

ARES CAPITAL CORP  
Form 10-Q  
October 31, 2018

---

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q

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

For the quarterly period ended September 30, 2018

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 33-1089684  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification Number)

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

---

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

---

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

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

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

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

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

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

Class	Outstanding at October 24, 2018
Common stock, \$0.001 par value	426,298,200

---

---

ARES CAPITAL CORPORATION

INDEX

Part I. Financial Information

Item 1. Financial Statements

Consolidated Balance Sheet as of September 30, 2018 (unaudited) and December 31, 2017 3

Consolidated Statement of Operations for the three and nine months ended September 30, 2018 and 2017 (unaudited) 4

Consolidated Schedule of Investments as of September 30, 2018 (unaudited) and December 31, 2017 6

Consolidated Statement of Stockholders' Equity for the nine months ended September 30, 2018 (unaudited) 86

Consolidated Statement of Cash Flows for the nine months ended September 30, 2018 and 2017 (unaudited) 87

Notes to Consolidated Financial Statements (unaudited) 88

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations 124

Item 3. Quantitative and Qualitative Disclosures About Market Risk 148

Item 4. Controls and Procedures 150

Part II. Other Information

Item 1. Legal Proceedings 150

Item 1A. Risk Factors 150

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds 150

Item 3. Defaults Upon Senior Securities 152

Item 4. Mine Safety Disclosures 152

Item 5. Other Information 152

Item 6. Exhibits 152

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

	As of	
	September 30,	December 31,
	2018	2017
	(unaudited)	
<b>ASSETS</b>		
Investments at fair value		
Non-controlled/non-affiliate company investments	\$9,275	\$ 10,010
Non-controlled affiliate company investments	306	216
Controlled affiliate company investments	1,639	1,615
Total investments at fair value (amortized cost of \$11,473 and \$11,905, respectively)	11,220	11,841
Cash and cash equivalents	799	316
Interest receivable	93	93
Receivable for open trades	61	1
Other assets	82	96
Total assets	\$12,255	\$ 12,347
<b>LIABILITIES</b>		
Debt	\$4,546	\$ 4,854
Base management fees payable	44	44
Income based fees payable	35	27
Capital gains incentive fees payable	122	79
Accounts payable and other liabilities	114	181
Interest and facility fees payable	42	64
Payable for open trades	39	—
Total liabilities	4,942	5,249
Commitments and contingencies (Note 7)		
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, par value \$0.001 per share, 600 common shares authorized; 426 common shares issued and outstanding	—	—
Capital in excess of par value	7,192	7,192
Accumulated overdistributed net investment income	(80	) (81
Accumulated undistributed net realized gains on investments, foreign currency transactions, extinguishment of debt and other assets	460	72
Net unrealized losses on investments, foreign currency and other transactions	(259	) (85
Total stockholders' equity	7,313	7,098
Total liabilities and stockholders' equity	\$12,255	\$ 12,347
NET ASSETS PER SHARE	\$17.16	\$ 16.65

See accompanying notes to consolidated financial statements.

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

	For the Three Months Ended September 30, 2018		For the Nine Months Ended September 30, 2017	
<b>INVESTMENT INCOME:</b>				
From non-controlled/non-affiliate company investments:				
Interest income from investments (excluding payment-in-kind (“PIK”) interest income)	\$211	\$189	\$618	\$511
PIK interest income from investments	11	11	35	28
Capital structuring service fees	39	28	85	64
Dividend income	9	8	24	20
Other income	5	4	31	13
Total investment income from non-controlled/non-affiliate company investments	275	240	793	636
From non-controlled affiliate company investments:				
Interest income from investments (excluding PIK interest income)	4	3	12	9
Dividend income	1	—	4	—
PIK interest income from investments	1	1	3	3
Total investment income from non-controlled affiliate company investments	6	4	19	12
From controlled affiliate company investments:				
Interest income from investments (excluding PIK interest income)	29	28	92	136
PIK interest income from investments	6	6	18	13
Capital structuring service fees	3	4	11	9
Dividend income	15	10	43	38
Other income	8	2	16	9
Total investment income from controlled affiliate company investments	61	50	180	205
Total investment income	342	294	992	853
<b>EXPENSES:</b>				
Interest and credit facility fees	59	56	180	166
Base management fees	44	44	135	127
Income based fees	45	35	123	97
Capital gain incentive fees	5	(3 )	43	23
Administrative fees	3	3	10	9
Professional fees and other costs related to the American Capital Acquisition	1	4	3	42
Other general and administrative	4	7	20	24
Total expenses	161	146	514	488
Waiver of income based fees	(10 )	(10 )	(30 )	(20 )
Total expenses, net of waiver of income based fees	151	136	484	468
NET INVESTMENT INCOME BEFORE INCOME TAXES	191	158	508	385
Income tax expense, including excise tax	6	5	17	14
NET INVESTMENT INCOME	185	153	491	371
<b>REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS, FOREIGN CURRENCY AND OTHER TRANSACTIONS:</b>				
Net realized gains (losses):				

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

Non-controlled/non-affiliate company investments	54	(3 )	78	70
Non-controlled affiliate company investments	(15 )	—	(15 )	—
Controlled affiliate company investments	324	45	322	97
Foreign currency and other transactions	10	(7 )	3	(20 )
Net realized gains	373	35	388	147
Net unrealized gains (losses):				
Non-controlled/non-affiliate company investments	(29 )	(39 )	(19 )	(138 )
Non-controlled affiliate company investments	19	(9 )	16	(10 )
Controlled affiliate company investments	(331 )	1	(182 )	75
Foreign currency and other transactions	(8 )	(2 )	11	(6 )
Net unrealized losses	(349 )	(49 )	(174 )	(79 )
Net realized and unrealized gains (losses) from investments, foreign currency and other transactions	24	(14 )	214	68

4

---

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
REALIZED LOSSES ON EXTINGUISHMENT OF DEBT	—	—	—	(4 )
NET INCREASE IN STOCKHOLDERS' EQUITY RESULTING FROM OPERATIONS	\$209	\$139	\$705	\$435
BASIC AND DILUTED EARNINGS PER COMMON SHARE (see Note 10)	\$0.49	\$0.33	\$1.66	\$1.02
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING (see Note 10)	426	426	426	425

See accompanying notes to consolidated financial statements.

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

ARES CAPITAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED SCHEDULE OF INVESTMENTS

As of September 30, 2018  
(dollar amounts in millions)  
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Healthcare Services Absolute Dental Management LLC and ADM Equity, LLC	Dental services provider	First lien senior secured loan (\$19.1 par due 1/2022)	11.67% (Libor + 9.28%/Q)	1/5/2016	\$ 19.1	\$ 17.0	(2)(17)
		First lien senior secured loan (\$5.1 par due 1/2022)	11.67% (Libor + 9.28%/Q)	1/5/2016	5.1	4.5	(4)(17)
		Class A preferred units (4,000,000 units)		1/5/2016	4.0	0.3	(2)
		Class A common units (4,000,000 units)		1/5/2016	—	—	(2)
					28.2	21.8	
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 (21)	Dermatology practice	First lien senior secured revolving loan (\$2.5 par due 5/2022)	8.04% (Libor + 5.75%/Q)	5/18/2016	2.5	2.4	(2)(17)(20)
ADG, LLC and RC IV GEDC Investor LLC (21)	Dental services provider	First lien senior secured revolving loan (\$2.1 par due 9/2022)	6.99% (Libor + 4.75%/M)	9/28/2016	2.1	2.0	(2)(17)
		First lien senior secured revolving loan (\$1.0 par due 9/2022)	6.90% (Libor + 4.75%/M)	9/28/2016	1.0	1.0	(2)(17)
				9/28/2016	4.1	4.0	(2)(17)



Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		First lien senior secured revolving loan (\$4.1 par due 9/2022)	9.00% (Base Rate + 3.75%/M)					
		Second lien senior secured loan (\$87.5 par due 3/2024)	11.24% (Libor + 9.00%/M)	9/28/2016	87.5	79.6	(2)(17)	
		Membership units (3,000,000 units)		9/28/2016	3.0	1.2	(2)	
					97.7	87.8		
Air Medical Group Holdings, Inc. and Air Medical Buyer Corp.	Emergency air medical services provider	Senior subordinated loan (\$182.7 par due 3/2026)	10.04% (Libor + 7.88%/M)	3/14/2018	182.7	182.7	(2)(17)	
		Warrant to purchase up to 115,733 units of common stock (expires 3/2028)		3/14/2018	0.9	1.7	(2)	
					183.6	184.4		
Alcami Corporation and ACM Holdings I, LLC (21)	Outsourced drug development services provider	First lien senior secured loan (\$30.2 par due 7/2025)	6.40% (Libor + 4.25%/M)	7/12/2018	30.0	30.0	(2)(17)	
		Second lien senior secured loan (\$77.5 par due 7/2026)	10.14% (Libor + 8.00%/M)	7/12/2018	76.7	76.7	(2)(17)	
		Common units (3,269,900 units)		7/12/2018	32.7	32.7	(2)	
					139.4	139.4		
Alteon Health, LLC	Provider of physician management services	First lien senior secured loan (\$3.0 par due 9/2022)	8.74% (Libor + 6.50%/M)	5/15/2017	3.0	2.6	(2)(17)	
American Academy Holdings, LLC (21)	Provider of education, training, certification, networking, and consulting services to medical coders and other healthcare professionals	First lien senior secured revolving loan (\$0.9 par due 12/2022)	8.64% (Libor + 6.25%/Q)	12/15/2017	0.9	0.9	(2)(17)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		First lien senior secured loan (\$108.4 par due 12/2022)	8.64% (Libor + 6.25%/Q)	12/15/2017	108.4	108.4	(2)(17)
		First lien senior secured loan (\$72.4 par due 12/2022)	8.64% (Libor + 6.25%/Q)	12/15/2017	72.4	72.4	(3)(17)
		Senior subordinated loan (\$78.7 par due 6/2023)	16.33% (Libor + 8.00% Cash, 6.00% PIK/Q)	12/15/2017	78.7	78.7	(2)(17)
					260.4	260.4	
Bambino CI Inc. (21)	Manufacturer and provider of single-use obstetrics products	First lien senior secured revolving loan (\$2.8 par due 10/2022)	8.24% (Libor + 6.00%/M)	10/17/2017	2.8	2.8	(2)(17)
		First lien senior secured revolving loan (\$1.4 par due 10/2022)	8.14% (Libor + 6.00%/M)	10/17/2017	1.4	1.4	(2)(17)
		First lien senior secured loan (\$31.0 par due 10/2023)	8.24% (Libor + 6.00%/M)	10/17/2017	31.0	31.0	(3)(17)
					35.2	35.2	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of September 30, 2018  
(dollar amounts in millions)  
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Care Hospice, Inc (21)	Provider of hospice services	First lien senior secured revolving loan (\$0.4 par due 4/2022)	7.09% (Libor + 4.75%/Q)	2/8/2018	0.4	0.4(2)(17)	
CCS-CMGC Holdings, Inc. (21)	Correctional facility healthcare operator	First lien senior secured revolving loan (\$4.1 par due 7/2019)	8.25% (Base Rate + 3.00%/Q)	7/23/2014	4.1	4.1(2)(17)(20)	
		First lien senior secured loan (\$35.0 par due 10/2025)	7.89% (Libor + 5.50%/Q)	9/25/2018	34.7	34.6(2)(17)	
		First lien senior secured loan (\$6.5 par due 7/2021)	8.25% (Base Rate + 3.00%/Q)	7/23/2014	6.5	6.5(2)(17)	
		First lien senior secured loan (\$48.8 par due 9/2021)	10.50% (Libor + 8.17%/Q)	9/29/2015	48.8	48.8(2)(17)	
		First lien senior secured loan (\$3.1 par due 9/2021)	10.50% (Libor + 8.17%/Q)	9/29/2015	3.1	3.1(2)(17)	
		Second lien senior secured loan (\$135.0 par due 7/2022)	10.69% (Libor + 8.38%/Q)	7/23/2014	134.4	135.1(2)(17)	
		Class A units (1,000,000 units)		8/19/2010	—	0.1(2)	
					231.6	232.4	
Comprehensive EyeCare Partners, LLC (21)	Vision care practice management company	First lien senior secured loan (\$5.4 par due 2/2024)	6.89% (Libor + 4.50%/Q)	2/14/2018	5.4	5.4(2)(17)	
CSHM LLC (7)	Dental services provider	Class A membership units (1,979 units)		1/3/2017	—	—	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		units)					
D4C Dental Brands HoldCo, Inc. and Bambino Group Holdings, LLC (21)	Dental services provider	First lien senior secured revolving loan (\$1.5 par due 12/2022)	10.50% (Base Rate + 5.25%/Q)	12/21/2016	1.5	1.5(2)(17)	
		Class A preferred units (1,000,000 units)		12/21/2016	1.0	1.2(2)	
					2.5	2.7	
Datix Bidco Limited (8)	Global healthcare software company that provides software solutions for patient safety and risk management	First lien senior secured loan (\$2.9 par due 4/2025)	6.73% (Libor + 4.50%/S)	4/27/2018	2.9	2.9(2)(17)	
		First lien senior secured loan (\$2.9 par due 4/2025)	7.02% (Libor + 4.50%/S)	4/27/2018	2.9	2.9(2)(17)	
					5.8	5.8	
DCA Investment Holding, LLC (21)	Multi-branded dental practice management	First lien senior secured revolving loan	—	7/2/2015	—	—(19)	
		First lien senior secured loan (\$18.6 par due 7/2021)	7.64% (Libor + 5.25%/Q)	7/2/2015	18.5	18.6(17)	
					18.5	18.6	
Emerus Holdings, Inc. (21)	Freestanding 24-hour emergency care micro-hospitals operator	First lien senior secured revolving loan (\$3.0 par due 9/2020)	6.89% (Libor + 4.50%/Q)	3/14/2017	3.0	2.8(2)(17)	
		First lien senior secured loan (\$3.2 par due 9/2021)	6.89% (Libor + 4.50%/Q)	3/14/2017	2.9	2.9(2)(17)	
					5.9	5.7	
GHX Ultimate Parent Corporation, 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)	10.39% (Libor + 8.00%/Q)	6/30/2017	34.2	34.2(17)	
		Series A preferred stock (110,425 shares)	13.14% PIK (Libor + 10.75%/Q)	6/30/2017	129.2	129.2(17)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		Class A units (14,013,303 units)		6/30/2017	14.0	19.0(2)
					177.4	182.7
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	2.8(2)
Hygiena Borrower LLC (21)	Adenosine triphosphate testing technology provider	First lien senior secured loan 6.39% (Libor + (\$8.8 par due 4.00%/Q) 8/2022)		6/29/2018	8.8	8.7(2)(17)
		First lien senior secured loan 6.31% (Libor + (\$0.7 par due 4.00%/Q) 8/2022)		6/29/2018	0.7	0.7(2)(17)
		Second lien senior secured 10.14% (Libor loan (\$11.1 par + 7.75%/Q) due 8/2023)		6/29/2018	11.1	11.0(2)(17)
		Second lien senior secured 10.06% (Libor loan (\$0.6 par + 7.75%/Q) due 8/2023)		6/29/2018	0.6	0.6(2)(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of September 30, 2018  
(dollar amounts in millions)  
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Second lien senior secured loan (\$10.0 par due 8/2023)	11.39% (Libor + 9.00%/Q)	8/26/2016	10.0	9.9(2)(17)	
		Second lien senior secured loan (\$10.7 par due 8/2023)	11.39% (Libor + 9.00%/Q)	2/27/2017	10.7	10.6(2)(17)	
					41.9	41.5	
JDC Healthcare Management, LLC (21)	Dental services provider	First lien senior secured revolving loan (\$3.6 par due 4/2022)	8.99% (Libor + 6.75%/M)	4/10/2017	3.6	3.5(2)(17)	
		First lien senior secured loan (\$4.2 par due 4/2023)	9.01% (Libor + 6.75%/Q)	4/10/2017	4.2	4.0(2)(17)	
		First lien senior secured loan (\$9.9 par due 4/2023)	8.99% (Libor + 6.75%/M)	4/10/2017	9.9	9.4(2)(17)	
		First lien senior secured loan (\$19.8 par due 4/2023)	8.99% (Libor + 6.75%/M)	4/10/2017	19.8	18.8(2)(17)	
					37.5	35.7	
KBHS Acquisition, LLC (d/b/a Alita Care, LLC) (21)	Provider of behavioral health services	First lien senior secured revolving loan (\$0.6 par due 3/2022)	7.15% (Libor + 5.00%/M)	3/17/2017	0.6	0.6(2)(17)	
		First lien senior secured revolving loan (\$0.7 par due 3/2022)	7.16% (Libor + 5.00%/M)	3/17/2017	0.7	0.7(2)(17)	
		First lien senior secured revolving loan (\$0.1 par due 3/2022)	7.17% (Libor + 5.00%/M)	3/17/2017	0.1	0.1(2)(17)	
		First lien senior secured revolving loan (\$2.1 par due 3/2022)	7.24% (Libor + 5.00%/M)	3/17/2017	2.1	2.1(2)(17)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		First lien senior secured revolving loan (\$0.6 par due 3/2022)	9.25% (Base Rate + 4.00%/M)	3/17/2017	0.6	0.6(2)(17)
					4.1	4.1
Key Surgical LLC (21)	Provider of sterile processing, operating room and instrument care supplies for hospitals	First lien senior secured revolving loan (\$0.6 par due 6/2022)	9.00% (Base Rate + 3.75%/Q)	6/1/2017	0.6	0.6(2)(17)
		First lien senior secured loan (\$17.3 par due 6/2023)	5.75% (EURIBOR + 4.75%/Q)	6/1/2017	16.7	17.3(2)(17)
					17.3	17.9
MB2 Dental Solutions, LLC (21)	Dental services provider	First lien senior secured loan (\$5.9 par due 9/2023)	7.09% (Libor + 4.75%/Q)	9/29/2017	5.9	5.9(2)(17)
MCH Holdings, Inc. and MC Acquisition Holdings I, LLC	Healthcare professional provider	First lien senior secured loan (\$65.3 par due 1/2020)	7.66% (Libor + 5.50%/M)	7/26/2017	65.3	65.3(2)(17)
		First lien senior secured loan (\$73.8 par due 1/2020)	7.74% (Libor + 5.50%/M)	7/26/2017	73.8	73.8(2)(17)
		First lien senior secured loan (\$10.2 par due 1/2020)	7.74% (Libor + 5.50%/M)	7/26/2017	10.2	10.2(2)(17)
		First lien senior secured loan (\$9.0 par due 1/2020)	7.66% (Libor + 5.50%/M)	7/26/2017	9.0	9.0(4)(17)
		Class A units (1,438,643 shares)		1/17/2014	1.5	1.2(2)
					159.8	159.5
MW Dental Holding Corp. (21)	Dental services provider	First lien senior secured revolving loan (\$7.0 par due 4/2021)	8.99% (Libor + 6.75%/M)	4/12/2011	7.0	7.0(2)(17)
		First lien senior secured loan (\$0.8 par due 4/2021)	9.12% (Libor + 6.75%/Q)	3/19/2018	0.8	0.8(2)(17)
		First lien senior secured loan (\$13.7 par due 4/2021)	9.14% (Libor + 6.75%/Q)	3/19/2018	13.7	13.7(2)(17)
				4/12/2011	58.4	58.4(2)(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		First lien senior secured loan (\$58.4 par due 4/2021)	9.14% (Libor + 6.75%/Q)				
		First lien senior secured loan (\$46.4 par due 4/2021)	9.14% (Libor + 6.75%/Q)	4/12/2011	46.4	46.43	(17)
		First lien senior secured loan (\$19.2 par due 4/2021)	9.14% (Libor + 6.75%/Q)	4/12/2011	19.2	19.24	(17)
					145.5	145.5	
My Health Direct, Inc.	Healthcare scheduling exchange software solution provider	Warrant to purchase up to 4,548 shares of Series D preferred stock (expires 9/2024)		9/18/2014	—	—	(2)



Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of September 30, 2018  
(dollar amounts in millions)  
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
New Trident Holdcorp, Inc. and Trident Holding Company, LLC	Outsourced mobile diagnostic healthcare service provider	Second lien senior secured loan (\$24.9 par due 7/2022)	8.24% (Base Rate + 3.00%/M)	8/1/2013	19.6	15.2(17)	
		Second lien senior secured loan (\$87.6 par due 7/2020)		8/1/2013	76.7	13.4(13)(16)	
		Senior subordinated loan (\$9.1 par due 7/2020)		11/29/2017	8.8	— (2)(16)	
					105.1	28.6	
NMSC Holdings, Inc. and ASP NAPA Holdings, LLC	Anesthesia management services provider	Second lien senior secured loan (\$72.8 par due 10/2023)	12.59% (Libor + 10.00%/Q)	4/19/2016	72.8	68.4(17)	
		Class A units (25,277 units)		4/19/2016	2.5	0.8(2)	
					75.3	69.2	
Nodality, Inc.	Biotechnology company	First lien senior secured loan (\$3.0 par due 8/2016)		11/12/2015	2.1	— (2)(16)	
		First lien senior secured loan (\$14.3 par due 8/2016)		4/25/2014	9.7	— (2)(16)	
		Warrant to purchase up to 3,736,255 shares of common stock (expires 3/2026)		5/1/2016	—	— (2)	
					11.8	—	
NSM Sub Holdings Corp. (21)	Provider of customized mobility, rehab and adaptive seating systems	First lien senior secured loan (\$0.2 par due 10/2022)	6.84% (Libor + 4.50%/Q)	6/1/2018	0.2	0.2(2)(17)	
		First lien senior secured loan (\$4.9 par due	6.89% (Libor + 4.50%/Q)	6/1/2018	4.9	4.9(2)(17)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		10/2022)			5.1	5.1
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)	11.99% (Libor + 9.75%/M)	4/20/2016	9.7	9.9(2)(17)
NueHealth Performance, LLC (21)	Developer, builder and manager of specialty surgical hospitals and ambulatory surgery centers	First lien senior secured loan (\$10.0 par due 9/2023)	8.73% (Libor + 6.50%/Q)	9/27/2018	10.0	10.0(2)(17)
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 (21)	Operator of freestanding veterinary hospitals	First lien senior secured loan (\$0.2 par due 10/2024)	6.49% (Libor + 4.25%/M)	10/4/2017	0.2	0.2(2)(17)
		First lien senior secured loan (\$0.7 par due 10/2024)	6.49% (Libor + 4.25%/M)	5/24/2018	0.7	0.7(2)(17)
		First lien senior secured loan (\$0.1 par due 10/2024)	6.33% (Libor + 4.25%/M)	5/24/2018	0.1	0.1(2)(17)
		First lien senior secured loan (\$1.4 par due 10/2024)	6.49% (Libor + 4.25%/M)	10/4/2017	1.4	1.4(2)(17)
					2.4	2.4
Patterson Medical Supply, Inc.	Distributor of rehabilitation supplies and equipment	Second lien senior secured loan (\$78.0 par due 8/2023)	10.84% (Libor + 8.50%/Q)	9/2/2015	76.6	68.0(2)(17)
PhyMED Management LLC	Provider of anesthesia services	Second lien senior secured loan (\$47.2 par due 5/2021)	11.07% (Libor + 8.75%/Q)	12/18/2015	46.9	45.0(2)(17)
Practice Insight, LLC (21)	Revenue cycle management provider to the emergency healthcare industry	First lien senior secured loan (\$12.4 par due 8/2022)	7.24% (Libor + 5.00%/M)	8/23/2017	12.4	12.0(2)(17)
Premise Health Holding Corp. and OMERS Bluejay Investment	Provider of employer-sponsored onsite health and wellness clinics and pharmacies	First lien senior secured revolving loan (\$6.0 par due 7/2023)	5.84% (Libor + 3.50%/Q)	7/10/2018	6.0	6.0(2)(17)

Holdings LP (21)

First lien senior secured loan (\$20.8 par due 7/2025)	6.14% (Libor + 3.75%/Q)	7/10/2018	20.7	20.7(17)
Second lien senior secured loan (\$67.1 par due 7/2026)	9.89% (Libor + 7.50%/Q)	7/10/2018	66.5	66.5(17)
Class A units (9,775 units)		7/10/2018	9.8	9.8(2)
			103.0	102.9

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of September 30, 2018  
(dollar amounts in millions)  
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
ProVation Medical, Inc.	Provider of documentation and coding software for GI physicians	First lien senior secured loan (\$13.1 par due 3/2024)	9.33% (Libor + 7.00%/Q)	3/9/2018	12.8	13.4(17)	(17)
RecoveryDirect Acquisition, L.L.C. (21)	Outpatient physical therapy provider	First lien senior secured revolving loan (\$0.8 par due 1/2023)	6.65% (Libor + 4.50%/M)	1/3/2018	0.8	0.8(2)	(17)
		First lien senior secured loan (\$6.9 par due 1/2024)	6.89% (Libor + 4.50%/Q)	1/3/2018	6.9	6.9(2)	(17)
		First lien senior secured loan (\$14.8 par due 1/2024)	6.64% (Libor + 4.50%/Q)	1/3/2018	14.8	14.8(2)	(17)
		First lien senior secured loan (\$19.9 par due 1/2024)	6.64% (Libor + 4.50%/Q)	1/3/2018	19.9	19.9(2)	(17)
					42.4	42.4	
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)	
Salter Labs (21)	Developer, manufacturer and supplier of consumable products for medical device customers	First lien senior secured revolving loan (\$0.4 par due 3/2020)	6.59% (Libor + 4.25%/Q)	2/8/2018	0.4	0.4(2)	(17)
		First lien senior secured revolving loan (\$0.6 par due 3/2020)	6.58% (Libor + 4.25%/Q)	2/8/2018	0.6	0.6(2)	(17)
		First lien senior secured revolving loan (\$0.5 par due	6.35% (Libor + 4.25%/Q)	2/8/2018	0.5	0.5(2)	(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

					3/2020)	1.5	1.5
SCSG EA Acquisition Company, Inc. (21)	Provider of outsourced clinical services to hospitals and health systems	First lien senior secured revolving loan	—	9/1/2017	—	—	(19)
SiroMed Physician Services, Inc. and SiroMed Equity Holdings, LLC (21)	Outsourced anesthesia provider	First lien senior secured loan (\$17.5 par due 3/2024)	7.14% (Libor + 4.75%/Q)	3/26/2018	17.5	17.5	(17)
		Common units (171,784 units)		3/26/2018	4.6	4.3	(2)
					22.1	21.6	
SM Wellness Holdings, Inc. and SM Holdco, Inc. (21)	Breast cancer screening provider	First lien senior secured revolving loan (\$0.7 par due 8/2024)	7.74% (Libor + 5.50%/M)	8/1/2018	0.7	0.7	(2)(17)
		First lien senior secured loan (\$7.1 par due 8/2024)	7.74% (Libor + 5.50%/M)	8/1/2018	7.1	7.1	(2)(17)
		Series A preferred stock (44,975 shares)	12.64% (Libor + 10.25%/Q)	8/1/2018	45.9	45.9	(17)
		Series A units (7,475 units)		8/1/2018	7.5	0.1	(2)
		Series B units (747,500 units)		8/1/2018	—	7.4	(2)
					61.2	61.2	
Symmetry Surgical, Inc (21)	Marketer and distributor of medical devices focused on the general surgery market	First lien senior secured revolving loan (\$1.7 par due 7/2021)	6.08% (Libor + 4.00%/M)	2/8/2018	1.7	1.7	(2)(17)
Synergy HomeCare Franchising, LLC and NP/Synergy Holdings, LLC (21)	Franchisor of private-pay home care for the elderly	First lien senior secured loan (\$16.1 par due 4/2024)	8.14% (Libor + 5.75%/Q)	4/2/2018	16.1	16.1	(2)(17)
		Common units (550 units)		4/2/2018	0.6	0.6	
					16.7	16.6	
TerSera Therapeutics LLC (21)	Acquirer and developer of specialty therapeutic pharmaceutical products	First lien senior secured loan (\$2.2 par due 3/2024)	7.64% (Libor + 5.25%/Q)	7/12/2018	2.2	2.2	(2)(17)
		First lien senior secured loan (\$2.1 par due 3/2023)	7.63% (Libor + 5.25%/Q)	9/27/2018	2.1	2.1	(2)(17)
				5/3/2017	5.2	5.2	(4)(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		First lien senior secured loan (\$5.2 par due 3/2023)	7.64% (Libor + 5.25%/Q)			9.5	9.5
U.S. Anesthesia Partners, Inc.	Anesthesiology service provider	Second lien senior secured loan (\$71.8 par due 6/2025)	9.49% (Libor + 7.25%/M)	6/16/2017	70.9	71.8	(17)

10

---

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of September 30, 2018  
(dollar amounts in millions)  
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Urgent Cares of America Holdings I, LLC and FastMed Holdings I, LLC (21)	Operator of urgent care clinics	Preferred units (7,696,613 units)		6/11/2015	7.7	1.9	
		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	1.9	
Urology Management Associates, LLC and JWC/UMA Holdings, L.P.	Urology private practice	First lien senior secured loan (\$9.9 par due 8/2024)	7.24% (Libor + 5.00%/M)	8/31/2018	9.7	9.8 (2)(17)	
		Limited partnership interests (3.64% interest)		8/31/2018	4.8	4.8 (2)	
					14.5	14.6	
Verscend Holding Corp. (21)	Healthcare analytics solutions provider	First lien senior secured loan (\$100.0 par due 8/2025)	6.74% (Libor + 4.50%/M)	8/27/2018	99.3	99.5 (2)(17)	
VistaPharm, Inc. and Vertice Pharma UK Parent Limited (8)	Manufacturer and distributor of generic pharmaceutical products	Preferred shares (40,662 shares)		12/21/2015	0.3	0.7	
West Dermatology, LLC (21)	Dermatology practice platform	First lien senior secured revolving loan (\$3.2 par due 4/2022)	7.89% (Libor + 5.50%/Q)	2/8/2018	3.2	3.2 (2)(17)	
				2/8/2018	0.6	0.6 (2)(17)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		First lien senior secured revolving loan (\$0.6 par due 4/2022)	7.81% (Libor + 5.50%/Q)					
		First lien senior secured loan (\$4.1 par due 4/2023)	7.89% (Libor + 5.50%/Q)	4/2/2018	4.1	4.1	(2)	(17)
		First lien senior secured loan (\$0.9 par due 4/2023)	7.84% (Libor + 5.50%/Q)	4/2/2018	0.9	0.9	(2)	(17)
		First lien senior secured loan (\$0.8 par due 4/2023)	7.82% (Libor + 5.50%/Q)	4/2/2018	0.8	0.8	(2)	(17)
		First lien senior secured loan (\$7.7 par due 4/2023)	7.89% (Libor + 5.50%/Q)	4/2/2018	7.7	7.7	(2)	(17)
					17.3	17.3		
WIRB - Copernicus Group, Inc. (21)	Provider of regulatory, ethical, and safety review services for clinical research involving human subjects	First lien senior secured revolving loan	—	2/8/2018	—	—	(19)	
WSHP FC Acquisition LLC (21)	Provider of biospecimen products	First lien senior secured revolving loan (\$2.5 par due 3/2024)	8.89% (Libor + 6.50%/Q)	3/30/2018	2.5	2.5	(2)	(17)
		First lien senior secured revolving loan (\$0.8 par due 3/2024)	8.81% (Libor + 6.50%/Q)	3/30/2018	0.8	0.8	(2)	(17)
		First lien senior secured loan (\$6.0 par due 3/2024)	8.81% (Libor + 6.50%/Q)	3/30/2018	6.0	6.0	(2)	(17)
				3/30/2018	28.5	28.5	(2)	(17)



Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		First lien senior secured loan (\$28.5 par due 3/2024)	8.89% (Libor + 6.50%/Q)			37.8	37.8	
						2,487.8	3,366.8	32.36 %
Business Services Accommodations Plus Technologies LLC and Accommodations Plus Technologies Holdings LLC (21)	Provider of outsourced crew accommodations and logistics management solutions to the airline industry	First lien senior secured loan (\$12.6 par due 5/2024)	7.39% (Libor + 5.00%/Q)	5/11/2018	12.6	12.4	(2)	(17)
		Class A common units (236,358 units)		5/11/2018	4.5	5.5		
						17.1	17.9	
Achilles Acquisition LLC (21)	Benefits broker and outsourced workflow automation platform provider for brokers	First lien senior secured loan (\$2.8 par due 6/2023)	8.24% (Libor + 6.00%/M)	6/6/2017	2.8	2.8	(2)	(17)
		First lien senior secured loan (\$12.7 par due 6/2023)	8.24% (Libor + 6.00%/M)	2/2/2018	12.7	12.8	(2)	(17)
		First lien senior secured loan (\$2.9 par due 6/2023)	8.24% (Libor + 6.00%/M)	6/6/2017	2.9	2.9	(4)	(17)
						18.4	18.5	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of September 30, 2018  
(dollar amounts in millions)  
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Acrisure, LLC, Acrisure Investors FO, LLC and Acrisure Investors SO, LLC (9)	Retail insurance advisor and brokerage	Membership interests (0.95% interest)		11/18/2016	3.7	4.5(2)	
		Membership interests (1.91% interest)		11/18/2016	11.0	15.0(2)	
					14.7	19.5	
BeyondTrust Software, Inc.	Management software solutions provider	First lien senior secured loan (\$45.8 par due 11/2023)	8.60% (Libor + 6.25%/Q)	11/21/2017	45.1	46.3(17)	
Blue Campaigns Intermediate Holding Corp. and Elevate Parent, Inc. (dba EveryAction) (21)	Provider of fundraising and organizing efforts and digital services to non-profits and political campaigns	First lien senior secured loan (\$27.5 par due 8/2023)	9.08% (Libor + 6.75%/Q)	8/20/2018	27.5	27.4(17)	
		Series A preferred stock (150,000 shares)		9/26/2018	1.5	2.0	
					29.0	29.4	
Brandtone Holdings Limited (8)	Mobile communications and marketing services provider	First lien senior secured loan (\$4.8 par due 11/2018)		5/11/2015	4.5	— (2)(16)	
		First lien senior secured loan (\$3.2 par due 2/2019)		5/11/2015	2.9	— (2)(16)	
		Warrant to purchase up to 184,003 units of convertible preferred shares (expires 8/2026)		8/5/2016	—	— (2)	
CallMiner, Inc.	Provider of cloud-based conversational analytics	Warrant to purchase up to		7/23/2014	7.4	— (2)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

	solutions	2,350,636 shares of Series 1 preferred stock (expires 7/2024)					
Chesapeake Research Review, LLC and Schulman Associates Institutional Review Board, Inc. (21) CMW Parent LLC (fka Black Arrow, Inc.)	Provider of central institutional review boards over clinical trials	First lien senior secured loan (\$16.3 par due 11/2023)	8.14% (Libor + 5.75%/Q)	11/7/2017	16.3	16.0	(17)
	Multiplatform media firm	Series A units (32 units)		9/11/2015	—	—	(2)
Command Alkon Incorporated (21)	Software solutions provider to the ready-mix concrete industry	First lien senior secured revolving loan (\$1.5 par due 9/2022)	9.25% (Base Rate + 4.00%/Q)	9/1/2017	1.5	1.5	(2)(17)(20)
		First lien senior secured loan (\$20.4 par due 9/2023)	7.10% (Libor + 5.00%/M)	9/1/2017	20.4	20.0	(17)
		Second lien senior secured loan (\$33.8 par due 3/2024)	11.10% (Libor + 9.00%/M)	9/1/2017	33.8	33.0	(17)
					55.7	55.7	
Compusearch Software Systems, Inc.	Provider of enterprise software and services for organizations in the public sector	Second lien senior secured loan (\$51.0 par due 11/2021)	11.07% (Libor + 8.75%/Q)	1/3/2017	51.0	51.0	(17)
Compuware Parent, LLC	Web and mobile cloud performance testing and monitoring services provider	Class A-1 common stock (4,132 units)		12/15/2014	2.3	2.7	(2)
		Class B-1 common stock (4,132 units)		12/15/2014	0.5	0.5	(2)
		Class C-1 common stock (4,132 units)		12/15/2014	0.3	0.4	(2)
		Class A-2 common stock (4,132 units)		12/15/2014	—	—	(2)
		Class B-2 common stock (4,132 units)		12/15/2014	—	—	(2)
				12/15/2014	—	—	(2)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		Class C-2 common stock (4,132 units)			3.1	3.6
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	0.2(2)(16)	

12

---

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of September 30, 2018  
(dollar amounts in millions)  
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Warrant to purchase up to 1,875,000 shares of Series 1 preferred stock (expires 12/2024)		12/19/2014	—	—(2)	
					1.3	0.2	
Doxim Inc. (8)(21)	Enterprise content management provider	First lien senior secured loan (\$3.6 par due 2/2024)	8.33% (Libor + 6.00%/Q)	2/28/2018	3.6	3.6(2)(12)(17)	
		First lien senior secured loan (\$10.2 par due 2/2024)	8.39% (Libor + 6.00%/Q)	2/28/2018	10.0	10.0(2)(12)(17)	
					13.6	13.8	
DRB Holdings, LLC (21)	Provider of integrated technology solutions to car wash operators	First lien senior secured revolving loan (\$3.3 par due 10/2023)	8.08% (Libor + 5.75%/Q)	10/6/2017	3.3	3.3(2)(17)	
		First lien senior secured loan (\$24.0 par due 10/2023)	8.14% (Libor + 5.75%/Q)	10/6/2017	24.0	24.0(2)(17)	
					27.3	27.3	
DTI Holdco, Inc. and OPE DTI Holdings, Inc. (21)	Provider of legal process outsourcing and managed services	First lien senior secured revolving loan (\$0.9 par due 9/2021)	6.65% (Libor + 4.50%/M)	9/23/2016	0.9	0.9(2)(17)	
		First lien senior secured revolving loan (\$1.3 par due 9/2021)	6.66% (Libor + 4.50%/M)	9/23/2016	1.3	1.3(2)(17)	
		First lien senior secured	6.67% (Libor + 4.50%/M)	9/23/2016	0.5	0.5(2)(17)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		revolving loan (\$0.5 par due 9/2021) First lien senior secured revolving loan (\$0.5 par due 9/2021) Class A common stock (7,500 shares) Class B common stock (7,500 shares)	6.74% (Libor + 4.50%/M)	9/23/2016	0.5	0.5(2)(17)
						10.7 9.8
Emergency Communications Network, LLC (21)	Provider of mission critical emergency mass notification solutions	First lien senior secured loan (\$25.2 par due 6/2023)	8.49% (Libor + 6.25%/M)	6/1/2017	25.0	24.0(2)(17)
		First lien senior secured loan (\$19.8 par due 6/2023)	8.49% (Libor + 6.25%/M)	6/1/2017	19.7	19.4(17)
					44.7	44.1
EN Engineering, L.L.C. (21)	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 loan (\$0.3 par due 6/2021)	6.71% (Libor + 4.50%/M)	6/30/2015	0.3	0.3(2)(17)
		First lien senior secured loan (\$6.8 par due 6/2021)	6.71% (Libor + 4.50%/M)	6/30/2015	6.8	6.8(2)(17)
					7.1	7.1
Entertainment Partners, LLC and Entertainment Partners Canada Inc. (21)	Provider of entertainment workforce and production management solutions	First lien senior secured loan (\$2.0 par due 5/2022)	7.50% (Libor + 5.50%/Q)	5/8/2017	1.9	2.0(2)(8)(17)
		First lien senior secured loan (\$2.5 par due 5/2022)	7.44% (Libor + 5.50%/Q)	5/8/2017	2.4	2.5(2)(8)(17)
		First lien senior secured	7.43% (Libor + 5.50%/Q)	5/8/2017	2.4	2.5(2)(8)(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

loan (\$2.5 par due 5/2022)					
First lien					
senior secured	8.09% (Libor	5/8/2017	0.7	0.7(2)(17)	
loan (\$0.7 par due 5/2023)	+ 5.75%/Q)				
First lien					
senior secured	8.09% (Libor	5/8/2017	26.1	26.1(17)	
loan (\$26.1 par due 5/2023)	+ 5.75%/Q)				
First lien					
senior secured	8.14% (Libor	5/8/2017	0.6	0.6(2)(17)	
loan (\$0.6 par due 5/2023)	+ 5.75%/Q)				
First lien					
senior secured	8.14% (Libor	5/8/2017	21.9	21.9(17)	
loan (\$21.9 par due 5/2023)	+ 5.75%/Q)				
First lien					
senior secured	8.27% (Libor	5/8/2017	0.7	0.7(2)(17)	
loan (\$0.7 par due 5/2023)	+ 5.75%/Q)				

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of September 30, 2018  
(dollar amounts in millions)  
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan (\$26.1 par due 5/2023)	8.27% (Libor + 5.75%/Q)	5/8/2017	26.1	26.4(17)	
					82.8	83.1	
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)	
Foundation Risk Partners, Corp. (21)	Full service independent insurance agency	First lien senior secured loan (\$1.8 par due 11/2023)	6.99% (Libor + 4.75%/M)	11/10/2017	1.8	1.8(2)(17)	
		First lien senior secured loan (\$6.0 par due 11/2023)	7.09% (Libor + 4.75%/M)	11/10/2017	6.0	6.0(2)(17)	
		First lien senior secured loan (\$1.0 par due 11/2023)	7.08% (Libor + 4.75%/Q)	8/9/2018	1.0	1.0(2)(17)	
		First lien senior secured loan (\$5.2 par due 11/2023)	7.07% (Libor + 4.75%/Q)	8/9/2018	5.2	5.2(2)(17)	
		First lien senior secured loan (\$22.4 par due 11/2023)	6.94% (Libor + 4.75%/Q)	11/10/2017	22.4	22.4(17)	
		Second lien senior secured loan (\$3.0 par due 11/2024)	10.83% (Libor + 8.50%/Q)	8/9/2018	3.0	3.0(2)(17)	
		Second lien senior secured loan (\$19.1 par due 11/2024)	10.82% (Libor + 8.50%/Q)	8/9/2018	19.1	19.4(17)	
		Second lien senior secured loan (\$27.5 par	10.69% (Libor + 8.50%/Q)	11/10/2017	27.5	27.5(17)	



Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		due 11/2024)			86.0	86.0
Genesis Acquisition Co. and Genesis Holding Co. (21)	Child care management software and services provider	First lien senior secured loan (\$5.5 par due 7/2024)	6.24% (Libor + 4.00%/M)	7/31/2018	5.5	5.5(2)(17)
		Second lien senior secured loan (\$25.8 par due 7/2025)	9.74% (Libor + 7.50%/M)	7/31/2018	25.8	25.8(2)(17)
		Class A common stock (8 shares)		7/31/2018	0.8	0.8(2)
					32.1	31.8
GTCR-Ultra Acquisition, Inc. and GTCR-Ultra Holdings, LLC (21)	Provider of payment processing and merchant acquiring solutions	Class A-2 units (911 units)		8/1/2017	0.9	0.9(2)
		Class B units (2,878,372 units)		8/1/2017	—	— (2)
					0.9	0.9
HAI Acquisition Corporation and Aloha Topco, LLC (21)	Professional employer organization offering human resources, compliance and risk management services	First lien senior secured revolving loan (\$4.7 par due 11/2023)	8.34% (Libor + 6.00%/Q)	11/1/2017	4.7	4.7(2)(17)
		First lien senior secured loan (\$16.8 par due 11/2024)	8.34% (Libor + 6.00%/Q)	11/1/2017	16.8	16.8(2)(17)
		First lien senior secured loan (\$49.7 par due 11/2024)	8.34% (Libor + 6.00%/Q)	11/1/2017	49.7	49.7(2)(17)
		Class A units (16,980 units)		11/1/2017	1.7	1.6(2)
					72.9	72.8
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	0.1(2)
Implementation Management Assistance, LLC (21)	Revenue cycle consulting firm to the healthcare industry	First lien senior secured revolving loan (\$0.7 par due 12/2023)	8.75% (Base Rate + 3.50%/Q)	12/13/2017	0.7	0.7(2)(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		First lien senior secured loan (\$17.0 par due 12/2023)	6.89% (Libor + 4.50%/Q)	12/13/2017	17.0	16.82	(17)
					17.7	17.5	
Infinit	Manufacturer and distributor of radio frequency and microwave electronic components	First lien senior secured revolving loan	—	7/2/2018	—	—	(19)
Electronics, Inc. (21)		First lien senior secured loan (\$10.3 par due 7/2025)	6.24% (Libor + 4.00%/Q)	7/2/2018	10.3	10.32	(17)
					10.3	10.3	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of September 30, 2018  
(dollar amounts in millions)  
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Infogix, Inc. and Infogix Parent Corporation (21)	Enterprise data analytics and integrity software solutions provider	First lien senior secured revolving loan (\$1.1 par due 4/2024)	10.25% (Base Rate + 5.00%/Q)	4/18/2018	1.1	1.0(2)(17)	
		Series A preferred stock (2,475 shares)		1/3/2017	2.5	2.6	
		Common stock (1,297,768 shares)		1/3/2017	—	0.5	
					3.6	4.1	
Inmar, Inc.	Technology-driven solutions provider for retailers, wholesalers and manufacturers	Second lien senior secured loan (\$28.3 par due 5/2025)	10.24% (Libor + 8.00%/M)	4/25/2017	27.9	28.2(17)	
InterVision Systems, LLC and InterVision Holdings, LLC	Provider of cloud based IT solutions, infrastructure and services	First lien senior secured loan (\$41.1 par due 5/2022)	10.44% (Libor + 8.05%/M)	5/31/2017	41.1	40.2(17)	
		First lien senior secured loan (\$10.0 par due 5/2022)	10.44% (Libor + 8.05%/M)	5/31/2017	10.0	9.9(4)(17)	
		Class A membership units (1,000 units)		5/31/2017	1.0	0.7	
					52.1	51.3	
iParadigms Holdings, LLC	Anti-plagiarism software provider to the education market	Second lien senior secured loan (\$32.5 par due 7/2022)	9.64% (Libor + 7.25%/Q)	1/3/2017	32.0	32.2(17)	
iPipeline, Inc., Internet Pipeline, Inc., iPipeline Limited and iPipeline Holdings, Inc. (21)	Provider of SaaS-based software solutions to the insurance and financial services industry	First lien senior secured loan (\$11.6 par due 8/2022)	7.00% (Libor + 4.75%/M)	12/18/2017	11.9	11.2(8)(17)	
		First lien senior secured loan (\$7.5 par due	7.00% (Libor + 4.75%/M)	6/15/2017	7.4	7.5(2)(17)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		8/2022)						
		First lien senior secured loan (\$9.0 par due 8/2022)	7.00% (Libor + 4.75%/M)	9/15/2017	9.0	9.0	(2)	(17)
		8/2022)						
		First lien senior secured loan (\$16.2 par due 8/2022)	7.00% (Libor + 4.75%/M)	8/4/2015	16.2	16.2	(3)	(17)
		8/2022)						
		First lien senior secured loan (\$14.5 par due 8/2022)	7.00% (Libor + 4.75%/M)	8/4/2015	14.5	14.5	(4)	(17)
		Preferred stock (1,100 shares)		8/4/2015	1.1	4.1		(2)
		Common stock (668,781 shares)		8/4/2015	—	—		(2)
					60.1	62.9		
IQMS	Provider of enterprise resource planning and manufacturing execution software for small and mid-sized manufacturers	First lien senior secured loan (\$4.0 par due 3/2022)	10.49% (Libor + 8.25%/M)	3/28/2017	4.0	4.0	(2)	(17)
		First lien senior secured loan (\$18.6 par due 3/2022)	10.49% (Libor + 8.25%/M)	3/28/2017	18.6	18.6	(3)	(17)
		First lien senior secured loan (\$14.9 par due 3/2022)	10.49% (Libor + 8.25%/M)	3/28/2017	14.9	14.9	(4)	(17)
					37.5	37.5		
Labstat International Inc. (8)(21)	Lab testing services for nicotine containing products	First lien senior secured loan (\$20.3 par due 6/2024)	8.25% (Libor + 6.25%/Q)	6/25/2018	20.0	20.0	(2)	(17)
LLSC Holdings Corporation (dba Lawrence Merchandising Services) (7)	Marketing services provider	Series A preferred stock (9,000 shares)		1/3/2017	1.8	0.4		
		Common stock (1,000 shares)		1/3/2017	—	—		
					1.8	0.4		
Masergy Holdings, Inc. (21)	Provider of software-defined solutions for enterprise global networks, cyber security, and cloud communications	First lien senior secured revolving loan (\$0.3 par due 12/2021)	5.74% (Libor + 3.50%/M)	2/8/2018	0.3	0.3	(2)	(17)(20)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

Miles 33 (Finance) Limited (7)(8)	Software provider to the regional media industry and magazines	First lien senior secured loan (\$4.0 par due 9/2018)	4.22% (Libor + 3.50%/Q)	1/3/2017	3.8	4.0(17)
		Senior subordinated loan (\$17.7 par due 9/2021)		1/3/2017	10.8	6.4(16)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of September 30, 2018  
(dollar amounts in millions)  
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Preferred stock (900,000 shares)		1/3/2017	—	—	
		Preferred stock (19,500,000 shares)		1/3/2017	—	—	
		Common stock (600,000 shares)		1/3/2017	—	—	
					14.6	10.4	
Ministry Brands, LLC and MB Parent HoldCo, L.P. (dba Community Brands) (21)	Software and payment services provider to faith-based institutions	First lien senior secured revolving loan (\$3.3 par due 12/2022)	9.25% (Base Rate + 4.00%/Q)	12/2/2016	3.3	3.3(2)	(17)
		First lien senior secured loan (\$4.9 par due 12/2022)	6.24% (Libor + 4.00%/M)	8/22/2017	4.9	4.9(2)	(17)
		First lien senior secured loan (\$10.5 par due 12/2022)	6.24% (Libor + 4.00%/M)	4/6/2017	10.5	10.5(2)	(17)
		First lien senior secured loan (\$14.5 par due 12/2022)	6.24% (Libor + 4.00%/M)	4/6/2017	14.5	14.5(2)	(17)
		Second lien senior secured loan (\$16.6 par due 6/2023)	11.75% (Libor + 9.25%/Q)	12/2/2016	16.6	16.6(2)	(17)
		Second lien senior secured loan (\$17.9 par due 6/2023)	11.75% (Libor + 9.25%/Q)	8/22/2017	17.9	17.9(2)	(17)
		Second lien senior secured loan (\$4.7 par due 6/2023)	11.75% (Libor + 9.25%/Q)	4/6/2017	4.7	4.7(2)	(17)
		Second lien senior secured loan (\$3.6 par due 6/2023)	10.24% (Libor + 8.00%/M)	4/18/2018	3.6	3.6(2)	(17)
				4/6/2017	9.2	9.2(2)	(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		Second lien senior secured loan (\$9.2 par due 6/2023)	11.75% (Libor + 9.25%/Q)				
		Second lien senior secured loan (\$38.6 par due 6/2023)	10.50% (Libor + 8.00%/Q)	4/18/2018	38.6	38.6	(17)
		Second lien senior secured loan (\$90.0 par due 6/2023)	11.75% (Libor + 9.25%/Q)	12/2/2016	89.4	90.0	(17)
		Class A units (500,000 units)		12/2/2016	5.0	7.0	(2)
					218.2	220.8	
MVL Group, Inc. (7)	Marketing research provider	Common stock (560,716 shares)		4/1/2010	—	—	(2)
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 (\$24.1 par due 12/2021)	11.09% (Libor + 8.75%/Q)	6/1/2015	24.1	24.1	(17)
		Second lien senior secured loan (\$7.0 par due 12/2021)	11.14% (Libor + 8.75%/Q)	6/1/2015	7.0	7.0	(17)
					31.1	31.1	
Novetta Solutions, LLC	Provider of advanced analytics solutions for the government, defense and commercial industries	First lien senior secured loan (\$12.6 par due 10/2022)	7.25% (Libor + 5.00%/M)	1/3/2017	12.2	12.0	(17)
		Second lien senior secured loan (\$31.0 par due 10/2023)	10.75% (Libor + 8.50%/M)	1/3/2017	28.6	27.0	(17)
					40.8	39.0	
NSM Insurance Group, LLC	Insurance program administrator	First lien senior secured loan (\$6.7 par due 5/2024)	6.89% (Libor + 4.50%/Q)	5/11/2018	6.7	6.7	(17)
		First lien senior secured loan (\$13.2 par due 5/2024)	6.89% (Libor + 4.50%/Q)	5/11/2018	13.2	13.0	(17)
					19.9	19.7	
PayNearMe, Inc.	Electronic cash payment system provider	Warrant to purchase up to 195,726 shares of Series E		3/11/2016	0.2	—	(2)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

PDI TA Holdings, Inc. (21)	Provider of enterprise management software for the convenience retail and petroleum wholesale markets	preferred stock (expires 3/2023)					
		First lien senior secured revolving loan (\$4.3 par due 8/2023)	9.00% (Base Rate + 3.75%/Q)	8/25/2017	4.3	4.3(2)(17)	
		First lien senior secured loan (\$5.0 par due 8/2023)	7.09% (Libor + 4.75%/Q)	4/11/2018	5.0	5.0(2)(17)	
		First lien senior secured loan (\$0.4 par due 8/2023)	7.23% (Libor + 4.75%/Q)	4/11/2018	0.4	0.4(2)(17)	
		First lien senior secured loan (\$23.4 par due 8/2023)	7.14% (Libor + 4.75%/Q)	8/25/2017	23.4	23.4(2)(17)	
		First lien senior secured loan (\$5.1 par due 8/2023)	7.22% (Libor + 4.75%/Q)	8/25/2017	5.1	5.1(2)(17)	



Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of September 30, 2018  
(dollar amounts in millions)  
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan (\$2.7 par due 8/2023)	7.09% (Libor + 4.75%/Q)	8/25/2017	2.7	2.7(2)(17)	
		Second lien senior secured loan (\$14.7 par due 8/2024)	11.09% (Libor + 8.75%/Q)	8/25/2017	14.7	14.7(2)(17)	
		Second lien senior secured loan (\$1.9 par due 8/2024)	11.23% (Libor + 8.75%/Q)	8/25/2017	1.9	1.9(2)(17)	
		Second lien senior secured loan (\$23.2 par due 8/2024)	11.25% (Libor + 8.75%/Q)	8/25/2017	23.2	23.2(2)(17)	
		Second lien senior secured loan (\$16.7 par due 8/2023)	11.22% (Libor + 8.75%/Q)	4/11/2018	16.7	16.7(2)(17)	
		Second lien senior secured loan (\$66.8 par due 8/2024)	11.07% (Libor + 8.75%/Q)	8/25/2017	66.8	66.8(2)(17)	
					164.2	164.2	
PHL Investors, Inc., and PHL Holding Co. (7)	Mortgage services	Class A common stock (576 shares)		7/31/2012	3.8	— (2)	
PHNTM Holdings, Inc. and Planview Parent, Inc.	Provider of project and portfolio management software	Second lien senior secured loan (\$62.0 par due 7/2023)	11.99% (Libor + 9.75%/M)	1/27/2017	61.3	62.0(2)(17)	
		Class A common shares (990 shares)		1/27/2017	1.0	1.4(2)	
		Class B common shares (168,329 shares)		1/27/2017	—	0.2(2)	
					62.3	63.6	
Poplicus Incorporated	Business intelligence and market analytics platform for	Warrant to purchase up to		6/25/2015	0.1	— (2)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

	companies that sell to the public sector	2,402,991 shares of Series C preferred stock (expires 6/2025)					
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)	9.32% (Libor + 7.00%/Q)	8/21/2018	101.0	100.0	(17)
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	8.5	(2)
		Class B common shares (1,841,609 shares)		8/22/2016	0.1	0.1	(2)
R2 Acquisition Corp.	Marketing services	Common stock (250,000 shares)		5/29/2007	0.3	0.2	(2)
SCM Insurance Services Inc. (8)(21)	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 (\$2.9 par due 8/2022)	7.70% (Libor + 4.00%/Q)	8/29/2017	2.8	2.7	(2)(17)
		First lien senior secured loan (\$20.7 par due 8/2024)	6.82% (Libor + 5.00%/M)	8/29/2017	21.3	19.8	(17)
		Second lien senior secured loan (\$58.7 par due 3/2025)	10.82% (Libor + 9.00%/M)	8/29/2017	60.5	55.2	(17)
SpareFoot, LLC (21)	PMS solutions and web services for the self-storage industry.	First lien senior secured revolving loan (\$0.3 par due 4/2023)	6.35% (Libor + 4.25%/M)	4/13/2018	0.3	0.3	(2)(17)
		First lien senior secured loan (\$1.2 par due 4/2024)	6.49% (Libor + 4.25%/M)	8/31/2018	1.2	1.2	(2)(17)
		First lien senior secured loan (\$4.7 par due 4/2024)	6.35% (Libor + 4.25%/M)	4/13/2018	4.7	4.7	(2)(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		Second lien senior secured loan (\$6.1 par due 4/2025)	10.49% (Libor + 8.25%/M)	4/13/2018	6.0	6.0(2)(17)
		Second lien senior secured loan (\$4.2 par due 4/2025)	10.49% (Libor + 8.25%/M)	8/31/2018	4.1	4.1(2)(17)
					16.3	16.3
Sparta Systems, Inc., Project Silverback Holdings Corp. and Silverback Holdings, Inc. (21)	Quality management software provider	Second lien senior secured loan (\$20.0 par due 8/2025)	10.46% (Libor + 8.25%/M)	8/21/2017	19.7	18.6(2)(17)

17

---

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of September 30, 2018  
(dollar amounts in millions)  
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Series B preferred shares (10,084 shares)		8/21/2017	1.1	0.6	
					20.8	19.2	
Syntax USA Acquisition Corporation (8)(21)	Provider of cloud ERP hosting and consulting services for Oracle users	First lien senior secured revolving loan (\$0.9 par due 4/2021)	6.42% (Libor + 4.25%/M)	2/8/2018	0.9	0.8(2)(17)	
Talari Networks, Inc.	Networking equipment provider	First lien senior secured loan (\$6.0 par due 10/2019)	16.60% (Libor + 14.50%/M)	8/3/2015	5.8	6.2(2)(15)(17)	
		Warrant to purchase up to 421,052 shares of Series D-1 preferred stock (expires 8/2022)		8/3/2015	0.1	— (2)	
					5.9	6.2	
Telestream Holdings Corporation (21)	Provider of digital video tools and workflow solutions to the media and entertainment industries	First lien senior secured revolving loan (\$0.9 par due 3/2022)	10.70% (Base Rate + 5.45%/Q)	2/8/2018	0.9	0.9(2)(17)(20)	
UL Holding Co., LLC (6)	Provider of collection and landfill avoidance solutions for food waste and unsold food products	Senior subordinated loan (\$26.4 par due 5/2020)	10.00% PIK	4/30/2012	9.3	26.4(2)	
		Senior subordinated loan (\$3.8 par due 5/2020)		4/30/2012	1.3	3.8(2)	
		Senior subordinated loan (\$6.6 par due 5/2020)	10.00% PIK	4/30/2012	2.3	6.6(2)	
		Senior subordinated loan (\$0.5 par due 5/2020)		4/30/2012	0.2	0.5(2)	
		Senior subordinated loan (\$3.1 par due	10.00% PIK	4/30/2012	1.1	3.1(2)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

	5/2020)					
	Senior					
	subordinated loan		4/30/2012	0.2	0.4(2)	
	(\$0.4 par due					
	5/2020)					
	Class A common					
	units (533,351		6/17/2011	5.0	1.2(2)	
	units)					
	Class B-5					
	common units		6/17/2011	2.5	0.6(2)	
	(272,834 units)					
	Class C common					
	units (758,546		4/25/2008	—	— (2)	
	units)					
	Warrant to					
	purchase up to		5/2/2014	—	— (2)	
	719,044 shares of					
	Class A units					
	Warrant to					
	purchase up to		5/2/2014	—	— (2)	
	28,663 shares of					
	Class B-1 units					
	Warrant to					
	purchase up to		5/2/2014	—	— (2)	
	57,325 shares of					
	Class B-2 units					
	Warrant to					
	purchase up to		5/2/2014	—	— (2)	
	29,645 shares of					
	Class B-3 units					
	Warrant to					
	purchase up to		5/2/2014	—	— (2)	
	80,371 shares of					
	Class B-5 units					
	Warrant to					
	purchase up to		5/2/2014	—	— (2)	
	59,655 shares of					
	Class B-6 units					
	Warrant to					
	purchase up to		5/2/2014	—	— (2)	
	1,046,713 shares					
	of Class C units					
				21.9	42.6	
Velocity	Hosted enterprise resource					
Holdings	planning application	Common units				
Corp.	management services	(1,713,546 units)	12/13/2013	4.5	3.5	
	provider					
Visual Edge	Provider of outsourced	First lien senior	7.99% (Libor +	8/31/2017	12.3	12.0)(17)
Technology,	office solutions with a	secured loan	5.75%/M)			
Inc. (21)	focus on printer and copier	(\$12.3 par due				
	equipment and other parts	8/2022)				

and supplies

First lien senior secured loan (\$16.8 par due 8/2022)	7.99% (Libor + 5.75%/M)	8/31/2017	16.7	16.8(17)
Senior subordinated loan (\$54.2 par due 9/2024)	12.50% PIK	8/31/2017	50.8	54.2

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of September 30, 2018  
(dollar amounts in millions)  
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Warrant to purchase up to 1,816,089 shares of common stock (expires 8/2027)		8/31/2017	—	—	(2)
		Warrant to purchase up to 2,070,511 shares of preferred stock (expires 8/2027)		8/31/2017	3.9	4.0	(2)
					83.7	87.3	
VRC Companies, LLC (21)	Provider of records and information management services	First lien senior secured revolving loan (\$0.8 par due 3/2022)	8.74% (Libor + 6.50%/M)	4/17/2017	0.8	0.8	(2)(17)
		First lien senior secured loan (\$0.3 par due 3/2023)	8.74% (Libor + 6.50%/M)	3/31/2017	0.3	0.3	(2)(17)
		First lien senior secured loan (\$1.5 par due 3/2023)	8.74% (Libor + 6.50%/M)	3/13/2018	1.5	1.5	(2)(17)
		First lien senior secured loan (\$0.1 par due 3/2023)	8.71% (Libor + 6.50%/M)	3/13/2018	0.1	0.1	(2)(17)
					2.7	2.7	
WorldPay Group PLC (8)	Payment processing company	C2 shares (73,974 shares)		10/21/2015	—	—	(24)
Worldwide Facilities, LLC (21)	Specialty insurance wholesale broker	First lien senior secured loan (\$0.9 par due 4/2024)	6.64% (Libor + 4.25%/Q)	5/3/2018	0.9	0.8	(2)(17)
		First lien senior secured loan (\$1.6 par due	6.64% (Libor + 4.25%/Q)	5/3/2018	1.6	1.6	(2)(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		4/2024)			2.5	2.4	
XIFIN, Inc. (21)	Revenue cycle management provider to labs	First lien senior secured revolving loan	—	2/8/2018	—	—	(19)
Zywave, Inc. (21)	Provider of software and technology-enabled content and analytical solutions to insurance brokers	First lien senior secured revolving loan (\$0.5 par due 11/2022)	7.24% (Libor + 5.00%/M)	11/17/2016	0.5	0.5	(2)(17)
		First lien senior secured revolving loan (\$0.3 par due 11/2022)	9.25% (Base Rate + 4.00%/M)	11/17/2016	0.3	0.3	(2)(17)
		Second lien senior secured loan (\$27.0 par due 11/2023)	11.31% (Libor + 9.00%/Q)	11/17/2016	27.0	27.0	(2)(17)
					27.8	27.8	
					1,837.1	1,845.5	25.24 %
Consumer Products Badger Sportswear Acquisition, Inc.	Provider of team uniforms and athletic wear	Second lien senior secured loan (\$56.8 par due 3/2024)	11.17% (Libor + 9.00%/M)	9/6/2016	56.7	56.8	(2)(17)
BRG Sports, Inc.	Designer, manufacturer and licensor of branded sporting goods	Preferred stock (2,009 shares)		1/3/2017	—	—	
		Common stock (6,566,655 shares)		1/3/2017	—	0.5	
					—	0.5	
Consumer Health Parent LLC	Developer and marketer of over-the-counter cold remedy products	Preferred units (1,072 units)		12/15/2017	1.1	0.8	(2)
		Series A units (1,072 units)		12/15/2017	—	—	(2)
					1.1	0.8	
Feradyne Outdoors, LLC and Bowhunter Holdings, LLC	Provider of branded archery and bowhunting accessories	Common units (421 units)		4/24/2014	4.2	0.1	(2)
Implus Footcare, LLC	Provider of footwear and other accessories	First lien senior secured loan (\$14.2 par due 4/2021)	9.14% (Libor + 6.75%/Q)	6/1/2017	14.2	14.2	(2)(17)
		First lien senior secured loan (\$5.0 par due	9.14% (Libor + 6.75%/Q)	7/17/2018	5.0	5.0	(2)(17)



