/Q)	11/16/2020	1.8	1.8 (2)(11)	
		First lien senior secured loan (\$26.0 par due 11/2026)	6.00% (Libor + 5.00%/Q)	11/16/2020	26.0	25.6 (2)(11)	
					27.8	27.4	
Implus Footcare, LLC	Provider of footwear and other accessories	First lien senior secured loan (\$104.4 par due 4/2024)	8.75% (Libor + 2.50% Cash, 5.25% PIK/Q)	6/1/2017	104.4	89.8 (2)(11)	
		First lien senior secured loan (\$14.3 par due 4/2024)	8.75% (Libor + 2.50% Cash, 5.25% PIK/Q)	6/1/2017	14.3	12.3 (2)(11)	
		First lien senior secured loan (\$1.3 par due 4/2024)	8.75% (Libor + 2.50% Cash, 5.25% PIK/Q)	6/30/2016	1.3	1.1 (2)(11)	
		First lien senior secured loan (\$5.1 par due 4/2024)	8.75% (Libor + 2.50% Cash, 5.25% PIK/Q)	7/17/2018	5.1	4.4 (2)(11)	
					125.1	107.6	
Pelican Products, Inc.	Flashlights manufacturer	Second lien senior secured loan (\$27.3 par due 5/2026)	8.75% (Libor + 7.75%/Q)	5/14/2018	27.2	27.1 (2)(11)	
Rawlings Sporting Goods Company, Inc. and Easton Diamond Sports, LLC	Sports equipment manufacturing company	First lien senior secured loan (\$93.6 par due 12/2026)	8.50% (Libor + 7.50%/M)	12/31/2020	93.6	92.7 (2)(11)	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2020
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(3)(7)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Reef Lifestyle, LLC (15)	Apparel retailer	First lien senior secured revolving loan (\$8.3 par due 10/2024)	11.00% (Libor + 5.75% Cash, 4.25% PIK/M)	10/26/2018	8.3	6.8	(2)(11)(14)
		First lien senior secured loan (\$25.8 par due 10/2024)	11.00% (Libor + 5.75% Cash, 4.25% PIK/Q)	10/26/2018	25.8	21.1	(2)(11)
		First lien senior secured loan (\$0.4 par due 10/2024)	11.00% (Libor + 5.75% Cash, 4.25% PIK/Q)	7/31/2020	0.4	0.3	(2)(11)
		First lien senior secured loan (\$0.3 par due 10/2024)	11.00% (Libor + 5.75% Cash, 4.25% PIK/M)	7/31/2020	0.3	0.3	(2)(11)
					<u>34.8</u>	<u>28.5</u>	
S Toys Holdings LLC (fka The Step2 Company, LLC) (5)	Toy manufacturer	Class B common units (126,278,000 units)		10/30/2014	—	0.3	
		Common units (1,116,879 units)		4/1/2011	—	—	
		Warrant to purchase up to 3,157,895 units		4/1/2010	—	—	
					<u>—</u>	<u>0.3</u>	
SHO Holding I Corporation	Manufacturer and distributor of slip resistant footwear	Second lien senior secured loan (\$105.1 par due 10/2024)	10.29% PIK (Libor + 9.29%/Q)	10/27/2015	104.1	83.0	(2)(11)
Shock Doctor, Inc. and Shock Doctor Holdings, LLC (4)(15)	Developer, marketer and distributor of sports protection equipment and accessories	First lien senior secured revolving loan (\$1.6 par due 5/2024)	7.00% (Base Rate + 3.75%/M)	5/21/2019	1.6	1.5	(2)(11)(14)
		First lien senior secured loan (\$19.4 par due 5/2024)	5.75% (Libor + 4.75%/Q)	5/21/2019	19.3	18.0	(2)(11)
		Class A preferred units (50,000 units)		3/14/2014	5.0	—	(2)
		Class C preferred units (50,000 units)		4/22/2015	5.0	—	(2)
		Preferred units (14,591 units)		5/14/2019	1.6	—	(2)
					<u>32.5</u>	<u>19.5</u>	
Singer Sewing Company, SVP-Singer Holdings, LLC and SVP-Singer Holdings LP (5)(15)	Manufacturer of consumer sewing machines	First lien senior secured revolving loan		7/26/2017	—	—	(13)
		First lien senior secured loan (\$234.2 par due 2/2026)	10.00% (Libor + 9.00%/Q)	11/12/2020	222.5	234.2	(2)(11)
		Class A common units (6,264,706 units)		7/26/2017	—	74.1	(2)
					<u>222.5</u>	<u>308.3</u>	
Totes Isotoner Corporation and Totes Ultimate Holdco, Inc. (4)	Designer, marketer, and distributor of rain and cold weather products	First lien senior secured loan (\$2.2 par due 12/2024)	7.00% (Libor + 6.00%/Q)	12/23/2019	2.2	1.9	(2)(11)
		First lien senior secured loan (\$1.6 par due 6/2024)	5.00% (Libor + 4.00%/Q)	12/23/2019	1.6	1.6	(2)(11)
		Common stock (861,000 shares)		12/23/2019	6.0	2.0	(2)
					<u>9.8</u>	<u>5.5</u>	
Varsity Brands Holding Co., Inc. and BCPE Hercules Holdings, LP	Leading manufacturer and distributor of textiles, apparel & luxury goods	Second lien senior secured loan (\$21.1 par due 12/2025)	9.25% (Libor + 8.25%/M)	7/30/2018	21.1	19.0	(2)(11)
		Second lien senior secured loan (\$122.7 par due 12/2025)	9.25% (Libor + 8.25%/M)	12/15/2017	122.7	110.5	(2)(11)
		Class A units (1,400 units)		7/30/2018	1.4	0.5	(2)
					<u>145.2</u>	<u>130.0</u>	
					<u>988.3</u>	<u>974.5</u>	13.58%
Diversified Financials							
Commercial Credit Group, Inc.	Commercial equipment finance and leasing company	Senior subordinated loan (\$8.5 par due 8/2022)	11.00% (Libor + 9.75%/M)	5/10/2012	8.5	8.5	(2)(11)
DFC Global Facility Borrower III LLC (15)	Non-bank provider of alternative financial services	First lien senior secured revolving loan (\$114.4 par due 9/2024)	11.75% (Libor + 10.75%/M)	8/9/2019	114.4	114.4	(2)(6)(11)
eCapital Finance Corp.	Consolidator of commercial finance businesses	Senior subordinated loan (\$36.5 par due 1/2025)	10.00% (Libor + 8.50%/M)	1/31/2020	36.5	36.5	(2)(11)
		Senior subordinated loan (\$43.0 par due 1/2025)	10.00% (Libor + 8.50%/M)	1/31/2020	43.0	43.0	(2)(11)
		Senior subordinated loan (\$7.7 par due 1/2025)	10.00% (Libor + 8.50%/Q)	11/24/2020	7.7	7.7	(2)(11)

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2020
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(3)(7)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
EP Wealth Advisors, LLC (15)	Wealth management and financial planning firm	First lien senior secured loan (\$0.1 par due 9/2026)	6.25% (Libor + 5.25%/Q)	9/4/2020	87.2	87.2	
					0.1	0.1	(2)(11)
Ivy Hill Asset Management, L.P. (5)	Asset management services	Senior subordinated loan (\$72.0 par due 5/2023)	7.25% (Libor + 6.50%/Q)	2/8/2018	72.0	72.0	(6)(11)
		Member interest (100.00% interest)		6/15/2009	469.0	556.5	(6)
					541.0	628.5	
Javlin Three LLC, Javlin Four LLC, and Javlin Five LLC	Asset-backed financial services company	First lien senior secured loan (\$16.0 par due 6/2017)		6/24/2014	12.9	0.8	(2)(6)(10)
Joyce Lane Capital LLC and Joyce Lane Financing SPV LLC (fka Ciena Capital LLC) (5)(15)	Specialty finance company	First lien senior secured loan (\$0.6 par due 12/2022)	4.25% (Libor + 4.00%/Q)	12/27/2018	0.6	0.6	(2)(6)
		Equity interests		11/29/2010	—	—	(2)(6)
					0.6	0.6	
LS DE LLC and LM LSQ Investors LLC	Asset based lender	Senior subordinated loan (\$37.0 par due 6/2021)	10.50%	6/25/2015	37.0	36.6	(2)(6)
		Senior subordinated loan (\$3.0 par due 6/2021)	10.50%	6/15/2017	3.0	3.0	(2)(6)
		Membership units (3,275,000 units)		6/25/2015	3.3	3.7	(6)
					43.3	43.3	
Rialto Management Group, LLC (15)	Investment and asset management platform focused on real estate	First lien senior secured revolving loan		11/30/2018	—	—	(6)(13)
		First lien senior secured loan (\$0.8 par due 12/2024)	4.65% (Libor + 4.50%/M)	11/30/2018	0.8	0.8	(2)(6)
					0.8	0.8	
TA/WEG Holdings, LLC (15)	Wealth management and financial planning firm	First lien senior secured revolving loan		10/2/2019	—	—	(13)
		First lien senior secured loan (\$0.5 par due 10/2025)	6.75% (Libor + 5.75%/Q)	11/6/2020	0.5	0.5	(2)(11)
		First lien senior secured loan (\$4.7 par due 10/2025)	6.75% (Libor + 5.75%/Q)	10/2/2019	4.7	4.7	(2)(11)
					5.2	5.2	
The Ultimus Group Midco, LLC, The Ultimus Group, LLC, and The Ultimus Group Aggregator, LP (15)	Provider of asset-servicing capabilities for fund managers	First lien senior secured revolving loan (\$4.0 par due 2/2024)	4.75% (Libor + 4.50%/Q)	2/1/2019	4.0	3.8	(2)
		First lien senior secured loan (\$38.2 par due 2/2026)	5.50% (Libor + 4.50%/Q)	2/1/2019	38.2	36.3	(2)(11)
		Class A units (1,443 units)		2/1/2019	1.6	1.7	
		Class A units (245 units)		2/1/2019	0.2	—	
		Class B units (2,167,424 units)		2/1/2019	—	—	
		Class B units (245,194 units)		2/1/2019	—	—	
					44.0	41.8	
					858.0	931.2	12.98%
Automobiles & Components							
Automotive Keys Group, LLC and Automotive Keys Investor, LLC	Provider of replacement wireless keys for automotive market	First lien senior secured loan (\$12.2 par due 11/2025)	6.00% (Libor + 5.00%/Q)	12/22/2020	12.2	11.9	(2)(11)
		First lien senior secured loan (\$5.3 par due 11/2025)	6.00% (Libor + 5.00%/Q)	11/6/2020	5.3	5.2	(2)(11)
		Preferred units (4,113,113 units)	9.00% PIK	11/6/2020	4.2	4.2	(2)
		Class A common units (4,113,113 units)		11/6/2020	—	—	(2)
					21.7	21.3	
Eckler Industries, Inc. and Eckler Purchaser LLC (5)(15)	Restoration parts and accessories provider for classic automobiles	First lien senior secured revolving loan (\$2.7 par due 5/2022)	12.00% PIK	7/12/2012	2.7	2.6	(2)
		First lien senior secured loan (\$23.3 par due 5/2022)	12.00% PIK	7/12/2012	23.3	22.6	(2)
		Class A common units (67,972 units)		7/12/2012	16.4	—	(2)
					42.4	25.2	
GB Auto Service, Inc. and GB Auto Service Holdings, LLC (15)	Automotive parts and repair services retailer	First lien senior secured revolving loan (\$3.8 par due 10/2024)	7.00% (Libor + 6.00%/M)	10/19/2018	3.8	3.8	(2)(11)

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2020
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(3)(7)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan (\$21.9 par due 10/2024)	7.00% (Libor + 6.00%/Q)	10/19/2018	21.9	21.9 (2)(11)	
		First lien senior secured loan (\$30.1 par due 10/2024)	7.00% (Libor + 6.00%/Q)	10/19/2018	30.1	30.1 (11)	
		First lien senior secured loan (\$38.8 par due 10/2024)	7.00% (Libor + 6.00%/Q)	3/9/2020	38.8	38.8 (2)(11)	
		Common units (4,389,156 units)		10/19/2018	5.7	10.4 (2)	
					100.3	105.0	
Highline Aftermarket Acquisition, LLC, Highline Aftermarket SC Acquisition, Inc. and Highline PPC Blocker LLC (15)	Manufacturer and distributor of automotive fluids	First lien senior secured revolving loan (\$9.5 par due 11/2025)	4.00% (Libor + 3.75%/M)	11/9/2020	9.5	9.2 (2)	
		Second lien senior secured loan (\$41.2 par due 11/2028)	8.75% (Libor + 8.00%/Q)	11/9/2020	41.2	40.4 (2)(11)	
		Second lien senior secured loan (\$29.2 par due 11/2028)	8.75% (Libor + 8.00%/Q)	11/9/2020	29.2	28.6 (2)(11)	
		Co-invest units (59,230 units)		11/4/2020	5.9	5.9 (2)	
					85.8	84.1	
Mac Lean-Fogg Company and MacLean-Fogg Holdings, L.L.C.	Manufacturer and supplier for the power utility and automotive markets worldwide	First lien senior secured loan (\$153.0 par due 12/2025)	5.63% (Libor + 5.00%/M)	12/21/2018	152.4	146.9 (11)	
		First lien senior secured loan (\$19.3 par due 12/2025)	5.63% (Libor + 5.00%/M)	12/21/2018	19.3	18.5 (2)(11)	
		Preferred units (59,453 units)	4.50% Cash, 9.25% PIK	10/9/2015	72.3	72.3	
					244.0	237.7	
Mavis Tire Express Services Corp. and Mavis Tire Express Services TopCo, L.P. (15)	Auto parts retailer	Second lien senior secured loan (\$153.9 par due 3/2026)	8.50% (Libor + 7.50%/Q)	3/20/2018	152.3	153.9 (2)(11)	
		Second lien senior secured loan (\$1.4 par due 3/2026)	8.50% (Libor + 7.50%/Q)	3/20/2018	1.4	1.4 (2)(11)	
		Second lien senior secured loan (\$23.3 par due 3/2026)	9.00% (Libor + 8.00%/Q)	10/15/2019	23.3	23.3 (2)(11)	
		Class A units (12,400,000 units)		3/20/2018	12.4	19.0 (2)	
					189.4	197.6	
SK SPV IV, LLC	Collision repair site operator	Series A common stock (12,500 units)		8/18/2014	0.6	1.4 (2)	
		Series B common stock (12,500 units)		8/18/2014	0.6	1.4 (2)	
					1.2	2.8	
Wand Newco 3, Inc.	Collision repair company	Second lien senior secured loan (\$180.2 par due 2/2027)	7.40% (Libor + 7.25%/M)	2/5/2019	177.8	174.8 (2)	
					862.6	848.5	11.82%
Power Generation							
Beacon RNG LLC	Owner of natural gas facilities	Class B units (35,000,000 units)		3/11/2019	35.0	39.3	
CPV Maryland Holding Company II, LLC	Gas turbine power generation facilities operator	Senior subordinated loan (\$66.2 par due 3/2021)	14.00% PIK	8/8/2014	61.6	61.6 (2)	
DGH Borrower LLC	Developer, owner and operator of quick start, small-scale natural gas-fired power generation projects	First lien senior secured loan (\$50.3 par due 6/2023)	8.25% (Libor + 7.25%/Q)	6/8/2018	50.3	45.7 (2)(11)	
Green Energy Partners, Stonewall LLC and Panda Stonewall Intermediate Holdings II LLC	Gas turbine power generation facilities operator	First lien senior secured loan (\$14.4 par due 11/2021)	6.50% (Libor + 5.50%/Q)	11/13/2014	14.3	13.1 (2)(11)	
		Senior subordinated loan (\$134.2 par due 12/2021)		11/13/2014	132.1	87.3 (2)(10)	
					146.4	100.4	
Heelstone Renewable Energy, LLC (5)(15)	Provider of cloud based IT solutions, infrastructure and services	Preferred equity (2,700,000 shares)		6/28/2019	29.4	29.7	
Hummel Station LLC	Gas turbine power generation facilities operator	First lien senior secured loan (\$0.9 par due 10/2022)	7.00% (Libor + 6.00%/M)	12/10/2020	0.9	0.9 (2)(11)(18)	
Navisun LLC and Navisun Holdings LLC (5)(15)	Owner and operator of commercial and industrial solar projects	First lien senior secured loan (\$52.6 par due 11/2023)	8.00% PIK	11/15/2017	52.6	52.6 (2)	
		First lien senior secured loan (\$14.6 par due 11/2023)	9.00% PIK	3/7/2019	14.6	14.6 (2)	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2020
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(3)(7)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan (\$39.1 par due 11/2023)	5.00% Cash, 3.00% PIK	8/15/2019	39.1	39.1 (2)	
		Series A preferred units (1,000 units)	10.50% PIK	11/15/2017	12.6	12.6	
		Class A units (550 units)		11/15/2017	—	0.3	
					118.9	119.2	
Panda Temple Power, LLC and T1 Power Holdings LLC (4)	Gas turbine power generation facilities operator	Second lien senior secured loan (\$4.5 par due 2/2023)	9.00% PIK (Libor + 8.00%/M)	3/6/2015	4.5	4.5 (2)(11)	
		Class A Common units (616,122 shares)		3/6/2015	15.0	14.1	
					19.5	18.6	
PERC Holdings 1 LLC	Operator of recycled energy, combined heat and power, and energy efficiency facilities	Class B common units (21,653,543 units)		10/20/2014	0.6	12.7 (2)	
PosiGen Backleverage, LLC and PosiGen, Inc. (15)	Seller and leaser of solar power systems for residential and commercial customers	First lien senior secured loan (\$43.8 par due 1/2023)	10.50% (Libor + 7.00% Cash, 1.50% PIK/Q)	9/29/2020	42.9	43.0 (2)(11)	
		First lien senior secured loan (\$1.9 par due 1/2023)	15.00% (Libor + 7.00% Cash, 6.00% PIK/M)	9/29/2020	1.9	1.9 (2)(11)	
		Warrant to purchase up to 78,632 shares of common stock (expires 1/2027)		1/29/2020	—	— (2)	
					44.8	44.9	
Riverview Power LLC	Operator of natural gas and oil fired power generation facilities	First lien senior secured loan (\$76.6 par due 12/2022)	9.00% (Libor + 8.00%/Q)	12/29/2016	75.8	76.6 (2)(11)	
SEI Generation, LLC	Solar power developer	Senior subordinated loan (\$55.6 par due 12/2022)	5.50% Cash, 4.00% PIK	12/17/2019	55.6	54.5 (2)	
Sunrun Atlas Depositor 2019-2, LLC and Sunrun Atlas Holdings 2019-2, LLC	Residential solar energy provider	First lien senior secured loan (\$0.1 par due 2/2055)	3.61%	10/28/2019	0.1	0.1 (2)	
		Senior subordinated loan (\$137.0 par due 11/2025)	8.75% (Libor + 2.75% Cash, 4.00% PIK/Q)	11/26/2019	137.0	137.0 (2)(11)	
					137.1	137.1	
Sunrun Xanadu Issuer 2019-1, LLC and Sunrun Xanadu Holdings 2019-1, LLC	Residential solar energy provider	First lien senior secured loan (\$0.4 par due 6/2054)	3.98%	6/7/2019	0.4	0.4 (2)	
		Senior subordinated loan (\$66.9 par due 7/2030)	8.75% (Libor + 2.75% Cash, 4.00% PIK/Q)	6/27/2019	66.9	66.9 (2)(11)	
					67.3	67.3	
					843.2	808.5	11.27%
Capital Goods							
AEP Holdings, Inc. and Arrowhead Holdco Company (15)	Distributor of non-discretionary, mission-critical aftermarket replacement parts	First lien senior secured loan (\$7.7 par due 11/2025)	6.75% (Libor + 5.75%/Q)	12/31/2020	7.7	7.5 (2)(11)	
		First lien senior secured loan (\$17.1 par due 11/2025)	6.75% (Euribor + 5.75%/Q)	11/17/2020	16.6	16.8 (2)(11)	
		Common stock (3,467 shares)		8/31/2015	3.5	3.4 (2)	
					27.8	27.7	
Cadence Aerospace, LLC (15)	Aerospace precision components manufacturer	First lien senior secured revolving loan (\$14.2 par due 11/2022)	9.50% (Libor + 3.25% Cash, 5.25% PIK/Q)	11/14/2017	14.2	12.8 (2)(11)(14)	
		First lien senior secured revolving loan (\$0.4 par due 11/2023)	9.50% (Libor + 3.25% Cash, 5.25% PIK/Q)	7/22/2020	0.4	0.3 (2)(11)	
		First lien senior secured loan (\$31.7 par due 11/2023)	9.50% (Libor + 3.25% Cash, 5.25% PIK/Q)	11/14/2017	31.5	28.5 (2)(11)	
		First lien senior secured loan (\$9.9 par due 11/2023)	9.50% (Libor + 3.25% Cash, 5.25% PIK/Q)	7/5/2018	9.9	8.9 (2)(11)	
		First lien senior secured loan (\$12.0 par due 11/2023)	9.50% (Libor + 3.25% Cash, 5.25% PIK/Q)	10/31/2019	12.0	10.8 (2)(11)	
		First lien senior secured loan (\$7.9 par due 11/2023)	9.50% (Libor + 3.25% Cash, 5.25% PIK/Q)	2/12/2020	7.9	7.1 (2)(11)	
		First lien senior secured loan (\$1.7 par due 11/2023)	9.50% (Libor + 3.25% Cash, 5.25% PIK/Q)	7/31/2020	1.6	1.5 (2)(11)	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2020
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(3)(7)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Creation Holdings Inc. (15)	Manufacturer of electrical systems	First lien senior secured revolving loan (\$4.4 par due 8/2024)	6.75% (Libor + 5.75%/M)	8/15/2019	4.4	4.3	(2)(6)(11)(14)
		First lien senior secured loan (\$17.6 par due 8/2025)	6.75% (Libor + 5.75%/Q)	8/15/2019	17.5	17.3	(2)(6)(11)
		First lien senior secured loan (\$6.7 par due 8/2025)	6.75% (Libor + 5.75%/Q)	8/15/2019	6.7	6.5	(6)(11)
					28.6	28.1	
DFS Holding Company, Inc.	Distributor of maintenance, repair, and operations parts, supplies, and equipment to the foodservice industry	First lien senior secured loan (\$168.6 par due 8/2023)	8.50% (Libor + 6.00% Cash, 1.50% PIK/M)	7/26/2017	168.6	158.5	(2)(11)
		First lien senior secured loan (\$4.3 par due 8/2023)	8.50% (Libor + 6.00% Cash, 1.50% PIK/M)	3/1/2017	4.3	4.1	(2)(11)
		First lien senior secured loan (\$0.7 par due 8/2023)	8.50% (Libor + 6.00% Cash, 1.50% PIK/M)	5/22/2020	0.7	0.6	(2)(11)
		First lien senior secured loan (\$0.7 par due 2/2022)	8.50% (Libor + 6.00% Cash, 1.50% PIK/M)	5/22/2020	0.7	0.6	(2)(11)
		First lien senior secured loan (\$1.6 par due 8/2023)	8.50% (Libor + 6.00% Cash, 1.50% PIK/M)	5/22/2020	1.6	1.5	(2)(11)
					175.9	165.3	
Dynamic NC Aerospace Holdings, LLC and Dynamic NC Investment Holdings, LP (15)	Provider of aerospace technology and equipment	First lien senior secured revolving loan (\$0.7 par due 12/2025)	8.75% (Base Rate + 5.50%/Q)	12/30/2020	0.7	0.7	(2)(11)
		First lien senior secured loan (\$26.0 par due 12/2026)	8.75% (Base Rate + 5.50%/Q)	12/30/2020	26.0	25.8	(2)(11)
		Common units (9,773,000 units)		12/30/2020	9.8	9.8	
					36.5	36.3	
ESCP PPG Holdings, LLC (4)	Distributor of new equipment and aftermarket parts to the heavy-duty truck industry	Class A units (3,500,000 units)		12/14/2016	3.5	3.1	(2)
Flow Control Solutions, Inc. (15)	Distributor and manufacturer of flow control systems components	First lien senior secured loan (\$10.8 par due 11/2024)	6.75% (Libor + 5.75%/Q)	11/21/2018	10.8	10.8	(2)(11)
		First lien senior secured loan (\$9.5 par due 11/2024)	6.75% (Libor + 5.75%/Q)	11/21/2018	9.5	9.5	(2)(11)
					20.3	20.3	
Harvey Tool Company, LLC (15)	Manufacturer of cutting tools used in the metalworking industry	First lien senior secured revolving loan		10/12/2017	—	—	(13)
		First lien senior secured loan (\$32.0 par due 10/2024)	5.75% (Libor + 4.75%/Q)	11/30/2020	32.0	32.0	(2)(11)
		First lien senior secured loan (\$30.0 par due 10/2024)	5.75% (Libor + 4.75%/Q)	10/12/2017	30.0	30.0	(2)(11)
		Second lien senior secured loan (\$43.7 par due 10/2025)	9.50% (Libor + 8.50%/Q)	10/12/2017	43.7	43.7	(2)(11)
					105.7	105.7	
Imaging Business Machines, L.L.C. and Scanner Holdings Corporation (5)	Provider of high-speed intelligent document scanning hardware and software	Senior subordinated loan (\$8.3 par due 6/2022)	14.00%	1/3/2017	8.2	8.3	(2)
		Senior subordinated loan (\$8.3 par due 6/2022)	14.00%	1/3/2017	8.2	8.3	(2)
		Series A preferred stock (73,804,135 shares)		1/3/2017	1.2	26.9	
		Class A common stock (48,082 shares)		1/3/2017	—	0.1	
		Class B common stock (431,055 shares)		1/3/2017	0.1	0.9	
					17.7	44.5	
Kene Acquisition, Inc. and Kene Holdings, L.P. (15)	National utility services firm providing engineering and consulting services to natural gas, electric power and other energy and industrial end markets	First lien senior secured revolving loan		8/8/2019	—	—	(13)
		First lien senior secured loan (\$51.5 par due 8/2026)	5.25% (Libor + 4.25%/Q)	8/8/2019	51.5	51.0	(2)(11)
		Class A units (4,549,000 units)		8/8/2019	4.5	4.3	(2)

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2020
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(3)(7)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
LTG Acquisition, Inc.	Designer and manufacturer of display, lighting and passenger communication systems for mass transportation markets	Class A membership units (5,000 units)		1/3/2017	56.0 5.1	55.3 —	
MB Aerospace Holdings II Corp.	Aerospace engine components manufacturer	Second lien senior secured loan (\$68.4 par due 1/2026)	10.00% (Libor + 9.00%/Q)	1/22/2018	68.4	61.6 (2)(11)	
		Second lien senior secured loan (\$23.6 par due 1/2026)	10.00% (Libor + 9.00%/Q)	5/28/2019	23.6	21.3 (2)(11)	
					92.0	82.9	
NCWS Intermediate, Inc. and NCWS Holdings LP (15)	Manufacturer and supplier of car wash equipment, parts and supplies to the conveyORIZED car wash market	First lien senior secured loan (\$144.1 par due 12/2026)	7.50% (Libor + 6.50%/Q)	12/29/2020	144.1	142.7 (2)(11)	
		Class A-2 common units (10,000,000 units)		12/29/2020	10.0	10.0 (2)	
					154.1	152.7	
Radius Aerospace, Inc. and Radius Aerospace Europe Limited (15)	Metal fabricator in the aerospace industry	First lien senior secured revolving loan (\$0.2 par due 3/2025)	6.75% (Libor + 5.75%/Q)	3/29/2019	0.2	0.2 (2)(11)	
		First lien senior secured revolving loan (\$1.1 par due 3/2025)	6.75% (GBP Libor + 5.75%/Q)	11/14/2019	1.0	1.0 (2)(6)(11)	
					1.2	1.2	
Star US Bidco LLC (15)	Manufacturer of pumps, compressors and other highly-engineered equipment for mission-critical applications	First lien senior secured revolving loan		3/17/2020	—	— (13)	
Sunk Rock Foundry Partners LP, Hatteras Electrical Manufacturing Holding Company and Sigma Electric Manufacturing Corporation (15)	Manufacturer of metal castings, precision machined components and sub-assemblies in the electrical products, power transmission and distribution and general industrial markets	First lien senior secured revolving loan (\$2.5 par due 10/2022)	7.25% (Libor + 6.25%/Q)	10/31/2017	2.5	2.5 (2)(11)(14)	
					804.4	795.5	11.08%
Insurance Services							
Alera Group Intermediate Holdings, Inc.	Insurance service provider	Second lien senior secured loan (\$26.2 par due 3/2026)	8.65% (Libor + 8.50%/M)	3/5/2019	26.2	26.2 (2)	
		Second lien senior secured loan (\$24.4 par due 3/2026)	8.65% (Libor + 8.50%/M)	3/5/2019	24.4	24.4 (2)	
					50.6	50.6	
Amynta Agency Borrower Inc. and Amynta Warranty Borrower Inc.	Insurance service provider	First lien senior secured loan (\$13.3 par due 2/2025)	4.65% (Libor + 4.50%/M)	12/21/2018	13.3	12.9 (2)	
AQ Sunshine, Inc. (15)	Specialized insurance broker	First lien senior secured loan (\$8.7 par due 4/2025)	7.00% (Libor + 6.00%/Q)	4/15/2019	8.7	8.7 (2)(11)	
		First lien senior secured loan (\$9.5 par due 4/2025)	7.00% (Libor + 6.00%/Q)	10/29/2020	9.5	9.5 (2)(11)	
					18.2	18.2	
Ardonagh Midco 2 plc and Ardonagh Midco 3 plc (15)	Insurance broker and underwriting servicer	First lien senior secured loan (\$2.4 par due 7/2026)	8.25% (GBP Libor + 7.50%/Q)	6/26/2020	2.3	2.4 (2)(6)(11)	
		First lien senior secured loan (\$68.7 par due 7/2026)	8.25% (GBP Libor + 7.50%/Q)	6/26/2020	63.1	68.7 (2)(6)(11)	
		First lien senior secured loan (\$7.8 par due 7/2026)	8.50% (Euribor + 7.50%/Q)	6/26/2020	7.3	7.8 (2)(6)(11)	
		Senior subordinated loan (\$1.1 par due 1/2027)	11.50%	6/26/2020	1.1	1.1 (2)(6)	
					73.8	80.0	
Benecon Midco II LLC and Locutus Holdco LLC (15)	Employee benefits provider for small and mid-size employers	First lien senior secured revolving loan (\$1.8 par due 12/2026)	6.50% (Libor + 5.50%/Q)	12/4/2020	1.8	1.7 (2)(11)	
		Common units (9,803,682 units)		12/4/2020	10.0	10.0 (2)	
					11.8	11.7	
Foundation Risk Partners, Corp. (15)	Full service independent insurance agency	First lien senior secured loan (\$21.8 par due 11/2023)	5.75% (Libor + 4.75%/Q)	11/10/2017	21.8	21.8 (2)(11)	
		First lien senior secured loan (\$25.8 par due 11/2023)	5.75% (Libor + 4.75%/Q)	8/30/2019	25.8	25.8 (11)	
		Second lien senior secured loan (\$19.1 par due 11/2024)	9.50% (Libor + 8.50%/Q)	8/9/2018	19.1	19.1 (2)(11)	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2020
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(3)(7)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Second lien senior secured loan (\$21.7 par due 11/2024)	9.50% (Libor + 8.50%/Q)	8/9/2018	21.7	21.7 (2)(11)	
		Second lien senior secured loan (\$27.4 par due 11/2024)	9.50% (Libor + 8.50%/Q)	5/1/2019	27.4	27.4 (2)(11)	
		Second lien senior secured loan (\$14.8 par due 11/2024)	9.50% (Libor + 8.50%/Q)	8/30/2019	14.8	14.8 (2)(11)	
		Second lien senior secured loan (\$27.5 par due 11/2024)	9.50% (Libor + 8.50%/Q)	11/10/2017	27.5	27.5 (2)(11)	
					158.1	158.1	
K2 Insurance Services, LLC and K2 Holdco LP (15)	Specialty insurance and managing general agency	First lien senior secured revolving loan		7/1/2019	—	— (13)	
		First lien senior secured loan (\$51.5 par due 7/2024)	6.00% (Libor + 5.00%/Q)	7/1/2019	51.5	51.5 (2)(11)	
		First lien senior secured loan (\$10.5 par due 7/2024)	6.00% (Libor + 5.00%/M)	7/1/2019	10.5	10.5 (2)(11)	
		Common units (799,000 units)		7/1/2019	0.8	1.5 (2)	
					62.8	63.5	
NSM Insurance Group, LLC	Insurance program administrator	First lien senior secured loan (\$12.9 par due 5/2026)	7.00% (Libor + 5.75%/Q)	5/11/2018	12.9	12.9 (2)(11)	
RSC Acquisition, Inc. and RSC Insurance Brokerage, Inc. (15)	Insurance broker	First lien senior secured revolving loan		11/1/2019	—	— (13)	
		First lien senior secured loan (\$43.1 par due 10/2026)	6.50% (Libor + 5.50%/Q)	11/1/2019	43.1	42.7 (2)(11)	
					43.1	42.7	
SCM Insurance Services Inc. (15)	Provider of claims management, claims investigation & support and risk management solutions for the Canadian property and casualty insurance industry	First lien senior secured loan (\$20.5 par due 8/2024)	6.00% (CDOR + 5.00%/M)	8/29/2017	20.8	20.1 (2)(6)(11)	
		Second lien senior secured loan (\$59.6 par due 3/2025)	10.00% (CDOR + 9.00%/M)	8/29/2017	60.5	58.4 (2)(6)(11)	
					81.3	78.5	
SG Acquisition, Inc.	Provider of insurance solutions for car sales	First lien senior secured loan (\$38.6 par due 1/2027)	5.90% (Libor + 5.75%/M)	1/27/2020	38.6	38.6 (2)	
Spring Insurance Solutions, LLC (15)	Technology-based direct to consumer sales and marketing platform for insurance products	First lien senior secured loan (\$19.0 par due 11/2025)	7.50% (Libor + 6.50%/Q)	11/23/2020	19.0	18.8 (2)(11)	
THG Acquisition, LLC (15)	Multi-line insurance broker	First lien senior secured revolving loan		12/2/2019	—	— (13)	
		First lien senior secured loan (\$0.9 par due 12/2026)	7.00% (Libor + 6.00%/Q)	12/15/2020	0.9	0.9 (2)(11)	
		First lien senior secured loan (\$10.0 par due 12/2026)	6.75% (Libor + 5.75%/Q)	12/2/2019	10.0	9.9 (2)(11)	
		First lien senior secured loan (\$17.7 par due 12/2026)	7.00% (Libor + 6.00%/Q)	12/15/2020	17.7	17.7 (2)(11)	
					28.6	28.5	
					612.1	615.0	8.57%
Energy							
Birch Permian, LLC	Operator of private exploration oil and production company	Second lien senior secured loan (\$88.3 par due 4/2023)	9.50% (Libor + 8.00%/Q)	4/12/2019	87.7	81.2 (2)(11)	
Cheyenne Petroleum Company Limited Partnership, CPC 2001 LLC and Mill Shoals LLC	Private oil exploration and production company	Second lien senior secured loan (\$63.1 par due 1/2024)	10.50% (Libor + 8.50%/Q)	7/10/2019	63.1	52.4 (2)(11)	
Murchison Oil and Gas, LLC and Murchison Holdings, LLC	Exploration and production company	First lien senior secured loan (\$6.8 par due 10/2023)	11.00% (Libor + 9.00%/Q)	9/19/2019	6.7	6.8 (2)(11)	
		First lien senior secured loan (\$38.3 par due 10/2023)	10.00% (Libor + 8.00%/Q)	9/19/2019	38.3	38.0 (2)(11)	
		Preferred units (21,667 units)	8.00%	10/26/2018	23.5	20.8	
					68.5	65.6	
Penn Virginia Holding Corp.	Exploration and production company	Second lien senior secured loan (\$90.1 par due 9/2022)	8.00% (Libor + 7.00%/M)	9/28/2017	90.1	84.7 (2)(6)(11)	
Sundance Energy, Inc.	Oil and gas producer	Second lien senior secured loan (\$61.3 par due 4/2023)		4/23/2018	58.6	36.8 (2)(10)	
VPROP Operating, LLC and V SandCo, LLC (5)(15)	Sand-based proppant producer and distributor to the oil and natural gas industry	First lien senior secured loan (\$5.4 par due 11/2024)	11.00% PIK	11/6/2020	5.4	5.4 (2)(11)	
		First lien senior secured loan (\$4.9 par due 11/2024)	11.00% PIK	6/12/2020	4.9	4.9 (2)(11)	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2020
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(3)(7)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan (\$22.5 par due 11/2024)	11.00% PIK	3/1/2017	22.5	22.5 (2)(11)	
		Class A units (347,900 units)		11/6/2020	32.8	34.4 (2)	
					65.6	67.2	
					<u>433.6</u>	<u>387.9</u>	5.41%
Food & Beverage							
American Seafoods Group LLC and American Seafoods Partners LLC	Harvester and processor of seafood	Class A units (77,922 units)		8/19/2015	0.1	0.2 (2)	
		Warrant to purchase up to 7,422,078 Class A units (expires 8/2035)		8/19/2015	7.4	17.5 (2)	
					7.5	17.7	
Bragg Live Food Products, LLC and SPC Investment Co., L.P. (4) (15)	Health food company	First lien senior secured revolving loan (\$1.2 par due 12/2025)	6.75% (Libor + 5.75%/Q)	3/11/2019	1.2	1.2 (2)(11)	
		First lien senior secured loan (\$39.8 par due 12/2025)	6.75% (Libor + 5.75%/Q)	12/28/2020	39.8	39.8 (2)(11)	
		Common units (14,850 units)		3/11/2019	14.9	14.3 (2)	
					55.9	55.3	
CHG PPC Parent LLC	Diversified food products manufacturer	Second lien senior secured loan (\$60.5 par due 3/2026)	7.65% (Libor + 7.50%/M)	3/30/2018	60.5	60.5 (2)	
		Second lien senior secured loan (\$34.1 par due 3/2026)	7.90% (Libor + 7.75%/M)	1/31/2019	34.1	34.1 (2)	
					94.6	94.6	
Ferraro Fine Foods Corp. and Italian Fine Foods Holdings L.P. (15)	Specialty Italian food distributor	First lien senior secured loan (\$9.3 par due 5/2024)	5.25% (Libor + 4.25%/Q)	5/9/2018	9.3	9.3 (2)(11)	
		First lien senior secured loan (\$0.5 par due 5/2024)	5.25% (Libor + 4.25%/Q)	12/7/2018	0.5	0.5 (2)(11)	
		First lien senior secured loan (\$2.8 par due 5/2024)	5.25% (Libor + 4.25%/Q)	5/10/2019	2.8	2.8 (2)(11)	
		Class A common units (2,724,000 units)		5/9/2018	2.7	4.1 (2)	
					15.3	16.7	
Gehl Foods, LLC and GF Parent LLC	Producer of low-acid, aseptic food and beverage products	Class A preferred units (2,940 units)		5/13/2015	2.9	— (2)	
		Class A common units (60,000 units)		5/13/2015	0.1	— (2)	
		Class B common units (0.26 units)		5/13/2015	—	— (2)	
					3.0	—	
Hometown Food Company (15)	Food distributor	First lien senior secured revolving loan (\$0.5 par due 8/2023)	6.25% (Libor + 5.00%/M)	8/31/2018	0.5	0.5 (2)(11)(14)	
KC Culinate Intermediate, LLC	Manufacturer of fresh refrigerated and frozen food products	First lien senior secured loan (\$25.8 par due 8/2025)	4.75% (Libor + 3.75%/M)	1/24/2020	25.8	22.2 (2)(11)	
		Second lien senior secured loan (\$35.7 par due 8/2026)	8.75% (Libor + 7.75%/M)	8/24/2018	35.7	29.6 (2)(11)	
					61.5	51.8	
NECCO Holdings, Inc. and New England Confectionery Company, Inc. (5)(15)	Producer and supplier of candy	First lien senior secured revolving loan (\$19.9 par due 1/2018)		1/3/2017	7.9	2.9 (10)	
		First lien senior secured loan (\$11.6 par due 11/2021)		1/3/2017	0.9	1.6 (10)	
		First lien senior secured loan (\$2.2 par due 8/2018)		11/20/2017	2.1	— (10)	
		First lien senior secured loan (\$0.7 par due 11/2018)		11/20/2017	0.7	0.1 (10)	
		Common stock (860,189 shares)		1/3/2017	0.9	—	
					12.5	4.6	
RF HP SCF Investor, LLC	Branded specialty food company	Membership interest (10.08% interest)		12/22/2016	12.5	16.9 (2)(6)	
Sovos Brands Intermediate, Inc. (15)	Food and beverage platform	First lien senior secured loan (\$6.7 par due 11/2025)	4.96% (Libor + 4.75%/Q)	11/20/2018	6.7	6.7 (2)	
Teasdale Foods, Inc. and Familia Group Holdings Inc. (15)	Provider of beans, sauces and hominy to the retail, foodservice and wholesale channels	First lien senior secured loan (\$79.0 par due 12/2025)	7.25% (Libor + 6.25%/Q)	12/18/2020	79.0	77.4 (2)(11)	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2020
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(3)(7)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Warrant to purchase up to 57,827 shares of common stock (expires 2/2034)		2/4/2019	—	— (2)	
					79.0	77.4	
					349.0	342.2	4.77%
Retailing & Distribution							
Blue Angel Buyer 1, LLC and Blue Angel Holdco, LLC (4)(15)	Distributor of OEM appliance aftermarket parts	First lien senior secured revolving loan		1/2/2019	—	— (13)	
		First lien senior secured loan (\$5.3 par due 1/2026)	5.25% (Libor + 4.25%/Q)	2/20/2020	5.3	5.3 (2)(11)	
		Class A preferred units (46,359 units)	8.00% PIK	1/2/2019	4.3	22.7 (2)	
					9.6	28.0	
Chariot Acquisition, LLC	Manufacturer of aftermarket golf cart parts and accessories	First lien senior secured loan (\$26.2 par due 9/2021)	7.25% (Libor + 6.25%/Q)	1/3/2017	26.1	26.2 (2)(11)	
Display Holding Company, Inc., Saldon Holdings, Inc. and Fastsigns Holdings Inc. (15)	Provider of visual communications solutions	First lien senior secured revolving loan		3/13/2019	—	— (13)	
		First lien senior secured loan (\$16.2 par due 3/2025)	6.65% (Libor + 5.65%/M)	3/13/2019	16.2	16.2 (2)(11)	
		First lien senior secured loan (\$2.6 par due 3/2025)	6.65% (Libor + 5.65%/M)	8/27/2019	2.6	2.6 (2)(11)	
		Common units (600 units)		3/13/2019	0.6	0.8 (2)	
					19.4	19.6	
GPM Investments, LLC and ARKO Corp.	Convenience store operator	First lien senior secured loan (\$27.4 par due 3/2027)	6.25% (Libor + 4.75%/Q)	2/28/2020	27.4	27.4 (2)(11)	
		First lien senior secured loan (\$26.0 par due 3/2027)	6.25% (Libor + 4.75%/Q)	2/28/2020	26.0	26.0 (11)	
		Common stock (2,088,478 shares)		12/22/2020	19.8	17.4 (2)	
		Warrant to purchase up to 1,088,780 common stock (expires 12/2025)		12/22/2020	1.6	1.6 (2)	
					74.8	72.4	
McKenzie Creative Brands, LLC (15)	Designer, manufacturer and distributor of hunting-related supplies	First lien senior secured loan (\$84.5 par due 9/2023)	6.75% (Libor + 5.75%/Q)	9/18/2014	84.5	84.5 (2)(8)(11)	
		First lien senior secured loan (\$5.5 par due 9/2023)	6.75% (Libor + 5.75%/Q)	9/18/2014	5.5	5.5 (2)(11)	
					90.0	90.0	
Pine Holdings, Inc.	Retailer of fine and artisanal paper products	Class A common stock (36,364 shares)		9/23/2013	6.0	— (2)	
Reddy Ice LLC (15)	Packaged ice manufacturer and distributor	First lien senior secured revolving loan		7/1/2019	—	— (13)	
		First lien senior secured loan (\$57.1 par due 7/2025)	7.50% (Libor + 6.50%/Q)	7/1/2019	57.1	56.0 (2)(11)	
		First lien senior secured loan (\$3.8 par due 7/2025)	7.50% (Libor + 6.50%/Q)	7/1/2019	3.8	3.7 (2)(11)	
					60.9	59.7	
SCIH Salt Holdings Inc. (15)	Salt and packaged ice melt manufacturer and distributor	First lien senior secured revolving loan (\$0.1 par due 3/2025)	6.25% (Base Rate + 3.00%/M)	3/16/2020	0.1	0.1 (2)(11)(14)(18)	
		First lien senior secured revolving loan (\$2.3 par due 3/2025)	5.00% (Libor + 4.00%/M)	3/16/2020	2.2	2.3 (2)(11)(14)(18)	
					2.3	2.4	
					289.1	298.3	4.16%
Materials							
Genomatic, Inc.	Developer of a biotechnology platform for the production of chemical products	Warrant to purchase 322,422 shares of Series D preferred stock (expires 3/2023)		3/28/2013	—	— (2)	
Halex Holdings, Inc. (5)	Manufacturer of flooring installation products	Common stock (51,853 shares)		1/3/2017	—	—	
H-Food Holdings, LLC and Matterhorn Parent, LLC	Food contract manufacturer	Second lien senior secured loan (\$73.0 par due 3/2026)	7.15% (Libor + 7.00%/M)	11/25/2018	73.0	73.0 (2)	
		Common units (5,827 units)		11/25/2018	5.8	4.9	
					78.8	77.9	

**ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS**

**As of December 31, 2020
(dollar amounts in millions)**

Company(1)	Business Description	Investment	Interest(3)(7)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
IntraPac International LLC and IntraPac Canada Corporation (15)	Manufacturer of diversified packaging solutions and plastic injection molded products	First lien senior secured revolving loan (\$7.7 par due 1/2025)	6.00% (Libor + 5.75%/Q)	1/11/2019	7.7	7.6 (2)	
		First lien senior secured loan (\$7.0 par due 1/2026)	6.00% (Libor + 5.75%/Q)	1/11/2019	7.0	6.8 (2)	
		First lien senior secured loan (\$21.4 par due 1/2026)	6.00% (Libor + 5.75%/Q)	1/11/2019	21.4	21.0 (6)	
					<u>36.1</u>	<u>35.4</u>	
Nelipak Holding Company, Nelipak European Holdings Cooperatief U.A., KNPAC Holdings, LP and PAKNK Netherlands Treasury B.V. (15)	Manufacturer of thermoformed packaging for medical devices	First lien senior secured revolving loan (\$0.3 par due 7/2024)	5.25% (Libor + 4.25%/Q)	7/2/2019	0.3	0.3 (2)(11)	
		First lien senior secured loan (\$15.2 par due 7/2026)	5.25% (Libor + 4.25%/Q)	7/2/2019	15.2	14.7 (2)(11)	
		First lien senior secured loan (\$5.6 par due 7/2026)	4.50% (Euribor + 4.50%/Q)	7/2/2019	5.2	5.4 (2)(6)	
		First lien senior secured loan (\$26.5 par due 7/2026)	4.50% (Euribor + 4.50%/Q)	8/8/2019	24.3	25.7 (2)(6)	
		Class A units (6,762,668 units)		7/2/2019	6.8	4.7 (2)	
					<u>51.8</u>	<u>50.8</u>	
Novipax Buyer, L.L.C. and Novipax Parent Holding Company, L.L.C.	Developer and manufacturer of absorbent pads for food products	First lien senior secured loan (\$24.1 par due 12/2026)	6.75% (Libor + 5.75%/Q)	12/1/2020	24.1	23.9 (11)	
		Class A preferred units (4,772 units)	10.00% PIK	12/1/2020	4.8	4.8 (2)	
		Class C units (4,772 units)		12/1/2020	—	— (2)	
					<u>28.9</u>	<u>28.7 (2)</u>	
Plaskolite PPC Intermediate II LLC and Plaskolite PPC Blocker LLC	Manufacturer of specialized acrylic and polycarbonate sheets	First lien senior secured loan (\$12.2 par due 12/2025)	5.25% (Libor + 4.25%/Q)	12/14/2018	12.0	12.2 (11)	
		Second lien senior secured loan (\$55.7 par due 12/2026)	8.75% (Libor + 7.75%/Q)	12/14/2018	55.7	55.7 (2)(11)	
		Co-Invest units (5,969 units)		12/14/2018	0.6	0.9 (2)	
					<u>68.3</u>	<u>68.8</u>	
SCI PH Parent, Inc.	Industrial container manufacturer, reconditioner and servicer	Series B shares (11,4764 shares)		8/24/2018	1.1	1.0 (2)	
TWH Infrastructure Industries, Inc. (15)	Provider of engineered products used in the trenchless rehabilitation of wastewater infrastructure	First lien senior secured revolving loan (\$0.1 par due 4/2025)	5.76% (Libor + 5.50%/Q)	4/9/2019	0.1	— (2)	
		First lien senior secured loan (\$6.5 par due 4/2025)	5.76% (Libor + 5.50%/Q)	4/9/2019	6.5	6.1 (2)	
					<u>6.6</u>	<u>6.1</u>	
					<u>271.6</u>	<u>268.7</u>	3.74%
Pharmaceuticals, Biotechnology & Life Sciences							
Alcami Corporation and ACM Holdings I, LLC (15)	Outsourced drug development services provider	First lien senior secured loan (\$29.5 par due 7/2025)	4.40% (Libor + 4.25%/M)	7/12/2018	29.4	27.7 (2)	
		Second lien senior secured loan (\$77.5 par due 7/2026)	8.15% (Libor + 8.00%/M)	7/12/2018	77.0	67.4 (2)	
		Common units (3,663,533 units)		7/12/2018	35.0	10.4 (2)	
					<u>141.4</u>	<u>105.5</u>	
NMC Skincare Intermediate Holdings II, LLC (15)	Developer, manufacturer and marketer of skincare products	First lien senior secured revolving loan (\$5.8 par due 10/2024)	6.00% (Libor + 5.00%/M)	10/31/2018	5.8	5.6 (2)(11)(14)	
		First lien senior secured loan (\$24.4 par due 10/2024)	6.00% (Libor + 5.00%/M)	10/31/2018	24.4	23.7 (2)(11)	
		First lien senior secured loan (\$8.2 par due 10/2024)	6.00% (Libor + 5.00%/M)	10/31/2018	8.2	8.0 (11)	
					<u>38.4</u>	<u>37.3</u>	
North American Science Associates, Inc. and Cardinal Topco Holdings, L.P. (15)	Contract research organization providing research and development and testing of medical devices	First lien senior secured loan (\$7.9 par due 9/2026)	7.25% (Libor + 6.25%/Q)	9/15/2020	7.9	7.8 (2)(11)	
		First lien senior secured loan (\$48.4 par due 9/2026)	7.25% (Libor + 6.25%/Q)	9/15/2020	48.4	47.9 (2)(11)	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2020
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(3)(7)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Class A preferred units (15,431 units)	8.00% PIK	9/15/2020	15.8	22.0 (2)	
					72.1	77.7	
TerSera Therapeutics LLC (15)	Acquirer and developer of specialty therapeutic pharmaceutical products	First lien senior secured revolving loan		11/20/2019	—	— (13)	
		First lien senior secured loan (\$5.1 par due 3/2025)	6.60% (Libor + 5.60%/Q)	5/3/2017	5.1	5.1 (2)(11)	
		First lien senior secured loan (\$2.1 par due 3/2025)	6.60% (Libor + 5.60%/Q)	9/27/2018	2.1	2.1 (2)(11)	
		First lien senior secured loan (\$1.8 par due 3/2025)	6.60% (Libor + 5.60%/Q)	4/1/2019	1.8	1.8 (2)(11)	
					9.0	9.0	
Vertice Pharma UK Parent Limited	Manufacturer and distributor of generic pharmaceutical products	Preferred shares (40,662 shares)		12/21/2015	0.3	0.1 (6)	
					261.2	229.6	3.20%
Household & Personal Products							
Plantation Products, LLC, Seed Holdings, Inc. and Flora Parent, Inc.	Provider of branded lawn and garden products	Second lien senior secured loan (\$66.0 par due 5/2023)	9.25% (Libor + 8.25%/M)	12/23/2014	65.9	66.0 (2)(11)	
		Common stock (30,000 shares)		12/23/2014	3.0	9.4 (2)	
					68.9	75.4	
Rug Doctor, LLC and RD Holdco Inc. (5)	Manufacturer and marketer of carpet cleaning machines	Second lien senior secured loan (\$19.6 par due 5/2023)	11.25% (Libor + 9.75%/Q)	1/3/2017	19.6	19.6 (2)(11)	
		Common stock (458,596 shares)		1/3/2017	14.0	—	
		Warrant to purchase up to 56,372 shares of common stock (expires 12/2023)		1/3/2017	—	—	
					33.6	19.6	
Walnut Parent, Inc.	Manufacturer of natural solution pest and animal control products	First lien senior secured loan (\$24.8 par due 11/2027)	6.50% (Libor + 5.50%/M)	11/9/2020	24.8	24.5 (11)	
					127.3	119.5	1.66%
Technology Hardware & Equipment							
DRB Holdings, LLC (15)	Provider of integrated technology solutions to car wash operators	First lien senior secured loan (\$23.2 par due 10/2023)	6.50% (Libor + 5.50%/Q)	10/6/2017	23.2	23.2 (2)(11)	
		First lien senior secured loan (\$7.5 par due 10/2023)	6.50% (Libor + 5.50%/Q)	12/18/2020	7.5	7.5 (2)(11)	
					30.7	30.7	
Everspin Technologies, Inc.	Designer and manufacturer of computer memory solutions	Warrant to purchase up to 18,461 shares of common stock (expires 10/2026)		10/7/2016	0.4	— (2)	
Micromeritics Instrument Corp. (15)	Scientific instrument manufacturer	First lien senior secured revolving loan (\$4.0 par due 12/2025)	6.00% (Libor + 5.00%/Q)	12/18/2019	4.0	3.7 (2)(11)(14)	
		First lien senior secured loan (\$32.4 par due 12/2025)	6.00% (Libor + 5.00%/Q)	12/18/2019	32.4	30.4 (2)(11)	
					36.4	34.1	
Wildcat BuyerCo, Inc. and Wildcat Parent, LP (15)	Provider and supplier of electrical components for commercial and industrial applications	First lien senior secured revolving loan		2/27/2020	—	— (13)	
		First lien senior secured loan (\$18.3 par due 2/2026)	6.25% (Libor + 5.25%/Q)	2/27/2020	18.3	18.3 (2)(11)	
		First lien senior secured loan (\$3.5 par due 2/2026)	6.25% (Libor + 5.25%/Q)	2/27/2020	3.5	3.5 (2)(11)	
		Limited partnership interests (17,655 interests)		2/27/2020	1.8	2.2 (2)	
					23.6	24.0	
					91.1	88.8	1.24%
Education							
Excellence Holdings Corp.	Developer, manufacturer and retailer of educational products	First lien senior secured loan (\$9.4 par due 4/2023)	8.00% (Libor + 2.50% Cash, 4.50% PIK/Q)	4/17/2017	9.4	7.6 (2)(11)	
Flinn Scientific, Inc. and WCI-Quantum Holdings, Inc. (15)	Distributor of instructional products, services and resources	First lien senior secured revolving loan (\$0.9 par due 8/2023)	5.50% (Libor + 4.75%/Q)	8/31/2018	0.9	0.8 (2)(11)	
		First lien senior secured loan (\$30.3 par due 8/2023)	5.50% (Libor + 4.75%/Q)	7/26/2017	30.3	26.3 (2)(11)	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2020
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(3)(7)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan (\$1.1 par due 8/2023)	5.50% (Libor + 4.75%/Q)	8/31/2018	1.1	1.0 (2)(11)	
		Series A preferred stock (1,272 shares)		10/24/2014	0.7	0.9 (2)	
					<u>33.0</u>	<u>29.0</u>	
Infilaw Holding, LLC (15)	Operator of for-profit law schools	First lien senior secured revolving loan (\$5.0 par due 9/2022)		8/25/2011	4.2	— (2)(10)(14)	
Instituto de Banca y Comercio, Inc. & Leeds IV Advisors, Inc.	Private school operator	First lien senior secured loan (\$17.3 par due 10/2022)	10.50% (Libor + 9.00%/Q)	3/12/2020	17.3	17.3 (2)(11)	
		Senior preferred series A-1 shares (151,056 shares)		10/31/2015	98.1	15.0 (2)	
		Series B preferred stock (348,615 shares)		8/5/2010	1.0	— (2)	
		Series B preferred stock (1,401,385 shares)		8/5/2010	4.0	— (2)	
		Series C preferred stock (517,942 shares)		6/7/2010	0.1	— (2)	
		Series C preferred stock (1,994,644 shares)		6/7/2010	0.5	— (2)	
		Common stock (4 shares)		6/7/2010	—	— (2)	
		Common stock (16 shares)		6/7/2010	—	— (2)	
					<u>121.0</u>	<u>32.3</u>	
Primrose Holding Corporation (4)	Franchisor of education-based early childhood centers	Common stock (7,227 shares)		1/3/2017	4.6	14.1	
					<u>172.2</u>	<u>83.0</u>	1.16%
Media & Entertainment							
CMW Parent LLC (fka Black Arrow, Inc.)	Multiplatform media firm	Series A units (32 units)		9/11/2015	—	— (2)	
OUTFRONT Media Inc.	Provider of out-of-home advertising	Series A convertible perpetual preferred stock (25,000 shares)	7.00%	4/20/2020	25.0	35.7 (2)(6)	
Production Resource Group, L.L.C. and PRG III, LLC (4)(15)	Provider of rental equipment, labor, production management, scenery, and other products to various entertainment end-markets	First lien senior secured loan (\$31.6 par due 8/2024)	9.75% (Libor + 3.00% Cash, 5.50% PIK/Q)	8/21/2018	31.6	31.6 (2)(11)	
		First lien senior secured loan (\$9.1 par due 8/2024)	8.50% (Libor + 5.00% Cash, 2.50% PIK/Q)	7/31/2020	9.1	9.1 (2)(11)	
		Class A units (113,617 units)		10/6/2020	4.9	5.1 (2)	
					<u>45.6</u>	<u>45.8</u>	
The Teaching Company Holdings, Inc.	Education publications provider	Preferred stock (10,663 shares)		9/29/2006	1.1	0.8 (2)	
		Common stock (15,393 shares)		9/29/2006	—	— (2)	
					<u>1.1</u>	<u>0.8</u>	
					<u>71.7</u>	<u>82.3</u>	1.15%
Telecommunication Services							
Emergency Communications Network, LLC (15)	Provider of mission critical emergency mass notification solutions	First lien senior secured loan (\$44.4 par due 6/2023)	8.75% (Libor + 2.625% Cash, 5.125% PIK/Q)	6/1/2017	44.3	39.5 (2)(11)	
					<u>44.3</u>	<u>39.5</u>	0.55%
Real Estate							
BW Landco LLC (5)	Real estate developer	Membership interest (100%)		7/5/2019	20.9	37.0	
NECCO Realty Investments LLC (5)	Real estate holding company	Membership units (7,450 units)		1/3/2017	—	—	
					<u>20.9</u>	<u>37.0</u>	0.51%
Food & Staples Retailing							
DecoPac, Inc. (15)	Supplier of cake decorating solutions and products to in-store bakeries	First lien senior secured revolving loan		9/29/2017	—	— (13)	
FS Squared Holding Corp. and FS Squared, LLC (15)	Provider of on-site vending and micro market solutions	First lien senior secured revolving loan		3/28/2019	—	— (13)	
		First lien senior secured loan (\$1.4 par due 3/2025)	5.40% (Libor + 5.25%/M)	3/28/2019	1.4	1.4 (2)	
		Class A units (99,500 units)		3/28/2019	10.0	11.1 (2)	
					<u>11.4</u>	<u>12.5</u>	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2020
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(3)(7)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
JWC/KI Holdings, LLC	Foodservice sales and marketing agency	Membership units (5,000 units)		11/16/2015	5.0	4.6 (2)	
SFE Intermediate Holdco LLC (15)	Provider of outsourced foodservice to K-12 school districts	First lien senior secured revolving loan		7/31/2017	—	— (13)	
		First lien senior secured loan (\$10.2 par due 7/2024)	6.25% (Libor + 5.25%/Q)	9/5/2018	10.2	10.2 (2)(11)	
		First lien senior secured loan (\$6.4 par due 7/2024)	6.25% (Libor + 5.25%/Q)	7/31/2017	6.3	6.4 (2)(11)	
					16.5	16.6	
VCP-EDC Co-Invest, LLC	Distributor of foodservice equipment and supplies	Membership units (2,970,000 units)		6/9/2017	2.8	0.2	
					35.7	33.9	0.47%
Total Investments					<u>15,914.2</u>	<u>15,515.1</u>	216.19%

Derivative Instruments**Forward currency contracts**

Description	Notional Amount to be Purchased		Notional Amount to be sold		Counterparty	Settlement Date	Unrealized Appreciation / (Depreciation)
Forward currency contract	\$	112	CAD	142	Bank of Montreal	January 21, 2021	\$ —
Forward currency contract	\$	102	£	75	Bank of Montreal	January 21, 2021	\$ (1)
Total							\$ (1)

Interest rate swap

Description	Payment Terms		Counterparty	Maturity Date	Notional Amount	Value	Upfront Payments/Receipts	Unrealized Appreciation / (Depreciation)
Interest rate swap	Pay Fixed 2.0642%	Receive Floating One-Month Libor of 0.19%	Bank of Montreal	January 4, 2021	\$ 395	\$ (1)	\$ —	\$ (1)
Total								\$ (1)

- (1) Other than the Company's investments listed in footnote 5 below (subject to the limitations set forth therein), the Company does not "Control" any of its portfolio companies, for the purposes of the Investment Company Act of 1940, as amended (together with the rules and regulations promulgated thereunder, the "Investment Company Act"). In general, under the Investment Company Act, the Company would "Control" a portfolio company if the Company owned more than 25% of its outstanding voting securities (i.e., securities with the right to elect directors) and/or had the power to exercise control over the management or policies of such portfolio company. All of the Company's portfolio company investments, which as of December 31, 2020 represented 216% of the Company's net assets or 96% of the Company's total assets, are subject to legal restrictions on sales.
- (2) These assets are pledged as collateral under the Company's or the Company's consolidated subsidiaries' various revolving credit facilities and, as a result, are not directly available to the creditors of the Company to satisfy any obligations of the Company other than the obligations under each of the respective facility (see Note 5).
- (3) Investments without an interest rate are non-income producing.

- (4) As defined in the Investment Company Act, the Company is deemed to be an “Affiliated Person” because it owns 5% or more of the portfolio company’s outstanding voting securities or it has the power to exercise control over the management or policies of such portfolio company (including through a management agreement). Transactions as of and during the year ended December 31, 2020 in which the issuer was an Affiliated Person of the Company (but not a portfolio company that the Company is deemed to Control) are as follows:

(in millions) Company	For the Year Ended December 31, 2020										As of December 31, 2020	
	Purchases (cost)	Redemptions (cost)	Sales (cost)	Interest income	Capital structuring service fees	Dividend income	Other income	Net realized gains (losses)	Net unrealized gains (losses)	Fair Value		
APG Intermediate Holdings Corporation and APG Holdings, LLC	\$ 24.5	\$ 0.1	\$ 1.0	\$ 0.9	\$ 0.5	\$ —	\$ —	\$ —	\$ 2.9	\$ 26.2		
Blue Angel Buyer 1, LLC and Blue Angel Holdco, LLC	\$ 7.5	\$ 8.7	\$ 1.3	\$ 0.3	\$ 0.1	\$ 0.5	\$ 0.1	\$ (0.1)	\$ 18.4	\$ 28.0		
Blue Wolf Capital Fund II, L.P.	\$ —	\$ 1.6	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3.8	\$ (0.9)	\$ 0.2		
Bragg Live Food Products, LLC and SPC Investment Co., L.P.	\$ 11.6	\$ 3.1	\$ —	\$ 2.2	\$ 0.3	\$ —	\$ 0.2	\$ —	\$ 3.1	\$ 55.3		
Crown Health Care Laundry Services, LLC and Crown Laundry Holdings, LLC	\$ 14.0	\$ 10.3	\$ 22.1	\$ 2.8	\$ —	\$ —	\$ 0.2	\$ (0.2)	\$ 5.9	\$ 39.6		
ESCP PPG Holdings, LLC	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 0.2	\$ 3.1		
European Capital UK SME Debt LP	\$ 2.3	\$ 14.5	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1.6	\$ 29.7		
Ioxus, Inc.	\$ 1.7	\$ 0.3	\$ 8.6	\$ —	\$ —	\$ —	\$ —	\$ (7.3)	\$ 3.3	\$ —		
Panda Temple Power, LLC and T1 Power Holdings LLC	\$ —	\$ 6.2	\$ —	\$ 0.9	\$ —	\$ —	\$ —	\$ —	\$ 2.1	\$ 18.6		
PCG-Ares Sidecar Investment II, L.P.	\$ 0.1	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (2.6)	\$ 10.2		
PCG-Ares Sidecar Investment, L.P.	\$ 0.1	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (3.8)	\$ 0.4		
Primrose Holding Corporation	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (4.7)	\$ 14.1		
Production Resource Group, L.L.C. and PRG III, LLC	\$ 5.9	\$ —	\$ —	\$ 1.0	\$ 0.2	\$ —	\$ —	\$ —	\$ 1.8	\$ 45.8		
Shock Doctor, Inc. and Shock Doctor Holdings, LLC	\$ 1.5	\$ 2.0	\$ —	\$ 1.4	\$ —	\$ —	\$ —	\$ —	\$ (4.4)	\$ 19.5		
Totes Isotoner Corporation and Totes Ultimate Holdco, Inc.	\$ —	\$ —	\$ —	\$ 0.2	\$ —	\$ —	\$ —	\$ —	\$ (4.3)	\$ 5.5		
UL Holding Co., LLC	\$ —	\$ 20.5	\$ 7.5	\$ 2.1	\$ —	\$ —	\$ —	\$ 20.1	\$ (20.6)	\$ —		
	\$ 69.2	\$ 67.3	\$ 40.5	\$ 11.8	\$ 1.1	\$ 0.5	\$ 0.5	\$ 16.3	\$ (2.0)	\$ 296.2		

- (5) As defined in the Investment Company Act, the Company is deemed to be both an “Affiliated Person” and “Control” this portfolio company because it owns more than 25% of the portfolio company’s outstanding voting securities or it has the power to exercise control over the management or policies of such portfolio company (including through a management agreement). Transactions as of and during the year ended December 31, 2020 in which the issuer was both an Affiliated Person and a portfolio company that the Company is deemed to Control are as follows:

(in millions) Company	For the Year Ended December 31, 2020									As of December 31, 2020
	Purchases (cost)	Redemptions (cost)	Sales (cost)	Interest income	Capital structuring service fees	Dividend income	Other income	Net realized gains (losses)	Net unrealized gains (losses)	Fair Value
Absolute Dental Group LLC and Absolute Dental Equity, LLC	\$ 9.0	\$ —	\$ —	\$ 0.7	\$ —	\$ —	\$ —	\$ —	\$ 0.6	\$ 30.9
ACAS Equity Holdings Corporation	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
ADF Capital, Inc., ADF Restaurant Group, LLC, and ARG Restaurant Holdings, Inc.	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
BW Landco LLC	\$ 1.0	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 10.7	\$ 37.0
CoLTs 2005-1 Ltd.	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
CoLTs 2005-2 Ltd.	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Eckler Industries, Inc. and Eckler Purchaser LLC	\$ 0.5	\$ 3.5	\$ —	\$ 3.1	\$ —	\$ —	\$ 0.1	\$ —	\$ 3.0	\$ 25.2
Halex Holdings, Inc.	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
HCI Equity, LLC	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 0.1	\$ —	\$ —	\$ —	\$ 0.1
Heelstone Renewable Energy, LLC	\$ 23.0	\$ 8.9	\$ 41.5	\$ 0.4	\$ 0.2	\$ —	\$ —	\$ (4.1)	\$ (0.7)	\$ 29.7
Imaging Business Machines, L.L.C. and Scanner Holdings Corporation	\$ 1.3	\$ —	\$ —	\$ 2.6	\$ —	\$ —	\$ 0.4	\$ —	\$ 8.7	\$ 44.5
Ivy Hill Asset Management, L.P.	\$ 175.0	\$ 78.0	\$ —	\$ 5.9	\$ —	\$ 74.0	\$ —	\$ —	\$ 10.7	\$ 628.5
Joyce Lane Capital LLC and Joyce Lane Financing SPV LLC (fka Ciena Capital LLC)	\$ —	\$ 12.7	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2.3	\$ 9.8	\$ 0.6
Miles 33 (Finance) Limited	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (0.2)	\$ —	\$ —
Montgomery Lane, LLC and Montgomery Lane, Ltd.	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
MVL Group, Inc.	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Navisun LLC and Navisun Holdings LLC	\$ 9.1	\$ —	\$ —	\$ 8.2	\$ 0.1	\$ 1.2	\$ 0.2	\$ —	\$ (1.8)	\$ 119.2
NECCO Holdings, Inc. and New England Confectionery Company, Inc.	\$ 0.7	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (0.7)	\$ 4.6
NECCO Realty Investments LLC	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Pillar Processing LLC and PHL Investors, Inc.	\$ —	\$ 3.8	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (3.8)	\$ 3.8	\$ —
Rug Doctor, LLC and RD Holdeo Inc.	\$ 0.9	\$ —	\$ —	\$ 2.1	\$ —	\$ —	\$ —	\$ —	\$ (5.1)	\$ 19.6
S Toys Holdings LLC (fka The Step2 Company, LLC)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 0.2	\$ —	\$ —	\$ (0.6)	\$ 0.3
Senior Direct Lending Program, LLC	\$ 308.1	\$ 94.0	\$ —	\$ 127.2	\$ 19.0	\$ —	\$ 3.8	\$ —	\$ —	\$ 1,122.9
Singer Sewing Company, SVP-Singer Holdings, LLC and SVP-Singer Holdings LP	\$ 35.5	\$ 79.7	\$ —	\$ 36.3	\$ —	\$ —	\$ 0.2	\$ 1.0	\$ 102.1	\$ 308.3
Startec Equity, LLC	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
VPROP Operating, LLC and V SandCo, LLC	\$ 5.3	\$ —	\$ —	\$ 0.6	\$ 0.2	\$ —	\$ —	\$ —	\$ 1.6	\$ 67.2
	<u>\$ 569.4</u>	<u>\$ 280.6</u>	<u>\$ 41.5</u>	<u>\$ 187.1</u>	<u>\$ 19.5</u>	<u>\$ 75.5</u>	<u>\$ 4.7</u>	<u>\$ (4.8)</u>	<u>\$ 142.1</u>	<u>\$ 2,438.6</u>

* Together with Varagon Capital Partners (“Varagon”) and its clients, the Company has co-invested through the Senior Direct Lending Program LLC (d/b/a the “Senior Direct Lending Program” or the “SDLP”). The SDLP has been capitalized as transactions are completed and all portfolio decisions and generally all other decisions in respect of the SDLP must be approved by an investment committee of the SDLP consisting of representatives of the Company and Varagon (with approval from a representative of each required); therefore, although the Company owns more than

25% of the voting securities of the SDLP, the Company does not believe that it has control over the SDLP (for purposes of the Investment Company Act or otherwise) because, among other things, these “voting securities” do not afford the Company the right to elect directors of the SDLP or any other special rights (see Note 4 to the consolidated financial statements).

- (6) This portfolio company is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets. Pursuant to Section 55(a) of the Investment Company Act, 18% of the Company's total assets are represented by investments at fair value and other assets that are considered "non-qualifying assets" as of December 31, 2020.
- (7) Variable rate loans to the Company's portfolio companies bear interest at a rate that may be determined by reference to either the London Interbank Offered Rate (“LIBOR”) or an alternate base rate (commonly based on the Federal Funds Rate or the Prime Rate), at the borrower's option, which reset annually (A), semi-annually (S), quarterly (Q), bi-monthly (B), monthly (M) or daily (D). For each such loan, the Company has provided the interest rate in effect on the date presented.
- (8) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 2.00% on \$56.0 in aggregate principal amount of a “first out” tranche of the portfolio company's senior term debt previously syndicated by the Company into “first out” and “last out” tranches, whereby the “first out” tranche will have priority as to the “last out” tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (9) The Company sold a participating interest of approximately \$24.6 in aggregate principal amount of the portfolio company's first lien senior secured term loan. As the transaction did not qualify as a “true sale” in accordance with U.S. generally accepted accounting principles (“GAAP”), the Company recorded a corresponding \$23.1 secured borrowing, at fair value, included in “accounts payable and other liabilities” in the accompanying consolidated balance sheet.
- (10) Loan was on non-accrual status as of December 31, 2020.
- (11) Loan includes interest rate floor feature.
- (12) In addition to the interest earned based on the stated contractual interest rate of this security, the certificates entitle the holders thereof to receive a portion of the excess cash flow from the SDLP's loan portfolio, after expenses, which may result in a return to the Company greater than the contractual stated interest rate.
- (13) As of December 31, 2020, no amounts were funded by the Company under this first lien senior secured revolving loan; however, there were letters of credit issued and outstanding through a financial intermediary under the loan. See Note 7 for further information on letters of credit commitments related to certain portfolio companies.
- (14) As of December 31, 2020, in addition to the amounts funded by the Company under this first lien senior secured revolving loan, there were also letters of credit issued and outstanding through a financial intermediary under the loan. See Note 7 for further information on letters of credit commitments related to certain portfolio companies.
- (15) As of December 31, 2020, the Company had the following commitments to fund various revolving and delayed draw senior secured and subordinated loans, including commitments to issue letters of credit through a financial intermediary on behalf of certain portfolio companies. Such commitments are subject to the satisfaction of certain conditions set forth in the documents governing these loans and letters of credit and there can be no assurance that such conditions will be satisfied. See Note 7 for further information on revolving and delayed draw loan commitments, including commitments to issue letters of credit, related to certain portfolio companies.

(in millions) Portfolio Company	Total revolving and delayed draw loan commitments	Less: funded commitments	Total unfunded commitments	Less: commitments substantially at discretion of the Company	Less: unavailable commitments due to borrowing base or other covenant restrictions	Total net adjusted unfunded revolving and delayed draw commitments
A.U.L. Corp.	\$ 1.2	\$ —	\$ 1.2	\$ —	\$ —	1.2
Absolute Dental Group LLC	14.0	—	14.0	—	—	14.0
Accommodations Plus Technologies LLC	4.1	(4.1)	—	—	—	—
ADCS Clinics Intermediate Holdings, LLC	5.0	(4.8)	0.2	—	—	0.2
ADG, LLC	14.0	(7.7)	6.3	—	—	6.3
AEP Holdings, Inc.	1.0	—	1.0	—	—	1.0
AffiniPay Midco, LLC	9.0	(0.1)	8.9	—	—	8.9
Alcami Corporation	29.0	—	29.0	—	—	29.0
Alita Care, LLC (fka KBHS Acquisition, LLC)	5.0	—	5.0	—	—	5.0
AMCP Clean Intermediate, LLC	6.1	(1.8)	4.3	—	—	4.3
American Residential Services L.L.C.	7.5	(1.9)	5.6	—	—	5.6
Anaqua Parent Holdings, Inc.	0.1	—	0.1	—	—	0.1
APG Intermediate Holdings Corporation	9.6	—	9.6	—	—	9.6
Apptio, Inc.	4.2	—	4.2	—	—	4.2
AQ Sunshine, Inc.	1.3	—	1.3	—	—	1.3
Ardonagh Midco 3 PLC	12.1	—	12.1	—	—	12.1
Athenahealth, Inc.	33.1	—	33.1	—	—	33.1
ATI Restoration, LLC	21.7	(0.8)	20.9	—	—	20.9
Atlas Intermediate III L.L.C.	0.1	—	0.1	—	—	0.1
Avetta, LLC	4.2	—	4.2	—	—	4.2
Banyan Software Holdings, LLC	12.4	—	12.4	—	—	12.4
Bearcat Buyer, Inc.	32.8	(0.1)	32.7	—	—	32.7
Belfor Holdings, Inc.	25.0	—	25.0	—	—	25.0
Benecon Midco II LLC	7.5	(1.8)	5.7	—	—	5.7
Blue Angel Buyer 1, LLC	5.5	—	5.5	—	—	5.5
Blue Campaigns Intermediate Holding Corp.	3.0	(0.7)	2.3	—	—	2.3
Bragg Live Food Products LLC	4.4	(1.2)	3.2	—	—	3.2
Cadence Aerospace, LLC	14.7	(14.7)	—	—	—	—
Capstone Acquisition Holdings, Inc.	30.3	(10.8)	19.5	—	—	19.5
Cardinal Parent, Inc.	5.0	—	5.0	—	—	5.0
CCS-CMGC Holdings, Inc.	12.0	(3.6)	8.4	—	—	8.4
Center for Autism and Related Disorders, LLC	8.5	(8.5)	—	—	—	—
Centric Brands LLC	7.9	(3.0)	4.9	—	—	4.9
Cipriani USA, Inc.	17.4	—	17.4	—	—	17.4
Clearwater Analytics, LLC	8.2	—	8.2	—	—	8.2
Comprehensive EyeCare Partners, LLC	2.3	(1.3)	1.0	(0.4)	—	0.6
Concert Golf Partners Holdeo LLC	3.1	—	3.1	—	—	3.1
Cority Software Inc.	0.1	—	0.1	—	—	0.1
Cozzini Bros., Inc.	15.0	(3.6)	11.4	—	—	11.4
Creation Holdings Inc.	13.2	(4.8)	8.4	—	—	8.4
Crown Health Care Laundry Services, Inc.	10.0	(0.9)	9.1	—	—	9.1
CST Buyer Company	6.1	—	6.1	—	—	6.1
CVP Holdco, Inc.	15.7	—	15.7	—	—	15.7
DCA Investment Holding LLC	5.8	(5.8)	—	—	—	—
DecoPac, Inc.	8.1	(0.9)	7.2	—	—	7.2
DFC Global Facility Borrower III LLC	152.5	(114.4)	38.1	—	—	38.1
Diligent Corporation	10.2	—	10.2	—	—	10.2
Divisions Holding Corporation	15.3	(2.5)	12.8	—	—	12.8
Dorner Holding Corp.	3.3	—	3.3	—	—	3.3
DRB Holdings, LLC	9.9	—	9.9	—	—	9.9
DRS Holdings III, Inc.	6.8	—	6.8	—	—	6.8
DTI Holdco, Inc.	7.9	(4.9)	3.0	—	—	3.0
Dynamic NC Aerospace Holdings, LLC	10.1	(0.7)	9.4	—	—	9.4
Eckler Industries, Inc.	5.6	(2.7)	2.9	—	—	2.9
Elemica Parent, Inc.	25.2	(3.4)	21.8	(14.9)	—	6.9
Elevation Services Parent Holdings, LLC	14.2	(0.4)	13.8	—	—	13.8

(in millions) Portfolio Company	Total revolving and delayed draw loan commitments	Less: funded commitments	Total unfunded commitments	Less: commitments substantially at discretion of the Company	Less: unavailable commitments due to borrowing base or other covenant restrictions	Total net adjusted unfunded revolving and delayed draw commitments
Emergency Communications Network, LLC	6.5	—	6.5	—	—	6.5
EP Purchaser, LLC	22.4	—	22.4	—	—	22.4
EP Wealth Advisors, LLC	0.6	—	0.6	—	—	0.6
Episerver, Inc.	9.5	—	9.5	—	—	9.5
eResearch Technology, Inc.	5.1	—	5.1	—	—	5.1
Essential Services Holding Corporation	43.4	(0.7)	42.7	—	—	42.7
Evolent Health LLC	44.8	—	44.8	—	—	44.8
Ferraro Fine Foods Corp.	8.0	—	8.0	—	—	8.0
Flinn Scientific, Inc.	10.0	(0.9)	9.1	—	—	9.1
Flow Control Solutions, Inc.	10.0	—	10.0	—	—	10.0
FM:Systems Group, LLC	1.5	(1.5)	—	—	—	—
Forescout Technologies, Inc.	0.1	—	0.1	—	—	0.1
Foundation Risk Partners, Corp.	54.8	—	54.8	—	—	54.8
FS Squared Holding Corp.	9.7	(0.3)	9.4	—	—	9.4
FWR Holding Corporation	2.2	—	2.2	—	(0.1)	2.1
Garden Fresh Restaurant Corp.	7.5	(6.9)	0.6	—	(0.6)	—
GB Auto Service, Inc.	18.8	(3.8)	15.0	—	(3.6)	11.4
Genesis Acquisition Co.	1.5	(1.5)	—	—	—	—
GraphPAD Software, LLC	1.1	—	1.1	—	—	1.1
Green Street Parent, LLC	0.3	—	0.3	—	—	0.3
GSM Acquisition Corp.	5.2	—	5.2	—	—	5.2
GTCR-Ultra Acquisition, Inc.	2.0	—	2.0	—	—	2.0
HAI Acquisition Corporation	19.0	—	19.0	—	—	19.0
Harvey Tool Company, LLC	13.5	(0.1)	13.4	—	—	13.4
HealthEdge Software, Inc.	4.1	—	4.1	—	—	4.1
Heelstone Renewable Energy, LLC	21.1	—	21.1	—	—	21.1
Help/Systems Holdings, Inc.	7.5	—	7.5	—	—	7.5
Highline Aftermarket Acquisition, LLC	12.5	(9.5)	3.0	—	—	3.0
Hometown Food Company	3.9	(0.5)	3.4	—	—	3.4
Huskies Parent, Inc.	3.3	(0.6)	2.7	—	—	2.7
Hygiena Borrower LLC	7.4	—	7.4	—	—	7.4
IMIA Holdings, Inc.	9.9	(0.5)	9.4	—	—	9.4
Infilaw Corporation	5.7	(5.7)	—	—	—	—
Infinite Electronics International, Inc.	3.0	—	3.0	—	—	3.0
Infogix, Inc.	5.3	(5.3)	—	—	—	—
IntraPac International LLC	19.2	(7.7)	11.5	—	—	11.5
Invoice Cloud, Inc.	4.9	(0.9)	4.0	—	—	4.0
JDC Healthcare Management, LLC	4.1	(0.8)	3.3	—	(3.3)	—
Jim N Nicks Management LLC	4.9	(4.9)	—	—	—	—
Joyce Lane Financing SPV LLC	1.4	—	1.4	—	—	1.4
K2 Insurance Services, LLC	4.7	—	4.7	—	—	4.7
Kellermeyer Bergensons Services, LLC	7.4	—	7.4	—	—	7.4
Kene Acquisition, Inc.	8.9	(0.1)	8.8	—	—	8.8
Laboratories Bideo LLC	11.8	—	11.8	—	—	11.8
Majesco and Magic Topco, L.P.	5.0	(0.6)	4.4	—	—	4.4
Manna Pro Products, LLC	10.0	—	10.0	—	—	10.0
Masergy Holdings, Inc.	2.5	—	2.5	—	—	2.5
Mavis Tire Express Services Corp.	11.3	—	11.3	—	—	11.3
MB2 Dental Solutions, LLC	4.6	(2.9)	1.7	—	—	1.7
McKenzie Creative Brands, LLC	4.5	—	4.5	—	—	4.5
Micromeritics Instrument Corp.	4.1	(4.1)	—	—	—	—
Minerva Surgical, Inc.	9.9	—	9.9	—	—	9.9
Ministry Brands, LLC	10.9	—	10.9	—	—	10.9
Movati Athletic (Group) Inc.	0.9	—	0.9	(0.9)	—	—
MRI Software LLC	9.0	—	9.0	—	—	9.0
MSHC, Inc.	2.6	(0.6)	2.0	—	—	2.0
n2y Holding, LLC	0.1	—	0.1	—	—	0.1
NAS, LLC	3.0	—	3.0	—	—	3.0

(in millions) Portfolio Company	Total revolving and delayed draw loan commitments	Less: funded commitments	Total unfunded commitments	Less: commitments substantially at discretion of the Company	Less: unavailable commitments due to borrowing base or other covenant restrictions	Total net adjusted unfunded revolving and delayed draw commitments
National Intergovernmental Purchasing Alliance Company	9.0	—	9.0	—	—	9.0
Navisun LLC	18.1	—	18.1	—	—	18.1
NCWS Intermediate, Inc.	43.0	—	43.0	—	—	43.0
NECCO Holdings, Inc.	25.0	(19.9)	5.1	(5.1)	—	—
Nelipak Holding Company	0.6	(0.3)	0.3	—	—	0.3
NMC Skincare Intermediate Holdings II, LLC	9.1	(6.9)	2.2	—	—	2.2
NMN Holdings III Corp	12.5	(1.1)	11.4	—	—	11.4
Nordeo Inc.	10.0	—	10.0	—	—	10.0
North American Science Associates, Inc.	11.0	—	11.0	—	—	11.0
NueHealth Performance, LLC	3.3	—	3.3	—	—	3.3
Olympia Acquisition, Inc.	10.8	(10.1)	0.7	—	—	0.7
OneDigital Borrower LLC	7.5	—	7.5	—	—	7.5
OTG Management, LLC	10.1	(10.1)	—	—	—	—
Pathway Vet Alliance LLC	1.9	—	1.9	—	—	1.9
PaySimple, Inc.	21.1	(0.1)	21.0	—	—	21.0
PDI TA Holdings, Inc.	7.6	—	7.6	—	—	7.6
Pegasus Global Enterprise Holdings, LLC	45.9	—	45.9	—	—	45.9
Perforce Software, Inc.	0.5	(0.1)	0.4	—	—	0.4
Petroleum Service Group LLC	21.2	(1.1)	20.1	—	—	20.1
PosiGen Backleverage, LLC	3.6	—	3.6	—	—	3.6
Premise Health Holding Corp.	36.0	(13.6)	22.4	—	—	22.4
Production Resource Group, LLC	5.6	—	5.6	—	—	5.6
Project Potter Buyer, LLC	5.5	—	5.5	—	—	5.5
Project Silverback Holdings Corp.	6.5	(0.1)	6.4	—	—	6.4
Pyramid Management Advisors, LLC	10.9	(9.5)	1.4	(1.4)	—	—
QC Supply, LLC	10.0	(10.0)	—	—	—	—
QF Holdings, Inc.	5.0	—	5.0	—	—	5.0
Radius Aerospace, Inc.	2.9	(1.3)	1.6	—	—	1.6
Raptor Technologies, LLC	4.7	(0.8)	3.9	(3.0)	—	0.9
Reddy Ice LLC	8.2	—	8.2	(3.6)	—	4.6
Redwood Services LLC	8.3	—	8.3	—	—	8.3
Reef Lifestyle, LLC	32.2	(8.6)	23.6	—	—	23.6
Retriever Medical/Dental Payments LLC	3.5	—	3.5	—	—	3.5
Rialto Management Group, LLC	1.0	(0.2)	0.8	—	—	0.8
RSC Acquisition, Inc.	0.6	—	0.6	—	—	0.6
RTI Surgical, Inc.	15.9	—	15.9	—	—	15.9
Safe Home Security, Inc.	9.9	—	9.9	—	—	9.9
Saldon Holdings, Inc.	2.3	—	2.3	—	—	2.3
SCIH Salt Holdings Inc.	7.5	(2.6)	4.9	—	—	4.9
SCM Insurance Services Inc.	4.2	—	4.2	—	—	4.2
SCSG EA Acquisition Company, Inc.	4.0	(0.2)	3.8	—	—	3.8
SecurAmerica, LLC	3.4	—	3.4	—	—	3.4
Severin Acquisition, LLC	9.0	(2.0)	7.0	—	—	7.0
SFE Intermediate HoldCo LLC	10.2	(0.1)	10.1	—	—	10.1
Shock Doctor, Inc.	2.5	(1.6)	0.9	—	—	0.9
Sigma Electric Manufacturing Corporation	7.5	(2.9)	4.6	—	—	4.6
SiroMed Physician Services, Inc.	7.1	—	7.1	—	—	7.1
SM Wellness Holdings, Inc.	9.1	—	9.1	—	—	9.1
SOS Security Holdings, LLC	0.5	(0.3)	0.2	—	—	0.2
Sovos Brands Intermediate, Inc.	4.3	—	4.3	—	—	4.3
SpareFoot, LLC	1.4	(1.4)	—	—	—	—
Spectra Finance, LLC	24.1	(15.3)	8.8	—	—	8.8
Spring Insurance Solutions, LLC	6.3	—	6.3	—	—	6.3
SSE Buyer, Inc.	6.5	—	6.5	—	—	6.5
Star US Bidco LLC	8.5	(0.1)	8.4	—	—	8.4
Storm US Holdco, Inc.	1.1	(0.2)	0.9	—	—	0.9
Sunshine Sub, LLC	5.8	—	5.8	—	—	5.8
Singer Sewing Company	1.4	(1.4)	—	—	—	—

(in millions) Portfolio Company	Total revolving and delayed draw loan commitments	Less: funded commitments	Total unfunded commitments	Less: commitments substantially at discretion of the Company	Less: unavailable commitments due to borrowing base or other covenant restrictions	Total net adjusted unfunded revolving and delayed draw commitments
Symplr Software Inc.	10.0	—	10.0	—	—	10.0
Synergy HomeCare Franchising, LLC	4.2	(0.1)	4.1	—	—	4.1
TA/WEG Holdings, LLC	3.8	—	3.8	—	—	3.8
Taymax Group, L.P.	2.1	(1.3)	0.8	—	(0.4)	0.4
TCP Hawker Intermediate LLC	7.6	—	7.6	—	—	7.6
TDG Group Holding Company	0.3	(0.1)	0.2	—	—	0.2
TerSera Therapeutics LLC	0.1	—	0.1	—	—	0.1
The Alaska Club Partners, LLC, Athletic Club Partners LLC and The Alaska Club, Inc.	1.1	—	1.1	—	—	1.1
The Ultimate Software Group, Inc.	10.0	(0.1)	9.9	—	—	9.9
The Ultimus Group Midco, LLC	6.9	(4.0)	2.9	—	—	2.9
Theranest, LLC	10.9	—	10.9	—	—	10.9
THG Acquisition, LLC	33.1	—	33.1	—	—	33.1
TWH Infrastructure Industries, Inc.	0.1	(0.1)	—	—	—	—
U.S. Acute Care Solutions, LLC	1.7	—	1.7	—	—	1.7
United Digestive MSO Parent, LLC	14.8	—	14.8	—	—	14.8
Vela Trading Technologies LLC	3.5	(3.5)	—	—	—	—
Verscend Holding Corp.	22.5	(0.1)	22.4	—	—	22.4
VLS Recovery Services, LLC	19.8	(0.3)	19.5	—	—	19.5
VPROP Operating, LLC	8.0	—	8.0	—	—	8.0
VRC Companies, LLC	1.5	—	1.5	—	—	1.5
VS Buyer, LLC	8.1	—	8.1	—	—	8.1
Watchfire Enterprises, Inc.	2.0	—	2.0	—	—	2.0
WebPT, Inc.	6.1	—	6.1	—	—	6.1
Wildcat BuyerCo, Inc.	10.3	—	10.3	—	—	10.3
WSHP FC Acquisition LLC	11.3	(3.3)	8.0	—	—	8.0
Xifin, Inc.	7.3	—	7.3	—	—	7.3
Zemax Software Holdings, LLC	4.1	(2.0)	2.1	—	—	2.1
	\$ 2,020.6	\$ (409.1)	\$ 1,611.5	\$ (29.3)	\$ (8.0)	\$ 1,574.2

(16) As of December 31, 2020, the Company was party to subscription agreements to fund equity investments in private equity investment partnerships as follows:

(in millions) Company	Total private equity commitments	Less: funded private equity commitments	Total unfunded private equity commitments	Less: private equity commitments substantially at the discretion of the Company	Total net adjusted unfunded private equity commitments
PCG-Ares Sidecar Investment, L.P. and PCG-Ares Sidecar Investment II, L.P.	\$ 50.0	\$ (12.4)	\$ 37.6	\$ (37.6)	—
European Capital UK SME Debt LP	61.5	(55.7)	5.8	(5.8)	—
	\$ 111.5	\$ (68.1)	\$ 43.4	\$ (43.4)	—

(17) As of December 31, 2020, the Company had commitments to co-invest in the SDLP for its portion of the SDLP's commitment to fund delayed draw loans of up to \$37. See Note 4 to the consolidated financial statements for more information on the SDLP.

(18) Other than the investments noted by this footnote, the fair value of the Company's investments is determined using unobservable inputs that are significant to the overall fair value measurement. See Note 8 to the consolidated financial statements for more information regarding the fair value of the Company's investments.

(19) As of December 31, 2020, the estimated net unrealized loss for federal tax purposes was \$0.4 billion based on a tax cost basis of \$15.9 billion. As of December 31, 2020, the estimated aggregate gross unrealized loss for federal income tax purposes was \$0.9 billion and the estimated aggregate gross unrealized gain for federal income tax purposes was \$0.5 billion.

**ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS**

**As of December 31, 2019
(dollar amounts in millions)**

Company(1)	Business Description	Investment	Interest(5)(9)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Health Care Services							
Absolute Dental Management LLC and ADM Equity, LLC	Dental services provider	First lien senior secured loan (\$0.8 par due 1/2022)	9.40% (Libor + 7.50%/Q)	1/15/2019	\$ 0.8	\$ 0.8	(2)(13)
		First lien senior secured loan (\$24.5 par due 1/2022)		1/5/2016	24.2	10.2	(2)(12)
		Class A preferred units (4,000,000 units)		1/5/2016	4.0	—	(2)
		Class A common units (4,000,000 units)		1/5/2016	—	—	(2)
					29.0	11.0	
Acessa Health Inc. (fka HALT Medical, Inc.)	Medical supply provider	Common stock (569,823 shares)		6/22/2017	0.1	—	
ADCS Billings Intermediate Holdings, LLC (17)	Dermatology practice	First lien senior secured revolving loan (\$1.8 par due 5/2022)	7.55% (Libor + 5.75%/M)	5/18/2016	1.8	1.7	(2)(13)
ADG, LLC and RC IV GEDC Investor LLC (17)	Dental services provider	First lien senior secured revolving loan (\$11.9 par due 9/2022)	7.22% (Libor + 4.75%/M)	9/28/2016	11.9	10.5	(2)(13)
		Second lien senior secured loan (\$92.1 par due 3/2024)	7.42% (Libor + 5.50%/Q)	9/28/2016	89.0	67.3	(2)(13)
		Membership units (3,000,000 units)		9/28/2016	3.0	—	(2)
					103.9	77.8	
Air Medical Group Holdings, Inc. and Air Medical Buyer Corp.	Emergency air medical services provider	Senior subordinated loan (\$182.7 par due 3/2026)	9.67% (Libor + 7.88%/M)	3/14/2018	182.7	180.8	(2)(13)
		Warrant to purchase up to 115,733 units of common stock (expires 3/2028)		3/14/2018	0.9	1.6	(2)
					183.6	182.4	
Alteon Health, LLC	Provider of physician management services	First lien senior secured loan (\$3.0 par due 9/2022)	8.30% (Libor + 6.50%/M)	5/15/2017	3.0	2.8	(2)(13)
Athenahealth, Inc., VVC Holding Corp., Virence Intermediate Holding Corp., and Virence Holdings LLC (17)	Revenue cycle management provider to the physician practices and acute care hospitals	First lien senior secured loan (\$16.0 par due 2/2026)	6.40% (Libor + 4.50%/Q)	2/11/2019	15.7	16.0	(2)
		Second lien senior secured loan (\$210.3 par due 2/2027)	10.41% (Libor + 8.50%/Q)	2/11/2019	210.3	210.3	(2)
		Senior preferred stock (121,810 shares)	12.89% PIK (Libor + 11.13%/Q)	2/11/2019	132.6	132.6	(2)
		Class A interests (0.39% interest)		2/11/2019	9.0	14.1	(2)
					367.6	373.0	
Bambino CI Inc. (17)	Manufacturer and provider of single-use obstetrics products	First lien senior secured revolving loan (\$5.7 par due 10/2022)	7.21% (Libor + 5.50%/M)	10/17/2017	5.7	5.7	(2)
		First lien senior secured loan (\$30.6 par due 10/2023)	7.30% (Libor + 5.50%/M)	10/17/2017	30.6	30.6	(2)
		First lien senior secured loan (\$1.7 par due 10/2023)	7.30% (Libor + 5.50%/M)	12/13/2019	1.7	1.7	(2)
					38.0	38.0	
Bearcat Buyer, Inc. and Bearcat Parent, Inc. (17)	Provider of central institutional review boards over clinical trials	First lien senior secured loan (\$30.9 par due 7/2026)	6.20% (Libor + 4.25%/Q)	7/9/2019	30.9	30.6	(2)(13)
		First lien senior secured loan (\$2.0 par due 7/2026)	6.20% (Libor + 4.25%/Q)	7/9/2019	2.0	2.0	(2)(13)
		First lien senior secured loan (\$17.1 par due 7/2026)	6.20% (Libor + 4.25%/Q)	9/10/2019	17.1	17.0	(2)(13)
		Second lien senior secured loan (\$64.2 par due 7/2027)	10.20% (Libor + 8.25%/Q)	7/9/2019	64.2	63.5	(2)(13)
		Second lien senior secured loan (\$5.3 par due 7/2027)	10.20% (Libor + 8.25%/Q)	7/9/2019	5.3	5.2	(2)(13)
		Second lien senior secured loan (\$12.7 par due 7/2027)	10.20% (Libor + 8.25%/Q)	9/10/2019	12.7	12.6	(2)(13)
		Class B common units (4,211 units)		7/9/2019	4.2	4.2	(2)
					136.4	135.1	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2019
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(5)(9)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
CCS-CMGC Holdings, Inc. (17)	Correctional facility healthcare operator	First lien senior secured revolving loan (\$0.9 par due 10/2023)	7.05% (Libor + 5.25%/M)	10/1/2018	0.9	0.9 (2)(16)	
		First lien senior secured loan (\$34.7 par due 10/2025)	7.35% (Libor + 5.50%/M)	9/25/2018	34.4	33.6 (2)	
					35.3	34.5	
Center for Autism and Related Disorders, LLC (17)	Autism treatment and services provider specializing in applied behavior analysis therapy	First lien senior secured revolving loan	—	11/21/2018	—	— (15)	
Comprehensive EyeCare Partners, LLC (17)	Vision care practice management company	First lien senior secured revolving loan (\$0.4 par due 2/2024)	6.45% (Libor + 4.50%/Q)	2/14/2018	0.4	0.4 (2)(13)	
		First lien senior secured loan (\$5.4 par due 2/2024)	6.60% (Libor + 4.50%/Q)	2/14/2018	5.4	5.3 (2)(13)	
		First lien senior secured loan (\$2.4 par due 2/2024)	6.45% (Libor + 4.50%/Q)	2/14/2018	2.4	2.4 (2)(13)	
					8.2	8.1	
Convey Health Solutions, Inc.	Workforce management solutions provider	First lien senior secured loan (\$20.1 par due 9/2026)	6.94% (Libor + 5.25%/M)	9/4/2019	20.1	19.9 (2)(13)	
CVP Holdco, Inc. and OMERS Wildcats Holdings Inc. (17)	Veterinary hospital operator	First lien senior secured revolving loan (\$0.1 par due 10/2024)	8.41% (Libor + 5.75%/Q)	10/31/2019	0.1	0.1 (2)(13)(16)	
		First lien senior secured loan (\$66.3 par due 10/2025)	7.66% (Libor + 5.75%/Q)	10/31/2019	66.3	65.6 (2)(13)	
		First lien senior secured loan (\$12.5 par due 10/2025)	7.63% (Libor + 5.75%/Q)	10/31/2019	12.5	12.4 (2)(13)	
		Common stock (31,005 shares)		10/31/2019	9.6	9.8 (2)	
					88.5	87.9	
D4C Dental Brands HoldCo, Inc. and Bambino Group Holdings, LLC (17)	Dental services provider	First lien senior secured revolving loan (\$0.6 par due 12/2022)	10.00% (Base Rate + 5.25%/Q)	12/21/2016	0.6	0.6 (2)(13)(16)	
		Class A preferred units (1,000,000 units)		12/21/2016	1.0	1.0 (2)	
					1.6	1.6	
DCA Investment Holding, LLC (17)	Multi-branded dental practice management	First lien senior secured revolving loan (\$1.7 par due 7/2021)	9.00% (Base Rate + 4.25%/Q)	7/2/2015	1.7	1.7 (2)(13)(16)	
		First lien senior secured loan (\$18.3 par due 7/2021)	7.20% (Libor + 5.25%/Q)	7/2/2015	18.3	18.3 (2)(13)	
					20.0	20.0	
Emerus Holdings, Inc.	Freestanding 24-hour emergency care micro-hospitals operator	First lien senior secured loan (\$16.5 par due 2/2022)	14.00%	2/21/2019	16.5	16.5 (2)	
Evolent Health LLC and Evolent Health, Inc. (17)	Medical technology company focused on value based care services and payment solutions	First lien senior secured loan (\$67.1 par due 12/2024)	9.96% (Libor + 8.00%/Q)	12/30/2019	61.2	63.6 (2)(6)(13)	
		Warrant to purchase up to 1,354,968 shares of common stock (expires 1/2025)		12/30/2019	5.9	5.9 (2)(6)	
					67.1	69.5	
GHX Ultimate Parent Corporation, Commerce Parent, Inc. and Commerce Topco, LLC	On-demand supply chain automation solutions provider to the healthcare industry	Second lien senior secured loan (\$34.5 par due 6/2025)	9.95% (Libor + 8.00%/Q)	6/30/2017	34.2	34.5 (2)(13)	
		Series A preferred stock (110,425 shares)	12.66% PIK (Libor + 10.75%/Q)	6/30/2017	152.3	152.3 (2)(13)	
		Class A units (14,013,303 units)		6/30/2017	14.0	16.8 (2)	
					200.5	203.6	
Hygienna Borrower LLC (17)	Adenosine triphosphate testing technology provider	Second lien senior secured loan (\$2.5 par due 8/2023)	9.70% (Libor + 7.75%/Q)	8/26/2016	2.5	2.5 (2)(13)	
		Second lien senior secured loan (\$10.7 par due 8/2023)	9.70% (Libor + 7.75%/Q)	2/27/2017	10.7	10.6 (2)(13)	
		Second lien senior secured loan (\$11.1 par due 8/2023)	9.70% (Libor + 7.75%/Q)	6/29/2018	11.1	11.0 (2)(13)	
		Second lien senior secured loan (\$0.6 par due 8/2023)	9.70% (Libor + 7.75%/Q)	6/29/2018	0.6	0.6 (2)(13)	
					24.9	24.7	

**ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS**

**As of December 31, 2019
(dollar amounts in millions)**

Company(1)	Business Description	Investment	Interest(5)(9)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
JDC Healthcare Management, LLC (17)	Dental services provider	First lien senior secured revolving loan (\$4.0 par due 4/2022)	9.53% (Libor + 7.75%/M)	4/10/2017	4.0	3.3 (2)(13)	
		First lien senior secured loan (\$29.6 par due 4/2023)	9.55% (Libor + 6.75% Cash, 1.00% PIK/M)	4/10/2017	29.6	24.3 (2)(13)	
		First lien senior secured loan (\$4.2 par due 4/2023)	9.55% (Libor + 6.75% Cash, 1.00% PIK/M)	4/10/2017	4.2	3.4 (2)(13)	
					<u>37.8</u>	<u>31.0</u>	
KBHS Acquisition, LLC (d/b/a Alita Care, LLC) (17)	Provider of behavioral health services	First lien senior secured revolving loan (\$2.0 par due 3/2022)	6.80% (Libor + 5.00%/M)	3/17/2017	2.0	1.8 (2)(13)	
Key Surgical LLC (17)	Provider of sterile processing, operating room and instrument care supplies for hospitals	First lien senior secured loan (\$16.5 par due 6/2023)	6.00% (EURIBOR + 5.00%/Q)	6/1/2017	16.5	16.5 (2)(13)	
		First lien senior secured loan (\$5.5 par due 6/2023)	6.00% (Libor + 5.00%/M)	8/28/2019	5.4	5.5 (2)(13)	
					<u>21.9</u>	<u>22.0</u>	
MB2 Dental Solutions, LLC (17)	Dental services provider	First lien senior secured revolving loan (\$4.6 par due 9/2023)	8.75% (Base Rate + 4.00%/Q)	9/29/2017	4.6	4.6 (2)(13)	
		First lien senior secured loan (\$116.9 par due 7/2020)	7.31% (Libor + 5.50%/M)	7/26/2017	116.9	116.9 (2)(13)	
MCH Holdings, Inc. and MC Acquisition Holdings I, LLC	Healthcare professional provider	Class A units (1,438,643 shares)		1/17/2014	1.5	1.3 (2)	
					<u>118.4</u>	<u>118.2</u>	
Minerva Surgical, Inc. (17)	Medical device company focused on women's health	First lien senior secured loan (\$29.6 par due 12/2022)	11.50% (Libor + 9.50%/Q)	12/30/2019	28.4	29.3 (2)(13)	
MW Dental Holding Corp. (17)	Dental services provider	First lien senior secured revolving loan (\$10.0 par due 4/2021)	9.15% (Libor + 6.75%/Q)	4/12/2011	10.0	10.0 (2)(13)	
		First lien senior secured loan (\$122.4 par due 4/2021)	8.69% (Libor + 6.75%/Q)	4/12/2011	122.4	122.4 (2)(13)	
		First lien senior secured loan (\$23.8 par due 4/2021)	8.69% (Libor + 6.75%/Q)	3/19/2018	23.8	23.8 (2)(13)	
					<u>156.2</u>	<u>156.2</u>	
NMN Holdings III Corp. and NMN Holdings LP (17)	Provider of complex rehab technology solutions for patients with mobility loss	Partnership units (30,000 units)		11/13/2018	3.0	3.4 (2)	
NMSC Holdings, Inc. and ASP NAPA Holdings, LLC	Anesthesia management services provider	Second lien senior secured loan (\$72.8 par due 10/2023)	11.80% (Libor + 10.00%/M)	4/19/2016	72.8	72.8 (2)(13)	
		Class A units (25,790 units)		4/19/2016	2.6	1.6 (2)	
					<u>75.4</u>	<u>74.4</u>	
NueHealth Performance, LLC (17)	Developer, builder and manager of specialty surgical hospitals and ambulatory surgery centers	First lien senior secured loan (\$9.9 par due 9/2023)	8.30% (Libor + 6.50%/M)	9/27/2018	9.9	9.9 (2)(13)	
		First lien senior secured loan (\$1.5 par due 9/2023)	8.30% (Libor + 6.50%/M)	9/27/2018	1.5	1.5 (2)(13)	
					<u>11.4</u>	<u>11.4</u>	
Olympia Acquisition, Inc. and Olympia TopCo, L.P. (17)	Behavioral health and special education platform provider	First lien senior secured loan (\$43.0 par due 9/2026)	7.30% (Libor + 5.50%/M)	9/24/2019	43.0	42.5 (2)(13)	
		Class A common units (9,549,000 units)		9/24/2019	9.5	9.5 (2)	
					<u>52.5</u>	<u>52.0</u>	
OMH-HealthEdge Holdings, LLC (17)	Revenue cycle management provider for healthcare companies	First lien senior secured loan (\$26.7 par due 10/2025)	7.30% (Libor + 5.50%/M)	10/24/2019	26.7	26.4 (2)(13)	
OmniSYS Acquisition Corporation, OmniSYS, LLC, and OSYS Holdings, LLC	Provider of technology-enabled solutions to pharmacies	Limited liability company membership interest (1.57%)		11/21/2013	1.0	0.6 (2)	
Pathway Vet Alliance LLC and Pathway Vet Alliance Holding LLC (17)	Veterinary hospital operator	First lien senior secured revolving loan	—	12/21/2018	—	— (15)	
		First lien senior secured loan (\$57.1 par due 12/2024)	6.30% (Libor + 4.50%/M)	12/21/2018	56.6	56.5 (2)(13)	
		First lien senior secured loan (\$23.0 par due 12/2024)	6.30% (Libor + 4.50%/M)	12/21/2018	23.0	22.8 (2)(13)	
		First lien senior secured loan (\$13.8 par due 12/2024)	6.30% (Libor + 4.50%/M)	10/11/2019	13.8	13.7 (2)(13)	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2019
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(5)(9)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Second lien senior secured loan (\$163.9 par due 12/2025)	10.30% (Libor + 8.50%/M)	12/21/2018	163.9	163.1 (2)(13)	
		Second lien senior secured loan (\$54.9 par due 12/2025)	10.30% (Libor + 8.50%/M)	12/21/2018	54.9	54.7 (2)(13)	
		Second lien senior secured loan (\$12.6 par due 12/2025)	10.30% (Libor + 8.50%/M)	10/11/2019	12.6	12.5 (2)(13)	
		Preferred subscription units (1,507,384 units)		12/21/2018	4.9	10.6	
					329.7	333.9	
Patterson Medical Supply, Inc.	Distributor of rehabilitation supplies and equipment	Second lien senior secured loan (\$78.0 par due 8/2023)	10.43% (Libor + 8.50%/Q)	9/2/2015	77.0	62.4 (2)(13)	
PetIQ, LLC	Distributor and manufacturer of pet prescription medications and health products	First lien senior secured loan (\$21.0 par due 7/2025)	6.30% (Libor + 4.50%/M)	1/17/2018	21.0	20.8 (2)(6)	
PetVet Care Centers, LLC	Veterinary hospital operator	First lien senior secured loan (\$26.3 par due 2/2025)	6.05% (Libor + 4.25%/M)	10/31/2019	25.8	26.0 (2)(13)	
PhyMED Management LLC	Provider of anesthesia services	Second lien senior secured loan (\$47.2 par due 5/2021)	10.55% (Libor + 8.75%/M)	12/18/2015	47.1	46.8 (2)(13)	
Premise Health Holding Corp. and OMERS Bluejay Investment Holdings LP (17)	Provider of employer-sponsored onsite health and wellness clinics and pharmacies	First lien senior secured revolving loan	—	7/10/2018	—	— (15)	
		First lien senior secured loan (\$10.8 par due 7/2025)	5.45% (Libor + 3.50%/Q)	7/10/2018	10.8	10.7 (2)	
		Second lien senior secured loan (\$67.1 par due 7/2026)	9.45% (Libor + 7.50%/Q)	7/10/2018	66.6	66.4 (2)	
		Class A units (9,775 units)		7/10/2018	9.8	11.5 (2)	
					87.2	88.6	
ProVation Medical, Inc.	Provider of documentation and coding software for GI physicians	First lien senior secured loan (\$12.9 par due 3/2024)	8.98% (Libor + 7.00%/Q)	3/9/2018	12.7	12.9 (2)	
Respicardia, Inc.	Developer of implantable therapies to improve cardiovascular health	Warrant to purchase up to 99,094 shares of Series C preferred stock (expires 6/2022)		6/28/2012	—	— (2)	
RTI Surgical, Inc.	Manufacturer of biologic, metal and synthetic implants/devices	Second lien senior secured loan (\$94.8 par due 12/2023)	10.49% (Libor + 8.75%/M)	3/8/2019	94.8	94.8 (2)(6)(13)	
SCSG EA Acquisition Company, Inc. (17)	Provider of outsourced clinical services to hospitals and health systems	First lien senior secured revolving loan	—	9/1/2017	—	— (15)	
SiroMed Physician Services, Inc. and SiroMed Equity Holdings, LLC (17)	Outsourced anesthesia provider	First lien senior secured loan (\$17.1 par due 3/2024)	6.70% (Libor + 4.75%/Q)	3/26/2018	17.1	16.3 (2)(13)	
		Common units (684,854 units)		3/26/2018	4.8	2.9 (2)	
					21.9	19.2	
SM Wellness Holdings, Inc. and SM Holdco, Inc. (17)	Breast cancer screening provider	First lien senior secured revolving loan (\$4.4 par due 8/2024)	7.30% (Libor + 5.50%/Q)	8/1/2018	4.4	4.4 (2)	
		First lien senior secured loan (\$7.1 par due 8/2024)	7.30% (Libor + 5.50%/M)	8/1/2018	7.1	7.1 (2)	
		Series A preferred stock (44,975 shares)	12.16% PIK (Libor + 10.25%/Q)	8/1/2018	53.8	53.8 (2)	
		Series A units (7,475 units)		8/1/2018	7.5	8.9 (2)	
		Series B units (747,500 units)		8/1/2018	—	— (2)	
					72.8	74.2	
Synergy HomeCare Franchising, LLC and NP/Synergy Holdings, LLC (17)	Franchisor of private-pay home care for the elderly	First lien senior secured loan (\$15.9 par due 4/2024)	7.70% (Libor + 5.75%/Q)	4/2/2018	15.9	15.9 (2)(13)	
		Common units (550 units)		4/2/2018	0.6	0.7	
					16.5	16.6	
Teligent, Inc.	Pharmaceutical company that develops, manufactures and markets injectable pharmaceutical products	Second lien senior secured loan (\$50.9 par due 6/2024)	10.64% (Libor + 7.75% Cash, 1.00% PIK/Q)	12/13/2018	50.9	45.8 (2)(13)	
		Second lien senior secured loan (\$29.6 par due 6/2024)	10.68% (Libor + 7.75% Cash, 1.00% PIK/Q)	12/13/2018	29.6	26.6 (2)(13)	
					80.5	72.4	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2019
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(5)(9)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Touchstone Acquisition, Inc. and Touchstone Holding, L.P. (17)	Manufacturer of consumable products in the dental, medical, cosmetic and CPG/industrial end-markets	First lien senior secured loan (\$25.5 par due 11/2025)	6.55% (Libor + 4.75%/M)	11/15/2018	25.5	25.2 (2)	
		Class A preferred units (2,149 units)	8.00% PIK	11/15/2018	2.3	2.3 (2)	
					27.8	27.5	
U.S. Anesthesia Partners, Inc.	Anesthesiology service provider	Second lien senior secured loan (\$71.8 par due 6/2025)	9.05% (Libor + 7.25%/M)	6/16/2017	71.1	71.8 (2)(13)	
United Digestive MSO Parent, LLC (17)	Gastroenterology physician group	First lien senior secured loan (\$12.5 par due 12/2024)	6.43% (Libor + 4.50%/Q)	12/14/2018	12.5	12.5 (2)(13)	
Urgent Cares of America Holdings I, LLC and FastMed Holdings I, LLC	Operator of urgent care clinics	Preferred units (7,696,613 units)		6/11/2015	7.7	—	
		Series A common units (2,000,000 units)		6/11/2015	2.0	—	
		Series C common units (5,288,427 units)		6/11/2015	—	—	
					9.7	—	
Urology Management Associates, LLC and JWC/UMA Holdings, L.P.	Urology private practice	First lien senior secured loan (\$9.8 par due 8/2024)	6.80% (Libor + 5.00%/M)	8/31/2018	9.6	9.8 (2)(13)	
		Limited partnership interests (3.64% interest)		8/31/2018	4.8	5.6 (2)	
					14.4	15.4	
West Dermatology, LLC (17)	Dermatology practice platform	First lien senior secured revolving loan (\$1.0 par due 4/2022)	7.70% (Libor + 5.75%/Q)	2/8/2018	1.0	1.0 (2)(13)	
		First lien senior secured loan (\$7.5 par due 4/2023)	7.70% (Libor + 5.75%/Q)	4/2/2018	7.5	7.5 (2)(13)	
		First lien senior secured loan (\$12.5 par due 4/2023)	7.70% (Libor + 5.75%/Q)	9/5/2018	12.5	12.5 (2)(13)	
		First lien senior secured loan (\$6.4 par due 4/2023)	7.70% (Libor + 5.75%/Q)	6/28/2019	6.4	6.4 (2)(13)	
					27.4	27.4	
WIRB - Copernicus Group, Inc. (17)	Provider of regulatory, ethical, and safety review services for clinical research involving human subjects	First lien senior secured revolving loan	—	2/8/2018	—	— (15)	
WSHP FC Acquisition LLC (17)	Provider of biospecimen products for pharma research	First lien senior secured loan (\$28.2 par due 3/2024)	8.20% (Libor + 6.25%/Q)	3/30/2018	28.2	28.2 (2)(13)	
		First lien senior secured loan (\$5.9 par due 3/2024)	8.20% (Libor + 6.25%/Q)	3/30/2018	5.9	5.9 (2)(13)	
		First lien senior secured loan (\$4.6 par due 3/2024)	8.20% (Libor + 6.25%/Q)	2/11/2019	4.6	4.6 (2)(13)	
		First lien senior secured loan (\$5.8 par due 3/2024)	8.20% (Libor + 6.25%/Q)	2/11/2019	5.8	5.8 (2)(13)	
		First lien senior secured loan (\$8.7 par due 3/2024)	8.20% (Libor + 6.25%/Q)	8/30/2019	8.7	8.7 (2)(13)	
		First lien senior secured loan (\$11.1 par due 3/2024)	8.20% (Libor + 6.25%/Q)	10/31/2019	11.1	11.1 (2)(13)	
					64.3	64.3	
					2,999.6	2,926.9	39.20%
Software & Services							
Anaqua Parent Holdings, Inc. & Astorg VII Co-Invest Anaqua (17)	Provider of IP management lifecycle software	First lien senior secured loan (\$4.7 par due 4/2026)	5.50% (Euribor + 5.50%/Q)	4/10/2019	4.7	4.7 (2)	
		First lien senior secured loan (\$7.7 par due 4/2026)	7.26% (Libor + 5.25%/Q)	4/10/2019	7.7	7.7 (2)(13)	
		Limited partnership units (4,400,000 units)		6/13/2019	5.0	5.9 (2)(6)	
					17.4	18.3	
Apptio, Inc. (17)	Provider of cloud-based technology business management solutions	First lien senior secured loan (\$62.2 par due 1/2025)	8.96% (Libor + 7.25%/M)	1/10/2019	62.2	62.2 (2)(13)	
Avetta, LLC (17)	Supply chain risk management SaaS platform for global enterprise clients	First lien senior secured loan (\$36.1 par due 4/2024)	7.55% (Libor + 5.75%/M)	4/10/2018	36.1	36.1 (2)(13)	

**ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS**

**As of December 31, 2019
(dollar amounts in millions)**

Company(1)	Business Description	Investment	Interest(5)(9)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Blue Campaigns Intermediate Holding Corp. and Elevate Parent, Inc. (dba EveryAction) (17)	Provider of software and services for fundraising and organizing efforts to non-profits and political campaigns	First lien senior secured loan (\$40.8 par due 8/2023)	8.65% (Libor + 6.75%/Q)	8/20/2018	40.8	40.8	(2)(13)
		Series A preferred stock (150,000 shares)		9/26/2018	1.5	1.9	
					42.3	42.7	
CallMiner, Inc.	Provider of cloud-based conversational analytics solutions	Warrant to purchase up to 2,350,636 shares of Series 1 preferred stock (expires 7/2024)		7/23/2014	—	—	(2)
Clearwater Analytics, LLC (17)	Provider of integrated cloud-based investment portfolio management, accounting, reporting and analytics software	First lien senior secured loan (\$3.9 par due 12/2025)	7.20% (Libor + 5.50%/Q)	12/3/2019	3.9	3.9	(2)(13)
Command Alkon Incorporated (17)	Software solutions provider to the ready-mix concrete industry	First lien senior secured revolving loan (\$1.5 par due 9/2022)	9.75% (Base Rate + 5.00%/Q)	9/1/2017	1.5	1.4	(2)(13)(16)
		First lien senior secured loan (\$20.2 par due 9/2023)	7.71% (Libor + 6.00%/M)	9/1/2017	20.2	19.8	(2)(13)
		Second lien senior secured loan (\$33.9 par due 3/2024)	11.71% (Libor + 10.00%/M)	9/1/2017	33.9	32.5	(2)(13)
					55.6	53.7	
Compuware Software Group LLC	Web and mobile cloud performance testing and monitoring services provider	Preferred units (4,132 units)	9.00% PIK	7/31/2019	0.8	2.2	(2)
		Common units (744,569 units)		7/31/2019	—	0.8	(2)
					0.8	3.0	
Cority Software Inc., IQS, Inc. and Project Falcon Parent, Inc. (17)	Provider of environmental, health and safety software to track compliance data	First lien senior secured loan (\$14.4 par due 7/2026)	7.59% (Libor + 5.50%/Q)	7/2/2019	14.4	14.2	(2)(6)
		First lien senior secured loan (\$4.5 par due 7/2026)	7.50% (Libor + 5.50%/Q)	10/15/2019	4.5	4.4	(2)(6)
		Preferred equity (198 shares)	9.00% PIK	7/2/2019	0.2	0.2	(2)(6)
		Common equity (190,143 shares)		7/2/2019	—	—	(2)(6)
					19.1	18.8	
Datix Bideo Limited	Global healthcare software company that provides software solutions for patient safety and risk management	First lien senior secured loan (\$5.8 par due 4/2025)	6.43% (Libor + 4.50%/Q)	4/27/2018	5.7	5.8	(2)(6)
		First lien senior secured loan (\$10.0 par due 4/2025)	6.43% (Libor + 4.50%/Q)	5/28/2019	9.9	10.0	(2)(6)
		First lien senior secured loan (\$3.1 par due 4/2025)	6.43% (Libor + 4.50%/Q)	10/7/2019	3.0	3.1	(2)(6)
					18.6	18.9	
Directworks, Inc. and Co-Exprise Holdings, Inc.	Provider of cloud-based software solutions for direct materials sourcing and supplier management for manufacturers	First lien senior secured loan (\$1.8 par due 4/2018)		12/19/2014	1.3	—	(2)(12)
		Warrant to purchase up to 1,875,000 shares of Series 1 preferred stock (expires 12/2024)		12/19/2014	—	—	(2)
					1.3	—	
Doxim Inc.	Enterprise content management software provider	First lien senior secured loan (\$10.2 par due 2/2024)	7.95% (Libor + 6.00%/Q)	2/28/2018	10.1	10.2	(2)(6)(9)(13)
		First lien senior secured loan (\$6.8 par due 2/2024)	7.90% (Libor + 6.00%/Q)	2/28/2018	6.8	6.8	(2)(6)(13)
					16.9	17.0	
Dynatrace, Inc.	Web and mobile cloud performance testing and monitoring services provider	Common stock (790,416 shares)		8/5/2019	2.9	20.0	(2)(20)
EP Purchaser, L.L.C., Entertainment Partners Canada ULC and TPG VIII EP Co-Invest II, L.P. (17)	Provider of entertainment workforce and production management solutions	First lien senior secured loan (\$29.5 par due 5/2026)	7.70% (Libor + 5.75%/Q)	5/10/2019	29.5	29.5	(2)
		First lien senior secured loan (\$20.8 par due 5/2026)	7.70% (Libor + 5.75%/Q)	5/10/2019	20.8	20.8	(2)(11)

**ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS**

**As of December 31, 2019
(dollar amounts in millions)**

Company(1)	Business Description	Investment	Interest(5)(9)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan (\$10.8 par due 5/2026)	7.70% (Libor + 5.75%/Q)	5/10/2019	10.8	10.8	(2)(6)
		First lien senior secured loan (\$4.1 par due 5/2026)	7.85% (Libor + 5.75%/Q)	5/10/2019	4.1	4.1	(2)(6)(11)
		Partnership units (5,034,483 units)		5/10/2019	5.0	5.6	(2)
					70.2	70.8	
Episerver Inc. and Goldcup 17308 AB (17)	Provider of web content management and digital commerce solutions	First lien senior secured loan (\$6.1 par due 10/2024)	6.00% (EURIBOR + 6.00%/M)	3/22/2019	6.1	6.0	(2)(6)
		First lien senior secured loan (\$27.4 par due 10/2024)	7.55% (Libor + 5.75%/M)	10/9/2018	27.4	27.2	(2)(6)(13)
					33.5	33.2	
EZ Elemica Holdings, Inc. & Elemica Parent, Inc (17)	SaaS based supply chain management software provider focused on chemical markets	First lien senior secured revolving loan (\$1.4 par due 9/2025)	7.40% (Libor + 5.50%/Q)	9/18/2019	1.4	1.3	(2)
		First lien senior secured loan (\$59.5 par due 9/2025)	7.40% (Libor + 5.50%/Q)	9/18/2019	59.5	58.9	(2)
		Preferred equity (4,599 shares)		9/18/2019	4.6	4.6	
					65.5	64.8	
First Insight, Inc.	Software company providing merchandising and pricing solutions to companies worldwide	Warrant to purchase up to 122,827 units of Series C preferred stock (expires 3/2024)		3/20/2014	—	—	(2)
FM: Systems Group LLC (17)	Provider of facilities and space management software solutions	First lien senior secured loan (\$26.6 par due 12/2024)	8.30% (Libor + 6.50%/M)	12/2/2019	26.6	26.3	(2)(13)
Frontline Technologies Group Holding LLC, Frontline Technologies Blocker Buyer, Inc., Frontline Technologies Holdings, LLC and Frontline Technologies Parent, LLC	Provider of human capital management ("HCM") and SaaS-based software solutions to employees and administrators of K-12 school organizations	First lien senior secured loan (\$16.8 par due 9/2023)	7.55% (Libor + 5.75%/M)	9/19/2017	16.8	16.8	(2)(13)
		First lien senior secured loan (\$8.3 par due 9/2023)	7.55% (Libor + 5.75%/M)	9/19/2017	8.3	8.3	(2)(13)
		Class A preferred units (4,574 units)	9.00% PIK	9/18/2017	5.1	5.6	
		Class B common units (499,050 units)		9/18/2017	—	3.2	
					30.2	33.9	
Genesis Acquisition Co. and Genesis Holding Co. (17)	Child care management software and services provider	First lien senior secured revolving loan (\$0.5 par due 7/2024)	5.70% (Libor + 3.75%/Q)	7/31/2018	0.5	0.5	(2)
		Second lien senior secured loan (\$25.8 par due 7/2025)	9.60% (Libor + 7.50%/Q)	7/31/2018	25.8	25.8	(2)
		Class A common stock (8 shares)		7/31/2018	0.8	1.0	(2)
					27.1	27.3	
Greenphire, Inc. and RMCF III CIV XXIX, L.P	Software provider for clinical trial management	Limited partnership interest (99.90% interest)		12/19/2014	1.0	4.3	(2)
GTCR-Ultra Holdings III, LLC and GTCR-Ultra Holdings LLC (17)	Provider of payment processing and merchant acquiring solutions	Class A-2 units (911 units)		8/1/2017	0.9	2.4	(2)
		Class B units (2,878,372 units)		8/1/2017	—	—	(2)
					0.9	2.4	
Help/Systems Holdings, Inc. (17)	Provider of IT operations management and cybersecurity software	First lien senior secured loan (\$26.2 par due 11/2026)	6.55% (Libor + 4.75%/M)	11/22/2019	26.2	25.9	(2)(13)
Huskies Parent, Inc. (17)	Insurance software provider	First lien senior secured revolving loan (\$1.0 par due 7/2024)	5.69% (Libor + 4.00%/M)	7/18/2019	1.0	1.0	(2)
		First lien senior secured loan (\$0.8 par due 7/2026)	5.84% (Libor + 4.00%/Q)	7/18/2019	0.8	0.8	(2)(20)
					1.8	1.8	
IfByPhone Inc.	Voice-based marketing automation software provider	Warrant to purchase up to 124,300 shares of Series C preferred stock (expires 10/2022)		10/15/2012	0.1	—	(2)

**ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS**

**As of December 31, 2019
(dollar amounts in millions)**

Company(1)	Business Description	Investment	Interest(5)(9)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Infogix, Inc. and Infogix Parent Corporation (17)	Enterprise data analytics and integrity software solutions provider	First lien senior secured revolving loan (\$2.0 par due 4/2024)	8.60% (Libor + 6.50%/Q)	4/18/2018	2.0	2.0	(2)(13)
		Series A preferred stock (2,475 shares)		1/3/2017	2.6	1.6	
		Common stock (1,297,768 shares)		1/3/2017	—	—	
					4.6	3.6	
Inmar, Inc.	Technology-driven solutions provider for retailers, wholesalers and manufacturers	First lien senior secured loan (\$15.7 par due 5/2024)	5.95% (Libor + 4.00%/Q)	1/31/2019	15.0	14.9	(2)(13)
		Second lien senior secured loan (\$28.3 par due 5/2025)	9.95% (Libor + 8.00%/Q)	4/25/2017	28.0	27.1	(2)(13)
					43.0	42.0	
InterVision Systems, LLC and InterVision Holdings, LLC	Provider of cloud based IT solutions, infrastructure and services	First lien senior secured loan (\$51.4 par due 5/2022)	10.11% (Libor + 8.31%/M)	5/31/2017	51.4	47.8	(2)(13)
		Class A membership units (1,000 units)		5/31/2017	1.0	—	
					52.4	47.8	
Invoice Cloud, Inc. (17)	Provider of electronic payment processing solutions	First lien senior secured revolving loan	—	2/11/2019	—	—	(15)
		First lien senior secured loan (\$33.2 par due 2/2024)	8.40% (Libor + 3.25% Cash, 3.25% PIK/Q)	2/11/2019	33.2	33.2	(2)(13)
					33.2	33.2	
Masergy Holdings, Inc. (17)	Provider of software-defined solutions for enterprise global networks, cyber security, and cloud communications	First lien senior secured revolving loan (\$0.4 par due 12/2022)	5.27% (Libor + 3.50%/M)	2/8/2018	0.4	0.4	(2)(13)(16)
Ministry Brands, LLC and MB Parent HoldCo, L.P. (dba Community Brands) (17)	Software and payment services provider to faith-based institutions	First lien senior secured revolving loan (\$2.2 par due 12/2022)	6.95% (Libor + 5.00%/Q)	12/2/2016	2.2	2.2	(2)(13)
		First lien senior secured loan (\$9.4 par due 12/2022)	5.85% (Libor + 4.00%/Q)	4/6/2017	9.4	9.1	(2)(13)
		First lien senior secured loan (\$4.8 par due 12/2022)	5.85% (Libor + 4.00%/Q)	8/22/2017	4.8	4.7	(2)(13)
		Second lien senior secured loan (\$90.0 par due 6/2023)	11.08% (Libor + 9.25%/Q)	12/2/2016	89.5	90.0	(2)(13)
		Second lien senior secured loan (\$16.6 par due 6/2023)	11.08% (Libor + 9.25%/Q)	12/2/2016	16.6	16.6	(2)(13)
		Second lien senior secured loan (\$9.2 par due 6/2023)	11.08% (Libor + 9.25%/Q)	4/6/2017	9.2	9.2	(2)(13)
		Second lien senior secured loan (\$4.7 par due 6/2023)	11.08% (Libor + 9.25%/Q)	4/6/2017	4.7	4.7	(2)(13)
		Second lien senior secured loan (\$17.9 par due 6/2023)	11.08% (Libor + 9.25%/Q)	8/22/2017	17.9	17.9	(2)(13)
		Second lien senior secured loan (\$10.3 par due 6/2023)	9.84% (Libor + 8.00%/Q)	4/18/2018	10.3	10.0	(2)(13)
		Second lien senior secured loan (\$38.6 par due 6/2023)	9.83% (Libor + 8.00%/Q)	4/18/2018	38.6	37.5	(2)(13)
		Class A units (500,000 units)		12/2/2016	5.0	5.9	(2)
					208.2	207.8	
Novetta Solutions, LLC	Provider of advanced analytics solutions for the government, defense and commercial industries	First lien senior secured loan (\$8.5 par due 10/2022)	6.80% (Libor + 5.00%/M)	1/3/2017	8.3	8.4	(2)(13)
		Second lien senior secured loan (\$31.0 par due 10/2023)	10.30% (Libor + 8.50%/M)	1/3/2017	29.4	29.1	(2)(13)
					37.7	37.5	
nThrive, Inc. (fka Precyse Acquisition Corp.)	Provider of healthcare information management technology and services	Second lien senior secured loan (\$10.0 par due 4/2023)	11.55% (Libor + 9.75%/M)	4/20/2016	9.8	8.5	(2)(13)
PayNearMe, Inc.	Electronic cash payment system provider	Warrant to purchase up to 195,726 shares of Series E preferred stock (expires 3/2023)		3/11/2016	0.2	—	(2)
PaySimple, Inc. (17)	Provider of business management software solutions	First lien senior secured loan (\$11.3 par due 8/2025)	7.30% (Libor + 5.50%/M)	8/23/2019	11.1	11.2	(2)

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2019
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(5)(9)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan (\$1.1 par due 8/2025)	7.31% (Libor + 5.50%/M)	8/23/2019	1.1	1.1 (2)	
					12.2	12.3	
PDI TA Holdings, Inc., Peachtree Parent, Inc. and Insight PDI Holdings, LLC (17)	Provider of enterprise management software for the convenience retail and petroleum wholesale market	First lien senior secured revolving loan (\$7.6 par due 10/2024)	6.40% (Libor + 4.50%/Q)	3/19/2019	7.6	7.4 (2)(13)	
		First lien senior secured loan (\$54.6 par due 10/2024)	6.40% (Libor + 4.50%/Q)	3/19/2019	54.6	53.5 (2)(13)	
		Second lien senior secured loan (\$70.1 par due 10/2025)	10.40% (Libor + 8.50%/Q)	3/19/2019	70.1	68.0 (2)(13)	
		Series A preferred shares (13,656 shares)	13.25% PIK	3/19/2019	14.9	15.2 (2)	
		Class A units (1,942,225 units)		3/19/2019	1.9	1.8 (2)	
					149.1	145.9	
Pegasus Global Enterprise Holdings, LLC, Mekone Blocker Acquisition, Inc. and Mekone Parent, LLC (17)	Provider of plant maintenance and scheduling software	First lien senior secured revolving loan (\$9.7 par due 5/2025)	9.50% (Base Rate + 4.75%/Q)	5/29/2019	9.7	9.6 (2)(13)	
		First lien senior secured loan (\$20.2 par due 5/2025)	7.55% (Libor + 5.75%/M)	5/29/2019	20.2	20.0 (2)(13)	
		Class A units (5,000 units)		5/29/2019	5.0	4.2 (2)	
					34.9	33.8	
PHNTM Holdings, Inc. and Planview Parent, Inc.	Provider of project and portfolio management software	First lien senior secured loan (\$1.1 par due 1/2023)	7.05% (Libor + 5.25%/M)	1/27/2017	1.1	1.1 (2)(13)	
		Second lien senior secured loan (\$62.0 par due 7/2023)	11.55% (Libor + 9.75%/M)	1/27/2017	61.5	62.0 (2)(13)	
		Class A common shares (990 shares)		1/27/2017	1.0	1.7 (2)	
		Class B common shares (168,329 shares)		1/27/2017	—	0.3 (2)	
					63.6	65.1	
Poplicus Incorporated	Business intelligence and market analytics platform for companies that sell to the public sector	Warrant to purchase up to 2,402,991 shares of Series C preferred stock (expires 6/2025)		6/25/2015	0.1	— (2)	
Project Alpha Intermediate Holding, Inc. and Qlik Parent, Inc.	Provider of data visualization software for data analytics	Class A common shares (7,445 shares)		8/22/2016	7.4	11.7 (2)	
		Class B common shares (1,841,609 shares)		8/22/2016	0.1	0.1 (2)	
					7.5	11.8	
QF Holdings, Inc. (17)	SaaS based electronic health record software provider	First lien senior secured loan (\$24.4 par due 9/2024)	8.90% (Libor + 7.00%/Q)	9/19/2019	24.4	24.2 (2)(13)	
Raptor Technologies, LLC and Rocket Parent, LLC (17)	Provider of SaaS-based safety and security software to the K-12 school market	First lien senior secured loan (\$15.9 par due 12/2024)	7.95% (Libor + 6.00%/Q)	12/17/2018	15.9	15.9 (2)(13)	
		First lien senior secured loan (\$5.4 par due 12/2024)	7.95% (Libor + 6.00%/Q)	12/17/2018	5.4	5.4 (2)(13)	
		Class A common units (2,294,000 units)		12/17/2018	2.3	2.8	
					23.6	24.1	
Regent Education, Inc.	Provider of software solutions designed to optimize the financial aid and enrollment processes	Warrant to purchase up to 5,393,194 shares of common stock (expires 12/2026)		12/23/2016	—	— (2)	
		Warrant to purchase up to 987 shares of common stock (expires 12/2026)		12/23/2016	—	— (2)	
					—	—	
Retriever Medical/Dental Payments LLC, FSDC Holdings, LLC, Rectangle Ware-Ever Pay LLC and Retriever Enterprises, LLC (17)	Provider of payment processing services and software to healthcare providers	First lien senior secured loan (\$26.8 par due 2/2023)	8.05% (Libor + 6.25%/M)	3/14/2019	26.8	26.5 (2)(13)	
Severin Acquisition, LLC, PeopleAdmin, Inc., Promachos Holding, Inc. and Performance Matters LLC (17)	Provider of student information system software solutions to the K-12 education market	First lien senior secured loan (\$34.8 par due 8/2025)	6.37% (Libor + 4.50%/Q)	11/22/2019	34.8	34.4 (2)(13)	
		Second lien senior secured loan (\$80.0 par due 8/2026)	8.64% (Libor + 6.75%/Q)	6/12/2018	79.3	78.4 (2)	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2019
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(5)(9)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
					114.1	112.8	
SIGOS LLC	Web and mobile cloud performance testing and monitoring services provider	Common units (4,132 units)		6/7/2019	0.3	0.5 (2)	
Siteworx Holdings, LLC & Siteworx LLC (17)	Provider of design, web content management, eCommerce solutions and system integration	First lien senior secured revolving loan (\$0.7 par due 1/2020)	6.00% (Base Rate + 1.25%/M)	2/16/2018	0.7	0.7 (10)	
		First lien senior secured revolving loan (\$0.7 par due 1/2020)	6.00% (Base Rate + 1.25%/Q)	2/16/2018	0.7	0.7	
		First lien senior secured loan (\$0.9 par due 1/2020)	5.50%	2/16/2018	0.9	0.9 (10)	
		First lien senior secured loan (\$0.9 par due 1/2020)	5.50%	2/16/2018	0.9	0.9	
					3.2	3.2	
SocialFlow, Inc.	Social media optimization platform provider	Warrant to purchase up to 215,331 shares of Series C preferred stock (expires 1/2026)		1/13/2016	—	— (2)	
SoundCloud Limited	Platform for receiving, sending, and distributing music	Common stock (73,422 shares)		8/15/2017	0.4	0.7 (2)(6)	
SpareFoot, LLC (17)	PMS solutions and web services for the self-storage industry	First lien senior secured revolving loan (\$0.8 par due 4/2023)	6.13% (Libor + 4.25%/M)	4/13/2018	0.8	0.8 (2)(13)	
		First lien senior secured loan (\$0.5 par due 4/2024)	6.31% (Libor + 4.25%/Q)	3/29/2019	0.5	0.5 (2)(13)	
		First lien senior secured loan (\$1.4 par due 4/2024)	6.31% (Libor + 4.25%/Q)	7/1/2019	1.3	1.4 (2)(13)	
		First lien senior secured loan (\$0.7 par due 4/2024)	6.31% (Libor + 4.25%/Q)	7/1/2019	0.7	0.7 (2)(13)	
		First lien senior secured loan (\$0.7 par due 4/2024)	6.31% (Libor + 4.25%/Q)	8/30/2019	0.7	0.7 (2)(13)	
		Second lien senior secured loan (\$6.1 par due 4/2025)	10.31% (Libor + 8.25%/Q)	4/13/2018	6.0	6.1 (2)(13)	
		Second lien senior secured loan (\$4.2 par due 4/2025)	10.31% (Libor + 8.25%/Q)	8/31/2018	4.1	4.2 (2)(13)	
		Second lien senior secured loan (\$2.5 par due 4/2025)	10.31% (Libor + 8.25%/Q)	7/1/2019	2.5	2.5 (2)(13)	
		Second lien senior secured loan (\$1.3 par due 4/2025)	10.31% (Libor + 8.25%/Q)	7/1/2019	1.3	1.3 (2)(13)	
					17.9	18.2	
Sparta Systems, Inc., Project Silverback Holdings Corp. and Silverback Holdings, Inc. (17)	Quality management software provider	Second lien senior secured loan (\$20.0 par due 8/2025)	10.20% (Libor + 8.25%/Q)	8/21/2017	19.7	15.6 (2)(13)	
		Series B preferred shares (10,084 shares)		8/21/2017	1.1	—	
					20.8	15.6	
Storm UK Holdco Limited and Storm US Holdco Inc. (17)	Provider of water infrastructure software solutions for municipalities / utilities and engineering consulting firms	First lien senior secured revolving loan (\$0.6 par due 5/2022)	7.20% (Libor + 5.25%/M)	5/5/2017	0.6	0.6 (2)(6)(13)	
Telestream Holdings Corporation (17)	Provider of digital video tools and workflow solutions to the media and entertainment industries	First lien senior secured revolving loan	—	2/8/2018	—	— (15)	
The Ultimate Software Group, Inc. and H&F Unite Partners, L.P. (17)	Provider of cloud based HCM solutions for businesses	Second lien senior secured loan (\$205.4 par due 5/2027)	9.80% (Libor + 8.00%/M)	5/3/2019	205.4	205.4 (2)	
		Limited partner interests (12,583,556 interests)		5/3/2019	12.6	10.4 (2)(6)	
					218.0	215.8	
TimeClock Plus, LLC (17)	Workforce management solutions provider	First lien senior secured revolving loan (\$0.0 par due 8/2025)	7.45% (Libor + 5.50%/Q)	8/30/2019	—	— (2)(13)	
		First lien senior secured loan (\$35.5 par due 8/2026)	7.45% (Libor + 5.50%/Q)	8/30/2019	35.5	35.1 (2)(13)	
					35.5	35.1	
Vela Trading Technologies, LLC (17)	Provider of market data software and content to global financial services clients	First lien senior secured revolving loan (\$2.0 par due 6/2022)	8.75% (Base Rate + 4.00%/Q)	2/8/2018	2.0	2.0 (2)(13)	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2019
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(5)(9)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan (\$4.8 par due 6/2022)	7.01% (Libor + 5.00%/Q)	4/17/2018	4.8	4.7 (2)(13)	
Velocity Holdings Corp.	Hosted enterprise resource planning application management services provider	Common units (1,713,546 units)		12/13/2013	6.8	6.7	
Verscend Holding Corp. (17)	Healthcare analytics solutions provider	First lien senior secured loan (\$46.7 par due 8/2025)	6.30% (Libor + 4.50%/M)	8/27/2018	46.4	47.0 (2)(20)	
WebPT, Inc. (17)	Electronic medical record software provider	First lien senior secured loan (\$48.1 par due 8/2024)	8.66% (Libor + 6.75%/Q)	8/28/2019	48.1	47.6 (2)(13)	
WorldPay Group PLC	Payment software and service provider	C2 shares (73,974 shares)		10/21/2015	—	— (6)	
Zemax Software Holdings, LLC (17)	Provider of optical illumination design software to design engineers	First lien senior secured loan (\$16.8 par due 6/2024)	7.70% (Libor + 5.75%/Q)	6/25/2018	16.8	16.8 (2)(13)	
Zywave, Inc. (17)	Provider of software and technology-enabled content and analytical solutions to insurance brokers	First lien senior secured revolving loan (\$3.5 par due 11/2022)	6.80% (Libor + 5.00%/M)	11/17/2016	3.5	3.5 (2)(13)	
		First lien senior secured loan (\$4.0 par due 11/2022)	6.84% (Libor + 5.00%/Q)	12/3/2019	4.0	4.0 (2)(13)	
		Second lien senior secured loan (\$17.1 par due 11/2023)	10.95% (Libor + 9.00%/Q)	11/17/2016	17.1	17.1 (2)(13)	
		Seniond lien senior secured loan (\$2.3 par due 11/2023)	10.84% (Libor + 9.00%/Q)	12/3/2019	2.3	2.3 (2)(13)	
					26.9	26.9	
					1,852.2	1,859.6	24.90%
Commercial & Professional Services							
Accommodations Plus Technologies LLC and Accommodations Plus Technologies Holdings LLC (17)	Provider of outsourced crew accommodations and logistics management solutions to the airline industry	Class A common units (236,358 units)		5/11/2018	4.3	8.0	
AMCP Clean Intermediate, LLC (17)	Provider of janitorial and facilities management services	First lien senior secured revolving loan (\$0.8 par due 10/2024)	7.33% (Libor + 5.50%/M)	10/1/2018	0.8	0.8 (2)(13)(16)	
		First lien senior secured loan (\$1.2 par due 10/2024)	7.50% (Libor + 5.50%/Q)	10/18/2019	1.2	1.2 (2)(13)	
					2.0	2.0	
Capstone Logistics Acquisition, Inc. (17)	Outsourced supply chain solutions provider to operators of distribution centers	First lien senior secured revolving loan (\$0.3 par due 4/2021)	6.30% (Libor + 4.50%/M)	2/8/2018	0.3	0.3 (2)(16)	
Cozzini Bros., Inc. and BH-Sharp Holdings LP (17)	Provider of commercial knife sharpening and cutlery services in the restaurant industry	First lien senior secured revolving loan (\$6.5 par due 3/2023)	7.30% (Libor + 5.50%/M)	3/10/2017	6.5	6.5 (2)(13)	
		First lien senior secured loan (\$11.5 par due 3/2023)	7.30% (Libor + 5.50%/M)	3/10/2017	11.5	11.5 (2)(13)	
		Common units (2,950,000 units)		3/10/2017	3.0	3.3 (2)	
					21.0	21.3	
Crown Health Care Laundry Services, LLC and Crown Laundry Holdings, LLC (4)(17)	Provider of outsourced healthcare linen management solutions	First lien senior secured revolving loan (\$1.0 par due 12/2021)	8.05% (Libor + 6.25%/M)	3/13/2014	1.0	1.0 (2)(13)	
		First lien senior secured loan (\$20.9 par due 12/2021)	8.05% (Libor + 6.25%/M)	3/13/2014	20.9	20.9 (2)(13)	
		First lien senior secured loan (\$11.7 par due 12/2021)	8.05% (Libor + 6.25%/M)	4/6/2017	11.7	11.7 (2)(13)	
		First lien senior secured loan (\$11.8 par due 12/2021)	8.05% (Libor + 6.25%/M)	6/12/2018	11.8	11.8 (2)(13)	
		Class A preferred units (3,393,973 units)		3/13/2014	4.0	6.0 (2)	
		Class B common units (377,108 units)		3/13/2014	0.4	0.6 (2)	
					49.8	52.0	
DTI Holdco, Inc. and OPE DTI Holdings, Inc. (17)	Provider of legal process outsourcing and managed services	First lien senior secured revolving loan (\$1.8 par due 9/2021)	6.31% (Libor + 4.50%/Q)	9/23/2016	1.8	1.6 (2)	
		Class A common stock (7,500 shares)		8/19/2014	7.5	5.7 (2)	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2019
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(5)(9)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Class B common stock (7,500 shares)		8/19/2014	—	— (2)	
Gordian Group, LLC	Provider of nationwide investment banking and advisory services	Common stock (526 shares)		11/30/2012	9.3	7.3	
HAI Acquisition Corporation and Aloha Topco, LLC (17)	Professional employer organization offering human resources, compliance and risk management services	First lien senior secured loan (\$62.2 par due 11/2024)	7.39% (Libor + 5.50%/Q)	11/1/2017	62.2	62.2 (2)(13)	
		Class A units (16,980 units)		11/1/2017	1.7	2.7 (2)	
					63.9	64.9	
IMIA Holdings, Inc. (17)	Marine preservation maintenance company	First lien senior secured revolving loan	—	10/26/2018	—	— (15)	
		First lien senior secured loan (\$17.9 par due 10/2024)	6.45% (Libor + 4.50%/Q)	10/26/2018	17.8	17.9 (2)(13)	
					17.8	17.9	
IRI Holdings, Inc., IRI Group Holdings, Inc. and IRI Parent, L.P.	Market research company focused on the consumer packaged goods industry	First lien senior secured loan (\$56.1 par due 12/2025)	6.30% (Libor + 4.50%/M)	11/30/2018	55.7	55.0 (2)	
		Second lien senior secured loan (\$86.8 par due 11/2026)	9.80% (Libor + 8.00%/M)	11/30/2018	85.5	85.1 (2)	
		Series A-1 preferred shares (46,900 shares)	12.41% PIK (Libor + 10.50%/S)	11/30/2018	51.6	52.3 (2)(13)	
		Class A-1 common units (90,500 units)		11/30/2018	9.1	9.9 (2)	
					201.9	202.3	
Kaufman, Hall & Associates, LLC (17)	Provider of specialty advisory services and software solutions to the healthcare market	First lien senior secured loan (\$14.9 par due 5/2025)	7.13% (Libor + 5.25%/Q)	11/9/2018	14.9	14.9 (2)(13)	
Kellermeyer Bergensons Services, LLC (17)	Provider of janitorial and facilities management services	First lien senior secured loan (\$30.3 par due 11/2026)	8.39% (Libor + 6.50%/Q)	11/7/2019	30.0	30.0 (2)(13)	
KPS Global LLC and Cool Group LLC	Manufacturer of walk-in cooler and freezer systems	First lien senior secured loan (\$4.2 par due 4/2022)	8.36% (Libor + 6.56%/M)	11/16/2018	4.2	4.2 (2)(13)	
		First lien senior secured loan (\$1.4 par due 4/2022)	4.30% (Libor + 2.50%/M)	4/5/2017	1.4	1.4 (2)(13)	
		First lien senior secured loan (\$15.2 par due 4/2022)	8.27% (Libor + 6.47%/M)	4/5/2017	15.2	15.2 (2)(13)	
		Class A units (13,292 units)		9/21/2018	1.1	2.2	
					21.9	23.0	
Laboratories Bidco LLC (17)	Lab testing services for nicotine containing products	First lien senior secured loan (\$35.8 par due 6/2024)	7.70% (Libor + 5.75%/M)	10/4/2019	35.8	35.4 (2)	
		First lien senior secured loan (\$25.2 par due 6/2024)	8.06% (Libor + 6.00%/Q)	10/4/2019	24.7	25.0 (2)(13)	
					60.5	60.4	
Microstar Logistics LLC, Microstar Global Asset Management LLC, and MStar Holding Corporation	Keg management solutions provider	Second lien senior secured loan (\$127.5 par due 7/2021)	9.70% (Libor + 7.50%/Q)	12/14/2012	127.5	127.5 (2)(13)	
		Common stock (54,710 shares)		12/14/2012	4.9	8.8 (2)	
					132.4	136.3	
MPH Energy Holdings, LP	Operator of municipal recycling facilities	Limited partnership interest (3.13% interest)		1/8/2014	—	— (2)	
MSHC, Inc. (17)	Heating, ventilation and air conditioning services provider	First lien senior secured revolving loan (\$1.0 par due 12/2024)	6.73% (Libor + 4.25%/M)	7/31/2017	1.0	1.0 (2)	
		Second lien senior secured loan (\$2.8 par due 12/2025)	10.05% (Libor + 8.25%/M)	11/20/2018	2.8	2.8 (2)(13)	
		Second lien senior secured loan (\$46.0 par due 12/2025)	10.05% (Libor + 8.25%/M)	7/31/2017	46.0	46.0 (2)(13)	
		Second lien senior secured loan (\$4.8 par due 12/2025)	10.05% (Libor + 8.25%/M)	7/31/2017	4.8	4.8 (2)(13)	
		Second lien senior secured loan (\$26.4 par due 12/2025)	10.05% (Libor + 8.25%/M)	6/27/2018	26.4	26.4 (2)(13)	
					81.0	81.0	
MVL Group, Inc. (5)	Marketing research provider	Common stock (560,716 shares)		4/1/2010	—	— (2)	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2019
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(5)(9)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
NAS, LLC, Nationwide Marketing Group, LLC and Nationwide Administrative Services, Inc.	Buying and marketing services organization for appliance, furniture and consumer electronics dealers	Second lien senior secured loan (\$31.1 par due 12/2021)	10.70% (Libor + 8.75%/Q)	6/1/2015	31.1	31.1 (2)(13)	
National Intergovernmental Purchasing Alliance Company (17)	Leading group purchasing organization ("GPO") for public agencies and educational institutions in the U.S.	First lien senior secured revolving loan (\$6.9 par due 5/2023)	5.46% (Libor + 3.50%/Q)	5/23/2018	6.9	6.9 (2)	
NM GRC HOLDCO, LLC (17)	Regulatory compliance services provider to financial institutions	First lien senior secured loan (\$35.6 par due 2/2024)	7.95% (Libor + 6.00%/Q)	2/9/2018	35.3	34.5 (2)(13)	
		First lien senior secured loan (\$9.5 par due 2/2024)	7.95% (Libor + 6.00%/Q)	2/9/2018	9.5	9.2 (2)(13)	
					44.8	43.7	
Petroleum Service Group LLC (17)	Provider of operational services for US petrochemical and refining companies	First lien senior secured revolving loan	—	7/23/2019	—	— (15)	
		First lien senior secured loan (\$37.0 par due 7/2025)	7.43% (Libor + 5.50%/Q)	7/23/2019	37.0	36.3 (2)(13)	
					37.0	36.3	
PHL Investors, Inc., and PHL Holding Co. (5)	Mortgage services	Class A common stock (576 shares)		7/31/2012	3.8	— (2)	
Puerto Rico Waste Investment LLC	Waste management service provider	First lien senior secured loan (\$31.3 par due 9/2024)	9.08% (Libor + 7.00%/Q)	9/20/2019	31.3	31.0 (2)(13)	
QC Supply, LLC (17)	Specialty distributor and solutions provider to the swine and poultry markets	First lien senior secured revolving loan (\$10.0 par due 12/2021)	8.30% (Libor + 6.50%/M)	12/29/2016	10.0	9.7 (2)(13)	
		First lien senior secured loan (\$25.8 par due 12/2022)	8.30% (Libor + 6.50%/M)	12/29/2016	25.8	25.0 (2)(13)	
		First lien senior secured loan (\$8.6 par due 12/2022)	8.30% (Libor + 6.50%/M)	12/29/2016	8.6	8.4 (2)(13)	
					44.4	43.1	
R2 Acquisition Corp.	Marketing services	Common stock (250,000 shares)		5/29/2007	0.3	0.3 (2)	
RE Community Holdings GP, LLC and RE Community Holdings, LP	Operator of municipal recycling facilities	Limited partnership interest (2.86% interest)		3/1/2011	—	— (2)	
		Limited partnership interest (2.49% interest)		3/1/2011	—	— (2)	
					—	—	
Research Now Group, LLC and Survey Sampling International, LLC	Provider of outsourced data collection to the market research industry	First lien senior secured loan (\$41.5 par due 12/2024)	7.41% (Libor + 5.50%/Q)	2/14/2019	41.0	41.5 (2)(13)	
Revint Intermediate II, LLC (17)	Revenue cycle consulting firm to the healthcare industry	First lien senior secured revolving loan (\$7.2 par due 12/2023)	6.30% (Libor + 4.50%/M)	12/13/2017	7.2	7.1 (2)(13)	
		First lien senior secured loan (\$21.3 par due 12/2023)	6.37% (Libor + 4.50%/M)	12/13/2017	21.3	21.1 (2)(13)	
		First lien senior secured loan (\$13.7 par due 12/2023)	7.05% (Libor + 5.25%/M)	9/3/2019	13.7	13.5 (2)	
					42.2	41.7	
RMP Group, Inc (17)	Revenue cycle management provider to the emergency healthcare industry	First lien senior secured revolving loan (\$0.6 par due 3/2022)	6.30% (Libor + 4.50%/M)	2/8/2018	0.6	0.6 (2)(13)	
SecurAmerica, LLC, ERM LLC, ERM Of America, LLC, SecurAmerica Corporation, ERM Aviation LLC, American Security Programs, Inc., USI LLC and Argenbright Holdings IV, LLC (17)	Provider of outsourced security guard services, outsourced facilities management and outsourced aviation services	First lien senior secured revolving loan (\$0.0 par due 6/2023)	4.70% (Libor + 3.00%/M)	12/21/2018	—	— (2)(13)	
		First lien senior secured loan (\$25.8 par due 12/2023)	8.05% (Libor + 6.25%/M)	12/21/2018	25.8	25.8 (2)(13)	
		First lien senior secured loan (\$7.5 par due 12/2023)	8.05% (Libor + 6.25%/M)	12/21/2018	7.5	7.5 (2)(13)	
		First lien senior secured loan (\$1.7 par due 12/2023)	8.03% (Libor + 6.25%/M)	12/21/2018	1.7	1.7 (2)(13)	
					35.0	35.0	
SOS Security Holdings LLC and SOS Co-Investment Vehicle, L.P. (17)	Provider of manned security guard services	First lien senior secured revolving loan	—	4/30/2019	—	— (15)	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2019
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(5)(9)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Limited partnership units (4,698,000 units)		4/30/2019	4.7	7.2 (2)	
					4.7	7.2	
Startec Equity, LLC (5)	Communication services	Member interest		4/1/2010	—	—	
TDG Group Holding Company and TDG Co-Invest, LP (17)	Operator of multiple franchise concepts primarily related to home maintenance or repairs	First lien senior secured loan (\$9.2 par due 5/2024)	7.45% (Libor + 5.50%/Q)	5/31/2018	9.2	9.2 (2)	
		First lien senior secured loan (\$6.1 par due 5/2024)	7.45% (Libor + 5.50%/Q)	8/24/2018	6.1	6.1 (2)	
		Preferred units (2,871,000 units)		5/31/2018	2.9	3.2 (2)	
		Common units (29,000 units)		5/31/2018	—	0.4 (2)	
					18.2	18.9	
Tyden Group Holding Corp.	Producer and marketer of global cargo security, product identification and traceability products and utility meter products	Preferred stock (46,276 shares)		1/3/2017	0.4	— (6)	
		Common stock (5,521,203 shares)		1/3/2017	2.0	3.7 (6)	
					2.4	3.7	
UL Holding Co., LLC (4)	Provider of collection and landfill avoidance solutions for food waste and unsold food products	Senior subordinated loan (\$29.9 par due 5/2020)	10.00% PIK	4/30/2012	12.6	29.9 (2)	
		Senior subordinated loan (\$3.8 par due 5/2020)		4/30/2012	1.6	3.8 (2)	
		Senior subordinated loan (\$3.5 par due 5/2020)	10.00% PIK	4/30/2012	1.4	3.5 (2)	
		Senior subordinated loan (\$0.4 par due 5/2020)		4/30/2012	0.2	0.4 (2)	
		Senior subordinated loan (\$7.5 par due 5/2020)	10.00% PIK	4/30/2012	3.1	7.5 (2)	
		Senior subordinated loan (\$0.5 par due 5/2020)		4/30/2012	0.2	0.5 (2)	
		Class A common units (533,351 units)		6/17/2011	5.0	1.1 (2)	
		Class B-5 common units (272,834 units)		6/17/2011	2.5	0.5 (2)	
		Class C common units (758,546 units)		4/25/2008	—	— (2)	
		Warrant to purchase up to 719,044 shares of Class A units		5/2/2014	—	— (2)	
		Warrant to purchase up to 28,663 shares of Class B-1 units		5/2/2014	—	— (2)	
		Warrant to purchase up to 57,325 shares of Class B-2 units		5/2/2014	—	— (2)	
		Warrant to purchase up to 29,645 shares of Class B-3 units		5/2/2014	—	— (2)	
		Warrant to purchase up to 80,371 shares of Class B-5 units		5/2/2014	—	— (2)	
		Warrant to purchase up to 59,655 shares of Class B-6 units		5/2/2014	—	— (2)	
		Warrant to purchase up to 1,046,713 shares of Class C units		5/2/2014	—	— (2)	
					26.6	47.2	
Visual Edge Technology, Inc.	Provider of outsourced office solutions with a focus on printer and copier equipment and other parts and supplies	First lien senior secured loan (\$16.7 par due 8/2022)	8.91% (Libor + 5.75% Cash, 1.25% PIK/Q)	8/31/2017	16.7	16.4 (2)(13)	
		First lien senior secured loan (\$15.6 par due 8/2022)	8.91% (Libor + 5.75% Cash, 1.25% PIK/Q)	8/31/2017	15.6	15.3 (2)(13)	
		Senior subordinated loan (\$64.6 par due 9/2024)	15.00% PIK	8/31/2017	61.9	60.7 (2)	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2019
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(5)(9)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Warrant to purchase up to 1,961,452 shares of preferred stock (expires 8/2027)		8/31/2017	3.9	0.5 (2)	
		Warrant to purchase up to 1,720,432 shares of common stock (expires 8/2027)		8/31/2017	—	— (2)	
					98.1	92.9	
VLS Recovery Services, LLC (17)	Provider of commercial and industrial waste processing and disposal services	First lien senior secured revolving loan	—	10/17/2017	—	— (15)	
VRC Companies, LLC (17)	Provider of records and information management services	First lien senior secured revolving loan (\$0.8 par due 3/2022)	8.61% (Libor + 6.50%/M)	4/17/2017	0.8	0.8 (2)(13)	
		First lien senior secured loan (\$15.0 par due 3/2023)	8.30% (Libor + 6.50%/M)	3/31/2017	15.0	15.0 (2)(13)	
		First lien senior secured loan (\$4.0 par due 3/2023)	8.30% (Libor + 6.50%/M)	7/31/2019	4.0	4.0 (2)(13)	
					19.8	19.8	
WCI-HFG Holdings, LLC	Distributor of repair and replacement parts for commercial kitchen equipment	Preferred units (1,400,000 units)		10/20/2015	1.4	2.5 (2)	
XIFIN, Inc. (17)	Revenue cycle management provider to labs	First lien senior secured revolving loan (\$0.7 par due 11/2020)	8.50% (Base Rate + 3.75%/Q)	2/8/2018	0.7	0.7 (2)(13)(16)	
					1,201.3	1,225.7	16.41 %
Power Generation							
Apex Clean Energy Holdings, LLC	Developer, builder and owner of utility-scale wind and solar power facilities	First lien senior secured loan (\$85.1 par due 9/2022)	8.70% (Libor + 6.75%/Q)	9/24/2018	85.1	85.1 (2)(13)	
		First lien senior secured loan (\$19.6 par due 9/2022)	8.69% (Libor + 6.75%/Q)	6/10/2019	19.6	19.6 (2)(13)	
					104.7	104.7	
Beacon RNG LLC	Owner of natural gas facilities	Class B units (35,000,000 units)		3/11/2019	35.0	38.2	
CPV Maryland Holding Company II, LLC	Gas turbine power generation facilities operator	Senior subordinated loan (\$58.0 par due 12/2020)	13.00% PIK	8/8/2014	58.0	54.5 (2)	
DGH Borrower LLC	Developer, owner and operator of quick start, small-scale natural gas-fired power generation projects	First lien senior secured loan (\$53.5 par due 6/2023)	8.70% (Libor + 6.75%/Q)	6/8/2018	53.5	53.5 (2)(13)	
Green Energy Partners, Stonewall LLC and Panda Stonewall Intermediate Holdings II LLC	Gas turbine power generation facilities operator	First lien senior secured loan (\$14.5 par due 11/2021)	7.45% (Libor + 5.50%/Q)	11/13/2014	14.5	13.4 (2)(13)	
		Senior subordinated loan (\$22.2 par due 12/2021)	7.00% cash, 6.25% PIK	11/13/2014	22.2	20.4 (2)	
		Senior subordinated loan (\$103.8 par due 12/2021)	7.00% cash, 6.25% PIK	11/13/2014	103.8	95.3 (2)	
					140.5	129.1	
Heelstone Energy Holdings, LLC and Heelstone Renewable Energy, LLC (5)	Solar power generation facility developer and operator	Preferred stock (2,700,000 shares)		6/28/2019	15.3	15.3	
		Preferred stock (111,181 shares)		6/28/2019	41.5	41.5	
		Common stock (19,119 shares)		6/28/2019	—	—	
					56.8	56.8	
Moxie Patriot LLC	Gas turbine power generation facilities operator	First lien senior secured loan (\$32.2 par due 12/2020)	7.70% (Libor + 5.75%/Q)	12/19/2013	32.1	27.7 (2)(13)	
Navisun LLC and Navisun Holdings LLC (5)(17)	Owner and operator of commercial and industrial solar projects	First lien senior secured loan (\$49.7 par due 11/2023)	8.00% PIK	11/15/2017	49.7	49.7 (2)	
		First lien senior secured loan (\$13.8 par due 11/2023)	9.00% PIK	3/7/2019	13.8	13.8 (2)	
		First lien senior secured loan (\$29.2 par due 11/2023)	8.00% PIK	8/15/2019	29.2	29.2 (2)	
		Series A preferred units (1,000 units)	10.50% PIK	11/15/2017	10.5	10.5 (2)	
		Class A units (550 units)		11/15/2017	—	0.4	
					103.2	103.6	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2019
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(5)(9)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Panda Liberty LLC (fka Moxie Liberty LLC)	Gas turbine power generation facilities operator	First lien senior secured loan (\$49.1 par due 8/2020)	8.45% (Libor + 6.50%/Q)	4/6/2018	48.1	42.6 (2)(13)	
		First lien senior secured loan (\$33.6 par due 8/2020)	8.45% (Libor + 6.50%/Q)	8/21/2013	33.6	29.2 (2)(13)	
					81.7	71.8	
Panda Temple Power, LLC and T1 Power Holdings LLC (4)	Gas turbine power generation facilities operator	Second lien senior secured loan (\$9.8 par due 2/2023)	9.80% PIK (Libor + 8.00%/M)	3/6/2015	9.8	9.8 (2)(13)	
		Class A common units (616,122 shares)		3/6/2015	15.0	11.9 (2)	
					24.8	21.7	
PERC Holdings 1 LLC	Operator of recycled energy, combined heat and power, and energy efficiency facilities	Class B common units (21,653,543 units)		10/20/2014	8.8	28.1 (2)	
Riverview Power LLC	Operator of natural gas and oil fired power generation facilities	First lien senior secured loan (\$81.2 par due 12/2022)	9.95% (Libor + 8.00%/Q)	12/29/2016	79.9	81.2 (2)(13)	
SEI Generation, LLC	Solar power developer	Senior subordinated loan (\$52.6 par due 12/2022)	9.50% PIK	12/17/2019	52.6	52.1 (2)	
Sunrun Xanadu Issuer 2019-1, LLC, Sunrun Atlas Depositor 2019-2, LLC, Sunrun Xanadu Holdings 2019-1, LLC and Sunrun Atlas Holdings 2019-2, LLC	Residential solar energy provider	First lien senior secured loan (\$0.1 par due 2/2055)	3.61 %	10/28/2019	0.1	0.1 (2)	
		First lien senior secured loan (\$0.4 par due 6/2054)	3.98%	6/7/2019	0.4	0.5 (2)	
		Senior subordinated loan (\$65.0 par due 7/2030)	8.75% (Libor + 6.75%/Q)	6/27/2019	65.0	65.0 (2)(13)	
		Senior subordinated loan (\$135.0 par due 11/2025)	8.75% (Libor + 6.75%/Q)	11/26/2019	135.0	132.3 (2)(13)	
					200.5	197.9	
					1,032.1	1,020.9	13.67 %
Investment Funds and Vehicles							
ACAS Equity Holdings Corporation (5)	Investment company	Common stock (589 shares)		1/3/2017	0.4	— (6)	
Ares IIIR/IVR CLO Ltd.	Investment vehicle	Subordinated notes (\$20.0 par due 4/2021)		1/3/2017	—	0.1 (6)	
Blue Wolf Capital Fund II, L.P. (4)	Investment partnership	Limited partnership interest (8.50% interest)		1/3/2017	1.6	2.7 (6)(20)	
Carlyle Global Market Strategies CLO 2015-3	Investment vehicle	Subordinated notes (\$24.6 par due 7/2028)	9.4 %	1/3/2017	12.8	9.2 (6)	
CoLTs 2005-1 Ltd. (5)	Investment vehicle	Preferred shares (360 shares)		1/3/2017	—	— (6)	
CoLTs 2005-2 Ltd. (5)	Investment vehicle	Preferred shares (34,170,000 shares)		1/3/2017	—	— (6)	
CREST Exeter Street Solar 2004-1	Investment vehicle	Preferred shares (3,500,000 shares)		1/3/2017	—	— (6)	
Eaton Vance CDO X plc	Investment vehicle	Subordinated notes (\$9.2 par due 2/2027)		1/3/2017	—	0.1 (6)	
European Capital UK SME Debt LP (4)	Investment partnership	Limited partnership interest (45% interest)		1/3/2017	38.7	40.4 (6)(18)	
HCI Equity, LLC (5)	Investment company	Member interest (100.00% interest)		4/1/2010	—	0.1 (6)(20)	
Herbert Park B.V.	Investment vehicle	Subordinated notes (\$6.0 par due 10/2026)		1/3/2017	0.9	— (6)	
OHA Credit Partners XI	Investment vehicle	Subordinated notes (\$17.8 par due 1/2032)	10.2 %	1/3/2017	12.6	13.7 (6)	
Partnership Capital Growth Investors III, L.P.	Investment partnership	Limited partnership interest (2.50% interest)		10/5/2011	2.4	4.8 (2)(6)(18)(20)	
PCG-Ares Sidecar Investment II, L.P. (4)	Investment partnership	Limited partnership interest (100.00% interest)		10/31/2014	6.8	12.6 (2)(6)(18)	
PCG-Ares Sidecar Investment, L.P. (4)	Investment partnership	Limited partnership interest (100.00% interest)		5/22/2014	4.8	4.1 (2)(6)(18)	
Piper Jaffray Merchant Banking Fund I, L.P.	Investment partnership	Limited partnership interest (2.00% interest)		8/16/2012	1.1	1.3 (6)(18)(20)	
Senior Direct Lending Program, LLC (5)(19)	Co-investment vehicle	Subordinated certificates (\$908.9 par due 12/2036)	9.90% (Libor + 8.00%/Q)(14)	7/27/2016	908.9	908.9 (6)	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2019
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(5)(9)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Member interest (87.50% interest)		7/27/2016	—	— (6)	
					908.9	908.9	
Vitesse CLO, Ltd.	Investment vehicle	Preferred shares (20,000,000 shares)		1/3/2017	—	— (6)	
Voya CLO 2014-4 Ltd.	Investment vehicle	Subordinated notes (\$26.7 par due 7/2031)	9.6 %	1/3/2017	13.3	12.3 (6)	
VSC Investors LLC	Investment company	Membership interest (1.95% interest)		1/24/2008	0.3	0.8 (2)(6)(20)	
					<u>1,004.6</u>	<u>1,011.1</u>	13.54 %
Consumer Services							
IA Smart Start, LLC (17)	Provider of ignition interlock devices	First lien senior secured revolving loan (\$0.5 par due 8/2020)	6.30% (Libor + 4.50%/M)	2/8/2018	0.5	0.5 (2)(16)	
ADF Capital, Inc., ADF Restaurant Group, LLC, and ARG Restaurant Holdings, Inc. (5)	Restaurant owner and operator	First lien senior secured loan (\$56.6 par due 12/2019)		11/27/2006	39.9	— (2)(12)	
		First lien senior secured loan (\$5.4 par due 12/2019)		12/22/2016	4.8	— (2)(12)	
		Promissory note (\$31.8 par due 12/2023)		11/27/2006	13.8	— (2)	
		Warrant to purchase up to 0.95 units of Series D common stock (expires 12/2023)		12/18/2013	—	— (2)	
					<u>58.5</u>	<u>—</u>	
Aimbridge Acquisition Co., Inc.	Hotel operator	Second lien senior secured loan (\$22.5 par due 2/2027)	9.19% (Libor + 7.50%/M)	2/1/2019	22.1	22.1 (2)	
American Residential Services L.L.C.	Heating, ventilation and air conditioning services provider	Second lien senior secured loan (\$70.8 par due 12/2022)	9.80% (Libor + 8.00%/M)	6/30/2014	70.6	70.8 (2)(13)	
Belfor Holdings, Inc. (17)	Disaster recovery services provider	First lien senior secured revolving loan	—	4/4/2019	—	— (15)	
ChargePoint, Inc.	Developer and operator of electric vehicle charging stations	Warrant to purchase up to 809,126 shares of Series E preferred stock (expires 12/2024)		12/30/2014	0.3	3.0 (2)	
Cipriani USA, Inc.	Manager and operator of banquet facilities, restaurants, hotels and other leisure properties	First lien senior secured loan (\$3.0 par due 5/2023)	10.55% (Libor + 6.75% Cash, 2.00% PIK/M)	11/5/2018	3.0	3.0 (2)(13)	
		First lien senior secured loan (\$12.2 par due 5/2023)	10.55% (Libor + 6.75% Cash, 2.00% PIK/M)	11/5/2018	12.2	12.2 (2)(13)	
		First lien senior secured loan (\$15.0 par due 5/2023)	10.55% (Libor + 6.75% Cash, 2.00% PIK/M)	7/3/2019	14.6	15.0 (2)(13)	
		First lien senior secured loan (\$20.0 par due 5/2023)	10.55% (Libor + 6.75% Cash, 2.00% PIK/M)	12/27/2019	17.5	20.0 (2)(13)	
		First lien senior secured loan (\$68.2 par due 5/2023)	10.55% (Libor + 6.75% Cash, 2.00% PIK/M)	5/30/2018	66.2	68.2 (2)(13)	
		First lien senior secured loan (\$3.0 par due 5/2023)	10.55% (Libor + 6.75% Cash, 2.00% PIK/M)	8/20/2018	3.0	3.0 (2)(13)	
					<u>116.5</u>	<u>121.4</u>	
Concert Golf Partners Holdco LLC (17)	Golf club owner and operator	First lien senior secured revolving loan (\$0.2 par due 8/2025)	6.45% (Libor + 4.50%/Q)	8/20/2019	0.2	0.1 (2)(13)	
		First lien senior secured loan (\$28.4 par due 8/2025)	6.52% (Libor + 4.50%/Q)	8/20/2019	28.4	28.1 (2)(13)	
					<u>28.6</u>	<u>28.2</u>	
CST Buyer Company (d/b/a Intoxalock) (17)	Provider of ignition interlock devices	First lien senior secured loan (\$32.4 par due 10/2025)	7.55% (Libor + 5.75%/M)	3/1/2017	32.4	32.0 (2)(13)	
FWR Holding Corporation (17)	Restaurant owner, operator, and franchisor	First lien senior secured revolving loan (\$1.8 par due 8/2023)	7.29% (Libor + 5.50%/M)	8/21/2017	1.8	1.8 (2)(13)(16)	
		First lien senior secured loan (\$4.0 par due 8/2023)	7.29% (Libor + 5.50%/M)	8/21/2017	4.0	4.0 (2)(13)	

**ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS**

**As of December 31, 2019
(dollar amounts in millions)**

Company(1)	Business Description	Investment	Interest(5)(9)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan (\$0.5 par due 8/2023)	7.29% (Libor + 5.50%/M)	8/21/2017	0.5	0.5 (2)(13)	
		First lien senior secured loan (\$0.8 par due 8/2023)	7.29% (Libor + 5.50%/M)	2/28/2019	0.8	0.8 (2)(13)	
		First lien senior secured loan (\$0.5 par due 8/2023)	7.29% (Libor + 5.50%/M)	2/28/2019	0.5	0.5 (2)(13)	
		First lien senior secured loan (\$0.7 par due 8/2023)	7.29% (Libor + 5.50%/M)	2/28/2019	0.7	0.7 (2)(13)	
					8.3	8.3	
Garden Fresh Restaurant Corp. and GFRC Holdings LLC (17)	Restaurant owner and operator	First lien senior secured revolving loan (\$1.8 par due 2/2022)	9.88% (Libor + 8.00%/Q)	2/1/2017	1.8	1.8 (2)(13)(16)	
		First lien senior secured loan (\$18.4 par due 2/2022)	9.91% (Libor + 8.00%/M)	2/1/2017	18.4	18.4 (2)(13)	
					20.2	20.2	
Jenny C Acquisition, Inc.	Health club franchisor	Senior subordinated loan (\$1.2 par due 4/2025)	8.00% PIK	4/5/2019	1.2	1.2 (2)	
Jim N Nicks Management, LLC (17)	Restaurant owner and operator	First lien senior secured revolving loan (\$2.8 par due 7/2023)	7.20% (Libor + 5.25%/Q)	7/10/2017	2.8	2.7 (2)(13)	
		First lien senior secured loan (\$13.8 par due 7/2023)	7.20% (Libor + 5.25%/Q)	7/10/2017	13.8	13.4 (2)(13)	
		First lien senior secured loan (\$1.2 par due 7/2023)	7.20% (Libor + 5.25%/Q)	7/10/2017	1.2	1.1 (2)(13)	
					17.8	17.2	
Massage Envy, LLC and ME Equity LLC	Franchisor in the massage industry	Common stock (3,000,000 shares)		9/27/2012	3.0	5.8 (2)	
Movati Athletic (Group) Inc. (17)	Premier health club operator	First lien senior secured loan (\$2.9 par due 10/2022)	6.47% (CIBOR + 4.50%/Q)	10/5/2017	3.0	2.9 (2)(6)(13)	
		First lien senior secured loan (\$1.1 par due 10/2022)	6.49% (CIBOR + 4.50%/Q)	10/5/2017	1.2	1.1 (2)(6)(13)	
					4.2	4.0	
OTG Management, LLC (17)	Airport restaurant operator	First lien senior secured revolving loan (\$10.0 par due 8/2021)	9.01% (Libor + 7.00%/Q)	8/26/2016	10.0	10.0 (2)(13)	
		First lien senior secured loan (\$23.6 par due 8/2021)	8.90% (Libor + 7.00%/Q)	8/26/2016	23.6	23.6 (2)(13)	
		First lien senior secured loan (\$97.8 par due 8/2021)	9.00% (Libor + 7.00%/Q)	8/26/2016	97.8	97.8 (2)(13)	
		First lien senior secured loan (\$6.4 par due 8/2021)	8.91% (Libor + 7.00%/Q)	10/10/2018	6.4	6.4 (2)(13)	
		Senior subordinated loan (\$33.9 par due 2/2022)	13.00% PIK	8/26/2016	33.8	33.9 (2)	
		Class A preferred units (3,000,000 units)	14.50% PIK	8/26/2016	36.5	46.3 (2)	
		Common units (3,000,000 units)		1/5/2011	3.0	9.9 (2)	
		Warrant to purchase up to 7.73% of common units		6/19/2008	0.1	21.8 (2)	
					211.2	249.7	
Portillo's Holdings, LLC	Fast casual restaurant brand	Second lien senior secured loan (\$34.0 par due 12/2024)	11.44% (Libor + 9.50%/Q)	11/27/2019	32.9	33.3 (2)(13)	
Pyramid Management Advisors, LLC and Pyramid Investors, LLC (17)	Hotel operator	First lien senior secured revolving loan (\$2.6 par due 7/2023)	7.55% (Libor + 5.75%/Q)	4/12/2018	2.6	2.6 (2)(13)(16)	
		First lien senior secured loan (\$16.9 par due 7/2023)	7.55% (Libor + 5.75%/M)	4/12/2018	16.9	16.9 (2)(13)	
		First lien senior secured loan (\$1.5 par due 7/2023)	7.55% (Libor + 5.75%/M)	4/12/2018	1.5	1.5 (2)(13)	
		Preferred membership units (996,833 units)		7/15/2016	1.0	1.3 (2)	
					22.0	22.3	
Spectra Finance, LLC (17)	Venue management and food and beverage provider	First lien senior secured revolving loan (\$4.7 par due 4/2023)	5.75% (Libor + 4.00%/Q)	4/2/2018	4.7	4.7 (2)(13)(16)	
		First lien senior secured loan (\$3.4 par due 4/2024)	6.20% (Libor + 4.25%/Q)	4/2/2018	3.4	3.4 (2)(13)	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2019
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(5)(9)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
					8.1	8.1	
Spin HoldCo Inc.	Laundry service and equipment provider	Second lien senior secured loan (\$154.2 par due 5/2023)	9.41% (Libor + 7.50%/Q)	5/14/2013	154.2	154.2 (2)(13)	
Taymax Group, L.P., Taymax Group G.P., LLC, PF Salem Canada ULC and TCP Fit Parent, L.P. (17)	Planet Fitness franchisee	First lien senior secured revolving loan (\$0.7 par due 7/2024)	6.12% (Libor + 4.25%/Q)	7/31/2018	0.7	0.7 (2)(13)(16)	
		Class A units (35,374 units)		7/31/2018	3.6	5.1	
					4.3	5.8	
The Alaska Club Partners, LLC, Athletic Club Partners LLC and The Alaska Club, Inc. (17)	Premier health club operator	First lien senior secured loan (\$15.5 par due 12/2024)	10.25% (Base Rate + 5.50%/Q)	12/16/2019	15.5	15.3 (2)(13)	
WASH Multifamily Acquisition Inc. and Coinamatic Canada Inc.	Laundry service and equipment provider	First lien senior secured loan (\$107.2 par due 5/2022)	6.44% (Libor + 4.75%/M)	8/1/2019	107.2	106.7 (2)(13)	
		Second lien senior secured loan (\$21.3 par due 5/2023)	8.80% (Libor + 7.00%/M)	5/14/2015	21.1	20.6 (2)(13)	
		Second lien senior secured loan (\$3.7 par due 5/2023)	8.80% (Libor + 7.00%/M)	5/14/2015	3.7	3.6 (2)(13)	
					132.0	130.9	
					964.4	954.3	12.78 %
Consumer Durables & Apparel							
Badger Sportswear Acquisition, Inc.	Provider of team uniforms and athletic wear	Second lien senior secured loan (\$56.8 par due 3/2024)	11.55% (Libor + 9.75%/M)	9/6/2016	56.7	54.5 (2)(13)	
CB Trestles OpCo, LLC (17)	Apparel retailer	First lien senior secured revolving loan (\$2.1 par due 10/2024)	7.55% (Libor + 5.75%/M)	10/26/2018	2.1	2.0 (2)(13)	
		First lien senior secured loan (\$26.3 par due 10/2024)	7.68% (Libor + 5.75%/Q)	10/26/2018	26.3	25.2 (2)(13)	
					28.4	27.2	
Centric Brands Inc. (fka Differential Brands Group Inc.)	Designer, marketer and distributor of licensed and owned apparel	First lien senior secured loan (\$57.8 par due 10/2023)	7.93% (Libor + 6.00%/Q)	10/29/2018	57.8	56.6 (2)(6)(13)	
		Common stock (3,077,875 shares)		10/29/2018	24.6	16.0 (6)	
					82.4	72.6	
DRS Holdings III, Inc. and DRS Holdings I, Inc. (17)	Footwear and orthopedic foot-care brand	First lien senior secured revolving loan (\$0.3 par due 11/2025)	7.56% (Libor + 5.75%/M)	11/1/2019	0.3	0.3 (2)(13)	
		First lien senior secured loan (\$30.4 par due 11/2025)	7.55% (Libor + 5.75%/M)	11/1/2019	30.4	30.1 (2)(13)	
		Common stock (8,549 shares)		11/1/2019	8.5	8.5 (2)	
					39.2	38.9	
Feradyne Outdoors, LLC and Bowhunter Holdings, LLC	Provider of branded archery and bowhunting accessories	Common units (421 units)		4/24/2014	4.2	— (2)	
Implus Footcare, LLC	Provider of footwear and other accessories	First lien senior secured loan (\$102.6 par due 4/2024)	8.20% (Libor + 6.25%/Q)	6/1/2017	102.6	99.6 (2)(13)	
		First lien senior secured loan (\$14.0 par due 4/2024)	8.20% (Libor + 6.25%/Q)	6/1/2017	14.0	13.6 (2)(13)	
		First lien senior secured loan (\$1.3 par due 4/2024)	8.20% (Libor + 6.25%/Q)	6/30/2016	1.3	1.2 (2)(13)	
		First lien senior secured loan (\$5.0 par due 4/2024)	8.20% (Libor + 6.25%/Q)	7/17/2018	5.0	4.8 (2)(13)	
					122.9	119.2	
Pelican Products, Inc.	Flashlights manufacturer	Second lien senior secured loan (\$27.3 par due 5/2026)	9.49% (Libor + 7.75%/M)	5/4/2018	27.1	27.1 (2)(13)	
S Toys Holdings LLC (fka The Step2 Company, LLC) (5)	Toy manufacturer	Class B common units (126,278,000 units)		10/30/2014	—	0.2 (2)	
		Common units (1,116,879 units)		4/1/2011	—	—	
		Warrant to purchase up to 3,157,895 units		4/1/2010	—	—	
					—	0.2	
SHO Holding I Corporation	Manufacturer and distributor of slip resistant footwear	Second lien senior secured loan (\$100.0 par due 4/2023)	10.43% (Libor + 8.50%/Q)	10/27/2015	98.9	85.0 (2)(13)	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2019
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(5)(9)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Shock Doctor, Inc. and Shock Doctor Holdings, LLC (4)(17)	Developer, marketer and distributor of sports protection equipment and accessories	First lien senior secured revolving loan (\$1.9 par due 5/2024)	7.89% (Base Rate + 3.50%/M)	5/21/2019	1.9	1.9 (2)(13)	
		First lien senior secured loan (\$19.6 par due 5/2024)	6.71% (Libor + 4.75%/Q)	5/21/2019	19.5	19.6 (2)(13)	
		Preferred units (14,591 units)	13.00% PIK	5/14/2019	1.6	1.6 (2)	
		Class A preferred units (50,000 units)		3/14/2014	5.0	0.6 (2)	
		Class C preferred units (50,000 units)		4/22/2015	5.0	0.6 (2)	
					33.0	24.3	
Simpson Performance Products, Inc.	Provider of motorsports safety equipment	First lien senior secured loan (\$28.3 par due 2/2023)	8.20% (Libor + 6.26%/Q)	2/20/2015	28.3	28.3 (2)(13)	
Singer Sewing Company, SVP-Singer Holdings, LLC and SVP-Singer Holdings LP (5)(17)	Manufacturer of consumer sewing machines	First lien senior secured revolving loan (\$71.9 par due 3/2023)	11.10% (Libor + 9.00%/Q)	7/26/2017	71.9	71.9 (2)(13)(16)	
		First lien senior secured loan (\$193.3 par due 3/2023)	5.00% (Libor + 3.09%/Q)	7/26/2017	174.6	158.3 (2)(13)	
		Class A common units (6,500,000 units)		7/26/2017	—	— (2)	
					246.5	230.2	
Totes Isotoner Corporation and Totes Ultimate Holdco, Inc. (4)	Designer, marketer, and distributor of rain and cold weather products	First lien senior secured loan (\$2.2 par due 12/2024)	7.79% (Libor + 6.00%/Q)	12/23/2019	2.2	2.2 (2)(13)	
		First lien senior secured loan (\$1.6 par due 6/2024)	5.79% (Libor + 4.00%/M)	12/23/2019	1.6	1.6 (2)(13)	
		Common stock (861,000 shares)		12/23/2019	6.0	6.0 (2)	
					9.8	9.8	
Varsity Brands Holding Co., Inc. and BCPE Hercules Holdings, LP	Leading manufacturer and distributor of textiles, apparel & luxury goods	Second lien senior secured loan (\$21.1 par due 12/2025)	10.05% (Libor + 8.25%/M)	7/30/2018	21.1	21.1 (2)(13)	
		Second lien senior secured loan (\$122.7 par due 12/2025)	10.05% (Libor + 8.25%/M)	12/15/2017	122.7	122.7 (2)(13)	
		Class A units (1,400 units)		7/30/2018	1.4	1.2 (2)	
					145.2	145.0	
					922.6	862.3	11.55 %
Diversified Financials							
Commercial Credit Group, Inc.	Commercial equipment finance and leasing company	Senior subordinated loan (\$23.8 par due 8/2022)	11.44% (Libor + 9.75%/M)	5/10/2012	23.8	23.8 (2)(13)	
DFC Global Facility Borrower III LLC (17)	Non-bank provider of alternative financial services	First lien senior secured revolving loan (\$120.8 par due 9/2024)	12.44% (Libor + 10.75%/M)	8/9/2019	120.8	120.2 (2)(6)(13)	
Financial Asset Management Systems, Inc. and FAMS Holdings, Inc. (4)	Debt collection services provider	Common stock (180 shares)		1/11/2017	—	— (2)	
Green Street Parent, LLC and Green Street Intermediate Holdings, LLC (17)	Provider of REIT research data and analytics	First lien senior secured loan (\$3.5 par due 8/2026)	7.05% (Libor + 5.25%/M)	8/27/2019	3.5	3.5 (2)	
Ivy Hill Asset Management, L.P. (5)	Asset management services	Member interest (100.00% interest)		6/15/2009	444.0	520.7 (6)	
Javlin Three LLC, Javlin Four LLC, and Javlin Five LLC	Asset-backed financial services company	First lien senior secured loan (\$16.0 par due 6/2017)		6/24/2014	13.4	3.4 (2)(6)(12)	
Joyce Lane Capital LLC and Joyce Lane Financing SPV LLC (fka Ciena Capital LLC) (5)(17)	Specialty finance company	First lien senior secured loan (\$0.6 par due 12/2022)	5.95% (Libor + 4.00%/Q)	12/27/2018	0.6	0.6 (2)(6)	
		Equity interests		11/29/2010	12.7	2.9 (2)(6)	
					13.3	3.5	
LS DE LLC and LM LSQ Investors LLC	Asset based lender	Senior subordinated loan (\$37.0 par due 3/2024)	10.5%	6/25/2015	37.0	37.0 (2)(6)	
		Senior subordinated loan (\$3.0 par due 6/2021)		6/15/2017	3.0	3.0 (2)(6)	
		Membership units (3,275,000 units)		6/25/2015	3.3	4.9 (6)	
					43.3	44.9	
Rialto Management Group, LLC (17)	Investment and asset management platform focused on real estate	First lien senior secured revolving loan	—	11/30/2018	—	— (6)(15)	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2019
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(5)(9)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan (\$0.9 par due 12/2024)	6.30% (Libor + 4.50%/M)	11/30/2018	0.9	0.9 (2)(6)	
TA/WEG Holdings, LLC (17)	Wealth management and financial planning firm	First lien senior secured revolving loan (\$0.2 par due 10/2025)	7.77% (Libor + 6.00%/M)	10/2/2019	0.2	0.2 (2)	
		First lien senior secured loan (\$9.5 par due 10/2025)	7.69% (Libor + 6.00%/M)	10/2/2019	9.5	9.4 (2)	
					9.7	9.6	
The Ultimus Group Midco, LLC, The Ultimus Group, LLC, and The Ultimus Group Aggregator, LP (17)	Provider of asset-servicing capabilities for fund managers	First lien senior secured revolving loan (\$1.9 par due 2/2024)	8.25% (Base Rate + 3.50%/Q)	2/1/2019	1.9	1.8 (2)	
		First lien senior secured loan (\$38.6 par due 2/2026)	6.30% (Libor + 4.50%/M)	2/1/2019	38.6	37.8 (2)(13)	
		Class A units (1,443 units)	8.00% PIK	2/1/2019	1.5	1.5 (2)	
		Class A units (245 units)		2/1/2019	0.2	—	
		Class B units (2,167,424 units)		2/1/2019	—	— (2)	
		Class B units (245,194 units)		2/1/2019	—	—	
					42.2	41.1	
					714.9	771.6	10.33 %
Automobiles & Components							
Dent Wizard International Corporation and DWH Equity Investors, L.P.	Automotive reconditioning services	Second lien senior secured loan (\$45.0 par due 10/2022)	9.80% (Libor + 8.00%/M)	4/7/2015	45.0	45.0 (2)(13)	
		Class A common stock (10,000 shares)		4/7/2015	0.1	0.7 (2)	
		Class B common stock (20,000 shares)		4/7/2015	0.2	1.4 (2)	
					45.3	47.1	
Eckler Industries, Inc. and Eckler Purchaser LLC (5)(17)	Restoration parts and accessories provider for classic automobiles	First lien senior secured revolving loan (\$5.2 par due 5/2022)	12.00% PIK	7/12/2012	5.2	4.4 (2)	
		First lien senior secured loan (\$20.6 par due 5/2022)	12.00% PIK	7/12/2012	20.6	17.5 (2)	
		Class A common units (67,972 units)		7/12/2012	16.4	— (2)	
					42.2	21.9	
GB Auto Service Holdings, LLC (17)	Automotive parts and repair services retailer	First lien senior secured revolving loan (\$3.0 par due 10/2024)	8.22% (Libor + 6.50%/M)	10/19/2018	3.0	3.0 (2)(13)	
		First lien senior secured loan (\$22.2 par due 10/2024)	8.30% (Libor + 6.50%/M)	10/19/2018	22.2	21.9 (2)(13)	
		First lien senior secured loan (\$27.2 par due 10/2024)	8.30% (Libor + 6.50%/M)	10/19/2018	27.2	26.9 (2)(13)	
		Common units (4,084,227 units)		10/19/2018	5.2	5.5 (2)	
					57.6	57.3	
Mac Lean-Fogg Company and MacLean-Fogg Holdings, L.L.C. (17)	Manufacturer and supplier for the power utility and automotive markets worldwide	First lien senior secured revolving loan (\$0.0 par due 12/2023)	4.78% (Libor + 2.50%/Q)	12/21/2018	—	— (2)	
		First lien senior secured loan (\$154.5 par due 12/2025)	6.80% (Libor + 5.00%/M)	12/21/2018	153.9	153.0 (2)	
		First lien senior secured loan (\$11.6 par due 12/2025)	6.80% (Libor + 5.00%/M)	12/21/2018	11.6	11.5 (2)	
		Preferred units (59,453 units)	4.50% Cash, 9.25% PIK	10/9/2015	69.6	69.6	
					235.1	234.1	
Mavis Tire Express Services Corp. and Mavis Tire Express Services TopCo, L.P. (17)	Auto parts retailer	Second lien senior secured loan (\$153.9 par due 3/2026)	9.29% (Libor + 7.50%/M)	3/20/2018	152.0	152.4 (2)(13)	
		Second lien senior secured loan (\$1.4 par due 3/2026)	9.29% (Libor + 7.50%/M)	3/20/2018	1.4	1.4 (2)(13)	
		Class A units (12,400,000 units)		3/20/2018	12.4	11.8 (2)	
					165.8	165.6	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2019
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(5)(9)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
SK SPV IV, LLC	Collision repair site operator	Series A common stock (12,500 units)		8/18/2014	0.6	1.5 (2)	
		Series B common stock (12,500 units)		8/18/2014	0.6	1.5 (2)	
					1.2	3.0	
Wand Newco 3, Inc. (dba Caliber Collision)	Collision repair company	Second lien senior secured loan (\$180.2 par due 2/2027)	8.96% (Libor + 7.25%/M)	2/5/2019	177.4	180.2 (2)	
					724.6	709.2	9.50 %
Capital Goods							
AEP Holdings, Inc. and Arrowhead Holdco Company	Distributor of non-discretionary, mission-critical aftermarket replacement parts	First lien senior secured loan (\$26.6 par due 8/2021)	7.91% (Libor + 6.00%/Q)	6/28/2018	27.2	25.3 (2)(13)	
		Common stock (3,467 shares)		8/31/2015	3.5	2.4 (2)	
					30.7	27.7	
Cadence Aerospace, LLC (17)	Aerospace precision components manufacturer	First lien senior secured revolving loan (\$5.0 par due 11/2022)	9.90% (Base Rate + 5.50%/Q)	11/14/2017	5.0	4.9 (2)(13)(16)	
		First lien senior secured loan (\$31.9 par due 11/2023)	8.43% (Libor + 6.50%/Q)	11/14/2017	31.6	31.9 (2)(13)	
		First lien senior secured loan (\$12.1 par due 11/2023)	8.43% (Libor + 6.50%/Q)	10/31/2019	12.1	12.1 (2)(13)	
		First lien senior secured loan (\$9.9 par due 11/2023)	8.43% (Libor + 6.50%/Q)	7/5/2018	9.9	9.9 (2)(13)	
					58.6	58.8	
Creation Holdings Inc. (17)	Manufacturer of electrical systems	First lien senior secured revolving loan	—	8/15/2019	—	— (6)(15)	
		First lien senior secured loan (\$35.8 par due 8/2025)	7.50% (Libor + 5.75%/Q)	8/15/2019	35.5	35.4 (2)(6)(13)	
					35.5	35.4	
DFS Holding Company, Inc.	Distributor of maintenance, repair, and operations parts, supplies, and equipment to the foodservice industry	First lien senior secured loan (\$177.4 par due 2/2022)	7.55% (Libor + 5.75%/M)	7/26/2017	177.4	175.6 (2)(13)	
		First lien senior secured loan (\$4.6 par due 3/2022)	7.55% (Libor + 5.75%/M)	3/1/2017	4.6	4.5 (2)(13)	
					182.0	180.1	
ESCP PPG Holdings, LLC (4)	Distributor of new equipment and aftermarket parts to the heavy-duty truck industry	Class A units (3,500,000 units)		12/14/2016	3.5	2.9 (2)	
Flow Control Solutions, Inc. (17)	Distributor and manufacturer of flow control systems components	First lien senior secured loan (\$10.9 par due 11/2024)	7.20% (Libor + 5.25%/Q)	11/21/2018	10.9	10.9 (2)(13)	
Harvey Tool Company, LLC (17)	Manufacturer of cutting tools used in the metalworking industry	First lien senior secured revolving loan	—	10/12/2017	—	— (15)	
		First lien senior secured loan (\$30.3 par due 10/2024)	6.70% (Libor + 4.75%/Q)	10/12/2017	30.3	30.3 (2)(13)	
		Second lien senior secured loan (\$43.7 par due 10/2025)	10.50% (Libor + 8.50%/Q)	10/12/2017	43.7	43.7 (2)(13)	
					74.0	74.0	
Imaging Business Machines, L.L.C. and Scanner Holdings Corporation (5)	Provider of high-speed intelligent document scanning hardware and software	Senior subordinated loan (\$8.3 par due 6/2022)	14.00%	1/3/2017	8.2	8.3 (2)	
		Senior subordinated loan (\$8.3 par due 6/2022)	14.00%	1/3/2017	8.2	8.3 (2)	
		Series A preferred stock (66,424,135 shares)		1/3/2017	—	17.7	
		Class A common stock (33,173 shares)		1/3/2017	—	—	
		Class B common stock (134,214 shares)		1/3/2017	—	0.2	
					16.4	34.5	
Kene Acquisition, Inc. and Kene Holdings, L.P. (17)	National utility services firm providing engineering and consulting services to natural gas, electric power and other energy and industrial end markets	First lien senior secured revolving loan	—	8/8/2019	—	— (15)	
		First lien senior secured loan (\$59.8 par due 8/2026)	6.05% (Libor + 4.25%/M)	8/8/2019	59.8	59.2 (2)(13)	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2019
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(5)(9)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan (\$2.9 par due 8/2026)	6.05% (Libor + 4.25%/M)	8/8/2019	2.9	2.8 (2)(13)	
		Class A units (4,549,000 units)		8/8/2019	4.5	5.3 (2)	
					67.2	67.3	
LTG Acquisition, Inc.	Designer and manufacturer of display, lighting and passenger communication systems for mass transportation markets	Class A membership units (5,000 units)		1/3/2017	5.1	2.3	
MB Aerospace Holdings II Corp.	Aerospace engine components manufacturer	Second lien senior secured loan (\$23.6 par due 1/2026)	10.95% (Libor + 9.00%/Q)	5/28/2019	23.6	23.2 (2)(13)	
		Second lien senior secured loan (\$68.4 par due 1/2026)	10.95% (Libor + 9.00%/Q)	1/22/2018	68.4	67.0 (2)(13)	
					92.0	90.2	
Radius Aerospace, Inc. and Radius Aerospace Europe Limited (17)	Metal fabricator in the aerospace industry	First lien senior secured revolving loan (\$0.2 par due 3/2025)	7.65% (Libor + 5.75%/Q)	3/29/2019	0.2	0.2 (2)(13)	
		First lien senior secured loan (\$8.9 par due 3/2025)	7.71% (Libor + 5.75%/Q)	3/29/2019	8.9	8.8 (2)(13)	
		First lien senior secured loan (\$5.7 par due 3/2025)	7.70% (Libor + 5.75%/Q)	11/14/2019	5.7	5.6 (2)(6)(13)	
					14.8	14.6	
Saw Mill PCG Partners LLC	Manufacturer of metal precision engineered components	Common units (1,000 units)		1/30/2007	1.0	— (2)	
Sunk Rock Foundry Partners LP, Hatteras Electrical Manufacturing Holding Company and Sigma Electric Manufacturing Corporation (17)	Manufacturer of metal castings, precision machined components and sub-assemblies in the electrical products, power transmission and distribution and general industrial markets	First lien senior secured revolving loan (\$3.7 par due 10/2022)	6.52% (Libor + 4.75%/M)	10/31/2017	3.7	3.7 (2)(13)(16)	
					595.4	602.4	8.07%
Energy							
Birch Permian, LLC (17)	Operator of private exploration oil and production company	Second lien senior secured loan (\$66.1 par due 4/2023)	10.34% (Libor + 8.00%/Q)	4/12/2019	65.6	65.5 (2)(13)	
		Second lien senior secured loan (\$7.4 par due 4/2023)	9.99% (Libor + 8.00%/Q)	4/12/2019	7.3	7.3 (2)(13)	
					72.9	72.8	
Cheyenne Petroleum Company Limited Partnership, CPC 2001 LLC and Mill Shoals LLC	Private oil exploration and production company	Second lien senior secured loan (\$63.1 par due 1/2024)	10.45% (Libor + 8.50%/Q)	7/10/2019	63.1	62.5 (2)(13)	
Joule Unlimited Technologies, Inc. and Stichting Joule Global Foundation	Renewable fuel and chemical production developer	First lien senior secured loan (\$7.8 par due 10/2018)		3/31/2015	5.8	— (2)(12)	
		Warrant to purchase up to 32,051 shares of Series C-2 preferred stock (expires 7/2023)		7/25/2013	—	— (2)(6)	
					5.8	—	
Murchison Oil and Gas, LLC and Murchison Holdings, LLC	Exploration and production company	First lien senior secured loan (\$18.3 par due 10/2023)	11.00% (Libor + 9.00%/Q)	9/19/2019	18.2	18.3 (2)(13)	
		First lien senior secured loan (\$38.3 par due 10/2023)	10.00% (Libor + 8.00%/Q)	9/19/2019	38.3	38.3 (2)(13)	
		Preferred units (21,667 units)	8.00% PIK	10/26/2018	23.5	23.5	
					80.0	80.1	
Penn Virginia Holding Corp.	Exploration and production company	Second lien senior secured loan (\$90.1 par due 9/2022)	8.81% (Libor + 7.00%/M)	9/28/2017	90.1	90.1 (2)(6)(13)	
Sundance Energy, Inc.	Oil and gas producer	Second lien senior secured loan (\$60.7 par due 4/2023)	9.95% (Libor + 8.00%/Q)	4/23/2018	59.9	60.1 (2)(13)	
VPRO Operating, LLC and Vista Proppants and Logistics, LLC	Sand-based proppant producer and distributor to the oil and natural gas industry	First lien senior secured loan (\$90.8 par due 8/2021)		3/1/2017	87.5	65.3 (2)(12)	
		First lien senior secured loan (\$28.3 par due 8/2021)		8/1/2017	27.2	20.4 (2)(12)	
		First lien senior secured loan (\$35.3 par due 8/2021)		11/9/2017	34.0	25.4 (2)(12)	
		Common units (997,864 units)		11/9/2017	9.7	— (2)	
					158.4	111.1	
					530.2	476.7	6.38%