Edgar Filing: ARES CAPITAL CORP - Form 10-Q

4/2021)					
First lien senior					
secured loan	9.14% (Libor +	6/1/2017	76.6	76.6(2)(17)	
(\$76.6 par due	6.75%/Q)				
4/2021)					
First lien senior					
secured loan	9.14% (Libor +	6/1/2017	19.4	19.4(4)(17)	
(\$19.4 par due	6.75%/Q)				
4/2021)					
First lien senior					
secured loan	9.09% (Libor +	6/30/2016	0.2	0.2 (2)(17)	
(\$0.2 par due	6.75%/Q)				
4/2021)					
			115.4	115.4	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of September 30, 2018  
(dollar amounts in millions)  
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Indra Holdings Corp.	Designer, marketer, and distributor of rain and cold weather products	First lien senior secured loan (\$10.0 par due 5/2021)	6.49% (Libor + 4.25%/M)	2/8/2018	6.5	6.1(2)(17)	
		Second lien senior secured loan (\$80.0 par due 11/2021)		5/1/2014	70.1	16.0(2)(16)	
					76.6	23.0	
Plantation Products, LLC, Seed Holdings, Inc. and Flora Parent, Inc.	Provider of branded lawn and garden products	Second lien senior secured loan (\$2.0 par due 6/2021)	10.23% (Libor + 7.89%/Q)	12/23/2014	2.0	2.0(2)(17)	
		Second lien senior secured loan (\$54.0 par due 6/2021)	10.23% (Libor + 7.89%/Q)	12/23/2014	53.9	54.0(2)(17)	
		Second lien senior secured loan (\$10.0 par due 6/2021)	10.23% (Libor + 7.89%/Q)	12/23/2014	10.0	10.0(2)(17)	
		Common stock (30,000 shares)		12/23/2014	3.0	6.0(2)	
							68.9
Rug Doctor, LLC and RD Holdco Inc. (7)	Manufacturer and marketer of carpet cleaning machines	Second lien senior secured loan (\$16.9 par due 10/2019)	12.33% (Libor + 9.75%/Q)	1/3/2017	16.9	16.0(2)(17)	
		Common stock (458,596 shares)		1/3/2017	14.0	19.5	
		Warrant to purchase up to 56,372 shares of common stock (expires 12/2023)		1/3/2017	—	—	
					30.9	36.4	
S Toys Holdings LLC (fka The Step2 Company, LLC) (7)	Toy manufacturer	Common units (1,116,879 units)		4/1/2011	—	0.4	
				10/30/2014	—	— (2)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		Class B common units (126,278,000 units)						
		Warrant to purchase up to 3,157,895 units		4/1/2010	—	—		
					—	0.4		
SHO Holding I Corporation	Manufacturer and distributor of slip resistant footwear	Second lien senior secured loan (\$100.0 par due 4/2023)	10.84% (Libor + 8.50%/Q)	10/27/2015	98.4	91.0	(17)	
Shock Doctor, Inc. and Shock Doctor Holdings, LLC (6)	Developer, marketer and distributor of sports protection equipment and accessories	Second lien senior secured loan (\$89.4 par due 10/2021)	13.34% (Libor + 11.00%/Q)	4/22/2015	89.4	80.0	(17)	
		Class A preferred units (50,000 units)		3/14/2014	5.0	1.1	(2)	
		Class C preferred units (50,000 units)		4/22/2015	5.0	1.1	(2)	
					99.4	82.7		
Singer Sewing Company, SVP-Singer Holdings, LLC and SVP-Singer Holdings LP (7)(21)	Manufacturer of consumer sewing machines	First lien senior secured revolving loan (\$2.5 par due 3/2023)	11.18% (Libor + 9.00%/Q)	7/26/2017	2.5	2.5	(2)(17)(20)	
		First lien senior secured revolving loan (\$1.5 par due 3/2023)	11.16% (Libor + 9.00%/Q)	7/26/2017	1.5	1.5	(2)(17)(20)	
		First lien senior secured revolving loan (\$75.8 par due 3/2023)	11.39% (Libor + 9.00%/Q)	7/26/2017	75.8	75.0	(17)(20)	
		First lien senior secured loan (\$180.9 par due 3/2023)	5.00% (Libor + 2.61%/Q)	7/26/2017	174.5	160.0	(17)	
		Class A common units (6,500,000 units)		7/26/2017	—	—	(2)	
					254.3	240.1		
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)	10.49% (Libor + 8.25%/M)	7/30/2018	21.1	21.0	(17)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		Second lien senior secured loan (\$72.7 par due 12/2025)	10.49% (Libor + 8.25%/M)	12/15/2017	72.7	72.7(17)
		Second lien senior secured loan (\$50.0 par due 12/2025)	10.49% (Libor + 8.25%/M)	12/15/2017	50.0	50.0(17)
		Class A units (1,400 units)		7/30/2018	1.4	1.4(2)
					145.2	145.2
Woodstream Group, Inc. and Woodstream Corporation (21)	Pet products manufacturer	First lien senior secured loan (\$3.1 par due 5/2022)	8.43% (Libor + 6.25%/M)	6/21/2017	3.1	3.1(4)(17)

20

---

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of September 30, 2018  
(dollar amounts in millions)  
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan (\$1.5 par due 5/2022)	8.43% (Libor + 6.25%/M)	6/21/2017	1.5	1.5(2)(17)	
		First lien senior secured loan (\$0.9 par due 5/2022)	8.56% (Libor + 6.25%/M)	6/21/2017	0.9	0.9(2)(17)	
		First lien senior secured loan (\$1.8 par due 5/2022)	8.56% (Libor + 6.25%/M)	6/21/2017	1.8	1.8(4)(17)	
		First lien senior secured loan (\$3.1 par due 5/2022)	8.60% (Libor + 6.25%/M)	6/21/2017	3.1	3.1(4)(17)	
		First lien senior secured loan (\$1.5 par due 5/2022)	8.60% (Libor + 6.25%/M)	6/21/2017	1.5	1.5(2)(17)	
					11.9	11.9	
					963.0	876.3	11.98 %
Financial Services							
Callidus Capital Corporation (7)	Asset management services	Common stock (100 shares)		4/1/2010	3.0	1.7	
Ciena Capital LLC (7)	Real estate and small business loan servicer	Equity interests		11/29/2010	12.7	10.2	
Commercial Credit Group, Inc.	Commercial equipment finance and leasing company	Senior subordinated loan (\$28.0 par due 8/2022)	11.86% (Libor + 9.75%/Q)	5/10/2012	28.0	28.0(2)(17)	
DFC Global Facility Borrower II LLC (21)	Non-bank provider of alternative financial services	First lien senior secured revolving loan (\$93.6 par due 9/2022)	12.85% (Libor + 10.75%/M)	9/27/2017	93.6	93.6(2)(17)	
Financial Asset Management Systems, Inc. and FAMS Holdings, Inc. (6)	Debt collection services provider	Common stock (180 shares)		1/11/2017	—	— (2)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

Gordian Group, LLC	Provider of products, services and software to organizations pursuing efficient and effective procurement and information solutions	Common stock (526 shares)		11/30/2012	—	— (2)
Imperial Capital Group LLC	Investment services	Class A common units (24,945 units)		5/10/2007	6.1	10.8(2)
		2006 Class B common units (8,173 units)		5/10/2007	—	— (2)
					6.1	10.8
Ivy Hill Asset Management, L.P. (7)(9)	Asset management services	Member interest (100.00% interest)		6/15/2009	444.0	516.3
Javlin Three LLC, Javlin Four LLC, and Javlin Five LLC (9)	Asset-backed financial services company	First lien senior secured loan (\$16.1 par due 6/2017)		6/24/2014	15.3	10.8(2)(16)
LS DE LLC and LM LSQ Investors LLC (9)	Asset based lender	Senior subordinated loan (\$3.0 par due 6/2021)	10.50%	6/15/2017	3.0	3.0(2)
		Senior subordinated loan (\$27.0 par due 6/2021)	10.50%	6/25/2015	27.0	27.0(2)
		Membership units (3,275,000 units)		6/25/2015	3.3	3.9
					33.3	33.9
NM GRC HOLDCO, LLC (21)	Regulatory compliance services provider to financial institutions	First lien senior secured loan (\$19.3 par due 2/2024)	7.89% (Libor + 5.50%/Q)	2/9/2018	19.3	19.8(2)(17)
		First lien senior secured loan (\$61.0 par due 2/2024)	7.89% (Libor + 5.50%/Q)	2/9/2018	60.4	61.0(2)(17)
					79.7	80.3
Payment Alliance International, Inc. (21)	Reseller of ATM process services through 3rd party processing networks	First lien senior secured revolving loan (\$3.2 par due 9/2021)	10.30% (Base Rate + 5.05%/M)	2/8/2018	3.2	3.2(2)(17)
Vela Trading Technologies, LLC (21)	Provider of market data software and content to global financial services	First lien senior secured revolving loan	7.32% (Libor + 5.00%/Q)	2/8/2018	1.5	1.5(2)(17)

clients

(\$1.5 par due  
6/2022)

21

---

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of September 30, 2018  
(dollar amounts in millions)  
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fixed Value	Percentage of Net Assets
		First lien senior secured loan (\$5.0 par due 6/2022)	7.34% (Libor + 5.00%/Q)	4/17/2018	5.0	4.9(2)(17)	
					6.5	6.4	
					725.4	794.6	10.87 %
Investment Funds and Vehicles							
ACAS Equity Holdings Corporation (7)(9)	Investment company	Common stock (589 shares)		1/3/2017	0.4	0.4	
Ares IIIR/IVR CLO Ltd. (7)(8)(9)	Investment vehicle	Subordinated notes (\$20.0 par due 4/2021)		1/3/2017	—	0.1	
Blue Wolf Capital Fund II, L.P. (6)(8)(9)	Investment partnership	Limited partnership interest (8.50% interest)		1/3/2017	1.6	2.4(24)	
Carlyle Global Market Strategies CLO 2015-3 (8)(9)	Investment vehicle	Subordinated notes (\$24.6 par due 7/2028)	8.90%	1/3/2017	17.7	19.8	
Centurion CDO 8 Limited (8)(9)	Investment vehicle	Subordinated notes (\$5.0 par due 3/2019)		1/3/2017	—	—	
CoLTs 2005-1 Ltd. (7)(8)(9)	Investment vehicle	Preferred shares (360 shares)		1/3/2017	—	—	
CoLTs 2005-2 Ltd. (7)(8)(9)	Investment vehicle	Preferred shares (34,170,000 shares)		1/3/2017	—	—	
CREST Exeter Street Solar 2004-1 (8)(9)	Investment vehicle	Preferred shares (3,500,000 shares)		1/3/2017	—	—	
Eaton Vance CDO X plc (8)(9)	Investment vehicle	Subordinated notes (\$9.7 par due 2/2027)		1/3/2017	—	0.3	
European Capital UK SME Debt LP (6)(8)(9)(22)	Investment partnership	Limited partnership interest (45% interest)		1/3/2017	35.4	36.3	
	Investment vehicle			1/3/2017	0.6	0.6	



Edgar Filing: ARES CAPITAL CORP - Form 10-Q

Goldentree Loan Opportunities VII, Limited (8)(9)		Subordinated notes (\$35.3 par due 4/2025)			
HCI Equity, LLC (7)(8)(9)	Investment company	Member interest (100.00% interest)	4/1/2010	—	0.1(24)
Herbert Park B.V. (8)(9)	Investment vehicle	Subordinated notes (\$6.2 par due 10/2026)	1/3/2017	0.9	—
Imperial Capital Private Opportunities, LP (6)(9)	Investment partnership	Limited partnership interest (80.00% interest)	5/10/2007	—	9.7(2)
Montgomery Lane, LLC and Montgomery Lane, Ltd. (7)(8)(9)	Investment company	Common stock (100 shares)	1/3/2017	—	—
		Common stock (50,000 shares)	1/3/2017	—	—
				—	—
OHA Credit Partners XI (8)(9)	Investment vehicle	Subordinated notes (\$17.8 par due 10/2028) 6.00%	1/3/2017	14.1	13.4
Partnership Capital Growth Fund I, L.P. (6)(9)	Investment partnership	Limited partnership interest (25.00% interest)	6/16/2006	—	0.1(2)(24)
Partnership Capital Growth Investors III, L.P. (6)(9)(22)	Investment partnership	Limited partnership interest (2.50% interest)	10/5/2011	2.5	4.2(2)(24)
PCG-Ares Sidecar Investment II, L.P. (6)(9)(22)	Investment partnership	Limited partnership interest (100.00% interest)	10/31/2014	6.7	16.4(2)
PCG-Ares Sidecar Investment, L.P. (6)(9)(22)	Investment partnership	Limited partnership interest (100.00% interest)	5/22/2014	4.4	4.3(2)
Piper Jaffray Merchant Banking Fund I, L.P. (6)(9)(22)	Investment partnership	Limited partnership interest (2.00% interest)	8/16/2012	1.4	1.7(24)
			7/27/2016	618.8	618.8

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

Senior Direct Lending Program, LLC (7)(9)(23)	Co-investment vehicle	Subordinated certificates (\$618.8 par due 12/2036)	10.39% (Libor + 8.00%/Q)(18)	7/27/2016	—	—	618.8	618.8	
		Member interest (87.50% interest)							
Vitesse CLO, Ltd. (8)(9)	Investment vehicle	Preferred shares (20,000,000 shares)		1/3/2017	—	—			
Voya CLO 2014-4 Ltd. (8)(9)	Investment vehicle	Subordinated notes (\$26.7 par due 7/2031)	11.40%	1/3/2017	15.0	16.1			
VSC Investors LLC (9)	Investment company	Membership interest (1.95% interest)		1/24/2008	0.3	1.2(2)(24)			
							719.8	745.9	10.20 %
Other Services									
1A Smart Start, LLC (21)	Provider of ignition interlock devices	First lien senior secured revolving loan (\$0.4 par due 8/2020)	6.62% (Libor + 4.50%/M)	2/8/2018	0.4	0.4(2)(17)(20)			

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of September 30, 2018  
(dollar amounts in millions)  
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured revolving loan (\$1.6 par due 8/2020)	6.74% (Libor + 4.50%/M)	2/8/2018	1.6	1.6(2)(17)(20)	
					2.0	2.0	
American Residential Services L.L.C.	Heating, ventilation and air conditioning services provider	Second lien senior secured loan (\$67.0 par due 12/2022)	10.24% (Libor + 8.00%/M)	6/30/2014	66.8	65.0(2)(17)	
Capstone Logistics Acquisition, Inc. (21)	Outsourced supply chain solutions provider to operators of distribution centers	First lien senior secured revolving loan	—	2/8/2018	—	— (19)	
Champion Parent Corporation and Calera XVI, LLC (7)(9)	Endurance sports media and event operator	First lien senior secured loan (\$6.1 par due 11/2018)		11/30/2012	0.8	0.2(2)(16)	
		First lien senior secured loan (\$0.8 par due 11/2018)		11/30/2012	—	— (2)(16)	
		Preferred shares (18,875 shares)		3/25/2016	—	— (2)	
		Membership units (2,522,512 units)		11/30/2012	—	— (2)(9)	
		Common shares (114,000 shares)		3/25/2016	—	— (2)	
					0.8	0.2	
Crown Health Care Laundry Services, LLC and Crown Laundry Holdings, LLC (6)(21)	Provider of outsourced healthcare linen management solutions	First lien senior secured revolving loan	—	3/13/2014	—	— (19)	
		First lien senior secured loan (\$11.9 par due 12/2021)	8.99% (Libor + 6.75%/M)	4/6/2017	11.9	11.0(2)(17)	
				6/12/2018	3.0	3.0(2)(17)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		First lien senior secured loan (\$3.0 par due 12/2021)	8.99% (Libor + 6.75%/M)				
		First lien senior secured loan (\$5.0 par due 12/2021)	8.99% (Libor + 6.75%/M)	3/13/2014	5.0	5.0(2)(17)	
		First lien senior secured loan (\$5.2 par due 12/2021)	8.99% (Libor + 6.75%/M)	3/13/2014	5.2	5.2(3)(17)	
		Class A preferred units (2,917,063 units)		3/13/2014	3.2	2.9(2)	
		Class B common units (324,118 units)		3/13/2014	0.4	1.8(2)	
					28.7	29.8	
Magento, Inc. (21)	eCommerce platform provider for the retail industry	First lien senior secured revolving loan	—	2/8/2018	—	— (19)	
Massage Envy, LLC and ME Equity LLC (21)	Franchisor in the massage industry	First lien senior secured loan (\$1.0 par due 12/2024)	9.06% (Libor + 6.75%/Q)	1/24/2018	1.0	1.0(2)(17)	
		First lien senior secured loan (\$0.5 par due 12/2024)	9.07% (Libor + 6.75%/Q)	1/24/2018	0.5	0.5(2)(17)	
		First lien senior secured loan (\$2.5 par due 12/2024)	9.14% (Libor + 6.75%/Q)	1/24/2018	2.5	2.5(2)(17)	
		First lien senior secured loan (\$0.7 par due 12/2024)	9.06% (Libor + 6.75%/Q)	1/24/2018	0.7	0.7(2)(17)	
		First lien senior secured loan (\$0.7 par due 12/2024)	9.14% (Libor + 6.75%/Q)	1/24/2018	0.7	0.7(2)(17)	
		First lien senior secured loan (\$0.4 par due 7/2020)	9.09% (Libor + 6.75%/Q)	7/20/2018	0.4	0.4(2)(17)	
		First lien senior secured loan (\$0.6 par due 9/2020)	9.07% (Libor + 6.75%/Q)	7/27/2017	0.6	0.6(2)(17)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

First lien senior secured loan (\$0.5 par due 9/2020)	9.07% (Libor + 6.75%/Q)	7/27/2017	0.5	0.5(2)(17)
First lien senior secured loan (\$0.3 par due 9/2020)	9.06% (Libor + 6.75%/Q)	7/27/2017	0.3	0.3(2)(17)
First lien senior secured loan (\$0.3 par due 9/2020)	9.07% (Libor + 6.75%/Q)	4/12/2017	0.3	0.3(2)(17)
First lien senior secured loan (\$0.1 par due 9/2020)	9.14% (Libor + 6.75%/Q)	4/12/2017	0.1	0.1(2)(17)
First lien senior secured loan (\$1.0 par due 9/2020)	9.07% (Libor + 6.75%/Q)	4/12/2017	1.0	1.0(2)(17)
First lien senior secured loan (\$38.2 par due 9/2020)	9.07% (Libor + 6.75%/Q)	9/27/2012	38.2	38.2(17)
First lien senior secured loan (\$18.6 par due 9/2020)	9.07% (Libor + 6.75%/Q)	9/27/2012	18.6	18.6(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of September 30, 2018  
(dollar amounts in millions)  
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Common stock (3,000,000 shares)		9/27/2012	3.0	5.6(2)	
					68.4	71.0	
Mckenzie Sports Products, LLC (21)	Designer, manufacturer and distributor of hunting-related supplies	First lien senior secured revolving loan (\$1.4 par due 9/2020)	5.99% (Libor + 3.75%/M)	9/18/2014	1.4	1.4(2)(17)	
		First lien senior secured revolving loan (\$0.1 par due 9/2020)	8.00% (Base Rate + 2.75%/M)	9/18/2014	0.1	0.1(2)(17)	
		First lien senior secured loan (\$5.5 par due 9/2020)	7.99% (Libor + 5.75%/M)	9/18/2014	5.5	5.5(3)(11)(17)	
		First lien senior secured loan (\$84.5 par due 9/2020)	7.99% (Libor + 5.75%/Q)	9/18/2014	84.5	84.5(3)(11)(17)	
					91.5	91.5	
MSHC, Inc. (21)	Heating, ventilation and air conditioning services provider	First lien senior secured revolving loan (\$1.1 par due 7/2022)	8.50% (Base Rate + 3.25%/Q)	7/31/2017	1.1	1.1(2)(17)	
		First lien senior secured loan (\$0.2 par due 7/2023)	6.59% (Libor + 4.25%/Q)	6/27/2018	0.2	0.2(2)(17)	
		First lien senior secured loan (\$0.5 par due 7/2023)	6.56% (Libor + 4.25%/Q)	6/27/2018	0.5	0.5(2)(17)	
		First lien senior secured loan (\$0.4 par due 7/2023)	6.64% (Libor + 4.25%/Q)	6/27/2018	0.4	0.4(2)(17)	
		Second lien senior secured	10.56% (Libor + 8.25%/Q)	6/27/2018	9.8	9.8(2)(17)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		loan (\$9.8 par due 7/2024)						
		Second lien senior secured loan (\$7.9 par due 7/2024)	10.59% (Libor + 8.25%/Q)	6/27/2018	7.9	7.9(2)(17)		
		Second lien senior secured loan (\$4.8 par due 7/2024)	10.64% (Libor + 8.25%/Q)	7/31/2017	4.8	4.8(2)(17)		
		Second lien senior secured loan (\$46.0 par due 7/2024)	10.64% (Libor + 8.25%/Q)	7/31/2017	46.0	46.0(2)(17)		
					70.7	70.7		
Osмосе Utilities Services, Inc. (21)	Provider of structural integrity management services to transmission and distribution infrastructure	First lien senior secured revolving loan (\$1.5 par due 8/2020)	10.25% (Base Rate + 5.00%/Q)	1/3/2017	1.5	1.5(2)(17)(20)		
		Second lien senior secured loan (\$51.4 par due 8/2023)	10.14% (Libor + 7.75%/Q)	9/3/2015	50.7	51.4(2)(17)		
		Second lien senior secured loan (\$34.0 par due 8/2023)	10.14% (Libor + 7.75%/Q)	1/3/2017	33.5	34.0(2)(17)		
					85.7	86.9		
Siteworx Holdings, LLC & Siteworx LLC (21)	Provider of design, web content management, eCommerce solutions and system integration	First lien senior secured revolving loan (\$1.5 par due 1/2020)	6.50% (Base Rate + 1.25%/Q)	2/16/2018	1.5	1.5(14)(17)		
		First lien senior secured loan (\$3.0 par due 1/2020)	7.89% (Libor + 5.50%/Q)	2/16/2018	3.0	3.0(14)(17)		
					4.5	4.5		
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 (8)	Platform for receiving, sending, and distributing music	Common stock (73,422 shares)		8/15/2017	0.4	0.4(2)		
Spin HoldCo Inc.	Laundry service and equipment provider	Second lien senior secured loan (\$175.0 par	9.82% (Libor + 7.50%/Q)	5/14/2013	175.0	175.0(2)(17)		

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		due 5/2023)				
TDG Group Holding Company and TDG Co-Invest, LP (21)	Operator of multiple franchise concepts primarily related to home maintenance or repairs	First lien senior secured revolving loan (\$0.1 par due 5/2024)	7.74% (Libor + 5.50%/M)	5/31/2018	0.1	0.1(2)(17)(20)
		First lien senior secured loan (\$3.2 par due 5/2024)	7.89% (Libor + 5.50%/Q)	5/31/2018	3.2	3.2(2)(17)
		First lien senior secured loan (\$9.4 par due 5/2024)	7.89% (Libor + 5.50%/Q)	5/31/2018	9.4	9.3(2)(17)
		Preferred units (2,871,000 units)		5/31/2018	2.9	2.9(2)
		Common units (29,000 units)		5/31/2018	—	— (2)
					15.6	15.5



Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of September 30, 2018  
(dollar amounts in millions)  
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Tyden Group Holding Corp. (8)	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	
		Common stock (5,521,203 shares)		1/3/2017	2.0	5.6	
					2.4	6.0	
VLS Recovery Services, LLC (21)	Provider of commercial and industrial waste processing and disposal services	First lien senior secured revolving loan (\$1.1 par due 10/2023)	8.21% (Libor + 6.00%/B)	10/17/2017	1.1	1.1(2)(17)(20)	
		First lien senior secured revolving loan (\$1.1 par due 10/2023)	8.32% (Libor + 6.00%/B)	10/17/2017	1.1	1.1(2)(17)(20)	
		First lien senior secured revolving loan (\$1.1 par due 10/2023)	8.33% (Libor + 6.00%/B)	10/17/2017	1.1	1.1(2)(17)(20)	
		First lien senior secured loan (\$1.3 par due 10/2023)	8.17% (Libor + 6.00%/B)	10/17/2017	1.3	1.3(2)(17)	
		First lien senior secured loan (\$3.9 par due 10/2023)	8.53% (Libor + 6.00%/B)	10/17/2017	3.9	3.9(2)(17)	
		First lien senior secured loan (\$16.9 par due 10/2023)	8.34% (Libor + 6.00%/Q)	10/17/2017	16.9	16.0(2)(17)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		due 10/2023)		25.4	25.4	
WASH Multifamily Acquisition Inc. and Coinamatic Canada Inc.	Laundry service and equipment provider	Second lien senior secured loan (\$3.7 par due 5/2023)	9.24% (Libor + 7.00%/M)	5/14/2015	3.7	3.7(2)(17)
		Second lien senior secured loan (\$21.3 par due 5/2023)	9.24% (Libor + 7.00%/M)	5/14/2015	21.0	21.0(2)(17)
					24.7	24.8
Manufacturing					662.6	668.7
						9.14 %
Chariot Acquisition, LLC (21)	Aftermarket golf cart parts and accessories	First lien senior secured loan (\$18.2 par due 9/2021)	8.89% (Libor + 6.50%/Q)	1/3/2017	18.1	18.0(17)
		First lien senior secured loan (\$9.3 par due 9/2021)	8.89% (Libor + 6.50%/Q)	1/3/2017	9.2	9.2(4)(17)
					27.3	27.2
ECI Purchaser Company, LLC	Manufacturer of equipment to safely control pressurized gases	First lien senior secured loan (\$21.8 par due 12/2019)	7.75% (Libor + 5.25%/S)	7/26/2017	21.8	21.6(17)
		First lien senior secured loan (\$88.7 par due 12/2019)	7.72% (Libor + 5.25%/Q)	7/26/2017	88.7	87.6(17)
		First lien senior secured loan (\$74.8 par due 12/2019)	7.72% (Libor + 5.25%/Q)	7/26/2017	74.8	74.0(17)
		First lien senior secured loan (\$0.3 par due 12/2019)	7.75% (Libor + 5.25%/Q)	7/26/2017	0.3	0.3(2)(17)
		First lien senior secured loan (\$0.2 par due 12/2019)	7.75% (Libor + 5.25%/Q)	7/26/2017	0.2	0.2(3)(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

				185.8	183.8
ETG Holdings, Inc. (7)	Industrial woven products	Common stock (3,000 shares)		1/3/2017	— —
Harvey Tool Company, LLC (21)	Cutting tool provider to the metalworking industry	First lien senior secured revolving loan (\$0.9 par due 10/2023)	6.67% (Libor + 4.50%/M)	10/12/2017	0.9 0.9(2)(17)(20)
		First lien senior secured revolving loan (\$0.7 par due 10/2023)	6.68% (Libor + 4.50%/M)	10/12/2017	0.7 0.7(2)(17)(20)
		First lien senior secured loan (\$20.6 par due 10/2024)	7.14% (Libor + 4.75%/Q)	10/12/2017	20.6 20.6(2)(17)
		First lien senior secured loan (\$19.9 par due 10/2024)	7.14% (Libor + 4.75%/Q)	10/12/2017	19.9 19.9(4)(17)
		Second lien senior secured loan (\$43.7 par due 10/2025)	10.84% (Libor + 8.50%/Q)	10/12/2017	43.7 43.7(2)(17)
				85.8	85.8
Ioxus, Inc (6)	Energy storage devices	First lien senior secured loan (\$5.7 par due 12/2019)	7.00% Cash, 5.00% PIK	4/29/2014	5.6 5.4(2)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of September 30, 2018  
(dollar amounts in millions)  
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan (\$1.3 par due 12/2019)		4/29/2014	1.3	1.2(2)	
		Series CC preferred stock (67,330,609 shares)		1/27/2017	0.7	—(2)	
		Warrant to purchase up to 3,038,730 shares of common stock (expires 1/2026)		1/28/2016	—	—(2)	
		Warrant to purchase up to 1,210,235 shares of Series BB preferred stock (expires 8/2026)		8/24/2016	—	—(2)	
		Warrant to purchase up to 336,653,045 shares of Series CC preferred stock (expires 1/2027)		1/27/2017	—	—(2)	
					7.6	6.6	
KPS Global LLC and Cool Group LLC	Walk-in cooler and freezer systems	First lien senior secured loan (\$1.6 par due 4/2022)	4.78% (Libor + 2.63%/M)	4/5/2017	1.6	1.6(2)(17)	
		First lien senior secured loan (\$10.5 par due 4/2022)	9.32% (Libor + 7.16%/M)	4/5/2017	10.5	10.5(2)(17)	
		First lien senior secured loan (\$5.2 par due 4/2022)	9.32% (Libor + 7.16%/M)	4/5/2017	5.2	5.2(4)(17)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		Class A units (11,765 units)		9/21/2018	1.0	0.9		
							18.3	18.2
MacLean-Fogg Company and MacLean-Fogg Holdings, L.L.C.	Manufacturer and supplier for the power utility and automotive markets worldwide	Senior subordinated loan (\$105.3 par due 10/2025)	10.50% Cash, 3.00% PIK	10/31/2013	105.3	105.3		
		Preferred units (70,183 units)	4.50% Cash, 9.25% PIK	10/9/2015	78.5	78.5		
							183.8	183.8
Nordco Inc. (21)	Railroad maintenance-of-way machinery	First lien senior secured revolving loan (\$4.0 par due 8/2020)	10.75% (Base Rate + 5.50%/M)	8/26/2015	4.0	3.9	(2)	(17)(20)
Pelican Products, Inc.	Flashlights	Second lien senior secured loan (\$27.3 par due 5/2026)	9.85% (Libor + 7.75%/M)	5/4/2018	27.1	27.1		(17)
Sanders Industries Holdings, Inc. and SI Holdings, Inc. (21)	Elastomeric parts, mid-sized composite structures, and composite tooling	First lien senior secured loan (\$51.7 par due 5/2020)	8.84% (Libor + 6.50%/Q)	7/21/2017	51.7	51.7		(17)
		First lien senior secured loan (\$13.5 par due 5/2020)	8.84% (Libor + 6.50%/Q)	7/21/2017	13.5	13.5		(17)
		Common stock (1,500 shares)		5/30/2014	1.5	1.6		(2)
							66.7	66.8
Saw Mill PCG Partners LLC	Metal precision engineered components	Common units (1,000 units)		1/30/2007	1.0	—		(2)
Sonny's Enterprises, LLC (21)	Manufacturer and supplier of car wash equipment, parts and supplies to the conveyORIZED car wash market	First lien senior secured revolving loan (\$0.7 par due 12/2022)	6.89% (Libor + 4.50%/M)	11/30/2017	0.7	0.7		(2)(17)
		First lien senior secured revolving loan (\$0.5 par due 12/2022)	6.49% (Libor + 4.25%/M)	11/30/2017	0.5	0.5		(2)(17)
							1.2	1.2
Sunk Rock Foundry Partners LP, Hatteras Electrical Manufacturing Holding Company	Manufacturer of metal castings, precision machined components and sub-assemblies in the electrical products, power transmission and	First lien senior secured revolving loan (\$1.4 par due 10/2022)	6.99% (Libor + 4.75%/M)	10/31/2017	1.4	1.4		(2)(17)(20)

and Sigma Electric distribution and general  
 Manufacturing industrial markets  
 Corporation (21)