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2019
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(5)(9)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Insurance Services							
Achilles Acquisition LLC (17)	Benefits broker and outsourced workflow automation platform provider for brokers	First lien senior secured revolving loan (\$5.7 par due 10/2023)	7.75% (Base Rate + 3.00%/Q)	10/11/2018	5.2	5.7 (2)	
		First lien senior secured loan (\$8.3 par due 10/2025)	5.81% (Libor + 4.00%/M)	10/11/2018	8.3	8.3 (2)	
		First lien senior secured loan (\$10.6 par due 10/2025)	5.81% (Libor + 4.00%/M)	10/11/2018	10.6	10.6 (2)	
					24.1	24.6	
Alera Group Intermediate Holdings, Inc.	Insurance service provider	Second lien senior secured loan (\$26.2 par due 3/2026)	10.30% (Libor + 8.50%/M)	3/5/2019	26.2	26.2 (2)	
		Second lien senior secured loan (\$24.4 par due 3/2026)	10.30% (Libor + 8.50%/M)	3/5/2019	24.4	24.4 (2)	
					50.6	50.6	
Amynta Agency Borrower Inc. and Amynta Warranty Borrower Inc.	Insurance service provider	First lien senior secured loan (\$13.4 par due 2/2025)	6.30% (Libor + 4.50%/M)	12/21/2018	13.4	12.6 (2)	
AQ Sunshine, Inc. (17)	Specialized insurance broker	First lien senior secured revolving loan (\$0.1 par due 4/2024)	7.44% (Libor + 5.50%/Q)	4/15/2019	0.1	0.1 (2)(13)(16)	
		First lien senior secured loan (\$7.9 par due 4/2025)	7.42% (Libor + 5.50%/Q)	4/15/2019	7.9	7.8 (2)(13)	
							8.0
Foundation Risk Partners, Corp. (17)	Full service independent insurance agency	First lien senior secured revolving loan (\$4.2 par due 11/2023)	6.55% (Libor + 4.75%/M)	11/10/2017	4.2	4.2 (2)(13)	
		First lien senior secured loan (\$11.2 par due 11/2023)	6.70% (Libor + 4.75%/Q)	5/1/2019	11.2	11.2 (2)(13)	
		First lien senior secured loan (\$22.1 par due 11/2023)	6.70% (Libor + 4.75%/Q)	11/10/2017	22.1	22.1 (2)(13)	
		Second lien senior secured loan (\$19.1 par due 11/2024)	10.45% (Libor + 8.50%/Q)	8/9/2018	19.1	19.1 (2)(13)	
		Second lien senior secured loan (\$21.7 par due 11/2024)	10.45% (Libor + 8.50%/Q)	8/9/2018	21.7	21.7 (2)(13)	
		Second lien senior secured loan (\$16.1 par due 11/2024)	10.45% (Libor + 8.50%/Q)	5/1/2019	16.1	16.1 (2)(13)	
		Second lien senior secured loan (\$27.5 par due 11/2024)	10.45% (Libor + 8.50%/Q)	11/10/2017	27.5	27.5 (2)(13)	
					121.9	121.9	
K2 Insurance Services, LLC and K2 Holdco LP (17)	Specialty insurance and managing general agency	First lien senior secured revolving loan	—	7/1/2019	—	— (15)	
		First lien senior secured loan (\$60.9 par due 7/2024)	7.21% (Libor + 5.00%/Q)	7/1/2019	60.9	60.3 (2)(13)	
		Common equity (799,000 units)		7/1/2019	0.8	0.8 (2)	
					61.7	61.1	
NSM Insurance Group, LLC	Insurance program administrator	First lien senior secured loan (\$13.0 par due 5/2024)	6.30% (Libor + 4.50%/M)	5/11/2018	13.0	13.0 (2)(13)	
RSC Acquisition, Inc. and RSC Insurance Brokerage, Inc. (17)	Insurance broker	First lien senior secured loan (\$42.6 par due 10/2026)	7.41% (Libor + 5.50%/Q)	11/1/2019	42.6	42.2 (2)(13)	
		First lien senior secured loan (\$2.6 par due 10/2026)	7.45% (Libor + 5.50%/Q)	11/1/2019	2.6	2.5 (2)(13)	
					45.2	44.7	
SCM Insurance Services Inc. (17)	Provider of claims management, claims investigation & support and risk management solutions for the Canadian property and casualty insurance industry	First lien senior secured revolving loan (\$3.9 par due 8/2022)	7.95% (CAD Base Rate + 4.00%/Q)	8/29/2017	3.8	3.7 (2)(6)	
		First lien senior secured loan (\$20.3 par due 8/2024)	7.06% (CIBOR + 5.00%/M)	8/29/2017	21.0	19.5 (2)(6)(13)	
		Second lien senior secured loan (\$58.4 par due 3/2025)	11.06% (CIBOR + 9.00%/M)	8/29/2017	60.5	54.9 (2)(6)	
					85.3	78.1	
SelectQuote, Inc.	Direct to consumer insurance distribution platform	First lien senior secured loan (\$17.8 par due 11/2024)	7.70% (Libor + 6.00%/Q)	11/5/2019	17.8	17.6 (2)(13)	
THG Acquisition, LLC (17)	Multi-line insurance broker	First lien senior secured revolving loan	—	12/2/2019	—	— (15)	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2019
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(5)(9)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan (\$35.7 par due 12/2026)	7.70% (Libor + 5.75%Q)	12/2/2019	35.7	35.4 (2)(13)	
					35.7	35.4	
					476.7	467.5	6.26%
Food & Beverage							
American Seafoods Group LLC and American Seafoods Partners LLC	Harvester and processor of seafood	Class A units (77,922 units)		8/19/2015	0.1	0.2 (2)	
		Warrant to purchase up to 7,422,078 Class A units (expires 8/2035)		8/19/2015	7.4	23.4 (2)	
					7.5	23.6	
Bragg Live Food Products, LLC and SPC Investment Co., L.P. (4)(17)	Health food company	First lien senior secured loan (\$32.4 par due 3/2024)	7.70% (Libor + 5.75%Q)	3/11/2019	32.4	32.1 (2)(13)	
		Common units (14,850 units)		3/11/2019	14.9	11.6 (2)	
					47.3	43.7	
CHG PPC Parent LLC	Diversified food products manufacturer	Second lien senior secured loan (\$60.5 par due 3/2026)	9.30% (Libor + 7.50%M)	3/30/2018	60.5	60.5 (2)	
		Second lien senior secured loan (\$34.1 par due 3/2026)	9.55% (Libor + 7.75%M)	1/31/2019	34.1	34.1 (2)	
					94.6	94.6	
Ferraro Fine Foods Corp. and Italian Fine Foods Holdings L.P. (17)	Specialty Italian food distributor	First lien senior secured loan (\$9.3 par due 5/2024)	6.20% (Libor + 4.25%Q)	5/9/2018	9.3	9.3 (2)(13)	
		First lien senior secured loan (\$0.7 par due 5/2024)	6.20% (Libor + 4.25%Q)	12/7/2018	0.7	0.7 (2)(13)	
		First lien senior secured loan (\$2.9 par due 5/2024)	6.20% (Libor + 4.25%Q)	5/10/2019	2.9	2.9 (2)(13)	
		Class A common units (2,724,000 units)		5/9/2018	2.7	3.9 (2)	
					15.6	16.8	
Gehl Foods, LLC and GF Parent LLC	Producer of low-acid, aseptic food and beverage products	Class A preferred units (2,940 units)		5/13/2015	2.9	— (2)	
		Class A common units (60,000 units)		5/13/2015	0.1	— (2)	
		Class B common units (0.26 units)		5/13/2015	—	— (2)	
					3.0	—	
Hometown Food Company (17)	Food distributor	First lien senior secured revolving loan	—	8/31/2018	—	— (15)	
		First lien senior secured loan (\$9.0 par due 8/2023)	6.80% (Libor + 5.00%M)	8/31/2018	8.8	9.0 (2)(13)	
					8.8	9.0	
KC Culinarte Intermediate, LLC	Manufacturer of fresh refrigerated and frozen food products	Second lien senior secured loan (\$35.7 par due 8/2026)	9.55% (Libor + 7.75%M)	8/24/2018	35.7	35.3 (2)(13)	
NECCO Holdings, Inc. and New England Confectionery Company, Inc. (5)(17)	Producer and supplier of candy	First lien senior secured revolving loan (\$19.9 par due 1/2018)		1/3/2017	7.9	2.9 (12)	
		First lien senior secured loan (\$11.6 par due 11/2021)		1/3/2017	0.9	1.6 (12)	
		First lien senior secured loan (\$0.7 par due 11/2018)		11/20/2017	0.7	0.1 (12)	
		First lien senior secured loan (\$2.2 par due 8/2018)		11/20/2017	2.1	— (12)	
		Common stock (860,189 shares)		1/3/2017	0.2	—	
					11.8	4.6	
RF HP SCF Investor, LLC	Branded specialty food company	Membership interest (10.08% interest)		12/22/2016	12.5	18.2 (2)(6)	
Sovos Brands Intermediate, Inc. (17)	Food and beverage platform	First lien senior secured loan (\$6.8 par due 11/2025)	6.80% (Libor + 5.00%M)	11/20/2018	6.8	6.8 (2)	
Teasdale Foods, Inc. and Familia Group Holdings Inc. (17)	Provider of beans, sauces and hominy to the retail, foodservice and wholesale channels	First lien senior secured revolving loan (\$0.1 par due 10/2020)	7.69% (Libor + 5.75%M)	6/30/2017	0.1	0.1 (2)(13)	
		First lien senior secured loan (\$0.5 par due 10/2020)	7.70% (Libor + 5.75%Q)	6/26/2018	0.5	0.5 (2)(13)	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2019
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(5)(9)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Second lien senior secured loan (\$62.0 par due 10/2022)	11.93% PIK (Libor + 10.00%/Q)	1/3/2017	62.0	51.5 (2)(13)	
		Second lien senior secured loan (\$35.6 par due 10/2022)	11.93% PIK (Libor + 10.00%/Q)	1/3/2017	35.6	29.5 (2)(13)	
		Warrant to purchase up to 57,827 shares of common stock (expires 2/2034)		2/4/2019	—	— (2)	
					98.2	81.6	
					341.8	334.2	4.48%
Retailing and Distribution							
Atlas Intermediate III, L.L.C. (17)	Specialty chemicals distributor	First lien senior secured loan (\$9.0 par due 4/2025)	7.41% (Libor + 5.50%/Q)	4/29/2019	9.0	8.9 (2)(13)	
Blue Angel Buyer 1, LLC and Blue Angel Holdco, LLC (4)(17)	Distributor of OEM appliance aftermarket parts	First lien senior secured loan (\$1.4 par due 1/2025)	5.80% (Libor + 4.00%/M)	1/2/2019	1.4	1.4 (2)(13)	
		Class A preferred units (46,359 units)	8.00% PIK	1/2/2019	10.3	10.3 (2)	
					11.7	11.7	
Chariot Acquisition, LLC (17)	Manufacturer of aftermarket golf cart parts and accessories	First lien senior secured loan (\$26.7 par due 9/2021)	8.44% (Libor + 6.50%/Q)	1/3/2017	26.6	26.4 (2)(13)	
Display Holding Company, Inc., Saldon Holdings, Inc. and Fastsigns Holdings Inc. (17)	Provider of visual communications solutions	First lien senior secured loan (\$16.3 par due 3/2025)	7.45% (Libor + 5.65%/M)	3/13/2019	16.3	16.3 (2)(13)	
		First lien senior secured loan (\$2.6 par due 3/2025)	7.45% (Libor + 5.65%/M)	8/27/2019	2.6	2.6 (2)(13)	
		Common units (600 units)		3/13/2019	0.6	0.8 (2)	
					19.5	19.7	
KHC Holdings, Inc. and Kele Holdeo, Inc. (17)	Catalog-based distribution services provider for building automation systems	First lien senior secured revolving loan (\$3.3 par due 10/2021)	6.05% (Libor + 4.25%/M)	1/3/2017	3.3	3.3 (2)(13)	
		First lien senior secured loan (\$45.5 par due 10/2022)	7.95% (Libor + 6.00%/Q)	1/3/2017	45.5	45.5 (2)(13)	
		Common stock (30,000 shares)		1/3/2017	3.1	4.5	
					51.9	53.3	
McKenzie Creative Brands, LLC (17)	Designer, manufacturer and distributor of hunting-related supplies	First lien senior secured revolving loan (\$1.7 par due 9/2023)	5.82% (Libor + 3.75%/Q)	9/18/2014	1.7	1.7 (2)(13)	
		First lien senior secured loan (\$84.5 par due 9/2023)	7.95% (Libor + 5.75%/Q)	9/18/2014	84.5	83.7 (2)(8)(13)	
		First lien senior secured loan (\$5.5 par due 9/2023)	7.95% (Libor + 5.75%/Q)	9/18/2014	5.5	5.4 (2)(13)	
					91.7	90.8	
Paper Source, Inc. and Pine Holdings, Inc.	Retailer of fine and artisanal paper products	Class A common stock (36,364 shares)		9/23/2013	6.0	1.3 (2)	
Reddy Ice LLC (17)	Packaged ice manufacturer and distributor	First lien senior secured revolving loan	—	7/1/2019	—	— (15)	
		First lien senior secured loan (\$57.7 par due 7/2025)	7.60% (Libor + 5.50%/M)	7/1/2019	57.7	57.1 (2)(13)	
					57.7	57.1	
					274.1	269.2	3.60%
Materials							
Genomatic, Inc.	Developer of a biotechnology platform for the production of chemical products	Warrant to purchase 322,422 shares of Series D preferred stock (expires 3/2023)		3/28/2013	—	— (2)	
GS Pretium Holdings, Inc.	Manufacturer and supplier of high performance plastic containers	Common stock (500,000 shares)		6/2/2014	0.5	1.1 (2)	
Hallex Holdings, Inc. (5)	Manufacturer of flooring installation products	Common stock (51,853 shares)		1/3/2017	—	—	
H-Food Holdings, LLC and Matterhorn Parent, LLC	Food contract manufacturer	First lien senior secured loan (\$4.6 par due 5/2025)	5.80% (Libor + 4.00%/M)	11/25/2018	4.6	4.6 (2)	
		Second lien senior secured loan (\$73.0 par due 3/2026)	8.80% (Libor + 7.00%/M)	11/25/2018	73.0	72.3 (2)	
		Common units (5,827 units)		11/25/2018	5.8	5.0	
					83.4	81.9	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2019
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(5)(9)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
IntraPac International LLC and IntraPac Canada Corporation (17)	Manufacturer of diversified packaging solutions and plastic injection molded products	First lien senior secured revolving loan (\$7.7 par due 1/2025)	7.71% (Libor + 5.50%/Q)	1/11/2019	7.7	7.7 (2)	
		First lien senior secured loan (\$15.0 par due 1/2026)	7.45% (Libor + 5.50%/Q)	1/11/2019	15.0	14.9 (2)	
		First lien senior secured loan (\$21.6 par due 1/2026)	7.45% (Libor + 5.50%/Q)	1/11/2019	21.6	21.4 (2)(6)	
					44.3	44.0	
Nelipak Holding Company, Nelipak European Holdings Cooperatief U.A., KNPAK Holdings, LP and PAKNK Netherlands Treasury B.V. (17)	Manufacturer of thermoformed packaging for medical devices	First lien senior secured revolving loan (\$0.2 par due 7/2024)	6.05% (Libor + 4.25%/M)	7/2/2019	0.2	0.2 (2)(13)	
		First lien senior secured loan (\$15.3 par due 7/2026)	6.05% (Libor + 4.25%/M)	7/2/2019	15.3	15.2 (2)(13)	
		First lien senior secured loan (\$4.6 par due 7/2026)	6.05% (Libor + 4.25%/M)	8/7/2019	4.6	4.5 (2)(13)	
		First lien senior secured loan (\$5.2 par due 7/2026)	4.50% (Euribor + 4.50%/M)	7/2/2019	5.2	5.1 (2)(6)	
		First lien senior secured loan (\$24.6 par due 7/2026)	4.50% (Euribor + 4.50%/M)	8/8/2019	24.5	24.3 (2)(6)	
		Class A units (6,762,668 units)		7/2/2019	6.8	6.7 (2)	
Plaskolite PPC Intermediate II LLC and Plaskolite PPC Blocker LLC	Manufacturer of specialized acrylic and polycarbonate sheets	First lien senior secured loan (\$12.3 par due 12/2025)	6.04% (Libor + 4.25%/M)	12/14/2018	12.1	11.8 (2)(13)	
		Second lien senior secured loan (\$55.7 par due 12/2026)	9.47% (Libor + 7.75%/M)	12/14/2018	55.7	53.2 (2)(13)	
		Co-Invest units (5,969 units)		12/14/2018	0.6	0.5 (2)	
					68.4	65.5	
SCI PH Parent, Inc.	Industrial container manufacturer, reconditioner and servicer	Series B shares (11,4764 shares)		8/24/2018	1.1	2.9 (2)	
TWH Infrastructure Industries, Inc. (17)	Manufacturer of engineered products used in the trenchless rehabilitation of wastewater infrastructure	First lien senior secured loan (\$6.6 par due 4/2025)	7.45% (Libor + 5.50%/Q)	4/9/2019	6.6	6.5 (2)	
					260.9	257.9	3.45%
Pharmaceuticals, Biotechnology & Life Sciences							
Alcami Corporation and ACM Holdings I, LLC (17)	Outsourced drug development services provider	First lien senior secured revolving loan (\$2.9 par due 7/2023)	5.53% (Libor + 3.75%/Q)	7/12/2018	2.9	2.9 (2)	
		First lien senior secured loan (\$29.8 par due 7/2025)	6.05% (Libor + 4.25%/M)	7/12/2018	29.7	28.3 (2)	
		Second lien senior secured loan (\$77.5 par due 7/2026)	9.80% (Libor + 8.00%/M)	7/12/2018	76.9	69.8 (2)	
		Common units (3,269,900 units)		7/12/2018	32.7	18.8 (2)	
Consumer Health Parent LLC	Developer and marketer of over-the-counter cold remedy products	Preferred units (1,072 units)		12/15/2017	1.1	0.6 (2)	
		Series A units (1,072 units)		12/15/2017	—	— (2)	
					1.1	0.6	
NMC Skincare Intermediate Holdings II, LLC (17)	Developer, manufacturer and marketer of skincare products	First lien senior secured revolving loan (\$4.5 par due 10/2024)	6.55% (Libor + 4.75%/M)	10/31/2018	4.5	4.5 (2)	
		First lien senior secured loan (\$24.6 par due 10/2024)	6.55% (Libor + 4.75%/M)	10/31/2018	24.6	24.6 (2)(13)	
		First lien senior secured loan (\$1.7 par due 10/2024)	6.55% (Libor + 4.75%/M)	10/31/2018	1.7	1.7 (2)(13)	
					30.8	30.8	
Nodality, Inc.	Biotechnology company	First lien senior secured loan (\$14.9 par due 8/2019)		4/25/2014	9.7	— (2)(12)	
		First lien senior secured loan (\$3.1 par due 8/2020)		11/12/2015	2.1	— (2)(12)	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2019
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(5)(9)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Warrant to purchase up to 3,736,255 shares of common stock (expires 3/2026)		5/1/2016	—	— (2)	
					11.8	—	
TerSera Therapeutics LLC (17)	Acquirer and developer of specialty therapeutic pharmaceutical products	First lien senior secured loan (\$5.2 par due 3/2023)	7.20% (Libor + 5.25%/Q)	5/3/2017	5.1	5.2 (2)(13)	
		First lien senior secured loan (\$2.1 par due 3/2023)	7.20% (Libor + 5.25%/Q)	9/27/2018	2.1	2.1 (2)(13)	
		First lien senior secured loan (\$1.8 par due 3/2023)	7.20% (Libor + 5.25%/Q)	4/1/2019	1.8	1.8 (2)(13)	
					9.0	9.1	
Vertice Pharma UK Parent Limited	Manufacturer and distributor of generic pharmaceutical products	Preferred shares (40,662 shares)	8.00% PIK	12/21/2015	0.3	0.4 (6)	
					195.2	160.7	2.15%
Education							
Excelligence Holdings Corp.	Developer, manufacturer and retailer of educational products	First lien senior secured loan (\$9.1 par due 4/2023)	7.80% (Libor + 6.00%/M)	4/17/2017	9.1	7.5 (2)(13)	
Flinn Scientific, Inc. and WCI-Quantum Holdings, Inc. (17)	Distributor of instructional products, services and resources	First lien senior secured loan (\$30.6 par due 8/2023)	6.67% (Libor + 4.75%/Q)	7/26/2017	30.6	30.6 (2)(13)	
		First lien senior secured loan (\$1.2 par due 8/2023)	6.70% (Libor + 4.75%/Q)	8/31/2018	1.2	1.2 (2)(13)	
		Series A preferred stock (1,272 shares)		10/24/2014	0.7	1.1 (2)	
					32.5	32.9	
Infilaw Holding, LLC (17)	Operator of for-profit law schools	First lien senior secured revolving loan (\$5.0 par due 9/2022)		8/25/2011	4.2	— (2)(12)(16)	
Instituto de Banca y Comercio, Inc. & Leeds IV Advisors, Inc.	Private school operator	First lien senior secured loan (\$4.1 par due 10/2021)	10.93% (Libor + 9.00%/Q)	10/31/2015	4.1	4.1 (2)(13)	
		Senior preferred series A-1 shares (163,902 shares)		10/31/2015	119.4	39.1 (2)	
		Series B preferred stock (348,615 shares)		8/5/2010	1.0	— (2)	
		Series B preferred stock (1,401,385 shares)		8/5/2010	4.0	— (2)	
		Series C preferred stock (517,942 shares)		6/7/2010	0.1	— (2)	
		Series C preferred stock (1,994,644 shares)		6/7/2010	0.5	— (2)	
		Common stock (4 shares)		6/7/2010	—	— (2)	
		Common stock (16 shares)		6/7/2010	—	— (2)	
					129.1	43.2	
PIH Corporation and Primrose Holding Corporation (4)	Franchisor of education-based early childhood centers	Common stock (7,227 shares)		1/3/2017	4.6	18.8	
R3 Education Inc., Equinox EIC Partners LLC and Sierra Education Finance Corp.	Medical school operator	Common membership interest (15.76% interest)		9/21/2007	15.8	15.1 (2)	
		Warrant to purchase up to 27,890 shares (expires 3/2020)		12/8/2009	—	8.2 (2)	
					15.8	23.3	
					195.3	125.7	1.68%
Household & Personal Products							
Plantation Products, LLC, Seed Holdings, Inc. and Flora Parent, Inc.	Provider of branded lawn and garden products	Second lien senior secured loan (\$66.0 par due 5/2023)	8.88% (Libor + 6.95%/Q)	12/23/2014	65.9	66.0 (2)(13)	
		Common stock (30,000 shares)		12/23/2014	3.0	4.4 (2)	
					68.9	70.4	
Rug Doctor, LLC and RD Holdco Inc. (5)	Manufacturer and marketer of carpet cleaning machines	Second lien senior secured loan (\$16.9 par due 5/2023)	11.54% (Libor + 9.75%/M)	1/3/2017	16.9	16.9 (2)(13)	
		Common stock (458,596 shares)		1/3/2017	14.0	5.1	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2019
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(5)(9)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Warrant to purchase up to 56,372 shares of common stock (expires 12/2023)		1/3/2017	—	—	
					30.9	22.0	
Woodstream Group, Inc. and Woodstream Corporation	Manufacturer of natural solution pest and animal control products	First lien senior secured loan (\$11.8 par due 5/2022)	8.04% (Libor + 6.25%/M)	6/21/2017	11.8	11.8 (2)(13)	
		First lien senior secured loan (\$4.7 par due 5/2022)	8.00% (Libor + 6.25%/Q)	6/21/2017	4.7	4.7 (2)(13)	
					16.5	16.5	
					116.3	108.9	1.46%
Media & Entertainment							
CMW Parent LLC (fka Black Arrow, Inc.)	Multiplatform media firm	Series A units (32 units)		9/11/2015	—	— (2)	
Production Resource Group, L.L.C.	Provider of rental equipment, labor, production management, scenery, and other products to various entertainment end-markets	First lien senior secured loan (\$101.0 par due 8/2024)	8.90% (Libor + 7.00%/Q)	8/21/2018	101.0	90.9 (2)(13)	
The Teaching Company Holdings, Inc.	Education publications provider	Preferred stock (10,663 shares)		9/29/2006	1.1	— (2)	
		Common stock (15,393 shares)		9/29/2006	—	— (2)	
					1.1	—	
					102.1	90.9	1.22%
Technology Hardware & Equipment							
Everspin Technologies, Inc.	Designer and manufacturer of computer memory solutions	Warrant to purchase up to 18,461 shares of common stock (expires 10/2026)		10/7/2016	0.4	— (2)(20)	
DRB Holdings, LLC (17)	Provider of integrated technology solutions to car wash operators	First lien senior secured loan (\$23.5 par due 10/2023)	7.92% (Libor + 6.00%/Q)	10/6/2017	23.5	23.2 (2)(13)	
Infinite Electronics International, Inc. (17)	Manufacturer and distributor of radio frequency and microwave electronic components	First lien senior secured revolving loan	—	7/2/2018	—	— (15)	
		First lien senior secured loan (\$13.3 par due 7/2025)	5.80% (Libor + 4.00%/M)	7/2/2018	13.3	13.0 (2)	
					13.3	13.0	
Ioxus, Inc. (4)(17)	Manufacturer of energy storage devices	First lien senior secured revolving loan (\$0.4 par due 1/2020)		12/24/2019	0.4	0.2 (2)(12)	
		First lien senior secured loan (\$6.2 par due 12/2019)		4/29/2014	6.2	3.9 (2)(12)	
		Series CC preferred stock (1,683,265 shares)		9/7/2017	0.7	— (2)	
		Warrant to purchase up to 30,256 shares of Series BB preferred stock (expires 8/2026)		8/24/2016	—	— (2)	
		Warrant to purchase up to 8,416,326 shares of Series CC preferred stock (expires 1/2027)		1/27/2017	—	— (2)	
		Warrant to purchase up to 75,968 shares of common stock (expires 1/2026)		1/28/2016	—	— (2)	
					7.3	4.1	
Micromeritics Instrument Corp. (17)	Scientific instrument manufacturer	First lien senior secured revolving loan (\$2.7 par due 12/2025)	6.74% (Libor + 5.00%/Q)	12/18/2019	2.7	2.7 (2)(13)	
		First lien senior secured loan (\$32.7 par due 12/2025)	6.74% (Libor + 5.00%/Q)	12/18/2019	32.7	32.4 (2)(13)	
					35.4	35.1	
					79.9	75.4	1.01%
Food & Staples Retailing							
Edward Don & Company, LLC and VCP-EDC Co-Invest, LLC	Distributor of foodservice equipment and supplies	Membership units (2,970,000 units)		6/9/2017	3.0	2.9	
FS Squared Holding Corp. and FS Squared, LLC (17)	Provider of on-site vending and micro market solutions	First lien senior secured revolving loan (\$1.0 par due 3/2024)	7.06% (Libor + 5.25%/Q)	3/28/2019	1.0	1.0 (2)(16)	

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS

As of December 31, 2019
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(5)(9)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan (\$4.3 par due 3/2025)	7.05% (Libor + 5.25%/M)	3/28/2019	4.3	4.3 (2)	
		First lien senior secured loan (\$0.1 par due 3/2025)	7.05% (Libor + 5.25%/M)	3/28/2019	0.1	0.1 (2)	
		Class A units (99,500 units)		3/28/2019	10.0	12.4 (2)	
					15.4	17.8	
JWC/KI Holdings, LLC	Foodservice sales and marketing agency	Membership units (5,000 units)		11/16/2015	5.0	7.1 (2)	
SFE Intermediate Holdco LLC (17)	Provider of outsourced foodservice to K-12 school districts	First lien senior secured loan (\$10.7 par due 7/2024)	6.64% (Libor + 4.75%/Q)	9/5/2018	10.7	10.7 (2)(13)	
		First lien senior secured loan (\$6.6 par due 7/2024)	6.68% (Libor + 4.75%/Q)	7/31/2017	6.6	6.6 (2)(13)	
					17.3	17.3	
					40.7	45.1	0.60%
Telecommunication Services							
Emergency Communications Network, LLC (17)	Provider of mission critical emergency mass notification solutions	First lien senior secured revolving loan (\$6.5 par due 6/2022)	8.47% (Libor + 6.25%/Q)	6/1/2017	6.5	5.7 (2)(13)	
		First lien senior secured loan (\$44.4 par due 6/2023)	8.14% (Libor + 6.25%/Q)	6/1/2017	44.2	38.7 (2)(13)	
					50.7	44.4	
					50.7	44.4	0.59%
Real Estate							
BW Landco LLC (5)	Real estate developer	Membership interest (100%)		7/5/2019	19.9	25.2	
NECCO Realty Investments LLC (5)	Real estate holding company	Membership units (7,450 units)		1/3/2017	—	—	
					19.9	25.2	0.34%
Grand Total					\$ 14,695.5	\$ 14,425.8	193.17%

Derivative Instruments*Interest rate swap*

Description	Payment Terms	Counterparty	Maturity Date	Notional Amount	Value	Upfront Payments/Receipts	Unrealized Appreciation / (Depreciation)
Interest rate swap	Pay fixed 2.0642% Receive Floating One-Month LIBOR of 1.75%	Bank of Montreal	January 4, 2021	\$ 395	\$(2)	\$ —	\$(2)
Total							<u><u>\$ (2)</u></u>

- (1) Other than the Company's investments listed in footnote 5 below (subject to the limitations set forth therein), the Company does not "Control" any of its portfolio companies, for the purposes of the Investment Company Act of 1940, as amended (together with the rules and regulations promulgated thereunder, the "Investment Company Act"). In general, under the Investment Company Act, the Company would "Control" a portfolio company if the Company owned more than 25% of its outstanding voting securities (i.e., securities with the right to elect directors) and/or had the power to exercise control over the management or policies of such portfolio company. All of the Company's portfolio company investments, which as of December 31, 2019 represented 193% of the Company's net assets or 97% of the Company's total assets, are subject to legal restrictions on sales.
- (2) These assets are pledged as collateral under the Company's or the Company's consolidated subsidiaries' various revolving credit facilities and, as a result, are not directly available to the creditors of the Company to satisfy any obligations of the Company other than the obligations under each respective credit facility (see Note 5).
- (3) Investments without an interest rate are non-income producing.
- (4) As defined in the Investment Company Act, the Company is deemed to be an "Affiliated Person" because it owns 5% or more of the portfolio company's outstanding voting securities or it has the power to exercise control over the management or policies of such portfolio company (including through a management agreement). Transactions as of and during the year ended December 31, 2019 in which the issuer was an Affiliated Person of the Company (but not a portfolio company that the Company is deemed to Control) are as follows:

(in millions) Company	For the Year Ended December 31, 2019										As of December 31, 2019
	Purchases (cost)	Redemptions (cost)	Sales (cost)	Interest income	Capital structuring service fees	Dividend income	Other income	Net realized gains (losses)	Net unrealized gains (losses)	Fair Value	
Blue Angel Buyer 1, LLC and Blue Angel Holdco, LLC	\$ 21.8	\$ 1.1	\$ 9.8	\$ 0.2	\$ 0.4	\$ 0.8	\$ 0.1	\$ (0.1)	\$ —	\$ 11.7	
Blue Wolf Capital Fund II, L.P.	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 0.2	\$ 2.6	
Bragg Live Food Products, LLC and SPC Investment Co., L.P.	\$ 51.8	\$ 4.6	\$ —	\$ 2.4	\$ 1.3	\$ —	\$ —	\$ —	\$ (3.6)	\$ 43.7	
Crown Health Care Laundry Services, LLC and Crown Laundry Holdings, LLC	\$ 12.0	\$ 0.4	\$ —	\$ 3.8	\$ 0.3	\$ —	\$ 0.2	\$ —	\$ 1.6	\$ 52.2	
ESCP PPG Holdings, LLC	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 0.5	\$ 2.9	
European Capital UK SME Debt LP	\$ 1.8	\$ 1.7	\$ —	\$ —	\$ —	\$ 0.6	\$ —	\$ —	\$ 0.7	\$ 40.4	
Financial Asset Management Systems, Inc. and FAMS Holdings, Inc.	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Ioxus, Inc.	\$ 0.4	\$ 1.0	\$ —	\$ 0.6	\$ —	\$ —	\$ —	\$ (0.6)	\$ (2.6)	\$ 4.1	
NSI Holdings, Inc.	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Panda Temple Power, LLC and T1 Power Holdings LLC	\$ —	\$ 0.1	\$ —	\$ 1.0	\$ —	\$ —	\$ —	\$ —	\$ (1.0)	\$ 21.7	
Partnership Capital Growth Fund I, L.P.	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (0.1)	\$ —	
PCG-Ares Sidecar Investment II, L.P.	\$ 0.1	\$ —	\$ —	\$ —	\$ —	\$ 4.7	\$ —	\$ —	\$ (4.8)	\$ 12.6	
PCG-Ares Sidecar Investment, L.P.	\$ 0.3	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (0.6)	\$ 4.1	
Petroflow Energy Corporation and TexOak Petro Holdings LLC	\$ —	\$ 41.5	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (32.9)	\$ 33.2	\$ —	
PIH Corporation and Primrose Holding Corporation	\$ —	\$ 7.1	\$ 1.6	\$ 0.1	\$ —	\$ 1.8	\$ —	\$ —	\$ 2.0	\$ 18.8	
Shock Doctor, Inc. and Shock Doctor Holdings, LLC	\$ 24.6	\$ 1.4	\$ 89.7	\$ 5.3	\$ —	\$ 0.1	\$ 0.1	\$ —	\$ 9.2	\$ 24.3	
Totes Isotoner Corporation and Totes Ultimate Holdco, Inc.	\$ 9.7	\$ —	\$ —	\$ 0.2	\$ —	\$ —	\$ —	\$ —	\$ 5.0	\$ 9.8	
UL Holding Co., LLC	\$ —	\$ —	\$ —	\$ 3.9	\$ —	\$ —	\$ —	\$ —	\$ 1.1	\$ 47.2	
	<u>\$ 122.5</u>	<u>\$ 58.9</u>	<u>\$ 101.1</u>	<u>\$ 17.5</u>	<u>\$ 2.0</u>	<u>\$ 8.0</u>	<u>\$ 0.4</u>	<u>\$ (33.6)</u>	<u>\$ 40.8</u>	<u>\$ 296.1</u>	

- (5) As defined in the Investment Company Act, the Company is deemed to be both an “Affiliated Person” and “Control” this portfolio company because it owns more than 25% of the portfolio company’s outstanding voting securities or it has the power to exercise control over the management or policies of such portfolio company (including through a management agreement). Transactions as of and during the year ended December 31, 2019 in which the issuer was both an Affiliated Person and a portfolio company that the Company is deemed to Control are as follows:

For the Year Ended December 31, 2019

As of December
31, 2019

(in millions) Company	Purchases (cost)	Redemptions (cost)	Sales (cost)	Interest income	Capital structuring service fees	Dividend income	Other income	Net realized gains (losses)	Net unrealized gains (losses)	Fair Value
ACAS Equity Holdings Corporation	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (0.4)	\$ —
ACAS Real Estate Holdings Corporation	\$ —	\$ —	\$ 2.7	\$ —	\$ —	\$ —	\$ —	\$ 7.7	\$ 0.7	\$ —
ADF Capital, Inc., ADF Restaurant Group, LLC, and ARG Restaurant Holdings, Inc.	\$ —	\$ —	\$ —	\$ 0.2	\$ —	\$ —	\$ —	\$ —	\$ (5.9)	\$ —
BW Landco LLC (fka Soil Safe, Inc. and Soil Safe Acquisition Corp.)	\$ 21.2	\$ 6.9	\$ 127.0	\$ 10.6	\$ —	\$ —	\$ 1.5	\$ 13.5	\$ 6.7	\$ 25.2
CoLTs 2005-1 Ltd.	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
CoLTs 2005-2 Ltd.	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
CSHM LLC	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Eckler Industries, Inc. and Eckler Purchaser LLC	\$ 3.5	\$ —	\$ —	\$ 3.0	\$ —	\$ —	\$ —	\$ —	\$ (7.2)	\$ 21.9
ETG Holdings, Inc.	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Halex Holdings, Inc.	\$ —	\$ 1.9	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2.0	\$ —
HCI Equity, LLC	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 0.1
Heelstone Energy Holdings, LLC and Heelstone Renewable Energy, LLC	\$ 56.8	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 56.8
Imaging Business Machines, L.L.C. and Scanner Holdings Corporation	\$ —	\$ —	\$ —	\$ 2.3	\$ —	\$ —	\$ 0.6	\$ —	\$ 9.8	\$ 34.5
Ivy Hill Asset Management, L.P.	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 68.0	\$ —	\$ —	\$ 2.8	\$ 520.7
Joyce Lane Capital LLC and Joyce Lane Financing SPV LLC (fka Ciena Capital LLC)	\$ —	\$ 0.1	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (0.2)	\$ 3.5
LLSC Holdings Corporation (dba Lawrence Merchandising Services)	\$ —	\$ —	\$ 1.8	\$ —	\$ —	\$ —	\$ —	\$ (1.3)	\$ 1.3	\$ —
Montgomery Lane, LLC and Montgomery Lane, Ltd.	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
MVL Group, Inc.	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Navisun LLC and Navisun Holdings LLC	\$ 70.9	\$ —	\$ —	\$ 3.8	\$ 1.0	\$ 0.5	\$ 0.2	\$ —	\$ 0.4	\$ 103.6
NECCO Holdings, Inc. and New England Confectionery Company, Inc.	\$ 0.2	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (0.2)	\$ 4.6
NECCO Realty Investments LLC	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Orion Foods, LLC	\$ —	\$ 1.2	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (0.8)	\$ 0.7	\$ —
PHL Investors, Inc., and PHL Holding Co.	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Rug Doctor, LLC and RD Holdeo Inc.	\$ —	\$ —	\$ —	\$ 2.1	\$ —	\$ —	\$ —	\$ —	\$ (6.1)	\$ 22.0
S Toys Holdings LLC (fka The Step2 Company, LLC)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 0.6	\$ (0.2)	\$ 0.2
Senior Direct Lending Program, LLC*	\$ 407.0	\$ 149.9	\$ —	\$ 122.3	\$ 21.2	\$ —	\$ 3.5	\$ —	\$ —	\$ 908.9
Singer Sewing Company, SVP-Singer Holdings, LLC and SVP-Singer Holdings LP	\$ 25.0	\$ 29.7	\$ —	\$ 19.5	\$ —	\$ —	\$ 0.2	\$ —	\$ (0.8)	\$ 230.2
Startec Equity, LLC	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
	\$ 584.6	\$ 189.7	\$ 131.5	\$ 163.8	\$ 22.2	\$ 68.5	\$ 6.0	\$ 19.7	\$ 3.4	\$ 1,932.2

* Together with Varagon Capital Partners (“Varagon”) and its clients, the Company has co-invested through the Senior Direct Lending Program, LLC (d/b/a the “Senior Direct Lending Program” or the “SDLP”). The SDLP has been capitalized as transactions are completed and all portfolio decisions and generally all other decisions in respect of the SDLP must be approved by an investment committee of the SDLP consisting of representatives of the Company and Varagon (with approval from a representative of each required); therefore, although the Company owns more than 25% of the voting securities of the SDLP, the Company does not believe that it has control over the SDLP (for purposes of the Investment Company Act or otherwise) because, among other things, these “voting

securities” do not afford the Company the right to elect directors of the SDLP or any other special rights (see Note 4).

- (6) This portfolio company is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets. Pursuant to Section 55(a) of the Investment Company Act, 16% of the Company's total assets are represented by investments at fair value and other assets that are considered “non-qualifying assets” as of December 31, 2019.
- (7) Variable rate loans to the Company's portfolio companies bear interest at a rate that may be determined by reference to either the London Interbank Offered Rate (“LIBOR”) or an alternate base rate (commonly based on the Federal Funds Rate or the Prime Rate), at the borrower's option, which reset annually (A), semi-annually (S), quarterly (Q), bi-monthly (B), monthly (M) or daily (D). For each such loan, the Company has provided the weighted average interest rate in effect on the date presented.
- (8) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 2.00% on \$58.7 in aggregate principal amount of a “first out” tranche of the portfolio company's senior term debt previously syndicated by the Company into “first out” and “last out” tranches, whereby the “first out” tranche will have priority as to the “last out” tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (9) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 2.00% on \$38.4 in aggregate principal amount of a “first out” tranche of the portfolio company's first lien senior secured loans, whereby the “first out” tranche will have priority as to the “last out” tranche with respect to payments of principal, interest and any other amounts due thereunder.
- (10) The Company sold a participating interest of approximately \$1.7 in aggregate principal amount of the portfolio company's first lien senior secured term loan. As the transaction did not qualify as a “true sale” in accordance with U.S. generally accepted accounting principles (“GAAP”), the Company recorded a corresponding \$1.7 secured borrowing included in “accounts payable and other liabilities” in the accompanying consolidated balance sheet.
- (11) The Company sold a participating interest of approximately \$24.9 in aggregate principal amount of the portfolio company's first lien senior secured term loan. As the transaction did not qualify as a “true sale” in accordance with GAAP, the Company recorded a corresponding \$24.9 secured borrowing included in “accounts payable and other liabilities” in the accompanying consolidated balance sheet.
- (12) Loan was on non-accrual status as of December 31, 2019.
- (13) Loan includes interest rate floor feature.
- (14) In addition to the interest earned based on the stated contractual interest rate of this security, the certificates entitle the holders thereof to receive a portion of the excess cash flow from the SDLP's loan portfolio, after expenses, which may result in a return to the Company greater than the contractual stated interest rate.
- (15) As of December 31, 2019, no amounts were funded by the Company under this first lien senior secured revolving loan; however, there were letters of credit issued and outstanding through a financial intermediary under the loan. See Note 7 for further information on letters of credit commitments related to certain portfolio companies.
- (16) As of December 31, 2019, in addition to the amounts funded by the Company under this first lien senior secured revolving loan, there were also letters of credit issued and outstanding through a financial intermediary under the loan. See Note 7 for further information on letters of credit commitments related to certain portfolio companies.
- (17) As of December 31, 2019, the Company had the following commitments to fund various revolving and delayed draw senior secured and subordinated loans, including commitments to issue letters of credit through a financial intermediary on behalf of certain portfolio companies. Such commitments are subject to the satisfaction of certain conditions set forth in the documents governing these loans and letters of credit and there can be no assurance that such conditions will be satisfied. See Note 7 for further information on revolving and delayed draw loan commitments, including commitments to issue letters of credit, related to certain portfolio companies.

(in millions) Portfolio Company	Total revolving and delayed draw loan commitments	Less: funded commitments	Total unfunded commitments	Less: commitments substantially at discretion of the Company	Total net adjusted unfunded revolving and delayed draw commitments
IA Smart Start LLC	\$ 3.5	\$ (0.6)	\$ 2.9	\$ —	\$ 2.9
42 North Dental, LLC	5.0	—	5.0	—	5.0
A.U.L. Corp.	1.2	—	1.2	—	1.2
Accommodations Plus Technologies LLC	4.1	—	4.1	—	4.1
Achilles Acquisition LLC	20.1	(5.7)	14.4	—	14.4
ADCS Clinics Intermediate Holdings, LLC	5.0	(1.8)	3.2	—	3.2
ADG, LLC	13.6	(11.9)	1.7	—	1.7
Alcami Corporation	29.0	(2.9)	26.1	—	26.1
AMCP Clean Intermediate, LLC	6.1	(2.2)	3.9	—	3.9
Anaqua Parent Holdings, Inc.	4.9	—	4.9	—	4.9
Apptio, Inc.	4.2	—	4.2	—	4.2
AQ Sunshine, Inc.	0.9	(0.1)	0.8	—	0.8
Athenahealth, Inc.	33.1	—	33.1	—	33.1
Atlas Intermediate III, L.L.C.	0.1	—	0.1	—	0.1
Avetta, LLC	7.0	—	7.0	—	7.0
Bambino CI Inc.	8.5	(5.7)	2.8	—	2.8
Bearcat Buyer, Inc.	16.4	—	16.4	—	16.4
Belfor Holdings, Inc.	25.0	(2.5)	22.5	—	22.5
Birch Permian, LLC	14.5	—	14.5	—	14.5
Blue Angel Buyer 1, LLC	7.2	—	7.2	—	7.2
Blue Campaigns Intermediate Holding Corp.	3.0	—	3.0	—	3.0
Bragg Live Food Products LLC	4.4	—	4.4	—	4.4
Cadence Aerospace, LLC	14.4	(5.2)	9.2	—	9.2
Capstone Logistics Acquisition, Inc.	2.0	(1.2)	0.8	—	0.8
CB Trestles OpCo, LLC	32.2	(2.1)	30.1	—	30.1
CCS-CMGC Holdings, Inc.	12.0	(8.6)	3.4	—	3.4
Center for Autism and Related Disorders, LLC	8.5	(0.7)	7.8	—	7.8
Clearwater Analytics, LLC	5.0	—	5.0	—	5.0
Command Alkon Incorporated	4.4	(1.6)	2.8	—	2.8
Comprehensive EyeCare Partners, LLC	3.7	(0.4)	3.3	—	3.3
Concert Golf Partners Holdco LLC	5.3	(0.2)	5.1	—	5.1
Cority Software Inc.	0.1	—	0.1	—	0.1
Cozzini Bros., Inc.	15.0	(6.5)	8.5	—	8.5
Creation Holdings Inc.	19.9	(0.1)	19.8	—	19.8
Crown Health Care Laundry Services, Inc.	13.0	(1.0)	12.0	—	12.0
CST Buyer Company	6.1	—	6.1	—	6.1
CVP Holdco, Inc.	35.9	(0.1)	35.8	—	35.8
D4C Dental Brands, Inc.	5.0	(0.8)	4.2	—	4.2
DCA Investment Holding, LLC	5.8	(1.7)	4.1	—	4.1
DecoPac, Inc.	8.1	—	8.1	—	8.1
DFC GLOBAL FACILITY BORROWER III LLC	152.5	(120.8)	31.7	—	31.7
Display Holding Company, Inc.	2.3	—	2.3	—	2.3
Dorner Holding Corp.	3.3	—	3.3	—	3.3
DRB Holdings, LLC	9.9	—	9.9	—	9.9
DRS Holdings III, Inc.	6.8	(0.3)	6.5	—	6.5
DTI Holdco, Inc.	8.8	(1.8)	7.0	—	7.0
Eckler Industries, Inc.	5.9	(5.2)	0.7	(0.7)	—
Elemica Parent, Inc.	15.6	(1.4)	14.2	—	14.2
Emergency Communications Network, LLC	6.5	(6.5)	—	—	—
EP Purchaser, LLC.	22.4	—	22.4	—	22.4
Episerver, Inc.	9.5	—	9.5	—	9.5
Evolent Health LLC	44.8	—	44.8	—	44.8
Ferraro Fine Foods Corp.	8.0	—	8.0	—	8.0
Flinn Scientific, Inc.	10.0	—	10.0	—	10.0

(in millions) Portfolio Company	Total revolving and delayed draw loan commitments	Less: funded commitments	Total unfunded commitments	Less: commitments substantially at discretion of the Company	Total net adjusted unfunded revolving and delayed draw commitments
Flow Control Solutions, Inc.	14.4	—	14.4	—	14.4
FM:Systems Group, LLC	1.5	—	1.5	—	1.5
Foundation Risk Partners, Corp.	73.2	(4.2)	69.0	—	69.0
FS Squared Holding Corp.	11.2	(1.3)	9.9	—	9.9
FWR Holding Corporation	4.4	(1.8)	2.6	—	2.6
Garden Fresh Restaurant Corp.	7.5	(5.2)	2.3	—	2.3
GB Auto Service, Inc.	7.1	(3.0)	4.1	—	4.1
Genesis Acquisition Co.	9.5	(0.5)	9.0	—	9.0
GraphPAD Software, LLC	1.1	—	1.1	—	1.1
Green Street Parent, LLC	0.3	—	0.3	—	0.3
GTCR-Ultra Holdings III, LLC and GTCR-Ultra Holdings LLC	2.0	—	2.0	—	2.0
HAI Acquisition Corporation	19.0	—	19.0	—	19.0
Harvey Tool Company, LLC	13.5	(0.1)	13.4	—	13.4
Help/Systems Holdings, Inc.	15.0	—	15.0	—	15.0
Hometown Food Company	3.9	—	3.9	—	3.9
Huskies Parent, Inc.	3.3	(1.0)	2.3	—	2.3
Hygiena Borrower LLC	12.4	—	12.4	—	12.4
IMIA Holdings, Inc.	9.9	(0.4)	9.5	—	9.5
Inflaw Corporation	5.7	(5.7)	—	—	—
Infinite Electronics International, Inc.	3.0	—	3.0	—	3.0
Infogix, Inc.	5.2	(2.0)	3.2	—	3.2
IntraPac International LLC	19.2	(7.7)	11.5	—	11.5
Invoice Cloud, Inc.	18.3	(0.9)	17.4	—	17.4
Ioxus, Inc.	0.8	(0.4)	0.4	—	0.4
JDC Healthcare Management, LLC	4.0	(4.0)	—	—	—
Jim N Nicks Management LLC	4.8	(2.8)	2.0	—	2.0
Joyce Lane Financing SPV LLC	1.4	—	1.4	—	1.4
K2 Insurance Services, LLC	15.2	—	15.2	—	15.2
Kaufman, Hall & Associates, LLC	8.0	—	8.0	—	8.0
KBHS Acquisition, LLC (d/b/a Alita Care, LLC)	5.0	(2.0)	3.0	—	3.0
Kellermeyer Bergensons Services, LLC	16.0	—	16.0	—	16.0
Kene Acquisition, Inc.	19.1	(0.1)	19.0	—	19.0
Key Surgical LLC	2.8	—	2.8	—	2.8
KHC Holdings, Inc.	6.9	(3.3)	3.6	—	3.6
Laboratories Bideo LLC	9.5	—	9.5	—	9.5
Mac Lean-Fogg Company	7.8	—	7.8	—	7.8
Masergy Holdings, Inc.	2.5	(0.4)	2.1	—	2.1
Mavis Tire Express Services Corp.	34.6	—	34.6	—	34.6
MB2 Dental Solutions, LLC	4.6	(4.6)	—	—	—
McKenzie Creative Brands, LLC	4.5	(1.7)	2.8	—	2.8
Micromeritics Instrument Corp.	4.1	(2.7)	1.4	—	1.4
Minerva Surgical, Inc.	9.9	—	9.9	—	9.9
Ministry Brands, LLC	10.9	(2.2)	8.7	—	8.7
Movati Athletic (Group) Inc.	1.9	—	1.9	—	1.9
MSHC, Inc.	21.4	(1.0)	20.4	—	20.4
MW Dental Holding Corp.	10.0	(10.0)	—	—	—
n2y Holding, LLC	0.1	—	0.1	—	0.1
National Intergovernmental Purchasing Alliance Company	9.0	(6.9)	2.1	—	2.1
Navisun LLC	25.0	—	25.0	—	25.0
NECCO Holdings, Inc.	25.0	(19.9)	5.1	(5.1)	—
Nelipak Holding Company	0.6	(0.2)	0.4	—	0.4
NM GRC HOLDCO, LLC	0.7	—	0.7	—	0.7
NMC Skincare Intermediate Holdings II, LLC	15.7	(4.5)	11.2	—	11.2
NMN Holdings III Corp	12.5	—	12.5	—	12.5
Nordeo Inc.	10.0	—	10.0	—	10.0

(in millions) Portfolio Company	Total revolving and delayed draw loan commitments	Less: funded commitments	Total unfunded commitments	Less: commitments substantially at discretion of the Company	Total net adjusted unfunded revolving and delayed draw commitments
NueHealth Performance, LLC	7.0	—	7.0	—	7.0
Olympia Acquisition, Inc.	51.9	—	51.9	—	51.9
OTG Management, LLC	13.2	(10.0)	3.2	—	3.2
Park Place Technologies, LLC	5.4	—	5.4	—	5.4
Pathway Vet Alliance LLC	36.5	(0.2)	36.3	—	36.3
PaySimple, Inc.	9.3	—	9.3	—	9.3
PDI TA Holdings, Inc.	16.8	(7.6)	9.2	—	9.2
Pegasus Global Enterprise Holdings, LLC	17.4	(9.7)	7.7	—	7.7
Perforce Software, Inc.	0.5	—	0.5	—	0.5
Petroleum Service Group LLC	21.9	(0.2)	21.7	—	21.7
Premise Health Holding Corp.	40.0	(1.6)	38.4	—	38.4
Pyramid Management Advisors, LLC	17.3	(2.6)	14.7	—	14.7
QC Supply, LLC	10.0	(10.0)	—	—	—
QF Holdings, Inc.	5.0	—	5.0	—	5.0
Radius Aerospace, Inc.	2.8	(0.2)	2.6	—	2.6
Raptor Technologies, LLC	4.7	—	4.7	—	4.7
Reddy Ice Holdings, Inc.	7.7	—	7.7	—	7.7
Retriever Medical/Dental Payments LLC	3.5	—	3.5	—	3.5
Revint Intermediate II, LLC	12.1	(7.2)	4.9	—	4.9
Rialto Management Group, LLC	1.0	(0.2)	0.8	—	0.8
RMP Group, Inc.	1.8	(0.6)	1.2	—	1.2
RSC Acquisition, Inc.	11.9	—	11.9	—	11.9
SCM Insurance Services Inc.	4.2	(3.9)	0.3	—	0.3
SCSG EA Acquisition Company, Inc.	4.0	(0.2)	3.8	—	3.8
SecurAmerica, LLC	11.2	—	11.2	—	11.2
Securelink, Inc.	3.0	—	3.0	—	3.0
Severin Acquisition, LLC	9.0	—	9.0	—	9.0
SFE Intermediate HoldCo LLC	10.2	—	10.2	—	10.2
Shift PPC LLC	2.5	—	2.5	—	2.5
Shock Doctor, Inc. and Shock Doctor Holdings, LLC	2.5	(1.9)	0.6	—	0.6
Singer Sewing Company	90.0	(73.2)	16.8	—	16.8
SiroMed Physician Services, Inc.	7.1	—	7.1	—	7.1
Siteworx, LLC	1.5	(1.5)	—	—	—
SM Wellness Holdings, Inc.	11.1	(4.4)	6.7	—	6.7
Sonny's Enterprises, LLC	3.6	—	3.6	—	3.6
SOS Security Holdings, LLC	2.7	(2.7)	—	—	—
Sovos Brands Intermediate, Inc.	4.3	—	4.3	—	4.3
SpareFoot, LLC	1.4	(0.8)	0.6	—	0.6
Sparta Systems, Inc.	6.5	—	6.5	—	6.5
Spectra Finance, LLC	24.1	(4.8)	19.3	—	19.3
Storm UK Holdco Limited and Storm US Holdco Inc.	1.1	(0.6)	0.5	—	0.5
Sunk Rock Foundry Partners LP	7.5	(4.0)	3.5	—	3.5
Sunshine Sub, LLC	5.8	—	5.8	—	5.8
Symmetry Surgical Inc.	3.1	—	3.1	—	3.1
Synergy HomeCare Franchising, LLC	4.2	—	4.2	—	4.2
TA/WEG Holdings, LLC	4.3	(0.2)	4.1	—	4.1
Taymax Group Holdings, LLC	1.6	(0.7)	0.9	—	0.9
TDG Group Holding Company	14.6	—	14.6	—	14.6
Teasdale Foods, Inc.	0.8	(0.1)	0.7	—	0.7
Telestream Holdings Corporation	2.3	(0.1)	2.2	—	2.2
TerSera Therapeutics LLC	0.1	—	0.1	—	0.1
The Alaska Club Partners, LLC	3.0	—	3.0	—	3.0
The Ultimate Software Group, Inc.	10.0	—	10.0	—	10.0
The Ultimus Group Mideo, LLC	6.9	(1.9)	5.0	—	5.0
THG Acquisition, LLC	22.1	—	22.1	—	22.1

(in millions) Portfolio Company	Total revolving and delayed draw loan commitments	Less: funded commitments	Total unfunded commitments	Less: commitments substantially at discretion of the Company	Total net adjusted unfunded revolving and delayed draw commitments
TimeClock Plus, LLC	7.6	—	7.6	—	7.6
Touchstone Acquisition, Inc.	11.2	—	11.2	—	11.2
TWH Infrastructure Industries, Inc.	0.1	—	0.1	—	0.1
U.S. Acute Care Solutions, LLC	1.7	—	1.7	—	1.7
United Digestive MSO Parent, LLC	17.2	—	17.2	—	17.2
Vela Trading Technologies LLC	3.5	(2.0)	1.5	—	1.5
Verscend Holding Corp.	22.5	—	22.5	—	22.5
VLS Recovery Services, LLC	19.8	(0.3)	19.5	—	19.5
VRC Companies, LLC	3.6	(0.8)	2.8	—	2.8
WatchFire Enterprises, Inc.	2.0	—	2.0	—	2.0
WebPT, Inc.	6.1	—	6.1	—	6.1
West Dermatology, LLC	11.5	(1.0)	10.5	—	10.5
WIRB - Copernicus Group, Inc.	3.0	—	3.0	—	3.0
WSHP FC Acquisition LLC	11.3	—	11.3	—	11.3
XIFIN, Inc.	4.6	(0.7)	3.9	—	3.9
Zemax Software Holdings, LLC	4.1	—	4.1	—	4.1
Zywave, Inc.	10.5	(3.5)	7.0	—	7.0
	\$ 2,008.7	\$ (459.5)	\$ 1,549.2	\$ (5.8)	\$ 1,543.4

(18) As of December 31, 2019, the Company was party to subscription agreements to fund equity investments in private equity investment partnerships as follows:

(in millions) Company	Total private equity commitments	Less: funded private equity commitments	Total unfunded private equity commitments	Less: private equity commitments substantially at the discretion of the Company	Total net adjusted unfunded private equity commitments
PCG-Ares Sidecar Investment, L.P. and PCG-Ares Sidecar Investment II, L.P.	\$ 50.0	\$ (12.4)	\$ 37.6	\$ (37.6)	\$ —
European Capital UK SME Debt LP	59.6	(49.5)	10.1	(10.1)	—
	\$ 109.6	\$ (61.9)	\$ 47.7	\$ (47.7)	\$ —

(19) As of December 31, 2019, the Company had commitments to co-invest in the SDLP for its portion of the SDLP's commitment to fund delayed draw loans of up to \$94. See Note 4 to the consolidated financial statements for more information on the SDLP.

(20) Other than the investments noted by this footnote, the fair value of the Company's investments is determined using unobservable inputs that are significant to the overall fair value measurement. See Note 8 to the consolidated financial statements for more information regarding the fair value of the Company's investments.

(21) As of December 31, 2019, the net estimated unrealized loss for federal tax purposes was \$0.3 billion based on a tax cost basis of \$14.7 billion. As of December 31, 2019, the estimated aggregate gross unrealized loss for federal income tax purposes was \$0.7 billion and the estimated aggregate gross unrealized gain for federal income tax purposes was \$0.4 billion.

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(in millions, except per share data)

	Common Stock		Capital in Excess of Par Value	Accumulated Undistributed (Overdistributed) Earnings	Total Stockholders' Equity
	Shares	Amount			
Balance at December 31, 2017	426	\$ —	\$ 7,192	\$ (94)	\$ 7,098
Net investment income	—	—	—	694	694
Net realized gains on investments, foreign currency and other transactions	—	—	—	419	419
Net unrealized losses on investments, foreign currency and other transactions	—	—	—	(255)	(255)
Dividends declared and payable (\$1.54 per share)	—	—	—	(656)	(656)
Tax reclassification of stockholders' equity in accordance with GAAP	—	—	(19)	19	—
Balance at December 31, 2018	426	\$ —	\$ 7,173	\$ 127	\$ 7,300
Issuance of common stock, net of offering and underwriting costs	4	—	64	—	64
Shares issued in connection with dividend reinvestment plan	1	—	24	—	24
Issuance of Convertible Unsecured Notes (See Note 5)	—	—	4	—	4
Net investment income	—	—	—	811	811
Net realized losses on investments, foreign currency and other transactions	—	—	—	(65)	(65)
Net unrealized gains on investments, foreign currency and other transactions	—	—	—	47	47
Dividends declared and payable (\$1.68 per share)	—	—	—	(718)	(718)
Tax reclassification of stockholders' equity in accordance with GAAP	—	—	495	(495)	—
Balance at December 31, 2019	431	—	7,760	(293)	7,467
Issuance of common stock, net of offering and underwriting costs	—	—	4	—	4
Repurchases of common stock	(8)	—	(100)	—	(100)
Net investment income	—	—	—	794	794
Net realized losses on investments, foreign currency and other transactions	—	—	—	(166)	(166)
Net unrealized losses on investments, foreign currency and other transactions	—	—	—	(144)	(144)
Dividends declared and payable (\$1.60 per share)	—	—	—	(679)	(679)
Tax reclassification of stockholders' equity in accordance with GAAP	—	—	(8)	8	—
Balance at December 31, 2020	423	\$ —	\$ 7,656	\$ (480)	\$ 7,176

See accompanying notes to consolidated financial statements.

ARES CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(in millions)

	For the Years Ended December 31,		
	2020	2019	2018
OPERATING ACTIVITIES:			
Net increase in stockholders' equity resulting from operations	\$ 484	\$ 793	858
Adjustments to reconcile net increase in stockholders' equity resulting from operations:			
Net realized (gains) losses on investments, foreign currency and other transactions	166	65	(419)
Net unrealized (gains) losses on investments, foreign currency and other transactions	144	(47)	255
Net accretion of discount on investments	(8)	(12)	(12)
Payment-in-kind interest	(150)	(79)	(68)
Collections of payment-in-kind interest	55	35	38
Payment-in-kind dividends	(67)	(61)	(26)
Collections of payment-in-kind dividends	1	—	1
Amortization of debt issuance costs	23	18	18
Net accretion of discount on notes payable	8	8	5
Proceeds from sales and repayments of investments and other transactions	5,468	4,905	6,747
Purchases of investments	(6,759)	(6,796)	(7,109)
Changes in operating assets and liabilities:			
Interest receivable	12	(26)	2
Other assets	(21)	9	37
Operating lease right-of-use asset	56	(94)	—
Receivable from participants	(38)	—	—
Payable to participants	63	9	—
Base management fees payable	1	9	1
Income based fees payable	92	12	9
Capital gains incentive fees payable	(58)	(54)	33
Interest and facility fees payable	29	(10)	—
Accounts payable and other liabilities	3	18	(66)
Operating lease liabilities	(61)	88	—
Net cash provided by (used in) operating activities	(557)	(1,210)	304
FINANCING ACTIVITIES:			
Net proceeds from issuance of common stock	4	64	—
Borrowings on debt	8,256	13,176	6,592
Repayments and repurchases of debt	(6,737)	(11,422)	(6,241)
Debt issuance costs	(37)	(34)	(19)
Dividends paid	(679)	(694)	(656)
Repurchases of common stock	(100)	—	—
Net cash provided by (used in) financing activities	707	1,090	(324)
CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	150	(120)	(20)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD	176	296	316
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD	\$ 326	\$ 176	\$ 296
Supplemental Information:			
Interest paid during the period	\$ 243	264	201
Taxes, including excise tax, paid during the period	\$ 16	18	20
Dividends declared and payable during the period	\$ 679	718	656

See accompanying notes to consolidated financial statements.

ARES CAPITAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2020
(in millions, except per share data, percentages and as otherwise indicated;
for example, with the word “billion” or otherwise)

1. ORGANIZATION

Ares Capital Corporation (the “Company”) is a specialty finance company that is a closed-end, non-diversified management investment company incorporated in Maryland. The Company has elected to be regulated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended (together with the rules and regulations promulgated thereunder, the “Investment Company Act”). The Company has elected to be treated as a regulated investment company (“RIC”) under the Internal Revenue Code of 1986, as amended (the “Code”), and operates in a manner so as to qualify for the tax treatment applicable to RICs.

The Company’s investment objective is to generate both current income and capital appreciation through debt and equity investments. The Company invests primarily in first lien senior secured loans (including “unitranche” loans, which are loans that combine both senior and subordinated debt, generally in a first lien position) and second lien senior secured loans. In addition to senior secured loans, the Company also invests in subordinated loans (sometimes referred to as mezzanine debt), which in some cases includes an equity component, and preferred equity. To a lesser extent, the Company also makes common equity investments.

The Company is externally managed by Ares Capital Management LLC (“Ares Capital Management” or the Company’s “investment adviser”), a subsidiary of Ares Management Corporation (“Ares Management”), a publicly traded, leading global alternative investment manager, pursuant to an investment advisory and management agreement. Ares Operations LLC (“Ares Operations” or the Company’s “administrator”), a subsidiary of Ares Management, provides certain administrative and other services necessary for the Company to operate.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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 consolidated subsidiaries. The Company is an investment company following accounting and reporting guidance in Accounting Standards Codification (“ASC”) 946, *Financial Services-Investment Companies*. The consolidated financial statements reflect all adjustments and reclassifications that, in the opinion of management, are necessary for the fair presentation of the results of operations and financial condition as of and for the periods presented. All significant intercompany balances and transactions have been eliminated.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents include funds from time to time deposited with financial institutions and short-term, liquid investments in a money market account. Cash and cash equivalents are carried at cost which approximates fair value. As of December 31, 2020 and 2019, there was \$13 and \$22, respectively, of cash denominated in foreign currencies included within “cash and cash equivalents” in the accompanying consolidated balance sheet.

Restricted cash primarily relates to cash received by the Company on behalf of participating lenders as a result of the Company’s role as administrative agent for certain loans. The cash received is generally distributed to participating lenders shortly after the receipt of such cash.

The following table provides a reconciliation of cash, cash equivalents and restricted cash in the consolidated balance sheet to the total amount shown at the end of the applicable period in the consolidated statement of cash flows:

	As of December 31,	
	2020	2019
Cash and cash equivalents	\$ 254	\$ 167
Restricted cash	72	9
Total cash, cash equivalents and restricted cash shown in the consolidated statement of cash flows	\$ 326	\$ 176

Concentration of Credit Risk

The Company places its cash and cash equivalents with financial institutions and, at times, cash held in money market accounts may exceed the Federal Deposit Insurance Corporation insured limit.

Investments

Investment transactions are recorded on the trade date. Realized gains or losses are measured by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment using the specific identification method without regard to unrealized gains or losses previously recognized, and include investments charged off during the period, net of recoveries. Unrealized gains or losses primarily reflect the change in investment values, including the reversal of previously recorded unrealized gains or losses when gains or losses are realized.

Investments for which market quotations are readily available are typically valued at such market quotations. In order to validate market quotations, the Company looks at a number of factors to determine if the quotations are representative of fair value, including the source and nature of the quotations. Debt and equity securities that are not publicly traded or whose market prices are not readily available (i.e., substantially all of the Company's investments) are valued at fair value as determined in good faith by the Company's board of directors, based on, among other things, the input of the Company's investment adviser, audit committee and independent third-party valuation firms that have been engaged at the direction of the Company's board of directors to assist in the valuation of each portfolio investment without a readily available market quotation at least once during a trailing 12-month period (with certain de minimis exceptions) and under a valuation policy and a consistently applied valuation process. The valuation process is conducted at the end of each fiscal quarter, and a portion of the Company's investment portfolio at fair value is subject to review by an independent third-party valuation firm each quarter. In addition, the Company's independent registered public accounting firm obtains an understanding of, and performs select procedures relating to, the Company's investment valuation process within the context of performing the integrated audit.

As part of the valuation process, the Company may take into account the following types of factors, if relevant, in determining the fair value of the Company's investments: the enterprise value of a portfolio company (the entire value of the portfolio company to a market participant, including the sum of the values of debt and equity securities used to capitalize the enterprise at a point in time), the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flow, the markets in which the portfolio company does business, a comparison of the portfolio company's securities to any similar publicly traded securities, changes in the interest rate environment and the credit markets, which may affect the price at which similar investments would trade in their principal markets and other relevant factors. When an external event such as a purchase transaction, public offering or subsequent sale occurs, the Company considers the pricing indicated by the external event to corroborate its valuation.

Because there is not a readily available market value for most of the investments in its portfolio, the Company values substantially all of its portfolio investments at fair value as determined in good faith by its board of directors, as described herein. 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 Company's investments may fluctuate from period to period. Additionally, the fair value of the Company's investments may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values that the Company may ultimately realize. Further, such investments are generally subject to legal and other restrictions on resale or otherwise are less liquid than publicly traded securities. If the Company was required to liquidate a portfolio investment in a forced or liquidation sale, the Company could realize significantly less than the value at which the Company has recorded it.

In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the unrealized gains or losses reflected in the valuations currently assigned.

- The Company's quarterly valuation process begins with each portfolio company or investment being initially valued by the investment professionals responsible for the portfolio investment in conjunction with the Company's portfolio management team.
- Preliminary valuations are reviewed and discussed with the Company's investment adviser's management and investment professionals, and then valuation recommendations are presented to the Company's board of directors.
- The audit committee of the Company's board of directors reviews these valuations, as well as the input of third parties, including independent third-party valuation firms who have reviewed a portion of the investments in the Company's portfolio at fair value.
- The Company's board of directors discusses valuations and ultimately determines the fair value of each investment in the Company's portfolio without a readily available market quotation in good faith based on, among other things, the input of the Company's investment adviser, audit committee and, where applicable, independent third-party valuation firms.

See Note 8 for more information on the Company's valuation process.

Interest Income Recognition

Interest income is recorded on an accrual basis and includes the accretion of discounts, amortization of premiums and payment-in-kind ("PIK") interest. Discounts from and premiums to par value on investments purchased are accreted/amortized into interest income over the life of the respective security using the effective yield method. To the extent loans contain PIK provisions, PIK interest, computed at the contractual rate specified in each applicable agreement, is accrued and recorded as interest income and added to the principal balance of the loan. PIK interest income added to the principal balance is generally collected upon repayment of the outstanding principal. To maintain the Company's status as a RIC, this non-cash source of income must be paid out to stockholders in the form of dividends for the year the income was earned, even though the Company has not yet collected the cash. The amortized cost of investments represents the original cost adjusted for any accretion of discounts, amortization of premiums and PIK interest.

Loans are generally placed on non-accrual status when principal or interest payments are past due 30 days or more or when there is reasonable doubt that principal or interest will be collected in full. Accrued and unpaid interest is generally reversed when a loan is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon the Company's judgment regarding collectability. Non-accrual loans are restored to accrual status when past due principal and interest are paid or there is no longer any reasonable doubt that such principal or interest will be collected in full and, in the Company's judgment, are likely to remain current. The Company may make exceptions to this policy if the loan has sufficient collateral value (i.e., typically measured as enterprise value of the portfolio company) or is in the process of collection.

Dividend Income Recognition

Dividend income on preferred equity securities is recorded on an accrual basis to the extent that such amounts are payable by the portfolio company and are expected to be collected. Dividend income on common equity securities is recorded on the record date for private portfolio companies or on the ex-dividend date for publicly traded portfolio companies. To the extent preferred equity securities contain PIK provisions, PIK dividends, computed at the contractual rate specified in each applicable agreement, are accrued and recorded as dividend income and added to the principal balance of the preferred equity security. PIK dividends added to the principal balance are generally collected upon redemption of the equity security.

Capital Structuring Service Fees and Other Income

In pursuit of the Company's investment objective, the Company's investment adviser seeks to provide assistance to its portfolio companies and in return the Company may receive fees for capital structuring services. These fees are fixed based on contractual terms, are generally only available to the Company as a result of the Company's underlying investments, are normally paid at the closing of the investments, are generally non-recurring and non-refundable and are recognized as revenue when earned upon closing of the investment. The services that the Company's investment adviser provides vary by investment, but generally include reviewing existing credit facilities, arranging bank financing, arranging equity financing, structuring financing from multiple lenders, structuring financing from multiple equity investors, restructuring existing loans, raising equity and debt capital, and providing general financial advice, which concludes upon closing of the investment. Any services of the

above nature subsequent to the closing would generally generate a separate fee payable to the Company. In certain instances where the Company is invited to participate as a co-lender in a transaction and does not provide significant services in connection with the investment, a portion of loan fees paid to the Company in such situations will be deferred and amortized over the contractual life of the loan.

Other income includes amendment fees that are fixed based on contractual terms and are generally non-recurring and non-refundable and are recognized as revenue when earned upon closing of the related transaction. Other income also includes fees for management and consulting services, agency services, loan guarantees, commitments, and other services rendered by the Company to portfolio companies. Such fees are fixed based on contractual terms and are recognized as income as services are rendered.

Foreign Currency Translation

The Company's books and records are maintained in U.S. dollars. Any foreign currency amounts are translated into U.S. dollars on the following basis:

- (1) Fair value of investment securities, other assets and liabilities—at the exchange rates prevailing at the end of the period.
- (2) Purchases and sales of investment securities, income and expenses—at the exchange rates prevailing on the respective dates of such transactions, income or expenses.

Results of operations based on changes in foreign exchange rates are separately disclosed in the statement of operations, if any. Foreign security and currency translations may involve certain considerations and risks not typically associated with investing in U.S. companies and U.S. government securities. These risks include, but are not limited to, currency fluctuations and revaluations and future adverse political, social and economic developments, which could cause investments in foreign markets to be less liquid and prices more volatile than those of comparable U.S. companies or U.S. government securities.

Derivative Instruments

The Company does not utilize hedge accounting and as such values its derivatives at fair value with the unrealized gains or losses recorded in "net unrealized gains (losses) from foreign currency and other transactions" in the Company's consolidated statement of operations.

Equity Offering Expenses

The Company's offering costs are charged against the proceeds from equity offerings when proceeds are received.

Debt Issuance Costs

Debt issuance costs are amortized over the life of the related debt instrument using the straight line method or the effective yield method, depending on the type of debt instrument.

Leases

The Company is obligated under a number of operating leases pursuant to which it is leasing office facilities from third parties with remaining terms ranging from approximately one to six years. Such operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities in the accompanying consolidated balance sheets. The Company does not have any finance leases.

The ROU asset represents the Company's right to use an underlying asset for the lease term and the operating lease liability represents the Company's obligation to make lease payments arising from such lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the remaining lease term. The Company's leases do not provide an implicit discount rate, and as such the Company uses its weighted average borrowing rate based on the information available at the commencement date in determining the present value of the remaining lease payments. Lease expense is recognized on a straight-line basis over the remaining lease term. The Company has elected as a practical expedient to treat non-lease components as part of the lease as these components are not significant when compared to the lease component.

Income Taxes

The Company has elected to be treated as a RIC under the Code and operates in a manner so as to qualify for the tax treatment applicable to RICs. To qualify as a RIC, the Company must (among other requirements) meet certain source-of-income and asset diversification requirements and timely distribute to its stockholders at least 90% of its investment company taxable income, as defined by the Code, for each year. The Company has made and intends to continue to make the requisite distributions to its stockholders, which will generally relieve the Company from U.S. federal corporate-level income taxes.

Depending on the level of taxable income earned in a tax year, the Company may choose to carry forward taxable income in excess of current year dividend distributions from such current year taxable income 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 taxable income will be in excess of estimated dividend distributions for the current year from such income, the Company accrues excise tax, if any, on estimated excess taxable income as such taxable income is earned.

The Company may hold certain portfolio company investments through consolidated taxable subsidiaries. Such subsidiaries may be subject to U.S. federal and state corporate-level income taxes. These consolidated subsidiaries recognize deferred tax assets and liabilities for the estimated future tax effects attributable to temporary differences between the tax basis of certain assets and liabilities and the reported amounts included in the accompanying consolidated balance sheet using the applicable statutory tax rates in effect for the year in which any such temporary differences are expected to reverse.

Dividends to Common Stockholders

Dividends and distributions to common stockholders are recorded on the ex-dividend date. The amount to be paid out as a dividend is determined by the Company's board of directors each quarter and is generally based upon the earnings estimated by management and considers the level of undistributed taxable income carried forward from the prior year for distribution in the current year. Net realized capital gains, if any, are generally distributed, although the Company may decide to retain such capital gains for investment.

The Company has adopted a dividend reinvestment plan that provides for reinvestment of any distributions the Company declares in cash on behalf of its stockholders, unless a stockholder elects to receive cash. As a result, if the Company's board of directors authorizes, and the Company declares, a cash dividend, then the Company's stockholders who have not "opted out" of the Company's dividend reinvestment plan will have their cash dividends automatically reinvested in additional shares of the Company's common stock, rather than receiving the cash dividend. The Company may use newly issued shares to implement the dividend reinvestment plan or, if the Company is otherwise permitted under applicable law to purchase such shares, the Company may purchase shares in the open market in connection with the Company's obligations under the dividend reinvestment plan.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of actual and contingent assets and liabilities at the date of the financial statements and the reported amounts of income or loss and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the valuation of investments.

Recent Accounting Pronouncements

In August 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2020-06, "*Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*," which simplifies the accounting for convertible instruments by removing the separation models for (1) convertible debt with a cash conversion feature and (2) convertible instruments with a beneficial conversion feature. As a result, after adoption, a convertible debt instrument will be accounted for as a single liability measured at its amortized cost. Additionally, ASU 2020-06 requires the application of the if-converted method to calculate the impact of convertible instruments on diluted earnings per share. ASU 2020-06 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted for fiscal years beginning after December 15, 2020, and can be adopted on either a fully retrospective or modified retrospective basis. The Company is currently evaluating the impact of the adoption of ASU 2020-06 on its consolidated financial statements.

In March 2020, the FASB issued ASU No. 2020-04, “*Reference Rate Reform (Topic 848)*,” which provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. ASU 2020-04 is effective for all entities as of March 12, 2020 through December 31, 2022. The expedients and exceptions provided by the amendments do not apply to contract modifications and hedging relationships entered into or evaluated after December 31, 2022, except for hedging transactions as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship. The Company is currently evaluating the impact of adopting ASU 2020-04 on its consolidated financial statements.

3. AGREEMENTS

Investment Advisory and Management Agreement

The Company is party to an investment advisory and management agreement (the “investment advisory and management agreement”) with Ares Capital Management. Subject to the overall supervision of the Company’s board of directors, Ares Capital Management provides investment advisory and management services to the Company. For providing these services, Ares Capital Management receives fees from the Company consisting of a base management fee, a fee based on the Company’s net investment income (“income based fee”) and a fee based on the Company’s net capital gains (“capital gains incentive fee”). The investment advisory and management agreement may be terminated by either party without penalty upon 60 days’ written notice to the other party.

Effective June 21, 2019, in connection with the Company’s board of directors’ approval of the modification of the asset coverage requirement applicable to senior securities from 200% to 150%, the investment advisory and management agreement was amended to reduce the Company’s annual base management fee rate from 1.5% to 1.0% on all assets financed using leverage over 1.0x debt to equity. For all assets financed using leverage up to 1.0x debt to equity, the annual base management fee rate remains at 1.5%. Prior to June 21, 2019, the base management fee was calculated at an annual rate of 1.5%. The base management fee is based on the average value of the Company’s total assets (other than cash or cash equivalents but including assets purchased with borrowed funds) at the end of the two most recently completed calendar quarters and is calculated by applying the applicable fee rate. The base management fee is payable quarterly in arrears. See Note 5 for additional information.

The income based fee is calculated and payable quarterly in arrears based on the Company’s pre-incentive fee net investment income, as defined in the investment advisory and management agreement, for the quarter. Pre-incentive fee net investment income means interest income, dividend income and any other income (including any other fees such as commitment, origination, structuring, diligence and consulting fees or other fees that the Company receives from portfolio companies but excluding fees for providing managerial assistance) accrued during the calendar quarter, minus operating expenses for the quarter (including the base management fee, any expenses payable under the administration agreement, and any interest expense and dividends paid on any outstanding preferred stock, but excluding the income based fee and capital gains incentive fee accrued under GAAP). Pre-incentive fee net investment income includes, in the case of investments with a deferred interest feature such as market discount, debt instruments with PIK interest, preferred stock with PIK dividends and zero coupon securities, accrued income that the Company has not yet received in cash. The Company’s investment adviser is not under any obligation to reimburse the Company for any part of the income based fees it received that was based on accrued interest that the Company never actually received.

Pre-incentive fee net investment income does not include any realized capital gains, realized capital losses, unrealized capital appreciation, unrealized capital depreciation or income tax expense related to realized gains and losses. Because of the structure of the income based fee, it is possible that the Company may pay such fees in a quarter where the Company incurs a loss. For example, if the Company earns pre-incentive fee net investment income in excess of the hurdle rate (as defined below) for a quarter, the Company will pay the applicable income based fee even if the Company has incurred a loss in that quarter due to realized and/or unrealized capital losses.

Pre-incentive fee net investment income, expressed as a rate of return on the value of the Company’s net assets (defined as total assets less indebtedness and before taking into account any income based fees and capital gains incentive fees payable during the period) at the end of the immediately preceding calendar quarter, is compared to a fixed “hurdle rate” of 1.75% per quarter. If market credit spreads rise, the Company may be able to invest its funds in debt instruments that provide for a higher return, which may increase the Company’s pre-incentive fee net investment income and make it easier for the Company’s investment adviser to surpass the fixed hurdle rate and receive an income based fee based on such net investment income. To the extent the Company has retained pre-incentive fee net investment income that has been used to calculate the

income based fee, it is also included in the amount of the Company's total assets (other than cash and cash equivalents but including assets purchased with borrowed funds) used to calculate the base management fee.

The Company pays its investment adviser an income based fee with respect to the Company's pre-incentive fee net investment income in each calendar quarter as follows:

- No income based fee in any calendar quarter in which the Company's pre-incentive fee net investment income does not exceed the hurdle rate;
- 100% of the Company's 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 rate but is less than 2.1875% in any calendar quarter. The Company refers to this portion of its pre-incentive fee net investment income (which exceeds the hurdle rate but is less than 2.1875%) as the "catch-up" provision. The "catch-up" is meant to provide the Company's investment adviser with 20% of the pre-incentive fee net investment income as if a hurdle rate did not apply if this net investment income exceeded 2.1875% in any calendar quarter; and
- 20% of the amount of the Company's pre-incentive fee net investment income, if any, that exceeds 2.1875% in any calendar quarter.

These calculations are adjusted for any share issuances or repurchases during the quarter.

In connection with the Company's acquisition of American Capital, Ltd., a Delaware corporation ("American Capital") (the "American Capital Acquisition"), Ares Capital Management waived \$10 of income based fees for each of the ten calendar quarters beginning with the second calendar quarter of 2017 and ending with the third calendar quarter of 2019 (the "Fee Waiver").

The capital gains incentive fee is determined and payable in arrears as of the end of each calendar year (or, upon termination of the investment advisory and management agreement, as of the termination date) and is calculated at the end of each applicable year by subtracting (a) the sum of the Company's cumulative aggregate realized capital losses and aggregate unrealized capital depreciation from (b) the Company's cumulative aggregate realized capital gains, in each case calculated from October 8, 2004 (the date the Company completed its initial public offering). Realized capital gains and losses include gains and losses on investments and foreign currencies, gains and losses on extinguishment of debt and from other assets, as well as any income tax and other expenses related to cumulative aggregate realized gains and losses. If such amount is positive at the end of such year, then the capital gains incentive fee for such year is equal to 20% of such amount, less the aggregate amount of capital gains incentive fees paid in all prior years. If such amount is negative, then there is no capital gains incentive fee for such year.

The cumulative aggregate realized capital gains are calculated as the sum of the differences, if positive, between (a) the net sales price of each investment in the Company's portfolio when sold and (b) the accreted or amortized cost basis of such investment.

The cumulative aggregate realized capital losses are calculated as the sum of the amounts by which (a) the net sales price of each investment in the Company's portfolio when sold is less than (b) the accreted or amortized cost basis of such investment.

The aggregate unrealized capital depreciation is calculated as the sum of the differences, if negative, between (a) the valuation of each investment in the Company's portfolio as of the applicable capital gains incentive fee calculation date and (b) the accreted or amortized cost basis of such investment.

Notwithstanding the foregoing, as a result of an amendment to the capital gains incentive fee under the investment advisory and management agreement that was adopted on June 6, 2011, if the Company is required by GAAP to record an investment at its fair value as of the time of acquisition instead of at the actual amount paid for such investment by the Company (including, for example, as a result of the application of the asset acquisition method of accounting), then solely for the purposes of calculating the capital gains incentive fee, the "accreted or amortized cost basis" of an investment shall be an amount (the "Contractual Cost Basis") equal to (1) (x) the actual amount paid by the Company for such investment plus (y) any amounts recorded in the Company's financial statements as required by GAAP that are attributable to the accretion of such investment plus (z) any other adjustments made to the cost basis included in the Company's financial statements, including PIK interest or additional amounts funded (net of repayments) minus (2) any amounts recorded in the Company's financial statements as required by GAAP that are attributable to the amortization of such investment, whether such calculated

Contractual Cost Basis is higher or lower than the fair value of such investment (as determined in accordance with GAAP) at the time of acquisition.

The base management fees, income based fees and capital gains incentive fees for the years ended December 31, 2020, 2019 and 2018 were as follows:

	For the Years Ended December 31,		
	2020	2019	2018
Base management fees	\$ 217	\$ 205	\$ 180
Income based fees	\$ 184	\$ 194	\$ 169
Waiver of income based fees	—	(30)	(40)
Income based fees, net of Fee Waiver	\$ 184	\$ 164	\$ 129
Capital gains incentive fees(1)	\$ (58)	\$ (4)	\$ 33

(1) Calculated in accordance with GAAP as discussed below.

There was no capital gains incentive fee earned by the Company's investment adviser as calculated under the investment advisory and management agreement for the years ended December 31, 2020 and 2019. The capital gains incentive fee payable to the Company's investment adviser as calculated under the investment advisory and management agreement for the year ended December 31, 2018 was \$50. In addition, in accordance with GAAP, the Company had no cumulative capital gains incentive fee accrued as of December 31, 2020. As of December 31, 2020, there was no capital gains incentive fee actually payable under the investment advisory and management agreement. GAAP requires that the capital gains incentive fee accrual consider the cumulative aggregate unrealized capital appreciation in the calculation, as a capital gains incentive fee would be payable if such unrealized capital appreciation were realized, even though such unrealized capital appreciation is not permitted to be considered in calculating the fee actually payable under the investment advisory and management agreement. This GAAP accrual is calculated using the aggregate cumulative realized capital gains and losses and aggregate cumulative unrealized capital depreciation included in the calculation of the capital gains incentive fee plus the aggregate cumulative unrealized capital appreciation, net of any expense associated with cumulative unrealized capital depreciation or appreciation. If such amount is positive at the end of a period, then GAAP requires the Company to record a capital gains incentive fee equal to 20% of such cumulative amount, less the aggregate amount of actual capital gains incentive fees paid or capital gains incentive fees accrued under GAAP in all prior periods. As of December 31, 2020, the Company has paid capital gains incentive fees since inception totaling \$108. The resulting accrual for any capital gains incentive fee under GAAP in a given period may result in an additional expense if such cumulative amount is greater than in the prior period or a reversal of previously recorded expense if such cumulative amount is less than in the prior period. If such cumulative amount is negative, then there is no accrual. There can be no assurance that such unrealized capital appreciation will be realized in the future.

Cash payment of any income based fees and capital gains incentive fees otherwise earned by the Company's investment adviser is deferred if, during the most recent four full calendar quarter period ending on or prior to the date such payment is to be made, the sum of (a) the aggregate distributions to the Company's stockholders and (b) the change in net assets (defined as total assets less indebtedness and before taking into account any income based fees and capital gains incentive fees payable during the period) is less than 7.0% of the Company's net assets (defined as total assets less indebtedness) at the beginning of such period. These calculations will be adjusted for any share issuances or repurchases. Any income based fees and capital gains incentive fees deferred for payment are carried over for payment in subsequent calculation periods to the extent such fees are payable under the terms of the investment advisory and management agreement. Pursuant to the terms under the investment advisory and management agreement, payment of \$83 of the income based fees earned by the Company's investment adviser for the second and third quarters of 2020 had been previously deferred. As of December 31, 2020, such deferred income based fees were payable under the terms of the investment advisory management agreement.

The services of all investment professionals and staff of the Company's investment adviser, when and to the extent engaged in providing investment advisory and management services to the Company, and routine overhead expenses of such personnel allocable to such services, are provided and paid for by the Company's investment adviser. Under the investment advisory and management agreement, the Company bears all other costs and expenses of its operations and transactions, including, but not limited to, those relating to: organization; calculation of the Company's net asset value (including, but not limited to, the cost and expenses of any independent third-party valuation firm); expenses incurred by the Company's

investment adviser payable to third parties, including agents, consultants or other advisers, in monitoring the Company's financial and legal affairs and in monitoring the Company's investments (including the cost of consultants hired to develop information technology systems designed to monitor the Company's investments) and performing due diligence on the Company's prospective portfolio companies; interest payable on indebtedness, if any, incurred to finance the Company's investments (including payments to third party vendors for financial information services); offerings of the Company's common stock and other securities; investment advisory and management fees; administration fees; fees payable to third parties, including agents, consultants or other advisers, relating to, or associated with, evaluating and making investments in portfolio companies, regardless of whether such transactions are ultimately consummated; transfer agent and custodial fees; registration fees; listing fees; taxes; independent directors' fees and expenses; costs of preparing and filing reports or other documents with the SEC; the costs of any reports, proxy statements or other notices to stockholders, including printing costs; to the extent the Company is covered by any joint insurance policies, the Company's allocable portion of the insurance premiums for such policies; direct costs and expenses of administration, including auditor and legal costs; and all other expenses incurred by the Company or its administrator in connection with administering the Company's business as described in more detail under "Administration Agreement" below.

Administration Agreement

The Company is party to an administration agreement, referred to herein as the "administration agreement", with its administrator, Ares Operations. Pursuant to the administration agreement, Ares Operations furnishes the Company with office equipment and clerical, bookkeeping and record keeping services at the Company's office facilities. Under the administration agreement, Ares Operations also performs, or oversees the performance of, the Company's required administrative services, which include, among other things, providing assistance in accounting, legal, compliance, operations, technology and investor relations, being responsible for the financial records that the Company is required to maintain and preparing reports to its stockholders and reports filed with the SEC. In addition, Ares Operations assists the Company in determining and publishing its net asset value, assists the Company in providing managerial assistance to its portfolio companies, oversees the preparation and filing of the Company's tax returns and the printing and dissemination of reports to its stockholders, and generally oversees the payment of its expenses and the performance of administrative and professional services rendered to the Company by others. Payments under the administration agreement are equal to an amount based upon its allocable portion of Ares Operations' overhead and other expenses (including travel expenses) incurred by Ares Operations in performing its obligations under the administration agreement, including the Company's allocable portion of the compensation, rent and other expenses of certain of its officers (including the Company's chief compliance officer, chief financial officer, chief accounting officer, general counsel, secretary, treasurer and assistant treasurer) and their respective staffs. The administration agreement may be terminated by either party without penalty upon 60 days' written notice to the other party.