First lien senior secured revolving loan (\$1.0 par due 10/2022)	7.20% (Libor + 4.75%/M)	10/31/2017	1.0	1.0(2)(17)(20)
First lien senior secured loan (\$11.3 par due 10/2023)	6.99% (Libor + 4.75%/M)	10/31/2017	11.3	11.3(17)
First lien senior secured loan (\$12.4 par due 10/2023)	6.99% (Libor + 4.75%/M)	10/31/2017	12.4	12.4(17)
			26.1	26.1

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of September 30, 2018  
(dollar amounts in millions)  
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
TPTM Merger Corp. (21)	Time temperature indicator products	First lien senior secured loan (\$13.3 par due 9/2020)	8.89% (Libor + 6.50%/Q)	12/11/2014	13.3	13.3(3)	(17)
		First lien senior secured loan (\$9.9 par due 9/2020)	8.89% (Libor + 6.50%/Q)	12/11/2014	9.9	9.9(4)	(17)
					23.2	23.2	
					657.9	653.7	8.94 %
Power Generation							
Alphabet Energy, Inc.	Technology developer to convert waste-heat into electricity	First lien senior secured loan (\$3.5 par due 8/2017)		12/16/2013	2.9	— (2)	(16)
		Series 1B preferred stock (12,976 shares)		6/21/2016	0.2	— (2)	
		Warrant to purchase up to 125,000 shares of Series 2 preferred stock (expires 12/2023)		6/30/2016	0.1	— (2)	
					3.2	—	
Apex Clean Energy Holdings, LLC	Developer, builder and owner of utility-scale wind and solar power facilities	First lien senior secured loan (\$120.0 par due 9/2022)	9.14% (Libor + 6.75%/Q)	9/24/2018	120.0	118.3(3)	(17)
CPV Maryland Holding Company II, LLC	Gas turbine power generation facilities operator	Senior subordinated loan (\$50.0 par due 12/2020)	6.00% Cash, 5.00% PIK	8/8/2014	50.0	46.2(2)	
DGH Borrower LLC (21)	Developer, owner and operator of quick start, small-scale natural gas-fired power generation projects	First lien senior secured loan (\$1.5 par due 6/2023)	8.82% (Libor + 6.50%/Q)	6/8/2018	1.5	1.5(2)	(17)
		First lien senior secured loan (\$43.3 par due	8.89% (Libor + 6.50%/Q)	6/8/2018	43.3	43.4(2)	(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		6/2023)			44.8	44.6
Green Energy Partners, Stonewall LLC and Panda Stonewall Intermediate Holdings II LLC	Gas turbine power generation facilities operator	First lien senior secured loan (\$24.8 par due 11/2021)	7.89% (Libor + 5.50%/Q)	11/13/2014	24.6	24.8)(17)
		Senior subordinated loan (\$21.2 par due 12/2021)	8.00% Cash, 5.25% PIK	11/13/2014	21.2	20.8)
		Senior subordinated loan (\$99.0 par due 12/2021)	8.00% Cash, 5.25% PIK	11/13/2014	99.0	97.8)
					144.8	143.2
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)(16)
		Warrant to purchase up to 32,051 shares of Series C-2 preferred stock (expires 7/2023)		7/25/2013	—	— (2)(8)
					5.8	—
Moxie Patriot LLC	Gas turbine power generation facilities operator	First lien senior secured loan (\$32.8 par due 12/2020)	8.14% (Libor + 5.75%/Q)	12/19/2013	32.6	32.8)(17)
Navisun LLC and Navisun Holdings LLC (7)(21)	Owner and operator of commercial and industrial solar projects	First lien senior secured loan (\$22.2 par due 11/2023)	8.00% PIK	11/15/2017	22.2	22.8)
		Series A preferred units	10.50% PIK	11/15/2017	2.5	2.4(2)
		Class A units (550 units)		11/15/2017	—	—
					24.7	24.6
Panda Liberty LLC (fka Moxie Liberty LLC)	Gas turbine power generation facilities operator	First lien senior secured loan (\$49.7 par due 8/2020)	8.89% (Libor + 6.50%/Q)	4/6/2018	46.7	46.8)(17)
		First lien senior secured loan (\$34.1 par due 8/2020)	8.89% (Libor + 6.50%/Q)	8/21/2013	33.9	31.8)(17)



Edgar Filing: ARES CAPITAL CORP - Form 10-Q

					80.6	78.1
Panda Temple Power, LLC and T1 Power Holdings LLC (6)	Gas turbine power generation facilities operator	Second lien senior secured loan (\$9.2 par due 2/2023) Class A Common units (616,122 shares)	10.15% (Libor + 8.00%/M)	3/6/2015	9.2	9.2(2)(17)
				3/6/2015	15.0	10.82)
					24.2	19.5

27

---

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of September 30, 2018  
(dollar amounts in millions)  
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
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	21.7	33.7(2)	
Riverview Power LLC	Operator of natural gas and oil fired power generation facilities	First lien senior secured loan (\$91.4 par due 12/2022)	10.39% (Libor + 8.00%/Q)	12/29/2016	89.7	91.4(2)(17)	
					642.1	632.6	8.65 %
Restaurants and Food Services ADF Capital, Inc., ADF Restaurant Group, LLC, and ARG Restaurant Holdings, Inc. (7)(21)	Restaurant owner and operator	First lien senior secured loan (\$4.3 par due 12/2018)	20.32% PIK (Libor + 18.00%/Q)	12/22/2016	4.3	4.3(2)(17)	
		First lien senior secured loan (\$56.6 par due 12/2018)		11/27/2006	39.9	3.7(2)(16)	
		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)	
					58.0	8.0	
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)	9.92% (Libor + 7.75%/M)	8/20/2018	3.0	3.0(2)(17)	
		First lien senior secured loan (\$67.5 par due 5/2023)	9.99% (Libor + 7.75%/M)	5/30/2018	67.5	66.8(2)(17)	
					70.5	69.8	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

Cozzini Bros., Inc. and BH-Sharp Holdings LP (21)	Provider of commercial knife sharpening and cutlery services in the restaurant industry	First lien senior secured revolving loan (\$1.0 par due 3/2023)	7.71% (Libor + 5.50%/M)	3/10/2017	1.0	1.0(2)(17)
		First lien senior secured revolving loan (\$0.5 par due 3/2023)	9.75% (Base Rate + 4.5%/M)	3/10/2017	0.5	0.5(2)(17)
		First lien senior secured loan (\$6.6 par due 3/2023)	7.71% (Libor + 5.50%/M)	3/10/2017	6.6	6.6(2)(17)
		First lien senior secured loan (\$11.7 par due 3/2023)	7.71% (Libor + 5.50%/M)	3/10/2017	11.7	11.7(4)(17)
		Common units (2,950,000 units)		3/10/2017	3.0	3.1(2)
					22.8	22.9
FWR Holding Corporation (21)	Restaurant owner, operator, and franchisor	First lien senior secured revolving loan (\$0.8 par due 8/2023)	7.99% (Libor + 5.75%/M)	8/21/2017	0.8	0.8(2)(17)(20)
		First lien senior secured revolving loan (\$0.5 par due 8/2023)	10.00% (Base Rate + 4.75%/M)	8/21/2017	0.5	0.5(2)(17)(20)
		First lien senior secured loan (\$0.5 par due 8/2023)	7.99% (Libor + 5.75%/M)	8/21/2017	0.5	0.5(2)(17)
		First lien senior secured loan (\$4.1 par due 8/2023)	7.99% (Libor + 5.75%/M)	8/21/2017	4.1	4.1(2)(17)
Garden Fresh Restaurant Corp. and GFRC Holdings LLC (21)	Restaurant owner and operator	First lien senior secured revolving loan (\$0.8 par due 2/2022)	10.21% (Libor + 8.00%/Q)	2/1/2017	0.8	0.8(2)(17)(20)
		First lien senior secured loan (\$24.4 par due 2/2022)	10.18% (Libor + 8.00%/M)	10/3/2013	24.4	24.4(2)(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

Global Franchise Group, LLC (21)	Worldwide franchisor of quick service restaurants	First lien senior secured loan (\$7.9 par due 12/2019)	7.99% (Libor + 5.75%/M)	9/15/2017	7.9	7.9(2)(17)
Heritage Food Service Group, Inc. and WCI-HFG Holdings, LLC	Distributor of repair and replacement parts for commercial kitchen equipment	Second lien senior secured loan (\$31.6 par due 10/2022)	10.79% (Libor + 8.50%/Q)	10/20/2015	31.6	31.6(2)(17)
		Preferred units (3,000,000 units)		10/20/2015	3.0	4.1(2)
					34.6	35.7
Jim N Nicks Management, LLC (21)	Restaurant owner and operator	First lien senior secured revolving loan (\$2.8 par due 7/2023)	7.49% (Libor + 5.25%/M)	7/10/2017	2.8	2.7(2)(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of September 30, 2018  
(dollar amounts in millions)  
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan (\$1.2 par due 7/2023)	7.49% (Libor + 5.25%/M)	7/10/2017	1.2	1.1(2)(17)	
		First lien senior secured loan (\$14.0 par due 7/2023)	7.49% (Libor + 5.25%/M)	7/10/2017	14.0	13.7(4)(17)	
					18.0	17.5	
Orion Foods, LLC (7)	Convenience food service retailer	First lien senior secured loan (\$1.2 par due 9/2015)		4/1/2010	1.2	0.4(2)(16)	
		Second lien senior secured loan (\$19.4 par due 9/2015)		4/1/2010	—	— (2)(16)	
		Preferred units (10,000 units)		10/28/2010	—	— (2)	
		Class A common units (25,001 units)		4/1/2010	—	— (2)	
		Class B common units (1,122,452 units)		4/1/2010	—	— (2)	
					1.2	0.4	
OTG Management, LLC (21)	Airport restaurant operator	First lien senior secured revolving loan (\$1.6 par due 8/2021)	11.31% (Libor + 9.00%/Q)	8/26/2016	1.6	1.6(2)(17)	
		First lien senior secured revolving loan (\$8.4 par due 8/2021)	11.33% (Libor + 9.00%/Q)	8/26/2016	8.4	8.4(2)(17)	
		First lien senior secured loan (\$5.3 par due 8/2021)	11.31% (Libor + 9.00%/Q)	8/26/2016	5.3	5.3(2)(17)	
		First lien senior secured loan (\$2.5 par due 8/2021)	11.32% (Libor + 9.00%/Q)	8/26/2016	2.5	2.5(2)(17)	
		First lien senior secured loan (\$3.6 par due 8/2021)	11.36% (Libor + 9.00%/Q)	8/26/2016	3.6	3.6(2)(17)	
				8/26/2016	8.0	8.0(2)(17)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		First lien senior secured loan (\$8.0 par due 8/2021)	11.34% (Libor + 9.00%/Q)				
		First lien senior secured loan (\$3.4 par due 8/2021)	11.33% (Libor + 9.00%/Q)	8/26/2016	3.4	3.4	(2)(17)
		First lien senior secured loan (\$97.8 par due 8/2021)	11.33% (Libor + 9.00%/Q)	8/26/2016	97.8	97.8	(3)(17)
		Senior subordinated loan (\$28.8 par due 2/2022)	17.50% PIK	8/26/2016	28.7	28.7	(2)
		Class A preferred units (3,000,000 units)		8/26/2016	30.0	38.7	(2)
		Common units (3,000,000 units)		1/5/2011	3.0	8.9	(2)
		Warrant to purchase up to 7.73% of common units		6/19/2008	0.1	19.7	(2)
		Warrant to purchase 0.60% of the common units deemed outstanding (expires 12/2018)		8/29/2016	—	—	(2)
					192.4	226.2	
Restaurant Technologies, Inc. (21)	Provider of bulk cooking oil management services to the restaurant and fast food service industries	First lien senior secured revolving loan (\$0.4 par due 11/2021)	9.00% (Base Rate + 3.75%/M)	11/23/2016	0.4	0.4	(2)(17)(20)
		First lien senior secured revolving loan (\$0.6 par due 11/2021)	6.88% (Libor + 4.75%/M)	11/23/2016	0.6	0.6	(2)(17)(20)
					1.0	1.0	
SFE Intermediate Holdco LLC (21)	Provider of outsourced foodservice to K-12 school districts	First lien senior secured loan (\$10.8 par due 7/2024)	7.07% (Libor + 4.75%/Q)	9/5/2018	10.8	10.8	(2)(17)
		First lien senior secured loan (\$6.7 par due 7/2024)	7.09% (Libor + 4.75%/Q)	7/31/2017	6.7	6.7	(4)(17)
					17.5	17.5	
Spectra Finance, LLC (21)	Venue management and food and beverage provider	First lien senior secured revolving loan (\$6.2 par due 4/2023)	6.12% (Libor + 4.00%/M)	4/2/2018	6.2	6.1	(2)(17)(20)



Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of September 30, 2018  
(dollar amounts in millions)  
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan (\$19.1 par due 4/2024)	6.89% (Libor + 4.50%/Q)	4/2/2018	19.1	18.9(2)(17)	
					25.3	25.0	
	Oil and Gas				480.3	463.0	6.33 %
Penn Virginia Holding Corp.	Exploration and production company	Second lien senior secured loan (\$90.1 par due 9/2022)	9.25% (Libor + 7.00%/M)	9/28/2017	90.1	90.1(2)(17)	
Petroflow Energy Corporation and TexOak Petro Holdings LLC (6)	Oil and gas exploration and production company	First lien senior secured loan (\$11.1 par due 6/2019)		6/29/2016	9.6	8.9(2)(16)	
		Second lien senior secured loan (\$26.1 par due 12/2019)		6/29/2016	21.9	— (2)(16)	
		Common units (202,000 units)		6/29/2016	11.1	—	
					42.6	8.9	
Sundance Energy, Inc.	Oil and gas producer	Second lien senior secured loan (\$60.7 par due 4/2023)	10.34% (Libor + 8.00%/Q)	4/23/2018	59.6	60.1(2)(17)	
Utility Pipeline, Ltd. (21)	Natural gas distribution management company	First lien senior secured revolving loan (\$0.0 par due 4/2022)	6.10% (Libor + 4.00%/Q)	2/8/2018	—	— (2)(17)	
		First lien senior secured revolving loan (\$0.0 par due 4/2022)	6.39% (Libor + 4.00%/Q)	2/8/2018	—	— (2)(17)	
VPROP Operating, LLC and Vista	Sand-based proppant producer and distributor to the oil and natural gas	First lien senior secured loan (\$28.5 par due	11.82% (Libor + 8.50% Cash, 1.00% PIK/Q)	8/1/2017	28.3	28.5(2)(17)	



Edgar Filing: ARES CAPITAL CORP - Form 10-Q

Proppants and Logistics, LLC	industry	8/2021)						
		First lien senior secured loan (\$35.5 par due 8/2021)	11.82% (Libor + 8.50% Cash, 1.00% PIK/Q)	11/9/2017	35.5	35.5	35.5	(17)
		First lien senior secured loan (\$15.3 par due 8/2021)	11.82% (Libor + 8.50% Cash, 1.00% PIK/Q)	3/1/2017	15.3	15.3	15.3	(17)
		First lien senior secured loan (\$76.1 par due 8/2021)	11.82% (Libor + 8.50% Cash, 1.00% PIK/Q)	3/1/2017	76.1	76.1	76.1	(17)
		Common units (997,864 units)		11/9/2017	9.7	10.5	10.5	(17)
					164.9	165.9	165.9	
					357.2	325.0	325.0	4.44 %
Automotive Services								
A.U.L. Corp. (21)	Provider of vehicle service contracts and limited warranties for passenger vehicles	First lien senior secured loan (\$7.1 par due 6/2023)	6.75% (Libor + 4.50%/M)	6/7/2017	7.1	7.1	7.1	(2)(17)
AEP Holdings, Inc. and Arrowhead Holdco Company	Distributor of non-discretionary, mission-critical aftermarket replacement parts	First lien senior secured loan (\$0.1 par due 8/2021)	8.06% (Libor + 6.00%/Q)	6/28/2018	0.1	0.1	0.1	(2)(17)
		First lien senior secured loan (\$27.8 par due 8/2021)	8.32% (Libor + 6.00%/Q)	6/28/2018	27.4	27.4	27.4	(17)
		Common stock (3,467 shares)		8/31/2015	3.5	3.7	3.7	(2)
					31.0	31.6	31.6	
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	2.1	2.1	(2)
Dent Wizard International Corporation and DWH Equity Investors, L.P.	Automotive reconditioning services	Second lien senior secured loan (\$50.0 par due 10/2020)	10.21% (Libor + 8.00%/Q)	4/7/2015	50.0	50.0	50.0	(2)(17)
		Class A common stock (10,000 shares)		4/7/2015	0.2	0.5	0.5	(2)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		Class B common stock (20,000 shares)		4/7/2015	0.4	1.1 (2)
					50.6	51.6
Eckler Industries, Inc. and Eckler Purchaser LLC (7)(21)	Restoration parts and accessories provider for classic automobiles	First lien senior secured loan (\$17.7 par due 5/2022)	12.00%	7/12/2012	17.5	17.7(2)

30

---

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of September 30, 2018  
(dollar amounts in millions)  
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fixed Value	Percentage of Net Assets
		Class A preferred units (67,972 units)		7/12/2012	15.9	5.2(2)	
		Class A common units (67,972 units)		7/12/2012	0.5	—(2)	
					33.9	22.9	
ESCP PPG Holdings, LLC (6)	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	2.3(2)	
Mavis Tire Express Services Corp. and Mavis Tire Express Services TopCo, L.P. (21)	Auto parts retailer	Second lien senior secured loan (\$0.7 par due 3/2026)	9.67% (Libor + 7.50%/M)	3/20/2018	0.7	0.7(2)(17)	
		Second lien senior secured loan (\$153.9 par due 3/2026)	9.67% (Libor + 7.50%/M)	3/20/2018	151.6	153.9(17)	
		Class A units (12,400,000 units)		3/20/2018	12.4	12.8(2)	
					164.7	167.4	
Simpson Performance Products, Inc.	Provider of motorsports safety equipment	First lien senior secured loan (\$10.0 par due 2/2020)	9.92% (Libor + 7.53%/Q)	2/20/2015	10.0	10.0(17)	
		First lien senior secured loan (\$18.3 par due 2/2020)	9.92% (Libor + 7.53%/Q)	2/20/2015	18.3	18.3(17)	
					28.3	28.3	
SK SPV IV, LLC	Collision repair site operator	Series A common stock (12,500)		8/18/2014	0.6	2.3(2)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		units) Series B common stock (12,500 units)		8/18/2014	0.6	2.3(2)	
					1.2	4.6	
					320.6	317.9	4.35 %
Education Campus Management Acquisition Corp. (6)	Education software developer	Preferred stock (485,159 shares)		2/8/2008	10.5	13.7(2)	
Excelligence Holdings Corp.	Developer, manufacturer and retailer of educational products	First lien senior secured loan (\$9.9 par due 4/2023)	8.24% (Libor + 6.00%/M)	4/17/2017	9.9	8.5(4)(17)	
Flinn Scientific, Inc. and WCI-Quantum Holdings, Inc. (21)	Distributor of instructional products, services and resources	First lien senior secured loan (\$27.9 par due 8/2023)	7.14% (Libor + 4.75%/Q)	7/26/2017	27.9	27.9(17)	
		First lien senior secured loan (\$33.6 par due 8/2023)	7.09% (Libor + 4.75%/Q)	7/26/2017	33.6	33.6(17)	
		First lien senior secured loan (\$11.2 par due 8/2023)	7.58% (Libor + 4.75%/A)	8/31/2018	11.2	11.2(17)	
		Series A preferred stock (1,272 shares)		10/24/2014	0.7	1.0(2)	
					73.4	73.7	
Frontline Technologies Group Holding LLC, Frontline Technologies Blocker Buyer, Inc., Frontline Technologies Holdings, LLC and Frontline Technologies Parent, LLC (21)	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 (\$19.4 par due 9/2023)	8.74% (Libor + 6.50%/M)	9/19/2017	19.2	19.4(17)	
		Class A preferred		9/18/2017	4.6	5.0	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		units (4,574 units) Class B common units		9/18/2017	—	0.1	
						23.8	24.5
Infilaw Holding, LLC (21)	Operator of for-profit law schools	First lien senior secured revolving loan (\$5.0 par due 2/2018)		8/25/2011	4.2	—	(2)(16)(20)
Instituto de Banca y Comercio, Inc. & Leeds IV Advisors, Inc.	Private school operator	First lien senior secured loan (\$10.5 par due 2/2019)	13.25% (Base Rate + 8.00%/Q)	5/18/2017	10.5	10.5	(17)
		First lien senior secured loan (\$3.5 par due 2/2019)	10.50% PIK (Libor + 9.00%/Q)	10/31/2015	3.5	3.5	(2)(17)
		Senior preferred series A-1 shares (163,902 shares)		10/31/2015	119.4	18.4	(2)
		Series B preferred stock (1,401,385 shares)		8/5/2010	4.0	—	(2)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of September 30, 2018  
(dollar amounts in millions)  
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Series B preferred stock (348,615 shares)		8/5/2010	1.0	— (2)	
		Series C preferred stock (1,994,644 shares)		6/7/2010	0.5	— (2)	
		Series C preferred stock (517,942 shares)		6/7/2010	0.1	— (2)	
		Common stock (16 shares)		6/7/2010	—	— (2)	
		Common stock (4 shares)		6/7/2010	—	— (2)	
					139.0	32.4	
Liaison Acquisition, LLC (21)	Provider of centralized applications services to educational associations	Second lien senior secured loan (\$15.0 par due 8/2023)	11.41% (Libor + 9.25%/M)	2/9/2017	14.8	15.0(2)(17)	
PIH Corporation and Primrose Holding Corporation (6)(21)	Franchisor of education-based early childhood centers	First lien senior secured revolving loan (\$1.0 par due 12/2018)	7.75% (Libor + 5.50%/M)	12/13/2013	1.0	1.0(2)(17)	
		First lien senior secured loan (\$1.6 par due 12/2020)	7.75% (Libor + 5.50%/M)	12/15/2017	1.6	1.6(2)(17)	
		Common stock (7,227 shares)		1/3/2017	10.7	22.1	
					13.3	24.7	
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	15.0(2)	
		Warrant to purchase up to 27,890 shares (expires		12/8/2009	—	8.2(2)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		11/2019)			15.8	23.4	
Regent Education, Inc.	Provider of software solutions designed to optimize the financial aid and enrollment processes	Warrant to purchase up to 987 shares of common stock (expires 12/2026)		12/23/2016	—	—	(2)
		Warrant to purchase up to 5,393,194 shares of common stock (expires 12/2026)		12/23/2016	—	—	(2)
RuffaloCODY, LLC (21)	Provider of student fundraising and enrollment management services	First lien senior secured revolving loan	—	5/29/2013	—	—	(2)(19)
Severin Acquisition, LLC (21)	Provider of student information system software solutions to the K-12 education market	Second lien senior secured loan (\$80.0 par due 8/2026)	8.85% (Libor + 6.75%/M)	6/12/2018	79.2	79.2	(17)
Wholesale Distribution					383.9	295.1	4.04 %
DFS Holding Company, Inc.	Distributor of maintenance, repair, and operations parts, supplies, and equipment to the foodservice industry	First lien senior secured loan (\$4.6 par due 2/2022)	7.99% (Libor + 5.75%/M)	3/1/2017	4.6	4.6	(2)(17)
		First lien senior secured loan (\$105.1 par due 2/2022)	7.99% (Libor + 5.75%/M)	7/26/2017	105.1	104.2	(17)
		First lien senior secured loan (\$74.6 par due 2/2022)	7.99% (Libor + 5.75%/M)	7/26/2017	74.6	73.0	(17)
KHC Holdings, Inc. and Kele Holdco, Inc. (21)	Catalog-based distribution services provider for building automation systems	First lien senior secured revolving loan (\$1.5 par due 10/2020)	6.49% (Libor + 4.25%/M)	1/3/2017	1.5	1.5	(2)(17)
		First lien senior secured loan (\$66.0 par due 10/2022)	8.39% (Libor + 6.00%/Q)	1/3/2017	66.0	66.0	(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

Common stock (30,000 shares)	1/3/2017	3.1	3.4
		70.6	70.9



Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of September 30, 2018  
(dollar amounts in millions)  
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
PetIQ, LLC	Distributor and manufacturer of pet prescription medications and health products	First lien senior secured revolving loan (\$17.9 par due 1/2023)	7.35% (Libor + 5.25%/M)	1/17/2018	17.9	17.9(2)(17)	
					272.8	271.4	3.71 %
Food and 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	0.1(2)	
		Warrant to purchase up to 7,422,078 Class A units (expires 8/2035)		8/19/2015	7.4	13.3(2)	
					7.5	13.3	
CHG PPC Parent LLC	Diversified food products manufacturer	Second lien senior secured loan (\$60.5 par due 3/2026)	9.74% (Libor + 7.50%/M)	3/30/2018	60.5	60.5(2)(17)	
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	4.7	
Ferraro Fine Foods Corp. and Italian Fine Foods Holdings L.P. (21)	Specialty Italian food distributor	First lien senior secured revolving loan (\$0.3 par due 5/2023)	6.47% (Libor + 4.25%/M)	5/9/2018	0.3	0.3(2)(17)	
		First lien senior secured revolving loan (\$1.3 par due 5/2023)	6.59% (Libor + 4.25%/M)	5/9/2018	1.3	1.3(2)(17)	
		First lien senior secured revolving loan (\$2.5 par due	8.50% (Base Rate + 3.25%/M)	5/9/2018	2.5	2.5(2)(17)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		5/2023) First lien senior secured loan (\$9.4 par due 5/2024)	6.59% (Libor + 4.25%/Q)	5/9/2018	9.4	9.3 (2)(17)
		Class A common units (2,724,000 units)		5/9/2018	2.7	2.7 (2)
					16.2	16.1
FPI Holding Corporation (7)(21)	Distributor of fruits	First lien senior secured loan (\$0.7 par due 6/2018)		1/3/2017	0.4	— (16)
Gehl Foods, LLC and GF Parent LLC	Producer of low-acid, aseptic food and beverage products	GF Parent LLC\Class A Preferred units Class A common units (60,000 units)		5/13/2015	2.9	— (2)
		Class B common units (0.26 units)		5/13/2015	0.1	— (2)
					3.0	—
Hometown Food Company (21)	Food distributor	First lien senior secured revolving loan (\$1.5 par due 8/2023)	7.50% (Libor + 5.25%/M)	8/31/2018	1.5	1.5 (2)(17)
		First lien senior secured loan (\$9.7 par due 8/2023)	7.50% (Libor + 5.25%/M)	8/31/2018	9.5	9.7 (2)(17)
					11.0	11.2
JWC/KI Holdings, LLC	Foodservice sales and marketing agency	Membership units (5,000 units)		11/16/2015	5.0	5.0 (2)
KC Culinate Intermediate, LLC	Manufacturer of fresh refrigerated and frozen food products	Second lien senior secured loan (\$35.7 par due 8/2026)	9.96% (Libor + 7.75%/M)	8/24/2018	35.7	35.3 (2)(17)
NECCO Holdings, Inc. and New England Confectionery Company, Inc. (7)(21)	Producer and supplier of candy	First lien senior secured revolving loan (\$19.9 par due 1/2018)		1/3/2017	7.9	2.9 (16)
		First lien senior secured loan (\$2.2 par due 8/2018)		11/20/2017	2.1	— (16)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		First lien senior secured loan (\$11.6 par due 1/2018)		1/3/2017	0.9	1.6(16)
		First lien senior secured loan (\$0.7 par due 11/2018)		11/20/2017	0.7	0.1(16)
		Common stock (860,189 shares)		1/3/2017	—	—
					11.6	4.6
PCM Bmark, Inc. and BakeMark Holdings, Inc.	Manufacturer and distributor of specialty bakery ingredients	First lien senior secured loan (\$0.8 par due 8/2023)	7.49% (Libor + 5.25%/M)	5/9/2018	0.8	0.8(2)(17)
RF HP SCF Investor, LLC (9)	Branded specialty food company	Membership interest (10.08% interest)		12/22/2016	12.5	15.7(2)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of September 30, 2018  
(dollar amounts in millions)  
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Teasdale Foods, Inc. (21)	Provider of beans, sauces and hominy to the retail, foodservice and wholesale channels	First lien senior secured revolving loan (\$0.6 par due 10/2020)	6.91% (Libor + 4.75%/M)	6/30/2017	0.6	0.6(2)(17)	
		First lien senior secured revolving loan (\$0.1 par due 10/2020)	9.00% (Base Rate + 3.75%/M)	6/30/2017	0.1	0.1(2)(17)	
		First lien senior secured loan (\$0.6 par due 10/2020)	6.92% (Libor + 4.75%/M)	6/27/2018	0.6	0.6(2)(17)	
		Second lien senior secured loan (\$33.6 par due 10/2021)	11.09% (Libor + 8.75%/M)	1/3/2017	33.6	31.2(2)(17)	
		Second lien senior secured loan (\$31.5 par due 10/2021)	11.09% (Libor + 8.75%/Q)	1/3/2017	31.5	29.8(2)(17)	
		Second lien senior secured loan (\$21.3 par due 10/2021)	11.09% (Libor + 8.75%/M)	1/3/2017	21.3	19.8(2)(17)	
					87.7	81.6	
					254.9	248.8	3.40 %
Containers and Packaging							
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)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