For the years ended December 31, 2020, 2019 and 2018, the Company incurred \$13, \$14 and \$13, respectively, in administrative fees. As of December 31, 2020 and 2019, a total of \$3 and \$3, respectively, in administrative fees were unpaid and included in "accounts payable and other liabilities" in the accompanying consolidated balance sheet.

4. INVESTMENTS

As of December 31, 2020 and 2019, investments consisted of the following:

	As of December 31,			
	2020		2019	
	Amortized Cost(1)	Fair Value	Amortized Cost(1)	Fair Value
First lien senior secured loans(2)	\$ 7,224	\$ 6,987	\$ 6,606	\$ 6,372
Second lien senior secured loans	4,386	4,171	4,439	4,334
Subordinated certificates of the SDLP(3)	1,123	1,123	909	909
Senior subordinated loans	1,005	951	815	822
Collateralized loan obligations	—	—	40	35
Preferred equity securities	1,020	926	815	728
Other equity securities	1,156	1,357	1,072	1,226
Total	<u>\$ 15,914</u>	<u>\$ 15,515</u>	<u>\$ 14,696</u>	<u>\$ 14,426</u>

- (1) The amortized cost represents the original cost adjusted for any accretion of discounts, amortization of premiums and PIK interest or dividends.
- (2) First lien senior secured loans include certain loans that the Company classifies as “unitranche” loans. The total amortized cost and fair value of the loans that the Company classified as “unitranche” loans were \$2,909 and \$2,793, respectively, as of December 31, 2020, and \$1,959 and \$1,885, respectively, as of December 31, 2019.
- (3) The proceeds from these certificates were applied to co-investments with Varagon and its clients to fund first lien senior secured loans to 23 and 23 different borrowers as of December 31, 2020 and 2019, respectively.

The Company uses Global Industry Classification Standards for classifying the industry groupings of its portfolio companies. The industrial and geographic compositions of the Company’s portfolio at fair value as of December 31, 2020 and 2019 were as follows:

Industry	As of December 31,	
	2020	2019
Health Care Services	17.3 %	20.3 %
Software & Services	15.1	12.9
Commercial & Professional Services	8.0	8.5
Investment Funds and Vehicles(1)	7.5	7.0
Consumer Services	7.1	6.6
Consumer Durables & Apparel	6.3	6.0
Diversified Financials	6.0	5.3
Automobiles & Components	5.5	4.9
Power Generation	5.2	7.1
Capital Goods	5.1	4.2
Insurance Services	4.0	3.2
Energy	2.5	3.3
Food & Beverage	2.2	2.3
Retailing & Distribution	1.9	1.9
Materials	1.7	1.8
Other	4.6	4.7
Total	100.0 %	100.0 %

- (1) Includes the Company’s investment in the SDLP, which had made first lien senior secured loans to 23 and 23 different borrowers as of December 31, 2020 and 2019, respectively. The portfolio companies in the SDLP are in industries similar to the companies in the Company’s portfolio.

Geographic Region	As of December 31,	
	2020	2019
Midwest	26.0 %	27.3 %
West(1)	24.9	23.7
Southeast	22.6	20.9
Mid Atlantic	16.7	17.0
Northeast	7.1	7.8
International	2.7	3.3
Total	100.0 %	100.0 %

(1) Includes the Company's investment in the SDLP, which represented 7.2% and 6.3% of the total investment portfolio at fair value as of December 31, 2020 and 2019, respectively.

As of December 31, 2020, loans on non-accrual status represented 3.3% and 2.0% of the total investments at amortized cost and at fair value, respectively. As of December 31, 2019, loans on non-accrual status represented 1.9% and 0.9% of the total investments at amortized cost and at fair value, respectively.

Senior Direct Lending Program

The Company has established a joint venture with Varagon to make certain first lien senior secured loans, including certain stretch senior and unitranche loans, primarily to U.S. middle-market companies. Varagon was formed in 2013 as a lending platform by American International Group, Inc. and other partners. The joint venture is called the SDLP. In July 2016, the Company and Varagon and its clients completed the initial funding of the SDLP. The SDLP may generally commit and hold individual loans of up to \$350. The Company and other accounts managed by the Company's investment adviser and its affiliates may directly co-invest with the SDLP to accommodate larger transactions. The SDLP is capitalized as transactions are completed and all portfolio decisions and generally all other decisions in respect of the SDLP must be approved by an investment committee of the SDLP consisting of representatives of the Company and Varagon (with approval from a representative of each required).

The Company provides capital to the SDLP in the form of subordinated certificates (the "SDLP Certificates"), and Varagon and its clients provide capital to the SDLP in the form of senior notes, intermediate funding notes and SDLP Certificates. As of December 31, 2020 and 2019, the Company and a client of Varagon owned 87.5% and 12.5%, respectively, of the outstanding SDLP Certificates.

As of December 31, 2020 and 2019, the Company and Varagon and its clients had agreed to make capital available to the SDLP of \$6,150 and \$6,150, respectively, in the aggregate, of which \$1,444 and \$1,444, respectively, is to be made available from the Company. The Company will continue to provide capital to the SDLP in the form of SDLP Certificates, and Varagon and its clients will provide capital to the SDLP in the form of senior notes, intermediate funding notes and SDLP Certificates. This capital will only be committed to the SDLP upon approval of transactions by the investment committee of the SDLP as discussed above. Below is a summary of the funded capital and unfunded capital commitments of the SDLP.

	As of December 31,	
	2020	2019
Total capital funded to the SDLP(1)	\$ 4,772	\$ 3,889
Total capital funded to the SDLP by the Company(1)	\$ 1,123	\$ 909
Total unfunded capital commitments to the SDLP(2)	\$ 152	\$ 404
Total unfunded capital commitments to the SDLP by the Company(2)	\$ 37	\$ 94

(1) At principal amount.

- (2) These commitments to fund delayed draw loans have been approved by the investment committee of the SDLP and will be funded if and when conditions to funding such delayed draw loans are met.

The SDLP Certificates pay a coupon equal to LIBOR plus 8.0% and also entitle the holders thereof to receive a portion of the excess cash flow from the loan portfolio, after expenses, which may result in a return to the holders of the SDLP Certificates that is greater than the stated coupon. The SDLP Certificates are junior in right of payment to the senior notes and intermediate funding notes.

The amortized cost and fair value of the SDLP Certificates held by the Company were \$1,123 and \$1,123, respectively, as of December 31, 2020 and \$909 and \$909, respectively, as of December 31, 2019. The Company's yield on its investment in the SDLP Certificates at amortized cost and fair value was 13.5% and 13.5%, respectively, as of December 31, 2020, and 14.5% and 14.5%, respectively, as of December 31, 2019. For the years ended December 31, 2020, 2019 and 2018, the Company earned interest income of \$127, \$122 and \$87, respectively, from its investment in the SDLP Certificates. The Company is also entitled to certain fees in connection with the SDLP. For the years ended December 31, 2020, 2019 and 2018, in connection with the SDLP, the Company earned capital structuring service and other fees totaling \$23, \$25 and \$16, respectively.

As of December 31, 2020 and 2019, the SDLP's portfolio was comprised entirely of first lien senior secured loans to U.S. middle-market companies and were in industries similar to the companies in the Company's portfolio. As of December 31, 2020 and 2019, none of the loans were on non-accrual status. Below is a summary of the SDLP's portfolio.

	As of December 31,	
	2020	2019
Total first lien senior secured loans(1)(2)	\$ 4,483	\$ 3,892
Largest loan to a single borrower(1)	\$ 345	\$ 348
Total of five largest loans to borrowers(1)	\$ 1,565	\$ 1,391
Number of borrowers in the SDLP	23	23
Commitments to fund delayed draw loans(3)	\$ 152	\$ 404

(1) At principal amount.

(2) First lien senior secured loans include certain loans that the SDLP classifies as "unitranche" loans. As of December 31, 2020 and 2019, the total principal amount of loans in the SDLP portfolio that the SDLP classified as "unitranche" loans was \$3,551 and \$3,643, respectively.

(3) As discussed above, these commitments have been approved by the investment committee of the SDLP.

Selected financial information for the SDLP as of and for the years ended December 31, 2020 and 2019, was as follows:

(in millions)	As of December 31,	
	2020	2019
Selected Balance Sheet Information:		
Investments at fair value (amortized cost of \$4,483 and \$3,892, respectively)	\$ 4,345	\$ 3,817
Other assets	400	91
Total assets	\$ 4,745	\$ 3,908
Senior notes	\$ 3,364	\$ 2,769
Intermediate funding notes	124	92
Other liabilities	52	63
Total liabilities	3,540	2,924
Subordinated certificates and members' capital	1,205	984
Total liabilities and members' capital	\$ 4,745	\$ 3,908

(in millions)	For the Years Ended December 31,	
	2020	2019
Selected Statement of Operations Information:		
Total investment income	\$ 302	\$ 291
Interest expense	113	137
Other expenses	16	14
Total expenses	129	151
Net investment income	173	140
Net realized and unrealized losses on investments	(64)	(36)
Net increase in members' capital resulting from operations	\$ 109	\$ 104

Ivy Hill Asset Management, L.P.

Ivy Hill Asset Management, L.P. (“IHAM”) is an asset management services company and an SEC-registered investment adviser. The Company has made investments in IHAM, its wholly owned portfolio company, and previously made investments in certain vehicles managed by IHAM. As of December 31, 2020, IHAM had assets under management of approximately \$6.4 billion. As of December 31, 2020, IHAM managed 21 vehicles and served as the sub-manager/sub-servicer for two other vehicles (these vehicles managed or sub-managed/sub-serviced by IHAM are collectively referred to as the “IHAM Vehicles”). IHAM earns fee income from managing the IHAM Vehicles and has also invested in certain of these vehicles as part of its business strategy. The amortized cost of IHAM’s total investments as of December 31, 2020 and 2019 was \$671 and \$473, respectively. For the years ended December 31, 2020, 2019 and 2018, IHAM had management and incentive fee income of \$28, \$27 and \$25, respectively, and other investment-related income of \$75, \$61 and \$45, respectively.

The amortized cost and fair value of the Company’s investment in IHAM was \$541 and \$628, respectively, as of December 31, 2020, which was comprised of an equity investment of \$469 and \$556, respectively, and a debt investment of \$72 and \$72, respectively. The amortized cost and fair value of the Company’s investment in IHAM was \$444 and \$521, respectively, as of December 31, 2019, which was comprised entirely of an equity investment. For the years ended December 31, 2020, 2019 and 2018, the Company received distributions from IHAM of \$74, \$68 and \$58, respectively. For the year ended December 31, 2020, the Company earned interest income of \$6 from its investment in IHAM.

From time to time, IHAM or certain IHAM Vehicles may purchase investments from, or sell investments to, the Company. For any such sales or purchases by the IHAM Vehicles to or from the Company, the IHAM Vehicles must obtain approval from third parties unaffiliated with the Company or IHAM, as applicable. During the years ended December 31, 2020, 2019 and 2018, IHAM or certain of the IHAM Vehicles purchased \$940, \$1,141 and \$482, respectively, of loans from the Company. During the year ended December 31, 2020, \$78 of investment commitments were repaid by IHAM. For the years ended December 31, 2020, 2019 and 2018, the Company recognized \$21, \$2 and \$0, respectively, of net realized losses from these sales. See Note 17 for a subsequent event relating to sales of loans to IHAM.

IHAM is party to an administration agreement, referred to herein as the “IHAM administration agreement,” with Ares Operations. Pursuant to the IHAM administration agreement, Ares Operations provides IHAM with, among other things, office facilities, equipment, clerical, bookkeeping and record keeping services, services relating to the marketing and sale of interests in vehicles managed by IHAM, services of, and oversight of, custodians, depositories, accountants, attorneys, underwriters and such other persons in any other capacity deemed to be necessary. Under the IHAM administration agreement, IHAM reimburses Ares Operations for all of the actual costs associated with such services, including Ares Operations’ allocable portion of the compensation, rent and other expenses of its officers, employees and respective staff in performing its obligations under the IHAM administration agreement.

5. DEBT

In accordance with the Investment Company Act, the Company is allowed to borrow amounts such that its asset coverage, calculated pursuant to the Investment Company Act, is at least 150% after such borrowing. As of December 31, 2020, the aggregate principal amount outstanding of the senior securities issued by the Company was \$8,582 and the Company’s asset coverage was 182%.

The Company's outstanding debt as of December 31, 2020 and 2019 was as follows:

	As of December 31,					
	2020			2019		
	Total Aggregate Principal Amount Committed/ Outstanding (1)	Principal Amount Outstanding	Carrying Value	Total Aggregate Principal Amount Committed/ Outstanding (1)	Principal Amount Outstanding	Carrying Value
Revolving Credit Facility	\$ 3,617 (2)	\$ 1,180	\$ 1,180	\$ 3,365	\$ 2,250	\$ 2,250
Revolving Funding Facility	1,525	1,028	1,028	1,275	638	638
SMBC Funding Facility	725 (3)	453	453	650	301	301
BNP Funding Facility	300	150	150	—	—	—
2022 Convertible Notes	388	388	383 (4)	388	388	377 (4)
2024 Convertible Notes	403	403	392 (4)	403	403	389 (4)
2022 Notes	600	600	598 (5)	600	600	597 (5)
2023 Notes	750	750	747 (6)	750	750	746 (6)
2024 Notes	900	900	896 (7)	900	900	895 (7)
March 2025 Notes	600	600	595 (8)	600	600	594 (8)
July 2025 Notes	750	750	742 (9)	—	—	—
January 2026 Notes	1,150	1,150	1,141 (10)	—	—	— (10)
2047 Notes	230	230	186 (11)	230	230	184 (11)
Total	\$ 11,938	\$ 8,582	\$ 8,491	\$ 9,161	\$ 7,060	\$ 6,971

- (1) Represents the total aggregate amount committed or outstanding, as applicable, under such instrument. Borrowings under the committed Revolving Credit Facility, Revolving Funding Facility, SMBC Funding Facility and BNP Funding Facility (each as defined below) are subject to borrowing base and other restrictions.
- (2) Provides for a feature that allows the Company, under certain circumstances, to increase the size of the Revolving Credit Facility (as defined below) to a maximum of \$5,408.
- (3) Provides for a feature that allows ACJB (as defined below), under certain circumstances, to increase the size of the SMBC Funding Facility (as defined below) to a maximum of \$1,000.
- (4) Represents the aggregate principal amount outstanding of the Convertible Unsecured Notes (as defined below). As of December 31, 2020, the total unamortized debt issuance costs and the unaccreted discount for the 2022 Convertible Notes and the 2024 Convertible Notes (each as defined below) were \$5 and \$11, respectively. As of December 31, 2019, the total unamortized debt issuance costs and the unaccreted discount for the 2022 Convertible Notes and the 2024 Convertible Notes were \$11 and \$14, respectively.
- (5) Represents the aggregate principal amount outstanding of the 2022 Notes (as defined below), less unamortized debt issuance costs and the unaccreted discount recorded upon the issuance of the 2022 Notes. As of December 31, 2020 and 2019, the total unamortized debt issuance costs and the unaccreted discount was \$2 and \$3, respectively.
- (6) Represents the aggregate principal amount outstanding of the 2023 Notes (as defined below), less unamortized debt issuance costs and the unaccreted discount recorded upon the issuance of the 2023 Notes. As of December 31, 2020 and 2019, the total unamortized debt issuance costs and the unaccreted discount was \$3 and \$4, respectively.
- (7) Represents the aggregate principal amount outstanding of the 2024 Notes (as defined below), less unamortized debt issuance costs and the net unaccreted discount recorded upon the issuance of the 2024 Notes. As of December 31, 2020 and 2019, the total unamortized debt issuance costs and net unaccreted discount was \$4 and \$5, respectively.

- (8) Represents the aggregate principal amount outstanding of the March 2025 Notes (as defined below), less unamortized debt issuance costs and the unaccreted discount recorded upon the issuance of the March 2025 Notes. As of December 31, 2020 and 2019, the total unamortized debt issuance costs and the unaccreted discount was \$5 and \$6, respectively.
- (9) Represents the aggregate principal amount outstanding of the July 2025 Notes (as defined below), less unamortized debt issuance costs and the unaccreted discount recorded upon the issuance of the July 2025 Notes. As of December 31, 2020, the total unamortized debt issuance costs and unaccreted discount was \$8.
- (10) Represents the aggregate principal amount outstanding of the January 2026 Notes (as defined below), less unamortized debt issuance costs and the unaccreted discount recorded upon the issuance of the January 2026 Notes. As of December 31, 2020, the total unamortized debt issuance costs and net unaccreted discount was \$9.
- (11) Represents the aggregate principal amount outstanding of the 2047 Notes (as defined below), less unamortized debt issuance costs and unaccreted discount recorded as part of the Allied Acquisition (as defined below). As of December 31, 2020 and 2019, the total unaccreted purchased discount was \$44 and \$46, respectively.

The weighted average stated interest rate and weighted average maturity, both on aggregate principal amount outstanding, of all the Company's outstanding debt as of December 31, 2020 were 3.4% and 4.2 years, respectively, and as of December 31, 2019 were 3.9% and 4.7 years, respectively.

Revolving Credit Facility

The Company is party to a senior secured revolving credit facility (as amended and restated, the "Revolving Credit Facility"), that allows the Company to borrow up to \$3,617 at any one time outstanding. The Revolving Credit Facility consists of a \$740 term loan tranche and a \$2,877 revolving tranche. For \$699 of the term loan tranche, the stated maturity date is March 30, 2025. For the remaining \$41 of the term loan tranche, the stated maturity date is March 30, 2024. For \$2,753 of the revolving tranche, the end of the revolving period and the stated maturity date are March 30, 2024 and March 30, 2025, respectively. For the remaining \$124 of the revolving tranche, the end of the revolving period and the stated maturity date are March 30, 2023 and March 30, 2024, respectively. The Revolving Credit Facility also provides for a feature that allows the Company, under certain circumstances, to increase the overall size of the Revolving Credit Facility to a maximum of \$5,408. The Revolving Credit Facility generally requires payments of interest at the end of each LIBOR interest period, but no less frequently than quarterly, on LIBOR based loans, and monthly payments of interest on other loans. Subsequent to the end of the respective revolving periods and prior to the respective stated maturity dates, the Company is required to repay the relevant outstanding principal amounts under both the term loan tranche and revolving tranche on a monthly basis in an amount equal to 1/12th of the outstanding principal amount at the end of the respective revolving periods.

Under the Revolving Credit Facility, the Company is required to comply with various covenants, reporting requirements and other customary requirements for similar revolving credit facilities, including, without limitation, covenants related to: (a) limitations on the incurrence of additional indebtedness and liens, (b) limitations on certain investments, (c) limitations on certain restricted payments, (d) maintaining a certain minimum stockholders' equity, (e) maintaining a ratio of total assets (less total liabilities not representing indebtedness) to total indebtedness of the Company and its consolidated subsidiaries (subject to certain exceptions) of not less than 1.5:1.0, (f) limitations on pledging certain unencumbered assets, and (g) limitations on the creation or existence of agreements that prohibit liens on certain properties of the Company and certain of its subsidiaries. These covenants are subject to important limitations and exceptions that are described in the documents governing the Revolving Credit Facility. Amounts available to borrow under the Revolving Credit Facility (and the incurrence of certain other permitted debt) are also subject to compliance with a borrowing base that applies different advance rates to different types of assets (based on their value as determined pursuant to the Revolving Credit Facility) that are pledged as collateral. As of December 31, 2020, the Company was in compliance in all material respects with the terms of the Revolving Credit Facility.

As of December 31, 2020 and 2019, there was \$1,180 and \$2,250 outstanding, respectively, under the Revolving Credit Facility. The Revolving Credit Facility also provides for a sub-limit for the issuance of letters of credit for up to an aggregate amount of \$200 with the ability to increase by an incremental \$100 on an uncommitted basis. As of December 31, 2020 and 2019, the Company had \$90 and \$61, respectively, in letters of credit issued through the Revolving Credit Facility. The amount available for borrowing under the Revolving Credit Facility is reduced by any letters of credit issued. As of December 31, 2020, there was \$2,347 available for borrowing (net of letters of credit issued) under the Revolving Credit Facility, subject to borrowing base restrictions.

Since March 30, 2018, the interest rate charged on the Revolving Credit Facility is based on an applicable spread of either 1.75% or 1.875% over LIBOR or 0.75% or 0.875% over an “alternate base rate” (as defined in the agreements governing the Revolving Credit Facility), in each case, determined monthly based on the total amount of the borrowing base relative to the total commitments of the Revolving Credit Facility and other debt, if any, secured by the same collateral as the Revolving Credit Facility. Prior to March 30, 2018, the interest rate charged on the Revolving Credit Facility was based on an applicable spread of either 1.75% or 2.00% over LIBOR or 0.75% or 1.00% over an “alternate base rate” (as defined in the agreements governing the Revolving Credit Facility), in each case, determined monthly based on the total amount of the borrowing base relative to the total commitments of the Revolving Credit Facility and other debt, if any, secured by the same collateral as the Revolving Credit Facility. The Revolving Credit Facility allows for borrowings to be made using one, two, three or six month LIBOR. As of December 31, 2020, the one, two, three and six month LIBOR was 0.14%, 0.19%, 0.24% and 0.26%, respectively. As of December 31, 2020, the interest rate in effect was LIBOR plus 1.75%. As of December 31, 2019, the one, two, three and six month LIBOR was 1.76%, 1.83%, 1.91% and 1.91%, respectively. As of December 31, 2019, the interest rate in effect was LIBOR plus 1.75%. In addition to the stated interest expense on the Revolving Credit Facility, the Company is required to pay a commitment fee of 0.375% per annum on any unused portion of the Revolving Credit Facility. The Company is also required to pay a letter of credit fee of either 2.00% or 2.125% per annum on letters of credit issued, determined monthly based on the total amount of the borrowing base relative to the total commitments of the Revolving Credit Facility and other debt, if any, secured by the same collateral as the Revolving Credit Facility.

In December 2017, the Company entered into a three-year interest rate swap agreement to effectively fix the interest rate in connection with \$395 of the term loan tranche of the Revolving Credit Facility. See Note 6 for more information on the interest rate swap.

The Revolving Credit Facility is secured by certain assets in the Company’s portfolio and excludes investments held by Ares Capital CP under the Revolving Funding Facility, those held by ACJB under the SMBC Funding Facility and those held by AFB under the BNP Funding Facility, each as described below, and certain other investments.

For the years ended December 31, 2020, 2019 and 2018, the components of interest and credit facility fees expense, cash paid for interest expense, average stated interest rates (i.e., rate in effect plus the spread) and average outstanding balances for the Revolving Credit Facility were as follows:

	For the Years Ended December 31,		
	2020	2019	2018
Stated interest expense	\$ 43	\$ 59	\$ 17
Credit facility fees	7	7	7
Amortization of debt issuance costs	7	6	4
Total interest and credit facility fees expense	\$ 57	\$ 72	\$ 28
Cash paid for interest expense	\$ 41	\$ 58	\$ 16
Average stated interest rate	2.58 %	3.96 %	3.93 %
Average outstanding balance	\$ 1,576	\$ 1,478	\$ 443

Revolving Funding Facility

The Company and the Company’s consolidated subsidiary, Ares Capital CP Funding LLC (“Ares Capital CP”), are party to a revolving funding facility (as amended, the “Revolving Funding Facility”), that allows Ares Capital CP to borrow up to \$1,525 at any one time outstanding. The Revolving Funding Facility is secured by all of the assets held by, and the membership interest in, Ares Capital CP. The end of the reinvestment period and the stated maturity date for the Revolving Funding Facility are January 31, 2023 and January 31, 2025, respectively.

Amounts available to borrow under the Revolving Funding Facility are subject to a borrowing base that applies different advance rates to different types of assets held by Ares Capital CP. Ares Capital CP is also subject to limitations with respect to the loans securing the Revolving Funding Facility, including restrictions on sector concentrations, loan size, payment frequency and status, collateral interests and loans with fixed rates, as well as restrictions on portfolio company leverage, all of which may also affect the borrowing base and therefore amounts available to borrow. The Company and Ares Capital CP are also required to comply with various covenants, reporting requirements and other customary requirements for similar facilities. These covenants are subject to important limitations and exceptions that are described in the agreements governing the Revolving Funding Facility. As of December 31, 2020, the Company and Ares Capital CP were in compliance in all material respects with the terms of the Revolving Funding Facility.

As of December 31, 2020 and 2019, there was \$1,028 and \$638 outstanding, respectively, under the Revolving Funding Facility. Since December 14, 2018, the interest rate charged on the Revolving Funding Facility was based on one month LIBOR plus 2.00% per annum or a “base rate” (as defined in the agreements governing the Revolving Funding Facility) plus 1.00% per annum. Prior to and including December 13, 2018, the interest rate charged on the Revolving Funding Facility was based on one month LIBOR plus 2.15% per annum or a “base rate” plus 1.15% per annum. Ares Capital CP is also required to pay a commitment fee of between 0.50% and 1.50% per annum depending on the size of the unused portion of the Revolving Funding Facility.

For the years ended December 31, 2020, 2019 and 2018, the components of interest and credit facility fees expense, cash paid for interest expense, average stated interest rates (i.e., rate in effect plus the spread) and average outstanding balances for the Revolving Funding Facility were as follows:

	For the Years Ended December 31,		
	2020	2019	2018
Stated interest expense	\$ 20	\$ 25	\$ 8
Credit facility fees	5	4	8
Amortization of debt issuance costs	4	3	3
Total interest and credit facility fees expense	\$ 29	\$ 32	\$ 19
Cash paid for interest expense	\$ 19	\$ 26	\$ 10
Average stated interest rate	2.54 %	4.26 %	4.16 %
Average outstanding balance	\$ 761	\$ 576	\$ 204

SMBC Funding Facility

The Company and the Company’s consolidated subsidiary, Ares Capital JB Funding LLC (“ACJB”), are party to a revolving funding facility (as amended, the “SMBC Funding Facility”) with ACJB, as the borrower, and Sumitomo Mitsui Banking Corporation, as the administrative agent and collateral agent that allows ACJB to borrow up to \$725 at any one time outstanding. The SMBC Funding Facility also provides for a feature that allows ACJB, subject to receiving certain consents, to increase the overall size of the SMBC Funding Facility to \$1,000. The SMBC Funding Facility is secured by all of the assets held by ACJB. The end of the reinvestment period and the stated maturity date for the SMBC Funding Facility are September 10, 2022 and September 10, 2024, respectively. The reinvestment period and the stated maturity date are both subject to two one-year extensions by mutual agreement.

Amounts available to borrow under the SMBC Funding Facility are subject to a borrowing base that applies an advance rate to assets held by ACJB. ACJB is also subject to limitations with respect to the loans securing the SMBC Funding Facility, including restrictions on sector concentrations, loan size, payment frequency and status, collateral interests and loans with fixed rates, as well as restrictions on portfolio company leverage, all of which may also affect the borrowing base and therefore amounts available to borrow. The Company and ACJB are also required to comply with various covenants, reporting requirements and other customary requirements for similar facilities. These covenants are subject to important limitations and exceptions that are described in the documents governing the SMBC Funding Facility. As of December 31, 2020, the Company and ACJB were in compliance in all material respects with the terms of the SMBC Funding Facility.

As of December 31, 2020 and 2019, there was \$453 and \$301 outstanding, respectively, under the SMBC Funding Facility. The interest rate charged on the SMBC Funding Facility is based on an applicable spread of either 1.75% or 2.00% over one month LIBOR or 0.75% or 1.00% over a “base rate” (as defined in the agreements governing the SMBC Funding Facility), in each case, determined monthly based on the amount of the average borrowings outstanding under the SMBC Funding Facility. As of December 31, 2020, the interest rate in effect was one month LIBOR plus 1.75%. Since September 10, 2019, ACJB is required to pay a commitment fee of between 0.50% and 1.00% per annum depending on the size of the unused portion of the SMBC Funding Facility. Prior to and including September 10, 2019, ACJB was required to pay a commitment fee of between 0.35% and 0.875% per annum depending on the size of the unused portion of the SMBC Funding Facility.

For the years ended December 31, 2020, 2019 and 2018, the components of interest and credit facility fees expense, cash paid for interest expense, average stated interest rates (i.e., rate in effect plus the spread) and average outstanding balances for the SMBC Funding Facility were as follows:

	For the Years Ended December 31,		
	2020	2019	2018
Stated interest expense	\$ 10	\$ 9	\$ 1
Credit facility fees	1	1	2
Amortization of debt issuance costs	3	1	2
Total interest and credit facility fees expense	\$ 14	\$ 11	\$ 5
Cash paid for interest expense	\$ 10	\$ 9	\$ 1
Average stated interest rate	2.36 %	4.05 %	4.11 %
Average outstanding balance	\$ 390	\$ 227	\$ 29

BNP Funding Facility

The Company and the Company's consolidated subsidiary, ARCC FB Funding LLC ("AFB"), are party to a revolving funding facility (as amended, the "BNP Funding Facility") with AFB, as the borrower, and BNP Paribas, as the administrative agent and lender, that allows AFB to borrow up to \$300 at any one time outstanding. The BNP Funding Facility is secured by all of the assets held by AFB. The end of the reinvestment period and the stated maturity date for the BNP Funding Facility are June 11, 2023 and June 11, 2025, respectively. The reinvestment period and the stated maturity date are both subject to a one-year extension by mutual agreement.

Amounts available to borrow under the BNP Funding Facility are subject to a borrowing base that applies an advance rate to assets held by AFB. AFB is also subject to limitations with respect to the loans securing the BNP Funding Facility, including restrictions on sector concentrations, loan size, payment frequency and status, collateral interests and loans with fixed rates, as well as restrictions on portfolio company leverage, all of which may also affect the borrowing base and therefore amounts available to borrow. The Company and AFB are also required to comply with various covenants, reporting requirements and other customary requirements for similar facilities. These covenants are subject to important limitations and exceptions that are described in the documents governing the BNP Funding Facility. As of December 31, 2020, the Company and AFB were in compliance in all material respects with the terms of the BNP Funding Facility.

As of December 31, 2020, there was \$150 outstanding under the BNP Funding Facility. The interest rate charged on the BNP Funding Facility is based on three-month LIBOR (subject to a floor of 0.45%), or over a "base rate" (as defined in the agreements governing the BNP Funding Facility) plus a margin that generally ranges between 2.65% and 3.15% (depending on the types of assets such advances relate to), with a weighted average margin floor for all classes of advances of (i) 2.75% during the reinvestment period and (ii) 3.25% following the reinvestment period. As of December 31, 2020, the interest rate in effect was LIBOR plus 2.88%. Beginning on December 11, 2020, AFB is required to pay a commitment fee of between 0.00% and 1.25% per annum depending on the size of the unused portion of the BNP Funding Facility. Prior to December 11, 2020, there was no commitment fee required to be paid.

Convertible Unsecured Notes

The Company has issued \$388 in aggregate principal amount of unsecured convertible notes that mature on February 1, 2022 (the "2022 Convertible Notes") and \$403 in aggregate principal amount of unsecured convertible notes that mature on March 1, 2024 (the "2024 Convertible Notes" and together with the 2022 Convertible Notes, the "Convertible Unsecured Notes"). The Convertible Unsecured Notes mature upon their respective maturity dates unless previously converted or repurchased in accordance with their terms. The Company does not have the right to redeem the Convertible Unsecured Notes prior to maturity. The 2022 Convertible Notes and the 2024 Convertible Notes bear interest at a rate of 3.75% and 4.625%, respectively, per annum, payable semi-annually.

In certain circumstances, assuming the respective conversion date below has not already passed, the Convertible Unsecured Notes will be convertible into cash, shares of the Company's common stock or a combination of cash and shares of its common stock, at the Company's election, at their respective conversion rates (listed below as of December 31, 2020) subject to customary anti-dilution adjustments and the requirements of their respective indenture (the "Convertible Unsecured Notes Indentures"). Prior to the close of business on the business day immediately preceding their respective conversion date (listed below), holders may convert their Convertible Unsecured Notes only under certain circumstances set forth in the Convertible Unsecured Notes Indentures. On or after their respective conversion dates until the close of business on the scheduled trading day immediately preceding the maturity date for the 2022 Convertible Notes and the second scheduled trading day immediately preceding the maturity date for the 2024 Convertible Notes, holders may convert their Convertible

Unsecured Notes at any time. In addition, if the Company engages in certain corporate events as described in their respective Convertible Unsecured Notes Indenture, holders of the Convertible Unsecured Notes may require the Company to repurchase for cash all or part of the Convertible Unsecured Notes at a repurchase price equal to 100% of the principal amount of the Convertible Unsecured Notes to be repurchased, plus accrued and unpaid interest through, but excluding, the required repurchase date.

Certain key terms related to the convertible features for each of the Convertible Unsecured Notes as of December 31, 2020 are listed below.

	2022 Convertible Notes		2024 Convertible Notes	
Conversion premium		15.0 %		15.0 %
Closing stock price at issuance	\$	16.86	\$	17.29
Closing stock price date		January 23, 2017		March 5, 2019
Conversion price (1)	\$	19.09	\$	19.88
Conversion rate (shares per one thousand dollar principal amount)(1)		52.3794		50.2930
Conversion dates		August 1, 2021		December 1, 2023

(1) Represents conversion price and conversion rate, as applicable, as of December 31, 2020, taking into account any applicable de minimis adjustments that will be made on the conversion date.

As of December 31, 2020, the principal amounts of each series of the Convertible Unsecured Notes exceeded the value of the underlying shares multiplied by the per share closing price of the Company's common stock.

The Convertible Unsecured Notes Indentures contain certain covenants, including covenants requiring the Company to comply with Section 18(a)(1)(A) as modified by Section 61(a) of the Investment Company Act, or any successor provisions, and to provide financial information to the holders of the Convertible Unsecured Notes under certain circumstances. These covenants are subject to important limitations and exceptions that are described in the Convertible Unsecured Notes Indentures. As of December 31, 2020, the Company was in compliance in all material respects with the terms of the Convertible Unsecured Notes Indentures.

The Convertible Unsecured Notes are accounted for in accordance with ASC 470-20, *Debt*. Upon conversion of any of the Convertible Unsecured Notes, the Company intends to pay the outstanding principal amount in cash and to the extent that the conversion value exceeds the principal amount, the Company has the option to pay in cash or shares of the Company's common stock (or a combination of cash and shares) in respect of the excess amount, subject to the requirements of the Convertible Unsecured Notes Indentures. The Company has determined that the embedded conversion options in the Convertible Unsecured Notes are not required to be separately accounted for as a derivative under GAAP. In accounting for the Convertible Unsecured Notes, the Company estimated at the time of issuance separate debt and equity components for each of the Convertible Unsecured Notes. An original issue discount equal to the equity components of the Convertible Unsecured Notes was recorded in "capital in excess of par value" in the accompanying consolidated balance sheet. Additionally, the issuance costs associated with the Convertible Unsecured Notes were allocated to the debt and equity components in proportion to the allocation of the proceeds and accounted for as debt issuance costs and equity issuance costs, respectively.

The debt and equity component percentages, the issuance costs and the equity component amounts for each of the Convertible Unsecured Notes are listed below.

	2022 Convertible Notes		2024 Convertible Notes	
Debt and equity component percentages, respectively(1)	96.0% and 4.0%		98.9% and 1.1%	
Debt issuance costs(1)	\$	9	\$	4
Equity issuance costs(1)	\$	—	\$	—
Equity component, net of issuance costs(2)	\$	15	\$	13

(1) At time of issuance.

(2) At time of issuance and as of December 31, 2020.

In addition to the original issue discount equal to the equity component of the 2024 Convertible Notes, the 2024 Convertible Notes were issued at a discount. The Company records interest expense comprised of both stated interest expense as well as accretion of any original issue discount.

As of December 31, 2020, the components of the carrying value of the Convertible Unsecured Notes, the stated interest rate and the effective interest rate were as follows:

	2022 Convertible Notes		2024 Convertible Notes	
Principal amount of debt	\$	388	\$	403
Original issue discount, net of accretion		(1)		(8)
Debt issuance costs		(4)		(3)
Carrying value of debt	\$	383	\$	392
Stated interest rate		3.75 %		4.63 %
Effective interest rate(1)		4.60 %		5.20 %

(1) The effective interest rate of the debt component of the Convertible Unsecured Notes is equal to the stated interest rate plus the accretion of original issue discount.

For the years ended December 31, 2020, 2019 and 2018, the components of interest expense and cash paid for interest expense for the Convertible Unsecured Notes, as well as any other convertible notes outstanding during the periods presented were as follows.

	For the Years Ended December 31,		
	2020	2019	2018
Stated interest expense	\$ 33	\$ 30	\$ 28
Amortization of debt issuance costs	3	3	3
Accretion of original issue discount	5	5	3
Total interest expense	\$ 41	\$ 38	\$ 34
Cash paid for interest expense	\$ 33	\$ 30	\$ 34

Unsecured Notes

2022 Notes

The Company has issued \$600 in aggregate principal amount of unsecured notes that mature on January 19, 2022 and bear interest at a rate of 3.625% per annum (the "2022 Notes"). The 2022 Notes pay interest semi-annually, and all principal is due upon maturity. The 2022 Notes may be redeemed in whole or in part at any time at the Company's option at a redemption price equal to par plus a "make whole" premium, if applicable, as determined pursuant to the indenture governing the 2022 Notes, and any accrued and unpaid interest. The 2022 Notes were issued at a discount to the principal amount.

2023 Notes

The Company has issued \$750 in aggregate principal amount of unsecured notes that mature on February 10, 2023 and bear interest at a rate of 3.500% per annum (the “2023 Notes”). The 2023 Notes pay interest semi-annually, and all principal is due upon maturity. The 2023 Notes may be redeemed in whole or in part at any time at the Company’s option at a redemption price equal to par plus a “make whole” premium, if applicable, as determined pursuant to the indenture governing the 2023 Notes, and any accrued and unpaid interest. The 2023 Notes were issued at a discount to the principal amount.

2024 Notes

The Company has issued \$900 in aggregate principal amount of unsecured notes that mature on June 10, 2024 and bear interest at a rate of 4.200% per annum (the “2024 Notes”). The 2024 Notes pay interest semi-annually, and all principal is due upon maturity. The 2024 Notes may be redeemed in whole or in part at any time at the Company’s option at a redemption price equal to par plus a “make whole” premium, if applicable, as determined pursuant to the indenture governing the 2024 Notes, and any accrued and unpaid interest. The 2024 Notes were issued at a net premium to the principal amount.

March 2025 Notes

The Company has issued \$600 in aggregate principal amount of unsecured notes that mature on March 1, 2025 and bear interest at a rate of 4.250% per annum (the “March 2025 Notes”). The March 2025 Notes pay interest semi-annually, and all principal is due upon maturity. The March 2025 Notes may be redeemed in whole or in part at any time at the Company’s option at a redemption price equal to par plus a “make whole” premium, if applicable, as determined pursuant to the indenture governing the March 2025 Notes, and any accrued and unpaid interest. The March 2025 Notes were issued at a discount to the principal amount.

July 2025 Notes

The Company has issued \$750 in aggregate principal amount of unsecured notes that mature on July 15, 2025 and bear interest at a rate of 3.250% per annum (the “July 2025 Notes”). The July 2025 Notes pay interest semi-annually, and all principal is due upon maturity. The July 2025 Notes may be redeemed in whole or in part at any time at the Company’s option at a redemption price equal to par plus a “make whole” premium, if applicable, as determined pursuant to the indenture governing the July 2025 Notes, and any accrued and unpaid interest. The July 2025 Notes were issued at a discount to the principal amount.

January 2026 Notes

The Company has issued \$1,150 in aggregate principal amount of unsecured notes that mature on January 15, 2026 and bear interest at a rate of 3.875% per annum (the “January 2026 Notes”). The January 2026 Notes pay interest semi-annually, and all principal is due upon maturity. The January 2026 Notes may be redeemed in whole or in part at any time at the Company’s option at a redemption price equal to par plus a “make whole” premium, if applicable, as determined pursuant to the indenture governing the January 2026 Notes, and any accrued and unpaid interest. The January 2026 Notes were issued at a net premium to the principal amount.

2047 Notes

As part of the acquisition of Allied Capital Corporation (“Allied Capital”) in April 2010 (the “Allied Acquisition”), the Company assumed \$230 in aggregate principal amount of unsecured notes that mature on April 15, 2047 and bear interest at a rate of 6.875% per annum (the “2047 Notes” and together with the 2022 Notes, the 2023 Notes, the 2024 Notes, the March 2025 Notes, the July 2025 Notes and the January 2026 Notes, the “Unsecured Notes”). The 2047 Notes pay interest quarterly and all principal is due upon maturity. The 2047 Notes may be redeemed in whole or in part at any time or from time to time at the Company’s option, at a par redemption price of \$25.00 per security plus accrued and unpaid interest.

See Note 17 for a subsequent event relating to an additional issuance of unsecured notes.

For the years ended December 31, 2020, 2019 and 2018, the components of interest expense and cash paid for interest expense for the Unsecured Notes, as well as any other unsecured notes outstanding during the periods presented are listed below.

	For the Years Ended December 31,		
	2020	2019	2018
Stated interest expense	\$ 168	\$ 130	\$ 146
Amortization of debt issuance costs	6	5	6
Net accretion of original issue discount	1	1	1
Accretion of purchase discount	1	2	1
Total interest expense	\$ 176	\$ 138	\$ 154
Cash paid for interest expense	\$ 140	\$ 141	\$ 140

The Unsecured Notes contain certain covenants, including covenants requiring the Company to comply with Section 18(a)(1)(A) as modified by Section 61(a) of the Investment Company Act, or any successor provisions, and to provide financial information to the holders of such notes under certain circumstances. These covenants are subject to important limitations and exceptions set forth in the indentures governing such notes. As of December 31, 2020, the Company was in compliance in all material respects with the terms of the respective indentures governing each of the Unsecured Notes.

The Convertible Unsecured Notes and the Unsecured Notes are the Company's senior unsecured obligations and rank senior in right of payment to any future indebtedness that is expressly subordinated in right of payment to the Convertible Unsecured Notes and the Unsecured Notes; equal in right of payment to the Company's existing and future unsecured indebtedness that is not expressly subordinated; effectively junior in right of payment to any of its secured indebtedness (including existing unsecured indebtedness that the Company later secures) to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness (including trade payables) incurred by the Company's subsidiaries, financing vehicles or similar facilities.

6. DERIVATIVE INSTRUMENTS

The Company enters into forward currency contracts from time to time to help mitigate the impact that an adverse change in foreign exchange rates would have on the value of the Company's investments denominated in foreign currencies. As of December 31, 2020, the counterparty to these forward currency contracts was Bank of Montreal. As of December 31, 2019, the Company had no forward currency contracts outstanding.

In December 2017, in connection with \$395 of the term loan tranche of the Revolving Credit Facility, the Company entered into a three-year interest rate swap agreement to mitigate its exposure to adverse fluctuations in interest rates for a total notional amount of \$395 and a maturity date of January 4, 2021. Under the interest rate swap agreement, the Company paid a fixed interest rate of 2.06% and received a floating rate based on the prevailing one-month LIBOR. As of December 31, 2020 and 2019, the one-month LIBOR rate in effect was 0.19% and 1.75%, respectively.

Certain information related to the Company's derivative instruments as of December 31, 2020 and 2019 is presented below.

Derivative Instrument	As of December 31, 2020				
	Notional Amount	Maturity Date	Gross Amount of Recognized Assets	Gross Amount of Recognized Liabilities	Balance Sheet Location of Net Amounts
Interest rate swap	\$ 395	1/4/2021	\$ —	\$ (1)	Accounts payable and other liabilities
Forward currency contract	CAD 142	1/21/2021	112	(112)	Accounts payable and other liabilities
Forward currency contract	£ 75	1/21/2021	102	(103)	Accounts payable and other liabilities
Total			\$ 214	\$ (216)	

As of December 31, 2019					
Derivative Instrument	Notional Amount	Maturity Date	Gross Amount of Recognized Assets	Gross Amount of Recognized Liabilities	Balance Sheet Location of Net Amounts
Interest rate swap	\$ 395	1/4/2021	\$ —	\$ (2)	Accounts payable and other liabilities
Total			\$ —	\$ (2)	

Net realized gains (losses) on derivative instruments recognized by the Company for the years ended December 31, 2020, 2019 and 2018 is in the following location in the consolidated statements of operations:

Derivative Instrument	Statement Location	For the Years Ended December 31,		
		2020	2019	2018
Interest rate swap	Net realized gains (losses) from foreign currency and other transactions	\$ (6)	\$ 1	\$ —
Forward currency contract	Net realized gains (losses) from foreign currency and other transactions	(9)	—	—
Total		\$ (15)	\$ 1	\$ —

Net unrealized gains (losses) on derivative instruments recognized by the Company for the years ended December 31, 2020, 2019 and 2018 is in the following location in the consolidated statements of operations:

Derivative Instrument	Statement Location	For the Years Ended December 31,		
		2020	2019	2018
Interest rate swap	Net unrealized gains (losses) from foreign currency and other transactions	\$ 1	\$ (6)	\$ 4
Forward currency contract	Net unrealized gains (losses) from foreign currency and other transactions	(1)	—	—
Total		\$ —	\$ (6)	\$ 4

7. COMMITMENTS AND CONTINGENCIES

Investment Commitments

The Company has various commitments to fund investments in its portfolio as described below. As of December 31, 2020 and 2019, the Company had the following commitments to fund various revolving and delayed draw senior secured and subordinated loans, including commitments to fund which are at (or substantially at) the Company's discretion:

	As of December 31,	
	2020	2019
Total revolving and delayed draw loan commitments	\$ 2,020	\$ 2,009
Less: funded commitments	(409)	(460)
Total unfunded commitments	1,611	1,549
Less: commitments substantially at discretion of the Company	(29)	(6)
Less: unavailable commitments due to borrowing base or other covenant restrictions	(8)	—
Total net adjusted unfunded revolving and delayed draw loan commitments	\$ 1,574	\$ 1,543

Included within the total revolving and delayed draw loan commitments as of December 31, 2020 and 2019 were delayed draw loan commitments totaling \$652 and \$633, respectively. The Company's commitment to fund delayed draw loans is triggered upon the satisfaction of certain pre-negotiated terms and conditions. Generally, the most significant and uncertain term requires the borrower to satisfy a specific use of proceeds covenant. The use of proceeds covenant typically requires the borrower to use the additional loans for the specific purpose of a permitted acquisition or permitted investment, for example. In addition to the use of proceeds covenant, the borrower is generally required to satisfy additional negotiated covenants (including specified leverage levels).

Also included within the total revolving loan commitments as of December 31, 2020 were commitments to issue up to \$375 in letters of credit through a financial intermediary on behalf of certain portfolio companies. As of December 31, 2020, the Company had \$72 in letters of credit issued and outstanding under these commitments on behalf of the portfolio companies. For all these letters of credit issued and outstanding, the Company would be required to make payments to third parties if the portfolio companies were to default on their related payment obligations. Of these letters of credit, \$63 expire in 2021 and \$9 expire in 2022. As of December 31, 2020, the Company recorded a liability of \$1 for certain letters of credit issued and outstanding and none of the other letters of credit issued and outstanding were recorded as a liability on the Company's balance sheet as such other letters of credit are considered in the valuation of the investments in the portfolio company.

The Company also has commitments to co-invest in the SDLP for the Company's portion of the SDLP's commitments to fund delayed draw loans to certain portfolio companies of the SDLP. See Note 4 for more information.

As of December 31, 2020 and 2019, the Company was party to subscription agreements to fund equity investments in private equity investment partnerships as follows:

	As of December 31,	
	December 31, 2020	December 31, 2019
Total private equity commitments	\$ 111	\$ 110
Less: funded private equity commitments	(68)	(62)
Total unfunded private equity commitments	43	48
Less: private equity commitments substantially at discretion of the Company	(43)	(48)
Total net adjusted unfunded private equity commitments	\$ —	\$ —

In the ordinary course of business, the Company may sell certain of its investments to third party purchasers. In particular, in connection with the sale of certain controlled portfolio company equity investments (as well as certain other sales) the Company has, and may continue to do so in the future, agreed to indemnify such purchasers for future liabilities arising from the investments and the related sale transaction. Such indemnification provisions have given rise to liabilities in the past and may do so in the future.

In addition, in the ordinary course of business, the Company may guarantee certain obligations in connection with its portfolio companies (in particular, certain controlled portfolio companies). Under these guarantee arrangements, payments may be required to be made to third parties if such guarantees are called upon or if the portfolio companies were to default on their related obligations, as applicable.

Lease Commitments

The Company is obligated under a number of operating leases pursuant to which it is leasing office facilities from third parties with remaining terms ranging from approximately one to six years. For certain of its operating leases, the Company had previously entered into subleases including one with Ares Management LLC. During the year ended December 31, 2020, the Company assigned to Ares Management LLC all of its rights, title and interest in the offices it subleased to Ares Management LLC and Ares Management LLC assumed all of the Company's obligations. See Note 13 for a further description of the sublease with Ares Management LLC.

Effective January 1, 2019, the Company adopted the FASB Topic 842, *Leases*, under the modified retrospective approach using the practical expedient provided for within the standard. The components of operating lease expense for the years ended December 31, 2020 and 2019 were as follows:

	For the Years Ended December 31,	
	2020	2019
Operating lease costs	\$ 17	\$ 19
Less: sublease income	(16)	(17)
Total operating lease costs (1)	\$ 1	\$ 2

(1) Total operating lease costs are incurred from office leases assumed as part of the American Capital Acquisition.

Supplemental cash flow information related to operating leases for the years ended December 31, 2020 and 2019 were as follows:

	For the Years Ended December 31,	
	2020	2019
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 23	\$ 23
Operating ROU assets obtained in exchange for operating lease liabilities	\$ 14	\$ 13

Supplemental balance sheet information as of December 31, 2020 and 2019 related to operating leases were as follows:

	For the Years Ended December 31,	
	2020	2019
Operating lease ROU assets	\$ 38	\$ 94
Operating lease liabilities	\$ 59	\$ 121
Weighted average remaining lease term	4.6 years	5.8 years
Weighted average discount rate	3.3%	3.9%

The following table shows future minimum lease payments under the Company's operating leases and a reconciliation to the operating lease liability as of December 31, 2020:

For the Years Ending December 31,	Amount
2021	\$ 16
2022	15
2023	16
2024	6
2025	6
Thereafter	6
Total lease payments	65
Less imputed interest	(6)
Total operating lease liability	\$ 59

The following table shows future expected rental payments to be received under the Company's subleases where the Company is the sublessor as of December 31, 2020:

For the Years Ending December 31,	Amount
2021	\$ 9
2022	9
2023	9
2024	4
2025	4
Thereafter	4
Total	\$ 39

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company follows ASC 825-10, *Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASC 825-10"), which provides companies the option to report selected financial assets and liabilities at fair value. ASC 825-10 also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities and to more easily understand the effect of the company's choice to use fair value on its earnings. ASC 825-10 also requires entities to display the fair value of the selected assets and liabilities on the face of the balance sheet. The Company has not elected the ASC 825-10 option to report selected financial assets and liabilities at fair value. With the exception of the line items entitled "other assets" and "debt," which are reported at amortized cost, the carrying value of all other assets and liabilities approximate fair value.

The Company also follows ASC 820-10, *Fair Value Measurements and Disclosures* (“ASC 820-10”), which expands the application of fair value accounting. ASC 820-10 defines fair value, establishes a framework for measuring fair value in accordance with GAAP and expands disclosure of fair value measurements. ASC 820-10 determines fair value to be the price that would be received for an investment in a current sale, which assumes an orderly transaction between market participants on the measurement date. ASC 820-10 requires the Company to assume that the portfolio investment is sold in its principal market to market participants or, in the absence of a principal market, the most advantageous market, which may be a hypothetical market. Market participants are defined as buyers and sellers in the principal or most advantageous market that are independent, knowledgeable, and willing and able to transact. In accordance with ASC 820-10, the Company has considered its principal market as the market in which the Company exits its portfolio investments with the greatest volume and level of activity. ASC 820-10 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. In accordance with ASC 820-10, these inputs are summarized in the three broad levels listed below:

- Level 1—Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.
- Level 2—Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

In addition to using the above inputs in investment valuations, the Company continues to employ the net asset valuation policy approved by the Company’s board of directors that is consistent with ASC 820-10 (see Note 2 for more information). Consistent with the Company’s valuation policy, it evaluates the source of inputs, including any markets in which the Company’s investments are trading (or any markets in which securities with similar attributes are trading), in determining fair value. The Company’s valuation policy considers the fact that because there is not a readily available market value for most of the investments in the Company’s portfolio, the fair value of the investments must typically be determined using unobservable inputs.

The Company’s portfolio investments (other than as described below in the following paragraph) are typically valued using two different valuation techniques. The first valuation technique is an analysis of the enterprise value (“EV”) of the portfolio company. Enterprise value means the entire value of the portfolio company to a market participant, including the sum of the values of debt and equity securities used to capitalize the enterprise at a point in time. The primary method for determining EV uses a multiple analysis whereby appropriate multiples are applied to the portfolio company’s EBITDA (generally defined as net income before net interest expense, income tax expense, depreciation and amortization). EBITDA multiples are typically determined based upon review of market comparable transactions and publicly traded comparable companies, if any. The Company may also employ other valuation multiples to determine EV, such as revenues or, in the case of certain portfolio companies in the power generation industry, kilowatt capacity. The second method for determining EV uses a discounted cash flow analysis whereby future expected cash flows of the portfolio company are discounted to determine a present value using estimated discount rates (typically a weighted average cost of capital based on costs of debt and equity consistent with current market conditions). The EV analysis is performed to determine the value of equity investments, the value of debt investments in portfolio companies where the Company has control or could gain control through an option or warrant security, and to determine if there is credit impairment for debt investments. If debt investments are credit impaired, an EV analysis may be used to value such debt investments; however, in addition to the methods outlined above, other methods such as a liquidation or wind-down analysis may be utilized to estimate enterprise value. The second valuation technique is a yield analysis, which is typically performed for non-credit impaired debt investments in portfolio companies where the Company does not own a controlling equity position. To determine fair value using a yield analysis, a current price is imputed for the investment based upon an assessment of the expected market yield for a similarly structured investment with a similar level of risk. In the yield analysis, the Company considers the current contractual interest rate, the maturity and other terms of the investment relative to risk of the company and the specific investment. A key determinant of risk, among other things, is the leverage through the investment relative to the enterprise value of the portfolio company. As debt investments held by the Company are substantially illiquid with no active transaction market, the Company depends on primary market data, including newly funded transactions, as well as secondary market data with respect to high yield debt instruments and syndicated loans, as inputs in determining the appropriate market yield, as applicable.

For other portfolio investments such as investments in the SDLP Certificates, discounted cash flow analysis is the primary technique utilized to determine fair value. Expected future cash flows associated with the investment are discounted to determine a present value using a discount rate that reflects estimated market return requirements.

The following tables summarize the significant unobservable inputs the Company used to value the majority of its investments categorized within Level 3 as of December 31, 2020 and 2019. The tables are not intended to be all-inclusive, but instead capture the significant unobservable inputs relevant to the Company's determination of fair values.

Asset Category	As of December 31, 2020				
	Fair Value	Primary Valuation Techniques	Unobservable Input		
			Input	Estimated Range	Weighted Average
First lien senior secured loans	\$ 6,984	Yield analysis	Market yield	1.3% - 19.3%	8.5%
Second lien senior secured loans	4,171	Yield analysis	Market yield	7.0% - 19.7%	10.5%
Subordinated certificates of the SDLP	1,123	Discounted cash flow analysis	Discount rate	10.2% - 11.1%	11.0%
Senior subordinated loans	879	Yield analysis	Market yield	8.8% - 22.0%	11.3%
Preferred equity securities	926	EV market multiple analysis	EBITDA multiple	2.8x - 22.0x	13.9x
Ivy Hill Asset Management, L.P.	628	Discounted cash flow analysis	Discount rate	10.5% - 27.5%	17.1%
Other equity securities and other	795	EV market multiple analysis	EBITDA multiple	5.4x - 47.7x	13.1x
Total investments	<u>\$ 15,506</u>				

Asset Category	As of December 31, 2019				
	Fair Value	Primary Valuation Techniques	Unobservable Input		
			Input	Estimated Range	Weighted Average
First lien senior secured loans	\$ 6,324	Yield analysis	Market yield	3.5% - 17.5%	8.5%
Second lien senior secured loans	4,334	Yield analysis	Market yield	8.9% - 25.0%	11.3%
Subordinated certificates of the SDLP	909	Discounted cash flow analysis	Discount rate	10.5% - 11.5%	11.0%
Senior subordinated loans	822	Yield analysis	Market yield	8.8% - 19.8%	12.5%
Collateralized loan obligations	35	Discounted cash flow analysis	Discount rate	9.4% - 10.2%	9.8%
			Constant prepayment rate	10.0% - 30.0%	20.0%
			Constant default rate	1.0% - 2.5%	2.0%
Preferred equity securities	728	EV market multiple analysis	EBITDA multiple	3.1x - 23.2x	12.7x
Ivy Hill Asset Management, L.P.	521	Discounted cash flow analysis	Discount rate	12.0% - 20.8%	14.8%
Other equity securities and other	675	EV market multiple analysis	EBITDA multiple	4.2x - 28.8x	12.2x
Total investments	<u>\$ 14,348</u>				

Changes in market yields, discount rates or EBITDA multiples, each in isolation, may change the fair value of certain of the Company's investments. Generally, an increase in market yields or discount rates or decrease in EBITDA multiples may result in a decrease in the fair value of certain of the Company's investments.

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 Company's investments may fluctuate from period to period. Additionally, the fair value of the Company's investments may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values that the Company may ultimately realize. Further, such investments are generally subject to legal and other restrictions on resale or otherwise are less liquid than publicly traded securities. If the Company was required to liquidate a portfolio investment in a forced or liquidation sale, it could realize significantly less than the value at which the Company has recorded it.

In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the unrealized gains or losses reflected in the valuations currently assigned.

The following table presents fair value measurements of cash and cash equivalents, restricted cash, investments, derivatives and unfunded revolving and delayed draw loan commitments as of December 31, 2020:

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 254	\$ 254	\$ —	\$ —
Restricted cash	\$ 72	\$ 72	\$ —	\$ —
Investments not measured at net asset value	\$ 15,509	\$ —	\$ 3	\$ 15,506
Investments measured at net asset value(1)	6			
Total investments	\$ 15,515			
Derivatives	\$ (2)	\$ —	\$ (2)	\$ —
Unfunded revolving and delayed draw loan commitments(2)	\$ (27)	\$ —	\$ —	\$ (27)

- (1) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheet.
- (2) The fair value of unfunded revolving and delayed draw loan commitments is included in “accounts payable and other liabilities” in the accompanying consolidated balance sheet.

The following table presents fair value measurements of cash and cash equivalents, restricted cash, investments, derivatives and unfunded revolving and delayed draw loan commitments as of December 31, 2019:

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 167	\$ 167	\$ —	\$ —
Restricted cash	\$ 9	\$ 9	\$ —	\$ —
Investments not measured at net asset value	\$ 14,416	\$ 20	\$ 48	\$ 14,348
Investments measured at net asset value (1)	10			
Total investments	\$ 14,426			
Derivatives	\$ (2)	\$ —	\$ (2)	\$ —
Unfunded revolving and delayed draw loan commitments(2)	\$ (18)	\$ —	\$ —	\$ (18)

- (1) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheet.
- (2) The fair value of unfunded revolving and delayed draw loan commitments is included in “accounts payable and other liabilities” in the accompanying consolidated balance sheet.

The following table presents changes in investments that use Level 3 inputs as of and for the year ended December 31, 2020:

	As of and For the Year Ended December 31, 2020
Balance as of December 31, 2019	\$ 14,348
Net realized losses	(179)
Net unrealized losses	(86)
Purchases	6,718
Sales	(2,494)
Redemptions	(3,019)
PIK interest and dividends	211
Net accretion of discount on securities	7
Net transfers into Level 3(1)	1
Net transfers out of Level 3(1)	(1)
Balance as of December 31, 2020	<u>\$ 15,506</u>

- (1) For the year ended December 31, 2020, transfers into Level 3 from Level 2 were as a result of changes in the observability of significant inputs for certain portfolio companies. For the year ended December 31, 2020, transfers out of Level 3 to Level 2 were as a result of changes in the observability of significant inputs for certain portfolio companies.

As of December 31, 2020, the net unrealized depreciation on the investments that use Level 3 inputs was \$432.

For the year ended December 31, 2020, the total amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to the Company's Level 3 assets still held as of December 31, 2020, and reported within the net unrealized gains (losses) on investments, foreign currency and other transactions in the Company's consolidated statement of operations was \$(235).

The following table presents changes in investments that use Level 3 inputs as of and for the year ended December 31, 2019:

	As of and For the Year Ended December 31, 2019
Balance as of December 31, 2018	\$ 12,407
Net realized losses	(130)
Net unrealized gains	45
Purchases	6,802
Sales	(2,411)
Redemptions	(2,465)
PIK interest and dividends	140
Net accretion of discount on securities	12
Net transfers out of Level 3(1)	(52)
Balance as of December 31, 2019	<u>\$ 14,348</u>

- (1) For the year ended December 31, 2019, transfers out of Level 3 to Level 1 were as a result of the exchange of the Company's previous equity investment into publicly traded common stock following the portfolio company's initial public offering. For the year ended December 31, 2019, transfers out of Level 3 to Level 2 were as a result of changes in the observability of significant inputs for certain portfolio companies.

As of December 31, 2019, the net unrealized depreciation on the investments that use Level 3 inputs was \$309.

For the year ended December 31, 2019, the total amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to the Company's Level 3 assets still held as of December 31,

2019, and reported within the net unrealized gains (losses) on investments, foreign currency and other transactions in the Company's consolidated statement of operations was \$(135).

The following are the carrying and fair values of the Company's debt obligations as of December 31, 2020 and 2019. Fair value is estimated by discounting remaining payments using applicable current market rates, which take into account changes in the Company's marketplace credit ratings, or market quotes, if available.

	As of December 31,			
	2020		2019	
	Carrying value(1)	Fair value	Carrying value(1)	Fair value
Revolving Credit Facility	\$ 1,180	\$ 1,180	\$ 2,250	\$ 2,250
Revolving Funding Facility	1,028	1,018	638	638
SMBC Funding Facility	453	445	301	301
BNP Funding Facility	150	153	—	—
2022 Convertible Notes (principal amount outstanding of \$388)	383 (2)	398	377 (2)	400
2024 Convertible Notes (principal amount outstanding of \$403)	392 (2)	425	389 (2)	430
2022 Notes (principal amount outstanding of \$600)	598 (3)	617	597 (3)	611
2023 Notes (principal amount outstanding of \$750)	747 (4)	794	746 (4)	764
2024 Notes (principal amount outstanding of \$900)	896 (5)	983	895 (5)	947
March 2025 Notes (principal amount outstanding of \$600)	595 (6)	653	594 (6)	630
July 2025 Notes (principal amount outstanding of \$750 and \$0, respectively)	742 (7)	795	—	—
January 2026 Notes (principal amount outstanding of \$1,150 and \$0, respectively)	1,141 (8)	1,248	—	—
2047 Notes (principal amount outstanding of \$230)	186 (9)	243	184 (9)	239
	<u>\$ 8,491 (10)</u>	<u>\$ 8,952</u>	<u>\$ 6,971 (10)</u>	<u>\$ 7,210</u>

- (1) The Revolving Credit Facility, the Revolving Funding Facility, the SMBC Funding Facility and the BNP Funding Facility carrying values are the same as the principal amounts outstanding.
- (2) Represents the aggregate principal amount outstanding of the Convertible Unsecured Notes less unamortized debt issuance costs and the unaccreted discount recorded upon the issuances of such notes.
- (3) Represents the aggregate principal amount outstanding of the 2022 Notes less unamortized debt issuance costs and the unaccreted discount recorded upon the issuance of the 2022 Notes.
- (4) Represents the aggregate principal amount outstanding of the 2023 Notes less unamortized debt issuance costs and the unaccreted discount recorded upon the issuance of the 2023 Notes.
- (5) Represents the aggregate principal amount outstanding of the 2024 Notes less unamortized debt issuance costs and the unaccreted discount recorded upon the issuance of the 2024 Notes.
- (6) Represents the aggregate principal amount outstanding of the March 2025 Notes less unamortized debt issuance costs and the unaccreted discount recorded upon the issuance of the March 2025 Notes.
- (7) Represents the aggregate principal amount outstanding of the July 2025 Notes less unamortized debt issuance costs and the unaccreted discount recorded upon the issuance of the July 2025 Notes.

- (8) Represents the aggregate principal amount outstanding of the 2026 Notes less unamortized debt issuance costs and the net unaccreted discount recorded upon the issuance of the 2026 Notes.
- (9) Represents the aggregate principal amount outstanding of the 2047 Notes less the unaccreted purchased discount.
- (10) Total principal amount of debt outstanding totaled \$8,582 and \$7,060 as of December 31, 2020 and 2019, respectively.

The following table presents fair value measurements of the Company's debt obligations as of December 31, 2020 and 2019:

Fair Value Measurements Using	As of December 31,	
	2020	2019
Level 1	\$ 243	\$ 239
Level 2	8,709	6,971
Total	\$ 8,952	\$ 7,210

9. STOCKHOLDERS' EQUITY

The Company is party to equity distribution agreements with two sales agents (the "Equity Distribution Agreements"), pursuant to which the Company may from time to time issue and sell shares of its common stock having an aggregate offering amount of up to \$500. Subject to the terms and conditions of the Equity Distribution Agreements, sales of common stock, if any, may be made in transactions that are deemed to be an "at the market offering" as defined in Rule 415(a)(4) under the Securities Act of 1933, as amended.

The Company's "at the market offering" activity for the years ended December 31, 2020 and 2019 is presented below:

	For the Years Ended December 31,	
	2020	2019
Shares issued and sold	0.2	3.5
Gross proceeds(1)	\$ 4	\$ 65

(1) Includes \$0 and \$1 of sales agents' commissions and certain offering expenses during the years ended December 31, 2020 and 2019, respectively.

As of December 31, 2020, the Company had cumulatively issued and sold 3.7 shares of common stock under the Equity Distribution Agreements, with net proceeds totaling \$68, after deducting sales agents' commissions and certain offering expenses of approximately \$1. As of December 31, 2020, common stock with an aggregate offering amount of \$431 remained available for issuance under the Equity Distribution Agreements.

During the year ended December 31, 2019, in addition to equity issuances under the Equity Distribution Agreements, the Company also issued common stock in connection with the dividend reinvestment program. There were no other issuances of the Company's equity securities during the years ended December 31, 2020 and 2019. For the year ended December 31, 2018, there were no issuances of the Company's equity securities.

See Note 12 for information regarding shares of common stock issued or purchased in accordance with the Company's dividend reinvestment plan during the year ended December 31, 2019.

Stock Repurchase Program

The Company is authorized under its stock repurchase program to purchase up to \$500 in the aggregate of its outstanding common stock in the open market at certain thresholds below its net asset value per share, in accordance with the guidelines specified in Rule 10b-18 under the Securities Exchange Act of 1934, as amended. The timing, manner, price and amount of any share repurchases will be determined by the Company, in its discretion, based upon the evaluation of economic and market conditions, stock price, applicable legal and regulatory requirements and other factors. The program does not require the Company to repurchase any specific number of shares, and the Company cannot assure stockholders that any shares will be repurchased under the program. The expiration date of the stock repurchase program is February 15, 2021. The program

may be suspended, extended, modified or discontinued at any time. See Note 17 for a subsequent event relating to the Company's stock repurchase program.

As of December 31, 2020, the Company had cumulatively repurchased a total of 9.0 shares of its common stock in the open market under the stock repurchase program since the program's inception in September 2015, at an average price of \$11.95 per share, including commissions paid, leaving approximately \$393 available for additional repurchases under the program. During the year ended December 31, 2020, the Company repurchased a total of 8.5 shares of its common stock in the open market under the stock repurchase program for \$100. The shares were repurchased at an average price of \$11.83 per share, including commissions paid. During the years ended December 31, 2019 and 2018, the Company did not repurchase any shares of the Company's common stock under the stock repurchase program.

10. EARNINGS PER SHARE

The following information sets forth the computations of basic and diluted net increase in stockholders' equity resulting from operations per share for the years ended December 31, 2020, 2019 and 2018:

	For the Years Ended December 31,		
	2020	2019	2018
Net increase in stockholders' equity resulting from operations available to common stockholders	\$ 484	\$ 793	\$ 858
Weighted average shares of common stock outstanding—basic and diluted	424	427	426
Basic and diluted net increase in stockholders' equity resulting from operations per share	\$ 1.14	\$ 1.86	\$ 2.01

For the purpose of calculating diluted net increase in stockholders' equity resulting from operations per share, the average closing price of the Company's common stock for each of the years ended December 31, 2020, 2019 and 2018 was less than the conversion price for each of the Convertible Unsecured Notes outstanding as of December 31, 2020, 2019 and 2018, respectively, as well as any other convertible unsecured notes outstanding during the period. Therefore, for all periods presented in the financial statements, the underlying shares for the intrinsic value of the embedded options in the Convertible Unsecured Notes and any other convertible unsecured notes outstanding during the periods presented had no impact on the computation of diluted net increase in stockholders' equity resulting from operations per share.

11. INCOME AND EXCISE TAXES

For U.S. federal income tax purposes, amounts distributed to the Company's stockholders as dividends are reported as ordinary income, capital gains, or a combination thereof. Dividends paid per common share for the years ended December 31, 2020, 2019 and 2018 were taxable as follows (unaudited):

	For the Years Ended December 31,		
	2020	2019	2018
Ordinary income(1)	\$ 1.60	\$ 1.68	\$ 1.54
Capital gains	—	—	—
Total(2)	\$ 1.60	\$ 1.68	\$ 1.54

(1) For the years ended December 31, 2020, 2019 and 2018, ordinary income included dividend income of approximately \$0.0157 per share, \$0.0064 per share and \$0.0000 per share, respectively, that qualified to be taxed at the maximum capital gains rate and, in the case of certain eligible corporate shareholders, dividends that were eligible for the dividends received deduction.

(2) For the years ended December 31, 2020, 2019 and 2018, the percentage of total dividends paid that constituted interest-related dividends were 88.4%, 86.8% and 85.4%, respectively.

The following reconciles net increase in stockholders' equity resulting from operations to taxable income for the years ended December 31, 2020, 2019 and 2018:

	For the Years Ended December 31,		
	2020	2019	2018
Net increase in stockholders' equity resulting from operations	\$ (Estimated)(1) 484	\$ 793	\$ 858
Adjustments:			
Net unrealized losses (gains) on investments, foreign currency and other transactions	145	(47)	255
Income not currently taxable(2)	(147)	(150)	(96)
Income for tax but not book	133	89	62
Expenses not currently deductible	19	13	52
Expenses for tax but not book	(59)	—	(78)
Realized gain/loss differences(3)	148	86	(433)
Taxable income	<u>\$ 723</u>	<u>\$ 784</u>	<u>\$ 620</u>

- (1) The calculation of estimated 2020 U.S. federal taxable income is based on certain estimated amounts, including information received from third parties and, as a result, actual 2020 U.S. federal taxable income will not be finally determined until the Company's 2020 U.S. federal tax return is filed in 2021 (and, therefore, such estimate is subject to change).
- (2) Includes dividend income from preferred equity securities that is not taxable until collected totaling \$67, \$61 and \$26, respectively, net of dividend income collected of \$1, \$0 and \$1, respectively, for the years ended December 31, 2020, 2019 and 2018, respectively.
- (3) Certain realized gain/loss differences are the result of the realization of certain tax only capital losses on the investments acquired in the Allied Acquisition. Because the Allied Acquisition was a "tax-free" reorganization under the Code, realized losses for tax purposes can differ from GAAP. Note that unlike the Allied Acquisition, the American Capital Acquisition was treated as a taxable purchase of the American Capital assets for purposes of the Company's taxable income calculations; therefore, realized gains or losses for tax purposes are generally consistent with realized gains or losses under GAAP.

Taxable income generally differs from net increase in stockholders' equity resulting from operations for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses, and generally excludes net unrealized gains or losses, as unrealized gains or losses are generally not included in taxable income until they are realized. In addition, on April 1, 2010, the Company acquired Allied Capital in a "tax-free" merger under the Code, which has caused certain merger-related items to vary in their deductibility for GAAP and tax purposes.

Capital losses in excess of capital gains earned in a tax year may generally be carried forward and used to offset capital gains, subject to certain limitations. As of December 31, 2020, the Company estimates that it will have a capital loss carryforward of approximately \$335 available for use in later tax years. While the Company's ability to utilize losses in the future depends on a variety of factors that cannot be known in advance, approximately \$180 of the capital loss carryforward will be subject to limitations under Section 382 of the Code. The unused balance will be carried forward and utilized as gains are realized, subject to such limitations.

For the year ended December 31, 2020, the Company estimated U.S. federal taxable income exceeded its distributions made from such taxable income during the year; consequently, the Company has elected to carry forward the excess for distribution to shareholders in 2021. The amount carried forward to 2021 is estimated to be approximately \$454, all of which is expected to be ordinary income, although these amounts will not be finalized until the 2020 tax returns are filed in 2021. For the years ended December 31, 2019 and 2018, the Company had taxable income in excess of the distributions made from such taxable income during the year, and therefore, the Company elected to carry forward the excess for distribution to shareholders in 2020 and 2019, respectively. The amounts carried forward to 2020 and 2019 were \$410 and \$342, respectively. To the extent that the Company determines that its estimated current year annual taxable income will exceed its estimated current year dividends from such taxable income, the Company accrues excise tax on estimated excess taxable income. For the years ended

December 31, 2020, 2019 and 2018, a net expense of \$17, \$15 and \$14, respectively, was recorded for U.S. federal excise tax. The net expense for the years ended December 31, 2020 and 2019 each included a reduction in expense related to an expected refund request arising from the overpayment of the prior year's excise tax of \$1 and \$1, respectively.

As of December 31, 2020, the estimated cost basis of investments for U.S. federal tax purposes was \$15.9 billion resulting in estimated gross unrealized gains and losses of \$0.5 billion and \$0.9 billion, respectively. As of December 31, 2019, the estimated cost basis of investments for U.S. federal tax purposes was \$14.7 billion resulting in estimated gross unrealized gains and losses of \$0.4 billion and \$0.7 billion, respectively. As of December 31, 2020 and 2019, the cost of investments for U.S. federal tax purposes was greater than the amortized cost of investments for book purposes of \$15.9 billion and \$14.7 billion, respectively, primarily as a result of the carryover of tax basis in excess of the related GAAP basis in connection with the Allied Acquisition. The Allied Acquisition qualified as a "tax-free" reorganization under the Code, which resulted in the assets acquired by the Company retaining Allied Capital's tax cost basis at the merger date.

The Company may adjust the classification of stockholders' equity as a result of permanent book-to-tax differences, which may include merger-related items, differences in the book and tax basis of certain assets and liabilities, and nondeductible federal taxes (including excise taxes), among other items. These adjustments are reclassifications among the individual components of stockholders' equity and have no effect on total stockholders' equity. For the year ended December 31, 2020, the Company decreased capital in excess of par value by \$8 and increased accumulated undistributed (overdistributed) earnings by \$8 in the consolidated statement of stockholders' equity. After adjusting for these reclassifications, the capital in excess of par value, accumulated undistributed net investment income, accumulated net realized losses and accumulated net unrealized losses were \$7,752, \$233, \$(276) and \$(437), respectively. The adjustments made for the year ended December 31, 2020 are based on certain estimated amounts and assumptions and, as a result, such adjustments are subject to change until the Company's 2020 U.S. federal tax return is filed in 2021. For the year ended December 31, 2019, the Company increased capital in excess of par value by \$495 and decreased accumulated undistributed (overdistributed) earnings by \$495 in the consolidated statement of stockholders' equity. After adjusting for these reclassifications, the capital in excess of par value, accumulated undistributed net investment income, accumulated net realized losses and accumulated net unrealized losses were \$7,760, \$117, \$(117) and \$(293), respectively.

Certain of the Company's consolidated subsidiaries are subject to U.S. federal and state income taxes. For the years ended December 31, 2020, 2019 and 2018, the Company recorded a net tax expense of approximately \$2, \$1 and \$5, respectively, for these subsidiaries.

12. DIVIDENDS AND DISTRIBUTIONS

The following table summarizes the Company's dividends declared and payable during the years ended December 31, 2020, 2019 and 2018:

Date declared	Record date	Payment date	Per share amount	Total amount
October 27, 2020	December 15, 2020	December 30, 2020	\$ 0.40	\$ 169
August 4, 2020	September 15, 2020	September 30, 2020	0.40	169
May 5, 2020	June 15, 2020	June 30, 2020	0.40	169
February 12, 2020	March 16, 2020	March 31, 2020	0.40	172
Total dividends declared and payable for the year ended December 31, 2020			\$ 1.60	\$ 679
October 30, 2019	December 16, 2019	December 30, 2019	\$ 0.40	\$ 172
February 12, 2019	December 16, 2019	December 27, 2019	0.02 (1)	9
July 30, 2019	September 16, 2019	September 30, 2019	0.40	170
February 12, 2019	September 16, 2019	September 30, 2019	0.02 (1)	9
April 30, 2019	June 14, 2019	June 28, 2019	0.40	170
February 12, 2019	June 14, 2019	June 28, 2019	0.02 (1)	9
February 12, 2019	March 15, 2019	March 29, 2019	0.40	170
February 12, 2019	March 15, 2019	March 29, 2019	0.02 (1)	9
Total dividends declared and payable for the year ended December 31, 2019			\$ 1.68	\$ 718
October 31, 2018	December 14, 2018	December 28, 2018	\$ 0.39	\$ 166
August 1, 2018	September 14, 2018	September 28, 2018	\$ 0.39	\$ 166
May 2, 2018	June 15, 2018	June 29, 2018	\$ 0.38	\$ 162
February 13, 2018	March 15, 2018	March 30, 2018	\$ 0.38	\$ 162
Total dividends declared and payable for the year ended December 31, 2018			\$ 1.54	\$ 656

(1) Represents an additional dividend.

The Company has a dividend reinvestment plan, whereby the Company may buy shares of its common stock in the open market or issue new shares in order to satisfy dividend reinvestment requests. When the Company issues new shares in connection with the dividend reinvestment plan, the issue price is equal to the closing price of its common stock on the dividend payment date. Dividend reinvestment plan activity for the years ended December 31, 2020, 2019 and 2018, was as follows:

	For the Years Ended December 31,		
	2020	2019	2018
Shares issued	—	1.3	—
Average issue price per share	\$ —	\$ 18.39	\$ —
Shares purchased by plan agent to satisfy dividends declared and payable during the period for stockholders	2.6 (1)	0.5 (2)	1.8 (3)
Average purchase price per share	\$ 13.76	\$ 17.42	\$ 16.30

(1) Shares were purchased in April 2020, July 2020, October 2020 and January 2021.

(2) Shares were purchased in April 2019.

(3) Shares were purchased in April 2018, July 2018, October 2018 and January 2019.

13. RELATED PARTY TRANSACTIONS

In accordance with the investment advisory and management agreement, the Company bears all costs and expenses of the operation of the Company and reimburses its investment adviser or its affiliates for certain of such costs and expenses paid for by the investment adviser or its affiliates on behalf of the Company. For the years ended December 31, 2020, 2019 and 2018, the Company's investment adviser or its affiliates incurred and the Company reimbursed such expenses totaling \$7, \$7 and \$5, respectively. The Company's investment adviser reimbursed the Company approximately \$0.5 for certain rent and utilities incurred by the Company during the first quarter of 2018. In addition, during the second quarter of 2018, the Company's investment adviser reimbursed the Company approximately \$2.2, \$3.0, \$3.2 and \$2.9 of rent and utilities for the years ended 2017, 2016, 2015 and 2014, respectively, for an aggregate reimbursement to the Company of \$11.8. Beginning April 1, 2018, the Company's investment adviser bears such rent and utilities expenses.

The Company is party to office leases pursuant to which it is leasing office facilities from third parties. For certain of these office leases, the Company had previously entered into separate subleases with Ares Management LLC, the sole member of Ares Capital Management, whereby Ares Management LLC subleased the full amount of certain of the Company's office leases. During the year ended December 31, 2020, the Company assigned to Ares Management LLC all of its rights, title and interest in the offices it subleased to Ares Management LLC and Ares Management LLC assumed all of the Company's obligations.

The Company has also entered into agreements with Ares Management LLC and IHAM, pursuant to which Ares Management LLC and IHAM are entitled to use the Company's proprietary portfolio management software. For the years ended December 31, 2020, 2019 and 2018, amounts payable to the Company under these agreements totaled \$0, \$0 and \$0, respectively.

See Notes 3 and 4 for descriptions of other related party transactions.

14. FINANCIAL HIGHLIGHTS

The following is a schedule of financial highlights as of and for the years ended December 31, 2020, 2019, 2018, 2017 and 2016:

Per Share Data:	As of and For the Years Ended December 31,				
	2020	2019	2018	2017	2016
Net asset value, beginning of period(1)	\$ 17.32	\$ 17.12	\$ 16.65	\$ 16.45	\$ 16.46
Issuances of common stock	—	0.02	—	(0.01)	—
Repurchases of common stock	0.11	—	—	—	—
Deemed contribution from Ares Capital Management	—	—	—	0.13	—
Issuances of convertible notes	—	—	—	0.04	—
Net investment income for period(2)	1.87	1.90	1.63	1.20	1.57
Net realized and unrealized gains (losses) for period(2)	(0.73)	(0.04)	0.38	0.36	(0.06)
Net increase in stockholders' equity	1.25	1.88	2.01	1.72	1.51
Total distributions to stockholders(3)	(1.60)	(1.68)	(1.54)	(1.52)	(1.52)
Net asset value at end of period(1)	\$ 16.97	\$ 17.32	\$ 17.12	\$ 16.65	\$ 16.45
Per share market value at end of period	\$ 16.89	\$ 18.65	\$ 15.58	\$ 15.72	\$ 16.49
Total return based on market value(4)	(0.86)%	30.49 %	8.91 %	4.55 %	26.39 %
Total return based on net asset value(5)	5.20 %	12.14 %	12.10 %	10.53 %	9.15 %
Shares outstanding at end of period	423	431	426	426	314
Ratio/Supplemental Data:					
Net assets at end of period	\$ 7,176	\$ 7,467	\$ 7,300	\$ 7,098	\$ 5,165
Ratio of operating expenses to average net assets(6)(7)	10.27 %	9.92 %	8.63 %	9.45 %	9.59 %
Ratio of net investment income to average net assets(6)(8)	11.39 %	11.01 %	9.60 %	7.65 %	9.58 %
Portfolio turnover rate(6)	40 %	38 %	54 %	51 %	39 %

(1) The net assets used equals the total stockholders' equity on the consolidated balance sheet.

(2) Weighted average basic per share data.

(3) Includes additional dividends of \$0.08 per share for the year ended December 31, 2020.

(4) For the year ended December 31, 2020, the total return based on market value equaled the decrease of the ending market value at December 31, 2020 of \$16.89 per share from the ending market value at December 31, 2019 of \$18.65 per share plus the declared and payable dividends of \$1.60 per share for the year ended December 31, 2020, divided by the market value at December 31, 2019. For the year ended December 31, 2019, the total return based on market value equaled the increase of the ending market value at December 31, 2019 of \$18.65 per share from the ending market value at December 31, 2018 of \$15.58 per share plus the declared and payable dividends of \$1.68 per share for the year ended December 31, 2019, divided by the market value at December 31, 2018. For the year ended December 31, 2018, the total return based on market value equaled the decrease of the ending market value at December 31, 2018 of \$15.58 per share from the ending market value at December 31, 2017 of \$15.72 per share plus the declared and payable dividends of \$1.54 per share for the year ended December 31, 2018, divided by the market value at December 31, 2017. For the year ended December 31, 2017, the total return based on market value equaled the decrease of the ending market value at December 31, 2017 of \$15.72 per share from the ending market value at December 31, 2016 of \$16.49 per share plus the declared and payable dividends of \$1.52 per share for the year ended December 31, 2017, divided by the market value at December 31, 2016. For the year ended December 31, 2016, the total return based on market value equaled the increase of the ending market value at December 31, 2016 of \$16.49 per share from the ending market value at December 31, 2015 of \$14.25 per share plus the declared and payable dividends of \$1.52 per share for the year ended December 31, 2016, divided by the market value at December 31, 2015. The

Company's shares fluctuate in value. The Company's performance changes over time and currently may be different than that shown. Past performance is no guarantee of future results.

- (5) For the year ended December 31, 2020, the total return based on net asset value equaled the change in net asset value during the period plus the declared and payable dividends of \$1.60 per share for the year ended December 31, 2020, divided by the beginning net asset value for the period. For the year ended December 31, 2019, the total return based on net asset value equaled the change in net asset value during the period plus the declared and payable dividends of \$1.68 per share for the year ended December 31, 2019, divided by the beginning net asset value for the period. For the year ended December 31, 2018, the total return based on net asset value equaled the change in net asset value during the period plus the declared and payable dividends of \$1.54 per share for the year ended December 31, 2018, divided by the beginning net asset value for the period. For the year ended December 31, 2017, the total return based on net asset value equaled the change in net asset value during the period plus the declared and payable dividends of \$1.52 per share for the year ended December 31, 2017, divided by the beginning net asset value for the period. For the year ended December 31, 2016, the total return based on net asset value equaled the change in net asset value during the period plus the declared and payable dividends of \$1.52 per share for the year ended December 31, 2016, divided by the beginning net asset value for the period. These calculations are adjusted for shares issued in connection with the dividend reinvestment plan, the issuance of common stock in connection with any equity offerings and the equity components of any convertible notes issued during the period. The Company's performance changes over time and currently may be different than that shown. Past performance is no guarantee of future results.
- (6) The ratios reflect an annualized amount.
- (7) For the year ended December 31, 2020, the ratio of operating expenses to average net assets consisted of the following:

	For the Years Ended December 31,				
	2020	2019	2018	2017	2016
Base management fees	3.10 %	2.78 %	2.49 %	2.57 %	2.64 %
Income based fees and capital gains incentive fees, net of the Fee Waiver	1.80 %	2.23 %	2.24 %	2.18 %	2.29 %
Income based fees and capital gains incentive fees excluding the Fee Waiver	1.80 %	2.64 %	2.79 %	2.32 %	2.29 %
Cost of borrowing	4.54 %	3.94 %	3.33 %	3.37 %	3.58 %
Other operating expenses	0.83 %	0.97 %	0.57 %	1.33 %	1.08 %

- (8) The ratio of net investment income to average net assets excludes income taxes related to realized gains and losses.

15. SELECTED QUARTERLY DATA (Unaudited)

	2020			
	Q4	Q3	Q2	Q1
Total investment income	\$ 440	\$ 352	\$ 350	\$ 369
Net investment income before net realized and unrealized gains (losses) and income based fees and capital gains incentive fees, net of waiver of income based fees (See Note 3)	\$ 286	\$ 208	\$ 206	\$ 220
Income based fees and capital gains incentive fees, net of waiver of income based fees (See Note 3)	\$ 57	\$ 42	\$ 41	\$ (14)
Net investment income before net realized and unrealized gains (losses)	\$ 229	\$ 166	\$ 165	\$ 234
Net realized and unrealized gains (losses)	\$ 149	\$ 275	\$ 112	\$ (846)
Net increase in stockholders' equity resulting from operations	\$ 378	\$ 441	\$ 277	\$ (612)
Basic and diluted net income (loss) per common share	\$ 0.89	\$ 1.04	\$ 0.65	\$ (1.42)
Net asset value per share as of the end of the quarter	\$ 16.97	\$ 16.48	\$ 15.83	\$ 15.58

	2019			
	Q4	Q3	Q2	Q1
Total investment income	\$ 386	\$ 387	\$ 382	\$ 373
Net investment income before net realized and unrealized gains (losses) and income based fees and capital gains incentive fees, net of waiver of income based fees (See Note 3)	\$ 241	\$ 243	\$ 246	\$ 241
Income based fees and capital gains incentive fees, net of waiver of income based fees (See Note 3)	\$ 51	\$ 31	\$ 38	\$ 40
Net investment income before net realized and unrealized gains (losses)	\$ 190	\$ 212	\$ 208	\$ 201
Net realized and unrealized gains (losses)	\$ 14	\$ (37)	\$ (8)	\$ 13
Net increase in stockholders' equity resulting from operations	\$ 204	\$ 175	\$ 200	\$ 214
Basic and diluted earnings per common share	\$ 0.48	\$ 0.41	\$ 0.47	\$ 0.50
Net asset value per share as of the end of the quarter	\$ 17.32	\$ 17.26	\$ 17.27	\$ 17.21

	2018			
	Q4	Q3	Q2	Q1
Total investment income	\$ 345	\$ 342	\$ 333	\$ 317
Net investment income before net realized and unrealized gains (losses) and income based fees and capital gains incentive fees, net of waiver of income based fees (See Note 3)	\$ 229	\$ 225	\$ 210	\$ 192
Income based fees and capital gains incentive fees, net of waiver of income based fees (See Note 3)	\$ 26	\$ 40	\$ 48	\$ 48
Net investment income before net realized and unrealized gains (losses)	\$ 203	\$ 185	\$ 162	\$ 144
Net realized and unrealized gains (losses)	\$ (50)	\$ 24	\$ 92	\$ 98
Net increase in stockholders' equity resulting from operations	\$ 153	\$ 209	\$ 254	\$ 242
Basic and diluted earnings per common share	\$ 0.36	\$ 0.49	\$ 0.60	\$ 0.57
Net asset value per share as of the end of the quarter	\$ 17.12	\$ 17.16	\$ 17.05	\$ 16.84

16. LITIGATION

The Company is party to certain lawsuits in the normal course of business. In addition, American Capital and Allied Capital were involved in various legal proceedings that the Company assumed in connection with the American Capital Acquisition and the Allied Acquisition, respectively. Furthermore, third parties may try to seek to impose liability on the Company in connection with the Company's activities or the activities of its portfolio companies. While the outcome of any such legal proceedings cannot at this time be predicted with certainty, the Company does not expect that these legal proceedings will materially affect its business, financial condition or results of operations.

On May 20, 2013, the Company was named as one of several defendants in an action filed in the United States District Court for the Eastern District of Pennsylvania by the bankruptcy trustee of DSI Renal Holdings LLC ("DSI Renal") and two affiliate companies. On March 17, 2014, the motion by the Company and the other defendants to transfer the case to the United States District Court for the District of Delaware (the "Delaware Court") was granted. On May 6, 2014, the Delaware Court referred the matter to the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). The complaint alleges, among other things, that each of the named defendants participated in a purported fraudulent transfer involving the restructuring of a subsidiary of DSI Renal. Among other things, the complaint seeks, jointly and severally from all defendants, (1) damages of approximately \$425, of which the complaint states the Company's individual share is approximately \$117, (2) interest thereon according to law, and (3) punitive damages. The defendants filed a motion to dismiss all claims on August 5, 2013. On July 20, 2017, the Bankruptcy Court issued an order granting the motion to dismiss certain claims and denying the motion to dismiss certain other claims, including the purported fraudulent transfer claims. The defendants answered the complaint on August 31, 2017. Discovery has ended and all dispositive motions have now been decided. As it relates to the

Company, the Bankruptcy Court has granted three of the dispositive motions, granted in part and denied in part a fourth dispositive motion, and treated a fifth dispositive motion as mooted by the grant of one of the other dispositive motions. The bankruptcy trustee has filed notices of appeal with respect to the motions that were granted. The grant of the dispositive motions does not completely resolve the case as it relates to the defendants, including the Company, and no trial date has yet been set. The Company is currently unable to assess with any certainty whether it may have any exposure in this matter. However, the Company believes the plaintiff's claims are without merit and intends to vigorously defend itself in this matter.

17. SUBSEQUENT EVENTS

The Company's management has evaluated subsequent events through the date of issuance of the consolidated financial statements included herein. There have been no subsequent events that occurred during such period that would require disclosure in this Form 10-K or would be required to be recognized in the consolidated financial statements as of and for the year ended December 31, 2020, except as discussed below.

In January 2021, the Company issued \$650 in aggregate principal amount of unsecured notes that mature on July 15, 2026 and bear interest at a rate of 2.150% per annum (the "July 2026 Notes"). The July 2026 Notes pay interest semi-annually and all principal is due upon maturity. The July 2026 Notes may be redeemed in whole or in part at any time at the Company's option at a redemption price equal to par plus a "make whole" premium, if applicable, as determined pursuant to the indenture governing the July 2026 Notes, and any accrued and unpaid interest. The July 2026 Notes were issued at a discount to the principal amount.

In February 2021, the Company's board of directors authorized an amendment to the Company's existing stock repurchase program to (a) extend the expiration date of the program from February 15, 2021 to February 15, 2022 and (b) increase the amount of the stock repurchase program to a full \$500. Under the program, the Company may repurchase up to \$500 in the aggregate of its outstanding common stock in the open market at a price per share that meets certain thresholds below its net asset value per share, in accordance with the guidelines specified in Rule 10b-18 of the Exchange Act. The timing, manner, price and amount of any share repurchases will be determined by the Company, in its discretion, based upon the evaluation of economic and market conditions, stock price, applicable legal and regulatory requirements and other factors.

In February 2021, the Company sold \$260 of loans to IHAM or certain vehicles managed by IHAM. There were no realized gains or losses recognized from these transactions.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ARES CAPITAL CORPORATION

By: /s/ R. KIPP DEVEER

R. Kipp deVeer
Chief Executive Officer and Director

Date: February 10, 2021

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ R. KIPP DEVEER

R. Kipp deVeer
Chief Executive Officer (principal executive officer) and Director

Date: February 10, 2021

By: /s/ PENNI F. ROLL

Penni F. Roll
Chief Financial Officer (principal financial officer)

Date: February 10, 2021

By: /s/ SCOTT C. LEM

Scott C. Lem
Chief Accounting Officer (principal accounting officer)

Date: February 10, 2021

By: /s/ MICHAEL J AROUGHETI

Michael J Arougheti
Director

Date: February 10, 2021

By: /s/ STEVE BARTLETT

Steve Bartlett
Director

Date: February 10, 2021

By: /s/ ANN TORRE BATES

Ann Torre Bates
Director

Date: February 10, 2021

By: /s/ DANIEL KELLY, JR.

Daniel Kelly, Jr.
Director

Date: February 10, 2021

By: /s/ STEVEN B. MCKEEVER
Steven B. McKeever
Director
Date: February 10, 2021

By: /s/ MICHAEL PARKS
Michael Parks
Director
Date: February 10, 2021

By: /s/ ROBERT L. ROSEN
Robert L. Rosen
Director
Date: February 10, 2021

By: /s/ BENNETT ROSENTHAL
Bennett Rosenthal
Director
Date: February 10, 2021

By: /s/ ERIC B. SIEGEL
Eric B. Siegel
Director
Date: February 10, 2021

This FIRST AMENDMENT TO THE REVOLVING CREDIT AND SECURITY AGREEMENT (this “Amendment”), dated as of December 21, 2020 (the “Amendment Date”), is entered into by and among ARCC FB FUNDING LLC, a Delaware limited liability company, as the borrower (the “Borrower”), the LENDERS party to the Revolving Credit Agreement, BNP PARIBAS, as the administrative agent (the “Administrative Agent”), ARES CAPITAL CORPORATION, a Maryland corporation, as the equityholder (in such capacity, the “Equityholder”), ARES CAPITAL CORPORATION, a Maryland corporation, as the servicer (in such capacity, the “Servicer”), and U.S. BANK NATIONAL ASSOCIATION, as collateral agent (the “Collateral Agent”).

WHEREAS, the Borrower, the lenders from time to time party thereto, the Administrative Agent, the Equityholder, the Servicer and the Collateral Agent are party to the Revolving Credit and Security Agreement, dated as of June 11, 2020 (as amended from time to time prior to the date hereof, the “Revolving Credit Agreement”); and

WHEREAS, the parties hereto desire to amend the Revolving Credit Agreement, in accordance with Section 13.01(b) of the Revolving Credit Agreement subject to the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the foregoing premises and the mutual agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I

Definitions

SECTION 1.1. Defined Terms. Terms used but not defined herein have the respective meanings given to such terms in the Revolving Credit Agreement.

ARTICLE II

Amendments to Revolving Credit Agreement

SECTION 2.1. As of the Amendment Date, the Revolving Credit Agreement is hereby amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the bold and double-underlined text (indicated textually in the same manner as the following example: **bold and double-underlined text**) as set forth on the pages attached as Appendix A hereto.

ARTICLE III

Representations and Warranties

SECTION 3.1. The Borrower and the Equityholder hereby represent and warrant to the Administrative Agent and the Lender that, as of the Amendment Date, (i) no Default, Event of Default, Potential Servicer Removal Event or Servicer Removal Event has occurred and is continuing and (ii) the representations and warranties of the Borrower, the Servicer and the Equityholder contained in Sections 4.01, 4.02 and 4.03 of the Revolving Credit Agreement are true and correct in all material respects on and as of the Amendment Date (other than any representation and warranty that is made as of a specific date).

ARTICLE IV

Conditions Precedent

SECTION 4.1. This Amendment will be effective upon the satisfaction of each of the following conditions:

- (a) the execution and delivery of this Amendment by the Borrower, the Lenders, the Administrative Agent, the Equityholder, the Servicer and the Collateral Agent; and
- (b) all fees due and owing to the Administrative Agent and each Lender on or prior to the Amendment Date have been paid.

ARTICLE V

Miscellaneous

SECTION 5.1. Governing Law. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

SECTION 5.2. Severability Clause. In case any provision in this Amendment is deemed to be invalid, illegal or unenforceable, the remaining provisions of this Amendment remain in full force and effect.

SECTION 5.3. Ratification. Except as expressly amended hereby, the Revolving Credit Agreement is in all respects ratified and confirmed and all the terms, conditions and provisions thereof will remain in full force and effect. When effective, this Amendment will form a part of the Revolving Credit Agreement for all purposes.

SECTION 5.4. Counterparts. The parties hereto may sign one or more copies of this Amendment in counterparts, all of which together constitute one and the same agreement. Delivery of an executed signature page of this Amendment by facsimile or email transmission

(including electronic signature pursuant to and in accordance with the Revolving Credit Agreement) is effective as delivery of a manually executed counterpart hereof.

SECTION 5.5. Headings. The headings of the Articles and Sections in this Amendment are for convenience of reference only and are not deemed to alter or affect the meaning or interpretation of any provisions hereof.

SECTION 5.6. Direction to Execute. The Administrative Agent hereby authorizes and directs the Collateral Agent to execute this Amendment.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the Amendment Date.

ARCC FB FUNDING LLC, as Borrower

By: /s/ Scott C. Lem
Name: Scott C. Lem
Title: Chief Accounting Officer

[Signature Page to First Amendment to Revolving Credit and Security Agreement]

ARES CAPITAL CORPORATION, as Equityholder

By: /s/ Scott C. Lem
Name: Scott C. Lem
Title: Authorized Signatory

ARES CAPITAL CORPORATION, as Servicer

By: /s/ Scott C. Lem
Name: Scott C. Lem
Title: Authorized Signatory

BNP PARIBAS, as Administrative Agent

By: /s/ David Lee

Name: David Lee

Title: Director

BNP PARIBAS, as Administrative Agent

By: /s/ Sohaib Naim

Name: Sohaib Naim

Title: Vice President

BNP PARIBAS, as a Lender

By: /s/ David Lee

Name: David Lee

Title: Director

BNP PARIBAS, as a Lender

By: /s/ Sohaib Naim

Name: Sohaib Naim

Title: Vice President

U.S. BANK NATIONAL ASSOCIATION, as Collateral Agent

By: /s/ Ralph J. Creasia, Jr.

Name: Ralph J. Creasia, Jr.

Title: Senior Vice President

[Signature Page to First Amendment to Revolving Credit and Security Agreement]

APPENDIX A

REVOLVING CREDIT AND SECURITY AGREEMENT

among

ARCC FB FUNDING LLC,

as Borrower,

THE LENDERS FROM TIME TO TIME PARTIES HERETO,

BNP PARIBAS,

as Administrative Agent,

ARES CAPITAL CORPORATION,

as Equityholder,

ARES CAPITAL CORPORATION,

as Servicer,

and

U.S. BANK NATIONAL ASSOCIATION,

as Collateral Agent

Dated as of June 11, 2020

THIS AGREEMENT PROVIDES FOR AN UNCOMMITTED FACILITY. ALL ADVANCES ARE DISCRETIONARY ON THE PART OF THE LENDERS IN THEIR SOLE AND ABSOLUTE DISCRETION.

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION; COMPUTATIONS

SECTION 1.01. Defined Terms	1
SECTION 1.02. Rules of Construction	55
SECTION 1.03. Computation of Time Periods	56
SECTION 1.04. Collateral Value Calculation Procedures	56

ARTICLE II

ADVANCES

SECTION 2.01. Revolving Credit Facility	58
SECTION 2.02. Requests for Collateral Loan Approval	58
SECTION 2.03. Making of the Advances	60
SECTION 2.04. Evidence of Indebtedness	61
SECTION 2.05. Payment of Principal and Interest	61
SECTION 2.06. Prepayment of Advances	62
SECTION 2.07. Changes of Individual Lender Maximum Funding Amounts	63
SECTION 2.08. Maximum Lawful Rate	63
SECTION 2.09. Several Obligations	64
SECTION 2.10. Increased Costs	64
SECTION 2.11. Compensation; Breakage Payments	65
SECTION 2.12. Inability to Determine Rates	66
SECTION 2.13. Rescission or Return of Payment	66
SECTION 2.14. Post-Default Interest	66
SECTION 2.15. Payments Generally	66
SECTION 2.16. Extension of Facility Termination Date	67
SECTION 2.17. Defaulting Lenders	67
SECTION 2.18. LIBOR Discontinuation	69

ARTICLE III

CONDITIONS PRECEDENT

SECTION 3.01. Conditions Precedent to Initial Advance	73
SECTION 3.02. Conditions Precedent to Each Advance	75

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Borrower	76
SECTION 4.02. Representations and Warranties of the Servicer	80
SECTION 4.03. Representations and Warranties of the Equityholder	82

ARTICLE V

COVENANTS

SECTION 5.01. Affirmative Covenants of the Borrower	85
SECTION 5.02. Covenants of the Servicer	90
SECTION 5.03. Negative Covenants of the Borrower	92
SECTION 5.04. Covenants of the Equityholder	95
SECTION 5.05. Certain Undertakings Relating to Separateness	96

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01. Events of Default	96
SECTION 6.02. OC Ratio Breach Cures	99

ARTICLE VII

PLEDGE OF COLLATERAL; RIGHTS OF THE COLLATERAL AGENT

SECTION 7.01. Grant of Security	100
SECTION 7.02. Release of Security Interest	101
SECTION 7.03. Rights and Remedies	101
SECTION 7.04. Remedies Cumulative	104
SECTION 7.05. Related Documents	104
SECTION 7.06. Borrower Remains Liable	105
SECTION 7.07. Protection of Collateral	105

ARTICLE VIII

ACCOUNTS, ACCOUNTINGS AND RELEASES

SECTION 8.01. Collection of Money	106
SECTION 8.02. Collateral Account and Collection Account	106
SECTION 8.03. Payment Account	107
SECTION 8.04. The Revolving Reserve Account; Fundings	108
SECTION 8.05. [Reserved]	109
SECTION 8.06. Reinvestment of Funds in Covered Accounts; Reports by Collateral Agent	109
SECTION 8.07. Accountings	110
SECTION 8.08. Release of Collateral	111
SECTION 8.09. Reports by Independent Accountants	112

ARTICLE IX

APPLICATION OF MONIES

SECTION 9.01. Disbursements of Monies from Payment Account	113
--	-----

ARTICLE X

SALE OF COLLATERAL LOANS;

PURCHASE OF ADDITIONAL COLLATERAL LOANS

SECTION 10.01. Sales of Collateral Loans	117
SECTION 10.02. Purchase of Additional Collateral Loans	122
SECTION 10.03. Conditions Applicable to All Sale and Purchase Transactions	122
SECTION 10.04. Additional Equity Contributions	123

ARTICLE XI

ADMINISTRATION AND SERVICING OF CONTRACTS

SECTION 11.01. Appointment and Designation of the Servicer	124
SECTION 11.02. Duties of the Servicer	125
SECTION 11.03. Authorization of the Servicer	128
SECTION 11.04. Collection Efforts, Modification of Collateral	128
SECTION 11.05. Servicer Compensation and Expenses	129
SECTION 11.06. The Servicer Not to Resign	129

ARTICLE XII

THE AGENTS

SECTION 12.01. Authorization and Action	129
SECTION 12.02. Delegation of Duties	130
SECTION 12.03. Agents' Reliance, Etc	131
SECTION 12.04. Indemnification	133
SECTION 12.05. Successor Agents	133
SECTION 12.06. The Collateral Agent	134

ARTICLE XIII

THE AGENTS

SECTION 13.01. No Waiver; Modifications in Writing	136
SECTION 13.02. Notices, Etc	137
SECTION 13.03. Taxes	138
SECTION 13.04. Costs and Expenses; Indemnification	142
SECTION 13.05. Execution in Counterparts	144
SECTION 13.06. Assignability	144
SECTION 13.07. Governing Law	146
SECTION 13.08. Severability of Provisions	147
SECTION 13.09. Confidentiality	147
SECTION 13.10. Merger	148
SECTION 13.11. Survival	148
SECTION 13.12. Submission to Jurisdiction; Waivers; Etc	148
SECTION 13.13. Waiver of Jury Trial	149
SECTION 13.14. Right of Setoff; Payments Pro Rata	149
SECTION 13.15. PATRIOT Act Notice	150
SECTION 13.16. Legal Holidays	150
SECTION 13.17. Non-Petition	150
SECTION 13.18. Waiver of Setoff	151
SECTION 13.19. Collateral Agent Execution and Delivery	151
SECTION 13.20. Acknowledgement and Consent to Bail-In of Affected Financial Institutions	151
SECTION 13.21. WAIVER OF SOVEREIGN IMMUNITY	152
SECTION 13.22. Securitisation Regulation Requirements	152
SECTION 13.23. Adequacy of Monetary Damages Against the Lenders	154

SCHEDULES

SCHEDULE 1	Initial Individual Lender Maximum Funding Amounts and Percentages
SCHEDULE 2	[Reserved]
SCHEDULE 3	Initial Collateral Loans
SCHEDULE 4	Moody's Industry Classifications
SCHEDULE 5	Notice Information
SCHEDULE 6	Authorized Signatories
SCHEDULE 7	Diversity Score
SCHEDULE 8	[Reserved]
SCHEDULE 9	Initial Asset List

EXHIBITS

EXHIBIT A	Form of Note
EXHIBIT B	Form of Notice of Borrowing (with attached form of Borrowing Base Calculation Statement)
EXHIBIT C	Form of Notice of Prepayment
EXHIBIT D	Form of Assignment and Acceptance
EXHIBIT E	[Reserved]
EXHIBIT F	Agreed-Upon Procedures
EXHIBIT G	[Reserved]
EXHIBIT H	Form of Data Report
EXHIBIT I	Form of Approval Request
EXHIBIT J	Form of Notice and Request for Consent

REVOLVING CREDIT AND SECURITY AGREEMENT

REVOLVING CREDIT AND SECURITY AGREEMENT, dated as of June 11, 2020, among **ARCC FB FUNDING LLC**, a Delaware limited liability company, as borrower (the “Borrower”), the **LENDERS** from time to time party hereto, **BNP PARIBAS** (“BNP”), as administrative agent for the Secured Parties (as hereinafter defined) (in such capacity, the “Administrative Agent”), **ARES CAPITAL CORPORATION**, a Maryland corporation, as equityholder (in such capacity, the “Equityholder”), **ARES CAPITAL CORPORATION**, a Maryland corporation, as servicer (in such capacity, the “Servicer”), and **U.S. BANK NATIONAL ASSOCIATION** (“U.S. Bank”), as collateral agent for the Secured Parties (as hereinafter defined) (in such capacity, the “Collateral Agent”).

WITNESSETH:

WHEREAS, the Borrower desires that the Lenders make advances on a revolving basis to the Borrower on the terms and subject to the conditions set forth in this Agreement; and

WHEREAS, each Lender is willing to make such advances to the Borrower on the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE I.

DEFINITIONS; RULES OF CONSTRUCTION; COMPUTATIONS

Section 1.01 Definitions. As used in this Agreement, the following terms shall have the meanings indicated:

“Account Control Agreement” means that certain Account Control Agreement, dated as of the Closing Date, among the Borrower, the Servicer, the Collateral Agent and U.S. Bank, as Securities Intermediary, which agreement relates to the Covered Accounts.

“Adjusted Principal Balance” means, for any Eligible Collateral Loan, as of any date of determination, an amount equal to the Loan Value of such Eligible Collateral Loan as of such date *multiplied by* the Principal Balance of such Eligible Collateral Loan as of such date; provided that, the parties hereby agree that the Adjusted Principal Balance of any Ineligible Collateral Loan as of such date of determination shall be zero.

“Administrative Agent” has the meaning assigned to such term in the introduction to this Agreement.

“Administrative Agent Fee Letter” means that certain fee letter, dated as of the Closing Date, by and among the Administrative Agent, the Structuring Agent, the Borrower and the Servicer, as amended or supplemented from time to time.

“Administrative Expense Cap” means, for any Payment Date, an amount not to exceed \$225,000 for any twelve (12) month period.

“Administrative Expenses” means the fees and expenses (including indemnities) and other amounts of the Borrower due or accrued with respect to any Payment Date and payable in the following order:

(a) *first*, on a *pro rata* basis, to the Collateral Agent, the Custodian and the Securities Intermediary, any amounts and indemnities payable to such entities pursuant to the Facility Documents; and

(b) *second*, on a *pro rata* basis, to:

(i) the Independent Accountants, agents (other than the Servicer) and outside counsel of the Borrower for fees and expenses related to the Collateral and the Facility Documents and to the Independent Director of the Borrower for its fees and expenses incurred in acting in such capacity; and

(ii) to any rating agency for fees and expenses in connection with the rating of (or provision of credit estimates in respect of) any Collateral Loan.

“Advance” means each loan advanced by each Lender to the Borrower on a Borrowing Date pursuant to Article II.

“Advance Rate” means, with respect to any Collateral Loan, the percentage set forth in the below table corresponding to the Loan Type and Loan Class of such Collateral Loan, subject to the exceptions and adjustments set forth immediately following such table:

Loan Type	Loan Class	Advance Rate
First Lien Loans that are not Recurring Revenue Loans.....	Class 1 Loans.....	65%
	Class 2 Loans.....	62.5%
	Class 3 Loans.....	60%
First Lien Last Out Loans.....	Class 1 Loans.....	55%
	Class 2 Loans.....	55%
	Class 3 Loans.....	50%
Second Lien Loans.....	Class 1 Loans.....	35%
	Class 2 Loans.....	35%
	Class 3 Loans.....	30%

Notwithstanding the percentages set forth in the preceding table:

(a) if such Collateral Loan is a First Lien Loan that is a Recurring Revenue Loan, the Administrative Agent will assign an Advance Rate in its sole discretion;

(b) any First Lien Last Out Loans with a First Out Leverage greater than 2.00:1.00 will be assigned the percentages set forth in the preceding table corresponding to Second Lien Loans of the Loan Class applicable to such Collateral Loan;

(c) the Advance Rate of any First Lien Loans that are not Recurring Revenue Loans with a Senior Net Leverage Ratio exceeding the First Lien Senior Leverage Cut-Off will be a blended rate, calculated as follows:

(i) the portion of such First Lien Loan up to the First Lien Senior Leverage Cut-Off will be assigned the percentage set forth in the preceding table corresponding to First Lien Loans of the Loan Class applicable to such Collateral Loan;

(ii) the portion of such First Lien Loan above the First Lien Senior Leverage Cut-Off up to the First Lien Senior Leverage Cap will be assigned the percentage set forth in the preceding table corresponding to Second Lien Loans of the Loan Class applicable to such Collateral Loan; and

(iii) the portion of such First Lien Loan above the First Lien Senior Leverage Cap will be assigned an Advance Rate of zero;

(d) portions of First Lien Loans assigned a percentage set forth in the preceding table corresponding to Second Lien Loans will be treated as First Lien Loans and not be treated as Second Lien Loans for all other purposes hereunder, including for purposes of calculating Concentration Limitations; and

(e) for the purposes of determining Advance Rates, the Senior Net Leverage Ratio of a Collateral Loan will be based on the senior leverage of the Obligor on the date the Administrative Agent has approved an Approval Request for such Collateral Loan pursuant to Section 2.02 or, after the occurrence of a Revaluation Event, the most recent financial reporting of the Obligor at that time.

“Affected Financial Institution” means (a) any EEA Financial Institution or (b) any UK Financial Institution.

“Affected Person” means (a) the Administrative Agent, each Lender and each of their respective Affiliates and (b) any assignee or participant of any Lender (unless the benefit of any particular provision hereof to any such Affected Person is otherwise expressly excluded herein).

“Affiliate” means, in respect of a referenced Person at any time, another Person Controlling, Controlled by or under common Control with such referenced Person but which shall not, with respect to the Borrower, include the Obligors under any Collateral Loan; provided that (a) an Obligor will not be considered an “Affiliate” of any other Obligor solely due to the fact that each such Obligor is under the control of the same financial sponsor and (b) Obligors in

respect of Collateral Loans shall be deemed not to be “Affiliates” if they have distinct corporate family ratings and/or distinct issuer credit ratings; provided that, for the purposes of Section 5.03(h), Section 10.01(a) and Section 10.03 of this Agreement, the term “Affiliate” shall not include any Excluded Affiliate.

“Agent” or “Agents” means the Administrative Agent and the Collateral Agent, collectively or individually, as the context requires.

“Aggregate Adjusted Collateral Balance” means, as of any date of determination, an amount equal to the sum of the Dollar Equivalent of the Adjusted Principal Balances of all Collateral Loans in the Collateral (including each potential Collateral Loan that the Borrower has entered into a binding commitment to purchase that has not yet settled) on such date, after giving effect to all Collateral Loans added to and removed from the Collateral on such date.

“Aggregate Class 1 Net Collateral Balance” means, as of any date of determination, an amount equal to the portion of the Aggregate Net Collateral Balance allocable to Class 1 Loans as of such date of determination.

“Aggregate Class 2 Net Collateral Balance” means, as of any date of determination, an amount equal to the portion of the Aggregate Net Collateral Balance allocable to Class 2 Loans as of such date of determination.

“Aggregate Class 3 Net Collateral Balance” means, as of any date of determination, an amount equal to the portion of the Aggregate Net Collateral Balance allocable to Class 3 Loans as of such date of determination.

“Aggregate Net Collateral Balance” means, as of any date of determination, the Aggregate Adjusted Collateral Balance *minus* the Excess Concentration Amount, in each case, as of such date of determination.

“Aggregate Principal Balance” means, when used with respect to all or a portion of the Collateral Loans, the sum of the Principal Balances of all or of such portion of such Collateral Loans.

“Agreement” means this Revolving Credit and Security Agreement.

“Applicable Law” means, for any Person, any Law of any Governmental Authority, including all federal and state banking or securities laws, to which the Person in question is subject or by which it or any of its assets or properties are bound.

“Applicable Margin” has the meaning assigned to such term in the Lender Fee Letter.

“Appraisal” means an appraisal or valuation of a Collateral Loan that is conducted by an Approved Valuation Firm, which may be in the form of an update or reaffirmation by an Approved Valuation Firm of an appraisal or valuation previously performed by such Approved Valuation Firm or another Approved Valuation Firm.

“Approval Request” has the meaning specified in Section 2.02(a)(i) hereof.

“Approved List” has the meaning specified in Section 2.02(a)(ii) hereof.

“Approved Valuation Firm” means Lincoln International LLC (f/k/a Lincoln Partners LLC), Valuation Research Corporation, Alvarez & Marsal, Duff & Phelps, Houlihan Lokey, Murray, Devine & Co., FTI Consulting and any appraisal or valuation firm providing such service to the Servicer; provided that any independent appraisal or valuation firm or independent financial advisor recognized as being experienced in conducting valuations of secured loans may be added as an “Approved Valuation Firm” with the consent of the Administrative Agent (such consent not to be unreasonably withheld, delayed or conditioned).

“Ares Competitor” has the meaning assigned to such term in the Lender Fee Letter.

“Asset Information” means, with respect to any Obligor, in each case to the extent available to the Borrower and subject to any redactions required by the Servicer’s internal policies and procedures (it being understood that to the extent any of the information described in any of the following is contained in the Servicer’s internal credit memo described in clause (d) below, such information need not be separately represented by any document or file and shall for all purposes of this Agreement be deemed delivered upon delivery of such internal credit memo): (a) the legal name of such Obligor, (b) the jurisdiction in which such Obligor is domiciled, (c) the audited financial statements for the two prior fiscal years of such Obligor (or such shorter period of time for which such audited financial statements have been prepared and are available), (d) the Servicer’s internal credit memo with respect to such Obligor and the related Collateral Loan, (e) the informational memorandum, offering memorandum or similar document, if any, issued by the bookrunner or the administrative agent for such Obligor and relating to such Collateral Loan, (f) a company forecast of such Obligor including plans related to capital expenditures, (g) the business model, company strategy and names of known peers of such Obligor, (h) the shareholding pattern and details of the management team of such Obligor, (i) details of any banking facilities and the debt maturity schedule of such Obligor and (j) a copy of the related credit agreement (which may be a draft) specifying the terms and governing the repayment of such Collateral Loan.

“Asset List” has the meaning specified in Section 2.02(a).

“Assignment and Acceptance” means an Assignment and Acceptance in substantially the form of Exhibit D, entered into by a Lender, an assignee, the Administrative Agent and, if applicable, the Borrower.

“AUP Report Date” has the meaning assigned to such term in Section 8.09.

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

“Bail-In Legislation” means, (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union (as amended or re-enacted) establishing a framework for the recovery and resolution of credit institutions and investment firms, the relevant implementing law, regulation, rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings). For the purposes of this definition, a reference to “regulation” includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or organisation.

“Bankruptcy Code” means the United States Bankruptcy Code, Title 11, United States Code §§101 et seq., or foreign bankruptcy, insolvency, receivership or similar law from time to time in effect and affecting the rights of creditors generally.

“Base Rate” means, on any date, a fluctuating interest rate *per annum* equal to the highest of (a) the Prime Rate or (b) the Federal Funds Rate plus 0.50%. The Base Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer of any Agent or any Lender. Interest calculated pursuant to clause (a) above will be determined based on a year of 365 or 366 days, as applicable, and actual days elapsed. Interest calculated pursuant to clause (b) above will be determined based on a year of 360 days and actual days elapsed. If the calculation of the Base Rate results in a Base Rate of less than zero (0), the Base Rate shall be deemed to be zero (0) for all purposes hereunder.

“Benchmark” means, initially, LIBOR; provided that if a Benchmark Transition Event, a Term SOFR Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred with respect to LIBOR or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 2.18(b) or (c).

“BNP” has the meaning assigned to such term in the introduction to this Agreement.

“Borrower” has the meaning assigned to such term in the introduction to this Agreement.

“Borrowing Base” means, at any time and date, an amount equal to the sum of (i) the Dollar Equivalent of the amounts in the Principal Collection Subaccount, (ii) an amount equal to the product of (x) the Weighted Average Advance Rate as of such date (excluding any Sale Settlement Pending Collateral from the calculation of the Weighted Average Advance Rate), (y) the Aggregate Net Collateral Balance as of such date (excluding any Sale Settlement Pending Collateral from the calculation of the Aggregate Net Collateral Balance) and (z) the

Portfolio Advance Rate Adjustment as of such date and (iii) the aggregate sale price (expressed in Dollars) of the Sale Settlement Pending Collateral as of such date.

“Borrowing Base Calculation Statement” means a statement in substantially the form attached to the form of Notice of Borrowing attached hereto as Exhibit B, as such form of Borrowing Base Calculation Statement may be modified as mutually agreed by the Administrative Agent and the Borrower from time to time.

“Borrowing Date” means the date of an Advance.

“Business Day” means any day of the year except: (a) a Saturday, Sunday or other day on which commercial banks in New York City, Boston, Massachusetts, St. Paul, Minnesota, Florence, South Carolina or the city in which the offices of the Collateral Agent, the Custodian or the Securities Intermediary are located are authorized or required by law to close; and (b) if such day relates to any interest rate setting as to an Advance determined by reference to LIBOR, any day on which banks are not open for dealings in Dollars in the London interbank market.

“CAD Collection Account” means the single, segregated account with respect to Collections in Canadian Dollars at the Securities Intermediary in the name of the Borrower subject to the lien of the Collateral Agent for the benefit of the Secured Parties.

“Canadian Dollars” means the lawful currency of Canada.

“Cash” means Dollars immediately available on the day in question.

“Certificated Security” has the meaning specified in Section 8-102(a)(4) of the UCC.

“Change in Law” means (a) the adoption of any law, rule or regulation after the Closing Date, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the Closing Date or (c) compliance by any Lender (or, for purposes of Section 2.10(b), by any lending office of such Lender or by such Lender’s holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the Closing Date; provided that, notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements or directives thereunder or issued in connection therewith or in implementation thereof, (y) the Securitisation Regulation and all rules promulgated thereunder and (z) all requests, rules, guidelines, requirements or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law” hereunder regardless of the date of effectiveness.

“Change of Control” means an event or series of events by which (A)(i) the Equityholder or its Affiliates, collectively, ceases to possess, directly or indirectly, the right to

elect or appoint (through contract, ownership of voting securities, or otherwise) directors that at all times have a majority of the votes of the board of directors (or similar governing body) of the Borrower or to direct the management policies and decisions of the Borrower or (ii) the Equityholder or its Affiliates ceases, directly or indirectly, to own and control legally and beneficially all of the equity interests of the Borrower or (B) Ares Capital Management LLC or its Affiliates shall cease to be the investment advisor of the Equityholder.

“Class” means the Class 1 Advances, the Class 2 Advances or the Class 3 Advances, as the context requires.

“Class 1” means, at any time, all Class 1 Loans at such time.

“Class 1 Advance” means each Advance allocated to Class 1 pursuant to, and in accordance with, this Agreement.

“Class 1 Borrowing Base” means, at any time and date, an amount equal to the sum of (i) the Dollar Equivalent of the amounts in the Principal Collection Subaccount, (ii) an amount equal to the product of (x) the Weighted Average Class 1 Advance Rate as of such date (excluding any Sale Settlement Pending Collateral for the Class 1 Loans from the calculation of the Weighted Average Class 1 Advance Rate), (y) the Aggregate Class 1 Net Collateral Balance as of such date (excluding any Sale Settlement Pending Collateral for the Class 1 Loans from the calculation of the Aggregate Class 1 Net Collateral Balance) and (z) the Portfolio Advance Rate Adjustment as of such date and (iii) the aggregate sale price (expressed in Dollars) of any Sale Settlement Pending Collateral for the Class 1 Loans as of such date.

“Class 1 Loan” means any Collateral Loan (a) that, as of the Trade Date of such Collateral Loan, has a tranche size of at least the Dollar Equivalent of \$400,000,000 and (b) the relevant Obligor of which has EBITDA of at least the Dollar Equivalent of \$100,000,000 as calculated in accordance with the Related Documents as of the Trade Date of such Collateral Loan.

“Class 1 Minimum OC Coverage Test” means, as of any date, a test that is satisfied if the Class 1 OC Ratio as of such date is equal to or greater than 1.00:1.00.

“Class 1 OC Ratio” means, as of any Business Day, the ratio of (a) the Class 1 Borrowing Base to (b) the sum of (x) the aggregate outstanding principal balance of the Class 1 Advances and (y) the Dollar Equivalent of the aggregate purchase price of all Class 1 Loans for which the Borrower has entered into a binding commitment to purchase that have not yet settled.

“Class 2” means, at any time, all Class 2 Loans at such time.

“Class 2 Advance” means each Advance allocated to Class 2 pursuant to, and in accordance with, this Agreement.

“Class 2 Borrowing Base” means, at any time and date, an amount equal to the sum of (i) the Dollar Equivalent of the amounts in the Principal Collection Subaccount, (ii) an

amount equal to the product of (x) the Weighted Average Class 2 Advance Rate as of such date (excluding any Sale Settlement Pending Collateral for the Class 2 Loans from the calculation of the Weighted Average Class 2 Advance Rate), (y) the Aggregate Class 2 Net Collateral Balance as of such date (excluding any Sale Settlement Pending Collateral for the Class 2 Loans from the calculation of the Aggregate Class 2 Net Collateral Balance) and (z) the Portfolio Advance Rate Adjustment as of such date and (iii) the aggregate sale price (expressed in Dollars) of any Sale Settlement Pending Collateral for the Class 2 Loans as of such date.

“Class 2 Loan” means a Collateral Loan (a) that is not a Class 1 Loan and (b) the relevant Obligor of which has EBITDA of at least the Dollar Equivalent of \$35,000,000 as calculated in accordance with the Related Documents as of the Trade Date of such Collateral Loan.

“Class 2 Minimum OC Coverage Test” means, as of any date, a test that is satisfied if the Class 2 OC Ratio as of such date is equal to or greater than 1.00:1.00.

“Class 2 OC Ratio” means, as of any Business Day, the ratio of (a) the Class 2 Borrowing Base to (b) the sum of (x) the aggregate outstanding principal balance of the Class 2 Advances and (y) the Dollar Equivalent of the aggregate purchase price of all Class 2 Loans for which the Borrower has entered into a binding commitment to purchase that have not yet settled.

“Class 3” means, at any time, all Class 3 Loans at such time.

“Class 3 Advance” means each Advance allocated to Class 3 pursuant to, and in accordance with, this Agreement.

“Class 3 Borrowing Base” means, at any time and date, an amount equal to the sum of (i) the Dollar Equivalent of the amounts in the Principal Collection Subaccount, (ii) an amount equal to the product of (x) the Weighted Average Class 3 Advance Rate as of such date (excluding any Sale Settlement Pending Collateral for the Class 3 Loans from the calculation of the Weighted Average Class 3 Advance Rate), (y) the Aggregate Class 3 Net Collateral Balance as of such date (excluding any Sale Settlement Pending Collateral for the Class 3 Loans from the calculation of the Aggregate Class 3 Net Collateral Balance) and (z) the Portfolio Advance Rate Adjustment as of such date and (iii) the aggregate sale price (expressed in Dollars) of any Sale Settlement Pending Collateral for the Class 3 Loans as of such date.

“Class 3 Loan” means a Collateral Loan (a) that is not a Class 1 Loan or a Class 2 Loan and (b) the relevant Obligor of which has an EBITDA of less than the Dollar Equivalent of \$35,000,000 as calculated in accordance with the Related Documents as of the Trade Date of such Collateral Loan.

“Class 3 Minimum OC Coverage Test” means, as of any date, a test that is satisfied if the Class 3 OC Ratio as of such date is equal to or greater than 1.00:1.00.

“Class 3 OC Ratio” means, as of any Business Day, the ratio of (a) the Class 3 Borrowing Base to (b) the sum of (x) the aggregate outstanding principal balance of the Class 3

Advances and (y) the Dollar Equivalent of the aggregate purchase price of all Class 3 Loans for which the Borrower has entered into a binding commitment to purchase that have not yet settled.

“Class Minimum OC Coverage Test” means the Class 1 Minimum OC Coverage Test, the Class 2 Minimum OC Coverage Test or the Class 3 Minimum OC Coverage Test, as applicable.

“Clearing Agency” means an organization registered as a “clearing agency” pursuant to Section 17A of the Exchange Act.

“Clearing Corporation” means each entity included within the meaning of “clearing corporation” under Section 8-102(a) (5) of the UCC.

“Clearing Corporation Security” means securities which are in the custody of or maintained on the books of a Clearing Corporation or a nominee subject to the control of a Clearing Corporation and, if they are Certificated Securities in registered form, properly endorsed to or registered in the name of the Clearing Corporation or such nominee.

“Closing Date” means June 11, 2020.

“Code” means the Internal Revenue Code of 1986, as amended.

“Collateral” has the meaning assigned to such term in Section 7.01(a).

“Collateral Account” has the meaning assigned to such term in Section 8.02(a)(i).

“Collateral Agent” has the meaning assigned to such term in the introduction to this Agreement.

“Collateral Agent Fee Letter” means the fee letter between the Collateral Agent and the Borrower setting forth the fees and other amounts payable by the Borrower to the Collateral Agent, the Custodian and the Securities Intermediary under the Facility Documents, in connection with the transactions contemplated by this Agreement.

“Collateral Interest Amount” means, as of any date of determination, without duplication, the sum of (a) the aggregate amount of Interest Proceeds that has been received or that is expected to be received (other than Interest Proceeds expected to be received from Defaulted Collateral Loans and Ineligible Collateral Loans) and (b) the aggregate amount of Interest Proceeds that the Servicer has determined, in accordance with the Servicing Standard, are likely to be received from Defaulted Collateral Loans and Ineligible Collateral Loans, in each case, during the Collection Period (and, if such Collection Period does not end on a Business Day, the next succeeding Business Day) in which such date of determination occurs.

“Collateral Loan” means a loan, debt obligation, debt security or participation therein acquired by the Borrower.

“Collateral Loan Buy Confirmation” means with respect to any Collateral Loan, documentation evidencing, in reasonable detail, the Borrower’s acquisition of such Collateral Loan, and which shall identify at least the obligor, price and the Principal Balance of such Collateral Loan.

“Collateral Quality Test” means a test that is satisfied as of any Business Day on or after the date that is three (3) months after the Closing Date if, in the aggregate, the Collateral Loans owned (or, in relation to a proposed purchase of a Collateral Loan, both owned and proposed to be owned) by the Borrower satisfy the Maximum Weighted Average Life Test (or in relation to a proposed purchase after the date that is three (3) months after the Closing Date, if not in compliance, the test is maintained or improved after giving effect to any purchase or sale effected on any such Business Day), calculated in accordance with Section 1.04.

“Collection Account” has the meaning assigned to such term in Section 8.02(a)(ii), including the Principal Collection Subaccount, the Interest Collection Subaccount, the CAD Collection Account, the EUR Collection Account and the GBP Collection Account.

“Collection Date” means the date on which the aggregate outstanding principal amount of the Advances have been repaid in full and all Interest and fees and all other Obligations (other than contingent indemnification and reimbursement obligations which are unknown, unmatured and/or for which no claim giving rise thereto has been asserted) have been paid in full, and the Borrower shall have no further right to request any additional Advances.

“Collection Period” means, with respect to any Payment Date, the monthly period from and including the date on which the first Advance is made hereunder to but excluding the first Collection Period Start Date following the date of such Advance and each successive monthly period from and including a Collection Period Start Date to but excluding the immediately succeeding Collection Period Start Date or, in the case of the Collection Period immediately preceding the Final Maturity Date or the Collection Period immediately preceding an optional prepayment in whole of the Advances, ending on the day preceding the Final Maturity Date or the date of such prepayment, respectively.

“Collection Period Start Date” means the first calendar day of each month of each year (or, if any such date is not a Business Day, the immediately succeeding Business Day), commencing in July 2020.

“Collections” means all cash collections, distributions, payments or other amounts received, or to be received, by the Borrower from any Person in respect of any Collateral Loan constituting Collateral, including all principal, interest, fees, distributions and redemption and withdrawal proceeds payable to the Borrower under or in connection with any such Collateral Loans and all Proceeds from any sale or disposition of any such Collateral Loans.

“Concentration Calculation Amount” means (a) from the Closing Date to the date that is the six-month anniversary of the Closing Date, the greater of (i) the Maximum Portfolio Amount and (ii) the Aggregate Adjusted Collateral Balance (after giving effect to any proposed

purchase of Collateral Loans) and (b) after the date that is the six-month anniversary of the Closing Date, the Aggregate Adjusted Collateral Balance.

“Concentration Limitations” means, as of any date of determination, the following limitations (calculated without duplication) as applied to the Eligible Collateral Loans owned (or, in relation to a proposed purchase of an Eligible Collateral Loan, proposed to be owned, with respect to which, if such purchase results in noncompliance with the limitations, the relevant requirements must be maintained or improved after giving effect to the purchase) by the Borrower, unless a waiver is provided in writing by the Administrative Agent specifying the agreed treatment of such Collateral Loan or Concentration Limitation:

(a) not more than 15.00% of the Concentration Calculation Amount may consist of First Lien Last Out Loans or Second Lien Loans;

(b) not more than 10.00% of the Concentration Calculation Amount may consist of Second Lien Loans;

(c) (i) not more than 20.00% of the Concentration Calculation Amount may consist of Class 1 Loans and Class 2 Loans that are Cov-Lite Loans and (ii) not more than 10.00% of the Concentration Calculation Amount may consist of Class 2 Loans that are Cov-Lite Loans;

(d) not less than 80.00% of the Concentration Calculation Amount may consist of Collateral Loans denominated in Dollars;

(e) not less than 80.00% of the Concentration Calculation Amount may consist of Collateral Loans the Obligors of which have their headquarters in, a principal place of business in or are organized, formed or incorporated in the United States;

(f) not more than 10.00% of the Concentration Calculation Amount may consist of Revolving Collateral Loans or Delayed Drawdown Collateral Loans;

(g) not more than 5.00% of the Maximum Portfolio Amount may consist of Collateral Loans that are issued by any Obligor and its Affiliates, except that Collateral Loans that are issued by the two largest Obligors and their respective Affiliates may consist of up to 10.00% and 7.50% of the Maximum Portfolio Amount, respectively;

(h) not more than 7.50% of the Concentration Calculation Amount may consist of Collateral Loans that are issued by Obligors and their Affiliates that belong to any single Moody’s Industry Classification, except that (i) up to ~~20.00~~25.00% may consist of Collateral Loans with Obligors and their Affiliates in the largest Moody’s Industry Classification ~~and~~, (ii) up to ~~15.00~~20.00% may consist of Collateral Loans with Obligors and their Affiliates in the second largest Moody’s Industry Classification and (iii) up to 15.00% may consist of Collateral Loans with Obligors and their Affiliates in the third largest Moody’s Industry Classification;

- (i) not more than 5.00% of the Concentration Calculation Amount may consist of Fixed Rate Loans;
- (j) not more than 10.00% of the Concentration Calculation Amount may consist of Partial PIK Loans; and
- (k) not more than 10.00% of the Concentration Calculation Amount may consist of Recurring Revenue Loans.

“Constituent Documents” means, in respect of any Person, the certificate or articles of formation or organization, the limited liability company agreement, operating agreement, partnership agreement, joint venture agreement or other applicable agreement of formation or organization (or equivalent or comparable constituent documents) and other organizational documents and by-laws and any certificate of incorporation, certificate of formation, certificate of limited partnership and other agreement, similar instrument filed or made in connection with its formation or organization, in each case, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“Contribution Notice” has the meaning assigned to such term in Section 10.04(a).

“Control” means the direct or indirect possession of the power to vote 50% or more of the voting securities of such Person or the power to direct or cause the direction of the management or policies of a Person, whether through ownership, by contract, arrangement or understanding, or otherwise. “Controlled” and “Controlling” have the meaning correlative thereto.

“Cov-Lite Loan” means a loan that does not (I) contain any financial covenants or (II) require the related Obligor of such loan to comply with any maintenance covenant; provided that a loan described in clause (I) or (II) above that either (i) contains a cross-default provision to, or (ii) is *pari passu* with, another loan of the Obligor that requires the Obligor to comply with a maintenance covenant will be deemed not to be a Cov-Lite Loan. For the avoidance of doubt, a loan that is capable of being described in clause (I) or (II) above only (x) until the expiration of a period of twelve months or less after the initial issuance thereof or (y) for so long as there is no funded balance in respect thereof, in each case as set forth in the applicable Related Documents, will be deemed not to be a Cov-Lite Loan.

“Covered Account” means each of the Collection Accounts (including the Interest Collection Subaccount, the Principal Collection Subaccount, the CAD Collection Account, the EUR Collection Account and the GBP Collection Account), the Payment Account, the Collateral Account, the Revolving Reserve Account and any other account established by the Borrower at the Securities Intermediary with the consent of the Administrative Agent and subject to the Lien of the Collateral Agent and subject to an agreement establishing “control” (as used in the UCC) over such account in favor of the Collateral Agent pursuant to the terms of the Facility Documents.

“Custodian” means U.S. Bank in its capacity as custodian under the Custodian Agreement, and any successor thereto under the Custodian Agreement.

“Custodian Agreement” means that certain Custodian Agreement, dated as of the Closing Date, among the Custodian, the Borrower and the Collateral Agent.

“Data File” has the meaning assigned to such term in Section 8.07(b).

“Default” means any event which, with the passage of time, the giving of notice, or both, would (if not cured or otherwise remedied during such time) constitute an Event of Default.

“Defaulted Collateral Loan” means any Collateral Loan as to which at any time:

(a) a default as to all or any portion of one or more payments of principal and/or interest (including a failure of a selling institution to pay amounts due and payable to the Borrower with respect to the related participation) has occurred after the earlier of (i) any grace period applicable thereto and (ii) five (5) Business Days, in each case, past the applicable due date;

(b) a default (other than a default described in clause (a) of this definition) has occurred under the applicable Related Documents and for which the Borrower (or the agent or required lenders pursuant to the applicable Related Documents, as applicable) has elected to exercise any of its rights or remedies under the applicable Related Documents (including acceleration, foreclosing on collateral or the imposition of default pricing (for the avoidance of doubt, excluding any default pricing that occurs automatically without election pursuant to the terms of the applicable Related Documents, subject to agreement by the Administrative Agent));

(c) any portion of principal and/or interest payable thereunder has been waived or forgiven by the holders of such obligation; or

(d) a Revaluation Event under clauses (c) or (f) of the definition thereof has occurred.

“Defaulting Lender” means, at any time, any Lender that (a) has failed for three (3) or more Business Days after a Borrowing Date to fund its portion of an Advance required pursuant to the terms of this Agreement (other than failures to fund as a result of a *bona fide* dispute as to whether the conditions to borrowing were satisfied on the relevant Borrowing Date), (b) has notified the Borrower or the Administrative Agent in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender’s obligation to fund an Advance hereunder and states that such position is based on such Lender’s determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three (3) Business Days after written request by the Administrative Agent or the

Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower) or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under the Bankruptcy Code or any other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, receivership, insolvency, reorganization or similar debtor relief laws of the United States or other applicable jurisdiction, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity or (iii) become the subject of a Bail-In Action; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgment or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) shall be conclusive and binding absent manifest error.

“Delayed Drawdown Collateral Loan” means a Collateral Loan that (a) requires the Borrower to make one or more future advances to the Obligor under the applicable Related Documents, (b) specifies a maximum amount that can be borrowed at one or more specified times, and (c) does not permit the re-borrowing of any amount previously repaid by the Obligor thereunder; provided that any such Collateral Loan will be a Delayed Drawdown Collateral Loan only to the extent of undrawn commitments and solely until all commitments by the Borrower to make advances on such Collateral Loan to the Obligor under the Related Documents expire or are terminated or are reduced to zero.

“Deliver” or “Delivered” or “Delivery” means the taking of the following steps:

- (a) subject to clause (h) below, in the case of each Certificated Security (other than a Clearing Corporation Security):
 - (i) causing the delivery of such Certificated Security to the Securities Intermediary by registering the same in the name of the Securities Intermediary or its affiliated nominee or by endorsing the same to the Securities Intermediary in blank;
 - (ii) causing the Securities Intermediary to indicate continuously on its books and records that such Certificated Security is held for the benefit of the Secured Parties; and
 - (iii) causing the Securities Intermediary to maintain continuous possession of such Certificated Security;

(b) subject to clause (h) below, in the case of each Uncertificated Security (other than a Clearing Corporation Security):

(i) causing such Uncertificated Security to be continuously registered on the books of the issuer thereof to the Securities Intermediary (or its nominee); and

(ii) causing the Securities Intermediary (or its nominee) to continuously indicate on its books and records that such Uncertificated Security is credited to the applicable Covered Account;

(c) in the case of each Clearing Corporation Security:

(i) causing the relevant Clearing Corporation to credit such Clearing Corporation Security to the securities account of the Securities Intermediary; and

(ii) causing the Securities Intermediary to continuously indicate on its books and records that such Clearing Corporation Security is credited to the applicable Covered Account;

(d) in the case of each security issued or guaranteed by the United States of America or an agency or instrumentality thereof and that is maintained in book-entry records of a Federal Reserve Bank (“FRB”) (each such security a “Government Security”):

(i) causing the creation of a Security Entitlement to such Government Security by the credit of such Government Security to the securities account of the Securities Intermediary at such FRB; and

(ii) causing the Securities Intermediary to continuously indicate on its books and records that such Government Security is credited to the applicable Covered Account;

(e) in the case of each Security Entitlement not governed by clauses (a) through (d) above:

(i) causing (x) the underlying Financial Asset to be credited to and continuously maintained in the appropriate Covered Account, (y) the Securities Intermediary to receive a Financial Asset from a securities intermediary (as defined in Section 8-102(a)(14) of the UCC) or to acquire the underlying Financial Asset from a securities intermediary, and in either case, accepting it for credit to and continuously maintaining it in the appropriate Covered Account or (z) a securities intermediary (as defined in Section 8-102(a)(14) of the UCC) to become obligated under other law, regulation or rule to credit the underlying Financial Asset to the Securities Intermediary’s securities account and causing the Securities Intermediary to make entries on its books and records that such Security Entitlement is credited to one of the Covered Accounts, which shall at all times be securities accounts; and

(ii) causing the Securities Intermediary to continuously indicate on its books and records that such Security Entitlement (or all rights and property of the Securities Intermediary representing such Security Entitlement) is credited to the applicable Covered Account;

(f) in the case of each Instrument, Cash or Money:

(i) causing the delivery of such Instrument, Cash or Money to the Securities Intermediary;

(ii) causing the Securities Intermediary to credit such Cash or Money to a “securities account” (as defined in Section 8-501(a) of the UCC), which may be a subaccount of the applicable Covered Account, in accordance with Article 9 of the UCC, and to hold such Instrument for the benefit of the Secured Parties, pursuant to agreement by the Securities Intermediary to treat such Instrument, Cash or Money as a Financial Asset; and

(iii) causing the Securities Intermediary to continuously indicate on its books and records that such Cash or Money so held is credited to the applicable Covered Account and such Instrument is held for the benefit of the Secured Parties;

(g) with respect to such of the Collateral as constitutes an account or a general intangible or is not otherwise described in the foregoing clauses (a) through (f), causing to be filed with the Secretary of State of the State of Delaware a properly completed UCC financing statement that names the Borrower as debtor and the Collateral Agent as secured party and that describes such Collateral (which financing statement may have been previously filed) or any equivalent filing in any applicable jurisdiction;

(h) in the case of any certificated security or uncertificated security either physically located outside of the United States or issued by a Person organized outside of the United States, that such additional actions shall have been taken as shall be necessary under applicable law or as shall be reasonably requested by the Collateral Agent under applicable law to accord the Collateral Agent rights substantially equivalent to those accorded to a secured party under the UCC that has possession or Control (as defined in the UCC) of such certificated security or uncertificated security; or

(i) in the case of each of clauses (a) through (h) above, such additional or alternative procedures as may hereafter become appropriate to perfect the security interest granted to the Collateral Agent hereunder in such items of the Collateral, consistent with Applicable Law.

In addition, the Servicer on behalf of the Borrower will obtain any and all consents required by the Related Documents relating to any Instruments, accounts or general intangibles for the transfer of ownership and/or pledge hereunder (except to the extent that the requirement for such consent is rendered ineffective under Section 9-406 of the UCC).

“Determination Date” means the last day of each Collection Period.

“Diversity Score” means, as of any day, a single number that indicates collateral concentration in terms of both issuer and industry concentration, calculated as set forth in Schedule 7 hereto, as such Diversity Scores shall be updated at the option of the Administrative Agent with the approval of the Borrower (such approval not to be unreasonably withheld) if Moody’s publishes revised criteria.

“Dollar Equivalent” means, as of any date of determination, (a) with respect to any amount denominated in Dollars, such amount and (b) with respect to any amount denominated in a currency other than Dollars, the Dollar equivalent of such amount determined by (1) the Servicer so long as no Event of Default exists either prior to or after giving effect to such conversion or (2) if an Event of Default exists, the Administrative Agent, by reference to (x) for an actual currency exchange, the applicable currency-Dollar spot rate obtained by the Servicer or the Administrative Agent, as applicable, through customary banking channels, including, without limitation, any spot rate published by the Custodian or (y) for all other purposes, the applicable currency-Dollar spot rate that appeared on the Bloomberg screen for such currency at the end of the immediately preceding Business Day.

“Dollars” and “\$” mean lawful money of the United States of America.

“Due Date” means each date on which any payment is due on a Collateral Loan in accordance with its terms.

“EBITDA” means, with respect to any Relevant Test Period and the Obligor of any Collateral Loan, the meaning of the term “Adjusted EBITDA,” the term “EBITDA” or any comparable definition in the Related Documents for such period and Collateral Loan (or, in the case of a Collateral Loan for which the Related Documents have not been executed, as set forth in the relevant marketing materials or financial model in respect of such Collateral Loan) as determined in the good faith discretion of the Servicer, and, in any case that the term “Adjusted EBITDA,” the term “EBITDA” or such comparable definition is not defined in such Related Documents, an amount, for the principal Obligor thereunder and any of its parents or subsidiaries that are obligated as guarantor pursuant to the Related Documents for such Collateral Loan (determined on a consolidated basis without duplication in accordance with GAAP (and also on a *pro forma* basis as determined in good faith by the Servicer in case of any acquisitions)) equal to earnings from continuing operations for such period plus interest expense, income taxes, depreciation and amortization for such period, other non-cash charges and organization costs, extraordinary, one-time and/or non-recurring losses or charges, any other customary add-backs for similarly situated obligors the Servicer deems to be appropriate and any other item the Servicer and the Administrative Agent mutually deem to be appropriate.

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established

in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, the United Kingdom, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“Eligible Collateral Loan” means, as of any date of determination, a Collateral Loan that meets each of the following criteria:

- (a) it is (i) a First Lien Loan, (ii) a Second Lien Loan or (iii) a First Lien Last Out Loan;
- (b) if such Collateral Loan is a Class 3 Loan, it is not a Cov-Lite Loan;
- (c) except in the case of a Recurring Revenue Loan, as of the date the Borrower acquired such Collateral Loan, the Obligor of such Collateral Loan has a minimum EBITDA of the Dollar Equivalent of \$10,000,000 as determined in the good faith discretion of the Servicer, evidence of which is agreed to by the Administrative Agent;
- (d) it was acquired by the Borrower for a price of not less than 85% of its Principal Balance;
- (e) it is not a Defaulted Collateral Loan at the time of acquisition by the Borrower;
- (f) it is denominated in a Permitted Currency and does not permit the currency or country in which such Collateral Loan is payable to be changed except to another Permitted Currency;
- (g) the relevant Obligor’s principal place of business and/or incorporation, formation or organization and/or headquarters are in an Eligible Country;
- (h) the Related Documents for such Collateral Loan are governed by the laws of the United States, Canada, the United Kingdom or a member state of the European Union;
- (i) it is not a credit linked note or a single purpose real estate loan;
- (j) it does not constitute Margin Stock and is not by its terms convertible into or exchangeable for an equity security at the option of either the Borrower thereof or the holder, and it does not have attached warrants to purchase equity securities;

(k) it has an original term to maturity of not more than eight (8.0) years;

(l) it has been approved by the Administrative Agent in its sole discretion;

(m) the Related Documents for such Collateral Loan permit the pledge to the Collateral Agent by the Borrower;

(n) the Related Documents for such Collateral Loan provide for payments that do not, at the time the obligation is acquired, subject to the Borrower to withholding tax or other similar taxes, unless the related Obligor is required to make “gross-up” payments that ensure that the net amount actually received by the Borrower (after payment of all taxes, whether imposed on such Obligor or the Borrower) will equal the full amount that the Borrower would have received had no such taxes been imposed;

(o) it is capable of being sold, assigned or participated to the Borrower, together with any associated security, without any breach of applicable selling restrictions, any contractual provisions or any legal or regulatory requirements and the Borrower does not require any authorizations, consents, approvals or filings (other than such as have been obtained or effected) as a result of or in connection with any such sale, assignment or participation under any Applicable Law;

(p) it is not subject to a tender offer from the related Obligor other than (A) a Permitted Offer or (B) an exchange offer in which a security is exchanged for a security that would otherwise qualify for purchase herein;

(q) it is not a Structured Finance Obligation, a Zero Coupon Obligation or a Synthetic Security;

(r) it is not a PIK Loan, unsecured senior loan or Mezzanine Obligation;

(s) it is not a project, shipping/aircraft or infrastructure/construction financing;

(t) the relevant the Obligor of such Collateral Loan is not a Governmental Authority;

(u) the Obligor of such Collateral Loan is not a commodity trader and producer, oil field services company or other entity highly exposed to commodity price/volume risk;

(v) the Obligor of such Collateral Loan is not operating, domiciled or conducting business in a country subject to Sanctions;

(w) it is not a lease;

(x) it will not cause the Borrower or the pool of assets to be required to be registered as an investment company under the Investment Company Act; and

(y) if such Collateral Loan is a Recurring Revenue Loan, such Collateral Loan meets the requirements set forth in the definition of Ongoing Recurring Revenue Loan Eligibility;

provided that the Administrative Agent may agree in writing to specifically waive any criteria set forth above (other than clauses (l), (m), (o), (v) and (x)) with respect to any single Collateral Loan, including any waiver of any requirement for a Recurring Revenue Loan contained in the definition thereof (it being understood that the Administrative Agent is not required to provide any such waiver under any circumstances) and upon such waiver, such waived criteria will not constitute criteria for such Collateral Loan to qualify as an “Eligible Collateral Loan”.

“Eligible Country” means (a) the United States, (b) Canada, (c) the United Kingdom or (d) OECD countries with a country ceiling for foreign currency bonds of at least “Aa2” by Moody’s and a foreign currency issuer credit rating of at least “AA” by S&P.

“Eligible Investments” means any Dollar investment that, at the time it is Delivered, is Cash or one or more of the following obligations or securities:

(a) direct interest bearing obligations of, and interest bearing obligations guaranteed as to timely payment of principal and interest by, the United States or any agency or instrumentality of the United States, the obligations of which are backed by the full faith and credit of the United States;

(b) demand or time deposits in, certificates of deposit of, bank deposit products, demand notes of, or bankers’ acceptances issued by any depository institution or trust company organized under the laws of the United States or any State thereof (including any federal or state branch or agency of a foreign depository institution or trust company) and subject to supervision and examination by federal and/or state banking authorities (including, if applicable, the Collateral Agent, the Custodian or the Administrative Agent or any agent thereof acting in its commercial capacity); provided that the short-term unsecured debt obligations of such depository institution or trust company at the time of such investment, or contractual commitment providing for such investment, are rated at least “A-1” by S&P and “P-1” by Moody’s;

(c) commercial paper that (i) is payable in Dollars and (ii) is rated at least “A-1” by S&P and “P-1” by Moody’s; and

(d) units of money market funds having a rating of the Highest Required Investment Category from each of S&P and Moody’s.

No Eligible Investment shall have an “f,” “r,” “p,” “pi,” “q,” “sf” or “t” subscript affixed to its S&P rating. Any such investment may be made or acquired from or through the Collateral Agent or the Administrative Agent or any of their respective Affiliates, or any entity for whom the Collateral Agent, the Administrative Agent, the Custodian or any of their respective Affiliates provides services and receives compensation (so long as such investment otherwise meets the applicable requirements of the foregoing definition of Eligible Investment at

the time of acquisition) or acts as offeror of; provided that, notwithstanding the foregoing clauses (a) through (d), unless the Borrower and the Servicer have received the written advice of counsel of national reputation experienced in such matters to the contrary (together with an officer's certificate of the Borrower or the Servicer to the Administrative Agent and the Collateral Agent that the advice specified in this definition has been received by the Borrower and the Servicer), Eligible Investments may only include obligations or securities that constitute cash equivalents for purposes of the rights and assets in paragraph (c)(8)(i)(B) of the exclusions from the definition of "covered fund" for purposes of the Volcker Rule. The Collateral Agent, Securities Intermediary and Custodian shall have no obligation to determine or oversee compliance with the foregoing.

"Equity Security" means any stock or similar security, certificate of interest or participation in any profit sharing agreement, reorganization certificate or subscription, transferable share, voting trust certificate or certificate of deposit for an equity security, limited partnership interest, interest in a joint venture, or certificate of interest in a business trust; any security future on any such security; or any security convertible, with or without consideration into such a security, or carrying any warrant or right to subscribe to or purchase such a security; or any such warrant or right.

"Equityholder" has the meaning given to such term in the recitals.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"ERISA Event" means (a) any "reportable event," as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the thirty (30) day notice requirement is waived); (b) the failure with respect to any Plan to satisfy the "minimum funding standard" (as defined in Section 412 of the Code or Section 302 of ERISA); (c) the filing pursuant to Section 412(c) of the Code or Section 302 of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) a determination that any Plan is, or is expected to be, in "at risk" status (as defined in Section 430 of the Code or Section 303 of ERISA); (e) the incurrence by the Borrower or any member of its ERISA Group of any liability under Title IV of ERISA with respect to the termination of any Plan; (f) (i) the receipt by the Borrower or any member of its ERISA Group from the PBGC of a notice of determination that the PBGC intends to seek termination of any Plan or to have a trustee appointed for any Plan under Section 4042 of ERISA, or (ii) the filing by the Borrower or any member of its ERISA Group of a notice of intent to terminate any Plan; (g) the incurrence by the Borrower or any member of its ERISA Group of any liability (i) with respect to a Plan pursuant to Sections 4063 and 4064 of ERISA, (ii) with respect to a facility closing pursuant to Section 4062(e) of ERISA, or (iii) with respect to the complete withdrawal or partial withdrawal from any Multiemployer Plan; (h) the receipt by the Borrower or any member of its ERISA Group of any notice concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, in endangered status or critical status, within the meaning of Section 432 of the Code or Section 305 of ERISA or is or is expected to be insolvent, within the meaning of Title IV of ERISA; or (i) the failure of the Borrower or any member of its

ERISA Group to make any required contribution to a Multiemployer Plan, in each case of subsections (a) through (i), that would, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

“ERISA Group” means each controlled group of corporations or trades or businesses (whether or not incorporated) under common control that is treated as a single employer under Section 414(b) or (c) of the Code or, for purposes of Section 302 of ERISA or Section 412 of the Code (and the regulations promulgated and rulings issued thereunder), Section 414(m) or (o) of the Code, with the Borrower.

“EU Bail-In Legislation Schedule” means the document described as the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“EU Due Diligence Requirements” means the due diligence and verification requirements applicable to EU Institutional Investors under Article 5 of the Securitisation Regulation (together with any delegated regulations, applicable guidance, regulatory technical standards, or implementing technical standards made thereunder) in respect of securitization positions, as in effect and/or amended or supplemented from time to time.

“EU Institutional Investor” has the meaning given to “institutional investor” under the Securitisation Regulation.

“EU Risk Retention Requirement” means Article 6 of the Securitisation Regulation (together with any delegated regulations, applicable guidance, regulatory technical standards, or implementing technical standards made thereunder).

“EUR Collection Account” means the single, segregated account with respect to Collections in Euros at the Securities Intermediary in the name of the Borrower subject to the lien of the Collateral Agent for the benefit of the Secured Parties.

“Euros” or “€” means the lawful currency of the EEA Member Countries that have adopted and retain the single currency in accordance with the treaty establishing the European Community, as amended from time to time.

“Event of Default” means the occurrence of any of the events, acts or circumstances set forth in Section 6.01.

“Excess Concentration Amount” means, as of any date of determination on which any one or more of the Concentration Limitations are exceeded, an amount (calculated by the Servicer and without duplication) equal to the Dollar Equivalent of the portion of the Adjusted Principal Balance of each Eligible Collateral Loan that causes such Concentration Limitation to be exceeded.

“Excess Interest Proceeds” means, at any time of determination, the excess of (1) amounts then on deposit in the Interest Collection Subaccount representing Interest Proceeds

over (2) the projected amount required to be paid pursuant to Section 9.01(a)(i)(A), (B), (C) and (D), on the next Payment Date, any prepayment date or the Final Maturity Date, as applicable, in each case, as determined by the Borrower in good faith and in a commercially reasonable manner.

“Exchange Act” means the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder, all as from time to time in effect, or any successor law, rules or regulations, and any reference to any statutory or regulatory provision shall be deemed to be a reference to any successor statutory or regulatory provision.

“Excluded Affiliate” means any portfolio company of (x) the Servicer, (y) the Equityholder or (z) any Affiliate thereof, as applicable, that is not consolidated on the financial statements of the Servicer or the Equityholder, as applicable.

“Excluded Amounts” means (a) any amount received in the Collection Account with respect to any Collateral Loan included as part of the Collateral, which amount is attributable to the payment of any Taxes, fees or other charges imposed by any Governmental Authority on such Collateral Loan or on any underlying asset securing such Collateral Loan and (b) any amount received in the Collection Account (or other applicable account) representing (i) any amount representing a reimbursement of insurance premiums, (ii) any escrows relating to Taxes, insurance and other amounts in connection with Collateral Loans which are held in an escrow account for the benefit of the Obligor and the applicable secured party pursuant to escrow arrangements under a Related Document, (iii) any amount received in the Collection Account with respect to any Collateral Loan sold or transferred by the Borrower pursuant to Section 10.01 to the extent such amount is attributable to a time after the effective date of such sale, (iv) any interest accruing on a Collateral Loan prior to the related purchase date that was not purchased by the Borrower and is for the account of the Person from whom the Borrower purchased such Collateral Loan, and (v) any amounts deposited into the Collection Account manifestly in error.

“Excluded Principal Distributions” means Permitted Distributions of Principal Proceeds designated as “Excluded Principal Distributions” by mutual agreement of the Servicer and Administrative Agent.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to a Secured Party or required to be withheld or deducted from a payment to a Secured Party: (a) Taxes imposed on or measured by a Secured Party’s net income (however denominated), franchise Taxes imposed on a Secured Party, and branch profits Taxes imposed on a Secured Party, in each case, (i) by the jurisdiction (or any political subdivision thereof) under the laws of which such Secured Party is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located or (ii) that are Other Connection Taxes, (b) in the case of any Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender pursuant to a law in effect on the date on which (i) such Lender becomes a party hereto or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 13.03, amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto

or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Secured Party's failure to comply with Section 13.03(g), and (d) Taxes imposed under FATCA.

“Expedited Notice of Borrowing” has the meaning assigned to such term in Section 2.03(d).

“Facility Amount” means (a) on or prior to the Facility Termination Date, an amount equal to the Maximum Facility Amount (as such amount may be reduced from time to time pursuant to Section 2.07) and (b) following the Facility Termination Date, the outstanding principal balance of all of the Advances.

“Facility Documents” means this Agreement, the Notes, the Account Control Agreement, the Collateral Agent Fee Letter, the Custodian Agreement, the Lender Fee Letter, the Administrative Agent Fee Letter, the Loan Sale Agreement and any other security agreements and other instruments entered into or delivered by or on behalf of the Borrower pursuant to Section 5.01(c) to create, perfect or otherwise evidence the Collateral Agent's security interest in the Collateral.

“Facility Reduction Fee” has the meaning assigned to such term in the Lender Fee Letter.

“Facility Termination Date” means the last day of the Reinvestment Period (as and to the extent extended in accordance with Section 2.16).

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

“Federal Funds Rate” means, for any period, the greater of (a) 0% and (b) a fluctuating interest rate *per annum* equal for each day during such period to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it; provided that, if at any time a Lender is borrowing overnight funds from a Federal Reserve Bank that day, the Federal Funds Rate for such Lender for such day shall be the average rate *per annum* at which such overnight borrowings are made on that day as promptly reported by such Lender to the Borrower and the Agents in writing. Each determination of the Federal Funds Rate by a Lender pursuant to the foregoing proviso shall be conclusive and binding except in the case of manifest error.

“Fee Basis Amount” means, for any Payment Date, an amount equal to the Aggregate Principal Balance.

“Final Maturity Date” means the earlier to occur of (i) the Business Day 24 months after the Facility Termination Date and (ii) the date on which the Final Maturity Date is declared pursuant to Section 6.01.

“Financial Asset” has the meaning specified in Section 8-102(a)(9) of the UCC.

“First Lien First Out Loan” means one or more tranches of First Lien Loans issued by an Obligor under the same Related Documents as a First Lien Last Out Loan that at any time prior to and/or after an event of default under the Related Documents, will be paid in full in accordance with a specified waterfall or other priority of payments as specified in the Related Documents, an agreement among lenders or other applicable agreement before such First Lien Last Out Loan is paid.

“First Lien Last Out Loan” means a Collateral Loan that would be a First Lien Loan but for the fact that at any time prior to and/or after an event of default under the Related Documents, such Collateral Loan will be paid after any First Lien First Out Loan issued by the Obligor have been paid in full in accordance with a specified waterfall or other priority of payments as specified in the Related Documents, an agreement among lenders or other applicable agreement or the Obligor has a Working Capital Revolver that is at any time prior to and/or after an event of default, senior to such Collateral Loan in payment priority or in lien priority with respect to all collateral securing such Collateral Loan; provided that if the First Out Leverage of such Collateral Loan is less than 0.25:1.00, as determined by the Servicer in accordance with the Servicing Standard, then such Collateral Loan will constitute a First Lien Loan.

“First Lien Loan” means any Collateral Loan (for purposes of this definition, a “loan”) that meets the following criteria:

(a) is not (and is not expressly permitted by its terms to become) subordinate to any obligation of the relevant Obligor in any bankruptcy, reorganization, arrangement, insolvency, moratorium or liquidation proceedings (other than pursuant to a Permitted Lien, a Permitted Working Capital Lien and customary waterfall provisions contained in the applicable loan agreement or indenture);

(b) is secured by a pledge of collateral, which security interest is (i) validly perfected and first priority under Applicable Law (subject to liens permitted under the applicable credit agreement that are reasonable for similar Collateral Loans, Permitted Working Capital Liens and liens accorded priority by law in favor of any Governmental Authority) or (ii)(1) validly perfected and second priority in the accounts, documents, instruments, chattel paper, letter-of-credit rights, supporting obligations, deposit accounts, investments accounts (as such terms are defined in the UCC) and any other assets securing any Working Capital Revolver under Applicable Law and proceeds of any of the foregoing (a first priority lien on such assets, a “Permitted Working Capital Lien”) and (2)

validly perfected and first priority (subject to liens permitted under the applicable credit agreement that are reasonable for similar Collateral Loans and liens accorded priority by law in favor of any Governmental Authority) in all other collateral under Applicable Law;

(c) the Servicer determines in good faith that the value of the collateral for such Collateral Loan (including based on enterprise value) on or about the time of acquisition equals or exceeds the outstanding principal balance of the Collateral Loan plus the aggregate outstanding balances of all other Collateral Loans of equal or higher seniority secured by a first priority Lien over the same collateral; and

(d) for which the Obligor of such loan and its Affiliates has been designated on the date such Collateral Loan was acquired by the Borrower as a “First Lien Loan” by the Administrative Agent.

“First Lien Senior Leverage Cap” means, with respect to any Collateral Loan, if such Collateral Loan is (a) a Class 1 Loan, a Senior Net Leverage Ratio of 6.00:1.00, (b) a Class 2 Loan, a Senior Net Leverage Ratio of 6.00:1.00 or (c) a Class 3 Loan, a Senior Net Leverage Ratio of 5.50:1.00.

“First Lien Senior Leverage Cut-Off” means, with respect to any Collateral Loan, if such Collateral Loan is (a) a Class 1 Loan, a Senior Net Leverage Ratio of 5.00:1.00, (b) a Class 2 Loan, a Senior Net Leverage Ratio of 5.00:1.00 or (c) a Class 3 Loan, a Senior Net Leverage Ratio of 4.50:1.00.

“First Out Leverage” means the ratio of (x) the sum of first out indebtedness and Working Capital Revolver capacity that is secured by a Permitted Working Capital Lien to (y) EBITDA.

“Fixed Rate Loan” means any Collateral Loan that bears a fixed rate of interest.

“Foreign Lender” means a Lender that is resident or organized under the laws of a jurisdiction other than that in which the Borrower is resident for tax purposes.

“FRB” has the meaning specified in the definition of Deliver.

“Fundamental Amendment” means, with respect to each Lender, any amendment, modification, waiver or supplement of or to this Agreement that would (a) increase or extend the term of the Individual Lender Maximum Funding Amounts or change the Final Maturity Date (other than an increase of the Individual Lender Maximum Funding Amount of a particular Lender or the addition of a new Lender agreed to by the relevant Lender), (b) extend the date fixed for the payment of principal of or interest on any Advance or any fee hereunder, (c) reduce the amount of any such payment of principal, (d) reduce the rate at which Interest is payable thereon or any fee is payable hereunder (other than in connection with the appointment of a Benchmark Replacement), (e) release any material portion of the Collateral, except in connection with dispositions permitted hereunder, (f) alter the terms of Section 9.01 or Section 13.01(b), (g) modify the definition of the terms “Majority Lenders,” “Required Lenders,” “Maximum

Available Amount,” “Advance Rate,” “Borrowing Base,” “Minimum OC Coverage Test,” “Collateral Quality Test,” “Collateral Loan,” “Eligible Collateral Loan,” “Eligible Country,” “Class 1 Borrowing Base,” “Class 2 Borrowing Base,” “Class 3 Borrowing Base,” “Class 1 Minimum OC Coverage Test,” “Class 2 Minimum OC Coverage Test,” “Class 3 Minimum OC Coverage Test,” “Class 1 Loan,” “Class 2 Loan” or “Class 3 Loan” or any component thereof defined therein (in each case, other than any administrative, non-material amendment agreed to by the Borrower and the Administrative Agent); (h) modify in any other manner the number or percentage of the Lenders required to make any determinations or waive any rights hereunder or to modify any provision hereof or (i) extend the Reinvestment Period, in each case to the extent such amendment, modification, waiver or supplement relates to such Lender.

“GAAP” means generally accepted accounting principles in effect from time to time in the United States.

“GBP Collection Account” means the single, segregated account with respect to Collections in Pounds Sterling at the Securities Intermediary in the name of the Borrower subject to the lien of the Collateral Agent for the benefit of the Secured Parties.

“Government Security” has the meaning specified in the definition of Deliver.

“Governmental Authority” means, with respect to any Person, any nation or government, any supranational, state or other political or subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any body or entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any court or arbitrator, in each case, having jurisdiction or authority over such Person.

“Governmental Authorizations” means all franchises, permits, licenses, approvals, consents and other authorizations of all Governmental Authorities.

“Governmental Filings” means all filings, including franchise and similar tax filings, and the payment of all fees, assessments, interests and penalties associated with such filings with all Governmental Authorities.

“Highest Required Investment Category” means (a) with respect to ratings assigned by Moody’s, “Aa2” or “P-1” for one month instruments, “Aa2” and “P-1” for three month instruments, “Aa3” and “P-1” for six month instruments and “Aa2” and “P-1” for instruments with a term in excess of six months and (b) with respect to rating assigned by S&P, “A-1” for short-term instruments and “A” for long-term instruments.

“Indemnified Party” has the meaning assigned to such term in Section 13.04(b).

“Indemnified Taxes” means (a) Taxes other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Facility Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

“Independent Accountants” has the meaning assigned to such term in Section 8.09(a).

“Independent Director” means a natural person who, (A) for the five-year period prior to his or her appointment as Independent Director, has not been, and during the continuation of his or her service as Independent Director is not: (i) an employee, director, stockholder, member, manager, partner or officer of the Borrower, the Equityholder or any of their respective Affiliates (other than his or her service as an Independent Director or officer of the Borrower or other Affiliates that are structured to be “bankruptcy remote”); (ii) a customer or supplier of the Borrower, the Equityholder or any of their respective Affiliates (other than his or her service as an Independent Director or officer of the Borrower or any other Affiliates that are structured to be “bankruptcy remote”); (iii) a Person controlling or under common control with any partner, shareholder, member, manager, Affiliate or supplier of the Borrower or any Affiliate of the Borrower or (iv) any member of the immediate family of a person described in clauses (i), (ii) or (iii); and (B) has (i) prior experience as an independent director for a Person whose charter documents required the consent of the independent director thereof before such Person could consent to the institution of bankruptcy or insolvency proceedings against it or could file a petition seeking relief under any applicable federal or state law relating to bankruptcy and (ii) at least three years of employment experience with one or more entities that provide, in the ordinary course of their respective businesses, advisory, management or placement services to issuers of securitization or structured finance instruments, agreements or securities.

“Individual Lender Maximum Funding Amount” means, as to each Lender on any date of determination, the maximum amount of Advances to the Borrower that may be lent by such Lender pursuant to Section 2.01 in an aggregate principal amount at any one time outstanding for such Lender up to but not exceeding the amount applicable to such Lender on such date of determination as specified on Schedule 1 or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Individual Lender Maximum Funding Amount, as applicable, as such amount may be reduced from time to time pursuant to Section 2.07 or increased or reduced from time to time pursuant to assignments effected in accordance with Section 13.06(a).

“Ineligible Collateral Loan” means, at any time, a Collateral Loan or any portion thereof, that fails to satisfy any criteria of the definition of Eligible Collateral Loan as of the date when such criteria are applicable (other than any criteria that has been waived pursuant to the definition thereof); it being understood that such criteria in the definition of Eligible Collateral Loan that is specified to be applicable only as of the date of acquisition of such Collateral Loan shall not be applicable after the date of acquisition of such Collateral Loan.

“Initial AUP Report Date” has the meaning assigned to such term in Section 8.09(a).

“Insolvency Event” means, with respect to a specified Person, (a) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person or any substantial part of its property in an involuntary case under the Bankruptcy Code or any other applicable insolvency law now or hereafter in effect, or appointing a receiver, liquidator,

assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or ordering the winding-up or liquidation of such Person's affairs, and such decree or order shall remain unstayed and in effect for a period of sixty (60) consecutive days; or (b) the commencement by such Person of a voluntary case under the Bankruptcy Code or any other applicable insolvency law now or hereafter in effect, or the consent by such Person to the entry of an order for relief in an involuntary case under any such law, or the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or the making by such Person of any general assignment for the benefit of creditors, or the failure by such Person generally to pay its debts as such debts become due, or the taking of action by such Person in furtherance of any of the foregoing.

“Instrument” has the meaning specified in Section 9-102(a)(47) of the UCC.

“Interest” means, with respect to the Advances made with respect to each Loan Class for each Interest Accrual Period (or any other period), the sum of the products (for each day elapsed during such Interest Accrual Period or other period) of:

$$IR \times P \times \frac{1}{D}$$

where:

IR = the Interest Rate applicable to such Class for such day;

P = the principal amount of the Advances made in respect of such Loan Class outstanding on such day; and

D = 360 days.

“Interest Accrual Period” means (a) with respect to the first Payment Date, the period from and including the Closing Date to and including the last day of the calendar month preceding the first Payment Date and (b) with respect to any subsequent Payment Date, the period from and including the first day of the calendar month in which the preceding Payment Date occurred and ending on the last day of the calendar month immediately preceding the month in which such Payment Date occurs; provided that the final Interest Accrual Period hereunder shall end on and include the day prior to the payment in full of the Advances hereunder.

“Interest Collection Subaccount” has the meaning assigned to such term in Section 8.02(a).

“Interest Coverage Ratio” means, with respect to any Collateral Loan for any Relevant Test Period, the meaning of “Interest Coverage Ratio,” “Pro Forma Interest Coverage Ratio” or any comparable term in the Related Documents for such Collateral Loan, and in any

case that “Interest Coverage Ratio,” “Pro Forma Interest Coverage Ratio” or such comparable term is not defined in such Related Documents, the ratio, for such Collateral Loan, of (a) EBITDA of the related Obligor for the Relevant Test Period to (b) cash interest expense of such Obligor for the Relevant Test Period, in each case, as calculated by the Servicer in good faith using information from and calculations consistent with the relevant compliance statements and financial reporting packages provided by the relevant Obligor as per the requirements of the applicable Related Documents.

“Interest Proceeds” means, with respect to any Collection Period or the related Determination Date, without duplication, the sum of:

(a) all payments of interest and other income received in cash by the Borrower during such Collection Period on the Collateral Loans (including interest purchased with Principal Proceeds, interest and other income received in cash on Ineligible Collateral Loans and the accrued interest received in cash in connection with a sale of any such Collateral Loan during such Collection Period);

(b) all principal and interest payments received by the Borrower during such Collection Period on Eligible Investments purchased with Interest Proceeds and all interest payments received by the Borrower during such Collection Period on Eligible Investments purchased with amounts credited to the Revolving Reserve Account;

(c) all amendment and waiver fees, late payment fees (including compensation for delayed settlement or trades), and all protection fees and other fees and commissions received by the Borrower during such Collection Period unless the Servicer has determined in its sole discretion that such payments are to be treated as Principal Proceeds; and

(d) commitment fees, facility fees, anniversary fees, ticking fees and other similar fees received by the Borrower during such Collection Period unless the Servicer has determined in its sole discretion that such payments are to be treated as Principal Proceeds;

provided that:

(1) as to any Defaulted Collateral Loan (and only so long as it remains a Defaulted Collateral Loan), any amounts received in respect thereof will constitute Principal Proceeds (and not Interest Proceeds) until the aggregate of all Collections in respect thereof since it became a Defaulted Collateral Loan equals the Principal Balance of such Defaulted Collateral Loan at the time as of which it became a Defaulted Collateral Loan and all amounts received in excess thereof will constitute Interest Proceeds; and

(2) any amounts received in respect of any Equity Security that was received in exchange for a Defaulted Collateral Loan will constitute Principal Proceeds (and not Interest Proceeds) until the aggregate of all collections in respect of such Equity Security

equals the outstanding Principal Balance of the related Collateral Loan, at the time it became a Defaulted Collateral Loan, for which such Equity Security was received in exchange.

“Interest Rate” means, for any Class as of any date of determination, an interest rate *per annum* equal to ~~LIBOR (or, if at any time LIBOR cannot be determined,~~ the Benchmark (or the Base Rate, if applicable) *plus* the Applicable Margin.

“Investment Company Act” means the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder.

“Law” means any action, code, consent decree, constitution, decree, directive, enactment, finding, guideline, law, injunction, interpretation, judgment, order, ordinance, policy statement, proclamation, promulgation, regulation, requirement, rule, rule of law, treaty, rule of public policy, settlement agreement, statute, or writ, of any Governmental Authority, or any particular section, part or provision thereof.

“Lender” means each Person listed on Schedule 1 and any other Person that shall have become a party hereto in accordance with the terms hereof pursuant to an Assignment and Acceptance, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance.

“Lender Fee Letter” means that certain fee letter, dated as of the Closing Date, by and among the Lenders, the Borrower and the Servicer, as amended or supplemented from time to time, and any other fee letter between a Lender, the Borrower and the Servicer that identifies itself as a Lender Fee Letter hereunder.

“Liabilities” means all liabilities, obligations, losses, claims, damages, penalties, actions, judgments, suits, costs, expenses (including reasonable and documented out-of-pocket fees and expenses of agents, experts and outside attorneys) and disbursements of any kind or nature whatsoever.

“LIBOR” means, for any LIBOR Period, the ICE Benchmark Administration Limited London interbank offered rate *per annum* for deposits in the relevant currency for a period equal to three months as displayed in the Bloomberg Financial Markets System (or such other page on that service or such other service designated by the ICE Benchmark Limited for the display of such administration’s London interbank offered rate for deposits in the relevant currency) as of 11:00 a.m., London time on the day that is two Business Days prior to the first day of the LIBOR Period (the “Screen Rate”); provided that if the Administrative Agent determines that the relevant foregoing sources are unavailable for the relevant LIBOR Period, LIBOR shall mean the rate of interest determined by the Administrative Agent to be the average (rounded upward, if necessary, to the nearest 1/100th of 1%) of the rates *per annum* at which deposits in the relevant currency are offered to the Administrative Agent two (2) Business Days preceding the first day of such LIBOR Period by four leading banks (selected by the Administrative Agent after consultation with the Borrower) in the London or other offshore interbank market for the relevant currency as of 11:00 a.m. for delivery on the first day of such

LIBOR Period, for the number of days comprised therein and in an amount comparable to the amount of the Administrative Agent's portion of the relevant Advance; provided, if such rate is less than 0.45%, such rate shall be deemed to be 0.45% for purposes of this Agreement.

“LIBOR Period” means (a) with respect to the first LIBOR Period, the period from and including the Closing Date to and including the last day of September 2020 and (b) with respect to any subsequent LIBOR Period, the three-month period commencing from and including the first day of the next calendar month after the previous LIBOR Period ended and ending on the last day of the third calendar month after the previous LIBOR Period ended; provided that the final LIBOR Period hereunder shall end on and include the day prior to the payment in full of the Advances hereunder.

“Lien” means any mortgage, pledge, hypothecation, assignment, encumbrance, lien or security interest (statutory or other), or preference, priority or other security agreement, charge or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing authorized by the Borrower of any financing statement under the UCC or comparable law of any jurisdiction).

“Lien Release Dividend” has the meaning assigned to that term in Section 10.01(f).

“Lien Release Dividend Date” means the date specified by the Borrower, which date may be any Business Day, provided written notice is given in accordance with Section 10.01(f).

“Listed Collateral Loan” means, at any time, a Collateral Loan for which three or more bids are quoted and available from a Pricing Source, subject in each case to the proviso in the definition of “Listed Value”.

“Listed Value” means, for any Listed Collateral Loan at any time, the bid price for such Collateral Loan most recently quoted by a Pricing Source; provided that, if the Servicer reasonably believes that the price quoted by any such source is based on less than three *bona fide* bids, then at the Servicer's election, upon notice thereof from the Servicer to the Administrative Agent, such Collateral Loan will not be considered a “Listed Collateral Loan” and the “Loan Value” of such Collateral Loan will be determined in accordance with clause (b)(ii) of the definition of Loan Value.

“LLC Agreement” means the Amended and Restated Limited Liability Company Agreement of the Borrower (as amended, restated, amended and restated, or otherwise modified).

“Loan Class” means a Class 1 Loan, a Class 2 Loan or a Class 3 Loan, as applicable.

“Loan Sale Agreement” means that certain Purchase and Sale Agreement, dated as of the Closing Date, by and between the Equityholder and the Borrower, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Loan Type” means a First Lien Loan, a First Lien Last Out Loan or a Second Lien Loan, as applicable.

“Loan Value” means, with respect to each Collateral Loan, as of any date of determination and expressed as a percentage of the Principal Balance of such Collateral Loan, a percentage equal to:

(a) if a Revaluation Event has not occurred with respect to such Collateral Loan, the purchase price of such Collateral Loan (excluding any original issue discount of 3% or less);

(b) if a Revaluation Event has occurred with respect to such Collateral Loan and such Collateral Loan is not a Defaulted Collateral Loan:

(i) if such Collateral Loan is a Listed Collateral Loan as of such date, the lesser of (x) the Listed Value of such Collateral Loan as at such date and (y) the purchase price of such Collateral Loan; and

(ii) if such Collateral Loan is not a Listed Collateral Loan as of such date:

(A) and the Servicer provides three *bona fide* bids that are acceptable to the Administrative Agent (in its sole discretion), the average of such *bona fide* bids; otherwise

(B) the fair market value of such Collateral Loan as determined by the Administrative Agent in its sole discretion; and

(C) if a Revaluation Event has occurred with respect to such Collateral Loan and such Collateral Loan is a Defaulted Collateral Loan, the fair market value of such Collateral Loan as determined by the Administrative Agent in its sole discretion.

If the Borrower disagrees with the Loan Value assigned by the Administrative Agent to a Collateral Loan pursuant to clauses (b)(ii) or (c) above (an “Agent Valuation”), then the Borrower may at its own expense and within sixty (60) days from the date on which the Administrative Agent assigned the Agent Valuation (the “Dispute Period”) obtain an Appraisal (the “New Valuation”) from an Approved Valuation Firm or a valuation firm selected by the Borrower with the consent of the Administrative Agent (such process, a “Valuation Agent Dispute”). If a New Valuation is obtained during the Dispute Period, then the New Valuation shall be treated as the amended Loan Value, otherwise the Agent Valuation shall be treated as the amended Loan Value. During the Dispute Period, the Loan Value shall be the Agent Valuation. If the Borrower has exercised its dispute right with respect to a Collateral Loan and the Loan

Value has been amended to be the New Valuation for any such Collateral Loan, the Administrative Agent may, in its sole discretion, further amend the Loan Value in respect of such Collateral Loan on any subsequent date, subject to the valuation procedures and dispute mechanics set forth above, and such further determination shall constitute the Loan Value; provided, that the Administrative Agent may only further amend such Loan Value (i) once per calendar quarter; (ii) following the occurrence of a subsequent Revaluation Event; or (iii) more than once per calendar quarter at the Administrative Agent's expense by obtaining an Appraisal from an Approved Valuation Firm. For the avoidance of doubt, the Borrower may at any time resubmit a New Valuation for any Collateral Loan for approval by the Administrative Agent.

“Majority Lenders” means, as of any date of determination, the Administrative Agent and Lenders having an aggregate Percentage greater than 50%; provided, however, that if any Lender shall be a Defaulting Lender at such time, then Advances owing to such Defaulting Lender and such Defaulting Lender's unfunded Individual Lender Maximum Funding Amounts shall be excluded from the determination of Majority Lenders.

“Margin Stock” has the meaning assigned to such term in Regulation U.

“Material Adverse Effect” means a material adverse effect on (a) the business, assets, financial condition or operations of the Borrower or the Servicer either individually or taken as a whole, (b) the validity or enforceability of this Agreement, the LLC Agreement or any other Facility Document or the validity, enforceability or collectability of the Collateral Loans or the Related Documents generally or any material portion of the Collateral Loans or the Related Documents, (c) the rights and remedies of the Administrative Agent, the Lenders and the other Secured Parties with respect to matters arising under this Agreement or any other Facility Document, (d) the ability of each of the Borrower or the Servicer to perform its obligations under any Facility Document to which it is a party, or (e) the status, existence, perfection, priority or enforceability of the Collateral Agent's Lien on the Collateral.

“Material Modification” means, with respect to any Collateral Loan, any amendment, waiver, consent or modification of, or supplement to or inaction with, a Related Document with respect thereto (it being understood that a release document or similar instrument executed or delivered in connection with a disposition that is otherwise permitted under the applicable Related Documents shall not constitute an amendment or modification to such Related Document) executed or effected after the date on which such Collateral Loan is acquired by the Borrower, that:

(a) reduces, defers or forgives any principal amount of such Collateral Loan;

(b) reduces or forgives one or more interest payments which reduces the spread or coupon by more than 50 basis points or permits any interest due with respect to such Collateral Loan in cash to be deferred or capitalized and added to the principal amount of such Collateral Loan (other than (i) any modification that results in such Collateral Loan becoming a Partial PIK Loan, which, at the Borrower's option, either (x) constitutes a “Revaluation Event” and a reclassification of such Collateral Loan as a Partial PIK Loan for purposes of clause (j) of the Concentration Limitations or (y) can be resubmitted to the

Administrative Agent for approval under Section 2.02 as a new Collateral Loan, or (ii) any deferral or capitalization already expressly permitted by the terms of its Related Documents or pursuant to the application of a pricing grid, in each case, as of the date such Collateral Loan was acquired by the Borrower);

(c) extends, delays or waives any date fixed for any scheduled payment (including at maturity) or mandatory prepayment of principal on such Collateral Loan, subject to any grace period agreed to by the Administrative Agent at the time of such modification; provided that a “Material Modification” shall not be deemed to have occurred pursuant to this clause (c) if (x) the Average Life of such Collateral Loan is increased by not more than the lesser of (i) six months or (ii) 20% from its Average Life on the related date of acquisition of such Collateral Loan by the Borrower and (y) the Senior Net Leverage Ratio of such Collateral Loan is not more than 85% of the maximum established in the Senior Net Leverage Ratio covenant of such Collateral Loan;

(d) in the case of a First Lien Last Out Loan or a First Lien Loan, contractually or structurally subordinates such Collateral Loan by operation of a priority of payments, turnover provisions or the transfer of assets in order to limit recourse to the related Obligor (other than as permitted by the terms of the Related Documents on the date such Collateral Loan was acquired);

(e) substitutes, alters, releases or terminates any material portion of the underlying assets securing such Collateral Loan (other than as expressly permitted by the Related Documents as of the date such Collateral Loan was acquired by the Borrower) or releases any material guarantor or co-Obligor from its obligations with respect thereto, and each such substitution, alteration, release or termination materially and adversely affects the value of such Collateral Loan (as determined in the commercially reasonable discretion of the Administrative Agent);

(f) modifies any term or provision of the Related Documents of such Collateral Loan that, as determined by the Borrower in consultation with the Administrative Agent, materially and adversely impacts the calculation of any financial covenant, the definition of “Permitted Liens” (or any analogous definition), or the determination of any default or event of default with respect to the related Collateral Loan;

(g) results in change of currency of the Collateral Loan; or

(h) any other modification not set forth in clauses (a) through (g) above which, in the reasonable discretion of the Administrative Agent after consultation with the Borrower, is, in and of itself, material and adverse to the overall value of such Collateral Loan;

provided that, for any Revaluation Event triggered by a “Material Modification” pursuant to clause (h) hereof, if the Borrower disagrees with the classification of such modification as a Material Modification under clause (h), then the Loan Value of such Collateral Loan will remain

the assigned Loan Value for 15 Business Days or until a New Valuation is obtained, which New Valuation will be treated as the amended Loan Value; provided, further, that if a New Valuation is not obtained during such 15 Business Day period, then the amended Loan Value will be an Agent Valuation; provided, further, that if the Borrower has exercised its dispute right and the Loan Value has been amended to be the New Valuation for any such Collateral Loan pursuant to the first proviso above, the Administrative Agent may, in its sole discretion, further amend the Loan Value in respect of such Collateral Loan on any subsequent date, subject to the valuation procedures and dispute mechanics set forth in the definition of “Loan Value”.

“Maximum Available Amount” means, on any date of determination, an amount equal to the lesser of:

- (a) the Maximum Facility Amount at such time; and
- (b) the Borrowing Base (calculated after giving effect to the deposit or investment of such borrowed funds on the borrowing date).

“Maximum Facility Amount” means \$300,000,000 (as such amount may be reduced pursuant to Section 2.07); provided that it is understood that the loan facility established under this Agreement is an uncommitted facility and there is no express or implied commitment on the part of the Administrative Agent or any Lender to provide any Advance except that, in the case of Collateral Loans approved by means of an Approval Request or Approved List, the Lenders shall have committed to fund the related Advances (up to the amount(s) specified in the related Approval Request or Approved List), provided that the related conditions precedent set forth in Article III are satisfied with respect to such Advances on the applicable Borrowing Date.

“Maximum Portfolio Amount” means, as of any date of determination, the sum of (i) the Maximum Facility Amount as of such date and (ii) the aggregate amount of all contributions by the Equityholder to the Borrower (other than contributions made to cure a Default or an Event of Default) *less* any principal distributions that constitute a return of capital to the Equityholder other than Excluded Principal Distributions.

“Maximum Weighted Average Life Test” means a test that will be satisfied on any date of determination if the Weighted Average Life of the Collateral Loans as of such date is less than or equal to six and a half (6.5) years.

“Measurement Date” means (a) the Closing Date, (b) each Borrowing Date, (c) each Payment Date Report Determination Date and (d) each other date reasonably requested by the Administrative Agent.

“Mezzanine Obligations” means unsecured obligations that are contractually subordinated in right of payment to other debt of the same issuer.

“Minimum OC Coverage Test” means, as of any date, a test that is satisfied if the OC Ratio as of such date is equal to or greater than 1.00:1.00.

“Money” has the meaning specified in Section 1-201(24) of the UCC.

“Moody’s” means Moody’s Investors Service, Inc., together with its successors.

“Moody’s Industry Classification” means the industry classifications set forth in Schedule 4 hereto, as such industry classifications shall be updated at the option of the Servicer if Moody’s publishes revised industry classifications. The determination of which Moody’s Industry Classification to which an Obligor belongs shall be made in good faith by the Servicer.

“Multiemployer Plan” means a “multiemployer plan” within the meaning of Section 4001(a)(3) of ERISA that is sponsored by the Borrower or a member of its ERISA Group or to which the Borrower or a member of its ERISA Group is obligated to make contributions or has any liability.

“Net-Debt-to-Recurring-Revenue Ratio” means, with respect to any Collateral Loan for any period, the meaning of “Net-Debt-to-Recurring-Revenue Ratio” or any comparable term defined in the Related Documents for such Collateral Loan, and in any case that “Net-Debt-to-Recurring-Revenue Ratio” or such comparable term is not defined in such Related Documents, the ratio of (a) indebtedness of the related Obligor under such Collateral Loan and all other indebtedness of such Obligor that is senior or *pari passu* in right of payment to such Collateral Loan *minus* Unrestricted Cash and cash equivalents to (b) TTM Recurring Revenue, as calculated by the Servicer in good faith in accordance with the Servicing Standard using information from and calculations consistent with the relevant compliance statements and financial reporting packages provided by the relevant Obligor as per the requirements of the Related Documents; provided that, in the event of a lack of any such information necessary to calculate the Net-Debt-to-Recurring-Revenue Ratio for any Collateral Loan, the Net-Debt-to-Recurring-Revenue Ratio for such Collateral Loan shall be a ratio calculated by the Administrative Agent in its sole discretion after consultation with the Servicer or, if agreed to by the Administrative Agent, by the Servicer in good faith in accordance with the Servicing Standard.

“Non-Approval Event” means an event that (x) will be deemed to have occurred if the ratio (measured on a rolling three-month basis) of (i) the number or Dollar amount of Approval Requests for loans that satisfy the requirements of an Eligible Collateral Loan rejected by the Administrative Agent over (ii) the total number or aggregate Dollar amount of Approval Requests is greater than 70% and (y) will be continuing until the conditions set forth in clause (x) of this definition are no longer true; provided that, until ten (10) loans have been submitted for approval to the Administrative Agent by the Servicer, the ratio of clause (x)(i) over clause (x)(ii) shall be deemed to be zero.

“Note” means each promissory note, if any, issued by the Borrower to a Lender in accordance with the provisions of Section 2.04(b), substantially in the form of Exhibit A.

“Notice of Borrowing” has the meaning assigned to such term in Section 2.03(a).

“Notice of Prepayment” has the meaning assigned to such term in Section 2.06(a).

“Obligations” means all indebtedness, whether absolute, fixed or contingent, at any time or from time to time owing by the Borrower to any Secured Party or any Affected Person under or in connection with this Agreement, the Notes or any other Facility Document, including all amounts payable by the Borrower in respect of the Advances, with interest thereon, and all other amounts payable hereunder or thereunder by the Borrower.

“Obligor” means, in respect of any loan, each Person obligated to pay Collections in respect of such loan, including any applicable guarantors; provided that for purposes of determining the domicile of an Obligor for purposes of the definitions of Concentration Limitations and Eligible Collateral Loan, the term “Obligor” shall only include the Person in respect of which the Collateral Loan was principally underwritten.

“Obligor Measurement Date” means the last day of each relevant period for which an Obligor delivers financial reporting information that includes the calculation of financial covenants, as certified by a Responsible Officer of such Obligor (which is required to occur no less frequently than quarterly).

“OC Ratio” means, as of any Business Day, the ratio of (a) the Borrowing Base to (b) the sum of (x) the aggregate outstanding principal balance of the Advances and (y) the Dollar Equivalent of the aggregate purchase price of all Collateral Loans for which the Borrower has entered into a binding commitment to purchase that have not yet settled.

“OC Ratio Breach” means, on any Business Day, a failure of the Minimum OC Coverage Test.

“OC Ratio Posting Payment” has the meaning assigned to such term in Section 6.02.

“OECD” means the Organisation for Economic Co-Operation and Development.

“OFAC” means the U.S. Office of Foreign Assets Control.

“Ongoing Recurring Revenue Loan Eligibility” means a Collateral Loan that satisfies the definition of Recurring Revenue Loan and has a Net-Debt-to-Recurring-Revenue Ratio of 3.00x or less as of the most recent Obligor Measurement Date.

“Optional Sale” has the meaning assigned to such term in Section 10.01(e).

“Optional Sale Date” means any Business Day, provided 45 days’ prior written notice is given in accordance with Section 10.01(e).

“Other Connection Taxes” means, in the case of any Secured Party, any Taxes imposed as a result of a present or former connection between such Secured Party and the jurisdiction imposing such Tax (other than connections arising from such Secured Party having executed, delivered, become a party to, performed obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced this Agreement, the Notes or any other Facility Document).

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to any Facility Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 13.03(h)).

“Partial PIK Loan” means a Collateral Loan that requires the Obligor to pay only a portion of the accrued and unpaid interest in Cash on a current basis, the remainder of which is or can be deferred and paid later; provided that (x) the portion of such interest required to be paid in Cash pursuant to the terms of the applicable Related Documents carries a current Cash pay interest rate paid at a fixed rate of not less than 3.5% *per annum*, (y) the terms of the applicable Related Documents do not permit the amount of current Cash pay interest to be less than 25% of the ordinary specified interest at any time and (z) the terms of the applicable Related Documents do not permit any accrued and unpaid interest to be deferred for more than 12 months or paid later than the date that is 12 months after the initial due date for such interest.

“Participant” means any bank or other Person to whom a participation is sold as permitted by Section 13.06(c).

“Participant Register” has the meaning assigned to such term in Section 13.06(c)(ii).

“PATRIOT Act” has the meaning assigned to such term in Section 13.15.

“Payment Account” has the meaning assigned to such term in Section 8.03.

“Payment Date” means the 15th day of each month, commencing with October 2020; provided that, if any such day is not a Business Day, then such Payment Date shall be the next succeeding Business Day.

“Payment Date Report” has the meaning assigned to such term in Section 8.07(b).

“Payment Date Report Determination Date” has the meaning assigned to such term in Section 8.07(b).

“PBGC” means the Pension Benefit Guaranty Corporation, or any successor agency or entity performing substantially the same functions.

“Percentage” means with respect to any Lender as of any date of determination, (a) with respect to each Lender party hereto and listed on Schedule 1, the percentage applicable to such Lender on such date of determination as specified on Schedule 1, as such amount is reduced by any Assignment and Acceptance entered into by such Lender with an assignee or increased by any Assignment and Acceptance entered into by such Lender with an assignor, and (b) with respect to each Lender that has become a party hereto pursuant to an Assignment and Acceptance and not listed on Schedule 1, the percentage set forth therein as such Lender’s

Percentage, in each case as such amount is reduced by an Assignment and Acceptance entered into between such Lender and an assignee or increased by any Assignment and Acceptance entered into by such Lender with an assignor.

“Permitted Assignee” means (a) a Lender or any of its Affiliates or (b) any Person managed by a Lender or any of its Affiliates.

“Permitted Currencies” means Pounds Sterling, Euro, Dollars and Canadian Dollars.