LBP Intermediate Holdings LLC (21)	Manufacturer of paper and corrugated foodservice packaging	First lien senior secured revolving loan (\$0.2 par due 7/2020)	7.74% (Libor + 5.50%/M)	7/10/2015	0.2	0.2(2)(17)(20)
		First lien senior secured loan (\$11.8 par due 7/2020)	7.89% (Libor + 5.50%/Q)	7/10/2015	11.7	11.7(3)(17)
		First lien senior secured loan (\$5.0 par due 7/2020)	7.89% (Libor + 5.50%/Q)	7/10/2015	5.0	4.9(4)(17)
					16.9	16.8
Microstar Logistics LLC, Microstar Global Asset Management LLC, and MStar Holding Corporation	Keg management solutions provider	Second lien senior secured loan (\$78.5 par due 7/2019)	9.74% (Libor + 7.50%/M)	12/14/2012	78.5	78.5(2)(17)
		Second lien senior secured loan (\$54.0 par due 7/2019)	9.74% (Libor + 7.50%/M)	12/14/2012	54.0	54.0(3)(17)
		Second lien senior secured loan (\$10.0 par due 7/2019)	9.74% (Libor + 7.50%/M)	12/14/2012	10.0	10.0(4)(17)
		Common stock (54,710 shares)		12/14/2012	4.9	8.5(2)
					147.4	151.0
NSI Holdings, Inc. (6)	Manufacturer of plastic containers for the wholesale nursery industry	Series A preferred stock (2,192 shares)		1/3/2017	—	—
Ranpak Corp.	Manufacturer and marketer of paper-based protective packaging systems and materials	Second lien senior secured loan (\$8.0 par due 10/2022)	9.41% (Libor + 7.25%/M)	1/3/2017	7.7	8.0(2)(17)
SCI PH Parent, Inc.	Industrial container manufacturer,	Series B shares		8/24/2018	1.1	2.2(2)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

	reconditioner and servicer	(11.4764 shares)			173.6	179.1	2.45	%
Aerospace and Defense								
Cadence Aerospace, LLC (21)	Aerospace precision components manufacturer	First lien senior secured revolving loan	—	11/14/2017	—	—	(19)	
		First lien senior secured loan (\$32.3 par due 11/2023)	8.82% (Libor + 6.50%/Q)	11/14/2017	32.0	32.0	(17)	
		First lien senior secured loan (\$10.0 par due 11/2023)	8.89% (Libor + 6.50%/Q)	7/5/2018	10.0	10.0	(17)	
					42.0	42.3		
Jazz Acquisition, Inc.	Designer and distributor of aftermarket replacement components to the commercial airlines industry	Second lien senior secured loan (\$25.0 par due 6/2022)	9.14% (Libor + 6.75%/Q)	1/3/2017	20.5	23.0	(17)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of September 30, 2018  
(dollar amounts in millions)  
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
MB Aerospace Holdings II Corp.	Aerospace engine components manufacturer	Second lien senior secured loan (\$68.4 par due 1/2026)	10.89% (Libor + 8.50%/Q)	1/22/2018	68.4	68.4 <del>(2)</del> (17)	
Environmental Services					130.9	134.2	1.84 %
MPH Energy Holdings, LP	Operator of municipal recycling facilities	Limited partnership interest (3.13% interest)		1/8/2014	—	— (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)	
Soil Safe, Inc. and Soil Safe Acquisition Corp. (7)(21)	Provider of soil treatment, recycling and placement services	First lien senior secured revolving loan	—	1/3/2017	—	— (19)	
		First lien senior secured loan (\$19.0 par due 1/2020)	8.33% (Libor + 6.25%/M)	1/3/2017	19.0	19.0 <del>(2)</del> (17)	
		Second lien senior secured loan (\$12.7 par due 6/2020)	10.75% (Libor + 7.75%/M)	1/3/2017	12.7	12.7 <del>(2)</del> (17)	
		Senior subordinated loan (\$41.6 par due 12/2020)	16.50% PIK	1/3/2017	41.6	41.6 <del>(2)</del>	
		Senior subordinated loan (\$35.2 par due 12/2020)	14.50% PIK	1/3/2017	35.2	35.2 <del>(2)</del>	
				1/3/2017	11.5	4.8 <del>(2)</del> (16)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		Senior subordinated loan (\$34.8 par due 12/2020)		1/3/2017	—	—		
		Common stock (810 shares)					120.0	113.3
							120.0	113.3
								1.55 %
Chemicals								
AMZ Holding Corp. (21)	Specialty chemicals manufacturer	First lien senior secured loan (\$12.1 par due 6/2022)	7.24% (Libor + 5.00%/Q)	6/27/2017	12.1	12.4	(17)	
Genomatica, 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)	
K2 Pure Solutions Nocal, L.P. (21)	Chemical producer	First lien senior secured revolving loan (\$1.5 par due 2/2021)	9.37% (Libor + 7.13%/M)	8/19/2013	1.5	1.5	(2)(17)	
		First lien senior secured loan (\$39.2 par due 2/2021)	8.39% (Libor + 6.00%/M)	8/19/2013	39.2	39.2	(17)	
		First lien senior secured loan (\$12.8 par due 2/2021)	8.39% (Libor + 6.00%/M)	8/19/2013	12.8	12.8	(17)	
					53.5	53.5		
					65.6	65.6		0.90 %
Printing, Publishing and Media								
Connoisseur Media, LLC	Owner and operator of radio stations	First lien senior secured loan (\$14.1 par due 6/2019)	8.71% (Libor + 6.38%/Q)	7/26/2017	14.1	14.4	(17)	
		First lien senior secured loan (\$24.6 par due 6/2019)	8.72% (Libor + 6.38%/Q)	7/26/2017	24.6	24.6	(17)	
		First lien senior secured loan (\$10.5 par due 6/2019)	8.72% (Libor + 6.38%/Q)	7/26/2017	10.5	10.5	(17)	
Earthcolor Group, LLC	Printing management services	Limited liability company		5/18/2012	49.2	49.2		



Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		interests (9.30%)			
Roark-Money Mailer LLC	Marketer, advertiser and distributor of coupons in the mail industry	Membership units (35,000 units)	1/3/2017	—	—
The Teaching Company Holdings, Inc.	Education publications provider	Preferred stock (10,663 shares)	9/29/2006	1.1	— (2)

35

---

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of September 30, 2018  
(dollar amounts in millions)  
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fixed Value	Percentage of Net Assets
		Common stock (15,393 shares)		9/29/2006	—	—(2)	
					1.1	—	
					50.3	49.2	0.67 %
Computers and Electronics							
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)(24)	
Imaging Business Machines, L.L.C. and Scanner Holdings Corporation (7)	Provider of high-speed intelligent document scanning hardware and software	Senior subordinated loan (\$8.3 par due 6/2022)	14.00%	1/3/2017	8.1	8.3(2)	
		Senior subordinated loan (\$8.3 par due 6/2022)	14.00%	1/3/2017	8.1	8.3(2)	
		Series A preferred stock (66,424,135 shares)		1/3/2017	—	10.5	
		Class A common stock (33,173 shares)		1/3/2017	—	—	
		Class B common stock (134,214 shares)		1/3/2017	—	—	
					16.2	27.1	
Zemax Software Holdings, LLC (21)	Provider of optical illumination design software to design engineers	First lien senior secured loan (\$17.0 par due 6/2024)	7.99% (Libor + 5.75%/M)	6/25/2018	17.0	17.0(17)	
					33.6	44.1	0.60 %
Farming and Agriculture				12/29/2016	9.0	8.6(2)(17)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

QC Supply, LLC (21)	Specialty distributor and solutions provider to the swine and poultry markets	First lien senior secured revolving loan (\$9.0 par due 12/2021)	8.24% (Libor + 6.00%/M)					
		First lien senior secured loan (\$8.7 par due 12/2022)	8.24% (Libor + 6.00%/M)	12/29/2016	8.7	8.3(2)(17)		
		First lien senior secured loan (\$11.2 par due 12/2022)	8.24% (Libor + 6.00%/M)	12/29/2016	11.2	10.6(2)(17)		
		First lien senior secured loan (\$14.8 par due 12/2022)	8.24% (Libor + 6.00%/M)	12/29/2016	14.8	14.0(17)		
					43.7	41.5		
					43.7	41.5		0.57 %
Health Clubs								
Athletic Club Holdings, Inc.	Premier health club operator	First lien senior secured loan (\$3.2 par due 10/2020)	10.81% (Libor + 8.50%/Q)	10/11/2007	3.2	3.2(3)(17)		
CFW Co-Invest, L.P. and NCP Curves, L.P.	Health club franchisor	Limited partnership interest (4,152,165 shares)		7/31/2012	4.2	11.3(2)		
		Limited partnership interest (2,218,235 shares)		7/31/2012	—	—(2)(8)		
					4.2	11.3		
Movati Athletic (Group) Inc. (8)(21)	Premier health club operator	First lien senior secured loan (\$0.6 par due 10/2022)	6.50% (Libor + 4.50%/Q)	10/5/2017	0.6	0.6(2)(17)		
		First lien senior secured loan (\$2.9 par due 10/2022)	6.36% (Libor + 4.50%/Q)	10/5/2017	3.0	2.9(2)(17)		
					3.6	3.5		
Sunshine Sub, LLC (21)	Premier health club operator	First lien senior secured loan (\$9.8 par due 5/2024)	6.99% (Libor + 4.75%/M)	5/25/2018	9.8	9.7(2)(17)		
Taymax Group Acquisition, LLC and TCP Fit	Planet Fitness franchisee	First lien senior secured revolving loan	6.99% (Libor + 4.75%/M)	7/31/2018	0.2	0.2(2)(17)		

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

Parent, L.P. (21)		(\$0.2 par due 7/2024)						
		First lien senior secured loan (\$4.3 par due 7/2025)	6.83% (Libor + 4.75%/Q)	7/31/2018	4.3	4.2(2)(17)		
		Class A units (30,000 units)		7/31/2018	3.0	3.0		
					7.5	7.4		
					28.3	35.1		0.48 %
Hotel Services Pyramid Management Advisors, LLC and Pyramid Investors, LLC (21)	Hotel Operator	First lien senior secured revolving loan (\$1.7 par due 7/2021)	8.88% (Libor + 6.75%/M)	4/12/2018	1.7	1.7(2)(17)(20)		

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of September 30, 2018  
(dollar amounts in millions)  
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured revolving loan (\$1.1 par due 7/2021)	8.96% (Libor + 6.75%/M)	4/12/2018	1.1	1.1(2)(17)(20)	
		First lien senior secured loan (\$1.5 par due 7/2021)	8.97% (Libor + 6.75%/M)	4/12/2018	1.5	1.5(2)(17)	
		First lien senior secured loan (\$17.1 par due 7/2021)	8.99% (Libor + 6.75%/M)	4/12/2018	17.1	17.1(2)(17)	
		Membership units (996,833 units)		7/15/2016	1.0	0.8(2)	
					22.4	22.2	
					22.4	22.2	0.30 %
Telecommunications							
CHL, LTD.	Repair and service solutions provider for cable, satellite and telecommunications based service providers	Warrant to purchase up to 120,000 shares of Series A common stock (expires 5/2020)		1/3/2017	—	—	
		Warrant to purchase up to 280,000 shares of Series B common stock (expires 5/2020)		1/3/2017	—	—	
		Warrant to purchase up to 80,000 shares of Series C common stock (expires 5/2020)		1/3/2017	—	—	
				2/8/2018	—	—(19)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

Extenet Systems, Inc. (21)	Provider of antenna networks for use by wireless service providers, government agencies, healthcare organizations and other commercial enterprises	First lien senior secured revolving loan						
Kore Wireless Group Inc. (21)	Wireless network data provider	First lien senior secured revolving loan	—	2/8/2018	—	—	(19)	
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	1.9		
Startec Equity, LLC (7)	Communication services	Member interest		4/1/2010	—	—		
Telular Corporation (21)	Provider of monitoring solutions enabling data connectivity over both cellular and satellite communication networks	First lien senior secured revolving loan (\$4.4 par due 6/2019)	8.50% (Base Rate + 3.25%/Q)	2/8/2018	4.4	4.4	(17)	
TowerCo IV Finance LLC (21)	Owner and operator of cellular telecommunications towers	First lien senior secured revolving loan (\$7.1 par due 10/2021)	5.92% (Libor + 3.75%/M)	2/8/2018	7.1	7.1	(17)	
		First lien senior secured revolving loan (\$0.9 par due 10/2021)	6.00% (Libor + 3.75%/M)	2/8/2018	0.9	0.9	(17)	
					8.0	8.0		
					17.5	14.3		0.20 %
Retail Fashion Holding Luxembourg SCA (Modacin/Camaeiu) (7)(8)	Retailer of women's clothing	Preferred stock (241,776,675 shares)		1/3/2017	—	—		
Paper Source, Inc. and Pine Holdings, Inc. (21)	Retailer of fine and artisanal paper products	First lien senior secured revolving loan (\$1.9 par due 9/2019)	10.25% (Base Rate + 5.00%/Q)	9/23/2013	1.9	1.9	(17)	
		First lien senior secured loan (\$9.3 par due 9/2019)	8.64% (Libor + 6.25%/Q)	9/23/2013	9.3	9.3	(17)	



Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of September 30, 2018  
(dollar amounts in millions)  
(unaudited)

Company(1)	Business Description	Investment	Interest(5)(10)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Class A common stock (36,364 shares)		9/23/2013	6.0	2.5	(2)
					17.2	13.6	
					17.2	13.6	0.19 %
Commercial Real Estate Financial ACAS Real Estate Holdings Corporation (7)	Real estate holding company	Common stock (1,000 shares)		1/3/2017	2.6	2.0	
NECCO Realty Investments LLC (7)	Real estate holding company	Membership units (7,450 units)		1/3/2017	—	—	
					2.6	2.0	0.03 %
Housing and Building Materials							
Halex Holdings, Inc. (7)(21)	Manufacturer of flooring installation products	First lien senior secured revolving loan (\$1.9 par due 12/2018)		1/24/2017	1.9	—	
		Common stock (51,853 shares)		1/3/2017	—	—	
					1.9	—	
					1.9	—	— %
Total Investments					\$11,472.8	\$11,219.5	153.41 %

Derivative Instruments

Foreign currency forward contracts

Description	Notional Amount to be	Notional Amount to be	Counterparty	Settlement Date	Unrealized Appreciation / (Depreciation)
-------------	-----------------------	-----------------------	--------------	-----------------	--



Edgar Filing: ARES CAPITAL CORP - Form 10-Q

	Purchased	Sold			
Foreign currency forward contract	\$ 3	CAD5	Bank of Montreal	October 5, 2018	\$ —
Foreign currency forward contract	\$ 8	CAD10	Bank of Montreal	October 12, 2018	—
Foreign currency forward contract	\$ 78	CAD103	Bank of Montreal	November 15, 2018	(1 )
Foreign currency forward contract	\$ 20	CAD26	Bank of Montreal	December 21, 2018	—
Foreign currency forward contract	\$ 18	€ 15	Bank of Montreal	October 12, 2018	—
Foreign currency forward contract	\$ 1	€ 1	Bank of Montreal	November 14, 2018	—
Foreign currency forward contract	\$ 28	€ 24	Bank of Montreal	December 27, 2018	—
Foreign currency forward contract	\$ 96	£ 75	Bank of Montreal	November 14, 2018	(2 )
Total, net					\$ (3 )

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 2.19%	Bank of Montreal	January 4, 2021	\$ 395	\$ 7	—\$ 7
Total							\$ 7

Other than the Company's investments listed in footnote 7 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").

(1) 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 September 30, 2018 represented 153% of the Company's net assets or 92% of the Company's total assets, are subject to legal restrictions on sales.

These assets are pledged as collateral for the Revolving Credit Facility (as defined below) and, as a result, are not (2) directly available to the creditors of the Company to satisfy any obligations of the Company other than the Company's obligations under the Revolving Credit Facility (see Note 5 to the consolidated financial statements).

(3) These assets are owned by the Company’s consolidated subsidiary Ares Capital CP Funding LLC (“Ares Capital CP”), are pledged as collateral for the Revolving Funding Facility (as defined below) and, as a result, are not directly available to the creditors of the Company to satisfy any obligations of the Company other than Ares Capital CP’s obligations under the Revolving Funding Facility (see Note 5 to the consolidated financial statements).

(4) These assets are owned by the Company’s consolidated subsidiary Ares Capital JB Funding LLC (“ACJB”), are pledged as collateral for the SMBC Funding Facility (as defined below) and, as a result, are not directly available to the creditors of the Company to satisfy any obligations of the Company other than ACJB’s obligations under the SMBC Funding Facility (see Note 5 to the consolidated financial statements).

(5) Investments without an interest rate are non-income producing.

(6) 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 nine months ended September 30, 2018 in which the issuer was an Affiliated Person (but not a portfolio company that the Company is deemed to Control) are as follows:

(in millions) Company	For the Nine Months Ended September 30, 2018									As of September 30, 2018
	Purchases (cost)	Redemptions (cost)	Sales (cost)	Interest income	Capital structuring service	Dividend income	Other income	Net realized gains (losses)	Net unrealized gains (losses)	Fair Value
Blue Wolf Capital Fund II, L.P.	\$—	\$ 1.4	\$—	\$—	\$—	\$—	\$—	\$—	\$ 0.3	\$ 2.4
Campus Management Acquisition Corp.	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$ 2.7	\$ 13.8
Crown Health Care Laundry Services, LLC and Crown Laundry Holdings, LLC	\$5.9	\$ 4.2	\$—	\$ 1.7	\$—	\$ 0.1	\$—	\$ (0.4)	\$ 29.8	
ESCP PPG Holdings, LLC	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$ (0.5)	\$ 2.3	
European Capital UK SME Debt LP	\$3.1	\$ 8.8	\$—	\$—	\$—	\$ 1.5	\$—	\$ 0.2	\$ 36.3	
Financial Asset Management Systems, Inc. and FAMS Holdings, Inc.	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	
Imperial Capital Private Opportunities, LP	\$0.1	\$ 1.1	\$—	\$—	\$—	\$ 2.1	\$—	\$ (4.2)	\$ 9.7	
Ioxus, Inc	\$—	\$ 4.4	\$—	\$ 0.8	\$—	\$—	\$ 0.1	\$ (0.5)	\$ 6.6	
NSI Holdings, Inc.	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	
Panda Temple Power, LLC and T1 Power Holdings LLC	\$—	\$—	\$—	\$ 0.5	\$—	\$—	\$—	\$ 0.6	\$ 19.5	
Partnership Capital Growth Fund I, L.P.	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$ 0.1	
Partnership Capital Growth Investors III, L.P.	\$—	\$ 0.1	\$—	\$—	\$—	\$—	\$—	\$ 0.6	\$ 4.2	
PCG-Ares Sidecar Investment, L.P.	\$0.1	\$—	\$—	\$—	\$—	\$—	\$—	\$ (2.1)	\$ 4.3	
	\$—	\$ 0.9	\$—	\$—	\$—	\$—	\$—	\$ 5.8	\$ 16.4	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

PCG-Ares Sidecar Investment II, L.P.										
Petroflow Energy Corporation and TexOak Petro Holdings LLC	\$—	\$ 2.1	\$—	\$ 0.1	\$	—\$ —	\$—	\$ 0.2	\$ (1.4 )	\$ 8.9
PIH Corporation and Primrose Holding Corporation	\$—	\$ —	\$—	\$ 0.1	\$	—\$ —	\$—	\$—	\$ 4.3	\$ 24.7
Piper Jaffray Merchant Banking Fund I, L.P.	\$0.1	\$ 0.2	\$—	\$—	\$	—\$ 0.1	\$—	\$—	\$ 0.2	\$ 1.7
Qualium Investissement	\$—	\$ 0.7	\$5.4	\$—	\$	—\$ —	\$—	\$ 0.9	\$ 0.6	\$—
Shock Doctor, Inc. and Shock Doctor Holdings, LLC	\$—	\$ —	\$—	\$ 8.9	\$	—\$ —	\$ 0.3	\$—	\$ (3.4 )	\$ 82.7
Things Remembered, Inc. and TRM Holdco Corp.	\$3.0	\$ 1.6	\$17.8	\$ 0.1	\$	—\$ —	\$—	\$ (15.9 )	\$ 15.1	\$—
UL Holding Co., LLC	\$—	\$ —	\$—	\$ 2.6	\$	—\$ —	\$—	\$—	\$ (2.4 )	\$ 42.6
	\$12.3	\$ 25.5	\$23.2	\$ 14.8	\$	—\$ 3.7	\$ 0.4	\$ (14.7 )	\$ 15.5	\$ 306.0

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 nine months ended September 30, 2018 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 Nine Months Ended September 30, 2018							As of September 30, 2018		
	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	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$ 0.1	\$ 0.4
ACAS Real Estate Holdings Corporation	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$ (0.1)	\$ 2.0
ADF Capital, Inc., ADF Restaurant Group, LLC, and ARG Restaurant Holdings, Inc.	\$—	\$—	\$—	\$ 0.6	\$—	\$—	\$—	\$—	\$ (8.7)	\$ 8.0
Alcami Holdings, LLC	\$ 4.4	\$ 125.1	\$ 166.1	\$ 19.5	\$—	\$—	\$ 8.0	\$ 323.9	\$ (166.8)	\$—
Ares IIIR/IVR CLO Ltd.	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Callidus Capital Corporation	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$ 1.7
Champion Parent Corporation and Calera XVI, LLC	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$ 0.3
Ciena Capital LLC	\$—	\$ 26.2	\$—	\$ 0.6	\$—	\$—	\$—	\$ (6.0)	\$ 4.2	\$ 10.2
CoLTS 2005-1	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
CoLTS 2005-2	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Columbo Midco Limited, Columbo Bidco Limited and Columbo Topco Limited	\$—	\$—	\$ 27.9	\$—	\$—	\$—	\$—	\$ 6.2	\$ (12.7)	\$—
CSHM LLC	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Eckler Industries, Inc. and Eckler Purchaser LLC	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$ (2.0)	\$ 7.4	\$ 22.9
ETG Holdings, Inc.	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Fashion Holding Luxembourg SCA (Modacin/Camaeiu)	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
FPI Holding Corporation	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$ (2.0)	\$—
Halex Holdings, Inc.	\$ 0.8	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
HCI Equity, LLC	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$ 0.1
Imaging Business Machines, L.L.C. and Scanner Holdings Corporation	\$—	\$—	\$—	\$ 1.8	\$—	\$—	\$ 0.4	\$—	\$ 5.9	\$ 27.1

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

Ivy Hill Asset Management, L.P.	\$263.0	\$ 63.0	\$—	\$ 1.0	\$ —	\$ 43.0	\$—	\$—	\$ 1.3	\$ 516.3
LLSC Holdings Corporation (dba Lawrence Merchandising Services)	\$—	\$ 17.4	\$—	\$—	\$ —	\$—	\$—	\$—	\$ (0.3)	) \$ 0.4
Miles 33 (Finance) Limited	\$—	\$ 0.3	\$—	\$ 1.5	\$ —	\$—	\$—	\$ 0.1	\$ (8.1)	) \$ 10.5
Montgomery Lane, LLC and Montgomery Lane, Ltd.	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$ (0.6)	) \$—
MVL Group, Inc.	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Navisun LLC and Navisun Holdings LLC	\$20.9	\$—	\$—	\$ 0.8	\$ 0.3	\$ 0.1	\$ 0.1	\$—	\$—	\$ 24.7
NECCO Holdings, Inc. and New England Confectionery Company, Inc.	\$14.4	\$ 14.7	\$—	\$—	\$—	\$—	\$—	\$—	\$ (5.7)	) \$ 4.6
NECCO Realty Investments LLC	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Orion Foods, LLC	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$ 0.4
PHL Investors, Inc., and PHL Holding Co.	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Rug Doctor, LLC and RD Holdco Inc.	\$—	\$—	\$—	\$ 1.5	\$—	\$—	\$—	\$—	\$ 8.6	\$ 36.4
S Toys Holdings LLC (fka The Step2 Company, LLC)	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$ (0.1)	) \$ 0.4
Senior Direct Lending Program, LLC	\$219.3	\$ 87.6	\$—	\$ 62.4	\$ 9.5	\$—	\$ 2.8	\$—	\$—	\$ 618.8

(in millions) Company	For the Nine Months Ended September 30, 2018									As of September 30, 2018
	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
Singer Sewing Company, SVP-Singer Holdings, LLC and SVP-Singer Holdings LP	\$85.7	\$ 6.0	\$—	\$9.1	\$ 1.3	\$—	\$ 4.6	\$—	\$ (5.5)	) \$ 240.1
Soil Safe, Inc. and Soil Safe Acquisition Corp.	\$—	\$ 3.0	\$—	\$10.9	\$—	\$—	\$ 0.3	\$—	\$ 0.8	\$ 113.3
Startec Equity, LLC	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
The Greeley Company, Inc. and HCP Acquisition Holdings, LLC	\$—	\$ 0.1	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
	\$608.5	\$ 343.4	\$194.0	\$109.7	\$ 11.1	\$ 43.1	\$ 16.2	\$ 322.2	\$ (182.3)	) \$ 1,638.6

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).

(8) Non-U.S. company or principal place of business outside the U.S. and as a result 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, 14% of the Company’s total assets are represented by investments at fair value and other assets that are considered “non-qualifying assets” as of September 30, 2018.

(9) Exception from the definition of investment company under Section 3(c) of the Investment Company Act and as a result 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.

(10) 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.

(11) 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 \$69.0 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.

(12) 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 \$38.8 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.

(13) The Company sold a participating interest of approximately \$9.1 aggregate principal amount of the portfolio company’s second lien senior secured term loan as a “first out” tranche. As the transaction did not qualify as a “true sale” in accordance with U.S. generally accepted accounting principles, the Company recorded a corresponding \$8.8 secured borrowing included in “accounts payable and other liabilities” in the accompanying consolidated balance sheet.

(14) The Company sold a participating interest of approximately \$2.2 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, the Company recorded a corresponding \$2.2 secured borrowing included in "accounts payable and other liabilities" in the accompanying consolidated balance sheet.

(15) The Company is entitled to receive a fixed fee upon the occurrence of certain events as defined in the credit agreement governing the Company's debt investment in the portfolio company. The fair value of such fee is included in the fair value of the debt investment.

(16) Loan was on non-accrual status as of September 30, 2018.

(17) Loan includes interest rate floor feature.

(18) 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.

(19) As of September 30, 2018, 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 to the consolidated financial statements for further information on letters of credit commitments related to certain portfolio companies.

(20) As of September 30, 2018, 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 to the consolidated financial statements for further information on letters of credit commitments related to certain portfolio companies.

(21) As of September 30, 2018, 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 to the consolidated financial statements 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: drawn commitments	Total undrawn commitments	Less: commitments substantially at discretion of the Company	Less:	
					unavailable due to borrowing base or other covenant restrictions	Total net adjusted undrawn revolving and delayed draw commitments
1A Smart Start, LLC	3.5	Ø2.0	1.5	—	—	1.5
A.U.L. Corp.	1.2	—	1.2	—	—	1.2



Edgar Filing: ARES CAPITAL CORP - Form 10-Q

Accommodations Plus Technologies LLC	4.1	—	4.1	—	—	4.1
Achilles Acquisition LLC	1.0	—	1.0	—	—	1.0
ADCS Billings Intermediate Holdings, LLC	5.0	∅2.5	2.5	—	—	2.5
ADF Capital, Inc.	1.3	—	1.3	—	—	1.3
ADG, LLC	13.7	∅7.2	6.5	—	—	6.5
Alcami Corporation	29.0	—	29.0	—	—	29.0
American Academy Holdings, LLC	7.0	∅0.9	6.1	—	—	6.1
AMZ Holding Corp.	3.4	—	3.4	—	—	3.4
Avetta, LLC	7.0	—	7.0	—	—	7.0
Bambino CI Inc.	9.6	∅4.2	5.4	—	—	5.4
Blue Campaigns Intermediate Holding Corp.	3.0	—	3.0	—	—	3.0
Cadence Aerospace, LLC	14.3	∅0.3	14.0	—	—	14.0
Capstone Logistics Acquisition, Inc.	2.0	∅1.1	0.9	—	—	0.9
Care Hospice, Inc	2.3	∅0.4	1.9	—	—	1.9
CCS-CMGC Holdings, Inc.	7.5	∅6.5	1.0	—	—	1.0
Chariot Acquisition, LLC	1.0	—	1.0	—	—	1.0

(in millions) Portfolio Company	Total revolving and delayed draw loan commitments	Less: drawn commitments	Total undrawn commitments	Less: substantially in excess of the Company's discretion	Less: unavailable commitments due to borrowing base or other covenant restrictions	Total net adjusted undrawn revolving and delayed draw commitments
Chesapeake Research Review, LLC	5.8	—	5.8	—	—	5.8
Clearwater Analytics, LLC	5.0	—	5.0	—	—	5.0
Command Alkon Incorporated	3.4	Ø1.6	1.8	—	—	1.8
Comprehensive EyeCare Partners, LLC	6.1	—	6.1	—	—	6.1
Corepoint Health, LLC	4.3	—	4.3	—	—	4.3
Cozzini Bros., Inc. and BH-Sharp Holdings LP	24.2	Ø1.5	22.7	—	—	22.7
Crown Health Care Laundry Services, LLC and Crown Laundry Holdings, LLC	16.5	Ø0.9	15.6	—	—	15.6
CST Buyer Company	4.2	—	4.2	—	—	4.2
D4C Dental Brands, Inc.	5.0	Ø1.5	3.5	—	—	3.5
DCA Investment Holding, LLC	5.8	—	5.8	—	—	5.8
DecoPac, Inc.	8.1	—	8.1	—	—	8.1
DFC Global Facility Borrower II LLC	115.0	Ø93.6	21.4	—	—	21.4
DGH Borrower LLC	25.0	—	25.0	—	—	25.0
Dorner Holding Corp.	3.3	—	3.3	—	—	3.3
Doxim Inc.	2.4	—	2.4	—	—	2.4
DRB Holdings, LLC	9.9	Ø3.3	6.6	—	—	6.6
DTI Holdco, Inc. and OPE DTI Holdings, Inc.	8.8	Ø3.2	5.6	—	—	5.6
Eckler Industries, Inc.	2.0	—	2.0	Ø2.0	—	—
Emergency Communications Network, LLC	6.5	—	6.5	—	—	6.5
Emerus Holdings, Inc.	4.5	Ø3.0	1.5	—	—	1.5
EN Engineering, LLC	5.0	—	5.0	—	—	5.0
Entertainment Partners, LLC and Entertainment Partners Canada Inc.	28.0	—	28.0	—	—	28.0
Episerver, Inc.	0.8	—	0.8	—	—	0.8
ExteNet Systems, Inc.	2.0	—	2.0	—	—	2.0
Ferraro Fine Foods Corp.	8.0	Ø4.1	3.9	—	—	3.9
Flinn Scientific, Inc.	10.0	—	10.0	—	—	10.0
FM:Systems Group, LLC	1.5	—	1.5	—	—	1.5
Foundation Risk Partners, Corp.	40.7	—	40.7	—	—	40.7
FPI Holding Corporation	2.6	—	2.6	—	—	2.6
Frontline Technologies Group Holding LLC	8.4	—	8.4	—	—	8.4
FWR Holding Corporation	2.9	Ø1.3	1.6	—	—	1.6
Garden Fresh Restaurant Corp.	7.5	Ø3.5	4.0	—	—	4.0
Genesis Acquisition Co.	9.5	—	9.5	—	—	9.5
Gentle Communications, LLC	5.0	—	5.0	—	—	5.0
Global Franchise Group, LLC	1.2	—	1.2	—	—	1.2
GraphPAD Software, LLC	1.1	—	1.1	—	—	1.1
GTCR-Ultra Acquisition, Inc. and GTCR-Ultra Holdings, LLC	2.0	—	2.0	—	—	2.0

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

HAI Acquisition Corporation	19.0	Ø4.7	14.3	—	—	14.3
Halex Holdings, Inc.	2.0	Ø1.9	0.1	—	—	0.1
Harvey Tool Company, LLC	38.7	Ø1.7	37.0	—	—	37.0
Help/Systems Holdings, Inc.	5.0	—	5.0	—	—	5.0
Hometown Food Company	3.9	Ø1.5	2.4	—	—	2.4
Hosting.com, Inc.	1.5	—	1.5	—	—	1.5
Hygiene Borrower LLC	12.4	—	12.4	—	—	12.4
Implementation Management Assistance, LLC	16.6	Ø0.7	15.9	—	—	15.9
Infilaw Holding, LLC	6.2	Ø6.2	—	—	—	—
Infinite Electronics International, Inc.	3.0	—	3.0	—	—	3.0
Infogix, Inc.	5.3	Ø1.1	4.2	—	—	4.2
iPipeline, Inc.	4.0	—	4.0	—	—	4.0
JDC Healthcare Management, LLC	11.0	Ø3.6	7.4	—	—	7.4
Jim N Nicks Management, LLC	9.7	Ø2.8	6.9	—	—	6.9
K2 Pure Solutions Nocal, L.P.	5.0	Ø1.5	3.5	—	—	3.5

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

(in millions) Portfolio Company	Total revolving and delayed draw loan commitments	Less: drawn commitments	Total undrawn commitments	Less: commitments substantially at discretion of the Company	Less: unavailable due to borrowing base or other covenant restrictions	Total net adjusted undrawn revolving and delayed draw commitments
KBHS Acquisition, LLC (d/b/a Alita Care, LLC)	5.0	Ø4.1	0.9	—	—	0.9
Key Surgical LLC	2.8	Ø0.6	2.2	—	—	2.2
KHC Holdings, Inc.	6.9	Ø1.5	5.4	—	—	5.4
KORE Wireless Group Inc.	2.5	Ø0.1	2.4	—	—	2.4
Labstat International Inc.	4.0	—	4.0	—	—	4.0
LBP Intermediate Holdings LLC	0.9	Ø0.3	0.6	—	—	0.6
Liaison Acquisition, LLC	3.9	—	3.9	—	—	3.9
Lone Wolf Real Estate Technologies Inc.	3.0	—	3.0	—	—	3.0
Magento, Inc.	7.5	Ø0.2	7.3	—	—	7.3
Masergy Holdings, Inc.	2.5	Ø0.3	2.2	—	—	2.2
Massage Envy, LLC	11.2	—	11.2	—	—	11.2
Mavis Tire Express Services Corp.	24.0	—	24.0	—	—	24.0
MB2 Dental Solutions, LLC	3.5	—	3.5	—	—	3.5
McKenzie Sports Products, LLC	4.5	Ø1.5	3.0	—	—	3.0
Ministry Brands, LLC	32.0	Ø3.3	28.7	—	—	28.7
Movati Athletic (Group) Inc.	2.5	—	2.5	—	—	2.5
MSHC, Inc.	11.7	Ø1.1	10.6	—	—	10.6
MW Dental Holdings Corp.	19.5	Ø7.0	12.5	—	—	12.5
National Intergovernmental Purchasing Alliance Company	9.0	—	9.0	—	—	9.0
Navisun LLC	23.2	—	23.2	—	—	23.2
NECCO Holdings, Inc.	25.0	Ø19.9	5.1	Ø5.1	—	—
NM GRC HOLDCO, LLC	1.4	—	1.4	—	—	1.4
Nordco Inc.	12.5	Ø4.0	8.5	—	—	8.5
NSM Sub Holdings Corp.	7.0	—	7.0	—	—	7.0
NueHealth Performance, LLC	7.0	—	7.0	—	—	7.0
Osмосе Utilities Services, Inc.	6.0	Ø2.5	3.5	—	—	3.5
OTG Management, LLC	10.7	Ø10.0	0.7	—	—	0.7
Paper Source, Inc.	2.5	Ø1.9	0.6	—	—	0.6
Park Place Technologies, LLC	5.4	—	5.4	—	—	5.4
Pathway Vet Alliance LLC	1.3	—	1.3	—	—	1.3
Payment Alliance International, Inc.	4.2	Ø3.2	1.0	—	—	1.0
PDI TA Holdings, Inc.	6.8	Ø4.3	2.5	—	—	2.5
Pegasus Intermediate Holdings, LLC	5.0	—	5.0	—	—	5.0
PIH Corporation and Primrose Holding Corporation	3.3	Ø1.0	2.3	—	—	2.3
Practice Insight, LLC	2.9	—	2.9	—	—	2.9
Premise Health Holding Corp.	40.0	Ø6.0	34.0	—	—	34.0
Pyramid Management Advisors, LLC	5.5	Ø2.9	2.6	—	—	2.6
QC Supply, LLC	17.9	Ø9.0	8.9	—	—	8.9

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

R1 RCM Inc.	10.0	—	10.0	—	—	10.0
RecoveryDirect Acquisition, L.L.C.	8.0	Ø0.8	7.2	—	—	7.2
Restaurant Technologies, Inc.	5.4	Ø1.4	4.0	—	—	4.0
Retriever Medical/Dental Payments LLC	3.5	—	3.5	—	—	3.5
RMP Group, Inc.	1.8	—	1.8	—	—	1.8
RuffaloCODY, LLC	7.7	Ø0.2	7.5	—	—	7.5
Salter Labs	1.7	Ø1.5	0.2	—	—	0.2
Sanders Industries Holdings, Inc.	10.0	—	10.0	—	—	10.0
SCM Insurance Services Inc.	4.2	Ø2.9	1.3	—	—	1.3
SCSG EA Acquisition Company, Inc.	4.0	Ø0.2	3.8	—	—	3.8
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	4.4	—	4.4	—	—	4.4
Singer Sewing Company	90.0	Ø81.2	8.8	—	—	8.8

44

---

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

(in millions) Portfolio Company	Total revolving and delayed draw loan commitments	Less: drawn commitments	Total undrawn commitments	Less:		
				commitments substantially at discretion of the Company	unavailable due to borrowing base or other covenant restrictions	Total net adjusted undrawn revolving and delayed draw commitments
SiroMed Physician Services, Inc.	7.1	—	7.1	—	—	7.1
Siteworx Holdings, LLC	1.5	(1.5)	—	—	—	—
SM Wellness Holdings, Inc.	11.2	(0.7)	10.5	—	—	10.5
Soil Safe, Inc. and Soil Safe Acquisition Corp.	10.5	(3.6)	6.9	—	—	6.9
Sonny's Enterprises, LLC	1.8	(1.2)	0.6	—	—	0.6
SpareFoot, LLC	1.4	(0.3)	1.1	—	—	1.1
Sparta Systems, Inc.	6.5	—	6.5	—	—	6.5
Spectra Finance, LLC	24.1	(6.3)	17.8	—	—	17.8
St. Croix Acquisition Corp.	2.0	—	2.0	—	—	2.0
Storm UK Holdco Limited and Storm US Holdco Inc.	1.1	—	1.1	—	—	1.1
Sunk Rock Foundry Partners LP	10.0	(2.6)	7.4	—	—	7.4
Sunshine Sub, LLC	7.7	—	7.7	—	—	7.7
Symmetry Surgical Inc.	3.1	(1.7)	1.4	—	—	1.4
Synergy HomeCare Franchising, LLC	4.2	—	4.2	—	—	4.2
Syntax USA Acquisition Corporation	3.3	(0.9)	2.4	—	—	2.4
Taymax Group Holdings, LLC	3.2	(0.2)	3.0	—	—	3.0
TDG Group Holding Company	20.7	(0.1)	20.6	—	—	20.6
Teasdale Foods, Inc.	0.8	(0.7)	0.1	—	—	0.1
Telestream Holdings Corporation	2.3	(1.0)	1.3	—	—	1.3
Telular Corporation	5.0	(4.4)	0.6	—	—	0.6
TerSera Therapeutics LLC	2.2	—	2.2	—	—	2.2
Tidi Products, LLC	2.3	—	2.3	—	—	2.3
Total Community Options, Inc.	4.2	—	4.2	—	—	4.2
Towerco IV Finance, LLC	17.0	(8.0)	9.0	—	—	9.0
TPTM Merger Corp.	4.3	—	4.3	—	—	4.3
U.S. Acute Care Solutions, LLC	1.7	—	1.7	—	—	1.7
Urgent Cares of America Holdings I, LLC	10.0	—	10.0	—	—	10.0
Utility Pipeline, LTD.	3.0	—	3.0	—	—	3.0
Vela Trading Technologies, LLC	3.5	(1.5)	2.0	—	—	2.0
Verscend Holding Corp.	22.5	—	22.5	—	—	22.5
Veson Nautical LLC	2.5	—	2.5	—	—	2.5
Visual Edge Technology, Inc.	4.2	—	4.2	—	—	4.2
VLS Recovery Services, LLC	15.8	(3.5)	12.3	—	—	12.3
VRC Companies, LLC	8.8	(0.8)	8.0	—	—	8.0
WatchFire Enterprises, Inc.	2.0	—	2.0	—	—	2.0
West Dermatology, LLC	22.6	(3.8)	18.8	—	—	18.8
WIRB - Copernicus Group, Inc	3.0	—	3.0	—	—	3.0
	4.7	—	4.7	—	—	4.7

Woodstream Group, Inc. and Woodstream Corporation

Worldwide Facilities LLC	2.7	—	2.7	—	—	2.7
Wrench Group LLC	2.8	—	2.8	—	—	2.8
WSHP FC Acquisition LLC	5.8	(3.3	) 2.5	—	—	2.5
XIFIN, Inc.	4.6	—	4.6	—	—	4.6
Zemax Software Holdings, LLC	4.1	—	4.1	—	—	4.1
Zywave, Inc.	11.5	(0.8	) 10.7	—	—	10.7
	\$ 1,471.9	\$ (388.1	) \$ 1,083.8	\$ (7.1	) \$	—\$ 1,076.7

(22) As of September 30, 2018, the Company was party to subscription agreements to fund equity investments in private equity investment partnerships as follows:

(in millions) Portfolio 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
Partnership Capital Growth Investors III, L.P.	\$ 5.0	\$ (4.9 )	\$ 0.1	\$ —	\$ 0.1
PCG-Ares Sidecar Investment, L.P. and PCG-Ares Sidecar Investment II, L.P.	50.0	(12.2 )	37.8	(37.8 )	—
Piper Jaffray Merchant Banking Fund I, L.P.	2.0	(2.0 )	—	—	—
European Capital UK SME Debt LP	58.7	(51.0 )	7.7	(7.7 )	—
	\$ 115.7	\$ (70.1 )	\$ 45.6	\$ (45.5 )	\$ 0.1

As of September 30, 2018, the Company had commitments to co-invest in the SDLP for its portion of the SDLP's (23) commitment to fund delayed draw loans of up to \$35. See Note 4 to the consolidated financial statements for more information on the SDLP.

(24) 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.

(25) As of September 30, 2018, the net estimated unrealized loss for federal tax purposes was \$1.0 billion based on a tax cost basis of \$12.2 billion. As of September 30, 2018, the estimated aggregate gross unrealized loss for federal income tax purposes was \$1.3 billion and the estimated aggregate gross unrealized gain for federal income tax purposes was \$0.3 billion.



Edgar Filing: ARES CAPITAL CORP - Form 10-Q

ARES CAPITAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED SCHEDULE OF INVESTMENTS

As of December 31, 2017

(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortize Cost	Fair Value	Percentage of Net Assets
Healthcare Services							
Absolute Dental Management LLC and ADM Equity, LLC	Dental services provider	First lien senior secured loan (\$18.8 par due 1/2022)	11.08% (Libor + 9.39%/Q)	1/5/2016	\$ 18.8	\$ 17.6(2)	(17)
		First lien senior secured loan (\$5.0 par due 1/2022)	11.08% (Libor + 9.39%/Q)	1/5/2016	5.0	4.7	(4)(17)
		Class A preferred units (4,000,000 units)		1/5/2016	4.0	0.9	(2)
		Class A common units (4,000,000 units)		1/5/2016	—	—	(2)
					27.8	23.2	
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 (21)	Dermatology practice	First lien senior secured revolving loan	—	5/18/2016	—	—	(19)
ADG, LLC and RC IV GEDC Investor LLC (21)	Dental services provider	First lien senior secured revolving loan (\$1.0 par due 9/2022)	6.14% (Libor + 4.75%/Q)	9/28/2016	1.0	1.0	(2)(17)
		First lien senior secured revolving loan (\$1.4 par due 9/2022)	6.24% (Libor + 4.75%/Q)	9/28/2016	1.4	1.3	(2)(17)
		First lien senior secured revolving loan (\$8.5 par due 9/2022)	6.32% (Libor + 4.75%/Q)	9/28/2016	8.5	8.3	(2)(17)
				9/28/2016	0.6	0.6	(2)(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		First lien senior secured revolving loan (\$0.6 par due 9/2022)	8.25% (Base Rate + 3.75%/Q)					
		Second lien senior secured loan (\$87.5 par due 3/2024)	10.57% (Libor + 9.00%/Q)	9/28/2016	87.5	81.4	(2)(17)	
		Membership units (3,000,000 units)		9/28/2016	3.0	1.9	(2)	
					102.0	94.5		
Alcami Holdings, LLC (8)(21)	Outsourced drug development services provider	First lien senior secured revolving loan (\$2.0 par due 10/2019)	6.89% (Libor + 5.50%/Q)	1/3/2017	2.0	2.0	(2)(17)	
		First lien senior secured revolving loan (\$15.9 par due 10/2019)	6.96% (Libor + 5.50%/Q)	1/3/2017	15.9	15.9	(2)(17)	
		First lien senior secured revolving loan (\$7.7 par due 10/2019)	7.06% (Libor + 5.50%/Q)	1/3/2017	7.7	7.7	(2)(17)	
		First lien senior secured loan (\$10.0 par due 10/2020)	7.07% (Libor + 5.50%/Q)	1/3/2017	10.0	10.0	(2)(17)	
		First lien senior secured loan (\$95.7 par due 10/2020)	7.07% (Libor + 5.50%/Q)	1/3/2017	95.7	95.7	(3)(17)	
		First lien senior secured loan (\$0.2 par due 10/2020)	11.00% (Base Rate + 6.50%/Q)	1/3/2017	0.2	0.2	(3)(17)	
		Senior subordinated loan (\$30.0 par due 10/2020)	11.75%	1/3/2017	30.0	30.0	(2)	
		Senior subordinated loan (\$30.0 par due 10/2020)	12.00%	1/3/2017	30.0	30.0	(2)	
		Senior subordinated loan (\$25.0 par	12.25%	1/3/2017	25.0	25.0	(2)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		due 10/2020)						
		Senior						
		subordinated	14.75% PIK	1/3/2017	36.1	36.1	(2)	
		loan (\$36.1 par						
		due 10/2020)						
		Senior						
		subordinated	15.25% PIK	1/3/2017	22.8	36.6	(2)	
		loan (\$36.6 par						
		due 10/2020)						
		Series R						
		preferred						
		membership		1/3/2017	—	54.1		
		units (30,000						
		units)						
		Series R-2						
		preferred						
		membership		1/3/2017	—	99.0		
		units (54,936						
		units)						
					275.4	442.3		
Alegeus	Benefits administration	Preferred stock		12/13/2013	3.1	2.8		
Technologies	and transaction	(2,997 shares)						
Holdings Corp.	processing provider	Common stock		12/13/2013	—	—		
		(3 shares)						
					3.1	2.8		
Alteon Health,	Provider of physician	First lien senior						
LLC	management services	secured loan	7.00% (Libor +	5/15/2017	3.5	3.3	(2)(17)	
		(\$3.5 par due	5.50%/Q)					
		9/2022)						

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of December 31, 2017  
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
American Academy Holdings, LLC (21)	Provider of education, training, certification, networking, and consulting services to medical coders and other healthcare professionals	First lien senior secured revolving loan (\$0.9 par due 12/2022)	9.75% (Base Rate + 5.25%/Q)	12/15/2017	0.9	0.9(2)(17)	
		First lien senior secured loan (\$0.5 par due 12/2022)	7.84% (Libor + 6.25%/Q)	12/15/2017	0.5	0.5(2)(17)	
		First lien senior secured loan (\$199.8 par due 12/2022)	8.01% (Libor + 6.25%/Q)	12/15/2017	199.8	197.3(17)	
		Senior subordinated loan (\$75.0 par due 6/2023)	15.76% (Libor + 14.00%/Q)	12/15/2017	75.0	73.6(17)	
					276.2	272.7	
Argon Medical Devices, Inc.	Manufacturer and marketer of single-use specialty medical devices	Second lien senior secured loan (\$9.0 par due 6/2022)	11.07% (Libor + 9.50%/Q)	12/23/2015	8.8	9.0(2)(17)	
AwarePoint Corporation	Healthcare technology platform developer	First lien senior secured loan (\$8.1 par due 12/2019)	13.98% (Libor + 12.50%/M)	9/5/2014	8.0	6.5(2)(15)(17)	
		Warrant to purchase up to 3,213,367 shares of Series 1 preferred stock (expires 9/2024)		11/14/2014	—	0.4(2)	
					8.0	6.9	
Bambino CI Inc. (21)	Manufacturer and provider of single-use obstetrics products	First lien senior secured revolving loan (\$1.1 par due 10/2022)	7.49% (Libor + 6.00%/Q)	10/17/2017	1.1	1.1(2)(17)	
		First lien senior secured loan (\$43.7 par due	7.49% (Libor + 6.00%/Q)	10/17/2017	43.7	43.6(17)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		10/2023)				
CCS Intermediate Holdings, LLC and CCS Group Holdings, LLC (21)	Correctional facility healthcare operator	First lien senior secured revolving loan (\$4.5 par due 7/2019)	5.69% (Libor + 4.00%/Q)	7/23/2014	44.8	44.4
		First lien senior secured loan (\$6.5 par due 7/2021)	5.69% (Libor + 4.00%/Q)	7/23/2014	4.5	4.1(2)(17)(20)
		Second lien senior secured loan (\$135.0 par due 7/2022)	9.86% (Libor + 8.38%/Q)	7/23/2014	6.5	5.9(2)(17)
		Class A units (1,000,000 units)		8/19/2010	134.2	112.0(17)
					145.2	122.9
Correctional Medical Group Companies, Inc.	Correctional facility healthcare operator	First lien senior secured loan (\$48.8 par due 9/2021)	9.62% (Libor + 8.62%/Q)	9/29/2015	48.8	48.8(17)
		First lien senior secured loan (\$3.1 par due 9/2021)	9.62% (Libor + 8.62%/Q)	9/29/2015	3.1	3.1(2)(17)
		Class A membership units (1,979 units)			51.9	51.9
CSHM LLC (8)	Dental services provider			1/3/2017	—	—
D4C Dental Brands HoldCo, Inc. and Bambino Group Holdings, LLC (21)	Dental services provider	Class A preferred units (1,000,000 units)		12/21/2016	1.0	1.1(2)
DCA Investment Holding, LLC (21)	Multi-branded dental practice management	First lien senior secured revolving loan	—	7/2/2015	—	—(19)
		First lien senior secured loan (\$18.7 par due 7/2021)	6.94% (Libor + 5.25%/Q)	7/2/2015	18.6	18.4(17)
					18.6	18.4
Drayer Physical Therapy Institute LLC	Outpatient physical therapy provider	First lien senior secured loan (\$12.3 par due 7/2018)	10.50% (Base Rate + 6.00%/Q)	7/26/2017	12.3	12.2(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		First lien senior secured loan (\$114.6 par due 7/2018)	10.50% (Base Rate + 6.00%/Q)	7/26/2017	114.6	114.6	(17)
					126.9	126.9	
Emerus Holdings, Inc. (21)	Freestanding 24-hour emergency care micro-hospitals operator	First lien senior secured revolving loan (\$0.3 par due 9/2020)	8.00% (Base Rate + 3.50%/Q)	3/14/2017	0.3	0.3	(2)(17)
		First lien senior secured loan (\$2.3 par due 9/2021)	6.07% (Libor + 4.50%/Q)	3/14/2017	2.0	2.1	(2)(17)
					2.3	2.4	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of December 31, 2017  
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
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 (\$103.7 par due 6/2025)	9.69% (Libor + 8.00%/Q)	6/30/2017	102.8	103.2	(17)
		Series A perpetual preferred stock (110,425 shares)	12.44% PIK (Libor + 10.75%/Q)	6/30/2017	117.4	117.4	(17)
		Class A units (14,013,303 units)		6/30/2017	14.0	16.0	(2)
					234.2	238.0	
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	2.4	(2)
Heartland Dental, LLC	Dental services provider	Second lien senior secured loan (\$27.8 par due 7/2024)	9.75% (Libor + 8.50%/Q)	7/31/2017	27.4	27.8	(17)
Hygiene Borrower LLC (21)	Adenosine triphosphate testing technology provider	Second lien senior secured loan (\$10.0 par due 8/2023)	10.69% (Libor + 9.00%/Q)	8/26/2016	10.0	10.0	(17)
		Second lien senior secured loan (\$10.7 par due 8/2023)	10.69% (Libor + 9.00%/Q)	2/27/2017	10.7	10.7	(17)
					20.7	20.7	
Intermedix Corporation	Revenue cycle management provider to the emergency healthcare industry	First lien senior secured loan (\$72.3 par due 12/2019)	6.16% (Libor + 4.75%/Q)	7/26/2017	72.3	70.8	(17)
		First lien senior secured loan (\$35.2 par due 12/2019)	6.16% (Libor + 4.75%/Q)	7/26/2017	35.2	34.6	(17)
		First lien senior secured loan (\$9.3 par due 12/2019)	6.16% (Libor + 4.75%/Q)	7/26/2017	9.3	9.1	(4)(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		First lien senior secured loan (\$80.8 par due 12/2019)	6.35% (Libor + 4.75%/Q)	7/26/2017	80.8	79.2	(17)
		First lien senior secured loan (\$39.3 par due 12/2019)	6.35% (Libor + 4.75%/Q)	7/26/2017	39.3	38.5	(17)
		First lien senior secured loan (\$10.4 par due 12/2019)	6.35% (Libor + 4.75%/Q)	7/26/2017	10.4	10.2	(17)
		Second lien senior secured loan (\$112.0 par due 6/2020)	9.94% (Libor + 8.25%/Q)	12/27/2012	112.0	107.5	(17)
					359.3	349.8	
JDC Healthcare Management, LLC (21)	Dental services provider	First lien senior secured revolving loan (\$1.5 par due 4/2022)	7.82% (Libor + 6.25%/Q)	4/10/2017	1.5	1.5	(2)(17)
		First lien senior secured loan (\$9.9 par due 4/2023)	7.82% (Libor + 6.25%/Q)	4/10/2017	9.9	9.7	(2)(17)
		First lien senior secured loan (\$19.9 par due 4/2023)	7.82% (Libor + 6.25%/Q)	4/10/2017	19.9	19.5	(17)
					31.3	30.7	
KBHS Acquisition, LLC (d/b/a Alita Care, LLC) (21)	Provider of behavioral health services	First lien senior secured revolving loan (\$0.2 par due 3/2022)	6.43% (Libor + 5.00%/Q)	3/17/2017	0.2	0.2	(2)(17)
		First lien senior secured revolving loan (\$0.1 par due 3/2022)	6.46% (Libor + 5.00%/Q)	3/17/2017	0.1	0.1	(2)(17)
		First lien senior secured revolving loan (\$0.2 par due 3/2022)	6.50% (Libor + 5.00%/Q)	3/17/2017	0.2	0.2	(2)(17)
		First lien senior secured revolving loan (\$0.2 par due 3/2022)	6.56% (Libor + 5.00%/Q)	3/17/2017	0.2	0.2	(2)(17)



Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		First lien senior secured revolving loan (\$0.8 par due 3/2022)	6.57% (Libor + 5.00%/Q)	3/17/2017	0.8	0.8(2)(17)
		First lien senior secured revolving loan (\$0.3 par due 3/2022)	8.50% (Base Rate + 4.00%/Q)	3/17/2017	0.3	0.3(2)(17)
					1.8	1.8
Key Surgical LLC (21)	Provider of sterile processing, operating room and instrument care supplies for hospitals	First lien senior secured revolving loan (\$0.9 par due 6/2022)	6.35% (Libor + 4.75%/Q)	6/1/2017	0.9	0.9(2)(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of December 31, 2017  
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan (\$18.0 par due 6/2023)	5.75% (EURIBOR + 4.75%/Q)	6/1/2017	16.9	18.0(17)	
		First lien senior secured loan (\$4.4 par due 6/2023)	6.23% (Libor + 4.75%/Q)	6/1/2017	4.3	4.4(4)(17)	
					22.1	23.3	
MB2 Dental Solutions, LLC (21)	Dental services provider	First lien senior secured revolving loan (\$1.3 par due 9/2023)	8.25% (Base Rate + 3.75%/Q)	9/29/2017	1.3	1.3(2)(17)	
		First lien senior secured loan (\$4.7 par due 9/2023)	6.44% (Libor + 4.75%/Q)	9/29/2017	4.7	4.7(2)(17)	
					6.0	6.0	
MCH Holdings, Inc. and MC Acquisition Holdings I, LLC	Healthcare professional provider	First lien senior secured loan (\$65.3 par due 1/2020)	6.96% (Libor + 5.50%/Q)	7/26/2017	65.3	64.0(17)	
		First lien senior secured loan (\$79.0 par due 1/2020)	7.07% (Libor + 5.50%/Q)	7/26/2017	79.0	78.0(17)	
		First lien senior secured loan (\$9.0 par due 1/2020)	6.96% (Libor + 5.50%/Q)	7/26/2017	9.0	9.0(4)(17)	
		First lien senior secured loan (\$11.0 par due 1/2020)	7.07% (Libor + 5.50%/Q)	7/26/2017	11.0	10.8(17)	
		Class A units (1,438,643 shares)		1/17/2014	1.5	1.0(2)	
					165.8	163.7	
MW Dental Holding Corp. (21)	Dental services provider	First lien senior secured revolving loan (\$9.7 par due 4/2018)	9.19% (Libor + 7.50%/Q)	4/12/2011	9.7	9.7(2)(17)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		First lien senior secured loan (\$44.4 par due 4/2018)	9.19% (Libor + 7.50%/Q)	4/12/2011	44.4	44.0	(17)
		First lien senior secured loan (\$46.8 par due 4/2018)	9.19% (Libor + 7.50%/Q)	4/12/2011	46.8	46.8	(17)
		First lien senior secured loan (\$19.3 par due 4/2018)	9.19% (Libor + 7.50%/Q)	4/12/2011	19.3	19.3	(17)
					120.2	120.2	
My Health Direct, Inc.	Healthcare scheduling exchange software solution provider	Warrant to purchase up to 4,548 shares of Series D preferred stock (expires 9/2024)		9/18/2014	—	—	(2)
New Trident Holdcorp, Inc. and Trident Holding Company, LLC	Outsourced mobile diagnostic healthcare service provider	First lien senior secured loan (\$19.9 par due 7/2019)	7.44% (Libor + 5.75%/Q)	8/1/2013	15.9	16.0	(17)
		Second lien senior secured loan (\$80.0 par due 7/2020)	—	8/1/2013	79.3	44.0	(14)(16)
		Senior subordinated loan (\$8.9 par due 7/2020)	—	11/29/2017	8.8	—	(2)(16)
					104.0	60.2	
NMSC Holdings, Inc. and ASP NAPA Holdings, LLC	Anesthesia management services provider	Second lien senior secured loan (\$72.8 par due 10/2023)	11.69% (Libor + 10.00%/Q)	4/19/2016	72.8	67.0	(17)
		Class A units (25,277 units)		4/19/2016	2.5	1.3	(2)
					75.3	68.3	
Nodality, Inc.	Biotechnology company	First lien senior secured loan (\$2.3 par due 8/2016)	—	11/12/2015	2.1	—	(2)(16)
		First lien senior secured loan (\$10.9 par due 8/2016)	—	4/25/2014	9.7	—	(2)(16)
		Warrant to purchase up to 3,736,255 shares		5/1/2016	—	—	(2)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		of common stock (expires 3/2026)				11.8	—
nThrive, Inc. (fka Precyse Acquisition Corp.) OmniSYS Acquisition Corporation, OmniSYS, LLC, and OSYS Holdings, LLC (21)	Provider of healthcare information management technology and services	Second lien senior secured loan (\$10.0 par due 4/2023)	11.32% (Libor + 9.75%/Q)	4/20/2016	9.7	10.0	(17)
	Provider of technology-enabled solutions to pharmacies	First lien senior secured loan (\$5.9 par due 11/2018)	9.19% (Libor + 7.50%/Q)	11/21/2013	5.9	5.9	(4)(17)
		Limited liability company membership interest (1.57%)		11/21/2013	1.0	0.8	(2)
					6.9	6.7	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of December 31, 2017  
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Pathway Partners Vet Management Company LLC (21)	Owner and operator of veterinary hospitals	First lien senior secured loan (\$0.3 par due 10/2024)	6.07% (Libor + 4.50%/Q)	10/4/2017	0.3	0.3	(2)(17)
		First lien senior secured loan (\$6.0 par due 10/2024)	6.07% (Libor + 4.50%/Q)	10/4/2017	6.0	6.0	(2)(17)
					6.3	6.3	
Patterson Medical Supply, Inc.	Distributor of rehabilitation supplies and equipment	Second lien senior secured loan (\$78.0 par due 8/2023)	9.98% (Libor + 8.50%/Q)	9/2/2015	76.4	72.5	(2)(17)
PhyMED Management LLC	Provider of anesthesia services	Second lien senior secured loan (\$47.2 par due 5/2021)	10.21% (Libor + 8.75%/Q)	12/18/2015	46.8	45.3	(2)(17)
Practice Insight, LLC (21)	Revenue cycle management provider to the emergency healthcare industry	First lien senior secured revolving loan (\$0.6 par due 8/2022)	8.50% (Base Rate + 4.00%/Q)	8/23/2017	0.6	0.6	(2)(17)
		First lien senior secured loan (\$12.7 par due 8/2022)	6.48% (Libor + 5.00%/Q)	8/23/2017	12.7	12.7	(2)(17)
					13.3	13.3	
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)
Sarnova HC, LLC, Tri-Anim Health Services, Inc., and BEMS Holdings, LLC	Distributor of emergency medical service and respiratory products	Second lien senior secured loan (\$54.0 par due 7/2022)	11.07% (Libor + 9.50%/Q)	1/29/2016	54.0	54.0	(2)(17)
TerSera Therapeutics LLC	Acquirer and developer of specialty therapeutic pharmaceutical products	First lien senior secured loan (\$5.3 par due 3/2023)	6.94% (Libor + 5.25%/Q)	5/3/2017	5.2	5.3	(4)(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

Transaction Data Systems, Inc.	Pharmacy management software provider	Second lien senior secured loan (\$35.3 par due 6/2022)	10.35% (Libor + 9.00%/Q)	6/15/2015	35.3	35.3(2)(17)
		Second lien senior secured loan (\$3.8 par due 6/2022)	10.35% (Libor + 9.00%/Q)	12/19/2017	3.8	3.8 (2)(17)
					39.1	39.1
U.S. Anesthesia Partners, Inc.	Anesthesiology service provider	Second lien senior secured loan (\$71.8 par due 6/2025)	8.82% (Libor + 7.25%/Q)	6/16/2017	70.8	71.8(2)(17)
Urgent Cares of America Holdings I, LLC and FastMed Holdings I, LLC (21)	Operator of urgent care clinics	Preferred units (7,696,613 units)		6/11/2015	7.7	0.5
		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	0.5
VistaPharm, Inc. and Vertice Pharma UK Parent Limited (21)	Manufacturer and distributor of generic pharmaceutical products	First lien senior secured loan (\$7.8 par due 12/2021)	7.86% (Libor + 6.00%/Q)	11/6/2017	7.8	7.7 (2)(17)
		Preferred shares (40,662 shares)		12/21/2015	0.3	0.5 (9)
					8.1	8.2
					2,622.8	2,668.6 37.60 %
Business Services Accruent, LLC, Accruent Holding, LLC and Athena Parent, Inc. (21)	Real estate and facilities management software provider	First lien senior secured revolving loan (\$0.7 par due 7/2023)	6.36% (Libor + 4.75%/Q)	7/28/2017	0.7	0.7 (2)(17)
		Second lien senior secured loan (\$13.2 par due 7/2024)	10.13% (Libor + 8.75%/Q)	7/28/2017	13.2	13.2(2)(17)
		Second lien senior secured loan (\$0.5 par due 7/2024)	10.36% (Libor + 8.75%/Q)	7/28/2017	0.5	0.5 (2)(17)
				7/28/2017	2.6	2.6 (2)(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