“Permitted Distribution” means, on any Business Day, distributions of (x) Interest Proceeds so long as immediately after giving effect to such Permitted Distribution, sufficient Interest Proceeds remain to pay all amounts payable on the immediately following Payment Date pursuant to Section 9.01(a)(i) as determined by the Servicer in good faith and/or (y) prior to the last day of the Reinvestment Period, Principal Proceeds; provided that amounts may be distributed pursuant to this definition so long as (i) no Event of Default has occurred and is continuing (or would occur after giving effect to such Permitted Distribution), (ii) the Minimum OC Coverage Test is satisfied immediately prior to and immediately after giving effect to such Permitted Distribution and (iii) solely with respect to clause (y) above, the OC Ratio as of such date is equal to or greater than 1.20:1.00. Notwithstanding the foregoing, nothing in this definition shall limit the right or ability of the Borrower to make a Permitted Tax Distribution.

“Permitted Liens” means any of the following: (a) Liens for Taxes if such Taxes shall not at the time be due and payable or if a Person shall currently be contesting the validity thereof in good faith by appropriate proceedings and with respect to which reserves in accordance with GAAP have been provided on the books of such Person; (b) Liens imposed by law, such as materialmen’s, warehousemen’s, mechanics’, carriers’, workmen’s and repairmen’s Liens and other similar Liens, arising by operation of law in the ordinary course of business for sums that are not overdue or are being contested in good faith; (c) Liens granted pursuant to or by the Facility Documents, (d) judgement Liens not constituting an Event of Default hereunder, (e) bankers’ Liens, rights of setoff and other similar Liens existing solely with respect to cash and cash equivalents on deposit in one or more accounts maintained by such Person, in each case granted in the ordinary course of business in favor of the bank or banks with which such accounts are maintained, securing amounts owing to such bank with respect to cash management, operating account arrangements and netting arrangements, (f) with respect to collateral underlying any Collateral Loan, the Lien in favor of the Borrower herein and Liens permitted under the underlying instruments related to such Collateral Loan, (g) as to any agented Collateral Loan, Liens in favor of the agent on behalf of all the lenders to the related obligor, (h) Liens of clearing agencies, broker-dealers and similar Liens incurred in the ordinary course of business, provided that such Liens (x) attach only to the securities (or proceeds) being purchased or sold and (y) secure only obligations incurred in connection with such purchase or sale, and not any obligation in connection with financing and (i) precautionary Liens, and filings of financing statements under the UCC, covering assets sold or contributed to any Person not prohibited hereunder.

“Permitted Offer” means a tender offer pursuant to the terms of which the offeror offers to acquire a debt obligation (including a Collateral Loan) in exchange for consideration consisting of (x) Cash in an amount equal to or greater than the full face amount of the debt obligation being exchanged plus any accrued and unpaid interest or (y) other debt obligations that rank pari passu or senior to the debt obligation being exchanged which have a face amount equal to or greater than the full face amount of the debt obligation being exchanged and are eligible to be Collateral Loans plus any accrued and unpaid interest in Cash.

“Permitted Refinancing” means any refinancing transaction undertaken by the Equityholder, the Borrower or an Affiliate of the Equityholder that is secured, directly or indirectly, by any Collateral Loan currently or formerly included in the Collateral or any portion thereof or any interest therein released from the Lien of this Agreement.

“Permitted Securitization” means any private or public term or conduit securitization transaction (a) undertaken by the Equityholder, the Borrower or an Affiliate of the Equityholder, that is secured, directly or indirectly, by any Collateral Loan currently or formerly included in the Collateral or any portion thereof or any interest therein released from the Lien of this Agreement, including, without limitation, any collateralized loan obligation or collateralized debt obligation offering or other asset securitization and (b) in the case of a term securitization, in which the Equityholder or an Affiliate thereof or underwriter or placement agent has agreed to purchase or place 100% of the equity and non-investment grade tranches of notes issued in such term securitization transaction. For the avoidance of doubt, notwithstanding any agreement by the Equityholder or an Affiliate to purchase or place 100% of the equity in such term securitization transaction, any such party agreeing to so purchase or place may designate other Persons as purchasers of such equity provided such party or parties remain primarily liable therefor if such designees fail to purchase or place in connection with the closing date of such term securitization and/or, after the closing of such term securitization, may transfer equity it purchases at the closing thereof.

“Permitted Tax Distribution” means distributions to the Equityholder (from the Collection Account or otherwise) to the extent required to allow the Equityholder to make sufficient distributions to qualify as a “regulated investment company” within the meaning of Section 851 of the Code and to otherwise eliminate federal or state income or excise taxes payable by the Equityholder in or with respect to any taxable year of the Equityholder (or any calendar year, as relevant); provided that (A) the amount of any such payments made in or with respect to any such taxable year (or calendar year, as relevant) of the Equityholder shall not exceed 115% of the amounts that the Borrower would have been required to distribute to the Equityholder to: (i) allow the Borrower to satisfy the minimum distribution requirements that would be imposed by Section 852(a) of the Code (or any successor thereto) to maintain its eligibility to be taxed as a regulated investment company for any such taxable year, (ii) reduce to zero for any such taxable year the Borrower’s liability for federal income taxes imposed on (x) its investment company taxable income pursuant to Section 852(b)(1) of the Code (or any successor thereto) or (y) its net capital gain pursuant to Section 852(b)(3) of the Code (or any successor thereto), and (iii) reduce to zero the Borrower’s liability for federal excise taxes for any such calendar year imposed pursuant to Section 4982 of the Code (or any successor thereto),

in the case of each of (i), (ii) or (iii), calculated assuming that the Borrower had qualified to be taxed as a regulated investment company under the Code, (B) after the occurrence and during the continuance of an Event of Default, the amount of Permitted Tax Distributions made in any calendar quarter shall not exceed U.S.\$1,500,000 (or such greater amount consented to by the Administrative Agent in its sole discretion) and (C) amounts may be distributed pursuant to this definition only to the extent of available Excess Interest Proceeds and/or Principal Proceeds and only so long as (x) the Minimum OC Coverage Test is satisfied immediately prior to and immediately after giving effect to such Permitted Tax Distribution (unless otherwise consented to by the Administrative Agent in its sole discretion), (y) the Borrower certifies the above in a RIC Distribution Notice to the Administrative Agent at least two (2) Business Days prior to the applicable distribution and (z) the Borrower provides at least two (2) Business Days' prior written notice thereof to the Administrative Agent and the Collateral Agent.

“Permitted Working Capital Lien” has the meaning assigned to such term in the definition of “First Lien Loan”.

“Person” means an individual or a corporation (including a business trust), partnership, trust, incorporated or unincorporated association, joint stock company, limited liability company, government (or an agency or political subdivision thereof) or other entity of any kind.

“PIK Loan” means a loan (other than a Partial PIK Loan) that permits the Obligor thereon to defer or capitalize any portion of the accrued interest thereon.

“Plan” means an employee pension benefit plan (other than a Multiemployer Plan) that is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code, in any case, which is sponsored by the Borrower or a member of its ERISA Group or to which the Borrower or a member of its ERISA Group is obligated to make contributions or has any liability.

“Plan Asset Rule” has the meaning assigned to such term in Section 4.01(m).

“Portfolio Advance Rate Adjustment” means, as of any date of determination, the percentage set forth on the table below corresponding to the highest Diversity Score then-applicable to the Collateral Loans:

Diversity Score	Advance Rate Adjustment
Less than 4	0%
Greater than or equal to 4, but less than 6	40%
Greater than or equal to 6, but less than 10	60%
Greater than or equal to 10, but less than 14	80%
Greater than or equal to 14	100%

“Post-Default Rate” means a rate *per annum* equal to the Interest Rate otherwise in effect pursuant to this Agreement *plus* 2.00% *per annum*.

“Potential Servicer Removal Event” means any event which, with the passage of time, the giving of notice, or both, would (if not cured or otherwise remedied during such time) constitute a Servicer Removal Event.

“Pounds Sterling” and “£” means the lawful currency of the United Kingdom.

“Pricing Source” means any of Loan Pricing Corporation, Mark-it Partners (formerly known as Loan X), Interactive Data Corporation or another nationally recognized broker-dealer or nationally recognized quotation service mutually agreed from time to time by (a) the Administrative Agent and (b) the Servicer.

“Prime Rate” means the rate determined by BNP from time to time as its prime rate in the United States, such rate to change as and when such designated rate changes. The Prime Rate is not intended to be the lowest rate of interest charged by BNP in connection with extensions of credit to debtors.

“Principal Balance” means, with respect to any loan, as of any date of determination, the outstanding principal amount of such loan, excluding any capitalized interest.

“Principal Collection Subaccount” has the meaning assigned to such term in Section 8.02(a).

“Principal Proceeds” means, with respect to any Collection Period or the related Determination Date, all amounts received by the Borrower during such Collection Period that do not constitute Interest Proceeds, including unapplied proceeds of the Advances and any amounts received by the Borrower as equity contributions (and not designated as Interest Proceeds in accordance with Section 10.04).

“Priority of Payments” has the meaning assigned to such term in Section 9.01(a).

“Private Authorizations” means all franchises, permits, licenses, approvals, consents and other authorizations of all Persons (other than Governmental Authorities).

“Proceeds” has, with reference to any asset or property, the meaning assigned to it under Section 9-102(a)(64) of the UCC and, in any event, shall include any and all amounts from time to time paid or payable under or in connection with such asset or property.

“QIB” has the meaning assigned to such term in Section 13.06(e).

“Qualified Institution” means a depository institution or trust company organized under the laws of the United States of America or any one of the States thereof or the District of Columbia (or any domestic branch of a foreign bank), (a)(i) that has either (A) a long-term unsecured debt rating of “A” or better by S&P and “A2” or better by Moody’s or (B) a short-term unsecured debt rating or certificate of deposit rating of “A-1” or better by S&P or “P-1” or better by Moody’s, (ii) the parent corporation of which has either (A) a long-term unsecured debt rating of “A” or better by S&P and “A2” or better by Moody’s or (B) a short-term unsecured debt rating or certificate of deposit rating of “A-1” or better by S&P and “P-1” or better by

Moody's or (iii) is otherwise acceptable to the Administrative Agent and (b) the deposits of which are insured by the Federal Deposit Insurance Corporation.

“Qualified Purchaser” has the meaning assigned to such term in Section 13.06(e).

“Recipient” means the Administrative Agent and each Lender.

“Recurring Revenue” means, with respect to any Obligor, (a) the “Recurring Revenue” of such Obligor or any comparable term defined in the Related Documents, or (b) in the case of any Collateral Loan with respect to which the Related Documents do not include a definition of “Recurring Revenue” or any comparable term, the amount of revenues of such Obligor in respect of perpetual licenses, subscription agreements, maintenance streams or other similar and perpetual cash flow streams, as calculated by the Administrative Agent in its sole discretion after consultation with the Servicer or, if agreed to by the Administrative Agent, by the Servicer in good faith in accordance with the Servicing Standard using information from and calculations consistent with the relevant compliance statements and financial reporting packages provided by the relevant Obligor as per the requirements of the Related Documents.

“Recurring Revenue Loan” means a Collateral Loan that meets each of the following criteria as of the date of acquisition by the Borrower, subject to waiver by the Administrative Agent in accordance with the definition of Eligible Collateral Loan hereto (for the avoidance of doubt, if any Collateral Loan does not meet the below listed conditions, but such failure is waived by the Administrative Agent, such Collateral Loan shall still be subject to the Advance Rates, Concentration Limitations and Revaluation Events applicable to Recurring Revenue Loans set forth herein):

(a) such Collateral Loan is a First Lien Loan;

(b) the Obligor with respect to such Collateral Loan is in a high growth industry or industry that customarily has businesses with recurring revenue models as determined by the Administrative Agent in its sole discretion or, if agreed to by the Administrative Agent, by the Servicer, in good faith in accordance with the Servicing Standard;

(c) the Obligor with respect to such Collateral Loan has generated a minimum of \$15,000,000 in TTM Recurring Revenue during the most recent reporting period;

(d) the Net-Debt-to-Recurring-Revenue Ratio with respect to such Collateral Loan is less than 2.50:1.00 as of the later of the initial closing date of such Collateral Loan or the most recent Obligor Measurement Date, as applicable; and

(e) the Related Documents for such Collateral Loan require the Obligor with respect to such Collateral Loan to meet a minimum of two (2) financial covenants as determined by the Administrative Agent in its sole discretion, including a covenant for minimum liquidity and maximum ratio of principal loan amount outstanding to TTM Recurring Revenue.

“Register” has the meaning assigned to such term in Section 13.06(d).

“Regulation T,” “Regulation U” and “Regulation X” mean Regulation T, U and X, respectively, of the Board of Governors of the Federal Reserve System, as in effect from time to time.

“Reinvestment Period” means the period from and including the Closing Date to and including the earlier of (a) the date that is the third anniversary of the Closing Date (or such later date as may be agreed by the Borrower, the Administrative Agent and each Lender pursuant to Section 2.16) and (b) the date of the termination of the Individual Lender Maximum Funding Amounts pursuant to Section 6.01.

“Related Documents” means, with respect to any Collateral Loan, (i) the loan or credit agreement evidencing such Collateral Loan, (ii) the principal security agreement, and (iii) if the same can be obtained without undue expense or effort, all other documents evidencing, securing, guarantying, governing or giving rise to such Collateral Loan but, for the avoidance of doubt, excluding immaterial certificates, notices and other ancillary documentation.

“Relevant Test Period” means, with respect to any Collateral Loan, the relevant test period for the calculation of EBITDA, Interest Coverage Ratio or Senior Net Leverage Ratio, as applicable, for such Collateral Loan in the applicable Related Documents or, if no such period is provided for therein, for Obligors delivering monthly financial statements, each period of the last twelve consecutive reported calendar months, and for Obligors delivering quarterly financial statements, each period of the last four consecutive reported fiscal quarters of the principal Obligor on such Collateral Loan; provided that, with respect to any Collateral Loan for which the relevant test period is not provided for in the applicable Related Documents, if an Obligor is a newly-formed entity as to which twelve consecutive calendar months have not yet elapsed, “Relevant Test Period” shall initially include the period from the date of formation of such Obligor or closing date of the applicable Collateral Loan to the end of the twelfth calendar month or fourth fiscal quarter (as the case may be) from the date of formation or closing, as applicable, and shall subsequently include each period of the last twelve consecutive reported calendar months or four consecutive reported fiscal quarters (as the case may be) of such Obligor.

“Requested Amount” has the meaning assigned to such term in Section 2.03.

“Required Lenders” means, as of any date of determination, the Administrative Agent and Lenders having aggregate Percentages greater than or equal to 66 2/3%; provided, however, that if any Lender shall be a Defaulting Lender at such time, then Advances owing to such Defaulting Lender and such Defaulting Lender’s unfunded Individual Lender Maximum Funding Amounts shall be excluded from the determination of Required Lenders.

“Resolution Authority” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“Responsible Officer” means (a) in the case of (i) a corporation or (ii) a partnership or limited liability company that, in each case, pursuant to its Constituent

Documents, has officers, any chief executive officer, chief financial officer, chief administrative officer, managing director, president, senior vice president, vice president, assistant vice president, treasurer, director or manager, and, in any case where two Responsible Officers are acting on behalf of such entity, the second such Responsible Officer may be a secretary or assistant secretary (provided that a director or manager of the Borrower shall be a Responsible Officer regardless of whether its Constituent Documents provide for officers), (b) without limitation of clause (a)(ii), in the case of a limited partnership, the Responsible Officer of the general partner, acting on behalf of such general partner in its capacity as general partner, (c) without limitation of clause (a)(ii), in the case of a limited liability company, any Responsible Officer of the sole member or managing member, acting on behalf of the sole member or managing member in its capacity as sole member or managing member, (d) in the case of a trust, the Responsible Officer of the trustee, acting on behalf of such trustee in its capacity as trustee, (e) an “authorized signatory” or “authorized officer” that has been so authorized pursuant to customary corporate proceedings, limited partnership proceedings, limited liability company proceedings or trust proceedings, as the case may be, and that has responsibilities commensurate with the matter for which it is acting as a Responsible Officer: the initial “authorized signatories” of the parties hereto are set forth on Schedule 6 (as such Schedule 6 may be modified from time to time by written notice), and (f) in the case of the Custodian, the Securities Intermediary, the Collateral Agent or Administrative Agent, an officer of the Custodian, the Securities Intermediary, the Collateral Agent or Administrative Agent, as applicable, having direct responsibility for the administration of this Agreement.

“Retained Interest” has the meaning assigned to such term in Section 13.22(a).

“Retention Basis Amount” means the nominal value of all Collateral Loans held by the Borrower from time to time.

“Retention Holder Originated Collateral Loan” means (a) a Collateral Loan which the Equityholder, itself or through related entities, directly or indirectly, was involved in the original agreement which created the obligations or potential obligations of the debtor or potential debtor giving rise to such Collateral Loan; or (b) a Collateral Loan which the Equityholder purchased on its own account before transferring it to the Borrower.

“Revaluation Event” means, with respect to any Collateral Loan as of any date of determination, the occurrence of any one or more of the following events after the date on which such Collateral Loan is acquired by the Borrower (any of which, for the avoidance of doubt, may occur more than once):

(a) the Interest Coverage Ratio of the Obligor of such Collateral Loan (x) decreases by 15.0% or more from the time the Collateral Loan was acquired by the Borrower and (y) is less than 1.80:1.00;

(b) the Senior Net Leverage Ratio for the current period of the related Obligor with respect to such Collateral Loan increases by the greater of (x) 20.00% or (y) 1.00:1.00, or more, in either case, from the ratio calculated on the date the Borrower acquired such Collateral Loan;

(c) an Insolvency Event occurs with respect to the Obligor;

(d) an Obligor defaults in the payment of principal or interest on revolving loan facilities (after giving effect to any applicable grace period under the Related Documents, but not to exceed five days) with respect to such Collateral Loan or any other debt obligation of such Obligor secured by the same collateral and which is senior or *pari passu* to such Collateral Loan or the occurrence of any other default with respect to such Collateral Loan, in each case, together with the election by any agent or lender (including the Borrower) to accelerate such Collateral Loan or to enforce any other material secured creditor rights or remedies;

(e) the occurrence of a Material Modification with respect to such Collateral Loan that was not approved by the Administrative Agent (in its sole discretion); or

(f) the related Obligor fails to deliver to the Borrower or the Servicer any financial reporting information (i) as required by the Related Documents of such Collateral Loan (after giving effect to any applicable grace period thereunder) and (ii) no less frequently than quarterly (subject to the delivery requirements of the Related Documents);

provided that, for any Collateral Loan that is determined to be a Recurring Revenue Loan, the Revaluation Events in respect of such Recurring Revenue Loan will be determined by the Administrative Agent in its sole discretion and provided by the Administrative Agent to the Servicer in writing prior to the initial inclusion of such Recurring Revenue Loan in the Borrowing Base or, if agreed to by the Administrative Agent, the Revaluation Events provided by the Servicer to the Administrative Agent.

“Revolving Collateral Loan” means any Collateral Loan (other than a Delayed Drawdown Collateral Loan) that is a loan (including revolving loans, funded and unfunded portions of revolving credit lines and letter of credit facilities, unfunded commitments under specific facilities and other similar loans and investments) that by its terms may require one or more future advances to be made to the related Obligor by the Borrower and which provides that such borrowed money may be repaid and re-borrowed from time to time; provided that any such Collateral Loan will be a Revolving Collateral Loan only until all commitments to make revolving advances to the Obligor expire or are terminated or irrevocably reduced to zero.

“Revolving Exposure” means, at any time, the sum of the Dollar Equivalent of the aggregate Unfunded Amount of each Collateral Loan (including each Ineligible Collateral Loan and each Defaulted Collateral Loan) at such time.

“Revolving Reserve Account” has the meaning assigned to such term in Section 8.04.

“RIC Distribution Notice” means a written notice setting forth the calculation of the Borrower’s net taxable income (determined as if the Borrower were a domestic corporation

for U.S. federal income tax purposes) and of any Permitted Tax Distribution and certifying that the Equityholder remains a “regulated investment company” under Subchapter M of the Code.

“S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services, LLC business.

“Sale Settlement Condition” means, with respect to any binding commitment of the Borrower to sell a Collateral Loan, a condition that is beyond the control of the Borrower and/or the Servicer, as certified in writing by the Servicer to the Administrative Agent, which has resulted in the settlement of such sale not occurring within 30 days of the date of the Borrower entering into such binding commitment to sell.

“Sale Settlement Pending Collateral” means, on any date of determination, Collateral Loans that the Borrower, within the immediately preceding 30 days (or if a Sale Settlement Condition applies, within the immediately preceding 60 days (or any longer period to which the Administrative Agent may agree)), has entered into a binding commitment to sell that has not settled.

“Sanctioned Country” has the meaning given to such term in Section 4.01(r).

“Sanctioned Person” has the meaning given to such term in Section 4.01(r).

“Sanctions” means any economic or trade sanctions or restrictive measures enacted, administered, imposed or enforced by the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC), the U.S. Department of State, the United Nations Security Council, the European Union or any EU member state, the French Republic, Her Majesty’s Treasury and/or any other relevant sanctions authority.

“Scheduled Distribution” means, with respect to any Collateral Loan, for each Due Date, the scheduled payment of principal and/or interest and/or fees due on such Due Date with respect to such Collateral Loan.

“Screen Rate” has the meaning assigned to it in the definition of “LIBOR.”

“Second Lien Loan” means any Collateral Loan (for purposes of this definition, a “loan”) that meets the following criteria:

- (a) is secured by a pledge of collateral, which security interest is validly perfected and second priority (subject to liens permitted under the related underlying instruments that are reasonable and customary for similar Collateral Loans) under Applicable Law (other than a Collateral Loan that is second priority to a Permitted Working Capital Lien); and
- (b) the Servicer determines in good faith that the value of the collateral securing the Collateral Loan (including based on enterprise value) on or about the time of origination or acquisition by the Borrower equals or exceeds the outstanding principal

balance of the Collateral Loan plus the aggregate outstanding balances of all other Collateral Loans of equal or higher seniority secured by the same collateral.

“Secured Parties” means the Administrative Agent, the Collateral Agent, the Custodian, each Lender and the Securities Intermediary.

“Securities Act” means the Securities Act of 1933 and the rules and regulations promulgated thereunder, all as from time to time in effect.

“Securities Intermediary” means U.S. Bank in its capacity as Securities Intermediary under the Account Control Agreement and any other entity as defined in Section 8-102(a)(14) of the UCC.

“Securitisation Regulation” means Regulation (EU) 2017/2402.

“Security Entitlement” has the meaning specified in Section 8-102(a)(17) of the UCC.

“Senior Net Leverage Ratio” means, with respect to any Collateral Loan for any Relevant Test Period, the meaning of “Senior Net Leverage Ratio” or any comparable term defined in the Related Documents for such Collateral Loan, and in any case that “Senior Net Leverage Ratio” or such comparable term is not defined in such Related Documents, the ratio of (a) total indebtedness of the Obligor (other than indebtedness of such Obligor that is junior in terms of lien subordination to indebtedness of such Obligor held by the Borrower) *minus* Unrestricted Cash and cash equivalents to (b) EBITDA as calculated by the Servicer in accordance with the Servicing Standard.

“Servicer” means Ares Capital Corporation, in its capacity as servicer hereunder and any successor thereto in accordance herewith.

“Servicer Expense Cap” means, for any Payment Date, an amount not to exceed \$75,000 during any twelve (12) month period.

“Servicer Expenses” means the out-of-pocket expenses incurred by the Servicer in connection with the Facility Documents.

“Servicer Fee” means, for any Collection Period, an amount equal to the product of (i) 0.50% *per annum* multiplied by (ii) the Fee Basis Amount (calculated on the basis of a 360-day year and the actual number of days elapsed in the related Collection Period).

“Servicer Removal Event” means any one of the following events:

(a) except as set forth in another clause of this definition, the Servicer breaches in any material respect any covenant or agreement applicable to it under this Agreement or any other Facility Document to which it is a party (it being understood that failure to meet the Minimum OC Coverage Test, any Concentration Limitation or the Collateral Quality Test is not a breach under this clause (a)), and, if capable of being

cured, is not cured within 30 days of the earlier of (i) a Responsible Officer of the Servicer acquiring actual knowledge of such breach or (ii) the Servicer receiving written notice from either Agent of such breach;

(b) [reserved];

(c) an act by the Servicer, or any of its senior investment personnel actively involved in managing the portfolio of the Borrower, that constitutes fraud or criminal activity in the performance of its obligations under the Facility Documents or the Servicer or any of its senior investment personnel actively involved in managing the portfolio of the Borrower being indicted for a criminal offense materially related to its asset management business; provided that the Servicer will be deemed to have cured any event of cause pursuant to this clause (c) if the Servicer (A)(x) with respect to any such person indicted for a criminal offense materially related to its asset management business, removes or causes the removal of such person from having any responsibility for the performance of the Servicer in managing the portfolio of the Borrower, or (y) terminates or causes the termination of employment of all individuals who engaged in the conduct constituting cause pursuant to this clause (c) and (B) makes the Borrower whole for any actual financial loss that such conduct caused the Borrower;

(d) the failure of any representation, warranty, or certification made or delivered by the Servicer in or pursuant to this Agreement or any other Facility Document to be correct when made that has a Material Adverse Effect on the Borrower or any Secured Party and is either incapable of being cured or is not cured within 30 days of the earlier of (i) a Responsible Officer of the Servicer acquiring actual knowledge of such breach or (ii) the Servicer receiving written notice from either Agent of such breach;

(e) the rendering of one or more final judgments, decrees or orders by a court or arbitrator of competent jurisdiction for the payment of money in excess individually or in the aggregate of \$100,000,000, with respect to the Servicer (in each case, net of amounts covered by insurance), and the Servicer shall not have either (i) discharged, satisfied or provided for the discharge or satisfaction of any such judgment, decree or order in accordance with its terms or (ii) perfected a timely appeal of such judgment, decree or order and caused the execution of same to be stayed, vacated or bonded during the pendency of the appeal, in each case, within sixty (60) days from the date of entry thereof;

(f) the Servicer shall have made payments to settle any litigation, claim or dispute (in each case, net of amounts covered by insurance) totaling more than, in the aggregate, \$100,000,000;

(g) an Insolvency Event relating to the Servicer occurs;

(h) except as permitted hereunder, the Servicer or an Affiliate thereof ceases to be the Servicer;

(i) any failure by the Servicer to deliver any required reporting under the Facility Documents on or before the date occurring five (5) Business Days after the date such report is required to be made;

(j) any failure by the Servicer to deposit or credit, or to deliver for deposit, in the Covered Accounts any amount required hereunder to be so deposited, credited or delivered by it, or to make any distributions therefrom required by it, in each case on or before the date occurring three (3) Business Days after the date such deposit or distribution is required to be made by the Servicer; or

(k) a Change of Control occurs.

“Servicer Removal Notice” shall have the meaning assigned to such term in Section 11.01(b).

“Servicing Standard” has the meaning assigned to such term in Section 11.02(d).

“Solvent” means, as to any Person, such Person is not “insolvent” within the meaning of Section 101(32) of the Bankruptcy Code or Section 271 of the Debtor and Creditor Law of the State of New York.

“Specified Eligible Investment” means an Eligible Investment meeting the requirements of Section 8.06(a) and that is available to the Collateral Agent, specified by the Servicer to the Collateral Agent (with a copy to the Administrative Agent) on or prior to the initial Borrowing Date; provided that, so long as no Event of Default shall have occurred and then be continuing, at any time with not less than five Business Days’ notice to the Collateral Agent (with a copy to the Administrative Agent) the Servicer may (and, if the then Specified Eligible Investment is no longer available to the Collateral Agent, shall) designate another Eligible Investment that meets the requirements of Section 8.06(a) and that is available to the Collateral Agent to be the Specified Eligible Investment for purposes hereof. After the occurrence and continuation of an Event of Default, a Specified Eligible Investment shall mean an Eligible Investment meeting the requirements of Section 8.06(a) and which has been selected by the Administrative Agent and specified to the Collateral Agent.

“Structured Finance Obligation” means any debt obligation owing by a special purpose finance vehicle that is secured directly and primarily by, primarily referenced to, and/or primarily representing ownership of, a pool of receivables or a pool of other assets, including collateralized debt obligations, residential mortgage-backed securities, commercial mortgage-backed securities, other asset-backed securities, “future flow” receivable transactions and other similar obligations; provided that loans to financial service companies, factoring businesses, health care providers and other genuine operating businesses do not constitute Structured Finance Obligations.

“Structuring Agent” means BNP Paribas Securities Corp.

“Substitute Eligible Collateral Loan” means each Eligible Collateral Loan pledged by the Borrower to the Collateral Agent, on behalf of the Secured Parties, pursuant to Section 10.01(d).

“Synthetic Security” means a security or swap transaction (excluding, for purposes of this Agreement, a participation interest) that has payments associated with either payments of interest and/or principal on a reference obligation or the credit performance of a reference obligation.

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Trade Date” has the meaning assigned to such term in Section 1.04(l).

“TTM Recurring Revenue” means, with respect to any Obligor and any date, the Recurring Revenue for such Obligor for the trailing twelve months ending on such date, as calculated by the Servicer in good faith in accordance with the Servicing Standard using information from and calculations consistent with the relevant compliance statements and financial reporting packages provided by the relevant Obligor as per the requirements of the Related Documents.

“UCC” means the New York Uniform Commercial Code; provided that if, by reason of any mandatory provisions of law, the perfection, the effect of perfection or non-perfection or priority of the security interests granted to the Collateral Agent pursuant to this Agreement are governed by the Uniform Commercial Code as in effect in a jurisdiction of the United States of America other than the State of New York, then “UCC” means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of such perfection, effect of perfection or non-perfection or priority.

“UK Financial Institution” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“UK Resolution Authority” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“Uncertificated Security” has the meaning specified in Section 8-102(a)(18) of the UCC.

“Unfunded Amount” means, with respect to any Collateral Loan, as of any date of determination, the unfunded commitment of the Borrower with respect to such Collateral Loan as of such date.

“Unrestricted Cash” has the meaning assigned to the term “Unrestricted Cash” or any comparable term defined in the Related Documents for each Collateral Loan, and in any case that “Unrestricted Cash” or such comparable term is not defined in such Related Documents, all cash available for use for general corporate purposes and not held in any reserve account or legally or contractually restricted for any particular purposes or subject to any lien (other than blanket liens permitted under or granted in accordance with such Related Documents).

“Unused Fees” has the meaning assigned to such term in the Lender Fee Letter.

“U.S. Person” means any Person that is a “United States person” as defined in Section 7701(a)(30) of the Code.

“U.S. Tax Compliance Certificate” has the meaning assigned to such term in Section 13.03(g)(iii).

“Volcker Rule” means Section 13 of the U.S. Bank Holding Company Act of 1956, as amended, and the applicable rules and regulations thereunder.

“Weighted Average Advance Rate” means, as of any date of determination with respect to all Eligible Collateral Loans included in the Aggregate Net Collateral Balance, the number obtained by (a) summing the products obtained by *multiplying* (i) the Advance Rate of each Eligible Collateral Loan by (ii) such Eligible Collateral Loan’s contribution to the Aggregate Net Collateral Balance and *dividing* (b) such sum by the Aggregate Net Collateral Balance.

“Weighted Average Class 1 Advance Rate” means, as of any date of determination with respect to all Class 1 Loans included in the Aggregate Class 1 Net Collateral Balance, the number obtained by (a) summing the products obtained by *multiplying* (i) the Advance Rate of each Class 1 Loan by (ii) such Class 1 Loan’s contribution to the Aggregate Class 1 Net Collateral Balance and *dividing* (b) such sum by the Aggregate Class 1 Net Collateral Balance.

“Weighted Average Class 2 Advance Rate” means, as of any date of determination with respect to all Class 2 Loans included in the Aggregate Class 2 Net Collateral Balance, the number obtained by (a) summing the products obtained by *multiplying* (i) the Advance Rate of each Class 2 Loan by (ii) such Class 2 Loan’s contribution to the Aggregate Class 2 Net Collateral Balance and *dividing* (b) such sum by the Aggregate Class 2 Net Collateral Balance.

“Weighted Average Class 3 Advance Rate” means, as of any date of determination with respect to all Class 3 Loans included in the Aggregate Class 3 Net Collateral Balance, the number obtained by (a) summing the products obtained by *multiplying* (i) the Advance Rate of each Class 3 Loan by (ii) such Class 3 Loan’s contribution to the Aggregate Class 3 Net Collateral Balance and *dividing* (b) such sum by the Aggregate Class 3 Net Collateral Balance.

“Weighted Average Life” means, as of any date of determination with respect to all Eligible Collateral Loans, the number of years following such date obtained by:

(a) *summing* the products of (i) the Average Life at such time of each Eligible Collateral Loan *multiplied by* (ii)(A) the Principal Balance *plus* (B) the Unfunded Amount of such Collateral Loan; and

(b) *dividing* such sum by the sum of the Aggregate Principal Balance *plus* the Unfunded Amount of all Eligible Collateral Loans as of such date.

For purposes of the foregoing, the “Average Life” is, on any date of determination with respect to any Eligible Collateral Loan, the quotient obtained by *dividing* (i) the sum of the products of (A) the number of years (rounded to the nearest one hundredth thereof) from such date of determination to the respective dates of each successive Scheduled Distribution of principal of such Collateral Loan and (B) the respective amounts of principal of such Scheduled Distributions by (ii) the sum of all successive Scheduled Distributions of principal on such Collateral Loan. Notwithstanding the foregoing, the Weighted Average Life of a Revolving Collateral Loan shall be excluded from such calculation unless mutually agreed to by the Borrower and the Administrative Agent.

“Withdrawal Liability” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

“Working Capital Revolver” means a revolving lending facility secured on a first lien basis solely by all or a portion of the current assets of the related obligor, which current assets subject to such security interest do not constitute a material portion of the obligor’s total assets (it being understood that such revolving lending facility may be secured on a junior lien basis by other assets of the related obligor).

“Write-Down and Conversion Powers” means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time in relation to any Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described as such in relation to that Bail-in Legislation in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

“Zero Coupon Obligation” means a loan that does not provide for periodic payments of interest in Cash or that pays interest only at its stated maturity.

Section 1.02 Rules of Construction. For all purposes of this Agreement and the other Facility Documents, except as otherwise expressly provided or unless the context otherwise requires, (a) singular words shall connote the plural as well as the singular and vice versa (except as indicated), as may be appropriate, (b) the words “herein,” “hereof” and “hereunder” and other words of similar import used in any Facility Document refer to such Facility Document as a whole and not to any particular article, schedule, section, paragraph, clause, exhibit or other subdivision thereof, (c) the headings, subheadings and table of contents set forth in any Facility Document are solely for convenience of reference and shall not constitute a part of such Facility Document nor shall they affect the meaning, construction or effect of any provision hereof, (d) references in any Facility Document to “include” or “including” shall mean include or including, as applicable, without limiting the generality of any description preceding such term, (e) any definition of or reference to any Facility Document, agreement, instrument or other document shall be construed as referring to such Facility Document, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, restatements, supplements or modifications set forth herein or any other Facility Document), (f) any reference in any Facility Document, including the introduction and recitals to such Facility Document, to any Person shall be construed to include such Person’s successors and assigns (subject to any restrictions set forth herein or in any other applicable agreement), (g) any reference to any law or regulation herein shall refer to such law or regulation as amended, modified, supplemented or replaced from time to time, (h) any Event of Default shall be continuing until expressly waived in writing by the requisite Lenders, (i) except as set forth herein, references herein to the knowledge or actual knowledge of a Person shall mean the actual knowledge following due inquiry of such Person, (j) except as otherwise expressly provided for in this Agreement, any use of “material” or “materially” or words of similar meaning in this Agreement shall mean material, as determined by the Administrative Agent in its reasonable discretion, (k) unless otherwise expressly stated in this Agreement, if at any time any change in generally accepted accounting principles (including the adoption of IFRS) would affect the computation of any covenant (including the computation of any financial covenant) set forth in this Agreement or any other Facility Document, the Borrower and the Administrative Agent shall negotiate in good faith to amend such covenant to preserve the original intent in light of such change; provided, that, until so amended, (i) such covenant shall continue to be computed in accordance with the application of generally accepted accounting principles prior to such change and (ii) the Borrower shall provide to the Administrative Agent a written reconciliation in form and substance reasonably satisfactory to the Administrative Agent, between calculations of such covenant made before and after giving effect to such change in generally accepted accounting principles, (l) the words “execution,” “signed,” “signature,” and words of like import in this Agreement shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act and (m) any reference in any Facility Document to the Interest Collection Subaccount or the Principal Collection Subaccount (or, in each case, amounts on deposit therein) shall be deemed to include any Interest Proceeds or any Principal Proceeds,

respectively, in the CAD Collection Account, the EUR Collection Account and the GBP Collection Account.

Section 1.03 Computation of Time Periods. Unless otherwise stated in the applicable Facility Document, in the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including,” the word “through” means “to and including” and the words “to” and “until” both mean “to but excluding.” Periods of days referred to in any Facility Document shall be counted in calendar days unless Business Days are expressly prescribed. Unless otherwise indicated herein, all references to time of day refer to Eastern standard time or Eastern daylight saving time, as in effect in New York City on such day.

Section 1.04 Collateral Value Calculation Procedures. In connection with all calculations required to be made pursuant to this Agreement with respect to Scheduled Distributions on any Collateral Loan, or any payments on any other assets included in the Collateral, with respect to the sale of and reinvestment in Collateral Loans, and with respect to the income that can be earned on Scheduled Distributions on such Collateral Loans and on any other amounts that may be received for deposit in the Collection Account, the provisions set forth in this Section 1.04 shall be applied. The provisions of this Section 1.04 shall be applicable to any determination or calculation that is covered by this Section 1.04, whether or not reference is specifically made to Section 1.04, unless some other method of calculation or determination is expressly specified in the particular provision.

(a) All calculations with respect to Scheduled Distributions on any Collateral Loan shall be made on the basis of information as to the terms of each such Collateral Loan and upon reports of payments, if any, received on such Collateral Loan that are furnished by or on behalf of the Obligor of such Collateral Loan and, to the extent they are not manifestly in error, such information or reports may be conclusively relied upon in making such calculations.

(b) For purposes of calculating the Minimum OC Coverage Test, except as otherwise specified in the definition thereof, such calculations will not include (i) scheduled interest and principal payments on Defaulted Collateral Loans and Ineligible Collateral Loans unless or until such payments are actually made or such payments are determined likely to be received by the Servicer pursuant to the definition of Collateral Interest Amount and (ii) ticking fees and other similar fees in respect of Collateral Loans, unless or until such fees are actually paid.

(c) For each Collection Period and as of any date of determination, the Scheduled Distribution on any Collateral Loan (other than a Defaulted Collateral Loan or an Ineligible Collateral Loan, which, unless such payments are determined likely to be received by the Servicer pursuant to the definition of Collateral Interest Amount and except as otherwise provided herein, shall be assumed to have Scheduled Distributions of zero) shall be the total amount of (i) payments and collections to be received during such Collection Period in respect of such Collateral Loan, (ii) proceeds of the sale of such Collateral Loan received and, in the case of sales which have not yet settled, to be received during such Collection Period that are not reinvested in additional Collateral Loans or retained in a Collection Account for subsequent reinvestment pursuant to Article X, which proceeds, if received as scheduled, will be available in

a Collection Account and available for distribution at the end of such Collection Period and (iii) amounts referred to in clause (i) or (ii) above that were received in prior Collection Periods but were not disbursed on a previous Payment Date or retained in a Collection Account for subsequent reinvestment pursuant to Article X.

(d) Each Scheduled Distribution receivable with respect to a Collateral Loan shall be assumed to be received on the applicable Due Date.

(e) References in the Priority of Payments to calculations made on a “*pro forma basis*” shall mean such calculations after giving effect to all payments, in accordance with the Priority of Payments, that precede (in priority of payment) or include the clause in which such calculation is made.

(f) For purposes of calculating all Concentration Limitations, in both the numerator and the denominator of any component of the Concentration Limitations, Ineligible Collateral Loans will be treated as having a Principal Balance equal to zero. Except as otherwise provided herein, Ineligible Collateral Loans will not be included in the calculation of the Collateral Quality Test.

(g) Determinations of the Collateral Loans, or portions thereof, that constitute Excess Concentration Amounts will be determined in the way that produces the highest Borrowing Base at the time of determination, it being understood that a Collateral Loan (or portion thereof) that falls into more than one category of Collateral Loans will be deemed, solely for purposes of such determinations, to fall only into the category that produces the highest such Borrowing Base at such time (without duplication).

(h) All calculations required to be made hereunder with respect to the Collateral Loans and the Borrowing Base will be made on a Trade Date basis and after giving effect to (x) all purchases or sales to be entered into on such Trade Date and (y) all Advances requested to be made on such Trade Date plus the balance of all unfunded Advances to be made in connection with the Borrower’s purchase of previously requested (and approved) Collateral Loans.

(i) Unless otherwise expressly provided for herein, all monetary calculations (other than for Dollars) under this Agreement shall be the Dollar Equivalent of such amount, as applicable.

(j) References in this Agreement to the Borrower’s “purchase” or “acquisition” of a Collateral Loan include references to the Borrower’s acquisition of such Collateral Loan by way of a sale and/or contribution from the Equityholder and the Borrower’s making or origination of such Collateral Loan. Portions of the same Collateral Loan acquired by the Borrower on different dates (whether through purchase, receipt by contribution or the making or origination thereof, but excluding subsequent draws under Revolving Collateral Loans or Delayed Drawdown Collateral Loans) will, for purposes of determining the purchase price of such Collateral Loan, be treated as a weighted average purchase price for any particular Collateral Loan.

(k) For the purposes of calculating compliance with each of the Concentration Limitations all calculations will be rounded to the nearest 0.01%.

(l) For purposes of calculating compliance with any test under this Agreement in connection with the acquisition or disposition of a Collateral Loan or Eligible Investment, the trade date (the “Trade Date”) (and not the settlement date) with respect to any such Collateral Loan or Eligible Investment under consideration for acquisition or disposition shall be used to determine whether such acquisition or disposition is permitted hereunder.

ARTICLE II.

ADVANCES

Section 2.01 Revolving Credit Facility. On the terms and subject to the conditions hereinafter set forth, including Article III, each Lender severally agrees to make available to the Borrower an uncommitted revolving credit facility providing for Advances under each Class from time to time in Dollars on any Business Day during the Reinvestment Period (or immediately thereafter pursuant to Section 8.04), *pro rata* based on each Lender’s unused Individual Lender Maximum Funding Amount as of such date, in each case in an aggregate principal amount at any one time outstanding up to but not exceeding such Lender’s Individual Lender Maximum Funding Amount and, as to all Lenders, in an aggregate principal amount at any one time outstanding up to but not exceeding the Maximum Available Amount as then in effect; provided that, after making any such Advance, each Class Minimum OC Coverage Test shall be satisfied.

Within such limits and subject to the other terms and conditions of this Agreement, the Borrower may borrow (and re-borrow) Advances under this Section 2.01 and prepay Advances under Section 2.06. Notwithstanding anything in this Agreement to the contrary, the parties hereto acknowledge that this is an uncommitted facility and there is no express or implied commitment on the part of the Administrative Agent or any Lender to provide any Advance, except that, in the case of Collateral Loans approved by means of an Approval Request or Approved List, the Lenders shall have committed to fund the related Advances (up to the amount(s) specified in the related Approval Request or Approved List) provided that the related conditions precedent set forth in Article III are satisfied.

Section 2.02 Requests for Collateral Loan Approval. (a) Prior to the date of purchase of any loan, the Servicer, on behalf of the Borrower, shall provide to the Administrative Agent (with a copy to the Borrower) a list of loans (the “Asset List”) that the Borrower is requesting be included in the Approved List (as defined below) and which, subject to such inclusion, may be purchased with, if applicable, funds held in the Principal Collection Subaccount, the proceeds of Advances or Principal Proceeds pursuant to Section 10.02. The Borrower (or the Servicer on its behalf) and the Administrative Agent shall adhere to the following procedures in requesting and approving Collateral Loans for purchase:

i. For each loan on the Asset List sent to the Administrative Agent or for any single Approval Request pursuant to clause (vii) below, the Borrower (or the Servicer on its behalf) may provide a notice by electronic mail that contains the information listed in Exhibit I with respect to each loan (which information shall include the amount of the Advance to be requested in order to settle the related purchase) (together with any attachments required in connection therewith, an “Approval Request”).

ii. The initial Asset List which the Administrative Agent has approved for purchase by the Borrower is attached hereto as Schedule 9 (such list, the “Approved List”), which Approved List may be updated from time to time after the Closing Date by the Borrower with the consent of the Administrative Agent.

iii. From the time the Administrative Agent has provided the Approved List, the Borrower shall have the ability to commit to purchase and purchase any loan on the Approved List without further approval by the Administrative Agent only if the Borrower commits to purchase such loan within ten (10) Business Days of approval by the Administrative Agent. On the date occurring ten (10) Business Days after the date of approval by the Administrative Agent, any approved loan, if not purchased or committed to be purchased by the Borrower, will be deemed to be removed from the Approved List.

iv. The Borrower shall have the ability to request (A) an addition to the Approved List by undertaking similar procedure to clause (vii) below, or (B) a removal from the Approved List.

v. [Reserved.]

vi. As early as commercially practicable, but no later than 2:00 p.m. New York City time on the Business Day following the day that the Borrower (or the Servicer on its behalf) purchases a Collateral Loan on the Approved List, the Borrower (or the Servicer on its behalf) shall provide by electronic mail to the Administrative Agent (with a copy to the Borrower and the Collateral Agent) a copy of the Collateral Loan Buy Confirmation.

vii. With respect to loans that are not on the Approved List, the Borrower (or the Servicer on behalf of the Borrower) may send an Approval Request at any time to the Administrative Agent. If the Administrative Agent receives an Approval Request by 12:00 p.m. New York City time on any Business Day, the Administrative Agent shall use commercially reasonable efforts to notify the Servicer and Borrower in writing (including via electronic mail) whether it has approved or rejected such Approval Request by 12:00 p.m. New York City time on or prior to the second Business Day thereafter (it being understood, for the avoidance of doubt, that (x) any Approval Request received by the Administrative Agent after 12:00 p.m. New York City time on any Business Day shall be deemed to have been received on the following Business Day and (y) any Approval Request as to which the Administrative Agent has not notified the Servicer and Borrower that it has approved such Approval Request by 12:00 p.m. New York City time on or prior to the second Business Day thereafter shall be deemed to have been rejected);

provided further that the Borrower shall have the ability to commit to purchase any loan approved and added to the Approved List pursuant to this clause (vii) without further approval by the Administrative Agent only if the Borrower commits to purchase such loan within ten (10) Business Days from the date of such approval by the Administrative Agent. On the date occurring ten (10) Business Days after the date of such approval by the Administrative Agent, any such approved loan, if not purchased or committed to be purchased by the Borrower, will be deemed to be removed from the Approved List.

viii. [Reserved.]

ix. Notwithstanding anything in this Agreement to the contrary, the Administrative Agent shall have the right, acting in its sole and absolute discretion, to (A) approve or reject any Approval Request or any loan in the Asset List, (B) at any time, rescind the approval of any Approval Request or any loan in the Approved List, and (C) request additional information reasonably available to the Borrower regarding any proposed Collateral Loan; provided that any rescission of approval shall not invalidate any commitment to purchase a Collateral Loan entered into by the Borrower (or the Servicer on its behalf) prior to one hour after the delivery (via email) of such rescission; provided, further that the Servicer shall not initiate negotiations to acquire any proposed Collateral Loan on the Approved List after receipt of a notice of rescission in respect thereof.

Section 2.03 Making of the Advances. (a) If the Borrower desires that the Lenders make an Advance under this Agreement with respect to any Loan Class in connection with the Borrower's purchase of a Collateral Loan for which the Approval Request has been approved or which has been identified on the Approved List pursuant to Section 2.02, it shall give the Collateral Agent and the Administrative Agent (with a copy to each Lender) a written notice (each, a "Notice of Borrowing") for such Advance (which notice shall be irrevocable and effective upon receipt) not later than 2:00 p.m. at least one (1) Business Day prior to the day of the requested Advance.

Each Notice of Borrowing shall be substantially in the form of Exhibit B, dated the date the request for the related Advance is being made, signed by a Responsible Officer of the Borrower or the Servicer, as applicable, shall attach a Borrowing Base Calculation Statement (which Borrowing Base Calculation Statement shall give *pro forma* effect to any Collateral Loans being acquired with the proceeds of such Advance on such date or the following Business Day), and shall otherwise be appropriately completed. In addition, the Servicer must provide (or have previously provided) to the Administrative Agent for each Collateral Loan copies of the Asset Information related to such Collateral Loan and such additional materials related to such Collateral Loan as may be reasonably requested by the Administrative Agent. Each Notice of Borrowing shall specify the Class under which the related Advance shall be allocated. The proposed Borrowing Date specified in each Notice of Borrowing shall be a Business Day falling on or prior to the Facility Termination Date, the currency of the Advance requested shall be Dollars and the amount of the Advance requested in such Notice of Borrowing (the "Requested Amount") shall be equal to at least \$500,000 or an integral multiple of \$100,000 in excess

thereof (or, if less, the remaining unfunded Individual Lender Maximum Funding Amounts hereunder or, in the case of Revolving Collateral Loans and Delayed Drawdown Collateral Loans, such lesser amount required to be funded by the Borrower in respect thereof).

(b) Each Lender shall, not later than 2:00 p.m. on each Borrowing Date in respect of Advances under any Class, make its Percentage of the applicable Requested Amount available to the Borrower by disbursing such funds in Dollars to the applicable Principal Collection Subaccount (or in accordance with the wire instructions delivered in connection with the Notice of Borrowing).

(c) [Reserved.]

(d) Notwithstanding anything in this Section 2.03 to the contrary, the Servicer, on behalf of the Borrower, may deliver a Notice of Borrowing to the Collateral Agent and the Administrative Agent (with a copy to each Lender) after 2 p.m. on the first Business Day prior to the proposed Advance and prior to 11 a.m. on the date of the proposed Advance (an "Expedited Notice of Borrowing"). Upon receipt of an Expedited Notice of Borrowing, each Lender shall use commercially reasonable efforts to make such Advance on the proposed funding date set forth in the Expedited Notice of Borrowing subject to the terms and conditions for borrowings otherwise set forth in this Agreement; provided, that if a Lender is unable to make an Advance pursuant to an Expedited Notice of Borrowing due to the occurrence of a force majeure, or any other unexpected and unforeseen event, including, without limitation, market disruptions, such Lender shall make such Advance subject to the terms and conditions for Advances otherwise set forth in this Agreement as soon as such Lender is reasonably able to do so.

Section 2.04 Evidence of Indebtedness. (a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to it and resulting from the Advances made by such Lender to the Borrower, from time to time, including the amounts and currencies of principal and interest thereon and paid to it, from time to time hereunder; provided that the failure of any Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Advances in accordance with the terms of this Agreement.

(b) Any Lender may request that its Advances to the Borrower be evidenced by a Note. In such event, the Borrower shall promptly prepare, execute and deliver to such Lender a Note payable to such Lender and otherwise appropriately completed. Thereafter, the Advances of such Lender evidenced by such Note and interest thereon shall at all times (including after any assignment pursuant to Section 13.06(a)) be represented by a Note payable to such Lender (or registered assigns pursuant to Section 13.06(a)), except to the extent that such Lender (or assignee) subsequently returns any such Note for cancellation and requests that such Advances once again be evidenced as described in clause (a) of this Section 2.04.

Section 2.05 Payment of Principal and Interest. The Borrower shall pay principal and Interest on the Advances as follows:

(a) 100% of the outstanding principal amount of each Advance, together with all accrued and unpaid Interest thereon, shall be payable on the Final Maturity Date.

(b) Interest shall accrue on the unpaid principal amount of each Advance from the date of such Advance until such principal amount is paid in full. The Administrative Agent shall, prior to each Payment Date, determine the accrued and unpaid Interest with respect to each Class for the related Interest Accrual Period and Unused Fees payable thereto using the Interest Rate applicable to such Class during such Interest Accrual Period to be paid by the Borrower on each Payment Date for the related Interest Accrual Period and shall advise each Lender, the Collateral Agent and the Servicer thereof and shall send a consolidated invoice of all such Interest and Unused Fees to the Borrower on the third (3rd) Business Day prior to the Payment Date Report Determination Date with respect to such Payment Date.

(c) Accrued and unpaid Interest with respect to each Class shall be payable in arrears (i) on each Payment Date, and (ii) in connection with any prepayment of the Advances pursuant to Section 2.06(a); provided that (x) with respect to any prepayment in full of the Advances outstanding, accrued and unpaid Interest on such amount through the date of prepayment shall be payable on such date or as otherwise agreed to between the Lenders and the Borrower and (y) with respect to any partial prepayment of the Advances outstanding, accrued and unpaid Interest on such amount through the date of prepayment shall be payable on the Payment Date following such prepayment (or on such date of prepayment if requested by the Administrative Agent).

(d) The obligation of the Borrower to pay the Obligations, including the obligation of the Borrower to pay the Lenders the outstanding principal amount of the Advances and accrued interest thereon, shall be absolute and unconditional, and shall be paid strictly in accordance with the terms hereof (including Section 2.15), under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which the Borrower or any other Person may have or have had against any Secured Party or any other Person except as otherwise provided under the Facility Documents.

Section 2.06 Prepayment of Advances.

(a) Optional Prepayments. The Borrower may, from time to time on any Business Day, voluntarily prepay Advances under one or more Classes in whole or in part, without penalty or premium; provided that the Borrower shall have delivered to the Collateral Agent, the Lenders and the Administrative Agent written notice of such prepayment (such notice, a “Notice of Prepayment”) in the form of Exhibit C not later than 2:00 p.m. one (1) Business Day prior to the date of such prepayment. The Administrative Agent shall promptly notify the Lenders of such Notice of Prepayment. Each such Notice of Prepayment shall specify the portion of the outstanding principal balance under each Class that shall be prepaid and be irrevocable and effective upon receipt and shall be dated the date such notice is being given, signed by a Responsible Officer of the Borrower and otherwise appropriately completed. Each

Notice of Prepayment shall provide for prepayment of Advances by the Borrower pursuant to this Section 2.06(a), in each case, in an aggregate principal amount of at least \$500,000 or, if less, the entire outstanding principal amount of the Advances of the Borrower. If a Notice of Prepayment is given by the Borrower, the Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein.

(b) Mandatory Prepayments. The Borrower shall prepay the Advances on each Payment Date in the manner and to the extent provided in the Priority of Payments.

(c) Additional Prepayment Provisions. Each prepayment pursuant to this Section 2.06 shall be subject to Sections 2.05(c) and 2.11 and applied to the Advances in accordance with the Lenders' respective Percentages.

(d) Re-designation of Class Advances. The Borrower (or the Servicer on its behalf) shall be permitted at any time, upon written notice to the Administrative Agent, each Lender and the Collateral Agent, to re-allocate the aggregate outstanding principal balance under each Class to cause each Class Minimum OC Coverage Test to be satisfied or, if not satisfied, improved. If any of the Class Minimum OC Coverage Tests is not satisfied and such failure has not been cured within five Business Days of the occurrence thereof (provided that no such cure period shall be permitted if an OC Ratio Breach has occurred and is continuing), the Administrative Agent may, upon written notice to the Borrower, each Lender and the Collateral Agent, re-allocate the aggregate outstanding principal balance under each Class so long as after giving effect to such re-allocation, each Class Minimum OC Coverage Test is satisfied or, if not satisfied, improved.

Section 2.07 Changes of Individual Lender Maximum Funding Amounts.

(a) Automatic Reduction and Termination. Subject to the provisions of Section 8.04, the Individual Lender Maximum Funding Amounts of each Lender shall be automatically reduced to zero at 5:00 p.m. on the Facility Termination Date.

(b) Optional Reductions. At any time after the Closing Date, the Borrower shall have the right to terminate or reduce the unused amount of the Facility Amount at any time or from time to time concurrently with the payment of any applicable Facility Reduction Fee payable in connection therewith upon not less than two (2) Business Days' prior notice to the Collateral Agent, the Lenders and the Administrative Agent of each such termination or reduction, which notice shall specify the effective date of such termination or reduction and the amount of any such reduction; provided that (i) the amount of any such reduction of the Facility Amount shall be equal to at least \$500,000 or an integral multiple of \$100,000 in excess thereof or, if less, the remaining unused portion thereof, (ii) no such reduction will reduce the Facility Amount below the sum of (x) the aggregate principal amount of Advances outstanding at such time and (y) the positive difference, if any, between the Revolving Exposure at such time and the amount in the Revolving Reserve Account and (iii) no Facility Reduction Fee shall be payable if a Non-Approval Event has occurred and is continuing or if the reduction occurs in connection with a refinancing of all or a portion of the facility by BNP Paribas or any affiliate thereof. Such notice of termination or reduction shall be irrevocable and effective only upon receipt and shall

be applied *pro rata* to reduce the respective Individual Lender Maximum Funding Amounts of each Lender. Except as otherwise set forth herein, upon the occurrence of the Collection Date, this Agreement shall terminate automatically.

(c) Effect of Termination or Reduction. The Individual Lender Maximum Funding Amounts of the Lenders once terminated or reduced may not be reinstated. Each reduction of the Facility Amount pursuant to this Section 2.07 shall be applied ratably among the Lenders in accordance with their respective Individual Lender Maximum Funding Amounts.

Section 2.08 Maximum Lawful Rate. It is the intention of the parties hereto that the interest on the Advances shall not exceed the maximum rate permissible under Applicable Law. Accordingly, anything herein or in any Note to the contrary notwithstanding, in the event any interest is charged to, collected from or received from or on behalf of the Borrower by the Lenders pursuant hereto or thereto in excess of such maximum lawful rate, then the excess of such payment over that maximum shall be applied first to the payment of amounts then due and owing by the Borrower to the Secured Parties under this Agreement (other than in respect of principal of and interest on the Advances) and then to the reduction of the outstanding principal amount of the Advances of the Borrower.

Section 2.09 Several Obligations. The failure of any Lender to make any Advance to be made by it on the date specified therefor shall not relieve any other Lender of its obligation to make its Advance on such date. Neither Agent shall be responsible for the failure of any Lender to make any Advance, and no Lender shall be responsible for the failure of any other Lender to make an Advance required to be made by such other Lender.

Section 2.10 Increased Costs.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, compulsory loan, insurance charge, special deposit or similar requirement against assets of, deposits with or for account of, or credit extended by, any Affected Person;

(ii) subject any Affected Person to any Taxes (other than (A) Indemnified Taxes and (B) Excluded Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Affected Person or the London interbank market any other condition, cost or expense (other than Taxes), affecting this Agreement or Advances made by such Affected Person by reference to LIBOR or any participation therein;

and the result of any of the foregoing shall be to increase the cost to such Affected Person of making, continuing, converting into or maintaining any Advance made by reference to LIBOR (or of maintaining its obligation to make any such Advance) or to reduce the amount of any sum received or receivable by such Affected Person hereunder (whether of principal, interest or

otherwise), then the Borrower will pay to such Lender such additional amount or amounts as will compensate such Affected Person for such additional costs incurred or reduction suffered as specified in a certificate delivered to the Borrower pursuant to clause (c) of this Section 2.10.

(b) Capital Requirements. If any Affected Person determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Affected Person's capital or on the capital of such Affected Person's holding company, if any, as a consequence of this Agreement or the Advances made by such Affected Person to a level below that which such Affected Person or such Affected Person's holding company could have achieved but for such Change in Law (taking into consideration such Affected Person's policies and the policies of such Affected Person's holding company with respect to capital adequacy and liquidity coverage), by an amount deemed to be material by such Affected Person, then from time to time the Borrower will pay to such Affected Person in Dollars, such additional amount or amounts as will compensate such Affected Person or such Affected Person's holding company for any such reduction suffered or charge imposed; provided that the amounts payable under this Section 2.10(b) shall be without duplication of amounts payable under Section 13.03 and shall not include any Indemnified Taxes or Excluded Taxes.

(c) Certificates from Lenders. A certificate of an Affected Person setting forth in reasonable detail the basis for such demand and the amount or amounts, in Dollars, necessary to compensate such Affected Person or its holding company as specified in clause (a) or (b) of this Section 2.10 shall be promptly delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such amount shown as due on any such certificate on the next Payment Date after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Affected Person to demand compensation pursuant to this Section 2.10 shall not constitute a waiver of such Affected Person's right to demand such compensation; provided that the Borrower shall not be required to compensate an Affected Person pursuant to this Section 2.10 for any costs, reductions, penalties or interest incurred more than nine months prior to the date that such Affected Person notifies the Borrower of the Change in Law giving rise to any increased costs or reductions and of such Affected Person's intention to claim compensation therefor; provided, further, that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof.

(e) Lending Office. Upon the occurrence of any event giving rise to the Borrower's obligation to pay additional amounts to a Lender pursuant to clauses (a) or (b) of this Section 2.10, such Lender will, if requested by the Borrower, use reasonable efforts (subject to overall policy considerations of such Lender) to designate a different lending office if such designation would reduce or obviate the obligations of the Borrower to make future payments of such additional amounts; provided that such designation is made on such terms that such Lender and its lending office suffer no unreimbursed cost or material legal or regulatory disadvantage (as reasonably determined by such Lender), with the object of avoiding future consequence of the event giving rise to the operation of any such provision.

Section 2.11 Compensation; Breakage Payments. The Borrower agrees to compensate each Affected Person from time to time, on the Payment Date (or on the applicable date of prepayment) immediately following such Affected Person's written request (which request shall set forth the basis for requesting such amounts) in accordance with the Priority of Payments, for all reasonable and documented actual losses, expenses and liabilities (including any interest paid by such Affected Person to lenders of funds borrowed to make or carry an Advance bearing interest that was computed by reference to LIBOR and any loss sustained by such Affected Person in connection with the re-employment of such funds but excluding loss of anticipated profits), which such Affected Person may sustain: (i) if for any reason (including any failure of a condition precedent set forth in Article III but excluding a default by the applicable Lender) any Advance bearing interest that was computed by reference to LIBOR by the Borrower does not occur on the Borrowing Date specified therefor in the applicable Notice of Borrowing delivered by the Borrower, and (ii) if any payment or prepayment of any Advance bearing interest that was computed by reference to LIBOR is not made on a Payment Date or pursuant to a Notice of Prepayment given by the Borrower. A certificate as to any amounts payable pursuant to this Section 2.11 submitted to the Borrower by any Lender (with a copy to the Agents, and accompanied by a reasonably detailed calculation of such amounts and a description of the basis for requesting such amounts) shall be conclusive in the absence of manifest error.

Section 2.12 Inability to Determine Rates. If, prior to ~~a Benchmark Transition Start Date and prior to~~ the first day of any Interest Accrual Period or prior to the date of any Advance, as applicable, the Administrative Agent determines that for any reason adequate and reasonable means do not exist for determining LIBOR for the applicable Advances, the Administrative Agent will promptly so notify the Borrower, the Collateral Agent and each Lender; provided that the Administrative Agent has made a similar determination with respect to similarly situated borrowers in similar facilities. Thereafter, the obligation of the Lenders to make Advances shall be suspended until the Administrative Agent (upon the instruction of the Majority Lenders) revokes such notice; provided that new Advances may be made at, and existing Advances would be maintained and converted to bear interest at, the Base Rate. For the avoidance of doubt, this Section 2.12 shall not apply during a Benchmark Unavailability Period.

Section 2.13 Rescission or Return of Payment. The Borrower agrees that, if at any time (including after the occurrence of the Final Maturity Date) all or any part of any payment theretofore made by it to any Secured Party or any designee of a Secured Party is or must be rescinded or returned for any reason whatsoever (including the insolvency, bankruptcy or reorganization of the Borrower or any of its Affiliates), the obligation of the Borrower to make such payment to such Secured Party shall, for the purposes of this Agreement, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence and this Agreement and any other applicable Facility Document shall continue to be effective or be reinstated, as the case may be, as to such obligations, all as though such payment had not been made.

Section 2.14 Post-Default Interest. The Borrower shall pay interest on all Obligations (other than any Administrative Expenses) that are not paid when due (after taking into account any applicable grace periods) for the period from the due date thereof until the date the same is paid in full at the Post-Default Rate. Interest payable at the Post-Default Rate shall be payable on each Payment Date in accordance with the Priority of Payments.

Section 2.15 Payments Generally. (a) All amounts owing and payable to any Secured Party, any Affected Person or any Indemnified Party, in respect of the Advances and other Obligations, including the principal thereof, interest, fees, indemnities, expenses or other amounts payable under this Agreement or any other Facility Document, shall be paid by the Borrower to the applicable recipient in Dollars, in immediately available funds, in accordance with the Priority of Payments, and all without counterclaim, setoff, deduction, defense, abatement, suspension or deferment. Each Lender shall provide wire instructions to the Borrower and the Collateral Agent. All payments made by the Collateral Agent pursuant to a Payment Date Report on any Payment Date shall be wired by the Collateral Agent by 4:00 p.m. on such Payment Date. Prepayments to be made pursuant to Section 2.06 for which the Collateral Agent has received a Notice of Prepayment two (2) Business Days prior to the scheduled date of prepayment shall be wired by the Collateral Agent by 2:00 p.m. on such date. All other payments by the Borrower must be received by the Collateral Agent on or prior to 3:00 p.m. on a Business Day (the Collateral Agent shall then wire such funds to the Lenders by 5:00 p.m. on such Business Day); provided that, payments received by the Collateral Agent after 3:00 p.m. or payments received by the Lenders after 5:00 p.m. on a Business Day will be deemed to have been paid on the next following Business Day. For the avoidance of doubt, for purposes of Section 6.01, amounts paid by the Borrower shall be deemed received upon payment by the Borrower to the Collateral Agent. At no time will the Collateral Agent have any duty (express or implied) to fund (or front or advance) any amount owing by the Borrower hereunder.

(b) Except as otherwise expressly provided herein, all computations of interest, fees and other Obligations shall be made on the basis of a year of 360 days for the actual number of days elapsed in computing interest on any Advance, the date of the making of the Advance shall be included and the date of payment shall be excluded; provided that, if an Advance is repaid on the same day on which it is made, one day's Interest shall be paid on such Advance. All computations made by the Collateral Agent or the Administrative Agent under this Agreement or any other Facility Document shall be conclusive absent manifest error.

(c) Any and all payments made by the Borrower under the Facility Documents shall be made in Dollars. Any Collections on deposit in the Principal Collection Subaccount denominated in a Permitted Currency may be converted by the Collateral Agent into Dollars on any Business Day (other than a Payment Date) pursuant to the definition of "Dollar Equivalent" (x) at the direction of the Servicer so long as no Event of Default exists either prior to or after giving effect to such conversion (as shall be deemed certified by the Servicer upon delivery of any such direction to the Collateral Agent) or (y) if an Event of Default exists, at the direction of the Administrative Agent. The Servicer or the Administrative Agent, as applicable, shall provide no less than one (1) Business Day's prior written notice to the Administrative Agent or the Servicer, as applicable, and the Collateral Agent of any such conversion. The

Servicer shall instruct the Collateral Agent, no later than two (2) Business Days immediately preceding each Payment Date, to convert amounts on deposit in the applicable Collection Account into Dollars pursuant to the definition of “Dollar Equivalent” to the extent necessary to make payments required in Dollars hereunder. All risks and expenses incident to such conversion are the responsibility of the Borrower and the Collateral Agent shall have (x) no responsibility for fluctuations in exchange rates affecting any Collections or conversion thereof and (y) to the extent it complies with the instructions provided by the Servicer or the Administrative Agent, no liability for any losses incurred or resulting from the rates obtained in such foreign exchange transactions.

Section 2.16 Extension of Facility Termination Date. The Borrower shall have an option to extend the Facility Termination Date one time, by not longer than one year, subject to the satisfaction of conditions precedent to be agreed between the parties.

Section 2.17 Defaulting Lenders. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as that Lender is no longer a Defaulting Lender, to the extent permitted by Applicable Law:

(i) That Defaulting Lender’s right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in Section 13.01(d).

(ii) Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of that Defaulting Lender (whether voluntary or mandatory, at maturity, or otherwise), shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by that Defaulting Lender to the Administrative Agent hereunder; *second*, as the Borrower may request (so long as no Event of Default or Default exists), to the funding of any Advance in respect of which that Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *third*, if so determined by the Administrative Agent and the Borrower, to be held as cash collateral for future funding obligations of that Defaulting Lender to fund Advances under this Agreement; *fourth*, to the payment of any amounts owing to other Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender against that Defaulting Lender as a result of that Defaulting Lender’s breach of its obligations under this Agreement; *fifth*, so long as no Event of Default or Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by such Borrower against that Defaulting Lender as a result of that Defaulting Lender’s breach of its obligations under this Agreement; and *sixth*, to that Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if such payment is a payment of the principal amount of any Advances in respect of which that Defaulting Lender has not fully funded its appropriate share, such payment shall be applied solely to pay the Advances of all non-Defaulting Lenders on a *pro rata* basis prior to being applied to the payment of any Advances of that Defaulting Lender. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that

are applied (or held) to pay amounts owed by a Defaulting Lender or to post cash collateral pursuant to this Section 2.17 shall be deemed paid to and redirected by that Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) For any period during which that Lender is a Defaulting Lender, that Defaulting Lender shall not be entitled to receive any Unused Fee for any period during which that Lender is a Defaulting Lender (and the Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to such Defaulting Lender).

(b) If the Administrative Agent and the Borrower agree that a Defaulting Lender should no longer be deemed to be a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any cash collateral), that Lender will, to the extent applicable, purchase that portion of outstanding Advances of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Advances to be held on a *pro rata* basis by the Lenders in accordance with their respective Individual Lender Maximum Funding Amounts, whereupon that Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrowers while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

Section 2.18 LIBOR Discontinuation. (a) Without prejudice to any other provision of this Agreement, each party hereto acknowledges and agrees for the benefit of each of the other parties hereto: ~~(a)~~ LIBOR (i) may be subject to methodological or other changes which could affect its value, ~~(ii) may not comply with applicable laws and regulations (such as the Regulation (EU) 2016/1011 of the European Parliament and of the Council, as amended)~~ and/or ~~(iii)~~ may be permanently discontinued; and ~~(b)~~ the occurrence of any of the aforementioned events and/or a Benchmark Transition Event may have adverse consequences which may materially impact the economics of the financing transactions contemplated under this Agreement.

(b) Benchmark Replacement. Notwithstanding anything to the contrary herein or in any other Facility Document, ~~upon the occurrence of~~ a Benchmark Transition Event or an Early Opt-in Election, as applicable, ~~the Administrative Agent and the Borrower may amend this Agreement to replace LIBOR with a Benchmark Replacement. Any such amendment with respect to a Benchmark Transition Event or, to the extent BNP Paribas' Individual Lender Maximum Funding Amount is at least 50% of the Maximum Facility Amount, Early Opt-in Election will become effective at 5:00 p.m. and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then (x) if a Benchmark Replacement is determined in accordance with clause (1) or (2) of the definition of "Benchmark Replacement" for such~~

Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Facility Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Facility Document and (y) if a Benchmark Replacement is determined in accordance with clause (3) of the definition of “Benchmark Replacement” for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Facility Document in respect of any Benchmark setting at or after 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the ~~Administrative Agent has posted such proposed amendment to all Lenders, the Borrower, the Servicer, the Equityholder and the Collateral Agent~~ date notice of such Benchmark Replacement is provided to the Lenders without any amendment to, or further action or consent of any other party to, this Agreement or any other Facility Document so long as the Administrative Agent has not received, by such time, written notice of objection to such ~~amendment~~Benchmark Replacement from Lenders comprising the Majority Lenders. ~~So long as BNP Paribas' Individual Lender Maximum Funding Amount is less than 50% of the Maximum Facility Amount, any such amendment with respect to an Early Opt-in Election will become effective on the date that Lenders comprising the Majority Lenders have delivered to the Administrative Agent written notice that such Majority Lenders accept such amendment. No replacement of LIBOR with a Benchmark Replacement pursuant to this Section 2.18 will occur prior to the applicable Benchmark Transition Start Date.~~

(c) Term SOFR Transition Event. Notwithstanding anything to the contrary herein or in any other Facility Document and subject to the proviso below in this paragraph, if a Term SOFR Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then the applicable Benchmark Replacement will replace the then-current Benchmark for all purposes hereunder or under any Facility Document in respect of such Benchmark setting and subsequent Benchmark settings, without any amendment to, or further action or consent of any other party to, this Agreement or any other Facility Document; provided that, this clause (c) shall not be effective unless the Administrative Agent has delivered to the Lenders and the Borrower a Term SOFR Notice.

(d) ~~(e)~~ Benchmark Replacement Conforming Changes. In connection with the implementation of a Benchmark Replacement, the Administrative Agent, in consultation with the Borrower, will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Facility Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Facility Document.

(e) ~~(d)~~ Notices; Standards for Decisions and Determinations. The Administrative Agent will promptly notify the Borrower, the Lenders, the Servicer, the Equityholder and the Collateral Agent of (i) any occurrence of a Benchmark Transition Event, a Term SOFR Transition Event or an Early Opt-in Election, as applicable, and its related

Benchmark Replacement Date ~~and Benchmark Transition Start Date~~, (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Benchmark Replacement Conforming Changes ~~and~~, (iv) the removal or reinstatement of any tenor of a Benchmark pursuant to clause (f) below and (y) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Section 2.18, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party ~~hereto~~ to this Agreement or any other Facility Document, except, in each case, as expressly required pursuant to this Section 2.18.

(f) Unavailability of Tenor of Benchmark. Notwithstanding anything to the contrary herein or in any other Facility Document, at any time (including in connection with the implementation of a Benchmark Replacement), (x) if the then-current Benchmark is a term rate (including Term SOFR or LIBOR) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion, in consultation with the Borrower, or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is or will be no longer representative, then the Administrative Agent, in consultation with the Borrower, may modify the definition of "Interest Accrual Period" for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (y) if a tenor that was removed pursuant to clause (x) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is or will no longer be representative for a Benchmark (including a Benchmark Replacement), then the Administrative Agent, in consultation with the Borrower, may modify the definition of "Interest Accrual Period" for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(g) ~~(e)~~ Benchmark Unavailability Period. Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any Notice of Borrowing ~~to be made or any, conversion to or~~ continuation of an Advance to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a Notice of Borrowing of or conversion ~~of such Advance to bear~~ to Advances bearing interest at a rate per annum equal to the Base Rate plus the Applicable Margin.

(h) ~~(f)~~ Certain Defined Terms. As used in this Section 2.18:

"Available Tenor" means, as of any date of determination and with respect to the then-current Benchmark, as applicable, any tenor for such Benchmark or payment period for interest calculated with reference to such

Benchmark, as applicable, that is or may be used for determining the length of an Interest Accrual Period pursuant to this Agreement as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Accrual Period" pursuant to Section 2.18(e).

"Benchmark Replacement" means, for any Available Tenor, the first alternative set forth in the order below that can be determined by the Administrative Agent for the applicable Benchmark Replacement Date:

(1) the sum of: (a) Term SOFR and (b) the related Benchmark Replacement Adjustment;

(2) the sum of: (a) Daily Simple SOFR and (b) the related Benchmark Replacement Adjustment;

(3) ~~"Benchmark Replacement" means~~ the sum of: (a) the alternate benchmark rate ~~(which may include Term SOFR)~~ that has been selected by the Administrative Agent and the Borrower as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate ~~of interest~~ as a replacement ~~to LIBOR for U.S. dollar-denominated~~ for the then-current Benchmark for Dollar-denominated syndicated credit facilities at such time and (b) the related Benchmark Replacement Adjustment; ~~provided that, if the Benchmark Replacement as so determined would be less than zero, the Benchmark Replacement will be deemed to be zero for the purposes of this Agreement.~~

provided that, in the case of clause (1), such Unadjusted Benchmark Replacement is displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion, in consultation with the Borrower; provided further that, notwithstanding anything to the contrary in this Agreement or in any other Facility Document, upon the occurrence of a Term SOFR Transition Event, and the delivery of a Term SOFR Notice, on the applicable Benchmark Replacement Date the "Benchmark Replacement" shall revert to and shall be deemed to be the sum of (a) Term SOFR and (b) the related Benchmark Replacement Adjustment, as set forth in clause (1) of this definition (subject to the first proviso above).

If the Benchmark Replacement as determined pursuant to clause (1), (2) or (3) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Facility Documents.

"Benchmark Replacement Adjustment" means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Interest Accrual Period and Available Tenor for any setting of such Unadjusted Benchmark Replacement:

(1) for purposes of clauses (1) and (2) of the definition of "Benchmark Replacement," the first alternative set forth in the order below that can be determined by the Administrative Agent in consultation with the Borrower:

- (a) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Accrual Period that has been selected or recommended by the Relevant Governmental Body for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for the applicable Corresponding Tenor;
- (b) the spread adjustment (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Accrual Period that would apply to the fallback rate for a derivative transaction referencing the ISDA Definitions to be effective upon an index cessation event with respect to such Benchmark for the applicable Corresponding Tenor; and

~~(2) "for purposes of clause (3) of the definition of "Benchmark Replacement Adjustment" means, with respect to any replacement of LIBOR with an Unadjusted Benchmark Replacement for each applicable Interest Accrual Period,"~~ the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower for the applicable Corresponding Tenor giving due consideration to ~~(a)~~ any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of ~~LIBOR~~such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body on the applicable Benchmark Replacement Date and/or ~~(b)~~ any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of ~~LIBOR~~such Benchmark with the applicable Unadjusted Benchmark Replacement for ~~U.S. dollar-denominated~~Dollar-denominated syndicated credit facilities at such time;

provided that, in the case of clause (1) above, such adjustment is displayed on a screen or other information service that publishes such Benchmark Replacement Adjustment from time to time as selected by the Administrative Agent in its reasonable discretion.

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Business Day," the definition of "Interest Accrual Period," timing and frequency of determining rates and making payments of interest ~~and other,~~ timing of borrowing requests or prepayment, conversion or continuation notices, length of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) that the Administrative Agent reasonably decides in consultation with the Borrower may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of ~~the such~~ Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement; ~~provided that the Administrative Agent has made a similar determination with respect to similarly situated borrowers in similar facilities and the other Facility Documents~~).

"Benchmark Replacement Date" means the ~~earlier~~earliest to occur of the following events with respect to ~~LIBOR~~the then-current Benchmark:

(1) in the case of clause (1) or (2) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of ~~LIBOR~~such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide ~~LIBOR; or~~all Available Tenors of such Benchmark (or such component thereof);

(2) in the case of clause (3) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein;

(3) in the case of a Term SOFR Transition Event, the date that is thirty (30) days after the date a Term SOFR Notice is provided to the Lenders and the Borrower pursuant to Section 2.18(c); or

(4) in the case of an Early Opt-in Election, the sixth (6th) Business Day after the date notice of such Early Opt-in Election is provided to the Lenders, so long as the Administrative Agent has not received, by 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date

notice of such Early Opt-in Election is provided to the Lenders, written notice of objection to such Early Opt-in Election from Lenders comprising the Required Lenders; provided that the Lenders may object to the Benchmark Replacement Adjustment only.

For the avoidance of doubt, (i) if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination and (ii) the “Benchmark Replacement Date” will be deemed to have occurred in the case of clause (1) or (2) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to ~~LIBOR~~the then-current Benchmark:

(1) a public statement or publication of information by or on behalf of the administrator of ~~LIBOR~~such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide ~~LIBOR~~all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide ~~LIBOR~~any Available Tenor of such Benchmark (or such component thereof);

(2) a public statement or publication of information by the regulatory supervisor for the administrator of ~~LIBOR, the U.S. such Benchmark (or the published component used in the calculation thereof), the~~ Federal Reserve System Board, the NYFRB, an insolvency official with jurisdiction over the administrator for ~~LIBOR~~such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for ~~LIBOR~~such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for ~~LIBOR~~such Benchmark (or such component), which states that the administrator of ~~LIBOR~~such Benchmark (or such component) has ceased or will cease to provide ~~LIBOR~~all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide ~~LIBOR~~any Available Tenor of such Benchmark (or such component thereof); or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of ~~LIBOR~~such Benchmark (or the published component used in the calculation thereof) announcing that ~~LIBOR~~

is all Available Tenors of such Benchmark (or such component thereof) are no longer representative.

~~"Benchmark Transition Start Date" means (a) in the case of a Benchmark Transition Event, the earlier of (x) the applicable Benchmark Replacement Date and (y) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication) and (b) in the case of an Early Opt-in Election, the date specified by the Administrative Agent (or the Borrower, as applicable), by notice to the Borrower (or the Administrative Agent, as applicable), the Servicer, the Lenders, the Equityholder and the Collateral Agent.~~

For the avoidance of doubt, a "Benchmark Transition Event" will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

~~"Benchmark Unavailability Period" means, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to LIBOR and solely to the extent that LIBOR has not been replaced with a Benchmark Replacement, the period (if any) (x) beginning at the time that such Benchmark Replacement Date pursuant to clauses (1) or (2) of that definition has occurred if, at such time, no Benchmark Replacement has replaced LIBOR the then-current Benchmark for all purposes hereunder and under any Facility Document in accordance with Section 2.18 and (y) ending at the time that a Benchmark Replacement has replaced LIBOR the then-current Benchmark for all purposes hereunder pursuant to and under any Facility Document in accordance with Section 2.18.~~

"Corresponding Tenor" with respect to any Available Tenor means, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor.

"Daily Simple SOFR" means, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by the Administrative Agent in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining "Daily Simple SOFR" for business loans; provided, that if the Administrative Agent decides that any such convention is not administratively feasible for the Administrative Agent, then the Administrative Agent may establish another convention in its reasonable discretion.

"Early Opt-in Election" means, if the then-current Benchmark is LIBOR, the occurrence of:

(1) ~~(i) a determination~~notification by the Administrative Agent; to (ii) a determination or the request by the Borrower, ~~or (iii) a notification by the Required Lenders~~ to the Administrative Agent ~~(with a copy to the Borrower) that the Required Lenders have determined that U.S. dollar-denominated~~to notify) each of the other parties hereto that at least five currently outstanding Dollar-denominated syndicated credit facilities ~~being executed~~ at such time, ~~or that include language similar to that contained in this Section 2.18 are being executed or amended, as applicable, to incorporate or adopt a new benchmark interest rate to replace LIBOR, and~~ contain (as a result of amendment or as originally executed) a SOFR-based rate (including SOFR, a term SOFR or any other rate based upon SOFR) as a benchmark rate (and such syndicated credit facilities are identified in such notice and are publicly available for review), and

(2) ~~(i) the joint~~ election by the Administrative Agent, ~~(ii) the election by and~~ the Borrower ~~or (iii) the election by the Required Lenders to declare that an Early Opt-in Election has occurred~~to trigger a fallback from LIBOR and the provision, ~~as applicable,~~ by the Administrative Agent of written notice of such election to the ~~Borrower and the Lenders, by the Borrower of written notice of such election to the Administrative Agent and the Lenders, or by the Required Lenders of written notice of such election to the Administrative Agent~~Lenders.

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Floor" means the benchmark rate floor, if any, provided in this Agreement initially (as of the execution of this Agreement, the modification, amendment or renewal of this Agreement or otherwise) with respect to LIBOR.

"ISDA Definitions" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time by the International Swaps and Derivatives Association, Inc. or such successor thereto.

"NYFRB" means the Federal Reserve Bank of New York.

~~"Federal Reserve Bank of New York's NYFRB's Website"~~ means the website of the ~~Federal Reserve Bank of New York~~NYFRB at <http://www.newyorkfed.org>, or any successor source.

"Reference Time" with respect to any setting of the then-current Benchmark means (1) if such Benchmark is LIBOR, 11:00 a.m. (London time) on the day that is two Business Days prior to the first day of the LIBOR Period, and (2) if such Benchmark is not LIBOR, the time determined by the Administrative Agent in its reasonable discretion.

"Relevant Governmental Body" means the Federal Reserve Board ~~and/or the Federal Reserve Bank of New York~~ NYFRB, or a committee officially endorsed or convened by the Federal Reserve Board ~~and/or the Federal Reserve Bank of New York~~ NYFRB, or any successor thereto.

"SOFR" means, with respect to any ~~day means~~ Business Day, a rate per annum equal to the secured overnight financing rate ~~published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York's Website.~~ for such Business Day published by the SOFR Administrator on the SOFR Administrator's Website at approximately 8:00 a.m. (New York City time) on the immediately succeeding Business Day.

"SOFR Administrator" means the NYFRB (or a successor administrator of the secured overnight financing rate).

"SOFR Administrator's Website" means the NYFRB's Website, currently at <http://www.newyorkfed.org>, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

"Term SOFR" means, for the applicable Corresponding Tenor as of the applicable Reference Time, the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

"Term SOFR Notice" means a notification by the Administrative Agent to the Lenders and the Borrower of the occurrence of a Term SOFR Transition Event.

"Term SOFR Transition Event" means the determination by the Administrative Agent in its reasonable discretion in consultation with the Borrower that (a) Term SOFR has been recommended for use by the Relevant Governmental Body, (b) the administration of Term SOFR is administratively feasible for the Administrative Agent and (c) a Benchmark Transition Event or an Early Opt-in Election, as applicable, has previously occurred resulting in a Benchmark Replacement in accordance with Section 2.18 that is not Term SOFR.

"Unadjusted Benchmark Replacement" means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

ARTICLE III.

CONDITIONS PRECEDENT

Section 3.01 Conditions Precedent to Initial Advance. The obligation of each Lender to make its initial Advance hereunder shall be subject to the conditions precedent that the Administrative Agent shall have received on or before the Closing Date the following, each in form and substance reasonably satisfactory to the Administrative Agent:

(a) each of the Facility Documents (other than the Collateral Agent Fee Letter, which shall be delivered directly to the Collateral Agent) duly executed and delivered by the parties thereto, which shall each be in full force and effect;

(b) true and complete copies of the Constituent Documents of the Borrower, the Equityholder and the Servicer as in effect on the Closing Date;

(c) a certificate of a Responsible Officer of the Borrower certifying (i) as to its Constituent Documents, (ii) as to its resolutions or other action of its member approving this Agreement and the other Facility Documents to which it is a party and the transactions contemplated hereby and thereby, (iii) that its representations and warranties set forth in the Facility Documents to which it is a party are true and correct in all material respects as of the Closing Date (except to the extent such representations and warranties expressly relate to any earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date), (iv) that no Default or Event of Default has occurred and is continuing, and (v) as to the incumbency and specimen signature of each of its Responsible Officers authorized to execute the Facility Documents to which it is a party;

(d) [Reserved];

(e) [Reserved];

(f) a certificate of a Responsible Officer of the Servicer certifying (i) as to its Constituent Documents, (ii) as to its resolutions or other action of its board of directors or members approving this Agreement and the other Facility Documents to which it is a party and the transactions contemplated hereby and thereby, (iii) that its representations and warranties set forth in the Facility Documents to which it is a party are true and correct in all material respects as of the Closing Date (except to the extent such representations and warranties expressly relate to any earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date), and (iv) as to the incumbency and specimen signature of each of its Responsible Officers authorized to execute the Facility Documents to which it is a party;

(g) financing statements (or the equivalent thereof in any applicable foreign jurisdiction, as applicable) in proper form for filing on the Closing Date, under the UCC with the Secretary of State of the State of Delaware and any other applicable filing office in any

applicable jurisdiction that the Administrative Agent deems necessary or desirable in order to perfect the interests in the Collateral contemplated by this Agreement;

(h) copies of proper financing statement amendments (or the equivalent thereof in any applicable foreign jurisdiction, as applicable), if any, necessary to release all security interests and other rights of any Person in the Collateral previously granted by the Borrower, the Equityholder or any transferor;

(i) legal opinions (addressed to each of the Secured Parties) of counsel to the Borrower, the Equityholder, the Servicer, the Collateral Agent and the Custodian, covering such matters as the Administrative Agent and its counsel shall reasonably request;

(j) evidence reasonably satisfactory to it that all of the Covered Accounts shall have been established, and the Account Control Agreement shall have been executed and delivered by the Borrower, the Collateral Agent and the Securities Intermediary and shall be in full force and effect;

(k) evidence that (i) all invoiced fees and expenses due and payable to each Lender on or prior to the Closing Date have been received or will be received contemporaneously with the Closing Date; (ii) the reasonable and documented fees and expenses of Cadwalader, Wickersham & Taft LLP, counsel to the Administrative Agent, in connection with the transactions contemplated hereby (to the extent invoiced on or prior the Closing Date) shall have been paid by the Borrower; and (iii) all other reasonable and documented up-front expenses and fees (including legal fees of outside counsel and any fees required under the Collateral Agent Fee Letter) that are invoiced at least one Business Day prior to the Closing Date shall have been paid by the Borrower;

(l) delivery of such Collateral (including any promissory note, executed assignment agreements and Word or pdf copies of the principal credit agreement for each initial Collateral Loan, to the extent received by the Borrower) in accordance with the Custodian Agreement shall have been effected;

(m) a certificate of a Responsible Officer of the Borrower, dated as of the Closing Date, certifying to the effect that, in the case of each item of Collateral pledged to the Collateral Agent, on the Closing Date and, in the case of clauses (i) through (iii) below, immediately prior to the delivery thereof on the Closing Date:

(i) the Borrower is the owner of such Collateral free and clear of any Liens except for those which are being released on the Closing Date or Permitted Liens;

(ii) the Borrower has not assigned, pledged or otherwise encumbered any interest in such Collateral (or, if any such interest has been assigned, pledged or otherwise encumbered, it has been released) other than Permitted Liens or interests granted pursuant to this Agreement; and

(iii) upon the grant by the Borrower, the Collateral Agent has a first priority perfected security interest in the Collateral, except Permitted Liens or as permitted by this Agreement; and

(n) such other opinions, instruments, certificates and documents from the Borrower as the Agents or any Lender shall have reasonably requested.

Section 3.02 Conditions Precedent to Each Advance. The obligation of each Lender to make each Advance to be made by it (including the initial Advance) on each Borrowing Date shall be subject to the fulfillment (or written waiver) of the following conditions; provided that the conditions described in clauses (d) and (e) (other than a Default or Event of Default described in Section 6.01(i)) below need not be satisfied if the proceeds of the Advance are used to fund Revolving Collateral Loans or Delayed Drawdown Collateral Loans then owned by the Borrower to fund the Revolving Reserve Account to the extent required under Section 8.04:

(a) subject to Section 2.02, the Administrative Agent must have received and approved an Approval Request for the loan(s) the Borrower intends to purchase with the proceeds of the Advance and such approval has not expired or been rescinded or the loan(s) the Borrower intends to purchase with the proceeds of the Advance must be on the current Approved List;

(b) the Administrative Agent shall have received a Notice of Borrowing with respect to such Advance (including the Borrowing Base Calculation Statement attached thereto, all duly completed) delivered in accordance with Section 2.03;

(c) immediately before and after the making of such Advance on the applicable Borrowing Date, the Minimum OC Coverage Test shall be satisfied and each Class Minimum OC Coverage Test shall be satisfied (as demonstrated on the Borrowing Base Calculation Statement attached to such Notice of Borrowing) and the Collateral Quality Test will be satisfied, maintained or improved;

(d) each of the representations and warranties of the Borrower, the Servicer and the Equityholder contained in the Facility Documents shall be true and correct in all material respects as of such Borrowing Date (except to the extent such representations and warranties expressly relate to any earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date as if made on such date);

(e) no Default, Event of Default, Potential Servicer Removal Event or Servicer Removal Event shall have occurred and be continuing at the time of the making of such Advance or shall result upon the making of such Advance;

(f) the Reinvestment Period shall not have terminated; and

(g) after giving effect to such Advance, the aggregate outstanding principal balance of the Advances shall not exceed the Maximum Facility Amount.

ARTICLE IV.

REPRESENTATIONS AND WARRANTIES

Section 4.01 Representations and Warranties of the Borrower. The Borrower represents and warrants to each of the Secured Parties on and as of each Measurement Date, as follows:

(a) Due Organization. It is a limited liability company duly formed and validly existing under the laws of the State of Delaware, with full power and authority to own and operate its assets and properties, conduct the business in which it is now engaged and to execute and deliver and perform its obligations under this Agreement and the other Facility Documents to which it is a party.

(b) Due Qualification. It is duly qualified to do business and, to the extent applicable, is in good standing in each other jurisdiction in which the nature of its business, assets and properties, including the performance of its obligations under this Agreement, the other Facility Documents to which it is a party and its Constituent Documents, requires such qualification, except where the failure to be so qualified or in good standing could not reasonably be expected to have a Material Adverse Effect.

(c) Due Authorization; Execution and Delivery; Legal, Valid and Binding; Enforceability. The execution and delivery by it of, and the performance of its obligations under, the Facility Documents to which it is a party and the other instruments, certificates and agreements contemplated thereby are within its powers and have been duly authorized by all requisite action by it and have been duly executed and delivered by it and constitute its legal, valid and binding obligations enforceable against it in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally or general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(d) [Reserved.]

(e) Non-Contravention. None of the execution and delivery by it of this Agreement or the other Facility Documents to which it is a party, the Advances or the pledge of the Collateral hereunder, the consummation of the transactions herein or therein contemplated, or compliance by it with the terms, conditions and provisions hereof or thereof, will (i) conflict with, or result in a breach or violation of, or constitute a default under its Constituent Documents or (ii) conflict with or contravene in any material respect, and with respect to clause (B), result in the creation of a Lien (other than Permitted Liens) under, (A) any Applicable Law, (B) any indenture, agreement or other contractual restriction binding on or affecting it or any of its assets, including any Related Document, or (C) any order, writ, judgment, award, injunction or decree binding on or affecting it or any of its assets or properties.

(f) Governmental Authorizations; Private Authorizations; Governmental Filings. It has obtained, maintained and kept in full force and effect all material Governmental

Authorizations and material Private Authorizations which are necessary for it to properly carry out its business, and made all material Governmental Filings necessary for the execution and delivery by it of the Facility Documents to which it is a party, the Advances under this Agreement, the pledge of the Collateral under this Agreement and the performance by it of its obligations under this Agreement and the other Facility Documents to which it is a party.

(g) Compliance with Agreements, Laws, Etc. It has duly observed and complied in all material respects with all Applicable Laws relating to the conduct of its business and its assets. It has preserved and kept in full force and effect its legal existence. It has preserved and kept in full force and effect its rights, privileges, qualifications and franchises, except where the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

(h) Location. Its office in which it maintains its limited liability company books and records is located at the addresses set forth on Schedule 5. Its registered office and jurisdiction of organization is the jurisdiction referred to in Section 4.01(a).

(i) Investment Company Act. Neither it nor the pool of Collateral is required to register as an “investment company” under the Investment Company Act.

(j) ERISA. Neither it nor any member of the ERISA Group has, or during the past six years had, any liability or obligation with respect to any Plan or Multiemployer Plan that would reasonably be expected to result in a Material Adverse Effect.

(k) Taxes. It is a disregarded entity for U.S. federal income tax purposes. It has filed all income tax returns and all other material tax returns which are required to be filed by it, if any, and has paid all income taxes and all other material taxes shown to be due and payable on such returns, if any, or pursuant to any assessment received by any such Person other than any such taxes, assessments or charges that are being contested in good faith by appropriate proceedings and for which appropriate reserves in accordance with GAAP have been established.

(l) Filings and Stamp Taxes. This Agreement is in proper legal form under the applicable law of the jurisdiction of incorporation or formation of the Borrower for the enforcement hereof or thereof against the Borrower, and to ensure legality, validity, enforceability, priority or admissibility in evidence of this Agreement it is not necessary that (i) this Agreement, or any other document be filed, registered or recorded with, or executed or notarized before, any court or other authority in the jurisdiction of incorporation or formation of the Borrower or (ii) that any registration charge or stamp or similar tax be paid in any jurisdiction on or in respect of this Agreement or any other document.

(m) Plan Assets. Its assets are not treated and during the term of this Agreement will not be treated as “plan assets” for purposes of 29 C.F.R. Section 2510.3-101 and Section 3(42) of ERISA (the “Plan Asset Rule”) and the Collateral is not and during the term of this Agreement will not be deemed to be “plan assets” for purposes of the Plan Asset Rule.

(n) Solvency. After giving effect to each Advance hereunder, and the disbursement of the proceeds of such Advance, it is and will be Solvent.

(o) Representations Relating to the Collateral. (i) It owns and has good and marketable legal and beneficial title to all Collateral Loans and other Collateral free and clear of any Lien or claim of any Person, other than Permitted Liens;

(ii) except for Permitted Liens or as contemplated by the Facility Documents, it has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Collateral. It has not authorized the filing of and is not aware of any financing statements or any equivalent filing in any applicable jurisdiction against it that include a description of collateral covering the Collateral other than any financing statement or any equivalent filing in any applicable jurisdiction relating to the security interest granted to the Collateral Agent hereunder, relating to assets sold or contributed to any Person not prohibited hereunder, relating to the closing of a Permitted Securitization contemplated by Section 10.01(e) or that has been terminated; and it is not aware of any judgment, PBGC liens or tax lien filings against it or any of its assets;

(iii) the Collateral constitutes Money, Cash, accounts (as defined in Section 9-102(a)(2) of the UCC), Instruments, general intangibles (as defined in Section 9-102(a)(42) of the UCC), Uncertificated Securities, Certificated Securities or Security Entitlements to Financial Assets resulting from the crediting of Financial Assets to a “securities account” (as defined in Section 8-501(a) of the UCC);

(iv) all Covered Accounts constitute “securities accounts” under Section 8-501(a) of the UCC;

(v) this Agreement creates a valid, continuing and, upon Delivery of Collateral, filing of the financing statements referred to in clause (viii) below and execution of the Account Control Agreement, perfected security interest (as defined in Section 1-201(37) of the UCC) in the Collateral in favor of the Collateral Agent, for the benefit and security of the Secured Parties, which security interest is prior to all other Liens (other than Permitted Liens) and claims and is enforceable as such against creditors of and purchasers from it, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors’ rights generally or general principles of equity, regardless of whether considered in a proceeding in equity or at law;

(iv) it has received all consents and approvals required by the terms of the Related Documents in respect of such Collateral to the pledge hereunder to the Collateral Agent of its interest and rights in such Collateral;

(vii) with respect to the Collateral that constitutes Security Entitlements, all such Collateral has been and will have been credited to the applicable Covered Account and the Securities Intermediary for each Covered Account has agreed to treat all assets credited to such Covered Account as Financial Assets;

(viii) with respect to Collateral that constitutes accounts or general intangibles (as defined in Section 9-102(a)(42) of the UCC), it has caused or will have caused, on or prior to the Closing Date, the filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under Applicable Law in order to perfect the security interest in the Collateral granted to the Collateral Agent, for the benefit and security of the Secured Parties, hereunder (which it hereby agrees may be an “all assets” filing);

(ix) it has taken all steps necessary to enable the Collateral Agent to obtain “control” (within the meaning of the UCC) with respect to each Covered Account;

(x) the Covered Accounts are in its name and not in the name of any other Person. It has not instructed the Securities Intermediary of any Covered Account to comply with the entitlement order of any Person other than the Collateral Agent; provided that, until the Collateral Agent delivers a notice of exclusive control, it and the Servicer may cause Cash in the Covered Accounts to be invested in Eligible Investments, and the proceeds thereof to be paid and distributed in accordance with this Agreement; and

(xi) all Covered Accounts constitute “securities accounts” as defined in Section 8-501(a) of the UCC.

(p) Eligibility. (i) The information contained in each Notice of Borrowing delivered pursuant to Section 2.03, is an accurate and complete listing of all Collateral Loans included in the Collateral as of the related Borrowing Date and the information contained therein with respect to the identity of such Collateral Loan and the amounts owing thereunder is true, correct and complete as of the related Borrowing Date and (ii) with respect to each Collateral Loan included in any calculation of the Borrowing Base or OC Ratio, such Collateral Loan is an Eligible Collateral Loan at such time; provided that, notwithstanding anything to contrary contained herein, to the extent any such Collateral Loan is repurchased or otherwise removed from the Borrowing Base pursuant to the Loan Sale Agreement, then no such breach of the foregoing clause (ii) shall constitute an Event of Default or other breach of this Agreement.

(q) Anti-Corruption Laws and Anti-Terrorism Laws. None of the Borrower, its subsidiaries, their respective directors or officers, or, to the best knowledge of the Borrower, their respective employees or Persons Controlling or Controlled by the Borrower has engaged in any activity or conduct which would violate any applicable anti-bribery, anti-corruption, anti-terrorism or anti-money laundering laws, regulations or rules in any applicable jurisdiction and the Borrower has instituted and maintains policies and procedures designed to prevent violation of such laws, regulations and rules.

(r) Sanctions. None of the Borrower, its subsidiaries, their respective directors or officers, or, to the best knowledge of the Borrower, their respective employees or Persons Controlling or Controlled by the Borrower is a Person that is, or is owned or controlled by Persons that are: (i) the target of any Sanctions, including any government or governmental agency that is the subject of Sanctions broadly prohibiting dealings with such government or government agency (a “Sanctioned Person”) or (ii) located, organized or resident in a country or

territory that is, or whose government is, the subject of Sanctions broadly prohibiting dealings with such government, country, or territory (a “Sanctioned Country”).

(s) No Default. Neither it nor any of its subsidiaries is in default under or with respect to any contractual obligation or restriction that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(t) No Proceedings. There is no litigation, proceeding or investigation pending or, to its knowledge, threatened against it before any Governmental Authority (i) asserting the invalidity of any Facility Document to which it is a party, (ii) seeking to prevent the consummation of any of the transactions contemplated by any Facility Document to which it is a party or (iii) that could reasonably be expected to have a Material Adverse Effect.

(u) Information. All information heretofore or hereafter furnished by it or on its behalf to any Secured Party in connection with the Facility Documents or any transaction contemplated hereby or thereby is and will be (when taken as a whole) true, complete and correct in all material respects as of the date such information is stated or certified and does not and will not omit to state a material fact necessary to make the statements contained therein not misleading; provided that solely with respect to information furnished by the Borrower which was provided to the Borrower from an Obligor with respect to a Collateral Loan, such information shall only need to be true, complete and correct to the actual knowledge of the Borrower; provided further that, with respect to projected financial information, the Borrower represents only that such information represents the Borrower’s good faith estimates as of the date of preparation thereof, based upon methods and data the Borrower believes to be reasonable and accurate, but actual results during the periods covered by such projections may differ materially from such projections.

(v) Procedures. In selecting and disposing of the Collateral, no selection procedures were employed which are intended to be adverse to the interests of any Secured Party.

(w) Volcker Rule. The transactions contemplated by this Agreement and the other Facility Documents do not result in any Lender or the Administrative Agent holding an “ownership interest” in a “covered fund” for purposes of the Volcker Rule.

Section 4.02 Representations and Warranties of the Servicer. The Servicer represents and warrants to each of the other Secured Parties on and as of each Measurement Date, as follows:

(a) Due Organization. It is a corporation duly formed and validly existing under the laws of Maryland, with full power and authority to own and operate its assets and properties, conduct the business in which it is now engaged and to execute and deliver and perform its obligations under this Agreement and the other Facility Documents to which it is a party.

(b) Due Qualification. It is duly qualified to do business and, to the extent applicable, is in good standing in each other jurisdiction in which the nature of its business, assets and properties, including the performance of its obligations under this Agreement, the other Facility Documents to which it is a party and its Constituent Documents, requires such qualification, except where the failure to be so qualified or in good standing could not reasonably be expected to have a Material Adverse Effect.

(c) Due Authorization; Execution and Delivery; Legal, Valid and Binding; Enforceability. The execution and delivery by it of, and the performance of its obligations under the Facility Documents to which it is a party and the other instruments, certificates and agreements contemplated thereby are within its powers and have been duly authorized by all requisite action by it and have been duly executed and delivered by it and constitute its legal, valid and binding obligations enforceable against it in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally or general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(d) [Reserved.]

(e) Non-Contravention. None of the execution and delivery by it of this Agreement or the other Facility Documents to which it is a party, the consummation of the transactions herein or therein contemplated, or compliance by it with the terms, conditions and provisions hereof or thereof, will (i) conflict with, or result in a breach or violation of, or constitute a default under its Constituent Documents or (ii) conflict with or contravene in any material respect, and with respect to clause (B), result in the creation of a Lien (other than Permitted Liens) under, (A) any Applicable Law, (B) any indenture, agreement or other contractual restriction binding on or affecting it or any of its assets, including any Related Document, or (C) any order, writ, judgment, award, injunction or decree binding on or affecting it or any of its assets or properties, except, in the case of clauses (A), (B) and (C) above, where such conflict, contravention, breach, violation or default could not reasonably be expected to have a Material Adverse Effect.

(f) Governmental Authorizations; Private Authorizations; Governmental Filings. It has obtained, maintained and kept in full force and effect all material Governmental Authorizations and material Private Authorizations which are necessary for it to properly carry out its business, and made all material Governmental Filings necessary for the execution and delivery by it of the Facility Documents to which it is a party and the performance by it of its obligations under this Agreement and the other Facility Documents to which it is a party.

(g) Compliance with Agreements, Laws, Etc. It has duly observed and complied in all material respects with all Applicable Laws relating to the conduct of its business and its assets. It has preserved and kept in full force and effect its legal existence. It has preserved and kept in full force and effect its rights, privileges, qualifications and franchises, except where the failure to do so would not reasonably be expected to result in a Material Adverse Effect.

(h) [Reserved.]

(i) Taxes. It has filed all income tax returns and all other material tax returns which are required to be filed by it, if any, and has paid all income taxes and all other material taxes shown to be due and payable on such returns, if any, or pursuant to any assessment received by any such Person other than any such taxes, assessments or charges that are being contested in good faith by appropriate proceedings and for which appropriate reserves in accordance with GAAP have been established.

(j) [Reserved.]

(k) Anti-Corruption Laws and Anti-Terrorism Laws. None of the Servicer, its subsidiaries, their respective directors or officers, or, to the best knowledge of the Servicer, their respective employees or Persons Controlling or Controlled by the Servicer has engaged in any activity or conduct which would violate any applicable anti-bribery, anti-corruption, anti-terrorism or anti-money laundering laws, regulations or rules in any applicable jurisdiction and the Servicer has instituted and maintains policies and procedures designed to prevent violation of such laws, regulations and rules.

(l) Sanctions. None of the Servicer, its subsidiaries, their respective directors or officers, or, to the best knowledge of the Servicer, their respective employees or Persons Controlling or Controlled by the Servicer is a Person that is, or is owned or controlled by Persons that are: (i) a Sanctioned Person or (ii) located, organized or resident in, or whose government is, a Sanctioned Country.

(m) [Reserved.]

(n) No Proceedings. There is no litigation, proceeding or investigation pending or, to its knowledge, threatened against it before any Governmental Authority (i) asserting the invalidity of any Facility Document to which it is a party, (ii) seeking to prevent the consummation of any of the transactions contemplated by any Facility Document to which it is a party or (iii) that could reasonably be expected to have a Material Adverse Effect.

(o) Information. All information heretofore or hereafter furnished by it or on its behalf to any Secured Party in connection with the Facility Documents or any transaction contemplated hereby or thereby is and will be (when taken as a whole) true, complete and correct in all material respects as of the date such information is stated or certified and does not and will not omit to state a material fact necessary to make the statements contained therein not misleading; provided that solely with respect to information furnished by the Servicer which was provided to the Servicer from an Obligor with respect to a Collateral Loan, such information shall only need to be true, complete and correct to the actual knowledge of the Servicer; provided further that, with respect to projected financial information, the Servicer represents only that such information represents the Servicer's good faith estimates as of the date of preparation thereof, based upon methods and data the Servicer believes to be reasonable and accurate, but actual results during the periods covered by such projections may differ materially from such projections.

(p) Procedures. In selecting and disposing of the Collateral, no selection procedures were employed which are intended to be adverse to the interests of any Secured Party.

Section 4.03 Representations and Warranties of the Equityholder. The Equityholder represents and warrants to each of the other Secured Parties on and as of each Measurement Date, as follows:

(a) Due Organization. It is a corporation duly formed and validly existing under the laws of Maryland, with full power and authority to own and operate its assets and properties, conduct the business in which it is now engaged and to execute and deliver and perform its obligations under this Agreement and the other Facility Documents to which it is a party.

(b) Due Qualification. It is duly qualified to do business and, to the extent applicable, is in good standing in each other jurisdiction in which the nature of its business, assets and properties, including the performance of its obligations under this Agreement, the other Facility Documents to which it is a party and its Constituent Documents, requires such qualification, except where the failure to be so qualified or in good standing could not reasonably be expected to have a Material Adverse Effect.

(c) Due Authorization; Execution and Delivery; Legal, Valid and Binding; Enforceability. The execution and delivery by it of, and the performance of its obligations under the Facility Documents to which it is a party and the other instruments, certificates and agreements contemplated thereby are within its powers and have been duly authorized by all requisite action by it and have been duly executed and delivered by it and constitute its legal, valid and binding obligations enforceable against it in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally or general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(d) Investment Company Act. It (i) is not required to register as an "investment company" under the Investment Company Act and (ii) has elected to be regulated as a "business development company" for purposes of the Investment Company Act.

(e) Non-Contravention. None of the execution and delivery by it of this Agreement or the other Facility Documents to which it is a party, the consummation of the transactions herein or therein contemplated, or compliance by it with the terms, conditions and provisions hereof or thereof, will (i) conflict with, or result in a breach or violation of, or constitute a default under its Constituent Documents or (ii) conflict with or contravene in any material respect, and with respect to clause (B), result in the creation of a Lien (other than Permitted Liens) under, (A) any Applicable Law, (B) any indenture, agreement or other contractual restriction binding on or affecting it or any of its assets, including any Related Document, or (C) any order, writ, judgment, award, injunction or decree binding on or affecting it or any of its assets or properties, except, in the case of clauses (A), (B) and (C) above, where

such conflict, contravention, breach, violation or default could not reasonably be expected to have a Material Adverse Effect.

(f) Governmental Authorizations; Private Authorizations; Governmental Filings. It has obtained, maintained and kept in full force and effect all material Governmental Authorizations and material Private Authorizations which are necessary for it to properly carry out its business, and made all material Governmental Filings necessary for the execution and delivery by it of the Facility Documents to which it is a party and the performance by it of its obligations under this Agreement and the other Facility Documents to which it is a party.

(g) Compliance with Agreements, Laws, Etc. It has duly observed and complied in all material respects with all Applicable Laws relating to the conduct of its business and its assets. It has preserved and kept in full force and effect its legal existence. It has preserved and kept in full force and effect its rights, privileges, qualifications and franchises, except where the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

(h) [Reserved.]

(i) Taxes. It has filed all income tax returns and all other material tax returns which are required to be filed by it, if any, and has paid all income taxes and all other material taxes shown to be due and payable on such returns, if any, or pursuant to any assessment received by any such Person other than any such taxes, assessments or charges that are being contested in good faith by appropriate proceedings and for which appropriate reserves in accordance with GAAP have been established.

(j) Anti-Corruption Laws and Anti-Terrorism Laws. None of the Equityholder, its subsidiaries, their respective directors or officers, or, to the best knowledge of the Equityholder, their respective employees or Persons Controlling or Controlled by the Equityholder has engaged in any activity or conduct which would violate any applicable anti-bribery, anti-corruption, anti-terrorism or anti-money laundering laws, regulations or rules in any applicable jurisdiction and the Equityholder has instituted and maintains policies and procedures designed to prevent violation of such laws, regulations and rules.

(k) Sanctions. None of the Equityholder, its subsidiaries, their respective directors or officers, or, to the best knowledge of the Equityholder, their respective employees or Persons Controlling or Controlled by the Equityholder is a Person that is, or is owned or controlled by Persons that are: (i) a Sanctioned Person or (ii) located, organized or resident in, or whose government is, a Sanctioned Country.

(l) No Default. Neither it nor any of its subsidiaries is in default under or with respect to any contractual obligation or restriction that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(m) No Proceedings. There is no litigation, proceeding or investigation pending or, to its knowledge, threatened against it before any Governmental Authority

(i) asserting the invalidity of any Facility Document to which it is a party, (ii) seeking to prevent the consummation of any of the transactions contemplated by any Facility Document to which it is a party or (iii) that could reasonably be expected to have a Material Adverse Effect.

(n) Information. All information heretofore or hereafter furnished by it or on its behalf in its capacity as Equityholder to any Secured Party in connection with the Facility Documents or any transaction contemplated hereby or thereby is and will be (when taken as a whole) true, complete and correct in all material respects as of the date such information is stated or certified and does not and will not omit to state a material fact necessary to make the statements contained therein not misleading.

(o) Originator. It is an “originator” for the purposes of the Securitisation Regulation in respect of the Retention Holder Originated Collateral Loans.

(p) Establishment. It has established, and, in its capacity as Servicer, manages the securitisation contemplated by the Facility Documents.

(q) Sole purpose. It (i) is not an entity that has been established or operates for the sole purpose of securitising exposures and (ii) has the capacity to meet its payment obligations from resources not related to the exposures it securitises.

(r) Collateral Loans. As of the date hereof, more than 50% of the Collateral Loans held by the Borrower are Retention Holder Originated Collateral Loans.

ARTICLE V.

COVENANTS

Section 5.01 Affirmative Covenants of the Borrower. The Borrower covenants and agrees that, until the Collection Date:

(a) Compliance with Agreements, Laws, Etc. It shall (i) duly observe and comply in all material respects with all Applicable Laws relative to the conduct of its business or to its assets, (ii) preserve and keep in full force and effect its legal existence, (iii) preserve and keep in full force and effect its rights, privileges, qualifications and franchises, except where the failure to do so could not reasonably be expected to result in a Material Adverse Effect, (iv) comply with the terms and conditions of each Facility Document to which it is a party, its Constituent Documents and each Related Document to which it is a party and (v) obtain, maintain and keep in full force and effect all Governmental Authorizations, Private Authorizations and Governmental Filings which are necessary to properly carry out its business and the transactions contemplated to be performed by it under the Facility Documents to which it is a party, its Constituent Documents and the Related Documents to which it is a party, except, in the case of this clause (v), where the failure to do so would not reasonably be expected to have a Material Adverse Effect.

(b) Enforcement.

(i) It shall not take any action that would release any Obligor from any of such Obligor's material covenants or obligations under any instrument or agreement included in the Collateral, except in the case of (A) repayment of Collateral Loans, (B) subject to the terms of this Agreement, (1) amendments to Collateral Loans in accordance with the Servicing Standard and (2) actions taken in connection with the work out or restructuring of any Collateral Loan in accordance with the provisions hereof, and (C) other actions by the Servicer required hereby or otherwise to the extent not prohibited by, or in conflict with, this Agreement.

(ii) It will perform all of its obligations and agreements contained in this Agreement or any other Facility Document to which such Person is a party.

(c) Further Assurances. It shall promptly upon the reasonable request of either Agent or the Required Lenders (through the Administrative Agent), at its expense, execute and deliver such further instruments and take such further action in order to maintain and protect the Collateral Agent's first-priority perfected security interest in the Collateral pledged by the Borrower for the benefit of the Secured Parties free and clear of any Liens (other than Permitted Liens). At the request of either Agent or the Required Lenders (through the Administrative Agent), it shall promptly take, at the Borrower's expense, such further action in order to establish and protect the rights, interests and remedies created or intended to be created under this Agreement in favor of the Secured Parties in the Collateral, including all actions which are necessary to (x) enable the Secured Parties to enforce their rights and remedies under this Agreement and the other Facility Documents, and (y) effectuate the intent and purpose of, and to carry out the terms of, the Facility Documents.

(d) Financial Statements; Other Information. It shall provide to the Administrative Agent or cause to be provided to the Administrative Agent (with enough additional copies for each Lender):

(i) within 120 days after the end of each fiscal year of the Equityholder, an annual report of the Equityholder containing an audited consolidated statement (together with a consolidating schedule showing the balance sheet and income statement of the Borrower) of assets, liabilities, and capital as of the end of such fiscal year, and audited consolidated statements (together with a consolidating schedule showing the balance sheet and income statement of the Borrower) of operations and cash flows, for the year then ended, prepared in accordance with GAAP, each reported on by independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Equityholder and its consolidated subsidiaries on a consolidated basis; provided, that the financial statements required to be delivered pursuant to this clause (i) which are made available via EDGAR, or any successor system of the Securities Exchange Commission, in the

Equityholder's annual report on Form 10-K, shall be deemed delivered to the Administrative Agent on the date such documents are made available;

(ii) within 60 days after the end of each of the first three quarters of each fiscal year of the Equityholder, an unaudited financial report of the Equityholder containing a consolidated statement (together with a consolidating schedule showing the balance sheet and income statement of the Borrower) of assets, liabilities, and capital, consolidated statements (together with a consolidating schedule showing the balance sheet and income statement of the Borrower) of operations, and a market value report regarding the Equityholder's investments, in each case for the period then ended, all certified by one of its senior financial officers as presenting fairly in all material respects the financial condition and results of operations of the Equityholder and its consolidated subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes; provided, that the financial statements required to be delivered pursuant to this clause (ii) which are made available via EDGAR, or any successor system of the Securities Exchange Commission, in the Equityholder's quarterly report on Form 10-Q, shall be deemed delivered to the Administrative Agent on the date such documents are made available;

(iii) ~~(x) a certificate of a Responsible Officer of the Borrower~~ within three Business Days after a Responsible Officer of the Borrower obtains actual knowledge of the occurrence and continuance of any (A) Default, (B) Event of Default, (C) event or occurrence that has resulted or could reasonably be expected to result in a Material Adverse Effect or (D) receipt of notice from the agent on a Collateral Loan that the related Obligor has defaulted (beyond applicable grace periods) in the payment of principal or interest, ~~a certificate of~~ and (y) a notice from the Servicer or a Responsible Officer of the Borrower (which may be by email) within the later of (1) three Business Days after the Servicer or a Responsible Officer of the Borrower obtains actual knowledge or (2) ten Business Days after the Servicer or Borrower receives notice of the occurrence and continuance of any (A) Revaluation Event, including any Revaluation Event with respect to a Recurring Revenue Loan (except that Revaluation Events under clauses (c), (d) and (e) thereof must be notified hereunder within three Business Days after the Servicer or a Responsible Officer of the Borrower obtains actual knowledge) or (B) Collateral Loan that ceases to be an Eligible Collateral Loan, in each case setting forth the details thereof and the action, if any, which the Borrower is taking or proposes to take with respect thereto;

(iv) from time to time such additional information regarding the Borrower's financial position or business and the Collateral (including reasonably detailed calculations of the Minimum OC Coverage Test and the Collateral Quality Test) as the Administrative Agent or the Required Lenders (through the Administrative Agent) may reasonably request if reasonably available without undue burden or expense;

(v) promptly after the occurrence of any ERISA Event, notice of such ERISA Event and copies of any material communications with all Governmental Authorities or any Multiemployer Plan received by the Borrower with respect to such ERISA Event;

(vi) promptly following any reasonable request by the Administrative Agent or any Lender, all documentation and other information that the Administrative Agent or such Lender requests in order to comply with its ongoing obligations under applicable “know your customer,” anti-money laundering and sanctions rules and regulations, including the PATRIOT Act;

(vii) within two Business Days after a Responsible Officer of the Borrower obtains actual knowledge thereof, provide notice to the Administrative Agent of any settlement of, material judgment (including a material judgment with respect to the liability phase of a bifurcated trial) in or commencement of any material labor controversy, material litigation, material action, material suit or material proceeding before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, directly and adversely affecting in any material respect the Collateral (taken as a whole), the Facility Documents, or any Secured Party’s interest in the Collateral; and

(viii) with respect to each Obligor of a Collateral Loan: (1) within ten (10) Business Days of the completion of the Servicer’s portfolio review of such Obligor (which, for each Obligor shall occur no less frequently than four (4) times per calendar year) (I) the most recent financial reporting packages that correspond to such portfolio review with respect to such Obligor and with respect to each related Collateral Loan (including any attached or included information, statements and calculations) received as of the date of the Servicer’s most recent portfolio review and (II) the internal monitoring report prepared by the Servicer with respect to each Obligor and (2) upon demand by the Administrative Agent, such other information as the Administrative Agent may reasonably request with respect to any Collateral Loan or Obligor (to the extent reasonably available to the Servicer).

(e) Access to Records and Documents. It shall permit the Administrative Agent (or any Person designated by the Administrative Agent as its agent or representative, subject to delivery of standard confidentiality agreements) to, upon reasonable advance notice and during normal business hours, visit and inspect and make copies thereof at reasonable intervals: (i) its books, records and accounts relating to its business, financial condition, operations, assets and its performance under the Facility Documents and the Related Documents and to discuss the foregoing with its and such Person’s officers, partners, employees and accountants, and (ii) the Related Documents with respect to the Collateral; provided that, so long as no Event of Default has occurred, the Borrower shall be responsible for all costs and expenses for only one such visit per fiscal year by the Lenders and the Administrative Agent. The Administrative Agent shall be permitted to schedule such visits on behalf of the Lenders and shall (1) coordinate in good faith with the Lenders to determine dates which are acceptable to a majority of the Lenders and whenever possible occur on one such date as a single group and

(2) provide 10 days' prior notice to the Lenders of any such visit and any Lender shall be permitted to accompany the Administrative Agent in such visit.

(f) Use of Proceeds. It shall use the proceeds of each Advance made hereunder solely:

(i) to fund or pay the purchase price of Collateral Loans or Eligible Investments acquired by the Borrower in accordance with the terms and conditions set forth herein (it being understood that the Borrower may request an Advance to fund the applicable Advance Rate of one or more Collateral Loans either on the date of acquisition or at a later time during the Reinvestment Period pursuant to Article II);

(ii) to fund additional extensions of credit under Revolving Collateral Loans and Delayed Drawdown Collateral Loans purchased in accordance with the terms of this Agreement;

(iii) to fund the Revolving Reserve Account on or prior to the Facility Termination Date to the extent the Revolving Reserve Account is required to be funded pursuant to Section 8.04 (and the Borrower shall submit a Notice of Borrowing requesting Advances for a Borrowing Date falling no more than five and no less than one Business Day prior to the Facility Termination Date with a Requested Amount sufficient to fully fund the Revolving Reserve Account under Section 8.04); and

(iv) to make Permitted Distributions or Permitted Tax Distributions.

Without limiting the foregoing, it shall use the proceeds of each Advance in a manner that does not, directly or indirectly, violate any provision of its Constituent Documents or any Applicable Law, including Regulation T, Regulation U and Regulation X.

(g) Information and Reports. Each Notice of Borrowing, each Payment Date Report and all other written information, reports, certificates and statements furnished by or on behalf of it to any Secured Party for purposes of or in connection with this Agreement, the other Facility Documents or the transactions contemplated hereby or thereby shall be true, complete and correct in all material respects as of the date such information is stated or certified; provided that solely with respect to information furnished by the Borrower which was provided to the Borrower from an Obligor with respect to a Collateral Loan, such information shall only need to be true, complete and correct to the actual knowledge of the Borrower; provided further that, with respect to projected financial information, the Borrower represents only that such information represents the Borrower's good faith estimates as of the date of preparation thereof, based upon methods and data the Borrower believes to be reasonable and accurate, but actual results during the periods covered by such projections may differ materially from such projections.

(h) Opinions as to Collateral. On or before each five year anniversary of the Closing Date, at the request of the Administrative Agent, it shall furnish to the Agents an opinion of counsel addressed to the Agents and the Borrower stating that, in the opinion of such counsel,

as of the date of such opinion, under the Delaware UCC, the UCC financing statement(s) filed in connection with the lien and security interest created by this Agreement shall remain effective and no additional financing statements, continuation statements or amendments with respect to such financing statement(s) shall be required to be filed in the State of Delaware from the date thereof through the next five years to maintain the perfection of the security interest of this Agreement as such security interest otherwise exists on the date thereof.

(i) No Other Business. It shall not engage in any business or activity other than borrowing Advances pursuant to this Agreement, funding, acquiring, owning, holding, administering, selling, enforcing, lending, exchanging, redeeming, pledging, contracting for the management of and otherwise dealing with Collateral Loans, Eligible Investments and the Collateral in connection therewith and entering into and performing its obligations under the Facility Documents, any applicable Related Documents and any other agreement contemplated by this Agreement.

(j) Tax Matters. It shall remain a disregarded entity for U.S. federal income tax purposes. It shall (and each Lender hereby agrees to) treat the Advances and the Notes as debt for U.S. federal income tax purposes and will take no contrary position, unless otherwise required pursuant to a closing agreement with the U.S. Internal Revenue Service or a non-appealable judgment of a court of competent jurisdiction. It will file (or cause to be filed) on a timely basis all income and other material Tax returns required to be filed by it, if any, and will pay all income and other material Taxes due and payable by it and any assessments made against it or any of its property (other than any amount the validity of which is contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP are provided on the books of the Borrower).

(k) Compliance with Legal Opinions. The Borrower shall take all other actions necessary to maintain the accuracy of the factual assumptions set forth in the legal opinions of Latham & Watkins LLP, as special counsel to the Borrower, issued on the Closing Date and relating to the issues of substantive consolidation.

Section 5.02 Covenants of the Servicer. The Servicer covenants and agrees that, until the Collection Date:

(a) Compliance with Agreements, Laws, Etc. It shall (i) duly observe and comply in all material respects with all Applicable Laws relative to the conduct of its business or to its assets, (ii) preserve and keep in full force and effect its legal existence, (iii) preserve and keep in full force and effect its rights, privileges, qualifications and franchises, except where the failure to do so could not reasonably be expected to result in a Material Adverse Effect, (iv) comply with the terms and conditions of each Facility Document to which it is a party and its Constituent Documents and (v) obtain, maintain and keep in full force and effect all Governmental Authorizations, Private Authorizations and Governmental Filings which are necessary to properly carry out its business and the transactions contemplated to be performed by it under the Facility Documents to which it is a party and its Constituent Documents, except, in the case of this clause (v), where the failure to do so would not reasonably be expected to have a Material Adverse Effect.

(b) Enforcement. It shall not take any action that would release any Obligor from any of such Obligor's material covenants or obligations under any instrument or agreement included in the Collateral, except in the case of (A) repayment of Collateral Loans, (B) subject to the terms of this Agreement, (1) amendments to Collateral Loans in accordance with the Servicing Standard and (2) actions taken in connection with the work out or restructuring of any Collateral Loan in accordance with the provisions hereof, and (C) other actions by the Servicer required hereby or otherwise to the extent not prohibited by, or in conflict with, this Agreement.

(c) Further Assurances. It shall promptly upon the reasonable request of either Agent or the Required Lenders (through the Administrative Agent), at its expense, execute and deliver such further instruments and take such further action in order to maintain and protect the Collateral Agent's first-priority perfected security interest in the Collateral pledged by the Borrower for the benefit of the Secured Parties free and clear of any Liens (other than Permitted Liens). At the request of either Agent or the Required Lenders (through the Administrative Agent), it shall promptly take, at the Borrower's expense, such further action in order to establish and protect the rights, interests and remedies created or intended to be created under this Agreement in favor of the Secured Parties in the Collateral, including all actions which are necessary to (x) enable the Secured Parties to enforce their rights and remedies under this Agreement and the other Facility Documents, and (y) effectuate the intent and purpose of, and to carry out the terms of, the Facility Documents.

(d) Other Information. It shall provide to the Administrative Agent or cause to be provided to the Administrative Agent:

(i) (x) a certificate of a Responsible Officer of the Servicer within three (3) Business Days after a Responsible Officer of the Servicer obtains actual knowledge of the occurrence and continuance of any (A) Default, (B) Event of Default, (C) Potential Servicer Removal Event, (D) Servicer Removal Event, (E) event or occurrence that has resulted or could reasonably be expected to result in a Material Adverse Effect or (F) receipt of notice from the agent on a Collateral Loan that the related Obligor has defaulted (beyond applicable grace periods) in the payment of principal or interest, ~~a certificate of~~ (y) a notice from a Responsible Officer of the Servicer (which may be by email) within the later of (1) three Business Days after a Responsible Officer of the Servicer obtains actual knowledge or (2) ten Business Days after the Servicer receives notice of the occurrence and continuance of any (A) Revaluation Event, including any Revaluation Event with respect to a Recurring Revenue Loan (except that Revaluation Events under clauses (c), (d) and (e) thereof must be notified hereunder within three Business Days after a Responsible Officer of the Servicer obtains actual knowledge) or (B) Collateral Loan that ceases to be an Eligible Collateral Loan, in each case setting forth the details thereof and the action, if any, which the Servicer is taking or proposes to take with respect thereto;

(ii) from time to time such additional information regarding the Collateral (including reasonably detailed calculations of the Minimum OC Coverage Test and the Collateral Quality Test) as the Administrative Agent or the Required Lenders (through the

Administrative Agent) may reasonably request if reasonably available without undue burden or expense;

(iii) a Borrowing Base Calculation Statement on (A) each date on which the Servicer sells or substitutes (or commits to sell or substitute, as the case may be) any Collateral Loan and (B) each other date reasonably requested by the Administrative Agent upon at least two (2) Business Days' notice to the Servicer;

(iv) promptly following any reasonable request by the Administrative Agent or any Lender, all documentation and other information that the Administrative Agent or such Lender requests in order to comply with its ongoing obligations under applicable "know your customer," anti-money laundering and sanctions rules and regulations, including the PATRIOT Act; and

(v) within two (2) Business Days after a Responsible Officer of the Servicer obtains actual knowledge thereof, provide notice to the Administrative Agent of any settlement of, material judgment (including a material judgment with respect to the liability phase of a bifurcated trial) in or commencement of any material labor controversy, material litigation, material action, material suit or material proceeding before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, directly and adversely affecting in any material respect the Collateral (taken as a whole), the Facility Documents, or any Secured Party's interest in the Collateral.

(e) Access to Records and Documents. It shall permit the Administrative Agent (or any Person designated by the Administrative Agent as its agent or representative, subject to delivery of standard confidentiality agreements) to, upon reasonable advance notice and during normal business hours, visit and inspect and make copies thereof at reasonable intervals its books, records and accounts relating to the Collateral, the Borrower, the Facility Documents and the performance of the Servicer under the Facility Documents and to discuss the foregoing with its and such Person's applicable officers, partners, employees and accountants; provided that so long as no Event of Default has occurred the Borrower shall be responsible for all costs and expenses for only one such visit per fiscal year by the Lenders and the Administrative Agent. The Administrative Agent shall be permitted to schedule such visits on behalf of the Lenders and shall (1) coordinate in good faith with the Lenders to determine dates which are acceptable to a majority of the Lenders and whenever possible occur on one such date as a single group and (2) provide 10 days' prior notice to the Lenders of any such visit and any Lender shall be permitted to accompany the Administrative Agent in such visit.

(f) Information and Reports. Each Notice of Borrowing, each Payment Date Report and all other written information, reports, certificates and statements furnished by or on behalf of it to any other Secured Party for purposes of or in connection with this Agreement, the other Facility Documents or the transactions contemplated hereby or thereby shall be true, complete and correct in all material respects as of the date such information is stated or certified; provided that solely with respect to information furnished by the Servicer which was provided to the Servicer from an Obligor with respect to a Collateral Loan, such information shall only need

to be true, complete and correct to the actual knowledge of the Servicer; provided further that, with respect to projected financial information, the Servicer represents only that such information represents the Servicer's good faith estimates as of the date of preparation thereof, based upon methods and data the Servicer believes to be reasonable and accurate, but actual results during the periods covered by such projections may differ materially from such projections.

(g) Collections. It shall direct any agent or administrative agent for any Collateral Loan to remit all payments and collections with respect to such Collateral Loan and, if applicable, to direct the Obligor with respect to such Collateral Loan to remit all such payments and collections with respect to such Collateral Loan directly to the Collection Account.

(h) Priority of Payments. It shall instruct the Collateral Agent to apply all Interest Proceeds and Principal Proceeds solely in accordance with the Priority of Payments and the other provisions of this Agreement.

(i) Anti-Corruption Laws and Sanctions. The Servicer shall maintain policies and procedures designed to prevent violation of any applicable anti-bribery, anti-corruption, anti-terrorism or anti-money laundering laws, regulations or rules in any applicable jurisdiction. The Servicer shall not use the proceeds of the loan hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, sister company, joint venture partner or any other Person (i) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is, a Sanctioned Person or Sanctioned Country, or (ii) in any other manner that would result in a violation of Sanctions, any applicable anti-bribery, anti-corruption, anti-terrorism or anti-money laundering laws, regulations or rules in any applicable jurisdiction by any Person (including any Person participating in the loan hereunder, whether as underwriter, advisor, investor, lender, hedge provider, facility or security agent or otherwise).

Section 5.03 Negative Covenants of the Borrower. The Borrower covenants and agrees that, until the Collection Date:

(a) Restrictive Agreements. It shall not enter into or suffer to exist or permit to become effective any agreement that prohibits, limits or imposes any condition upon its ability to create, incur, assume or suffer to exist any Lien (other than Permitted Liens) upon any of its property or revenues constituting Collateral, whether now owned or hereafter acquired, to secure its obligations under the Facility Documents other than this Agreement and the other Facility Documents.

(b) Liquidation; Merger; Sale of Collateral. It shall not consummate any plan of liquidation, dissolution, partial liquidation, merger, consolidation or division (or suffer any liquidation, dissolution or partial liquidation) nor sell, transfer, exchange or otherwise dispose of any of its assets, or enter into an agreement or commitment to do so or enter into or engage in any business with respect to any part of its assets, except as expressly permitted by this Agreement and the other Facility Documents (including in connection with the repayment in full of the Obligations).

(c) Amendments to Constituent Documents, Etc. Without the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed), (i) it shall not amend, modify or take any action inconsistent with its Constituent Documents and (ii) it will not amend, modify or waive in any material respect any term or provision in any Facility Document (other than in accordance with the respective terms thereof).

(d) ERISA. It shall not establish or incur any liability or obligation with respect to any Plan or Multiemployer Plan and no member of the ERISA Group shall establish or incur any liability or obligation with respect to any Plan or Multiemployer Plan that in each case would reasonably be expected to result in a Material Adverse Effect.

(e) Liens. It shall not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any Lien on any of its assets now owned or hereafter acquired by it at any time, except for Permitted Liens or as otherwise expressly permitted by this Agreement and the other Facility Documents.

(f) Margin Requirements; Covered Transactions. It shall not (i) extend credit to others for the purpose of buying or carrying any Margin Stock in such a manner as to violate Regulation T or Regulation U or (ii) use all or any part of the proceeds of any Advance, whether directly or indirectly, and whether immediately, incidentally or ultimately, for any purpose that violates the provisions of the Regulations of the Board of Governors, including, to the extent applicable, Regulation U and Regulation X.

(g) Changes to Filing Information; Change of Location of Underlying Instruments. It shall not change its name or its jurisdiction of organization from that referred to in Section 4.01(a), unless it gives thirty (30) days' (or such shorter period as agreed to by the Administrative Agent) prior written notice to the Agents and takes all actions that the Administrative Agent or the Required Lenders (through the Administrative Agent) reasonably request and determine to be necessary to protect and perfect the Collateral Agent's perfected security interest in the Collateral. It shall not, without the prior consent of the Administrative Agent, consent to the Collateral Agent moving any Certificated Securities or Instruments, unless the Borrower has given at least ten (10) days' (or such shorter period as agreed to by the Administrative Agent) written notice to the Administrative Agent and has taken all actions required under the UCC of each relevant jurisdiction in order to ensure that the Collateral Agent's first priority perfected security interest (subject to Permitted Liens) continues in full effect.

(h) Transactions with Affiliates. It shall not sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, the Servicer, the Equityholder and/or any of their Affiliates (including sales of Defaulted Collateral Loans and other Collateral Loans), unless (x) such transaction is upon terms no less favorable to the Borrower than it would obtain in a comparable arm's length transaction with a Person that is not an Affiliate (it being agreed that any purchase or sale at par shall be deemed to comply with this provision) or (y) the Borrower has received the prior written consent of the Administrative Agent with respect to such transaction. Notwithstanding the foregoing or anything to the contrary contained herein, nothing

shall prohibit Borrower from (i) transferring or distributing the Collateral Loans to the Equityholder or an Affiliate of the Equityholder, as applicable, in accordance with Article X, (ii) making Permitted Distributions (in accordance with the definition thereof), (iii) making Permitted Tax Distributions (in accordance with the definition thereof) or (iv) effecting any transactions in accordance with the terms of the Loan Sale Agreement.

(i) Investment Company Restriction. It shall not and shall not permit the pool of Collateral to become required to register as an “investment company” under the Investment Company Act.

(j) Anti-Corruption and Sanctions. The Borrower shall ensure that policies and procedures applicable to it are maintained that are designed to prevent violation of any applicable anti-bribery, anti-corruption, anti-terrorism or anti-money laundering laws, regulations or rules in any applicable jurisdiction. The Borrower shall not use the proceeds of the loan hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, sister company, joint venture partner or any other Person (i) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is, a Sanctioned Person or Sanctioned Country, or (ii) in any other manner that would result in a violation of Sanctions, any applicable anti-bribery, anti-corruption, anti-terrorism or anti-money laundering laws, regulations or rules in any applicable jurisdiction by any Person (including any Person participating in the loan hereunder, whether as underwriter, advisor, investor, lender, hedge provider, facility or security agent or otherwise).

(k) [Reserved.]

(l) Indebtedness; Guarantees; Securities; Other Assets. It shall not incur or assume or guarantee any indebtedness, obligations (including contingent obligations) or other liabilities, or issue any additional securities, whether debt or equity, in each case other than (i) pursuant to or as expressly permitted by this Agreement and the other Facility Documents, including expenses payable in the ordinary course of business, (ii) obligations under its Constituent Documents or (iii) pursuant to customary indemnification, expense reimbursement and similar provisions under the Related Documents. It shall not acquire any Collateral Loan or other property other than as expressly permitted under the Facility Documents, it being understood and agreed that the Borrower shall be permitted to acquire Collateral Loans from the Servicer, the Equityholder and/or their Affiliates and from unaffiliated third parties.

(m) Validity of this Agreement. It shall not (i) take any action or omit to take any action, the result of which would permit the validity or effectiveness of any Facility Document or any grant of Collateral under this Agreement to be impaired, or permit the Lien of this Agreement to be amended, hypothecated, subordinated, terminated or discharged, or take any action or omit to take any action, the result of which would permit any Person to be released from any covenant or obligation with respect to this Agreement and (ii) except as permitted by any Facility Document, take any action that would permit the Lien of this Agreement not to constitute a valid first priority perfected security interest in the Collateral (subject to Permitted Liens).

(n) Subsidiaries. It shall not have or permit the formation of any subsidiaries, except in connection with the receipt of equity securities pursuant to an exercise of remedies with respect to a Collateral Loan or any work-out or restructuring of a Collateral Loan.

(o) Name. It shall not conduct business under any name other than its own.

(p) Employees. It shall not have any employees.

(q) Non-Petition. It shall not be party to any agreements under which it has any material obligation or liability (direct or contingent) without using commercially reasonable efforts to include customary “non-petition” and “limited recourse” provisions therein (and shall not amend or eliminate such provisions in any agreement to which it is party), except for loan agreements, related loan documents, any agreements related to the purchase and sale of any Collateral Loan which contain customary (as determined by the Servicer) purchase or sale terms or which are documented using customary (as determined by the Servicer) loan trading documentation in connection with the Collateral Loans and any agreement that does not impose a material obligation on the Borrower and that is of a type that customarily does not include “non-petition” or “limited recourse” provisions (including customary service contracts and engagement letters entered into with third party service providers (including independent accountants and providers of independent directors)).

(r) Certificated Securities. It shall not acquire or hold any Certificated Securities in bearer form in a manner that does not satisfy the requirements of United States Treasury Regulations section 1.165-12(c) (as determined by the Servicer).

Section 5.04 Covenants of the Equityholder. The Equityholder covenants and agrees that, until the Collection Date:

(a) Compliance with Agreements, Laws, Etc. It shall (i) duly observe and comply in all material respects with all Applicable Laws relative to the conduct of its business or to its assets, (ii) preserve and keep in full force and effect its legal existence, (iii) preserve and keep in full force and effect its rights, privileges, qualifications and franchises, except where the failure to do so could not reasonably be expected to result in a Material Adverse Effect, (iv) comply with the terms and conditions of each Facility Document to which it is a party and its Constituent Documents and (v) obtain, maintain and keep in full force and effect all Governmental Authorizations, Private Authorizations and Governmental Filings which are necessary to properly carry out its business and the transactions contemplated to be performed by it under the Facility Documents to which it is a party and its Constituent Documents, except, in the case of clause (v), where the failure to do so would not reasonably be expected to have a Material Adverse Effect.

(b) Other Information. It shall provide to the Administrative Agent or cause to be provided to the Administrative Agent (with enough additional copies for each Lender) promptly following any reasonable request by the Administrative Agent or any Lender, all documentation and other information that the Administrative Agent or such Lender requests in

order to comply with its ongoing obligations under applicable “know your customer,” anti-money laundering and sanctions rules and regulations, including the PATRIOT Act.

(c) Anti-Corruption Laws and Sanctions. The Equityholder shall maintain policies and procedures designed to prevent violation of any applicable anti-bribery, anti-corruption, anti-terrorism or anti-money laundering laws, regulations or rules in any applicable jurisdiction. The Equityholder shall not use the proceeds of the loan hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, sister company, joint venture partner or any other Person (i) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is, a Sanctioned Person or Sanctioned Country, or (ii) in any other manner that would result in a violation of Sanctions, any applicable anti-bribery, anti-corruption, anti-terrorism or anti-money laundering laws, regulations or rules in any applicable jurisdiction by any Person (including any Person participating in the loan hereunder, whether as underwriter, advisor, investor, lender, hedge provider, facility or security agent or otherwise).

(d) Separateness. The Equityholder shall not take any action that causes, or omit to take any action that results in, the Borrower’s failure to comply with any of its covenants in Section 5.05 and the Equityholder shall take all other actions necessary to maintain the accuracy of the factual assumptions set forth in the legal opinions of Latham & Watkins LLP, as special counsel to the Borrower, issued on the Closing Date and relating to the issues of substantive consolidation.

(e) Liens. The Equityholder shall neither pledge (nor permit to be pledged) the equity interests in the Borrower nor otherwise permit any equity interests of the Borrower to be subject to a Lien other than Permitted Liens.

Section 5.05 Certain Undertakings Relating to Separateness. Without limiting any, and subject to all, other covenants of the Borrower, the Equityholder and the Servicer contained in this Agreement, the Borrower (the Servicer in acting on behalf or for the benefit of the Borrower and the Equityholder in acting on behalf of the Borrower as the member of the Borrower) shall conduct its business and operations in accordance with Section 9(j) of the LLC Agreement.

ARTICLE VI.

EVENTS OF DEFAULT

Section 6.01 Events of Default. “Event of Default,” wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) a default in the payment, when due and payable, of (x) any principal in respect of the Advances or (y) any interest or other payment required to be made pursuant to this Agreement or any other Facility Document and if such date is not the Final Maturity Date, such default, solely in the case of this clause (y), has not been cured within three (3) Business Days after written notice thereof by the Administrative Agent; provided, that, in the case of clauses (x) and (y) on a date other than on the Final Maturity Date resulting solely from an administrative error or omission by the Administrative Agent, the Collateral Agent, the Securities Intermediary or any paying agent, such default continues for a period of two (2) Business Days and five (5) Business Days, respectively, after the Administrative Agent, the Collateral Agent or the Securities Intermediary receives written notice or a Responsible Officer of such party has actual knowledge of such administrative error or omission;

(b) any failure by the Borrower to deposit or credit, or to deliver for deposit, in the Covered Accounts any amount required hereunder to be so deposited credited or delivered by it, on or before the date occurring three (3) Business Days after the date such deposit or distribution is required to be made by the Servicer;

(c) the Borrower or the pool of Collateral becomes an investment company required to be registered under the Investment Company Act;

(d) except as otherwise provided in this Section 6.01, a default in the performance, or breach, of any covenant or agreement of the Borrower or Equityholder under this Agreement or the other Facility Documents to which it is a party (it being understood, without limiting the generality of the foregoing, that any failure to meet any Concentration Limitation, the Collateral Quality Test, any Class Minimum OC Coverage Test or the Minimum OC Coverage Test is not an Event of Default under this clause (d)), or the failure of any representation or warranty of the Borrower or the Equityholder made in this Agreement or in any other Facility Document to be correct, in each case, in all material respects when the same shall have been made, and the continuation of such default, breach or failure for a period of thirty (30) days after the earlier of (i) written notice to the Borrower and the Servicer (which may be by e-mail) by either Agent, and (ii) a Responsible Officer of the Borrower or the Servicer has acquired actual knowledge thereof; provided that if such default, breach or failure cannot be cured, such Event of Default shall occur immediately after receipt by the Borrower of such written notice from the Administrative Agent;

(e) the Borrower ceases to have a valid ownership interest in all of the Collateral (subject to Permitted Liens);

(f) the Borrower assigns any of its rights, obligations, or duties under the Facility Documents without the prior written consent of each Lender;

(g) the Borrower's assets (or the Collateral) constitute "plan assets" for purposes of the Plan Asset Rule;

(h) (i) any Facility Document or any material provision thereof shall (except in accordance with its terms) terminate, cease to be effective or cease to be the legally valid,

binding and enforceable obligation of the Borrower, the Equityholder or the Servicer, (ii) the Borrower, the Equityholder, the Servicer or any Governmental Authority shall, directly or indirectly, contest in any manner the effectiveness, validity, binding nature or enforceability of any Facility Document or any Lien purported to be created thereunder, or (iii) any Lien securing any obligation under any Facility Document shall, in whole or in part, cease to be a first priority perfected security interest of the Collateral Agent, except as otherwise permitted in accordance with the Facility Documents (subject to Permitted Liens);

(i) an Insolvency Event relating to the Borrower or the Equityholder;

(j) failure to reduce the Advances to \$0 by the Final Maturity Date;

(k) [reserved];

(l) the occurrence of an OC Ratio Breach and such OC Ratio Breach remains unremedied for a period of 10 consecutive Business Days without being cured;

(m) the rendering of one or more final judgments, decrees or orders by a court or arbitrator of competent jurisdiction for the payment of money in excess individually or in the aggregate of \$250,000, with respect to the Borrower (net of amounts covered by insurance), and the Borrower shall not have either (i) discharged or provided for the discharge of any such judgment, decree or order in accordance with its terms or (ii) perfected a timely appeal of such judgment, decree or order and caused the execution of same to be stayed during the pendency of the appeal, in each case, within sixty (60) days from the date of entry thereof;

(n) the Borrower fails to have at least one Independent Director; provided that the resignation of an Independent Director or the removal of an Independent Director for “cause” shall not affect this clause (n) unless the Borrower fails to appoint a new Independent Director within ten (10) Business Days of the effective date of such removal or resignation;

(o) any Payment Date Report shall fail to be delivered when due and such failure shall continue for three (3) Business Days after receipt of written notice thereof to the Borrower and the Servicer by the Administrative Agent;

(p) (i) a Servicer Removal Event or (ii) a Change of Control occurs;

(q) (i) the Internal Revenue Service shall file notice of a Lien pursuant to Section 6321 of the Code with regard to any asset of the Borrower and such Lien shall not have been released within five (5) Business Days or (ii) the PBGC shall file notice of a Lien pursuant to Section 4068 of ERISA with regard to any asset of the Borrower and such Lien shall not have been released within five (5) Business Days;

(r) the failure of the Borrower or any of its subsidiaries to make any payment when due (after giving effect to any related grace period set forth in the related agreements) under one or more agreements for borrowed money to which it is a party in an amount in excess

of \$250,000, with respect to the Borrower and its subsidiaries, whether or not such failure is waived pursuant to the related agreement;

(s) the Borrower shall have made payments to settle any litigation, claim or dispute totaling more than, in the aggregate, \$250,000, with respect to the Borrower and its subsidiaries (net of amounts covered by insurance); or

(t) the Borrower shall fail to qualify as a bankruptcy-remote entity based on customary criteria such that Borrower's special counsel or any other reputable counsel could no longer render a substantive non-consolidation opinion with respect to the Borrower.

Upon a Responsible Officer of the Borrower or the Servicer obtaining actual knowledge of the occurrence of an Event of Default, each of the Borrower and the Servicer shall promptly (and in any event within two (2) Business Days) notify each other and the Agents, specifying each specific Event of Default that has then occurred as well as all other Events of Default that are then known to be continuing. Upon the occurrence of an Event of Default actually known to a Responsible Officer of the Collateral Agent, the Collateral Agent shall promptly notify the Administrative Agent (which will notify the Lenders promptly) of such Event of Default in writing.

Upon the occurrence and during the continuance of any Event of Default, in addition to all rights and remedies specified in this Agreement and the other Facility Documents, including Article VII, and the rights and remedies of a secured party under Applicable Law, including the UCC, the Administrative Agent shall, at the request of, or may with the consent of, the Majority Lenders, by notice to the Borrower (with a copy to the Collateral Agent), do any one or more of the following: (1) declare the Individual Lender Maximum Funding Amounts to be terminated, whereupon the Individual Lender Maximum Funding Amounts shall be terminated, and (2) declare the principal of and the accrued Interest on the Advances and all other Obligations whatsoever payable by the Borrower hereunder to be forthwith due and payable, whereupon such amounts shall be immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby waived by the Borrower; provided that, upon the occurrence of any Event of Default described in clause (i) of this Section 6.01, the Individual Lender Maximum Funding Amounts shall automatically terminate and the Advances and all such other amounts shall automatically become due and payable, without any further action by any party.

In addition, upon the occurrence and during the continuation of an Event of Default (and with respect to the remedy provided in clause (w) below, upon the occurrence and during the continuation of an Event of Default described in clause (p)(i) above), following written notice by the Administrative Agent (provided in its sole discretion or at the direction of the Required Lenders) to the Servicer of the exercise of control rights with respect to the Collateral, the Administrative Agent may exercise such rights, including: (v) the exercise of the Servicer's rights and obligations under the Facility Documents, including its unilateral power to (A) consent to modifications to Collateral Loans, (B) take any discretionary action with respect to Collateral Loans and (C) direct the acquisition, sales and other dispositions of Collateral Loans to be immediately terminated; (w) subject to delivery of a Servicer Removal Notice, remove the

Servicer and transfer of the Servicer's rights and obligations under the Facility Documents to a Replacement Servicer; (x) if the Servicer is not terminated or otherwise replaced, to require the Servicer to obtain the consent of the Administrative Agent before agreeing to any modification of any Collateral Loan, taking any discretionary action with respect to any Collateral Loan or causing the Borrower to sell or otherwise dispose of any Collateral Loan; (y) if the Servicer is not terminated or otherwise replaced, to require the Servicer to cause the Borrower to sell or otherwise dispose of any Collateral Loan as directed by the Administrative Agent pursuant to Section 7.03, and (z) with respect to any specific Collateral Loan, to require the Servicer to take such discretionary action with respect to such Collateral Loan as directed by the Administrative Agent.

Section 6.02 OC Ratio Breach Cures. (a) Notwithstanding anything to the contrary in this Agreement, if an OC Ratio Breach has occurred, within ten (10) Business Days of the occurrence of such OC Ratio Breach, the Equityholder may, but shall not be required to, cure such condition by effecting one or more (or any combination thereof) of the following actions in order to cure such OC Ratio Breach as of such date of determination: (i) making a cash payment into the Principal Collection Subaccount in an amount (which shall be in increments of \$500,000) that would cause such OC Ratio Breach to be cured after giving effect to such payment into the Principal Collection Subaccount (any such payment, an "OC Ratio Posting Payment"), (ii) repaying or causing the Borrower to repay outstanding Advances, and/or (iii) subject to the approval of the Administrative Agent, in its sole discretion, by assignment and contribution of additional Eligible Collateral Loans to the Borrower.

(b) No later than 3:00 p.m. on the Business Day prior to the proposed repayment of outstanding Advances or assignment of additional Eligible Collateral Loans pursuant to Section 6.02(a), the Borrower (or the Equityholder on its behalf) shall deliver (i) to the Administrative Agent (with a copy to the Collateral Agent) notice of such repayment or assignment and a duly completed Borrowing Base Calculation Statement, updated to the date such repayment or assignment is being made and giving *pro forma* effect to such repayment or assignment, and (ii) to the Administrative Agent, if applicable, a description of any Eligible Collateral Loan and each Obligor of such Eligible Collateral Loan to be assigned and added to the Data File. Any notice pertaining to any repayment or any assignment pursuant to this Section 6.02 shall be irrevocable.

ARTICLE VII.

PLEDGE OF COLLATERAL; RIGHTS OF THE COLLATERAL AGENT

Section 7.01 Grant of Security. (a) The Borrower hereby grants, pledges, transfers and collaterally assigns to the Collateral Agent, for the benefit of the Secured Parties, as collateral security for all Obligations, a continuing security interest in, and a Lien upon, all of the Borrower's right, title and interest in, to and under, the following property, in each case whether tangible or intangible, wheresoever located, and whether now owned by the Borrower or hereafter acquired and whether now existing or hereafter coming into existence (in each case

excluding the Excluded Amounts) (all of the property described in this Section 7.01(a) being collectively referred to herein as the “Collateral”):

(i) all Collateral Loans and Related Documents (including those listed, as of the Closing Date, in Schedule 3), both now and hereafter owned, including all Collections and other Proceeds thereon or with respect thereto;

(ii) each Covered Account and all Money and all investment property (including all securities, all security entitlements with respect to such Covered Account and all financial assets carried in such Covered Account) from time to time on deposit in or credited to each Covered Account;

(iii) all interest, dividends, distributions and other Money or property of any kind distributed in respect of the Collateral Loans of the Borrower, which the Borrower is entitled to receive, including all Collections in respect of its Collateral Loans;

(iv) each Facility Document and all rights, remedies, powers, privileges and claims under or in respect thereto (whether arising pursuant to the terms thereof or otherwise available to the Borrower at law or equity), including the right to enforce each such Facility Document and to give or withhold any and all consents, requests, notices, directions, approvals, extensions or waivers under or with respect thereto, to the same extent as the Borrower could but for the assignment and security interest granted to the Collateral Agent under this Agreement;

(v) all Cash or Money;

(vi) all loans and investments and, in each case as defined in the UCC, securities, accounts, chattel paper, deposit accounts, instruments, financial assets, investment property, general intangibles, letter-of-credit rights, and supporting obligations of the Borrower, and all other property of any type or nature in which the Borrower has an interest (including the equity interests of each subsidiary of the Borrower), and all property of the Borrower which is delivered to the Collateral Agent by or on behalf of the Borrower (whether or not constituting Collateral Loans or Eligible Investments);

(vii) all Liens, property, guaranties, supporting obligations, insurance and other agreements or arrangements of whatever character from time to time supporting or securing payment of the assets, investments and properties described above; and

(viii) all Proceeds of any and all of the foregoing.

(b) All terms used in this Section 7.01 but not defined in Section 1.01 shall have the respective meanings assigned to such terms in the UCC as applicable.

Section 7.02 Release of Security Interest. Upon the Collection Date or pursuant to Section 8.08, the Collateral Agent, on behalf of the Secured Parties, shall, at the expense of the Borrower, promptly execute, deliver and file or authorize for filing such instruments as the

Borrower shall reasonably request in order to reassign, release or terminate the Secured Parties' security interest in the Collateral. The Secured Parties acknowledge and agree that upon the sale or disposition of any Collateral by the Borrower in compliance with the terms and conditions of this Agreement, the security interest of the Secured Parties in such Collateral shall automatically and immediately terminate and the Collateral Agent, on behalf of the Secured Parties, shall, at the expense of the Borrower, execute, deliver and file or authorize for filing such instrument as the Borrower shall reasonably request to reflect or evidence such termination. Any and all actions under this Article VII in respect of the Collateral shall be without any recourse to, or representation or warranty by any Secured Party and shall be at the sole cost and expense of the Borrower.

Section 7.03 Rights and Remedies. The Collateral Agent (for itself and on behalf of the other Secured Parties) shall have all of the rights and remedies of a secured party under the UCC and other Applicable Law. Upon the occurrence and during the continuance of an Event of Default, the Collateral Agent or its designees shall, at the written direction of the Administrative Agent or the Required Lenders acting through the Administrative Agent, (a) instruct the Borrower to deliver any or all of the Collateral, the Related Documents and any other document relating to the Collateral to the Collateral Agent or its designees and otherwise give all instructions for the Borrower regarding the Collateral; (b) sell or otherwise dispose of the Collateral in a commercially reasonable manner, all without judicial process or proceedings; (c) take control of the Proceeds of any such Collateral; (d) subject to the provisions of the applicable Related Documents, exercise any consensual or voting rights in respect of the Collateral; (e) release, make extensions, discharges, exchanges or substitutions for, or surrender all or any part of the Collateral; (f) enforce the Borrower's rights and remedies with respect to the Collateral; (g) institute and prosecute legal and equitable proceedings to enforce collection of, or realize upon, any of the Collateral; (h) require that the Borrower immediately take all actions necessary to cause the liquidation of the Collateral in order to pay all amounts due and payable in respect of the Obligations, in accordance with the terms of the Related Documents; (i) redeem any asset of the Borrower to pay amounts due and payable in respect of the Obligations; (j) make copies of all books, records and documents relating to the Collateral; and (k) endorse the name of the Borrower upon any items of payment relating to the Collateral or upon any proof of claim in bankruptcy against an account debtor. To the extent permitted by applicable law, each of the Borrower, the Servicer and the Equityholder waive all claims, damages and demands it may acquire against the Administrative Agent, the Collateral Agent and the Secured Parties arising out of the exercise by the Administrative Agent or the Collateral Agent of any of their rights hereunder, except for any claims, damages and demands it may have against the Administrative Agent or the Collateral Agent arising from the willful misconduct or gross negligence of the Administrative Agent or the Collateral Agent or their affiliates, or any agents or employees of the foregoing.

The Borrower hereby agrees that, upon the occurrence and during the continuance of an Event of Default, at the request of either Agent or the Required Lenders (acting through the Administrative Agent), it shall execute all documents and agreements which are necessary or appropriate to have the Collateral to be assigned to the Collateral Agent or its designee. For purposes of taking the actions described in clauses (a) through (k) of this Section 7.03 the Borrower hereby irrevocably appoints the Collateral Agent as its attorney-in-fact (which

appointment being coupled with an interest and is irrevocable while any of the Obligations remain unpaid), with power of substitution, in the name of the Collateral Agent or in the name of the Borrower or otherwise, for the use and benefit of the Collateral Agent, but at the cost and expense of the Borrower and, except as expressly required by Applicable Law, without notice to the Borrower.

Each of the Borrower, the Servicer and the Equityholder recognizes that the Administrative Agent may be unable to effect a public sale of any or all of the Collateral, by reason of certain prohibitions contained in the Securities Act, and applicable state securities laws or otherwise, and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers which will be obliged to agree, among other things, to acquire such item of Collateral for their own account for investment and not with a view to the distribution or resale thereof. Each of the Borrower, the Servicer and the Equityholder acknowledges and agrees that any such private sale may result in prices and other terms less favorable to the Administrative Agent on behalf of the Secured Parties than if such sale were a public sale and, notwithstanding such circumstances, agree that any such private sale shall not be deemed to have been made in a commercially unreasonable manner solely by virtue of being a private sale.

Each of the Borrower, the Servicer and the Equityholder further agrees that a breach of any of their covenants contained in this Section 7.03 will cause irreparable injury to the Administrative Agent and the Secured Parties, that the Administrative Agent and the Secured Parties have no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this Section 7.03 shall be specifically enforceable against the Borrower, the Servicer and the Equityholder, and each of the Borrower, the Servicer and the Equityholder hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants except for a defense that no Event of Default has occurred under this Agreement or any defense relating to the Administrative Agent's willful misconduct or gross negligence.

Pursuant to the UCC, each of the Borrower, the Servicer and the Equityholder hereby specifically agrees (x) that it shall not raise any objection to any Secured Party's purchase of the Collateral (through bidding on the obligations or otherwise) and (y) that a foreclosure sale conducted in conformity with the principles set forth in the No Action Letters promulgated by the SEC staff (1) shall be considered to be a "public" sale for purposes of the UCC, (2) shall be considered commercially reasonable notwithstanding that the Secured Party has not registered or sought to register the Collateral under the Securities Act, even if the Borrower agrees to pay all costs of the registration process, and (3) shall be considered to be commercially reasonable notwithstanding that the Secured Party purchases the Collateral at such a sale.

Each of the Borrower, the Servicer and the Equityholder agrees that neither the Administrative Agent nor the Collateral Agent shall have any general duty or obligation to make any effort to obtain or pay any particular price for any Collateral sold by the Administrative Agent or the Collateral Agent pursuant to this Agreement. Each of the Borrower, the Servicer and the Equityholder hereby agrees that the Administrative Agent or the Collateral Agent shall have the right to conduct, and shall not incur any liability as a result of, the sale of any Collateral,

or any part thereof, at any sale conducted in a commercially reasonable manner, it being agreed by the parties hereto that some or all of the Collateral is or may be of one or more types that threaten to decline speedily in value. The Borrower, the Servicer and the Equityholder hereby waive any claims against the Administrative Agent and the Collateral Agent arising by reason of the fact that the price at which any of the Collateral may have been sold at a private sale was less than the price that might have been obtained at a public sale or was less than the aggregate amount of the Borrower's obligations under this Agreement, even if the Administrative Agent or the Collateral Agent accepts the first bid received and does not offer any Collateral to more than one bidder, provided that Administrative Agent or the Collateral Agent has acted in a commercially reasonable manner in conducting such private sale. Without in any way limiting the Administrative Agent's or the Collateral Agent's right to conduct a foreclosure sale in any manner which is considered commercially reasonable, each of the Borrower, the Servicer and the Equityholder hereby agrees that any foreclosure sale conducted in accordance with the following provisions shall be considered a commercially reasonable sale, and each of the Borrower, the Servicer and the Equityholder hereby irrevocably waives any right to contest any such sale conducted in accordance with the following provisions:

- (1) the Administrative Agent or the Collateral Agent conducts such foreclosure sale in the State of New York;
- (2) such foreclosure sale is conducted in accordance with the laws of the State of New York; and
- (3) not more than thirty days before, and not less than three Business Days in advance of such foreclosure sale, the Administrative Agent or the Collateral Agent notifies the Borrower, the Servicer and the Equityholder at the address set forth herein of the time and place of such foreclosure sale.

In connection with the sale of the Collateral following the acceleration of the Obligations (and notification thereof to the Borrower, the Equityholder and the Servicer), the Equityholder, the Servicer and their respective Affiliates shall have the right to purchase any or all of the Collateral, in each case by paying to the Collateral Agent in immediately available funds, an amount equal to all outstanding Obligations. If the Equityholder, the Servicer and their respective Affiliates fail to exercise this purchase right within ten (10) days following such acceleration of the Obligations (and notification thereof), then such contractual rights shall be irrevocably forfeited by the Equityholder, the Servicer and all Affiliates thereof, but nothing herein shall prevent the Equityholder, the Servicer or their respective Affiliates from bidding at any sale of such Collateral.

Notwithstanding anything in this Section 7.03 to the contrary, the Collateral Agent shall be under no duty or obligation to take any affirmative action to exercise or enforce any power, right or remedy available to it under this Agreement unless and to the extent expressly so directed by the Administrative Agent, the Required Lenders or the Majority Lenders, as applicable; provided that the Collateral Agent shall not be required to take any action hereunder at the direction of the Administrative Agent or any Secured Party if such action would, in the reasonable determination of the Collateral Agent (x) be in violation of or contrary to

applicable law or any provisions of this Agreement or other Facility Document or (y) expose the Collateral Agent to liability unless it has received reasonably satisfactory indemnity with respect thereto.

All sums paid or advanced by the Collateral Agent in connection with the foregoing and all reasonable and documented out-of-pocket costs and expenses (including reasonable and documented attorneys' fees and expenses) incurred in connection therewith, together with interest thereon at the Post-Default Rate from the date of payment until repaid in full, shall be paid by the Borrower to the Collateral Agent from time to time on demand in accordance with the Priority of Payments and shall constitute and become a part of the Obligations secured hereby.

Section 7.05 Remedies Cumulative. (a) Each right, power, and remedy of the Agents and the other Secured Parties, or any of them, as provided for in this Agreement or in the other Facility Documents or now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power, or remedy provided for in this Agreement or in the other Facility Documents or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by either of the Agents or any other Secured Party of any one or more of such rights, powers, or remedies shall not preclude the simultaneous or later exercise by such Persons of any or all such other rights, powers, or remedies.

(b) Related Documents. Each of the Borrower and the Servicer hereby agrees that, to the extent not expressly prohibited by the terms of the Related Documents, after the occurrence and during the continuance of an Event of Default, it shall (i) upon the written request of either Agent, promptly forward to such Person all material information and notices which it receives under or in connection with the Related Documents relating to the Collateral, (ii) upon the written request of the Administrative Agent, promptly forward to the Administrative Agent any reasonably requested information relating to any specified Collateral Loans and (iii) upon the written request of either Agent, act and refrain from acting in respect of any request, act, decision or vote under or in connection with the Related Documents relating to the Collateral only in accordance with the direction of the Administrative Agent (in its reasonable discretion).

1. The Borrower agrees that, to the extent the same shall be in the Borrower's possession, it will hold all Related Documents relating to the Collateral in trust for the Collateral Agent on behalf of the Secured Parties, and upon request of either Agent following the occurrence and during the continuance of an Event of Default or as otherwise provided herein, promptly deliver the same to the Collateral Agent or its designee. In addition, in accordance with the Custodian Agreement, promptly (and in any event, within five (5) Business Days) following its acquisition of any Collateral Loan, the Borrower shall deliver to the Custodian, to the extent applicable, copies of the Related Documents.

Section 7.06 Borrower Remains Liable. (a) Notwithstanding anything herein to the contrary, (i) the Borrower shall remain liable under the contracts and agreements included in and relating to the Collateral (including the Related Documents) to the extent set forth therein,

and shall perform all of its duties and obligations under such contracts and agreements to the same extent as if this Agreement had not been executed, and (ii) the exercise by any Secured Party of any of its rights hereunder shall not release the Borrower from any of its duties or obligations under any such contracts or agreements included in the Collateral.

(b) No obligation or liability of the Borrower is intended to be assumed by the Administrative Agent or any other Secured Party under or as a result of this Agreement or the other Facility Documents, or the transactions contemplated hereby or thereby, including under any Related Document or any other agreement or document that relates to Collateral and, to the maximum extent permitted under provisions of Law, the Administrative Agent and the other Secured Parties expressly disclaim any such assumption.

Section 7.07 Protection of Collateral. The Borrower shall from time to time execute, deliver, file and/or authorize the filing of all UCC-1 financing statements and continuation statements and the equivalent thereof in any applicable foreign jurisdiction, if applicable, instruments of further assurance and other instruments, and shall take such other action as may be necessary or advisable to secure the rights and remedies of the Secured Parties hereunder and to:

(a) grant security more effectively on all or any portion of the Collateral;

(b) maintain, preserve and perfect any grant of security made or to be made by this Agreement including the first priority nature of the Lien granted hereunder or to carry out more effectively the purposes hereof;

(c) perfect, publish notice of or protect the validity of any grant made or to be made by this Agreement (including any and all actions necessary as a result of changes in Law);

(d) enforce any of the Collateral or other instruments or property included in the Collateral;

(e) preserve and defend title to the Collateral and the rights therein of the Collateral Agent and the Secured Parties in the Collateral against the claims of all third parties; and

(f) pay or cause to be paid any and all taxes levied or assessed upon all or any part of the Collateral.

The Borrower hereby designates the Collateral Agent as its agent and attorney in fact to prepare and file any UCC-1 financing statement and continuation statement and the equivalent thereof in any applicable foreign jurisdiction, if applicable, and all other instruments, and take all other actions, required pursuant to this Section 7.07 if the Borrower fails to take any such action within ten (10) Business Days after either Agent's request therefor. Such designation shall not impose upon the Collateral Agent or the Administrative Agent or any other Secured Party, or release or diminish, the Borrower's obligations under this Section 7.07. The Borrower further authorizes the Collateral Agent to file UCC-1 financing statements or the equivalent

thereof in any foreign jurisdiction, if applicable, that name the Borrower as debtor and the Collateral Agent as secured party and that describes “all assets in which the debtor now or hereafter has rights” as the Collateral in which the Collateral Agent has a grant of security hereunder.

ARTICLE VIII.

ACCOUNTS, ACCOUNTINGS AND RELEASES

Section 8.01 Collection of Money. Except as otherwise expressly provided herein, the Administrative Agent may and the Collateral Agent shall at the direction of the Administrative Agent demand payment or delivery of, and shall collect, directly and without intervention or assistance of any fiscal agent or other intermediary, all Money and other property payable to or receivable by the Collateral Agent pursuant to this Agreement, including all payments due on the Collateral, in accordance with the terms and conditions of such Collateral. The Collateral Agent shall segregate and hold all such Money and property received by it for the benefit of the Secured Parties and shall apply it as provided in this Agreement. Each Covered Account shall be established and maintained under the Account Control Agreement with a Qualified Institution. Any Covered Account may contain any number of subaccounts for the convenience of the Collateral Agent or as required by the Servicer for convenience in administering the Covered Account or the Collateral.

Section 8.02 Collateral Account and Collection Account. (a) In accordance with this Agreement and the Account Control Agreement, the Borrower shall, on or prior to the Closing Date, establish at the Securities Intermediary (i) the “Collateral Account,” which shall be maintained with the Securities Intermediary in accordance with the Account Control Agreement and which shall be subject to the Lien of the Collateral Agent, and (ii) the “Collection Account” which shall be maintained with the Securities Intermediary in accordance with the Account Control Agreement, which shall be subject to the Lien of the Collateral Agent and which shall consist of five segregated subaccounts, one of which will be designated the “Interest Collection Subaccount,” one of which will be designated the “Principal Collection Subaccount,” one of which will be designated the “CAD Collection Account,” one of which will be designated the “EUR Collection Account” and one of which will be designated the “GBP Collection Account”. The Collateral Agent shall from time to time deposit into the Interest Collection Subaccount, in addition to the deposits required pursuant to Section 8.06(a), promptly upon receipt thereof, all Interest Proceeds received by the Collateral Agent. The Collateral Agent shall deposit promptly upon receipt thereof all other amounts remitted to the Collection Account into the Principal Collection Subaccount including, in addition to the deposits required pursuant to Section 8.06(a), all Principal Proceeds (unless simultaneously reinvested in additional Collateral Loans in accordance with Article X or in Eligible Investments or required to be deposited in the Revolving Reserve Account pursuant to Section 8.04) received by the Collateral Agent. All Monies deposited from time to time in the Collection Account pursuant to this Agreement shall be held by the Collateral Agent as part of the Collateral and shall be applied to the purposes herein provided. Subject to Section 8.02(c), amounts in the Collection Account shall be reinvested pursuant to Section 8.06(a). Other than as expressly set forth herein, the Collateral Agent shall

from time to time deposit into the Collateral Account any Collateral that is capable of being delivered to and held by the Securities Intermediary and credited to an account in accordance with the terms of this Agreement and the Account Control Agreement.

(b) At any time when reinvestment is permitted pursuant to Article X, the Servicer on behalf of the Borrower (subject to compliance with Article X) may, by delivery of a certificate or an email instruction of a Responsible Officer of the Servicer or a trade ticket or SWIFT transmission, direct the Collateral Agent to, and upon receipt of such certificate, email, trade ticket or SWIFT transmission, as applicable, the Collateral Agent shall, withdraw funds on deposit in the Principal Collection Subaccount representing Principal Proceeds (together with accrued interest received with regard to any Collateral Loan and Interest Proceeds but only to the extent used to pay for accrued interest on an additional Collateral Loan) and reinvest such funds in additional Collateral Loans or make a Permitted Distribution or Permitted Tax Distribution in accordance with such certificate, email, trade ticket or SWIFT transmission. At any time as of which sufficient funds are not on deposit in the Revolving Reserve Account, the Servicer on behalf of the Borrower may, by delivery of a certificate of a Responsible Officer of the Servicer, direct the Collateral Agent to, and upon receipt of such certificate the Collateral Agent shall, withdraw funds on deposit in the Principal Collection Subaccount representing Principal Proceeds and remit such funds as so directed by the Servicer to meet the Borrower's funding obligations in respect of Delayed Drawdown Collateral Loans or Revolving Collateral Loans.

(c) The Collateral Agent shall transfer to the Payment Account, from the Collection Account for application pursuant to Section 9.01(a), on the Business Day prior to each Payment Date, the amount set forth to be so transferred in the Payment Date Report for such Payment Date.

Section 8.03 Payment Account. In accordance with this Agreement and the Account Control Agreement, the Borrower shall, on or prior to the Closing Date, establish at the Securities Intermediary a single, segregated account in the corporate trust department of the Securities Intermediary in the name "ARCC FB Funding LLC Payment Account, subject to the Lien of the Collateral Agent," which shall be designated as the "Payment Account," which shall be maintained by the Borrower with the Securities Intermediary in accordance with the Account Control Agreement and which shall be subject to the Lien of the Collateral Agent. Except as provided in Section 9.01, the only permitted withdrawal from or application of funds on deposit in, or otherwise to the credit of, the Payment Account shall be to pay amounts due and payable under the Priority of Payments on the Payment Dates in accordance with their terms and the provisions of this Agreement. The Borrower shall not have any legal, equitable or beneficial interest in the Payment Account other than in accordance with this Agreement and the Priority of Payments. Amounts on deposit in the Payment Account will not be invested.

Section 8.04 The Revolving Reserve Account; Fundings. In accordance with this Agreement and the Account Control Agreement, the Borrower shall, on or prior to the Closing Date, establish at the Securities Intermediary a single, segregated account in the corporate trust department of the Securities Intermediary in the name "ARCC FB Funding LLC Revolving Reserve Account, subject to the Lien of the Collateral Agent," which shall be

designated as the “Revolving Reserve Account,” which shall be maintained by the Borrower with the Securities Intermediary in accordance with the Account Control Agreement and which shall be subject to the Lien of the Collateral Agent. The only permitted deposits to or withdrawals from the Revolving Reserve Account shall be in accordance with the provisions of this Agreement. The Borrower shall not have any legal, equitable or beneficial interest in the Revolving Reserve Account other than in accordance with this Agreement and the Priority of Payments.

During the Reinvestment Period, fundings of Delayed Drawdown Collateral Loans and Revolving Collateral Loans shall be made using, first, amounts on deposit in the Revolving Reserve Account, then available Principal Proceeds on deposit in the Collection Account and finally, available Advances. On the last day of the Reinvestment Period, to the extent the amount of funds on deposit in the Revolving Reserve Account are less than the Revolving Exposure, (x) the Borrower shall request a final Advance in an amount sufficient to fund the Revolving Reserve Account in an amount equal to the Revolving Exposure; provided that after giving effect to such Advance, the aggregate principal amount of the Advances then outstanding shall not exceed the Maximum Available Amount, and/or (y) the Borrower shall deposit other available funds into the Revolving Reserve Account in an amount sufficient to fund the Revolving Reserve Account in an amount equal to the Revolving Exposure. After the Facility Termination Date, fundings of Delayed Drawdown Collateral Loans and Revolving Collateral Loans shall be made using, first, amounts on deposit in the Revolving Reserve Account, then available Principal Proceeds on deposit in the Collection Account. In addition, after the Facility Termination Date, all Principal Proceeds received with respect to Revolving Collateral Loans shall be deposited into the Revolving Reserve Account to the extent such proceeds may be re-borrowed by the related Obligor.

Amounts on deposit in the Revolving Reserve Account will be invested in overnight funds that are Eligible Investments selected by the Servicer pursuant to Section 8.06 and earnings from all such investments will be deposited in the Interest Collection Subaccount as Interest Proceeds. Funds in the Revolving Reserve Account (other than earnings from Eligible Investments therein) will be available solely to cover drawdowns on the Delayed Drawdown Collateral Loans and Revolving Collateral Loans and settle purchases of Collateral Loans committed to be acquired by the Borrower prior to the end of the Reinvestment Period; provided that, to the extent that the aggregate amount of funds on deposit therein at any time exceeds an amount equal to the Revolving Exposure, the Collateral Agent, at the direction of the Borrower (or the Servicer on the Borrower’s behalf) shall remit such excess to the Principal Collection Subaccount. In addition, following the occurrence of an Event of Default, funds in the Revolving Reserve Account may be withdrawn by the Collateral Agent and deposited into the Principal Collection Subaccount pursuant to and at the direction of the Administrative Agent.

Section 8.05 [Reserved].

Section 8.06 Reinvestment of Funds in Covered Accounts; Reports by Collateral Agent. (a) By delivery of a certificate of a Responsible Officer (which may be in the form of standing instructions), the Borrower (or the Servicer on behalf of the Borrower) shall at

all times direct the Collateral Agent to, and, upon receipt of such certificate, the Collateral Agent shall, invest all funds on deposit in the Collection Account and the Revolving Reserve Account in Eligible Investments having stated maturities no later than the Business Day preceding the next Payment Date (or such shorter maturities expressly provided herein, including Section 8.04 above). If, prior to the occurrence of an Event of Default, the Servicer shall not have given any such investment directions, such funds shall remain uninvested. After the occurrence and during the continuance of an Event of Default, the Collateral Agent shall invest and reinvest such Monies as fully as practicable in Specified Eligible Investments selected by the Administrative Agent in accordance with the definition of Specified Eligible Investment (and if no Specified Eligible Investment has been specified, such funds shall be invested in the Specified Eligible Investment selected by the Servicer or held uninvested if none has been selected). Except to the extent expressly provided otherwise herein, all interest, gain, loss and other income from such investments shall be deposited, credited or charged (as applicable) in and to the Interest Collection Subaccount. Absent its timely receipt of such instruction from the Servicer in accordance with the foregoing, the Collateral Agent shall not be under an obligation to invest (or pay interest on) funds held hereunder. The Collateral Agent shall in no way be liable for any insufficiency in a Covered Account resulting from any loss relating to any such investment.

(b) The Collateral Agent agrees to give the Borrower prompt notice if any Covered Account or any funds on deposit in any Covered Account, or otherwise to the credit of a Covered Account, shall become subject to any writ, order, judgment, warrant of attachment, execution or similar process. All Covered Accounts shall remain at all times with the Securities Intermediary.

(c) The Collateral Agent shall supply, in a timely fashion, to the Borrower and the Servicer any information regularly maintained by the Collateral Agent that the Borrower or the Servicer may from time to time reasonably request with respect to the Collateral, the Covered Accounts and the other Collateral and provide any other requested information reasonably available to the Collateral Agent and required to be provided by Section 8.07 or to permit the Servicer to perform its obligations hereunder or the Borrower's obligations hereunder that have been delegated to the Servicer. The Collateral Agent shall promptly forward to the Servicer copies of notices and other writings received by it from the Obligor of any Collateral Loan or from any Clearing Agency with respect to any Collateral Loan which notices or writings advise the holders of such Collateral Loan of any rights that the holders might have with respect thereto (including requests to vote with respect to amendments or waivers and notices of prepayments and redemptions) as well as all periodic financial reports received from such Obligor and Clearing Agency with respect to such Obligor.

Section 8.07 Accountings.

(a) [Reserved.]

(b) Payment Date Accounting. The Borrower shall render (or cause to be rendered) an accounting (each, a "Payment Date Report"), determined as of the close of business on each Determination Date preceding a Payment Date (such Determination Date, a "Payment Date Report Determination Date"), and shall deliver such Payment Date Report to the Agents,

the Servicer and each Lender not later than the second Business Day preceding the related Payment Date. The Servicer shall compile and provide to the Collateral Agent and the Administrative Agent a loan data file (the “Data File”) in the form of Exhibit H for the previous monthly period ending on the Payment Date Report Determination Date (containing such information agreed upon by the Servicer, the Collateral Agent and the Administrative Agent). The Servicer shall provide (or cause to be provided) the Data File to the Collateral Agent at least three (3) Business Days prior to the Payment Date. The Collateral Agent shall use commercially reasonable efforts to review and, based solely on the Data File provided by the Borrower (or Servicer on its behalf), re-calculate the calculations in clauses (i) through (xvi) below made by the Servicer in any such Payment Date Report for such calendar month, within two (2) Business Days of the receipt thereof and notify the Servicer and the Administrative Agent in the event of any discrepancy between the Collateral Agent’s calculations and the Payment Date Report. The Collateral Agent shall re-calculate pursuant to the preceding sentence: (i) Aggregate Net Collateral Balance, (ii) Borrowing Base, (iii) Excess Concentration Amount, (iv) Maximum Available Amount, (v) Class 1 Borrowing Base, (vi) Class 2 Borrowing Base, (vii) Class 3 Borrowing Base, (viii) Class 1 OC Ratio, (ix) Class 2 OC Ratio, (x) Class 3 OC Ratio, (xi) each Class Minimum OC Coverage Test, (xii) the Minimum OC Coverage Test, (xiii) the Collateral Quality Test, (xiv) completion of Priority of Payments pursuant to Section 9.01(a), (xv) balances for each of the Covered Accounts and (xvi) such other calculations as may be mutually agreed upon by the Collateral Agent, the Servicer and the Administrative Agent. Upon receipt of such notice reporting and showing discrepancies, if any, from the Collateral Agent and in any event by no later than the Payment Date, the Servicer shall compile and provide (or cause to be compiled and provided) to the Agents and the Lenders the Payment Date Report. The Payment Date Report shall contain the information that is agreed to by the Servicer, the Administrative Agent and the Collateral Agent from time to time.

In addition, the Borrower shall provide (or cause to be provided) in each Payment Date Report a statement setting forth in reasonable detail each amendment, modification or waiver under any Related Document for each Collateral Loan that constitutes a Material Modification that became effective since the immediately preceding Payment Date Report (or, in respect of the first Payment Date Report, from the Closing Date); provided, that the requirement set forth in this paragraph shall be deemed satisfied to the extent the loan tape included with such Payment Date Report marks such Collateral Loan as having been subject to a Material Modification.

(c) Daily Accounting. For each Business Day, the Collateral Agent shall render to the Borrower (with a copy to the Administrative Agent and the Servicer) a daily report of (i) all deposits to and withdrawals from the Covered Accounts for such Business Day and the outstanding balance of the Covered Accounts as of the end of such Business Day, (ii) all settled trades of securities for such Business Day, (iii) the Adjusted Principal Balance of each Collateral Loan as of the end of such Business Day, (iv) the OC Ratio as of the end of such Business Day, (v) the Borrower’s compliance with the Concentration Limitations, (vi) the Loan Value of each Collateral Loan, (vii) the S&P rating and Moody’s rating of each Collateral Loan and/or the Obligor thereunder (if applicable), (viii) all principal and interest payments made or to be made on each Collateral Loan on such Business Day, (ix) the applicable interest rates, interest rate

resets, interest accrual periods and interest rate and benchmark floors, if any, of each Collateral Loan, (x) the portion of the Principal Balance of any Delayed Drawdown Collateral Loan that is unfunded, (xi) the amount of Interest Proceeds received from Collateral Loans and Eligible Investments, (xii) the Collateral Loans that are Defaulted Collateral Loans and (xiii) such other items as may be agreed upon from time to time by the Collateral Agent and the Borrower. "Loan Value" shall be determined in accordance with the definition herein and provided to the Collateral Agent. For purposes of calculating the Adjusted Principal Balance of each Collateral Loan, the Collateral Agent shall begin including each Collateral Loan in the report as of its trade date.

(d) Failure to Provide Accounting. If the Collateral Agent shall not have received any accounting provided for in this Section 8.07 on the first Business Day after the date on which such accounting is due to the Collateral Agent, the Collateral Agent shall notify the Servicer who shall use reasonable efforts to obtain such accounting by the applicable Payment Date. The Collateral Agent shall in no event have any liability for the actions or omissions of the Servicer, the Borrower or any other Person, and shall have no liability for any inaccuracy or error in any duty performed by it that results from or is caused by inaccurate, untimely or incomplete information or data received by it from the Servicer, the Borrower or another Person (other than claims relating to the Collateral Agent's gross negligence or willful misconduct).

Section 8.08 Release of Collateral. (a) The Borrower may, by delivery of a certificate of a Responsible Officer of the Servicer (with the written consent of the Administrative Agent if the Administrative Agent has notified the Collateral Agent in writing, following the occurrence of or during the continuation of an Event of Default, to only permit releases with the written consent of the Administrative Agent) delivered to the Collateral Agent and Custodian, as applicable, certifying that the sale, substitution or Lien Release Dividend, as applicable, of such loan is being made in accordance with Section 10.01 and such sale complies with all applicable requirements of Section 10.01 (provided that the delivery of a trade ticket or other instruction by the Borrower shall be deemed to constitute such certification), direct the Collateral Agent to release or cause to be released such item from the Lien of this Agreement and, upon receipt of such certificate, the Collateral Agent (or Custodian, as applicable) shall deliver any such item, if in physical form, duly endorsed to the broker or purchaser designated in such certificate or, if such item is a Clearing Corporation Security, cause an appropriate transfer thereof to be made, in each case against receipt of the sales price therefor as specified by the Servicer in such certificate; provided that the Collateral Agent may deliver any such item in physical form for examination in accordance with street delivery custom.

(b) Subject to the terms of this Agreement, the Collateral Agent (or Custodian, as applicable) shall, upon the receipt of a certificate or other trade ticket or direction of a Responsible Officer of the Servicer, deliver any Collateral in accordance with such certificate, trade ticket or other direction, and execute such documents or instruments as are delivered by or on behalf of the Borrower and reasonably necessary to release or cause to be released such security from the Lien of this Agreement, which is set for any mandatory call or redemption or payment in full to the appropriate paying agent on or before the date set for such

call, redemption or payment, in each case against receipt of the call or redemption price or payment in full thereof.

(c) As provided in Section 8.02(a), the Collateral Agent shall deposit any proceeds received by it from the disposition of any Collateral in the applicable subaccount of the Collection Account, unless simultaneously applied to the purchase of additional Collateral Loans or Eligible Investments as permitted under and in accordance with the requirements of this Article VIII and Article X.

(d) The Collateral Agent shall, upon receipt of a certificate of a Responsible Officer of the Borrower certifying that there are no Individual Lender Maximum Funding Amounts outstanding and all Obligations of the Borrower hereunder and under the other Facility Documents have been satisfied, execute such documents or instruments as are delivered by or on behalf of the Borrower and reasonably necessary to release any remaining Collateral from the Lien of this Agreement.

(e) Any Collateral Loan or amounts that are released pursuant to Section 8.08(a) or (b) shall be automatically released from the Lien of this Agreement.

Section 8.09 Reports by Independent Accountants. (a) The Servicer will cause KPMG or any other firm of nationally recognized independent public accountants (who may also render other services to the Servicer) consented to by the Administrative Agent (the “Independent Accountants”) to furnish to the Administrative Agent, each Lender and the Collateral Agent (i) on or prior to March 31, 2021 (the “Initial AUP Report Date”), a report relating to one Payment Date Report (as selected by the Administrative Agent), delivered prior to the Initial AUP Report Date, and (ii) on or prior to each one-year anniversary of the Initial AUP Report Date (each such anniversary, an “AUP Report Date”), a report relating to one Payment Date Report (as selected by the Administrative Agent), delivered during the twelve (12) months immediately preceding such AUP Report Date, in each case, to the effect that such accountants have applied certain agreed-upon procedures (a copy of which procedures are attached hereto as Exhibit F, it being understood that the Servicer and the Administrative Agent will provide an updated Exhibit F reflecting any further amendments to such Exhibit F prior to the issuance of the first such agreed-upon procedures report, a copy of which shall replace the then existing Exhibit F) to certain documents and records relating to the Collateral under any Facility Document, compare the information contained in selected Payment Date Reports (and all calculations therein) delivered during the period covered by such report with such documents and records and that no matters came to the attention of such accountants that caused them to believe that such servicing was not conducted in compliance with this Agreement, except for such exceptions as such accountants shall believe to be immaterial and such other exceptions as shall be set forth in such statement.

(b) In the event the Independent Accountants appointed pursuant to clause (a) above require the Collateral Agent to agree to the procedures performed by such Independent Accountants with respect to any of the reports, statements or certificates of such Independent Accountants, or sign any agreement in connection therewith, the Borrower hereby directs the Collateral Agent to agree to the terms and conditions requested by such Independent Accountants

as a condition to receiving documentation required by this Agreement; it being understood and agreed that the Collateral Agent shall deliver such agreement in conclusive reliance on the foregoing direction and shall make no inquiry or investigation as to, and shall have no obligation or responsibility in respect of, the terms of the engagement of such Independent Accountants by the Borrower or the sufficiency, validity or correctness of the agreed upon procedures in respect of such engagement. The Borrower hereby authorizes and directs the Collateral Agent, without liability on its part, to execute and deliver any such agreement with such Independent Accountants in the form presented to it by the Borrower (or the Servicer on behalf of the Borrower), which agreement, to the extent so directed by the Borrower (or the Servicer on behalf of the Borrower), may include, amongst other things, (i) an acknowledgement that the Borrower (or the Servicer on behalf of the Borrower) has agreed that the procedures by such Independent Accountants are sufficient for the relevant purposes, (ii) releases by the Collateral Agent of any claims, liabilities and expenses arising out of or relating to such Independent Accountant's engagement, agreed-upon procedures or any report, statement or certificate issued by such Independent Accountants under any such engagement and acknowledgement of other limitations of liability in favor of such Independent Accountants and (iii) restrictions or prohibitions on the disclosure of any such reports, statements, certificates or other information or documents provided to it by such Independent Accountants.

ARTICLE IX.

APPLICATION OF MONIES

Section 9.01 Disbursements of Monies from Payment Account. Notwithstanding any other provision in this Agreement, but subject to the other subsections of this Section 9.01, on each Payment Date, the Collateral Agent shall disburse amounts transferred from the Collection Account to the Payment Account pursuant to Section 8.02 in accordance with the Payment Date Report and the following priorities (the "Priority of Payments"):

(i) On each Payment Date prior to the occurrence and continuance of an Event of Default, Interest Proceeds on deposit in the Interest Collection Subaccount, to the extent received on or before the related Determination Date (or, if such Determination Date is not a Business Day, the next succeeding Business Day) (or if received after the related Determination Date but expected to be received on or before the related Determination Date, to the extent received before the related Payment Date) will be transferred into the Payment Account, to be applied in the following order of priority:

(A) to pay registration, registered office and filing fees, if any, of the Borrower, subject to a cap of \$15,000 *per annum*;

(B) (1) *first*, to pay Administrative Expenses; provided that the amounts in this clause (B)(1) shall not exceed the Administrative Expense Cap; and (2) *second*, to the Administrative Agent to pay all fees and expenses of the Administrative Agent under the Facility Documents;

(C) to each Lender, *pro rata*, based on amounts owed, to pay accrued and unpaid Interest on the Advances and Unused Fees due to each such Lender and amounts payable to each such Lender under Section 2.11;

(D) (1) *first*, to the Servicer to pay the Servicer Fee, plus any Servicer Fee that remains due and unpaid in respect of any prior Payment Dates as a result of insufficient funds; and (2) *second*, to pay Servicer Expenses; provided that the amounts in this clause (D)(2) shall not exceed the Servicer Expense Cap for such Payment Date;

(E) to make Permitted Tax Distributions;

(F) (1) on the Payment Date occurring after the 12-month anniversary of the Facility Termination Date, *pro rata* to the Lenders to reduce the outstanding principal amount to not more than 90% of the outstanding principal amount as of the Facility Termination Date (calculated after giving effect to any paydown on such Payment Date pursuant to Section 9.01(a) (ii)), (2) on the Payment Date occurring after the 15-month anniversary of the Facility Termination Date, *pro rata* to the Lenders to reduce the outstanding principal amount to not more than 75% of the outstanding principal amount as of the Facility Termination Date (calculated after giving effect to any paydown on such Payment Date pursuant to Section 9.01(a) (ii)) and (3) on the Payment Date occurring after the 18-month anniversary of the Facility Termination Date, *pro rata* to the Lenders to reduce the outstanding principal amount to not more than 50% of the outstanding principal amount as of the Facility Termination Date (calculated after giving effect to any paydown on such Payment Date pursuant to Section 9.01(a) (ii));

(G) if the Minimum OC Coverage Test is not satisfied as of the relevant Determination Date, to pay principal of the Advances of each Lender (*pro rata*, based on each Lender's Percentage) until the Minimum OC Coverage Test is satisfied (on a *pro forma* basis as at such Determination Date); provided that the Borrower shall be permitted to allocate such principal payments among the Classes on each Payment Date so long as, after giving effect to such allocation of payments on such Payment Date, each Class Minimum OC Coverage Test is satisfied; provided, further, that, if the Borrower would be unable to cause each Class Minimum OC Coverage Test to be satisfied on any Payment Date after allocating such payments, the Administrative Agent shall allocate such payments in its sole discretion;

(H) (i) during the Reinvestment Period, at the discretion of the Servicer, for deposit into the Revolving Reserve Account until the amount on deposit therein equals the Revolving Exposure and (ii) after the Reinvestment Period, for deposit into the Revolving Reserve Account until the amount on deposit therein equals the Revolving Exposure;

(I) to pay, on a *pro rata* basis, accrued and unpaid amounts owing to Affected Persons (if any) under Sections 2.10 and 13.04, all unpaid Facility

Reduction Fees and all other fees, expenses or indemnities owed to the Secured Parties or Indemnified Parties;

(J) (1) *first*, to the payment or application of amounts referred to in clause (B)(1) above (in the same order of priority specified therein), to the extent not paid in full pursuant to applications under such clause, and (2) *second*, to the payment or application of amounts referred to in clause (D) above to the extent not paid in full pursuant to such clause; and

(K) (1) if a Default has occurred and is continuing, to remain in the Interest Collection Subaccount (other than a Permitted Tax Distribution) or (2) otherwise, any remaining amount shall be released to the Equityholder or its designee (or, at the direction of the Borrower, deposited into the Principal Collection Subaccount for investment in Collateral Loans); provided that if any such Default under clause (K)(1) is subsequently cured prior to the next Payment Date, such amounts held under clause (K)(1) may be distributed pursuant to clause (K)(2) prior to the next Payment Date.

(ii) On each Payment Date prior to the occurrence and continuance of an Event of Default, except for any Principal Proceeds that will be used to settle binding commitments entered into prior to the related Determination Date for the purchase of Collateral Loans, Principal Proceeds on deposit in the Principal Collection Subaccount to the extent received on or before the related Determination Date (or, if such Determination Date is not a Business Day, the next succeeding Business Day) will be transferred to the Payment Account to be applied in the following order of priority:

(A) to the payment of unpaid amounts under clauses (A) through (D) in clause (i) above (in the same order of priority specified therein), to the extent not paid in full thereunder, but subject to any caps specified therein;

(B) during the Reinvestment Period, (i) if the Minimum OC Coverage Test is not satisfied as of the relevant Determination Date, to pay principal of the Advances of each Lender (*pro rata*, based on each Lender's Percentage) until the Minimum OC Coverage Test is satisfied (on a *pro forma* basis as at such Determination Date) and (ii) to the Principal Collection Subaccount for the purchase of additional Collateral Loans (including funding Revolving Collateral Loans and Delayed Drawdown Collateral Loans) and/or for the making of any Permitted Distribution or Permitted Tax Distribution;

(C) after the Reinvestment Period, to pay the Advances of each Lender (*pro rata*, based on each Lender's Percentage) until the Advances are paid in full; provided that the Borrower shall be permitted to allocate such principal payments among the Classes on each Payment Date so long as, after giving effect to such allocation of payments on such Payment Date, each Class Minimum OC Coverage Test is satisfied; provided, further, that, if the Borrower would be unable to cause each Class Minimum OC Coverage Test to be satisfied on any Payment Date after

allocating such payments, the Administrative Agent shall allocate such payments in its sole discretion;

(D) to the payment of amounts referred to in clauses (I) and (J) of clause (i) above (in the same order of priority specified therein), to the extent not paid in full thereunder; and

(E) (1) if a Default has occurred and is continuing (unless all Obligations owing to the Lenders have been paid in full (other than contingent indemnification and expense reimbursement obligations as to which no claim has been asserted)), to remain in the Principal Collection Subaccount (other than a Permitted Tax Distribution) or (2) otherwise, any remaining amount shall be released to the Equityholder or its designee (or, at the direction of the Borrower, deposited into the Principal Collection Subaccount for investment in Collateral Loans); provided that if any such Default under clause (E)(1) is subsequently cured prior to the next Payment Date, such amounts held under clause (E)(1) may be distributed pursuant to clause (E)(2) prior to the next Payment Date.