Second lien senior secured loan (\$2.6 par due 7/2024)	10.16% (Libor + 8.75%/Q)			
Second lien senior secured loan (\$58.4 par due 7/2024)	10.13% (Libor + 8.75%/Q)	7/28/2017	58.4	58.4(2)(17)
Senior subordinated loan (\$21.2 par due 7/2025)	11.50% PIK	7/28/2017	21.2	20.4(2)
Senior subordinated loan (\$75.7 par due 7/2025)	11.50% PIK	7/28/2017	75.7	72.8(2)
Common stock (3,464 shares)		5/16/2016	3.6	2.7 (2)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of December 31, 2017  
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Warrant to purchase up to 11,380 shares of common stock (expires 7/2037)		7/28/2017	—	3.3(2)	
					175.9	174.6	
Achilles Acquisition LLC (21)	Benefits broker and outsourced workflow automation platform provider for brokers	First lien senior secured loan (\$3.0 par due 6/2023)	7.69% (Libor + 6.00%/Q)	6/6/2017	3.0	3.0(2)(17)	
		First lien senior secured loan (\$10.2 par due 6/2023)	7.69% (Libor + 6.00%/Q)	6/6/2017	10.2	10.2(4)(17)	
					13.2	13.2	
Acrisure, LLC, Acrisure Investors FO, LLC and Acrisure Investors SO, LLC	Retail insurance advisor and brokerage	Membership interests (10,793,504 units)		11/18/2016	10.8	10.8(2)	
		Membership interests (2,698,376 units)		11/18/2016	2.7	2.7(2)	
					13.5	13.5	
BeyondTrust Software, Inc.	Management software solutions provider	First lien senior secured loan (\$46.2 par due 11/2023)	7.89% (Libor + 6.25%/Q)	11/21/2017	45.5	45.7(3)(17)	
Brandtone Holdings Limited (9)	Mobile communications and marketing services provider	First lien senior secured loan (\$4.7 par due 11/2018)	—	5/11/2015	4.5	— (2)(16)	
		First lien senior secured loan (\$3.1 par due 2/2019)	—	5/11/2015	2.9	— (2)(16)	
		Warrant to purchase up to 184,003 units of		5/11/2015	—	— (2)	



Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		convertible preferred shares (expires 8/2026)			7.4	—
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)
Chesapeake Research Review, LLC and Schulman Associates Institutional Review Board, Inc. (21)	Provider of central institutional review boards over clinical trials	First lien senior secured revolving loan (\$0.6 par due 11/2023)	7.14% (Libor + 5.75%/Q)	11/7/2017	0.6	0.6(2)(17)
		First lien senior secured loan (\$30.8 par due 11/2023)	7.14% (Libor + 5.75%/Q)	11/7/2017	30.8	30.6(2)(17)
					31.4	31.1
Clearwater Analytics, LLC (21)	Provider of integrated cloud-based investment portfolio management, accounting, reporting and analytics software	First lien senior secured revolving loan (\$0.4 par due 9/2022)	9.00% (Libor + 7.50%/Q)	9/1/2016	0.4	0.4(2)(17)
CMW Parent LLC (fka Black Arrow, Inc.) Columbo Midco Limited, Columbo Bidco Limited and Columbo Topco Limited (8)(9)	Multiplatform media firm	Series A units (32 units)		9/11/2015	—	— (2)
	Compliance, accounting and tax consulting services provider	Preferred stock (34,028,135 shares)		1/3/2017	2.3	9.9
		Preferred stock (17,653,253 shares)		1/3/2017	21.6	26.0
		Preferred stock (3,232,666 shares)		1/3/2017	4.0	4.7
					27.9	40.6
Command Alkon Incorporated (21)	Software solutions provider to the ready-mix concrete industry	First lien senior secured revolving loan (\$1.5 par due 9/2022)	8.50% (Base Rate + 4.00%/Q)	9/1/2017	1.5	1.5(2)(17)(20)
				9/1/2017	25.6	25.6(2)(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		First lien senior secured loan (\$25.6 par due 9/2023)	6.48% (Libor + 5.00%/Q)			
		Second lien senior secured loan (\$33.8 par due 3/2024)	10.48% (Libor + 9.00%/Q)	9/1/2017	33.8	33.4(17)
					60.9	60.2
Compusearch Software Systems, Inc.	Provider of enterprise software and services for organizations in the public sector	Second lien senior secured loan (\$51.0 par due 11/2021)	10.16% (Libor + 8.75%/Q)	1/3/2017	51.0	51.0(17)
Compuware Parent, LLC	Web and mobile cloud performance testing and monitoring services provider	Class A-1 common stock (4,132 units)		12/15/2014	2.2	2.2(2)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of December 31, 2017  
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Class B-1 common stock (4,132 units)		12/15/2014	0.4	0.4(2)	
		Class C-1 common stock (4,132 units)		12/15/2014	0.3	0.3(2)	
		Class A-2 common stock (4,132 units)		12/15/2014	—	— (2)	
		Class B-2 common stock (4,132 units)		12/15/2014	—	— (2)	
		Class C-2 common stock (4,132 units)		12/15/2014	—	— (2)	
					2.9	2.9	
Convergint Technologies LLC	Integrated services provider for security, fire and life safety	Second lien senior secured loan (\$25.0 par due 12/2020)	10.27% (Libor + 8.50%/Q)	12/18/2017	25.0	25.0(17)	
		Second lien senior secured loan (\$3.0 par due 12/2020)	10.12% (Libor + 8.50%/Q)	1/3/2017	3.0	3.0(2)(17)	
		Second lien senior secured loan (\$6.0 par due 12/2020)	9.98% (Libor + 8.50%/Q)	1/3/2017	6.0	6.0(2)(17)	
		Second lien senior secured loan (\$14.0 par due 12/2020)	10.00% (Libor + 8.50%/Q)	1/3/2017	14.0	14.0(17)	
		Second lien senior secured loan (\$8.0 par due 12/2020)	10.27% (Libor + 8.50%/Q)	1/3/2017	8.0	8.0(2)(17)	
		Second lien senior secured loan (\$8.0 par due 12/2020)	9.45% (Libor + 8.00%/Q)	1/3/2017	8.0	8.0(2)(17)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		Second lien senior secured loan (\$11.0 par due 12/2020)	9.50% (Libor + 8.00%/Q)	1/3/2017	11.0	11.0(17)
		Second lien senior secured loan (\$75.0 par due 12/2020)	9.61% (Libor + 8.00%/Q)	1/3/2017	75.0	75.0(17)
					150.0	150.0
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	0.2(2)(16)
		Warrant to purchase up to 1,875,000 shares of Series 1 preferred stock (expires 12/2024)		12/19/2014	—	— (2)
					1.3	0.2
DRB Holdings, LLC (21)	Provider of integrated technology solutions to car wash operators	First lien senior secured loan (\$36.7 par due 10/2023)	7.10% (Libor + 5.75%/Q)	10/6/2017	36.7	36.0(17)
DTI Holdco, Inc. and OPE DTI Holdings, Inc. (21)	Provider of legal process outsourcing and managed services	First lien senior secured loan (\$4.1 par due 10/2023)	6.63% (Libor + 5.25%/Q)	9/23/2016	4.1	4.1(4)(17)
		Class A common stock (7,500 shares)		8/19/2014	7.5	6.9(2)
		Class B common stock (7,500 shares)		8/19/2014	—	— (2)
					11.6	11.0
Emergency Communications Network, LLC (21)	Provider of mission critical emergency mass notification solutions	First lien senior secured loan (\$37.9 par due 6/2023)	7.82% (Libor + 6.25%/Q)	6/1/2017	37.7	37.0(17)
		First lien senior secured loan (\$19.9 par due 6/2023)	7.82% (Libor + 6.25%/Q)	6/1/2017	19.8	19.0(17)

					57.5	57.3
EN Engineering, L.L.C. (21)	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	—	6/30/2015	—	— (19)
Entertainment Partners, LLC and Entertainment Partners Canada Inc. (21)	Provider of entertainment workforce and production management solutions	First lien senior secured 6.85% (Libor loan (\$7.9 par + 5.50%/Q) due 5/2022)		5/8/2017	7.3	7.9(2)(9)(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of December 31, 2017  
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan (\$4.2 par due 5/2023)	7.15% (Libor + 5.75%/Q)	5/8/2017	4.2	4.1(2)(17)	
		First lien senior secured loan (\$26.1 par due 5/2023)	7.15% (Libor + 5.75%/Q)	5/8/2017	26.1	25.8(17)	
		First lien senior secured loan (\$3.6 par due 5/2023)	7.44% (Libor + 5.75%/Q)	5/8/2017	3.6	3.6(2)(17)	
		First lien senior secured loan (\$22.5 par due 5/2023)	7.44% (Libor + 5.75%/Q)	5/8/2017	22.5	22.8(17)	
		First lien senior secured loan (\$4.2 par due 5/2023)	7.34% (Libor + 5.75%/Q)	5/8/2017	4.2	4.1(2)(17)	
		First lien senior secured loan (\$26.1 par due 5/2023)	7.34% (Libor + 5.75%/Q)	5/8/2017	26.1	25.8(17)	
					94.0	93.5	
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)	
Flexera Software LLC	Provider of software and software applications that manages application usage, compliance and security risk	Second lien senior secured loan (\$5.0 par due 4/2021)	8.57% (Libor + 7.00%/Q)	1/3/2017	4.8	5.0(2)(17)	
Foundation Risk Partners, Corp. (21)	Full service independent insurance agency	First lien senior secured loan (\$23.5 par due 11/2023)	6.16% (Libor + 4.75%/Q)	11/10/2017	23.5	23.8(17)	
				11/10/2017	27.5	27.8(17)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		Second lien senior secured loan (\$27.5 par due 11/2024)	9.91% (Libor + 8.50%/Q)			51.0	50.5
Graphpad Software, LLC (21)	Provider of data analysis, statistics, and visualization software solutions for scientific research applications	First lien senior secured revolving loan (\$0.6 par due 12/2023)	7.66% (Libor + 6.00%/Q)	12/21/2017	0.6	0.6	(2)(17)
		First lien senior secured loan (\$8.8 par due 12/2023)	7.66% (Libor + 6.00%/Q)	12/21/2017	8.8	8.7	(2)(17)
					9.4	9.3	
GTCR-Ultra Acquisition, Inc. and GTCR-Ultra Holdings, LLC (21)	Provider of payment processing and merchant acquiring solutions	First lien senior secured loan (\$8.9 par due 8/2024)	7.37% (Libor + 6.00%/Q)	8/1/2017	8.9	8.9	(4)(17)
		Class A-2 units (911 units)		8/1/2017	0.9	1.0	(2)
		Class B units (2,878,372 units)		8/1/2017	—	—	(2)
					9.8	9.9	
HAI Acquisition Corporation and Aloha Topco, LLC (21)	Professional employer organization provider of human resources, compliance and risk management services	First lien senior secured revolving loan (\$4.7 par due 11/2023)	7.38% (Libor + 6.00%/Q)	11/1/2017	4.7	4.7	(2)(17)
		First lien senior secured loan (\$81.4 par due 11/2024)	9.50% (Base Rate + 5.00%/Q)	11/1/2017	81.4	80.6	(2)(17)
		Class A units (16,980 units)		11/1/2017	1.7	1.7	(2)
					87.8	87.0	
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	0.1	(2)
Implementation Management Assistance, LLC (21)	Revenue cycle consulting firm to the healthcare industry	First lien senior secured loan (\$8.0 par due 12/2023)	5.46% (Libor + 4.00%/Q)	12/13/2017	8.0	7.9	(2)(17)
Infogix, Inc. and Infogix Parent	Enterprise data analytics and integrity software	First lien senior secured loan	8.44% (Libor + 6.75%/Q)	1/3/2017	51.6	51.6	(12)(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

Corporation	solutions provider	(\$51.6 par due 12/2021)				
		First lien senior secured loan	8.44% (Libor + 6.75%/Q)	1/3/2017	34.9	34.9
		(\$34.9 par due 12/2021)				(12)(17)
		Series A preferred stock (2,475 shares)		1/3/2017	2.5	2.9
		Common stock (1,297,768 shares)		1/3/2017	—	0.3



Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of December 31, 2017  
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
					89.0	89.7	
Inmar, Inc.	Technology-driven solutions provider for retailers, wholesalers and manufacturers	Second lien senior secured loan (\$28.3 par due 5/2025)	9.42% (Libor + 8.00%/Q)	4/25/2017	27.9	28.0(17)	
InterVision Systems, LLC and InterVision Holdings, LLC	Provider of cloud based IT solutions, infrastructure and services	First lien senior secured loan (\$24.7 par due 5/2022)	9.79% (Libor + 7.95%/Q)	5/31/2017	24.7	24.0(17)	
		First lien senior secured loan (\$10.0 par due 5/2022)	9.79% (Libor + 7.95%/Q)	5/31/2017	10.0	10.0(17)	
		Class A membership units (1,000 units)		5/31/2017	1.0	1.4	
					35.7	36.1	
iParadigms Holdings, LLC	Anti-plagiarism software provider to the education market	Second lien senior secured loan (\$37.5 par due 7/2022)	8.94% (Libor + 7.25%/Q)	1/3/2017	36.8	36.0(17)	
iPipeline, Inc., Internet Pipeline, Inc., iPipeline Limited and iPipeline Holdings, Inc. (21)	Provider of SaaS-based software solutions to the insurance and financial services industry	First lien senior secured loan (\$7.5 par due 8/2022)	7.74% (Libor + 6.25%/Q)	6/15/2017	7.4	7.5(2)(17)	
		First lien senior secured loan (\$9.1 par due 8/2022)	7.74% (Libor + 6.25%/Q)	9/15/2017	9.1	9.1(2)(17)	
		First lien senior secured loan (\$46.4 par due 8/2022)	8.60% (Libor + 7.25%/Q)	8/4/2015	46.4	46.0(17)	
		First lien senior secured loan (\$14.7 par due 8/2022)	8.60% (Libor + 7.25%/Q)	8/4/2015	14.7	14.0(17)	
		First lien senior secured loan	8.07% (Libor + 6.50%/Q)	12/18/2017	12.0	12.0(9)(17)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		(\$12.2 par due 8/2022)					
		Preferred stock (1,100 shares)		8/4/2015	1.1	3.5(2)	
		Common stock (668,781 shares)		8/4/2015	—	—(2)	
					90.7	93.4	
IQMS	Provider of enterprise resource planning and manufacturing execution software for small and mid-sized manufacturers	First lien senior secured loan (\$4.0 par due 3/2022)	9.82% (Libor + 8.25%/Q)	3/28/2017	4.0	4.0(2)(17)	
		First lien senior secured loan (\$18.8 par due 3/2022)	9.82% (Libor + 8.25%/Q)	3/28/2017	18.8	18.8(17)	
		First lien senior secured loan (\$15.0 par due 3/2022)	9.82% (Libor + 8.25%/Q)	3/28/2017	15.0	15.0(17)	
					37.8	37.8	
Iron Bow Technologies, LLC	Provider and value added reseller of information technology products and solutions	Second lien senior secured loan (\$10.0 par due 2/2021)	13.11% (Libor + 10.00% Cash, 1.75% PIK/Q)	1/3/2017	10.0	10.0(17)	
		Warrant to purchase to up to 133,333 shares of Series C preferred stock (expires 9/2023)					
IronPlanet, Inc.	Online auction platform provider for used heavy equipment			9/23/2013	0.2	0.4(2)	
LLSC Holdings Corporation (dba Lawrence Merchandising Services) (8)	Marketing services provider	Series A preferred stock (9,000 shares)		1/3/2017	19.2	18.2	
		Common stock (1,000 shares)		1/3/2017	—	—	
					19.2	18.2	
Miles 33 (Finance) Limited (8)(9)	Software provider to the regional media industry and magazines	First lien senior secured loan (\$0.4 par due 9/2018)	7.00% (EURIBOR + 3.50% Cash, 3.00% PIK/Q)	1/3/2017	0.3	0.4	
		First lien senior secured loan (\$4.1 par due 9/2018)	7.00% (EURIBOR + 3.50% Cash, 3.00% PIK/Q)	1/3/2017	3.7	4.1	
		Senior subordinated loan (\$17.4 par	5.00% (EURIBOR + 4.50%/Q)	1/3/2017	9.9	13.4	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

due 9/2021)			
Preferred stock			
(19,500,000	1/3/2017	—	—
shares)			
Preferred stock	1/3/2017	—	—
(900,000 shares)			
Common stock	1/3/2017	—	—
(600,000 shares)			

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of December 31, 2017  
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
					13.9	17.9	
Ministry Brands, LLC and MB Parent HoldCo, L.P. (21)	Software and payment services provider to faith-based institutions	First lien senior secured revolving loan (\$10.9 par due 12/2022)	6.57% (Libor + 5.00%/Q)	12/2/2016	10.9	10.9(2)	(17)
		First lien senior secured loan (\$1.7 par due 12/2022)	6.57% (Libor + 5.00%/Q)	8/22/2017	1.7	1.7(2)	(17)
		First lien senior secured loan (\$1.4 par due 12/2022)	6.38% (Libor + 5.00%/Q)	8/22/2017	1.4	1.4(2)	(17)
		First lien senior secured loan (\$10.6 par due 12/2022)	6.38% (Libor + 5.00%/Q)	4/6/2017	10.6	10.6(2)	(17)
		First lien senior secured loan (\$16.7 par due 12/2022)	6.38% (Libor + 5.00%/Q)	4/6/2017	16.5	16.7(2)	(17)
		Second lien senior secured loan (\$4.6 par due 6/2023)	10.82% (Libor + 9.25%/Q)	8/22/2017	4.6	4.6(2)	(17)
		Second lien senior secured loan (\$1.6 par due 6/2023)	10.60% (Libor + 9.25%/Q)	8/22/2017	1.6	1.6(2)	(17)
		Second lien senior secured loan (\$5.1 par due 6/2023)	10.63% (Libor + 9.25%/Q)	8/22/2017	5.1	5.1(2)	(17)
		Second lien senior secured loan (\$16.6 par due 6/2023)	10.63% (Libor + 9.25%/Q)	12/2/2016	16.6	16.6(2)	(17)
		Second lien senior secured loan (\$4.7 par due 6/2023)	10.63% (Libor + 9.25%/Q)	4/6/2017	4.7	4.7(2)	(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		Second lien senior secured loan (\$9.2 par due 6/2023)	10.63% (Libor + 9.25%/Q)	4/6/2017	9.2	9.2(2)(17)
		Second lien senior secured loan (\$90.0 par due 6/2023)	10.63% (Libor + 9.25%/Q)	12/2/2016	89.3	90.0(2)(17)
		Class A units (500,000 units)		12/2/2016	5.0	6.8(2)
					177.2	179.9
MVL Group, Inc. (8)	Marketing research provider	Common stock (560,716 shares)		4/1/2010	—	— (2)
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 (\$24.1 par due 12/2021)	10.32% (Libor + 9.00%/Q)	6/1/2015	24.1	24.1(2)(17)
Novetta Solutions, LLC	Provider of advanced analytics solutions for the government, defense and commercial industries	First lien senior secured loan (\$12.7 par due 10/2022)	6.70% (Libor + 5.00%/Q)	1/3/2017	12.3	12.1(2)(17)
		Second lien senior secured loan (\$31.0 par due 10/2023)	10.20% (Libor + 8.50%/Q)	1/3/2017	28.4	27.0(2)(17)
					40.7	40.0
Palermo Finance Corporation (21)	Provider of mission-critical integrated public safety software and services to local, state and federal agencies	First lien senior secured revolving loan	—	4/17/2017	—	— (19)
		First lien senior secured loan (\$11.0 par due 4/2023)	5.85% (Libor + 4.50%/Q)	4/17/2017	10.9	11.0(4)(17)
		Second lien senior secured loan (\$54.3 par due 10/2023)	9.85% (Libor + 8.50%/Q)	4/17/2017	54.3	54.3(2)(17)
					65.2	65.3
Park Place Technologies, LLC	Provider of third party hardware maintenance and support services for IT data centers	Second lien senior secured loan (\$41.5 par due 12/2022)	10.54% (Libor + 9.00%/Q)	1/3/2017	41.5	41.5(2)(17)
PayNearMe, Inc.	Electronic cash payment system provider	Warrant to purchase up to 195,726 shares		3/11/2016	0.2	— (5)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		of Series E preferred stock (expires 3/2023)					
PDI TA Holdings, Inc. (21)	Provider of enterprise management software for the convenience retail and petroleum wholesale markets	First lien senior secured revolving loan (\$0.9 par due 8/2023)	8.25% (Base Rate + 3.75%/Q)	8/25/2017	0.9	0.9(2)(17)	
		First lien senior secured loan (\$3.7 par due 8/2023)	6.32% (Libor + 4.75%/Q)	8/25/2017	3.7	3.7(2)(17)	
		First lien senior secured loan (\$26.4 par due 8/2023)	6.21% (Libor + 4.75%/Q)	8/25/2017	26.4	26.4(2)(17)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of December 31, 2017  
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Second lien senior secured loan (\$8.2 par due 8/2024)	10.32% (Libor + 8.75%/Q)	8/25/2017	8.2	8.1(2)	(17)
		Second lien senior secured loan (\$66.8 par due 8/2024)	10.21% (Libor + 8.75%/Q)	8/25/2017	66.8	66.0(2)	(17)
					106.0	104.9	
PHL Investors, Inc., and PHL Holding Co. (8)	Mortgage services	Class A common stock (576 shares)		7/31/2012	3.8	—	(2)
PHNTM Holdings, Inc. and Planview Parent, Inc.	Provider of project and portfolio management software	First lien senior secured loan (\$5.1 par due 1/2023)	6.82% (Libor + 5.25%/Q)	12/7/2017	5.1	5.1(2)	(17)
		First lien senior secured loan (\$31.6 par due 1/2023)	6.82% (Libor + 5.25%/Q)	1/27/2017	31.1	31.0(2)	(17)
		First lien senior secured loan (\$5.0 par due 1/2023)	6.82% (Libor + 5.25%/Q)	1/27/2017	4.9	5.0(4)	(17)
		Second lien senior secured loan (\$62.0 par due 7/2023)	11.32% (Libor + 9.75%/Q)	1/27/2017	61.2	62.0(2)	(17)
		Class A common shares (990 shares)		1/27/2017	1.0	1.1(2)	
		Class B common shares (168,329 shares)		1/27/2017	—	0.2(2)	
					103.3	105.0	
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	—	(5)
PowerPlan, Inc. and Project Torque Ultimate	Fixed asset financial management software provider	Second lien senior secured loan (\$30.0 par due	10.57% (Libor + 9.00%/Q)	2/23/2015	29.8	30.0(2)	(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

Parent Corporation		2/2023)				
		Second lien senior secured loan (\$50.0 par due 2/2023)	10.57% (Libor + 9.00%/Q)	2/23/2015	49.7	50.0(17)
		Class A common stock (1,697 shares)		2/23/2015	1.7	3.3(2)
		Class B common stock (989,011 shares)		2/23/2015	—	— (2)
					81.2	83.3
Project Alpha Intermediate Holding, Inc. and Qlik Parent, Inc.	Provider of data visualization software for data analytics	Class A common shares (7,444 shares)		8/22/2016	7.4	7.6(2)
		Class B common shares (1,841,608.69 shares)		8/22/2016	0.1	— (2)
					7.5	7.6
R2 Acquisition Corp.	Marketing services	Common stock (250,000 shares)		5/29/2007	0.2	0.3(2)
SCM Insurance Services Inc. (9)(21)	Provider of claims management, claims investigation & support and risk management solutions for the Canadian property and casualty insurance industry	First lien senior secured loan (\$21.5 par due 8/2024)	6.35% (Libor + 5.00%/Q)	8/29/2017	21.5	21.0(17)
		Second lien senior secured loan (\$60.5 par due 3/2025)	10.35% (Libor + 9.00%/Q)	8/29/2017	60.5	59.0(17)
					82.0	81.1
Shift PPC LLC (21)	Digital solutions provider	First lien senior secured loan (\$1.7 par due 12/2021)	7.57% (Libor + 6.00%/Q)	12/22/2016	1.7	1.7(4)(17)
		First lien senior secured loan (\$3.3 par due 12/2021)	7.69% (Libor + 6.00%/Q)	12/22/2016	3.3	3.3(4)(17)
		First lien senior secured loan (\$5.0 par due 12/2021)	7.84% (Libor + 6.00%/Q)	12/22/2016	5.0	5.0(4)(17)
					10.0	10.0
Sparta Systems, Inc., Project Silverback Holdings Corp. and Silverback	Quality management software provider	Second lien senior secured loan (\$20.0 par due 8/2025)	9.69% (Libor + 8.25%/Q)	8/21/2017	19.6	19.0(17)



Holdings, Inc.  
(21)

		Series B preferred shares (10,084 shares)	8/21/2017	1.1	1.1
				20.7	20.9
Talari Networks, Inc.	Networking equipment provider	First lien senior secured loan (\$6.0 par due 10/2019)	10.88% (Libor + 9.50%/M)	8/3/2015	6.0 5.7(5)(17)

57

---

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of December 31, 2017  
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Warrant to purchase up to 421,052 shares of Series D-1 preferred stock (expires 8/2022)		8/3/2015	0.1	0.1(5)	
					6.1	5.8	
The Gordian Group, Inc. (21)	Construction software and service provider	First lien senior secured loan (\$8.4 par due 7/2019)	6.14% (Libor + 4.50%/Q)	1/3/2017	8.3	8.4(3)(17)	
		First lien senior secured loan (\$3.2 par due 7/2019)	6.14% (Libor + 4.50%/Q)	1/3/2017	3.1	3.2(4)(17)	
		First lien senior secured loan (\$8.9 par due 7/2019)	5.86% (Libor + 4.50%/Q)	1/3/2017	8.8	8.9(3)(17)	
		First lien senior secured loan (\$3.4 par due 7/2019)	5.86% (Libor + 4.50%/Q)	1/3/2017	3.3	3.4(4)(17)	
		First lien senior secured loan (\$7.8 par due 7/2019)	5.95% (Libor + 4.50%/Q)	1/3/2017	7.6	7.8(3)(17)	
		First lien senior secured loan (\$2.9 par due 7/2019)	5.95% (Libor + 4.50%/Q)	1/3/2017	2.9	2.9(4)(17)	
					34.0	34.6	
The Greeley Company, Inc. and HCP Acquisition Holdings, LLC (8)	Healthcare compliance advisory services	Senior subordinated loan (\$10.5 par due 3/2017)		3/5/2013	—	— (2)(16)	
		Class A units (14,293,110 units)		6/26/2008	—	— (2)	
					—	—	
UL Holding Co., LLC (7)	Provider of collection and landfill avoidance solutions for food waste and unsold food products	Senior subordinated loan (\$2.8 par due 5/2020)	10.00% PIK	4/30/2012	0.9	2.8(2)	
		Senior subordinated loan (\$0.4 par due		4/30/2012	0.1	0.4(2)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

5/2020) Senior subordinated loan (\$6.2 par due 5/2020)	10.00% PIK	4/30/2012	1.9	6.2(2)
5/2020) Senior subordinated loan (\$0.5 par due 5/2020)		4/30/2012	0.2	0.5(2)
5/2020) Senior subordinated loan (\$24.5 par due 5/2020)	10.00% PIK	4/30/2012	7.6	24.5(2)
5/2020) Senior subordinated loan (\$3.8 par due 5/2020)		4/30/2012	1.2	3.8(2)
Class A common units (533,351 units)		6/17/2011	5.0	2.8(2)
Class B-5 common units (272,834 units)		6/17/2011	2.5	1.4(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			19.4	42.4
Velocity Holdings Corp.	Hosted enterprise resource planning application management services provider	Common units (1,713,546 units)	12/13/2013		4.5	3.4
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 (\$1.2 par due 8/2022)	7.32% (Libor + 5.75%/Q)	8/31/2017	1.2	1.2(2)(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of December 31, 2017  
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan (\$3.8 par due 8/2022)	7.13% (Libor + 5.75%/Q)	8/31/2017	3.8	3.8 (2)(17)	
		First lien senior secured loan (\$10.0 par due 8/2022)	7.23% (Libor + 5.75%/Q)	8/31/2017	10.0	10.0(2)(17)	
		Senior subordinated loan (\$41.5 par due 9/2024)	12.50% PIK	8/31/2017	37.6	39.0(2)	
		Warrant to purchase up to 1,816,089 shares of common stock (expires 8/2027)		8/31/2017	—	0.9 (2)	
		Warrant to purchase up to 2,070,511 shares of preferred stock (expires 8/2027)		8/31/2017	4.1	4.4 (2)	
					56.7	59.3	
VRC Companies, LLC (21)	Provider of records and information management services	First lien senior secured revolving loan (\$0.8 par due 3/2022)	10.00% (Base Rate + 5.50%/Q)	4/17/2017	0.8	0.8 (2)(17)	
		First lien senior secured loan (\$1.4 par due 3/2023)	7.82% (Libor + 6.50%/Q)	4/17/2017	1.4	1.4 (2)(17)	
		First lien senior secured loan (\$0.2 par due 3/2023)	8.03% (Libor + 6.50%/Q)	4/17/2017	0.2	0.2 (2)(17)	
		First lien senior secured loan (\$0.4 par due 3/2023)	7.93% (Libor + 6.50%/Q)	10/3/2017	0.4	0.4 (2)(17)	
				10/3/2017	0.3	0.3 (2)(17)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		First lien senior secured loan (\$0.3 par due 3/2023)	7.98% (Libor + 6.50%/Q)				
		First lien senior secured loan (\$0.3 par due 3/2023)	8.03% (Libor + 6.50%/Q)	10/3/2017	0.3	0.3	(2)(17)
		First lien senior secured loan (\$5.5 par due 3/2023)	8.12% (Libor + 6.50%/Q)	4/17/2017	5.5	5.5	(2)(17)
					8.9	8.9	
WorldPay Group PLC (9)	Payment processing company	C2 shares (73,974 shares)		10/21/2015	—	—	(24)
Zywave, Inc. (21)	Provider of software and technology-enabled content and analytical solutions to insurance brokers	First lien senior secured revolving loan (\$1.3 par due 11/2022)	6.57% (Libor + 5.00%/Q)	11/17/2016	1.3	1.3	(2)(17)
		First lien senior secured revolving loan (\$1.0 par due 11/2022)	8.50% (Base Rate + 4.00%/Q)	11/17/2016	1.0	1.0	(2)(17)
		Second lien senior secured loan (\$27.0 par due 11/2023)	10.42% (Libor + 9.00%/Q)	11/17/2016	27.0	27.0	(2)(17)
					29.3	29.3	
					2,235.8	2,267.3	31.94 %
Consumer Products Badger Sportswear Acquisition, Inc.	Provider of team uniforms and athletic wear	Second lien senior secured loan (\$56.8 par due 3/2024)	10.46% (Libor + 9.00%/Q)	9/6/2016	56.7	56.8	(2)(17)
BRG Sports, Inc.	Designer, manufacturer and licensor of branded sporting goods	Preferred stock (2,009 shares)		1/3/2017	—	—	
		Common stock (6,566,655 shares)		1/3/2017	—	0.3	
					—	0.3	
Consumer Health Parent LLC	Developer and marketer of over-the-counter cold remedy products	Preferred units (1,072 units)		12/15/2017	1.1	1.1	(2)
		Series A units (1,072 units)		12/15/2017	—	—	(2)
					1.1	1.1	
				4/24/2014	4.2	1.0	(2)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

Feradyne Outdoors, LLC and Bowhunter Holdings, LLC	Provider of branded archery and bowhunting accessories	Common units (421 units)				
			First lien senior secured loan	8.44% (Libor + 6.75%/Q)	6/1/2017	14.6 14.6(2)(17)
Implus Footcare, LLC	Provider of footwear and other accessories		(\$14.6 par due 4/2021)			
			First lien senior secured loan	8.44% (Libor + 6.75%/Q)	6/1/2017	77.5 77.5(2)(17)
			(\$77.5 par due 4/2021)			
			First lien senior secured loan	8.44% (Libor + 6.75%/Q)	6/1/2017	19.9 19.9(4)(17)
			(\$19.9 par due 4/2021)			
						112.0 112.0