(iii) On each Payment Date following the occurrence and continuance of an Event of Default, all Interest Proceeds in the Interest Collection Subaccount and all Principal Proceeds in the Principal Collection Subaccount, except for any Principal Proceeds that will be used to settle binding commitments entered into prior to the related Determination Date for the purchase of Collateral Loans, in each case, to the extent received on or before the related Determination Date (or, if such Determination Date is not a Business Day, the next succeeding Business Day) will be transferred to the Payment Account to be applied in the following order of priority:

(A) to pay registration, registered office and filing fees, if any, of the Borrower, subject to a cap of \$15,000 *per annum*;

(B) (1) *first*, to pay Administrative Expenses as provided in Section 9.01(a)(i)(B)(1) subject to the Administrative Expense Cap and (2) *second*, to the Administrative Agent to pay all fees and expenses of the Administrative Agent under the Facility Documents;

(C) to each Lender, *pro rata*, based on amounts owed, to pay accrued and unpaid Interest on the Advances and Unused Fees due to each such Lender and amounts payable to each such Lender under Section 2.11;

(D) (1) *first*, to the Servicer to pay the Servicer Fee, plus any Servicer Fee that remains due and unpaid in respect of any prior Payment Dates as a result of insufficient funds; and (2) *second*, to pay Servicer Expenses in accordance with the priorities specified in the definition thereof; provided that the amounts in this clause (D)(2) shall not exceed the Servicer Expense Cap;

(E) to pay the principal of the Advances of each Lender (*pro rata*, based on each Lender's Percentage) until paid in full; provided that the Administrative Agent shall allocate such principal payments among the Classes in its sole discretion;

(F) to pay, on a *pro rata* basis, accrued and unpaid amounts owing to Affected Persons (if any) under Sections 2.10 and 13.04, all unpaid Facility Reduction Fees and all other fees, expenses or indemnities owed to the Secured Parties or Indemnified Parties;

(G) (1) *first*, to the payment of amounts referred to in clause (B) and (2) *second*, to the payment of amounts referred to in clause (D) above, in each case to the extent not paid in full pursuant to such clause; and

(H) any remaining amount shall be released to the Borrower or its designee.

(b) If on any Payment Date the amount available in the Payment Account is insufficient to make the full amount of the disbursements required by the Payment Date Report, the Collateral Agent shall make the disbursements called for in the order and according to the priority set forth under Section 9.01(a) to the extent funds are available therefor.

ARTICLE X.

SALE OF COLLATERAL LOANS; PURCHASE OF ADDITIONAL COLLATERAL LOANS

Section 10.01 Sales of Collateral Loans.

(a) Discretionary Sales of Collateral Loans. Subject to the satisfaction of the conditions specified in Section 10.03, the Borrower (or the Servicer on behalf of the Borrower) may, but will not be required to, direct the Collateral Agent to sell, and the Collateral Agent shall sell in the manner directed by the Servicer, any Collateral Loan if such sale meets the requirements set forth below (as shown in the Borrowing Base Calculation Statement delivered with respect thereto in accordance with Section 5.02(d)(iii)):

(i) no Default or Event of Default exists or would result upon giving effect thereto; provided that the Borrower (or the Servicer on behalf of the Borrower) may sell one or more Collateral Loans if after giving effect thereto and the application of the proceeds thereof any existing Default or Event of Default would be cured;

(ii) upon giving effect thereto and the application of the proceeds thereof, the Collateral Quality Test is satisfied (or, if not satisfied immediately prior to such sale, compliance with such Collateral Quality Test is maintained or improved); and

x.(iii) the Administrative Agent has provided prior written consent to such sale, if:

(A) the Minimum OC Coverage Test would not be satisfied following such proposed sale (or, if not satisfied immediately prior to such sale, compliance with the Minimum OC Coverage Test would not be maintained or improved);

(B) (x) the proceeds from such proposed sale would be less than the Adjusted Principal Balance of such Collateral Loan and (y) such sale is to the Equityholder, the Servicer or a Person that is an Affiliate of the Borrower, the Equityholder or the Servicer (provided that any such sale must comply with Sections 5.03(h) and 10.03 hereof, unless such sale is made pursuant to Section 6.1 of the Loan Sale Agreement);

(C) the proceeds from such proposed sale would be less than the lesser of (x) the Adjusted Principal Balance of such Collateral Loan and (y) the purchase price of such Collateral Loan paid by the Borrower; or

(D) if the sale is during the Reinvestment Period, after giving effect to such proposed sale, the Aggregate Principal Balance of all Collateral Loans sold or disposed of by the Borrower during the immediately preceding twelve calendar months (or since the Closing Date, if the Trade Date of such proposed sale would occur earlier than twelve calendar months following the Closing Date) would be greater than 30% of the Maximum Facility Amount, unless such sale is made pursuant to Section 6.1 of the Loan Sale Agreement; provided, that the Administrative Agent in its sole discretion may consent (which may be by email) to exclude such sale from the calculation of the Aggregate Principal Balance of all Collateral Loans sold or disposed of by the Borrower for purposes of this clause (D);

provided, further, that the restriction in clause (iii)(B) above in this Section 10.01(a) shall not apply to sales of Defaulted Collateral Loans or Ineligible Collateral Loans.

Notwithstanding anything above that would otherwise prohibit the sale of a Collateral Loan after the occurrence or during the continuance of a Default or an Event of Default, if the Borrower entered into an agreement to sell any such Collateral prior to the occurrence of such Default or an Event of Default, but such sale did not settle prior to the occurrence of such Default or an Event of Default, then the Borrower shall be permitted to consummate such sale notwithstanding the occurrence of such Default or an Event of Default; provided that the settlement for such sale occurs within the customary settlement period for similar trades.

(b) Ineligible Collateral Loans. Notwithstanding Section 10.01(a), if on any day a Collateral Loan is no longer an Eligible Collateral Loan, the Borrower shall either make a deposit of the funds and/or deliver one or more replacement Collateral Loans for such ineligible Collateral Loan, in each case pursuant to the Loan Sale Agreement and in accordance with Section 10.03. Upon confirmation of the deposit of the amount described above into the

Collection Account or the delivery to the Borrower of the replacement Collateral Loans, such ineligible Collateral Loan shall be removed from the Collateral and the Collateral Agent, for the benefit of the Secured Parties, shall automatically and without further action be deemed to release to the Borrower, without recourse, representation or warranty, all the right, title and interest and any Lien of the Collateral Agent, for the benefit of the Secured Parties in, to and under such ineligible Collateral Loan.

(c) Sales of Equity Securities. The Borrower (or the Servicer on behalf of the Borrower) may sell any Equity Security at any time without restriction, and shall use its commercially reasonable efforts to effect the sale of any Equity Security, regardless of price, within forty-five (45) days of receipt if such Equity Security constitutes Margin Stock, unless such sale is prohibited by Applicable Law or contract, in which case such Equity Security should be sold as soon as such sale is permitted by Applicable Law or contract.

(d) Substitutions. The Borrower may, with the consent of the Administrative Agent in its sole discretion, replace any Collateral Loan as a Collateral Loan so long as (i) no event has occurred, or would result from such substitution, which constitutes an Event of Default and no event has occurred and is continuing, or would result from such substitution, which constitutes a Default, (ii) simultaneously therewith, the Borrower pledges (in accordance with all of the terms and provisions contained herein) a Substitute Eligible Collateral Loan and (iii) the Minimum OC Coverage Test is satisfied (or, if not satisfied immediately prior to such substitution, compliance with the Minimum OC Coverage Test is maintained or improved).

(e) Optional Sales. On any Optional Sale Date, the Borrower shall have the right to prepay all or a portion of the outstanding Advances in connection with the sale and assignment by the Borrower of all or a portion of the Collateral Loans, as the case may be, in connection with a Permitted Securitization or a Permitted Refinancing (each, an "Optional Sale"), subject to the following terms and conditions:

(i) the Borrower shall have given the Administrative Agent (with a copy to the Collateral Agent) at least 45 days' prior written notice of its intent to effect an Optional Sale in connection with a Permitted Securitization or a Permitted Refinancing, and the Administrative Agent shall have delivered to the Borrower its prior written consent (in its sole discretion) to such Optional Sale, unless such 45 days' notice requirement is waived or reduced by the Administrative Agent; provided that no such consent will be required for any Optional Sale of any Collateral Loan at a price equal to or greater than the Adjusted Principal Balance of such Collateral Loan as of the date of the Optional Sale to the extent that, after giving effect to such proposed sale, the Aggregate Principal Balance of all Collateral Loans sold or disposed of by the Borrower pursuant to this proviso during the immediately preceding twelve calendar months would not be greater than 30% of the highest Aggregate Principal Balance of any month during such 12-month period (or such higher percentage as agreed to by the Administrative Agent); provided, further that the Administrative Agent in its sole discretion may consent (which may be by email) to exclude such sale from the calculation of the Aggregate Principal Balance of all Collateral Loans sold or disposed of by the Borrower for purposes of this clause (i);

(ii) unless an Optional Sale is to be effected on a Payment Date (in which case the relevant calculations with respect to such Optional Sale shall be reflected on the applicable Payment Date Report), the Servicer shall deliver to the Administrative Agent (with a copy to the Collateral Agent) a certificate and evidence to the reasonable satisfaction of the Administrative Agent (which evidence may consist solely of a certificate from the Servicer) that the Borrower shall have sufficient funds on the related Optional Sale Date to effect the contemplated Optional Sale in accordance with this Agreement. In effecting an Optional Sale, the Borrower may use the proceeds of sales of the Collateral Loans to repay all or a portion of the Obligations;

(iii) no Default or Event of Default exists or would result upon giving effect to such Optional Sale;

(iv) upon giving effect thereto and the application of the proceeds thereof, the Collateral Quality Test is satisfied (or, if not satisfied immediately prior to such sale, compliance with such Collateral Quality Test is maintained or improved);

(v) the Minimum OC Coverage Test will be satisfied following such proposed sale (or, if not satisfied immediately prior to such Optional Sale, compliance with the Minimum OC Coverage Test will be maintained or improved); and

(vi) on the related Optional Sale Date, the Borrower shall have deposited into the Collection Account, in immediately available funds, the proceeds of such Optional Sale, which shall at least equal the aggregate Adjusted Principal Balance of the Collateral Loans being sold.

(f) Lien Release Dividend. Notwithstanding any provision contained in this Agreement to the contrary, provided no Event of Default has occurred and is continuing and no Default exists, on a Lien Release Dividend Date, the Borrower may distribute to the Equityholder any Collateral Loan that was sold by the Equityholder to the Borrower, or any portion thereof (each, a "Lien Release Dividend"), subject to the following terms and conditions, the satisfaction of which shall have been certified by the Borrower and the Equityholder to the Administrative Agent (with a copy to the Collateral Agent):

(i) the Borrower and the Equityholder shall have given the Administrative Agent, with a copy to the Collateral Agent, at least five Business Days prior written notice of its intent to effect a Lien Release Dividend, in the form of Exhibit J hereto (a "Notice and Request for Consent"), and the Administrative Agent shall have delivered to the Borrower prior written consent, which consent shall be given in the sole and absolute discretion of the Administrative Agent; provided that, if the Administrative Agent shall not have responded to the Notice and Request for Consent by 11:00 a.m. on the day that is one Business Day prior to the proposed Lien Release Dividend Date, the Administrative Agent shall be deemed not to have given its consent;

(ii) the proposed Lien Release Dividend Date shall take place during the Reinvestment Period and on any such Lien Release Dividend Date, no more than four Lien

Release Dividends shall have been made during the 12-month period immediately preceding the proposed Lien Release Dividend Date;

(iii) after giving effect to the Lien Release Dividend on the Lien Release Dividend Date, (A) no Default or Event of Default shall exist, (B) the representations and warranties contained in Sections 4.01 hereof shall continue to be correct in all material respects, except to the extent relating to an earlier date, (C) the eligibility of any Collateral Loan remaining as part of the Collateral after the Lien Release Dividend will be redetermined as of the Lien Release Dividend Date, (D) no claim shall have been asserted or proceeding commenced challenging the enforceability or validity of any of the Related Documents, (E) there shall have been no material adverse change as to the Servicer or the Borrower, and (F) the Minimum OC Coverage Test will be satisfied (or, if not satisfied immediately prior to such Lien Release Dividend, compliance with such Minimum OC Coverage Test will be maintained or improved);

(iv) such Lien Release Dividend must be in compliance with Applicable Law and may not (A) be made with the intent to hinder, delay or defraud any creditor of the Borrower or (B) leave the Borrower, immediately after giving effect to the Lien Release Dividend, (x) insolvent, (y) with insufficient funds to pay its obligations as and when they become due or (z) with inadequate capital for its present and anticipated business and transactions;

(v) on or prior to the Lien Release Dividend Date, the Borrower shall have (A) delivered to the Administrative Agent, with a copy to the Collateral Agent, a list specifying all Collateral Loans or portions thereof to be transferred pursuant to such Lien Release Dividend and the Administrative Agent shall have approved the same in its sole discretion and (B) obtained all authorizations, consents and approvals required to effectuate the Lien Release Dividend;

(vi) a portion of a Collateral Loan may be transferred pursuant to a Lien Release Dividend provided that (A) such transfer does not have an adverse effect on the portion of such Collateral Loan remaining as a part of the Collateral, any other aspect of the Collateral, the Lenders, the Administrative Agent or any other Secured Party and (B) a new promissory note (other than with respect to a noteless Collateral Loan) for the portion of the Collateral Loan remaining as a part of the Collateral has been executed, and the original thereof has been endorsed and delivered to the Custodian;

(vii) each Collateral Loan, or portion thereof, as applicable, shall be transferred at a value equal to the Principal Balance thereof, exclusive of any accrued and unpaid interest;

(viii) the Borrower shall deliver a Borrowing Base Calculation Statement (including a calculation of the Borrowing Base after giving effect to such Lien Release Dividend) to the Administrative Agent;

(ix) the Borrower shall have paid in full an aggregate amount equal to the sum of all amounts due and owing to the Administrative Agent, the Lenders, the Collateral Agent or the Custodian, as applicable, under this Agreement and the other Facility Documents, to the extent accrued to such date with respect to the Collateral Loans to be transferred pursuant to such

Lien Release Dividend and incurred in connection with the transfer of such Collateral Loans pursuant to such Lien Release Dividend; and

(ix) the Borrower and the Servicer (on behalf of the Borrower) shall pay the reasonable legal fees and expenses of the Administrative Agent, the Lenders, the Collateral Agent and the Custodian in connection with any Lien Release Dividend (including, but not limited to, expenses incurred in connection with the release of the Lien of the Collateral, on behalf of the Secured Parties, and any other party having an interest in the Collateral Loans in connection with such Lien Release Dividend).

Section 10.02 Purchase of Additional Collateral Loans. (a) On any date during the Reinvestment Period, if no Event of Default has occurred and is continuing, the Borrower (or the Servicer on behalf of the Borrower) may, if each of the conditions specified in this Section 10.02 and Section 10.04 are met, invest Principal Proceeds (and accrued interest received with respect to any Collateral Loan to the extent used to pay for accrued interest on additional Collateral Loans and other amounts on deposit in the Principal Collection Subaccount) in additional Collateral Loans on the current Approved List or subject to an Approval Request; provided that no Collateral Loan may be purchased unless each of the following conditions are satisfied as of the date the Servicer commits on behalf of the Borrower to make such purchase and after giving effect to such purchase and all other sales or purchases previously or simultaneously committed to:

(i) the Borrower shall have delivered and the Administrative Agent shall have approved an Approval Request with respect to the Collateral Loan pursuant to the terms of Section 2.02;

(ii) such obligation is an Eligible Collateral Loan; and

(iii) the Minimum OC Coverage Test and the Collateral Quality Test are satisfied (or, if not satisfied immediately prior to such investment, compliance with such Minimum OC Coverage Test and/or Collateral Quality Test is maintained or improved).

Section 10.03 Conditions Applicable to All Sale and Purchase Transactions. (a) Any transaction effected under this Article X (other than sales required by Section 10.01(c)) or in connection with the acquisition of additional Collateral Loans shall be for fair market value and, if effected with a Person that is the Equityholder or an Affiliate thereof, shall be (i) in compliance with Section 5.03(h) hereof or Section 6.1 of the Loan Sale Agreement, (ii) effected in accordance with all Applicable Laws, (iii) unless such transaction is effected pursuant to Section 6.1 of the Loan Sale Agreement, during the 12-month period most recently ended prior to the relevant date of determination (or such lesser number of months as shall have elapsed since the Closing Date), and after giving *pro forma* effect to such transaction, the value of Collateral Loans (other than Ineligible Collateral Loans and Defaulted Collateral Loans) substituted or sold by the Borrower to Affiliates of the Servicer without the consent of the Administrative Agent may not exceed 20% of the highest Aggregate Principal Balance of Collateral Loans of the Borrower during such 12-month period (or such higher percentage as agreed to by the Administrative Agent) (provided, that the Administrative Agent in its sole

discretion may consent (which may be by email) to exclude such sale from the calculation of the Collateral Loans substituted or sold by the Borrower for purposes of this clause (iii)), and (iv) unless such transaction is effected pursuant to Section 6.1 of the Loan Sale Agreement, during the 12-month period most recently ended prior to the relevant date of determination (or such lesser number of months as shall have elapsed since the Closing Date), and after giving *pro forma* effect to such transaction, the value of Defaulted Collateral Loans substituted or sold by the Borrower without the consent of the Administrative Agent to Affiliates of the Servicer may not exceed 10% (or such higher percentage as agreed to by the Administrative Agent) of the highest Aggregate Principal Balance of Collateral Loans of the Borrower during such 12-month period (provided, that the Administrative Agent in its sole discretion may consent (which may be by email) to exclude such sale from the calculation of the Collateral Loans substituted or sold by the Borrower for purposes of this clause (iv)).

(b) Upon each acquisition by the Borrower of a Collateral Loan, (i) all of the Borrower's right, title and interest to such Collateral Loan shall be subject to the Lien granted to the Collateral Agent pursuant to this Agreement and (ii) such Collateral Loan shall be Delivered to the Collateral Agent.

Section 10.04 Additional Equity Contributions. (a) The Equityholder may, but shall have no obligation to, at any time or from time to time make a capital contribution to the Borrower for any purpose, including for the purpose of curing any Default, satisfying the Minimum OC Coverage Test, enabling the acquisition or sale of any Collateral Loan or satisfying any conditions under Section 3.02. Each contribution shall either be made (a) in Cash (in which event such contributions shall be made by deposit into the Collection Account), (b) by assignment and contribution of an Eligible Investment and/or (c) by assignment of a Collateral Loan that is an Eligible Collateral Loan. In connection with any contribution described in this Section 10.04, the Servicer shall provide written instruction to the Collateral Agent identifying (a) the subclause under which such contribution is being made (the "Contribution Notice") and (b)(i) in the case of contributions made in Cash, (A) the timing of such contribution and (B) the amount of such contribution and (ii) in the case of contributions made by assignment and contribution of an Eligible Investment and/or by assignment of a Collateral Loan that is an Eligible Collateral Loan, (A) the name of such Eligible Investment and/or Collateral Loan and (B) attaching the accompanying assignment forms. All Cash contributed to the Borrower shall be treated as Principal Proceeds, except to the extent that the Servicer specifies in the Contribution Notice that such Cash shall constitute Interest Proceeds and shall be deposited into a Collection Account in accordance with Section 8.02 as designated by the Servicer.

ARTICLE XI.

ADMINISTRATION AND SERVICING OF CONTRACTS

a. Appointment and Designation of the Servicer.

1. (a) Initial Servicer. The Borrower hereby appoints Ares Capital Corporation, pursuant to the terms and conditions of this Agreement, as Servicer, with the

authority to service, administer and exercise rights and remedies, on behalf of the Borrower, in respect of the Collateral. Ares Capital Corporation hereby accepts such appointment and agrees to perform the duties and responsibilities of the Servicer pursuant to the terms hereof. The Servicer and the Borrower hereby acknowledge that the Administrative Agent and the Secured Parties are third party beneficiaries of the obligations undertaken by the Servicer hereunder.

(b) Servicer Removal Notice. The Borrower, the Servicer, each Lender and the Administrative Agent hereby agree that, upon the occurrence of a Servicer Removal Event that triggers an Event of Default, the Administrative Agent may provide a removal notice to the Servicer (with a copy to the Collateral Agent) (a “Servicer Removal Notice”) and terminate all of the rights, obligations, power and authority of the Servicer under this Agreement. On and after the receipt by the Servicer of a Servicer Removal Notice pursuant to this Section 11.01(b), the Servicer shall continue to perform all servicing functions under this Agreement until the date specified in the Servicer Removal Notice or otherwise specified by the Administrative Agent in writing or, if no such date is specified in such Servicer Removal Notice or otherwise specified by the Administrative Agent, until a date mutually agreed upon by the Servicer and the Administrative Agent and shall be entitled to receive the Servicer Fee therefor accrued until such date. After such date, the Servicer agrees that it will terminate its activities as Servicer hereunder in a manner that the Administrative Agent believes will facilitate the transition of the performance of such activities to the Replacement Servicer, and except as provided herein the Replacement Servicer shall assume each and all of the Servicer’s obligations to service and administer the Collateral, on the terms and subject to the conditions herein set forth, and the Servicer shall use its commercially reasonable efforts to assist the Replacement Servicer in assuming such obligations.

(c) Appointment of Replacement Servicer. At any time following the delivery of a Servicer Removal Notice, the Administrative Agent may appoint a successor servicer (the “Replacement Servicer”), which appointment shall take effect upon the Replacement Servicer accepting such appointment by a written assumption in a form satisfactory to the Administrative Agent in its sole discretion. Upon the appointment of a Replacement Servicer, the initial Servicer shall have no liability with respect to any action performed by the Replacement Servicer on or after the date that the Replacement Servicer assumes the servicing duties of the Servicer.

(d) Liabilities and Obligations of Replacement Servicer. Upon its appointment, the Replacement Servicer shall be the successor in all respects to the Servicer with respect to servicing functions under this Agreement and shall be subject to all the responsibilities, duties and liabilities relating thereto placed on the Servicer by the terms and provisions hereof, and all references in this Agreement to the Servicer shall be deemed to refer to the Replacement Servicer; provided that the Replacement Servicer shall have (i) no liability with respect to any action performed by the terminated Servicer prior to the date that the Replacement Servicer becomes the successor to the Servicer or any claim of a third party based on any alleged action or inaction of the terminated Servicer, (ii) no obligation to perform any advancing or any repurchase obligations, if any, of the Servicer unless it elects to in its sole discretion, (iii) no obligation to pay any Taxes required to be paid by the Servicer (provided that the Replacement

Servicer shall pay any income Taxes for which it is liable), (iv) no obligation to pay any of the fees and expenses of any other party to the transactions contemplated hereby, and (v) no liability or obligation with respect to any Servicer indemnification obligations of any prior Servicer, including the original Servicer. The indemnification obligations of the Replacement Servicer, upon becoming a Replacement Servicer, are expressly limited to those arising on account of its failure to act in good faith and with reasonable care under the circumstances. In addition, the Replacement Servicer shall have no liability relating to the representations and warranties of the Servicer contained in Section 4.02. Any other provision in this Agreement notwithstanding, if a Replacement Servicer is appointed, it shall perform its obligations hereunder in good faith and with reasonable care, exercising a degree of skill and attention no less than what it exercises to service similar assets for itself and for others, such standard of care to be the “Servicing Standard” applicable to it.

(e) Subcontracts. The Servicer may, with the prior written consent (such consent not to be unreasonably withheld and shall not be required for any subcontracting to Affiliates of the Servicer) of the Administrative Agent, subcontract with any other Person for servicing, administering or collecting the Collateral; provided that (i) the Servicer shall select any such Person with reasonable care and shall be solely responsible for the fees and expenses payable to any such Person, (ii) the Servicer shall not be relieved of, and shall remain liable for, the performance of the duties and obligations of the Servicer pursuant to the terms hereof without regard to any subcontracting arrangement and (iii) any such subcontract shall be terminable upon the occurrence of a Servicer Removal Event.

(f) Waiver. The Borrower acknowledges that, after delivery of a Servicer Removal Notice and appointment as a Replacement Servicer pursuant to this Section 11.01, the Administrative Agent or any of its Affiliates may act as the Replacement Servicer, and the Borrower waives any and all claims against the Administrative Agent, each Lender or any of their respective Affiliates, the Collateral Agent and any of its Affiliates and the Servicer (other than claims relating to such party’s failure to act in accordance with the standard of care set forth herein, gross negligence or willful misconduct) relating in any way to the custodial or collateral administration functions having been performed by the Administrative Agent or any of its Affiliates in any capacity hereunder in accordance with the terms and provisions set forth in the Facility Documents.

Section 11.02 Duties of the Servicer.

(a) Duties. The Servicer shall take or cause to be taken all such actions as may be necessary or advisable to service, administer and collect on the Collateral from time to time, all in accordance with Applicable Law and the Servicing Standard. Prior to the delivery of a Servicer Removal Notice, but subject to the terms of this Agreement (including Section 11.04 and Article VI), the Servicer has the sole and exclusive authority to make any and all decisions with respect to the Collateral and take or refrain from taking any and all actions with respect to the Collateral. Without limiting the foregoing, the duties of the Servicer shall include the following (to the extent required under the terms of this Agreement):

- (i) supervising the Collateral, including communicating with Obligors, executing amendments, providing consents and waivers, exercising voting rights, enforcing and collecting on the Collateral and otherwise managing the Collateral on behalf of the Borrower;
- (ii) maintaining all necessary servicing records with respect to the Collateral and providing such reports to the Administrative Agent and each Lender (with a copy to the Collateral Agent and the Custodian) in respect of the servicing of the Collateral (including information relating to its performance under this Agreement) as may be required hereunder or as the Administrative Agent or any Lender may reasonably request in accordance with the requirements of this Agreement and which can be obtained without any undue burden or expense;
- (iii) maintaining and implementing administrative and operating procedures (including an ability to recreate servicing records evidencing the Collateral in the event of the destruction of the originals thereof) and keeping and maintaining all documents, books, records and other information reasonably necessary or advisable for the collection of the Collateral;
- (iv) promptly delivering to the Administrative Agent, each Lender, the Collateral Agent or the Custodian, from time to time, such information and servicing records (including information relating to its performance under this Agreement) as the Administrative Agent, each Lender, the Custodian or the Collateral Agent may from time to time reasonably request in accordance with the requirements of this Agreement and which can be obtained without any undue burden or expense;
- (v) identifying each Collateral Loan in its internal servicing records to reflect the ownership of such Collateral Loan by the Borrower;
- (vi) in accordance with the requirements of this Agreement, notifying the Administrative Agent and each Lender of any material action, suit, proceeding, dispute, offset, deduction, defense or counterclaim (A) that is or is threatened to be asserted by an Obligor with respect to any Collateral Loan (or portion thereof) of which it has actual knowledge or has received notice; or (B) that could reasonably be expected to have a Material Adverse Effect;
- (vii) maintaining the perfected security interest of the Collateral Agent, for the benefit of the Secured Parties, in the Collateral;
- (viii) directing the Collateral Agent to make payments pursuant to the terms of the Payment Date Report;
- (ix) assisting the Borrower with respect to the purchase and sale of and payment for the Collateral Loans and Eligible Investments;

- (x) instructing the Obligors and the administrative agents on the Collateral Loans to make payments directly into the Collection Account established and maintained with the Collateral Agent;
- (xi) delivering assignments and promissory notes to the Custodian;
- (xii) complying with such other duties and responsibilities as may be required of the Servicer by this Agreement; and
- (xiii) assisting in the acquisition and sale of Collateral Loans and other Collateral in accordance with Article X and the Servicing Standard.

It is acknowledged and agreed that in circumstances in which a Person other than the Borrower or the Servicer acts as lead agent with respect to any Collateral Loan, the Servicer shall perform its servicing duties hereunder only to the extent a lender under the applicable Related Documents has the right to do so.

(b) Notwithstanding anything to the contrary contained herein, the exercise by the Administrative Agent, the Collateral Agent and the Secured Parties of their rights hereunder shall not release the Servicer (unless replaced by a Replacement Servicer) or the Borrower from any of their duties or responsibilities with respect to the Collateral. The Secured Parties, the Administrative Agent, each Lender and the Collateral Agent shall not have any obligation or liability with respect to any Collateral, nor shall any of them be obligated to perform any of the obligations of the Servicer hereunder, unless one of them becomes a Replacement Servicer hereunder.

(c) Any payment by an Obligor in respect of any indebtedness owed by it to the Borrower shall, except as otherwise specified by such Obligor or otherwise required by contract or law and unless otherwise instructed by the Administrative Agent, be applied as a collection of a payment by such Obligor (starting with the oldest such outstanding payment due, provided such obligation is not on non-accrual) to the extent of any amounts then due and payable thereunder before being applied to any other receivable or other obligation of such Obligor.

(d) The Servicer agrees to supervise and assist in the investment and reinvestment of the Collateral, and shall perform on behalf of the Borrower the duties that have been expressly delegated to the Servicer in this Agreement and any other Facility Document (and the Servicer shall have no obligation to perform any other duties hereunder or otherwise) and, to the extent necessary or appropriate to perform such duties, the Servicer shall have the power to execute and deliver all necessary and appropriate documents and instruments on behalf of the Borrower with respect thereto. The Servicer shall comply with the terms and conditions hereof and any other Facility Document expressly applicable to it, in its capacity as the Servicer, or otherwise affecting the duties and functions that have been delegated to it thereunder and hereunder as the Servicer and shall perform its obligations hereunder and thereunder in good faith and with reasonable care, using a degree of skill and attention no less than the Servicer exercises with respect to comparable assets that it services for itself and for others having similar

investment objectives and restrictions substantially in accordance with its existing practices and procedures relating to assets of the nature and character of the Collateral Loans (such standard of care, the “Servicing Standard”).

Section 11.03 Authorization of the Servicer. (a) Each of the Borrower, the Administrative Agent and each Lender hereby authorizes the Servicer (including any successor thereto) to take any and all reasonable steps in its name and on its behalf necessary or desirable in the determination of the Servicer and not inconsistent with the grant by the Borrower to the Collateral Agent on behalf of the Secured Parties hereunder, to collect all amounts due under any and all Collateral, including, endorsing any of their names on checks and other instruments representing Collections, executing and delivering any and all instruments of satisfaction or cancellation, or of partial or full release or discharge, and all other comparable instruments, with respect to the Collateral and, after the delinquency of any Collateral and to the extent permitted under and in compliance with Applicable Law, to commence proceedings with respect to enforcing payment thereof. The Borrower and the Collateral Agent on behalf of the Secured Parties shall furnish the Servicer (and any successors thereto) with any powers of attorney and other documents reasonably necessary or appropriate to enable the Servicer to carry out its servicing and administrative duties hereunder. In case any reasonable question arises as to its duties hereunder, the Collateral Agent may request instructions from the Borrower or the Servicer, prior to the occurrence and continuation of an Event of Default, or the Administrative Agent after the occurrence and during the continuation of an Event of Default and shall be entitled at all times to refrain from taking any actions unless it has received instruction from the Borrower, the Servicer or the Administrative Agent, as applicable. In no event shall the Servicer be entitled to make any Secured Party a party to any litigation without such party’s express prior written consent, or to make the Borrower a party to any litigation (other than any routine foreclosure or similar collection procedure) without the Administrative Agent’s consent.

(a) The Administrative Agent may, at any time that an Event of Default has occurred and is continuing and the Administrative Agent has accelerated the Obligations under this Agreement in accordance with Section 6.01, notify any Obligor with respect to any Collateral of the assignment of such Collateral to the Collateral Agent on behalf of the Secured Parties and direct that payments of all amounts due or to become due be made directly to the Administrative Agent or any servicer, collection agent or account designated by the Administrative Agent and, upon such notification and at the expense of the Borrower, the Administrative Agent may enforce collection of any such Collateral, and adjust, settle or compromise the amount or payment thereof.

Section 11.04 Collection Efforts, Modification of Collateral. (a) The Servicer will use commercially reasonable efforts to collect, or cause to be collected, all payments called for under the terms and provisions of the Collateral Loans included in the Collateral as and when the same become due, all in accordance with the Servicing Standard.

(a) In the performance of its obligations hereunder, the Borrower (or the Servicer on its behalf) may enter into any amendment or waiver of or supplement to any Related Document; provided that the prior written consent of the Majority Lenders shall be required if an

Event of Default has occurred and is continuing or an Event of Default or Default would result from such amendment, waiver or supplement. For the avoidance of doubt, any Collateral Loan that, as a result of any amendment or supplement thereto, ceases to qualify as an Eligible Collateral Loan shall not be included in the Borrowing Base.

Section 11.05 Servicer Compensation and Expenses. The Servicer shall be entitled to be paid the Servicer Fee and have its expenses reimbursed as provided in the Priority of Payments.

Section 11.06 The Servicer Not to Resign. The Servicer shall not resign from the obligations and duties hereby imposed on it except upon the Servicer's determination that (a) the performance of its duties hereunder is or becomes impermissible under Applicable Law and (b) there is no reasonable action that the Servicer could take to make the performance of its duties hereunder permissible under Applicable Law. Any such determination permitting the resignation of the Servicer shall be evidenced as to clause (a) above by an opinion or memorandum of counsel to such effect delivered to the Administrative Agent and each Lender. No such resignation shall become effective until a Replacement Servicer shall have assumed the responsibilities and obligations of the Servicer in accordance with Section 11.01(c).

ARTICLE XII.

THE AGENTS

Section 12.01 Authorization and Action. (a) Each Lender hereby irrevocably appoints and authorizes the Administrative Agent and the Collateral Agent to take such action as agent on its behalf and to exercise such powers under this Agreement and, to the extent applicable, the other Facility Documents as are delegated to such Agent by the terms hereof and thereof, together with such powers as are reasonably incidental thereto, subject to the terms hereof. No Agent shall have any duties or responsibilities, except those expressly set forth herein or in the other Facility Documents to which it is a party or any fiduciary relationship with any Secured Party and no implied covenants, functions, responsibilities, duties or obligations or liabilities on the part of such Agent shall be read into this Agreement or any other Facility Document to which such Agent is a party (if any) as duties on its part to be performed or observed. No Agent shall have or be construed to have any other duties or responsibilities in respect of this Agreement or any other Facility Document and the transactions contemplated hereby or thereby. As to any matters not expressly provided for by this Agreement or the other Facility Documents, no Agent shall be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the written instructions of the Majority Lenders (or, with respect to the Collateral Agent, the Administrative Agent); provided that such Agent shall not be required to take any action which exposes such Agent, in its judgment, to personal liability, cost or expense or which is contrary to this Agreement, the other Facility Documents or Applicable Law, or would be, in its judgment, contrary to its duties hereunder, under any other Facility Document or under Applicable Law. Each Lender agrees that in any instance in which the Facility Documents provide that an Agent's consent may not be unreasonably withheld, provide

for the exercise of such Agent's reasonable discretion, or provide to a similar effect, it shall not in its instructions (or by refusing to provide instruction) to such Agent withhold its consent or exercise its discretion in an unreasonable manner.

(b) If the Collateral Agent has been requested or directed by the Majority Lenders or the Required Lenders, as applicable (or by the Administrative Agent acting at the direction of the Majority Lenders or the Required Lenders), to take any action pursuant to any provision of this Agreement or any other Facility Document, the Collateral Agent shall not be under any obligation to exercise any of the rights or powers vested in it by this Agreement or such Facility Document in the manner so requested unless it shall have been provided indemnity reasonably satisfactory to it against the costs, expenses and liabilities which may be incurred by it in compliance with or in performing such request or direction. No provision of this Agreement or any other Facility Document shall otherwise be construed to require the Collateral Agent to expend or risk its own funds or to take any action that could in its judgment cause it to incur any cost, expenses or liability, unless it is provided indemnity acceptable to it against any such expenditure, risk, costs, expense or liability. For the avoidance of doubt, the Collateral Agent shall not have any duty or obligation to take any action to exercise or enforce any power, right or remedy available to it under this Agreement or any other Facility Document or any Related Document unless and until directed by the Majority Lenders or the Required Lenders, as applicable (or the Administrative Agent on their behalf).

(c) Neither the Collateral Agent nor any officer, agent or representative thereof shall be personally liable for any action taken by any such Person in accordance with any direction, instruction or notice given by the Majority Lenders or the Required Lenders, as applicable (or by the Administrative Agent acting at the direction of the Majority Lenders or the Required Lenders), pursuant to the terms of this Agreement or any other Facility Document even if, at the time such action is taken by any such Person, the Majority Lenders or the Required Lenders, as applicable, or Persons purporting to be the Majority Lenders or the Required Lenders, as applicable, are not entitled to give such direction, instruction or notice, except where the Responsible Officer of the Collateral Agent has actual knowledge (without any duty of inquiry or investigation on its part) that the Majority Lenders or the Required Lenders, as applicable, or Persons purporting to be the Majority Lenders or the Required Lenders, as applicable, are not entitled to give such direction, instruction or notice. If any dispute or disagreement shall arise as to the allocation of any sum of money received by the Collateral Agent hereunder or under any Facility Document, the Collateral Agent shall have the right to deliver such sum to a court of competent jurisdiction and therein commence an action for interpleader.

(d) If in performing its duties under this Agreement, the Collateral Agent is required to decide between alternative courses of action, it may request written instructions from the Borrower or the Servicer, prior to the occurrence and continuation of an Event of Default, or the Administrative Agent, after the occurrence and during the continuation of an Event of Default, as to the course of action desired by it. If the Collateral Agent does not receive such instructions within five (5) Business Days after it has requested them, the Collateral Agent may, but shall be under no duty to, take or refrain from taking any such courses of action. The

Collateral Agent shall act in accordance with instructions received after such five (5) Business Day period except to the extent it has already, in good faith, taken or committed itself to take, action inconsistent with such instructions.

Section 12.02 Delegation of Duties. Each Agent may execute any of its duties under this Agreement and each other Facility Document by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties; provided that, so long as no Event of Default has occurred, the Agent may not execute any of its duties under this Agreement or any other Facility Document by or through any Ares Competitor without the prior consent of the Borrower. No Agent shall be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care other than any Affiliates of such Agent.

Section 12.03 Agents' Reliance, Etc. (a) Neither Agent nor any of their respective directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement or any of the other Facility Documents, except for its or their own gross negligence or willful misconduct. Without limiting the generality of the foregoing, each Agent: (i) may consult with legal counsel (including counsel for the Borrower or the Servicer or any of their Affiliates) and independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (ii) makes no warranty or representation to any Secured Party or any other Person and shall not be responsible to any Secured Party or any Person for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement or the other Facility Documents; (iii) shall not have any duty to monitor, ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement, the other Facility Documents or any Related Document on the part of the Borrower, the Servicer or any other Person or to inspect the property (including the books and records) of the Borrower or the Servicer; (iv) shall not be responsible to any Secured Party or any other Person for the due execution, legality, validity, enforceability, perfection, genuineness, sufficiency or value of any Collateral (or the validity, perfection, priority or enforceability of the Liens on the Collateral), this Agreement, the other Facility Documents, any Related Document or any other instrument or document furnished pursuant hereto or thereto; and (v) shall incur no liability under or in respect of this Agreement or any other Facility Document by relying on, acting upon (or by refraining from action in reliance on) any notice, consent, certificate (including, for the avoidance of doubt, the Borrowing Base Calculation Statement), instruction or waiver, report, statement, opinion, direction or other instrument or writing (which may be delivered by telecopier, email, cable or telex, if acceptable to it) reasonably believed by it to be genuine and believed by it to be signed or sent by the proper party or parties. No Agent shall have any liability to the Borrower or any Lender or any other Person for the Borrower's, the Servicer's, any Lender's or any other Person's, as the case may be, performance of, or failure to perform, any of their respective obligations and duties under this Agreement or any other Facility Document.

(b) No Agent shall be liable for the actions or omissions of any other Agent (including concerning the application of funds), or under any duty to monitor or investigate

compliance on the part of any other Agent with the terms or requirements of this Agreement, any Facility Document or any Related Document, or their duties hereunder or thereunder. Each Agent shall be entitled to assume the due authority of any signatory and genuineness of any signature appearing on any instrument or document it may receive (including each Notice of Borrowing received hereunder) in the absence of its own gross negligence or willful misconduct. No Agent shall be liable for any action taken in good faith and reasonably believed by it to be within the powers conferred upon it, or taken by it pursuant to any direction or instruction by which it is governed, or omitted to be taken by it by reason of the lack of direction or instruction required hereby for such action (including for refusing to exercise discretion or for withholding its consent in the absence of its receipt of, or resulting from a failure, delay or refusal on the part of the Required Lenders to provide, written instruction to exercise such discretion or grant such consent from the Required Lenders, as applicable). No Agent shall be liable for any error of judgment made in good faith unless it shall be proven by a court of competent jurisdiction that such Agent was grossly negligent in ascertaining the relevant facts. Nothing herein or in any Facility Document or Related Document shall obligate any Agent to advance, expend or risk its own funds, or to take any action which in its reasonable judgment may cause it to incur any expense or financial or other liability for which it is not adequately indemnified. No Agent shall be liable for any indirect, special, punitive or consequential damages (including diminution in value or lost profits) whatsoever, even if it has been informed of the likelihood thereof and regardless of the form of action. No Agent shall be charged with knowledge or notice of any matter unless actually known to a Responsible Officer of such Agent, or unless and to the extent written notice of such matter is received by such Agent at its address in accordance with Section 13.02. Any permissive grant of power to an Agent hereunder shall not be construed to be a duty to act. Each Agent shall have only the duties and responsibilities as are specifically set forth in this Agreement and no covenants or obligations shall be implied in this Agreement against any Agent. Before acting hereunder, an Agent shall be entitled to request, receive and rely upon such certificates and opinions as it may reasonably determine appropriate with respect to the satisfaction of any specified circumstances or conditions precedent to such action. Neither Agent shall be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, entitlement order, approval or other paper, electronic communication or document. Neither Agent shall be liable for any error of judgment, or for any act done or step taken or omitted by it, in good faith, or for any mistakes of fact or law, or for anything that it may do or refrain from doing in connection herewith, except in the case of its willful misconduct or grossly negligent performance or omission of its duties.

(c) No Agent shall be responsible or liable for delays or failures in performance resulting from acts beyond its control. Such acts shall include acts of God, strikes, lockouts, riots, acts of war, epidemics, governmental regulations imposed after the fact, fire, communication line failures, computer viruses, power failures, loss or malfunction of utilities, communications or computers (software and hardware) services, earthquakes or other disasters.

(d) The delivery of reports and other documents and information to the Collateral Agent hereunder or under any other Facility Document is for informational purposes only and the Collateral Agent's receipt of such documents and information shall not constitute

constructive notice of any information contained therein or determinable from information contained therein. The Collateral Agent is hereby authorized and directed to execute and deliver the other Facility Documents to which it is a party. Whether or not expressly stated in such Facility Documents, in performing (or refraining from acting) thereunder, the Collateral Agent shall have all of the rights, benefits, protections and indemnities which are afforded to it in this Agreement.

(e) Each Lender acknowledges that, except as expressly set forth in this Agreement, neither Agent has made any representation or warranty to it, and that no act by either Agent hereafter taken, including any consent and acceptance of any assignment or review of the affairs of the Borrower, shall be deemed to constitute any representation or warranty by such Agent to any Secured Party as to any matter. Each Lender represents to each Agent that it has, independently and without reliance upon such Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrower and the Servicer, and made its own decision to enter into this Agreement and the other Facility Documents to which it is a party. Each Lender also represents that it will, independently and without reliance upon either Agent or any other Secured Party and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the Facility Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrower and the Servicer. Neither Agent shall have any duty or responsibility to provide any Secured Party with any credit or other information concerning the business, prospects, operations, property, financial or other condition or creditworthiness of the Borrower or Servicer which may come into the possession of such Agent.

Section 12.04 Indemnification. Each of the Lenders agrees to indemnify and hold the Agents harmless (to the extent not reimbursed by or on behalf of the Borrower pursuant to Section 13.04 or otherwise) from and against any and all Liabilities which may be imposed on, incurred by, or asserted against the Agents in any way relating to or arising out of this Agreement or any other Facility Document or any Related Document or any action taken or omitted by the Agents under this Agreement or any other Facility Document or any Related Document; provided that no Lender shall be liable to any Agent for any portion of such Liabilities resulting from such Agent's gross negligence or willful misconduct; and provided, further, that no Lender shall be liable to the Collateral Agent for any portion of such Liabilities unless such Liabilities are imposed on, incurred by, or asserted against the Collateral Agent as a result of any action taken, or not taken, by the Collateral Agent by the express terms of this Agreement or at the direction of the Administrative Agent or such Lender or Lenders, as the case may be, in accordance with the terms and conditions set forth in this Agreement (it being understood and agreed that the Collateral Agent shall be under no obligation to exercise or to honor any of the rights or powers vested in it by this Agreement at the request or direction of the Administrative Agent or any of the Lenders (or other Persons authorized or permitted under the terms hereof to make such request or give such direction) pursuant to this Agreement or any of the other Facility Document, unless the Administrative Agent or such Lenders shall have

provided to the Collateral Agent security or indemnity reasonably satisfactory to it against the costs, expenses (including reasonable and documented attorney's fees and expenses) and Liabilities which might reasonably be incurred by it in compliance with such request or direction, whether such indemnity is provided under this Section 12.04 or otherwise). The rights of the Agents and obligations of the Lenders under or pursuant to this Section 12.04 shall survive the termination of this Agreement, and the earlier removal or resignation of any Agent hereunder. This Section 12.04 shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

Section 12.05 Successor Agents. (a) Subject to the terms of this Section 12.05, each Agent may, upon thirty (30) days' notice to the Lenders and the Borrower, resign as Administrative Agent or Collateral Agent, as applicable. If an Agent shall resign, then the Required Lenders shall appoint a successor agent. If for any reason a successor agent is not so appointed and does not accept such appointment within thirty (30) days of notice of resignation, such Agent may appoint a successor agent. The appointment of any successor Agent shall be subject to the prior written consent of the Borrower (which consent shall not be unreasonably withheld or delayed); provided that the consent of the Borrower to any such appointment shall not be required if (i) a Default or Event of Default shall have occurred and is continuing (other than with respect to an Ares Competitor) or (ii) if such successor agent is a Lender or an Affiliate of such Agent or any Lender. Any resignation of an Agent shall be effective upon the appointment of a successor agent pursuant to this Section 12.05. After the effectiveness of any retiring Agent's resignation hereunder as Agent, the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Facility Documents and the provisions of this Article XII shall continue in effect for its benefit with respect to any actions taken or omitted to be taken by it while it was Agent under this Agreement and under the other Facility Documents. If no successor Collateral Agent shall have been appointed and an instrument of acceptance by a successor Collateral Agent shall not have been delivered to the Collateral Agent within sixty days after giving of notice of resignation by the Collateral Agent, the resigning Collateral Agent may petition any court of competent jurisdiction for the appointment of a successor Collateral Agent.

(b) Any Person (i) into which the Collateral Agent may be merged or consolidated, (ii) that may result from any merger or consolidation to which the Collateral Agent shall be a party, or (iii) that may succeed to the corporate trust properties and assets of the Collateral Agent substantially as a whole, shall be the successor to the Collateral Agent under this Agreement without further act of any of the parties to this Agreement.

Section 12.06 The Collateral Agent. (a) The Collateral Agent shall have no liability for losses arising from (i) any cause beyond its control, (ii) any delay, error, omission or default of any mail, telegraph, cable or wireless agency or operator, or (iii) the acts or edicts of any government or governmental agency or other group or entity exercising governmental powers.

(b) It is expressly acknowledged and agreed that the Collateral Agent is not guaranteeing the performance of or assuming any liability for the obligations of the other parties hereto or any portion of the Collateral.

(c) The Collateral Agent shall not be responsible for the preparation or filing of any UCC financing statements or continuation statements or the correctness of any financing statements filed in connection with this Agreement or the validity or perfection of any lien or security interest created pursuant to this Agreement.

(d) The Collateral Agent shall not be liable for interest on any money received by it except as the Collateral Agent may agree in writing with the Borrower. In no event shall the Collateral Agent be liable for the selection of any investments or any losses in connection therewith (except in its capacity as obligor thereunder, if applicable), or for any failure of the relevant party to provide investment instruction to the Collateral Agent in connection with the investment of funds in or from any account set forth herein.

(e) The Collateral Agent shall have no liability for any failure, inability or unwillingness on the part of the Servicer, the Borrower or the Administrative Agent to provide accurate and complete information on a timely basis to the Collateral Agent, or otherwise on the part of any such party to comply with the terms of this Agreement, and shall have no liability for any inaccuracy or error in the performance or observance on the Collateral Agent's part of any of its duties hereunder that is caused by or results from any such inaccurate, incomplete or untimely information received by it, or other failure on the part of any such other party to comply with the terms hereof.

(f) The Collateral Agent shall not be bound to make any investigation into the facts or matters stated in any certificate, report or other document or electronic communication; provided, however, that, if the form thereof is prescribed by this Agreement, the Collateral Agent shall examine the same to determine whether it conforms on its face to the requirements hereof. The Collateral Agent shall not be deemed to have knowledge or notice of any matter unless actually known to a Responsible Officer. It is expressly acknowledged by the Borrower, the Servicer, the Lenders and the Administrative Agent that performance by the Collateral Agent of its various duties hereunder (including recalculations to be performed in respect of the matters contemplated hereby) shall be based upon, and in reliance upon, data, information and notices provided to it by the Servicer (and/or the Borrower) and/or any related bank agent, obligor or similar party with respect to the Collateral, and the Collateral Agent shall have no responsibility for the accuracy of any such information or data provided to it by such persons and shall be entitled to update its records (as it may deem necessary or appropriate). Nothing herein shall impose or imply any duty or obligation on the part of the Collateral Agent to verify, investigate or audit any such information or data, or to determine or monitor on an independent basis whether any issuer of the Collateral is in default or in compliance with the underlying documents governing or securing such item of Collateral, from time to time.

(g) The Collateral Agent shall have no duty to determine or inquire into the happening or occurrence of any event or contingency, and it is agreed that its duties hereunder are purely ministerial in nature.

(h) Should any controversy arise between the undersigned with respect to the Collateral held by the Collateral Agent, the Collateral Agent shall follow the instructions of the Administrative Agent on behalf of the Secured Parties (provided that to the extent practicable, the Collateral Agent shall provide written notice of such controversy to the Servicer).

(i) The powers conferred on the Collateral Agent hereunder are solely to protect its interest (on behalf of the Secured Parties) in the Collateral and shall not impose any duty on it to exercise any such powers. Except for performing the obligations expressly imposed on the Collateral Agent hereunder, the Collateral Agent shall have no duty as to any Collateral or responsibility for ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not the Collateral Agent has or is deemed to have knowledge of such matters or taking any steps to preserve rights against prior parties or other rights pertaining to any Collateral.

(j) In order to comply with the laws, rules, regulations and executive orders in effect from time to time applicable to banking institutions, including those relating to the funding of terrorist activities and money laundering, the Collateral Agent may be required to obtain, verify and record certain information relating to individuals and entities which maintain a business relationship with the Collateral Agent. Accordingly, each of the parties hereto agrees to provide to the Collateral Agent upon its request from time to time such identifying information and documentation as may be available to such party in order to enable the Collateral Agent to comply with such requirements.

(k) If U.S. Bank or the Collateral Agent is also acting in another capacity, including as Custodian or Securities Intermediary, the rights, protections, immunities and indemnities afforded to U.S. Bank or the Collateral Agent pursuant to this Article XII shall also be afforded to U.S. Bank or the Collateral Agent acting in such capacities; provided that such rights, protections, benefits, immunities and indemnities shall be in addition to, and not in limitation of, any rights, protections, benefits, immunities and indemnities provided in the Custodian Agreement, Account Control Agreement or any other Facility Documents to which U.S. Bank or the Collateral Agent in such capacity is a party.

(l) The Collateral Agent shall not have any obligation to determine if a Collateral Loan meets the criteria specified in the definition of Eligible Collateral Loan or if the requirements set forth in the definition of "Deliver" have been satisfied.

(m) The Collateral Agent shall not be under any obligation (i) to monitor, determine or verify the unavailability or cessation of LIBOR (or any other applicable index, floating rate, interest rate or Benchmark Replacement), or whether or when there has occurred, or to give notice to any other transaction party of the occurrence of, any Benchmark Replacement Date, Benchmark Transition Event, Benchmark ~~Transition Start Date, Benchmark~~ Unavailability Period or Early Opt-In Election, (ii) to select, determine or designate any Benchmark Replacement or other alternate benchmark rate, or other successor or replacement rate, or whether any conditions to the designation of such a rate have been satisfied, or (iii) to select, determine or designate any Benchmark Replacement Adjustment or other modifier to any Benchmark Replacement or other replacement or successor rate or index, or (iv) to determine

whether or what Benchmark Replacement Conforming Changes are necessary or advisable, if any, in connection with any of the foregoing.

(n) The Collateral Agent shall not be liable for any inability, failure or delay on its part to perform any of its duties set forth in this Agreement as a result of the unavailability of LIBOR (or any Benchmark Replacement or other applicable index, floating rate or other Interest Rate) and absence of any Benchmark Replacement or other replacement index or floating rate, including as a result of any inability, delay, error or inaccuracy on the part of any other transaction party, including without limitation the Administrative Agent, the Borrower or the Servicer, in providing any direction, instruction, notice or information required or contemplated by the terms of this Agreement and reasonably required for the performance of such duties.

ARTICLE XIII.

MISCELLANEOUS

Section 13.01 No Waiver; Modifications in Writing. (a) No failure or delay on the part of any Secured Party exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. Any waiver of any provision of this Agreement or any other Facility Document, and any consent to any departure by any party to this Agreement or any other Facility Document from the terms of any provision of this Agreement or such other Facility Document, shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on the Borrower or the Servicer in any case shall entitle the Borrower or the Servicer to any other or further notice or demand in similar or other circumstances.

(b) No amendment, modification, supplement or waiver of this Agreement shall be effective unless signed by the Borrower, the Servicer, the Administrative Agent and the Majority Lenders; provided that:

(i) any Fundamental Amendment shall require the written consent of all Lenders affected thereby; and

(ii) no such amendment, modification, supplement or waiver shall amend, modify or otherwise affect the rights or duties of any Agent hereunder without the prior written consent of such Agent.

(c) Notwithstanding anything to the contrary herein, (i) in connection with the increase of the Individual Lender Maximum Funding Amounts hereunder, only the consent of the Lender increasing its Individual Lender Maximum Funding Amount (or providing a new Individual Lender Maximum Funding Amount) shall be required for any amendment that effects such increase in Individual Lender Maximum Funding Amounts and (ii) the Administrative

Agent and the Borrower shall be permitted to amend any provision of the Facility Documents (and such amendment shall become effective without any further action or consent of any other party to any Facility Document) if the Administrative Agent and the Borrower shall have jointly identified an obvious error or any error or omission of a technical or immaterial nature in any such provision.

(d) Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that (x) the Individual Lender Maximum Funding Amount of any Defaulting Lender may not be increased or extended without the consent of such Lender and (y) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender more adversely than other affected Lenders shall require the consent of such Defaulting Lender.

Section 13.02 Notices, Etc. Except where telephonic instructions are authorized herein to be given, all notices, demands, instructions and other communications required or permitted to be given to or made upon any party hereto shall be in writing and shall be personally delivered or sent by registered, certified or express mail, postage prepaid, or by facsimile transmission, or by prepaid courier service, or by electronic mail (if the recipient has provided an email address in Schedule 5). Notices and communications by facsimile and e-mail shall be effective when sent, and notices and communications sent by other means shall be effective when received by the intended recipient thereof in accordance with the provisions of this Section 13.02. Unless otherwise specified in a notice sent or delivered in accordance with the foregoing provisions of this Section 13.02, notices, demands, instructions and other communications in writing shall be given to or made upon the respective parties hereto at their respective addresses (or to their respective facsimile numbers or email addresses) indicated in Schedule 5, and, in the case of telephonic instructions or notices, by calling the telephone number or numbers indicated for such party in Schedule 5.

U.S. Bank in each of its capacities under the Facility Documents agrees to accept and act upon instructions or directions pursuant to this Agreement, any other Facility Document, or any Related Document or any document executed in connection herewith or therewith sent by unsecured email, facsimile transmission or other similar unsecured electronic methods; provided, however, that any person providing such instructions or directions shall provide to U.S. Bank an incumbency certificate listing persons designated to provide such instructions or directions as such incumbency certificate may be supplemented from time to time. If any person elects to give U.S. Bank email or facsimile instructions (or instructions by a similar electronic method) and U.S. Bank in its discretion elects to act upon such instructions, U.S. Bank's reasonable understanding of such instructions shall be deemed controlling. U.S. Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from U.S. Bank's reliance upon and compliance with such instructions notwithstanding such instructions conflicting with or being inconsistent with a subsequent written instruction. Any person providing such instructions or directions acknowledges and agrees that there may be more secure methods of transmitting such

instructions than the method(s) selected by it and agrees that the security procedures (if any) to be followed in connection with its transmission of such instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances.

In addition to all other instruction methods permitted under this Agreement, the Borrower hereby directs U.S. Bank in each of its capacities under the Facility Documents to accept instructions sent pursuant to secure financial messaging services provided by SWIFT, which shall constitute instructions from the Borrower (or the Servicer on behalf of the Borrower) for all purposes hereunder. The Borrower instructs U.S. Bank to accept and process SWIFT transmissions initiated by the Borrower or the Servicer on its behalf to the same extent that written wire transfer instructions are accepted and processed by U.S. Bank. U.S. Bank in each of its capacities under the Facility Documents may conclusively rely on SWIFT transmissions to release payments as instructed, subject to any verification of information as requested by U.S. Bank in such capacity, including the call back process to an individual designated by the Borrower or the Servicer as authorized to provide such verification. U.S. Bank may also request, and the Borrower or the Servicer will provide, an additional signed direction (whether by manual, facsimile, PDF or other electronic signature) in order for U.S. Bank to make such payment in connection with any SWIFT transmission. For purposes of compliance with any incumbency certificate of the Borrower or the Servicer, all instructions received by U.S. Bank through the methodology described herein shall be deemed in compliance with the procedures outlined therein (to the extent applicable).

Section 13.03 Taxes. (a) Any and all payments by or on account of any obligation of the Borrower under any Facility Document shall be made without deduction or withholding for any and all Taxes with respect thereto, unless required by Applicable Law. If any Applicable Law (as determined in the good faith discretion of the Borrower or the Administrative Agent) requires the deduction or withholding of any Tax from any such payment by the Borrower or the Administrative Agent, then the Borrower or the Administrative Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as may be necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 13.03) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) The Borrower agrees to timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(c) The Borrower agrees to indemnify each Recipient, within 10 days after demand therefor, for (i) the full amount of any Indemnified Taxes (including any Indemnified Taxes imposed or asserted by any jurisdiction on or attributable to amounts payable under this Section 13.03) payable or paid by any Recipient or required to be withheld or deducted from a payment to such Recipient and (ii) any reasonable expenses arising therefrom or with respect

thereto, in each case whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Recipient (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of another Recipient, shall be conclusive absent manifest error.

(d) Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 13.06(c)(ii) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Facility Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Facility Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this Section 13.03(d).

(e) As soon as practicable after the date of any payment of Taxes by the Borrower to Governmental Authority pursuant to this Section 13.03, the Borrower will furnish to the Administrative Agent the original or a certified copy of a receipt issued by the relevant Governmental Authority evidencing payment thereof, a copy of the return reporting such payment, or other evidence of payment as may be reasonably satisfactory to the Administrative Agent.

(f) If any Recipient in its sole discretion, but acting in good faith, determines that it has received a refund of any Taxes with respect to which it has been indemnified pursuant to this Section 13.03 (including by the payment of additional amounts pursuant to Section 13.03(a)), such Recipient shall reimburse the Borrower (or the Servicer, as applicable) such amount of any refund received (net of reasonable out-of-pocket expenses incurred), but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), as such Secured Party shall determine in its sole discretion, but acting in good faith, to be attributable to the relevant Indemnified Taxes; provided that in the event that such Secured Party is required to repay such refund to the relevant taxing authority, the Borrower agrees to return the refund to such Secured Party. Notwithstanding anything to the contrary in this Section 13.03(f), in no event will any Secured Party be required to pay any amount to an indemnifying party pursuant to this Section 13.03(f) the payment of which would place such Secured Party in a less favorable net after-Tax position than such Secured Party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification

payments or additional amounts with respect to such Tax had never been paid. Unless required by Applicable Law, at no time shall any Agent have any obligation to file for or otherwise pursue on behalf of a Lender, or have any obligation to pay to any Lender, any refund of Taxes withheld or deducted from funds paid for the account of such Lender, as the case may be. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(g) (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Facility Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Sections 13.03(g)(ii), (iii) and (v) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of Section 13.03(g)(i), each Lender that is a U.S. Person shall, on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or any Agent), deliver to the Borrower and each Agent, two accurate, complete and signed copies of U.S. Internal Revenue Service Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax.

(iii) Any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and each Agent, on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or any Agent), two accurate, complete and signed copies of whichever of the following is applicable:

(A) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Facility Document, executed copies of U.S. Internal Revenue Service Form W-8BEN-E (or W-8BEN, as applicable) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Facility Document, U.S. Internal Revenue Service Form W-8BEN-E

(or W-8BEN, as applicable) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(B) executed copies of U.S. Internal Revenue Service Form W-8ECI;

(C) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) executed copies of U.S. Internal Revenue Service Form W-8BEN-E (or W-8BEN, as applicable); or

(D) to the extent a Foreign Lender is not the beneficial owner, executed copies of U.S. Internal Revenue Service Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN-E (or W-8BEN, as applicable), a U.S. Tax Compliance Certificate, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate on behalf of each such direct and indirect partner.

(iv) Each Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Agents (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or any Agent), executed copies of any other form prescribed by Applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by Applicable Law to permit the Borrower or the Agents to determine the withholding or deduction required to be made.

(v) If a payment made to a Recipient under any Facility Document would be subject to U.S. federal withholding tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Recipient shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Recipient has complied with such Recipient’s obligations

under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this Section 13.03(g)(v), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(h) If any Lender requires the Borrower to pay any Indemnified Taxes or additional amount to such Lender or any Governmental Authority for the account of such Lender pursuant to this Section 13.03, then such Lender shall (at the request of the Borrower) use reasonable efforts to designate a different lending office for funding or booking its Advances hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if such Lender determines, in its sole discretion that such designation or assignment (i) would eliminate or reduce amounts payable pursuant to this Section 13.03 in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(i) Each party's obligations under this Section 13.03 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Individual Lender Maximum Funding Amounts and the repayment, satisfaction or discharge of all obligations under any Facility Document.

Section 13.04 Costs and Expenses; Indemnification. (a) The Borrower agrees to promptly pay on demand all reasonable and documented out-of-pocket costs and expenses of the Agents and the Lenders in connection with the preparation, review, negotiation, reproduction, execution and delivery of this Agreement and the other Facility Documents, including the reasonable and documented fees and disbursements of one outside counsel for the Administrative Agent and one outside counsel for the Collateral Agent, costs and expenses of creating, perfecting, releasing or enforcing the Collateral Agent's security interests in the Collateral, including filing and recording fees, expenses, search fees, UCC filing fees and the equivalent thereof in any foreign jurisdiction, if applicable, and all other related fees and expenses in connection therewith; and in connection with the administration and any waiver, consent, modification or amendment or similar agreement in respect of this Agreement, the Notes or any other Facility Document and advising the Agents and Lenders as to their respective rights, remedies and responsibilities. The Borrower agrees to promptly pay on demand all reasonable and documented costs and expenses of each of the Secured Parties in connection with the enforcement of this Agreement, the Notes or any other Facility Document, including all reasonable and documented out-of-pocket costs and expenses incurred by the Collateral Agent in connection with the preservation, collection, foreclosure or enforcement of the Collateral subject to the Facility Documents or any interest, right, power or remedy of the Collateral Agent and the Replacement Servicer (including in its capacity as Replacement Servicer) or in connection with the collection or enforcement of any of the Obligations or the proof, protection, administration or

resolution of any claim based upon the Obligations in any insolvency proceeding, including all reasonable fees and disbursements of outside attorneys, accountants, auditors, consultants, appraisers and other professionals engaged by the Collateral Agent; provided that, in each case, there shall be one primary outside attorney and one local counsel representing each of (x) the Lenders and the Administrative Agent, taken as a whole and (y) the Collateral Agent, the Securities Intermediary and the Custodian, taken as a whole, unless any conflict of interest arises. Without prejudice to its rights hereunder, the expenses and the compensation for the services of the Secured Parties are intended to constitute expenses of administration under any applicable bankruptcy law. For the avoidance of doubt, this Section 13.04(a) shall not apply to Taxes, other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim, which shall be covered by Section 13.03.

(b) The Borrower agrees to indemnify and hold harmless each Secured Party and each of their Affiliates and the respective officers, directors, employees, agents, managers of, and any Person controlling any of, the foregoing (each, an “Indemnified Party”) from and against any and all Liabilities that may be incurred by or asserted or awarded against any Indemnified Party, whether brought by or involving the Borrower or any third party, in each case arising out of or in connection with or by reason of the execution, delivery, enforcement, performance, administration of or otherwise arising out of or incurred in connection with this Agreement, any other Facility Document, any Related Document or any transaction contemplated hereby or thereby (and regardless of whether or not any such transactions are consummated); except that the Borrower shall not be liable to the extent any such Liability is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from any Indemnified Party’s bad faith, gross negligence or willful misconduct; provided that any payment hereunder which relates to taxes, levies, imposes, deductions, charges and withholdings, and all liabilities (including penalties, interest and expenses) with respect thereto, or additional sums described in Sections 2.10, 2.11 or 13.03, shall not be covered by this Section 13.04(b).

(c) The Servicer agrees to indemnify and hold harmless each Indemnified Party from and against any and all Liabilities that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of any one or more of the following: (i) any breach by the Servicer of any covenant or any of its obligations under any Facility Document, (ii) the failure of any of the representations or warranties of the Servicer set forth in any Facility Document or in any certificate, statement or report delivered in connection therewith to be true when made or when deemed made or repeated and (iii) by reason of any gross negligence, bad faith or willful misconduct (as determined by the final non-appealable judgment of a court of competent jurisdiction) on the part of the Servicer in its capacity as Servicer; except the Servicer shall not be liable to the extent any such Liability (x) results from the performance or non-performance of the Collateral Loans or (y) is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from any Indemnified Party’s bad faith, gross negligence or willful misconduct; provided that any payment hereunder which relates to taxes, levies, imposes, deductions, charges and withholdings, and all liabilities (including penalties, interest and expenses) with respect thereto, or additional sums described in Sections 2.10, 2.11 or 13.03, shall not be covered by this Section 13.04(c). The Servicer shall not have any liability hereunder to any Indemnified Party to the extent an

Indemnified Party affects any settlement of a matter that is (or could be) subject to indemnification hereunder without the prior written consent of the Servicer (which consent shall not be unreasonably withheld or delayed).

(d) The Equityholder agrees to indemnify and hold harmless each Indemnified Party from and against any and all Liabilities that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of any one or more of the following: (i) any breach by the Equityholder of any covenant or any of its obligations set forth in Section 13.22 and (ii) the failure of any of the representations or warranties of the Equityholder set forth in Section 4.03 (o), (p), (q) and (r) and Section 13.22 or in any certificate, statement or report delivered in connection therewith to be true when made or when deemed made or repeated.

Section 13.05 Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement. Delivery of an executed signature page of this Agreement by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart hereof.

Section 13.06 Assignability. (a) Each Lender may, with the consent of the Administrative Agent and the Borrower, assign to an assignee all or a portion of its rights and obligations under this Agreement (including all or a portion of its outstanding Advances or interests therein owned by it, together with ratable portions of its Individual Lender Maximum Funding Amount); provided that:

(i) each of the Borrower's and the Administrative Agent's consent to any such assignment (A) shall not be unreasonably withheld or delayed and (B) shall not be required if the assignee is a Permitted Assignee with respect to such assignor; and

(ii) the Borrower's consent to any such assignment pursuant to this Section 13.06(a) shall not be required (other than with respect to an assignment to an Ares Competitor) if (x) a Default or an Event of Default shall have occurred (and not been waived by the Lenders in accordance with Section 13.01) or (y) such assignment is required by any Change in Law.

The parties to each such assignment shall execute and deliver to the Administrative Agent (with a copy to the Collateral Agent) an Assignment and Acceptance and the applicable tax forms required by Section 13.03(g). Notwithstanding any other provision of this Section 13.06, no assignment by any Lender to the Borrower or any of its Affiliates shall be permitted.

(b) The Borrower may not assign its rights or obligations hereunder or any interest herein without the prior written consent of the Agents and the Lenders.

(c) (i) Any Lender may, without the consent of (other than with respect to a participation to an Ares Competitor), but with notice to, the Borrower, sell participations to Participants in all or a portion of such Lender's rights and obligations under this Agreement; provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (C) such Borrower, the Agents and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, and (D) each Participant shall have agreed to be bound by this Section 13.06(c), Section 13.06(d), Section 13.06(e) and Section 13.17. Any agreement pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement may provide that such Lender will not, without the consent of the Participant, agree to any Fundamental Amendment. Sections 2.10, 2.11, and 13.03 shall apply to each Participant as if it were a Lender and had acquired its interest by assignment pursuant to clause (a) of this Section 13.06 (subject to the requirements and limitations set forth in Section 13.03, including the requirements under Section 13.03(g)); provided that (A) such Participant agrees to be subject to the provisions of Section 13.03(g) as if it were an assignee under clause (a) of this Section 13.06 and (B) no Participant shall be entitled to any amount under Section 2.10, 2.11, or 13.03 which is greater than the amount the related Lender would have been entitled to under any such Sections or provisions if the applicable participation had not occurred, except to the extent such entitlement to receive a greater amount results from a Change in Law that occurs after the Participant acquired the applicable participation.

(ii) In the event that any Lender sells participations in any portion of its rights and obligations hereunder, such Lender as nonfiduciary agent for the Borrower shall maintain a register on which it enters the name and address of all participants in the Advances held by it and the principal amount (and stated interest thereon) of the portion of the Advance which is the subject of the participation (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans or its other obligations under any Facility Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in a Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in such Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register. This Section 13.06(c)(ii) shall be construed so that such commitments, loans, letters of credit or other obligations are at all times maintained in "registered form" within the meaning of Sections 163(f), 871(h)(2) and 881(c)(2) of the Code, Section 5f.103-1(c) of the United States Treasury regulations, and any other related regulations or successor provisions or regulations.

(d) The Administrative Agent, on behalf of and acting solely for this purpose as the nonfiduciary agent of the Borrower, shall maintain at its address specified in Section 13.02 or such other address as the Administrative Agent shall designate in writing to the Lenders, a copy of this Agreement and each signature page hereto and each Assignment and Acceptance delivered to and accepted by it and a register (the “Register”) for the recordation of the names and addresses of the Lenders and the aggregate outstanding principal amount of the outstanding Advances maintained by each Lender under this Agreement (and any stated interest thereon). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Agents and the Lenders shall treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice. An Advance (and a Note, if any, evidencing the same) may be assigned or sold in whole or in part only by registration of such assignment or sale on the Register (and each Note, if any, shall expressly so provide) and compliance with this Section 13.06. The Administrative Agent shall update and furnish to the Collateral Agent and the Borrower from time to time at the request of the Collateral Agent or the Borrower an updated version of Schedule 1 reflecting the then-current allocation of the Individual Lender Maximum Funding Amounts.

(e) Notwithstanding anything to the contrary set forth herein or in any other Facility Document, each Lender hereunder, and each Participant, must at all times be a “qualified purchaser” as defined in the Investment Company Act (a “Qualified Purchaser”) and a “qualified institutional buyer” as defined in Rule 144A under the Securities Act (a “QIB”). Each Lender represents to the Borrower, (i) on the date that it becomes a party to this Agreement (whether by being a signatory hereto or by entering into an Assignment and Acceptance) and (ii) on each date on which it makes an Advance hereunder, that it is a Qualified Purchaser and a QIB. Each Lender further agrees that it shall not assign, or grant any participations in, any of its Advances or its Individual Lender Maximum Funding Amounts to any Person unless such Person is a Qualified Purchaser and a QIB.

(f) Notwithstanding any other provision of this Section 13.06, any Lender may at any time pledge or grant a security interest in all or any portion of its rights (including rights to payment of principal and interest) under this Agreement to secure obligations of such Lender, including any pledge or security interest granted to a Federal Reserve Bank, without notice to or consent of the Borrower or the Administrative Agent; provided that no such pledge or grant of a security interest shall release such Lender from any of its obligations hereunder or substitute any such pledgee or grantee for such Lender as a party hereto.

Section 13.07 Governing Law. **THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT AND ANY CLAIM, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER FACILITY DOCUMENT (EXCEPT, AS TO ANY OTHER FACILITY DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND THE TRANSACTIONS CONTEMPLATED HEREBY AND**

THEREBY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK.

Section 13.08 Severability of Provisions. Any provision of this Agreement or any other Facility Document which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 13.09 Confidentiality. The parties hereto agree to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed by any party (a) to its Affiliates, directors, officers, members, principals and employees, and to its agents, counsel and other advisors that have a need for such information relative to this facility (collectively, the “Related Parties”) (it being understood that, in each case, the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential and the disclosing party shall be responsible for any breach by its Related Parties under this Section 13.09); (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners), it being understood that the Persons to whom such disclosure is made shall be informed of the confidential nature of such Information; (c) to the extent required by Applicable Law or by any subpoena or similar legal process; provided that with respect to disclosures of Information pursuant to a subpoena or similar legal process, (A) prior to any disclosure under this clause (c) the disclosing party agrees to provide the Borrower with prior written notice thereof, to the extent that it is practicable to do so and to the extent that the disclosing party is permitted to provide such prior written notice to the Borrower pursuant to the terms of the subpoena or other legal process and (B) any disclosure under this clause (c) shall be limited to the portion of the Information as may be required by such Governmental Authority pursuant to such subpoena or other legal process; (d) to any other party hereto; (e) in connection with the exercise of any remedies hereunder or under any other Facility Document or any action or proceeding relating to this Agreement or any other Facility Document or the enforcement of rights hereunder or thereunder; (f) solely with respect to the Administrative Agent or any Lender, to (i) any assignee of or participant in, or any prospective assignee of or participant in, any of its rights and obligations under this Agreement; provided that (x) such assignee or participant (or prospective assignee or participant) would be permitted to be an assignee or participant pursuant to the terms hereof and (y) such assignee or participant (or prospective assignee or participant) has agreed to maintain confidentiality pursuant to this Section 13.09 or another non-disclosure agreement substantially similar hereto, or (ii) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to the Borrower and its obligations, this Agreement or payments hereunder that has agreed to maintain confidentiality pursuant to this Section 13.09; or (iii) any rating agency or (g) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section by such party, or (y) becomes available to such party or any of their respective Affiliates on a nonconfidential basis from a source other than a party to this Agreement. For purposes of this Section 13.09, “Information” means all information received

from a party to this Agreement, the terms and substance of this Agreement and each other Facility Document and any term sheet.

Section 13.10 Merger. This Agreement and the other Facility Documents executed by the Administrative Agent or the Lenders taken as a whole incorporate the entire agreement between the parties hereto and thereto concerning the subject matter hereof and thereof and this Agreement and such other Facility Documents supersede any prior agreements among the parties relating to the subject matter thereof.

Section 13.11 Survival. All representations and warranties made hereunder, in the other Facility Documents and in any certificate delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery of this Agreement and the making of the Advances hereunder. The agreements in Sections 2.10, 2.11, 2.13, 12.04, 13.03, 13.04, 13.09, 13.15 and 13.17 and this Section 13.11 shall survive the termination of this Agreement in whole or in part, the payment in full of the principal of and interest on the Advances, any foreclosure under, or modification, release or discharge of, any or all of the Related Documents and the resignation or replacement of any Agent.

Section 13.12 Submission to Jurisdiction; Waivers; Etc. Each party hereto hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement or the other Facility Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of New York in the Borough of Manhattan, the courts of the United States of America for the Southern District of New York, and the appellate courts of any of them;

(b) consents that any such action or proceeding may be brought in any court described in Section 13.12(a) and waives to the fullest extent permitted by Applicable Law any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) solely in the case of each party hereto (other than the Borrower, Servicer, Equityholder and the Collateral Agent) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such party at its address set forth in Section 13.02 or at such other address as may be permitted thereunder;

(d) EACH OF THE BORROWER, SERVICER AND EQUITYHOLDER IRREVOCABLY APPOINTS UNITED AGENT GROUP INC. (THE "PROCESS AGENT") WITH AN OFFICE ON THE DATE HEREOF AT 15 NORTH MILL STREET, NYACK, NEW YORK 28277, AS ITS AGENT TO RECEIVE ON ITS BEHALF AND PROPERTY SERVICE OF COPIES OF ANY SUMMONS AND COMPLAINT AND ANY OTHER PROCESS WHICH MAY BE SERVED IN ANY SUCH ACTION OR PROCEEDING. SUCH SERVICE MAY BE MADE BY MAILING OR DELIVERING A COPY OF SUCH PROCESS TO THE

BORROWER, SERVICER OR EQUITYHOLDER IN CARE OF THE PROCESS AGENT AT THE PROCESS AGENT'S ABOVE ADDRESS, AND EACH OF THE BORROWER, SERVICER AND EQUITYHOLDER HEREBY IRREVOCABLY AUTHORIZES AND DIRECTS THE PROCESS AGENT TO ACCEPT SUCH SERVICE ON ITS BEHALF. AS AN ALTERNATIVE METHOD OF SERVICE, EACH OF THE BORROWER, SERVICER AND EQUITYHOLDER ALSO IRREVOCABLY CONSENTS TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES OF SUCH PROCESS TO IT AT ITS ADDRESS SET FORTH IN SECTION 13.02 IN THE MANNER DESCRIBED ABOVE. EACH OF THE BORROWER, SERVICER AND EQUITYHOLDER AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PERMITTED BY LAW. NOTHING IN THIS SECTION SHALL AFFECT THE RIGHTS OF ANY PARTY HERETO TO SERVE LEGAL PROCESS IN ANY MANNER PERMITTED BY LAW OR AFFECT SUCH PARTY'S RIGHT TO BRING ANY ACTION OR PROCEEDING AGAINST ANY OF THE BORROWER, SERVICER AND EQUITYHOLDER OR ANY OTHER PARTY HERETO OR ITS PROPERTY IN THE COURTS OF ANY OTHER JURISDICTION; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding against any Secured Party arising out of or relating to this Agreement or any other Facility Document any special, exemplary, punitive or consequential damages.

Section 13.13 Waiver of Jury Trial. **EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER FACILITY DOCUMENT OR FOR ANY COUNTERCLAIM HEREIN OR THEREIN OR RELATING HERETO OR THERETO.**

Section 13.14 Right of Setoff; Payments Pro Rata. (a) Subject to Section 9.01(a), if an Event of Default shall have occurred and be continuing, each Lender and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by Applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender or any such Affiliate to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement or any other Facility Document to such Lender or their respective Affiliates, irrespective of whether or not such Lender or Affiliate shall have made any demand under this Agreement or any other Facility Document and although such obligations of the Borrower may be contingent or unmatured or are owed to a branch, office or Affiliate of such Lender different from the branch, office or Affiliate holding such deposit or obligated on such indebtedness; provided, that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.17

and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender or their respective Affiliates may have. Each Lender agrees to notify the Borrower and the Administrative Agent promptly after any such setoff and application, provided, that the failure to give such notice shall not affect the validity of such setoff and application.

(b) Each of the Lenders agrees that, if it should receive any amount under this Agreement (whether by voluntary payments, by realization upon security, by the exercise of the right of setoff or banker's lien, by counterclaim or cross action, by the enforcement of any right under the Facility Documents, or otherwise) which is applicable to the payment of the principal of, or interest on, the Advances or fees, of a sum which with respect to the related sum or sums received by other Lenders is in a greater proportion than the total of such Obligation then owed and due to such Lender bears to the total of such Obligation then owed and due to all of the Lenders immediately prior to such receipt, then such Lender receiving such excess payment shall purchase for cash without recourse or warranty from the other Lenders an interest in the Obligations to such other Lenders in such amount as shall result in a proportional participation by all of the Lenders in such disproportionate sum received; provided that if all or any portion of such excess amount is thereafter recovered from such Lender, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

Section 13.15 PATRIOT Act Notice. Each Agent and Lender hereby notifies the Borrower that, pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law on October 26, 2001)) (the "PATRIOT Act"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Agent or Lender to identify the Borrower in accordance with the PATRIOT Act. The Borrower shall provide, to the extent commercially reasonable, such information and take such actions as are reasonably requested by any Lender or Agent in order to assist such Lender or Agent, as applicable, in maintaining compliance with the PATRIOT Act.

Section 13.16 Legal Holidays. In the event that the date of prepayment of Advances or the Final Maturity Date shall not be a Business Day, then notwithstanding any other provision of this Agreement or any other Facility Document, payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the nominal date of any such date of prepayment or Final Maturity Date, as the case may be, and interest shall accrue on such payment for the period from and after any such nominal date to but excluding such next succeeding Business Day.

Section 13.17 Non-Petition. Each of the Servicer and each Secured Party hereby agrees not to institute against, or join, cooperate with or encourage any other Person in instituting against, the Borrower any bankruptcy, reorganization, receivership, arrangement, insolvency,

moratorium or liquidation proceeding or other proceeding under federal or state bankruptcy or similar laws until at least one year and one day, or, if longer, the applicable preference period then in effect *plus* one day, after the payment in full of all outstanding Obligations and the termination of all Individual Lender Maximum Funding Amounts; provided that nothing in this Section 13.17 shall preclude, or be deemed to prevent, any Secured Party (a) from taking any action prior to the expiration of the aforementioned one year and one day period, or, if longer, the applicable preference period then in effect, in (i) any case or proceeding voluntarily filed or commenced by the Borrower or (ii) any involuntary insolvency proceeding filed or commenced against the Borrower by a Person other than any such Secured Party, or (b) from commencing against the Borrower or any properties of the Borrower any legal action which is not a bankruptcy, reorganization, receivership, arrangement, insolvency, moratorium or liquidation proceeding or other proceeding under federal or state bankruptcy or similar laws. The provisions of this paragraph shall survive the termination of this Agreement. The provisions of this Section 13.17 are a material inducement for the Secured Parties to enter into this Agreement and the transactions contemplated hereby and are an essential term hereof. The parties hereby agree that monetary damages are not adequate for a breach of the provisions of this Section 13.17 and the Administrative Agent may seek and obtain specific performance of such provisions (including injunctive relief), including, without limitation, in any bankruptcy, reorganization, arrangement, winding up, insolvency, moratorium, winding up or liquidation proceedings, or other proceedings under United States federal or state bankruptcy laws, or any similar laws.

Section 13.18 Waiver of Setoff. Each of the Borrower and the Servicer hereby waives any right of setoff it may have or to which it may be entitled under this Agreement or under any Applicable Law from time to time against the Administrative Agent, any Lender or its respective assets.

Section 13.19 Collateral Agent Execution and Delivery. By executing this Agreement, each Lender hereby consents to the terms of this Agreement, directs the Collateral Agent to execute and deliver this Agreement, and acknowledges and agrees that the Collateral Agent shall be fully protected in relying upon the foregoing consent and direction and hereby releases the Collateral Agent and its respective officers, directors, agents, employees and shareholders, as applicable, from any liability for complying with such direction, except as a result of gross negligence or willful misconduct of the Collateral Agent.

Section 13.20 Acknowledgement and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Facility Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges and accepts that any liability of any Affected Financial Institution arising under or in connection with any Facility Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable:

(i) a reduction in full or in part, in the principal amount, or outstanding amount due (including any accrued but unpaid interest), or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Facility Document; or

(iii) the variation of the terms of any Facility Document to the extent necessary to give effect to any Bail-in Action in relation to such liability.

Section 13.21 WAIVER OF SOVEREIGN IMMUNITY. To the extent that any of the Borrower, Servicer or Equityholder may be entitled, in any jurisdiction in which judicial proceedings may at any time be commenced with respect to this Agreement or any other Facility Document, to claim for itself or its revenues, assets or properties any immunity from suit, the jurisdiction of any court, attachment prior to judgment, attachment in aid of execution of a judgment, set-off, execution of a judgment or any other legal process, and to the extent that in any such jurisdiction there may be attributed such immunity (whether or not claimed), each of the Borrower, the Servicer and the Equityholder irrevocably agrees not to claim and hereby irrevocably waives such immunity to the fullest extent permitted by the laws of such jurisdiction and hereby agrees that the foregoing waiver shall be enforced to the fullest extent permitted under the Foreign Sovereign Immunities Act of 1976 of the United States of America, as amended, and is intended to be irrevocable for the purpose of such act.

Section 13.22 Securitisation Regulation Requirements. The Equityholder hereby represents and covenants, for the benefit of the Administrative Agent, the Lenders, the Collateral Agent (for the benefit of the Secured Parties) and, in respect of paragraphs (d) and (e) below only, the Servicer that, for so long as any Advance remains outstanding:

(a) it will retain, as originator (for the purpose of the Securitisation Regulation), on an ongoing basis, a material net economic interest in the form specified in paragraph (d) of Article 6(3) of the Securitisation Regulation, being retention of the first loss tranche and, if necessary, other tranches having the same or a more severe risk profile than those transferred or sold to investors and not maturing any earlier than those transferred or sold to investors, through maintaining funding to the Borrower under the LLC Agreement, in an amount equal to not less than 5% of the Retention Basis Amount (such net economic interest being the “Retained Interest”);

(b) neither it nor any of its Affiliates will sell, hedge, enter into a short position or otherwise mitigate its credit risk under or associated with the Retained Interest where

to do so would cause the transaction contemplated by the Facility Documents to cease to be compliant with the EU Risk Retention Requirement;

(c) it will provide to the Administrative Agent and/or any Lender that is subject to the EU Due Diligence Requirements, the information, documents, reports and notifications that the Administrative Agent and/or such Lender reasonably requests as necessary to enable compliance with any of their obligations under the EU Due Diligence Requirements; provided that (i) such information is not subject to any duty of confidentiality and (x) in its possession or (y) not in its possession but obtainable using commercially reasonable efforts and without material expense (provided further that, if obtaining such information, documents, reports or notifications would involve material expense but the requesting Lender agrees to reimburse it, then it shall obtain the same) and (ii) such disclosure is not contrary to any requirement of law or regulation applicable to it;

(d) it will confirm to each of the Borrower, the Administrative Agent, the Servicer, each Lender and the Collateral Agent, its continued compliance with the covenants set out at paragraphs (a) and (b) above in each Payment Date Report;

(e) it will promptly notify the Borrower, the Administrative Agent, the Servicer, each Lender and the Collateral Agent in writing if for any reason it fails to comply with either of the covenants set out in paragraphs (a) or (b) above in any way;

(f) it will notify each of its Affiliates of the contents of paragraph (b) above and shall use reasonable endeavors to procure that each of its Affiliates complies with the terms of paragraph (b) as if it were a party thereto; and

(g) (A) in relation to each Collateral Loan acquired by the Borrower which is a Retention Holder Originated Collateral Loan pursuant to part (a) of the definition thereof, it applied sound and well-defined credit granting criteria to the origination of the Collateral Loan; (B) in relation to each Collateral Loan acquired by the Borrower which is a Retention Holder Originated Collateral Loan pursuant to part (b) of the definition thereof, it has verified, in light of the information available to it and subject to its usual standard of care, and reasonably believes that the entity which was, directly or indirectly, involved in the original agreement which created the Collateral Loan applied sound and well-defined credit granting criteria to the origination of the Collateral Loan, and that it maintained clearly established processes for approving, amending, modifying, renewing and financing the Collateral Loan and had effective systems in place to apply those criteria and processes to ensure that the Collateral Loan was granted and approved based on a thorough assessment of the relevant Obligor's creditworthiness; and (C) it has, and reasonably expects to maintain, clearly established criteria and processes for originating, amending, modifying, renewing and financing the Collateral Loans (the "Collateral Loan Originations and Revisions") and has effective systems in place to apply those criteria and processes to ensure that Collateral Loan Originations and Revisions are granted and approved based on a thorough assessment of each Obligor's creditworthiness.

(h) Notwithstanding anything to the contrary contained herein, neither the Equityholder nor the Borrower makes any representation as to compliance of the transaction or

any of the parties hereto with respect to the Securitisation Regulation. Any Person accepting the benefits of this Section 13.22 and/or paragraphs (o) to (r) of Section 4.03 above (including any related definitions or provisions) shall be deemed to have agreed to the terms set forth in this paragraph and each Lender hereby represents it is not relying on any of the Borrower, the Servicer or the Equityholder or any of the respective Affiliates, for any financial, tax, legal, accounting or regulatory advice in connection with the matters set forth in this Section 13.22 and/or paragraphs (o) to (r) of Section 4.03 above. For the avoidance of doubt, none of this Section 13.22 and/or paragraphs (o) to (r) of Section 4.03 constitute regulatory advice.

Section 13.23 Adequacy of Monetary Damages Against the Lenders. Each of the Borrower, the Servicer and the Equityholder hereby acknowledges and agrees that (i) any and all claims, damages and demands against the Administrative Agent or the Lenders arising out of, or in connection with, the exercise by the Administrative Agent or the Lenders of any Administrative Agent or any of the Lenders' rights or remedies pursuant to this Agreement can be sufficiently and adequately remedied by monetary damages, (ii) no irreparable injury will be caused to the Borrower, the Servicer or the Equityholder as a result of, or in connection with, any such claims, damages or demands, and (iii) no equitable or injunctive relief shall be sought by the Borrower, the Servicer or the Equityholder as a result of, or in connection with, any such claims, damages or demands; provided that this Section 13.23 shall not constitute a waiver of any rights of the Borrower, the Servicer or the Equityholder to seek injunctive relief to enforce its rights under Section 13.09.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

ARCC FB FUNDING LLC, as Borrower

By:

Name:

Title:

ARES CAPITAL CORPORATION, as Equityholder

By:

Name:

Title:

ARES CAPITAL CORPORATION, as Servicer

By:

Name:

Title:

BNP PARIBAS, as Administrative Agent and a Lender

By:

Name:

Title:

By:

Name:

Title:

U.S. BANK NATIONAL ASSOCIATION, as Collateral Agent

By:

Name:

Title:

USActive ~~54953942.47~~[55479929.4](#)

SUBSIDIARIES OF ARES CAPITAL CORPORATION

<u>Name</u>	<u>Jurisdiction</u>
AC CORPORATE HOLDINGS, INC.	DELAWARE
ACAS CRE CDO 2007-1 DEPOSITOR, LLC	DELAWARE
ACAS CRE CDO 2007-1, LLC	DELAWARE
ACAS CRE SERVICES, LLC	DELAWARE
ACAS REAL ESTATE HOLDINGS CORPORATION	DELAWARE
ACAS, LLC	DELAWARE
ALLIED CRESCENT EQUITY, LLC	DELAWARE
ARCC API CORP.	DELAWARE
ARCC BEACON LLC	DELAWARE
ARCC BLOCKER CORP.	DELAWARE
ARCC BLOCKER II LLC	DELAWARE
ARCC BLOCKER III LLC	DELAWARE
ARCC CP LLC	DELAWARE
ARCC CR LLC	DELAWARE
ARCC ED CORP.	DELAWARE
ARCC FB FUNDING LLC	DELAWARE
ARCC FD CORP.	DELAWARE
ARCC FL CORP.	DELAWARE
ARCC FM CORP.	DELAWARE
ARCC GAC LLC	DELAWARE
ARCC HEELSTONE LLC	DELAWARE
ARCC HS LLC	DELAWARE
ARCC KPS CORP.	DELAWARE
ARCC LSQ LLC	DELAWARE
ARCC MCF 1, LLC (f/k/a DYNAMIC EQUITY, LLC)	DELAWARE
ARCC MCF 2 LLC	DELAWARE
ARCC MH LLC	DELAWARE
ARCC NR LLC	DELAWARE
ARCC NV1 CORP.	DELAWARE
ARCC NV2 CORP.	DELAWARE
ARCC OTG CORP.	DELAWARE
ARCC OTG PREFERRED CORP.	DELAWARE
ARCC PCGI III AIV BLOCKER, INC.	DELAWARE
ARCC PCP GP, LLC	DELAWARE
ARCC PCP L.P.	CAYMAN ISLANDS
ARCC PG LLC	DELAWARE
ARCC PH CORP.	DELAWARE
ARCC PJMB LLC	DELAWARE
ARCC PT CORP	DELAWARE
ARCC PVA LLC	DELAWARE
ARCC RB LLC	DELAWARE
ARCC RT LLC	DELAWARE
ARCC S2 LLC (F/K/A AC POSTLE, LLC)	DELAWARE
ARCC SC LLC	DELAWARE
ARCC SHC LLC	DELAWARE
ARCC SK BLOCKER CORP.	DELAWARE
ARCC TM CORP.	DELAWARE
ARCC ULTIMUS LLC	DELAWARE
ARCC UNIVERSAL CORP.	DELAWARE
ARCC VP LLC	DELAWARE

ARCC VS CORP.	DELAWARE
ARES CAPITAL CP FUNDING HOLDINGS LLC	DELAWARE
ARES CAPITAL CP FUNDING LLC	DELAWARE
ARES CAPITAL JB FUNDING LLC	DELAWARE
BW LANDCO LLC	DELAWARE
CALDER EQUITY, LLC	DELAWARE
CAPITAL PLACEMENT HOLDINGS, INC.	DELAWARE
ECAS 2016 LTD.	GUERNSEY
ECAS II S.A.R.L.	LUXEMBOURG
ECAS S.A.R.L.	LUXEMBOURG
EUROPEAN CAPITAL LIMITED	GUERNSEY
EUROPEAN CAPITAL S.A. SICAR	LUXEMBOURG
HCI EQUITY, LLC	ILLINOIS
IVY HILL ASSET MANAGEMENT GP, LLC	DELAWARE
MULTIAD EQUITY CORP.	DELAWARE
S2 EQUITY CORP.	DELAWARE
STARTEC EQUITY, LLC	DELAWARE

In addition, we may be deemed to control certain portfolio companies identified as “Affiliated” companies that we “Control” in footnote 5 to the Consolidated Schedule of Investments as of December 31, 2020 included in the Financial Statements portion of Ares Capital Corporation’s Form 10-K for the year ended December 31, 2020.

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Ares Capital Corporation

We consent to the incorporation by reference in the registration statement on Form N-2 of Ares Capital Corporation of our reports dated February 10, 2021, with respect to the consolidated balance sheets of Ares Capital Corporation and its subsidiaries, including the consolidated schedules of investments, as of December 31, 2020 and 2019, the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes, and the effectiveness of internal control over financial reporting as of December 31, 2020, which reports appear in the annual report on Form 10-K of Ares Capital Corporation for the year ended December 31, 2020, and the report dated February 10, 2021 on the senior securities table attached as an exhibit to the Form 10-K. We also consent to the references to our firm under the headings "Selected Financial Data," "Controls and Procedures" and "Senior Securities" in the Form 10-K.

/s/ KPMG LLP

Los Angeles, California

February 10, 2021

**Certification of Chief Executive Officer
of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d-14(a)**

I, R. Kipp deVeer, certify that:

1. I have reviewed this Annual Report on Form 10-K of Ares Capital Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 10, 2021

/s/ R. KIPP DEVEER

R. Kipp deVeer
Chief Executive Officer (principal executive officer)

**Certification of Chief Financial Officer
of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d-14(a)**

I, Penni F. Roll, certify that:

1. I have reviewed this Annual Report on Form 10-K of Ares Capital Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 10, 2021

/s/ PENNI F. ROLL

Penni F. Roll
Chief Financial Officer (principal financial officer)

**Certification of Chief Executive Officer and Chief Financial Officer
Pursuant to
18 U.S.C. Section 1350**

In connection with the Annual Report on Form 10-K of Ares Capital Corporation (the "Company") for the year ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), R. Kipp deVeer, as Chief Executive Officer of the Company, and Penni F. Roll, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his or her knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 10, 2021

/s/ R. KIPP DEVEER

R. Kipp deVeer
Chief Executive Officer (principal executive officer)

Date: February 10, 2021

/s/ PENNI F. ROLL

Penni F. Roll
Chief Financial Officer (principal financial officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Ares Capital Corporation and will be retained by Ares Capital Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Report of Independent Registered Public Accounting Firm on Supplemental Information

To the Stockholders and Board of Directors

Ares Capital Corporation:

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (the “PCAOB”), the consolidated financial statements of Ares Capital Corporation and subsidiaries (the Company) as of December 31, 2020 and 2019, and for each of the years in the three-year period ended December 31, 2020, and our report dated February 10, 2021 expressed an unqualified opinion on those consolidated financial statements.

We have also previously audited, in accordance with the standards of the PCAOB, the consolidated balance sheets of the Company, including the consolidated schedules of investments, as of December 31, 2018, 2017 and 2016, and the related consolidated statements of operations, stockholders’ equity, and cash flows for the years ended December 31, 2017 and 2016 (none of which is presented herein), and we expressed unqualified opinions on those consolidated financial statements.

The senior securities information included in Part II, Item 5 of the Annual Report on Form 10-K of the Company for the year ended December 31, 2020, under the caption “Senior Securities” (the Senior Securities Table), has been subjected to audit procedures performed in conjunction with the audit of the Company’s respective consolidated financial statements. The Senior Securities Table is the responsibility of the Company’s management. Our audit procedures included determining whether the Senior Securities Table reconciles to the Company’s respective consolidated financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the Senior Securities Table. In forming our opinion on the Senior Securities Table, we evaluated whether the Senior Securities Table, including its form and content, is presented in conformity with the instructions to Form N-2. In our opinion, the Senior Securities Table is fairly stated, in all material respects, in relation to the Company’s respective consolidated financial statements as a whole.

/s/ KPMG LLP

Los Angeles, California

February 10, 2021