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of December 31, 2017  
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Indra Holdings Corp.	Designer, marketer, and distributor of rain and cold weather products	Second lien senior secured loan (\$80.0 par due 11/2021)	—	5/1/2014	76.9	43.6	(16)
Plantation Products, LLC, Seed Holdings, Inc. and Flora Parent, Inc.	Provider of branded lawn and garden products	Second lien senior secured loan (\$2.0 par due 6/2021)	9.41% (Libor + 7.99%/Q)	12/23/2014	2.0	2.0	(2)(17)
		Second lien senior secured loan (\$54.0 par due 6/2021)	9.41% (Libor + 7.99%/Q)	12/23/2014	53.8	54.0	(17)
		Second lien senior secured loan (\$10.0 par due 6/2021)	9.41% (Libor + 7.99%/Q)	12/23/2014	10.0	10.0	(17)
		Common stock (30,000 shares)		12/23/2014	3.0	6.0	(2)
Rug Doctor, LLC and RD Holdco Inc. (8)	Manufacturer and marketer of carpet cleaning machines	Second lien senior secured loan (\$16.9 par due 12/2018)	11.42% (Libor + 9.75%/Q)	1/3/2017	16.9	16.0	(17)
		Common stock (458,596 shares)		1/3/2017	14.0	10.8	
		Warrant to purchase up to 56,372 shares of common stock (expires 12/2023)		1/3/2017	—	—	
					30.9	27.7	
S Toys Holdings LLC (fka The Step2 Company, LLC) (8)	Toy manufacturer	Class B common units (126,278,000 units)		10/30/2014	—	0.5	(2)
		Common units (1,116,879 units)		4/1/2011	—	—	
		Warrant to purchase up to		4/1/2010	—	—	



Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		3,157,895 units			—	0.5
SHO Holding I Corporation	Manufacturer and distributor of slip resistant footwear	Second lien senior secured loan (\$100.0 par due 4/2023)	9.92% (Libor + 8.50%/Q)	10/27/2015	98.2	92.0(17)
Shock Doctor, Inc. and Shock Doctor Holdings, LLC (7)	Developer, marketer and distributor of sports protection equipment and accessories	Second lien senior secured loan (\$89.4 par due 10/2021)	11.86% (Libor + 10.50%/Q)	4/22/2015	89.4	82.8(17)
		Class A preferred units (50,000 units)		3/14/2014	5.0	1.9(2)
		Class C preferred units (50,000 units)		4/22/2015	5.0	1.9(2)
					99.4	86.1
Singer Sewing Company	Manufacturer of consumer sewing machines	First lien senior secured loan (\$174.5 par due 12/2017)	9.19% (Libor + 7.00% Cash, 0.50% PIK/Q)	7/26/2017	174.5	165.2(17)
Varsity Brands Holding Co., Inc., Hercules Achievement, Inc., Hercules Achievement Holdings, Inc. and Hercules VB Holdings, Inc.	Leading manufacturer and distributor of textiles, apparel & luxury goods	Second lien senior secured loan (\$122.7 par due 12/2025)	9.82% (Libor + 8.25%/Q)	12/15/2017	122.7	122.2(17)
		Common stock (3,548,841 shares)		12/11/2014	3.8	6.1(2)
		Common stock (3,548,841 shares)		12/11/2014	4.3	6.1(2)
					130.8	134.9
Woodstream Group, Inc. and Woodstream Corporation (21)	Pet products manufacturer	First lien senior secured loan (\$1.0 par due 5/2022)	7.69% (Libor + 6.25%/Q)	6/21/2017	1.0	1.0(2)(17)
		First lien senior secured loan (\$2.0 par due 5/2022)	7.69% (Libor + 6.25%/Q)	6/21/2017	2.0	2.0(4)(17)
		First lien senior secured loan (\$3.1 par due 5/2022)	7.89% (Libor + 6.25%/Q)	6/21/2017	3.1	3.1(2)(17)
				6/21/2017	6.2	6.2(4)(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		First lien senior secured loan (\$6.2 par due 5/2022)	7.89% (Libor + 6.25%/Q)			12.3	12.3	
						865.8	806.0	11.36 %
<b>Other Services</b>								
American Residential Services L.L.C.	Heating, ventilation and air conditioning services provider	Second lien senior secured loan (\$67.0 par due 12/2022)	9.57% (Libor + 8.00%/Q)	6/30/2014		66.7	66.8(17)	
Associated Asphalt Partners, LLC	Provider of asphalt terminalling, storage and distribution	First lien senior secured loan (\$4.2 par due 4/2024)	6.82% (Libor + 5.25%/Q)	3/30/2017		4.2	3.8(2)(17)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of December 31, 2017  
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Champion Parent Corporation and Calera XVI, LLC (8)	Endurance sports media and event operator	First lien senior secured revolving loan (\$0.7 par due 11/2018)	—	11/30/2012	—	— (2)	(16)
		First lien senior secured loan (\$5.9 par due 11/2018)	—	11/30/2012	0.9	0.2(2)	(16)
		Preferred shares (18,875 shares)		3/25/2016	—	— (2)	
		Membership units (2,522,512 units)		11/30/2012	—	— (2)	
		Common shares (114,000 shares)		3/25/2016	—	— (2)	
					0.9	0.2	
Crown Health Care Laundry Services, LLC and Crown Laundry Holdings, LLC (7)(21)	Provider of outsourced healthcare linen management solutions	First lien senior secured revolving loan (\$2.0 par due 12/2021)	7.82% (Libor + 6.25%/Q)	3/13/2014	2.0	2.0(2)	(17)(20)
		First lien senior secured loan (\$12.0 par due 12/2021)	7.82% (Libor + 6.25%/Q)	4/6/2017	12.0	12.0(2)	(17)
		First lien senior secured loan (\$5.0 par due 12/2021)	7.82% (Libor + 6.25%/Q)	3/13/2014	5.0	5.0(2)	(17)
		First lien senior secured loan (\$5.2 par due 12/2021)	7.82% (Libor + 6.25%/Q)	3/13/2014	5.2	5.2(3)	(17)
		Class A preferred units (2,475,000 units)		3/13/2014	2.5	3.9(2)	
		Class B common units		3/13/2014	0.3	0.4(2)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		(275,000 units)			27.0	28.5
CST Buyer Company (d/b/a Intoxalock) (21)	Provider of ignition interlock devices	First lien senior secured loan (\$11.3 par due 3/2023)	7.75% (Libor + 6.25%/Q)	3/1/2017	11.0	11.0(17)
Dwyer Acquisition Parent, Inc. and TDG Group Holding Company	Operator of multiple franchise concepts primarily related to home maintenance or repairs	Senior subordinated loan (\$52.7 par due 2/2020)	11.00%	8/15/2014	52.7	52.7(2)
		Senior subordinated loan (\$23.5 par due 2/2020)	11.00%	5/1/2017	23.5	23.6(2)
		Senior subordinated loan (\$31.5 par due 2/2020)	11.00%	6/12/2015	31.5	31.6(2)
		Common stock (32,843 shares)		8/15/2014	2.2	5.1(2)
					109.9	112.8
Massage Envy, LLC and ME Equity LLC (21)	Franchisor in the massage industry	First lien senior secured revolving loan (\$0.5 par due 9/2020)	8.44% (Libor + 6.75%/Q)	6/28/2017	0.5	0.5(2)(17)
		First lien senior secured loan (\$0.3 par due 9/2020)	8.23% (Libor + 6.75%/Q)	4/12/2017	0.3	0.3(2)(17)
		First lien senior secured loan (\$1.0 par due 9/2020)	8.24% (Libor + 6.75%/Q)	4/12/2017	1.0	1.0(2)(17)
		First lien senior secured loan (\$0.1 par due 9/2020)	10.00% (Base Rate + 5.50%/Q)	4/12/2017	0.1	0.1(2)(17)
		First lien senior secured loan (\$0.3 par due 9/2020)	8.11% (Libor + 6.75%/Q)	7/27/2017	0.3	0.3(2)(17)
		First lien senior secured loan (\$0.5 par due 9/2020)	8.23% (Libor + 6.75%/Q)	7/27/2017	0.5	0.5(2)(17)
		First lien senior secured loan (\$38.5 par due	8.37% (Libor + 6.75%/Q)	9/27/2012	38.5	38.6(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		9/2020)					
		First lien senior					
		secured loan	8.37% (Libor +	9/27/2012	18.7	18.7	(17)
		(\$18.7 par due	6.75%/Q)				
		9/2020)					
		Common stock					
		(3,000,000		9/27/2012	3.0	4.2	(2)
		shares)					
					62.9	64.1	
		First lien senior					
		secured	7.25% (Base				
McKenzie Sports	Designer, manufacturer	revolving loan	Rate +	9/18/2014	0.9	0.9	(3)(17)
Products, LLC	and distributor of	(\$0.9 par due	2.75%/Q)				
(21)	hunting-related supplies	9/2020)					
		First lien senior					
		secured loan	7.44% (Libor +	9/18/2014	0.8	0.8	(3)(13)(17)
		(\$0.8 par due	5.75%/Q)				
		9/2020)					
		First lien senior					
		secured loan	5.32% (Libor +	9/18/2014	2.5	2.5	(3)(17)
		(\$2.5 par due	3.75%/Q)				
		9/2020)					
		First lien senior					
		secured loan	5.44% (Libor +	9/18/2014	2.2	2.2	(3)(17)
		(\$2.2 par due	3.75%/Q)				
		9/2020)					

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of December 31, 2017  
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan (\$84.5 par due 9/2020)	7.44% (Libor + 5.75%/Q)	9/18/2014	84.5	84.6	(13)(17)
					90.9	90.9	
MSHC, Inc. (21)	Heating, ventilation and air conditioning services provider	First lien senior secured revolving loan (\$0.1 par due 7/2022)	7.75% (Base Rate + 3.25%/Q)	7/31/2017	0.1	0.1	(2)(17)
		First lien senior secured loan (\$1.1 par due 7/2023)	5.92% (Libor + 4.25%/Q)	7/31/2017	1.1	1.1	(2)(17)
		First lien senior secured loan (\$3.2 par due 7/2023)	5.94% (Libor + 4.25%/Q)	7/31/2017	3.1	3.2	(2)(17)
		Second lien senior secured loan (\$46.0 par due 7/2024)	9.94% (Libor + 8.25%/Q)	7/31/2017	46.0	46.0	(17)
					50.3	50.4	
OpenSky Project, Inc. and OSP Holdings, Inc.	Social commerce platform operator	Warrant to purchase up to 159,496 shares of Series D preferred stock (expires 4/2025)		6/29/2015	—	—	(2)
Osiose Utilities Services, Inc. (21)	Provider of structural integrity management services to transmission and distribution infrastructure	First lien senior secured revolving loan	—	1/3/2017	—	—	(19)
		Second lien senior secured loan (\$25.0 par due	9.44% (Libor + 7.75%/Q)	9/3/2015	24.6	25.0	(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		8/2023) Second lien senior secured loan (\$34.0 par due 8/2023)	9.44% (Libor + 7.75%/Q)	1/3/2017	33.4	34.0	(17)
					58.0	59.0	
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	—	—	(5)
SoundCloud Limited (9)	Platform for receiving, sending, and distributing music	Common stock (73,422 shares)		8/15/2017	0.4	0.7	(2)
Spin HoldCo Inc.	Laundry service and equipment provider	Second lien senior secured loan (\$175.0 par due 5/2023)	9.21% (Libor + 7.75%/Q)	6/23/2017	175.0	175.0	(17)
Tyden Cayman Holdings Corp. (9)	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	
		Common stock (5,521,203 shares)		1/3/2017	2.0	2.9	
					2.4	3.3	
VLS Recovery Services, LLC (21)	Provider of commercial and industrial waste processing and disposal services	First lien senior secured revolving loan (\$1.6 par due 10/2023)	7.53% (Libor + 6.00%/Q)	10/17/2017	1.6	1.6	(2)(17)(20)
		First lien senior secured loan (\$23.9 par due 10/2023)	7.53% (Libor + 6.00%/Q)	10/17/2017	23.9	23.9	(17)
		First lien senior secured loan (\$7.4 par due 10/2023)	7.35% (Libor + 6.00%/Q)	10/17/2017	7.4	7.4	(2)(17)
		First lien senior secured loan (\$0.1 par	9.50% (Base Rate + 5.00%/Q)	10/17/2017	0.1	0.1	(2)(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		due 10/2023)			33.0	32.8	
WASH Multifamily Acquisition Inc. and Coinamatic Canada Inc.	Laundry service and equipment provider	Second lien senior secured loan (\$3.7 par due 5/2023)	8.57% (Libor + 7.00%/Q)	5/14/2015	3.7	3.7(2)(17)	
		Second lien senior secured loan (\$21.3 par due 5/2023)	8.57% (Libor + 7.00%/Q)	5/14/2015	21.0	21.0(2)(17)	
					24.7	24.8	
Wrench Group LLC (21)	Provider of essential home services to residential customers	First lien senior secured loan (\$4.0 par due 3/2022)	6.19% (Libor + 4.50%/Q)	1/31/2017	4.0	4.0(2)(17)	
		First lien senior secured loan (\$4.3 par due 3/2022)	5.85% (Libor + 4.50%/Q)	12/15/2017	4.3	4.3(2)(17)	
					8.3	8.3	
Manufacturing					725.6	732.2	10.32 %



Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of December 31, 2017  
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Chariot Acquisition, LLC (21)	Aftermarket golf cart parts and accessories	First lien senior secured loan (\$18.4 par due 9/2021)	7.91% (Libor + 6.25%/Q)	1/3/2017	18.2	18.0	(17)
		First lien senior secured loan (\$9.4 par due 9/2021)	7.91% (Libor + 6.25%/Q)	1/3/2017	9.3	9.2	(4)(17)
					27.5	27.2	
Component Hardware Group, Inc. (21)	Commercial equipment	First lien senior secured revolving loan (\$1.9 par due 7/2019)	6.19% (Libor + 4.50%/Q)	7/1/2013	1.9	1.9	(2)(17)
		First lien senior secured loan (\$7.9 par due 7/2019)	6.19% (Libor + 4.50%/Q)	7/1/2013	7.9	7.9	(4)(17)
					9.8	9.8	
Dorner Holding Corp. (21)	Manufacturer of precision unit conveyors	First lien senior secured revolving loan (\$1.3 par due 3/2022)	7.32% (Libor + 5.75%/Q)	3/15/2017	1.3	1.3	(2)(17)
		First lien senior secured loan (\$4.4 par due 3/2023)	7.32% (Libor + 5.75%/Q)	3/15/2017	4.4	4.4	(2)(17)
					5.7	5.7	
ECI Purchaser Company, LLC	Manufacturer of equipment to safely control pressurized gases	First lien senior secured loan (\$21.8 par due 12/2018)	7.09% (Libor + 5.25%/Q)	7/26/2017	21.8	21.6	(17)
		First lien senior secured loan (\$88.7 par due 12/2018)	6.92% (Libor + 5.25%/Q)	7/26/2017	88.7	87.6	(17)
		First lien senior secured loan (\$74.8 par due 12/2018)	6.92% (Libor + 5.25%/Q)	7/26/2017	74.8	74.0	(17)
		First lien senior secured loan (\$0.3 par due 12/2018)	7.09% (Libor + 5.25%/Q)	7/26/2017	0.3	0.3	(2)(17)
		First lien senior secured loan (\$0.2 par due 12/2018)	7.09% (Libor + 5.25%/Q)	7/26/2017	0.2	0.2	(3)(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

					185.8	183.8
ETG Holdings, Inc. (8)	Industrial woven products	Common stock (3,000 shares)		1/3/2017	—	—
Harvey Tool Company, LLC (21)	Cutting tool provider to the metalworking industry	First lien senior secured revolving loan (\$1.8 par due 10/2023)	5.96% (Libor + 4.50%/Q)	10/12/2017	1.8	1.7(2)(17)
		First lien senior secured loan (\$40.8 par due 10/2024)	6.11% (Libor + 4.75%/Q)	10/12/2017	40.8	40.8(2)(17)
		Second lien senior secured loan (\$43.7 par due 10/2025)	10.02% (Libor + 8.50%/Q)	10/12/2017	43.7	43.8(2)(17)
					86.3	85.3
Ioxus, Inc (7)	Energy storage devices	First lien senior secured loan (\$10.2 par due 12/2019)	12.00% PIK	4/29/2014	10.0	10.8(2)(15)
		First lien senior secured loan (\$1.0 par due 12/2019)	—	4/29/2014	1.0	1.0(2)(15)
		Series CC preferred stock (67,330,609 shares)		1/27/2017	0.7	— (2)
		Warrant to purchase up to 3,038,730 shares of common stock (expires 1/2026)		1/28/2016	—	— (2)
		Warrant to purchase up to 1,210,235 shares of Series BB preferred stock (expires 8/2026)		1/28/2016	—	— (2)
		Warrant to purchase up to 336,653,045 shares of Series CC preferred stock (expires 1/2027)		1/27/2017	—	— (2)
					11.7	11.2
KPS Global LLC	Walk-in cooler and freezer systems	First lien senior secured loan (\$1.7 par due 4/2022)	3.93% (Libor + 2.50%/Q)	4/5/2017	1.7	1.7(2)(17)
		First lien senior secured loan (\$11.2 par due	7.18% (Libor + 5.75%/Q)	4/5/2017	11.2	11.8(2)(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		4/2022)				
		First lien senior	7.18% (Libor +	4/5/2017	5.6	5.5(4)(17)
		secured loan (\$5.6	5.75%/Q)			
		par due 4/2022)				
					18.5	18.2
MacLean-Fogg	Manufacturer and	Senior				
Company and	supplier for the power	subordinated loan	10.50% Cash,	10/31/2013	103.0	103.0
MacLean-Fogg	utility and automotive	(\$103.0 par due	3.00% PIK			
Holdings, L.L.C.	markets worldwide	10/2025)				
		Preferred units	4.50% Cash,	10/9/2015	76.3	76.3
		(70,183 units)	9.25% PIK			

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of December 31, 2017  
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
					179.3	179.3	
Niagara Fiber Intermediate Corp. (21)	Insoluble fiber filler products	First lien senior secured revolving loan (\$0.9 par due 5/2018)	—	5/8/2014	—	—	(2)(16)
		First lien senior secured loan (\$5.9 par due 5/2018)	—	5/8/2014	0.2	—	(2)(16)
		First lien senior secured loan (\$0.6 par due 5/2018)	—	5/8/2014	—	—	(2)(16)
					0.2	—	
Nordco Inc. (21)	Railroad maintenance-of-way machinery	First lien senior secured revolving loan	—	8/26/2015	—	—	(19)
Pelican Products, Inc.	Flashlights	Second lien senior secured loan (\$40.0 par due 4/2021)	9.94% (Libor + 8.25%/Q)	4/11/2014	40.0	39.6	(17)
Sanders Industries Holdings, Inc. and SI Holdings, Inc. (21)	Elastomeric parts, mid-sized composite structures, and composite tooling	First lien senior secured loan (\$56.5 par due 5/2020)	7.38% (Libor + 6.00%/Q)	7/21/2017	56.5	55.4	(17)
		First lien senior secured loan (\$14.8 par due 5/2020)	7.38% (Libor + 6.00%/Q)	7/21/2017	14.8	14.6	(17)
		Common stock (1,500 shares)		5/30/2014	1.5	0.8	(2)
					72.8	70.7	
Saw Mill PCG Partners LLC	Metal precision engineered components	Common units (1,000 units)		1/30/2007	1.0	—	(2)
Sonny's Enterprises, LLC (21)	Manufacturer and supplier of car wash equipment, parts and supplies to the	First lien senior secured revolving loan	6.30% (Libor + 4.75%/Q)	11/30/2017	1.0	1.0	(2)(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

	conveyorized car wash market	(\$1.0 par due 12/2022) First lien senior secured loan (\$0.9 par due 12/2022) First lien senior secured loan (\$0.4 par due 12/2022) First lien senior secured loan (\$0.2 par due 12/2022) First lien senior secured loan (\$0.2 par due 12/2022)	6.44% (Libor + 4.75%/Q) 6.44% (Libor + 4.75%/Q) 6.44% (Libor + 4.75%/Q) 6.44% (Libor + 4.75%/Q)	12/5/2017 6/1/2017 5/3/2017 9/28/2017	0.9 0.4 0.2 0.2	0.9(2)(17) 0.4(2)(17) 0.2(2)(17) 0.2(2)(17)
					2.7	2.7
Sunk Rock Foundry Partners LP, Hatteras Electrical Manufacturing Holding Company and Sigma Electric Manufacturing Corporation (21)	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 (\$1.5 par due 10/2022)  First lien senior secured loan (\$16.4 par due 10/2023) First lien senior secured loan (\$9.3 par due 10/2023)	6.16% (Libor + 4.75%/Q)  6.13% (Libor + 4.75%/Q) 6.13% (Libor + 4.75%/Q)	10/31/2017  10/31/2017 10/31/2017	1.5  16.4 9.3	1.5(2)(17)  16.2(2)(17) 9.2(2)(17)
					27.2	26.9
TPTM Merger Corp. (21)	Time temperature indicator products	First lien senior secured loan (\$10.5 par due 9/2018) First lien senior secured loan (\$6.2 par due 9/2018) First lien senior secured loan (\$6.5 par due 9/2018)	9.98% (Libor + 8.42%/Q)  9.98% (Libor + 8.42%/Q) 10.11% (Libor + 8.42%/Q)	9/12/2013  9/12/2013 9/12/2013	10.5  6.2 6.5	10.5(3)(17)  6.2(4)(17) 6.5(3)(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		First lien					
		senior secured	10.11% (Libor	9/12/2013	3.8	3.8(4)(17)	
		loan (\$3.8 par	+ 8.42%/Q)				
		due 9/2018)					
					27.0	27.0	
		Second lien					
WP CPP Holdings, LLC	Precision engineered castings	senior secured	9.13% (Libor	1/3/2017	18.8	19.82)(17)	
		loan (\$19.7	+ 7.75%/Q)				
		par due					
		4/2021)					
					714.3	706.7	9.96 %
Investment Funds and Vehicles							
ACAS Equity Holdings Corporation (8)(10)	Investment company	Common stock (589 shares)		1/3/2017	0.5	0.4	
Ares IIIR/IVR CLO Ltd. (8)(9)(10)	Investment vehicle	Subordinated notes (\$20.0 par due 4/2021)		1/3/2017	—	0.1	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of December 31, 2017  
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Blue Wolf Capital Fund II, L.P. (9)(10)	Investment partnership	Limited partnership interest (8.50% interest)		1/3/2017	3.0	3.5(24)	
Carlyle Global Market Strategies CLO 2013-3 (9)(10)	Investment vehicle	Subordinated notes (\$5.0 par due 10/2030)	15.00%	1/3/2017	2.6	3.2	
Cent CLO 2014-22 Limited (9)(10)	Investment vehicle	Subordinated notes (\$45.4 par due 11/2026)	11.75%	1/3/2017	23.6	22.7	
Centurion CDO 8 Limited (9)(10)	Investment vehicle	Subordinated notes (\$5.0 par due 3/2019)		1/3/2017	—	—	
CGMS 2015-3A (9)(10)	Investment vehicle	Subordinated notes (\$24.6 par due 7/2028)	10.00%	1/3/2017	19.2	18.9	
CoLTs 2005-1 Ltd. (8)(9)(10)	Investment vehicle	Preferred shares (360 shares)		1/3/2017	—	—	
CoLTs 2005-2 Ltd. (8)(9)(10)	Investment vehicle	Preferred shares (34,170,000 shares)		1/3/2017	—	—	
CREST Exeter Street Solar 2004-1 (9)(10)	Investment vehicle	Preferred shares (3,500,000 shares)		1/3/2017	—	—	
Eaton Vance CDO X plc (9)(10)	Investment vehicle	Subordinated notes (\$15.0 par due 2/2027)	3.00%	1/3/2017	4.1	6.4	
European Capital UK SME Debt LP (8)(9)(10)(22)	Investment partnership	Limited partnership interest (45% interest)		1/3/2017	41.1	41.7	
Flagship CLO V (9)(10)	Investment vehicle	Subordinated notes (\$0.0 par due 9/2019)		1/3/2017	—	—	
Goldentree Loan Opportunities VII, Limited (9)(10)	Investment vehicle	Subordinated notes (\$35.3 par due 4/2025)	4.25%	1/3/2017	18.7	19.1	
Halcyon Loan Advisors Funding 2015-2 Ltd. (9)(10)	Investment vehicle	Subordinated notes (\$21.7 par due 7/2027)	16.35%	1/3/2017	14.0	11.3	
HCI Equity, LLC (8)(9)(10)	Investment company	Member interest (100.00% interest)		4/1/2010	—	0.1(24)	
	Investment vehicle			1/3/2017	0.9	0.5	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

Herbert Park B.V. (9)(10)		Subordinated notes (\$5.4 par due 10/2026)				
Imperial Capital Private Opportunities, LP (10)	Investment partnership	Limited partnership interest (80.00% interest)		5/10/2007	1.0	15.0(2)
LightPoint CLO VII, Ltd. (9)(10)	Investment vehicle	Subordinated notes (\$9.0 par due 5/2021)		1/3/2017	—	—
Montgomery Lane, LLC and Montgomery Lane, Ltd. (8)(9)(10)	Investment company	Common stock (100 shares)		1/3/2017	—	0.6
		Common stock (50,000 shares)		1/3/2017	—	—
					—	0.6
OAKC 2015-11 (9)(10)	Investment vehicle	Subordinated notes (\$17.8 par due 10/2028)	9.50%	1/3/2017	14.3	13.0
Partnership Capital Growth Fund I, L.P. (10)	Investment partnership	Limited partnership interest (25.00% interest)		6/16/2006	—	0.1(2)(24)
Partnership Capital Growth Investors III, L.P. (10)(22)	Investment partnership	Limited partnership interest (2.50% interest)		10/5/2011	2.5	3.5(2)(24)
PCG-Ares Sidecar Investment II, L.P. (10)(22)	Investment partnership	Limited partnership interest (100.00% interest)		10/31/2014	7.5	11.0(2)
PCG-Ares Sidecar Investment, L.P. (10)(22)	Investment partnership	Limited partnership interest (100.00% interest)		5/22/2014	4.4	5.1(2)
Piper Jaffray Merchant Banking Fund I, L.P. (10)(22)	Investment partnership	Limited partnership interest (2.00% interest)		8/16/2012	1.5	1.6(24)
Qualium Investissement (9)(10)	Investment partnership	Class A common stock (9,900,000 shares)		1/3/2017	5.9	6.5(24)
		Class B common stock (100,000 shares)		1/3/2017	0.1	0.1(24)
		Class C common stock (48,939 shares)		1/3/2017	0.1	0.1(24)
					6.1	6.7
Senior Direct Lending Program, LLC	Co-investment vehicle	Subordinated certificates	9.34% (Libor + 8.00%/Q)(18)	7/27/2016	487.1	487.1



Edgar Filing: ARES CAPITAL CORP - Form 10-Q

(8)(10)(23)		(\$487.1 par due 12/2036) Member interest (87.50% interest)		7/27/2016	—	—
					487.1	487.1
Vitesse CLO, Ltd. (9)(10)	Investment vehicle	Preferred shares (20,000,000 shares)		1/3/2017	—	—
Voya CLO 2014-4 Ltd. (9)(10)	Investment vehicle	Subordinated notes (\$26.7 par due 10/2026)	10.50%	1/3/2017	17.0	18.6
VSC Investors LLC (10)	Investment company	Membership interest (1.95% interest)		1/24/2008	0.3	1.3(2)(24)

65

---

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of December 31, 2017  
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
					669.4	692.3	9.75 %
Financial Services							
Callidus Capital Corporation (8)	Asset management services	Common stock (100 shares)		4/1/2010	3.0	1.7	
Ciena Capital LLC (8)(21)	Real estate and small business loan servicer	First lien senior secured revolving loan (\$14.0 par due 12/2017)	6.00%	11/29/2010	14.0	14.0(2)	
		Equity interests		11/29/2010	25.0	18.8(2)	
					39.0	32.3	
Commercial Credit Group, Inc.	Commercial equipment finance and leasing company	Senior subordinated loan (\$28.0 par due 8/2022)	11.11% (Libor + 9.75%/Q)	5/10/2012	28.0	28.0(2)(17)	
DFC Global Facility Borrower II LLC (21)	Non-bank provider of alternative financial services	First lien senior secured revolving loan (\$75.0 par due 9/2022)	12.11% (Libor + 10.75%/Q)	9/27/2017	75.0	75.0(2)(17)	
Financial Asset Management Systems, Inc. and FAMS Holdings, Inc. (7)	Debt collection services provider	Common stock (180 shares)		1/11/2017	—	— (2)	
Gordian Group, LLC	Provider of products, services and software to organizations pursuing efficient and effective procurement and information solutions	Common stock (526 shares)		11/30/2012	—	— (2)	
Imperial Capital Group LLC	Investment services	Class A common units (24,945 units)		5/10/2007	6.1	10.2(2)	
		2006 Class B common units (8,173 units)		5/10/2007	—	— (2)	
Ivy Hill Asset Management,	Asset management services	Member interest (100.00%)		6/15/2009	244.0	315.1	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

L.P. (8)(10) Javlin Three LLC, Javlin Four LLC, and Javlin Five LLC (10) LS DE LLC and LM LSQ Investors LLC (10)	Asset-backed financial services company    Asset based lender	interest) First lien senior secured loan (\$18.6 par due 6/2017) Senior subordinated loan (\$3.0 par due 6/2021) Senior subordinated loan (\$27.0 par due 6/2021) Membership units (3,275,000 units)	11.36% (Libor + 10.00%/Q)   10.50%  10.50%	6/24/2014   6/15/2017  6/25/2015  6/25/2015	18.6   3.0  27.0  3.3	16.82)(17)   3.0(2)  27.02)  3.9	33.3 447.0	33.9 513.0	7.23 %
Food and Beverage American Seafoods Group LLC and American Seafoods Partners LLC	Harvester and processor of seafood	Second lien senior secured loan (\$87.0 par due 2/2024)	9.57% (Libor + 8.13%/Q)	8/21/2017	86.8	87.02)(17)			
		Class A units (77,922 units)		8/19/2015	0.1	0.1(2)			
		Warrant to purchase up to 7,422,078 Class A units (expires 8/2035)		8/19/2015	7.4	10.42)			
					94.3	97.2			
Bakemark Holdings, Inc.	Manufacturer and distributor of specialty bakery ingredients	First lien senior secured loan (\$1.7 par due 8/2023)	6.94% (Libor + 5.25%/Q)	8/14/2017	1.7	1.7(2)(17)			
DecoPac, Inc. (21)	Supplier of cake decorating solutions and products to in-store bakeries	First lien senior secured revolving loan (\$2.3 par due 9/2023)	5.94% (Libor + 4.25%/Q)	9/29/2017	2.3	2.2(2)(17)			
		First lien senior secured revolving loan (\$0.3 par due 9/2023)	5.89% (Libor + 4.25%/Q)	9/29/2017	0.3	0.3(2)(17)			
		First lien senior secured loan (\$8.4 par due	5.94% (Libor + 4.25%/Q)	9/29/2017	8.4	8.3(2)(17)			

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		9/2024)			11.0	10.8
Eagle Family Foods Group LLC	Manufacturer and producer of milk products	First lien senior secured loan (\$0.2 par due 12/2021)	5.69% (Libor + 4.00%/Q)	8/29/2017	0.2	0.2(2)(17)
		First lien senior secured loan (\$7.9 par due 12/2021)	10.74% (Libor + 9.05%/Q)	9/11/2017	7.8	7.5(2)(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of December 31, 2017  
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan (\$1.4 par due 12/2021)	10.74% (Libor + 9.05%/Q)	8/22/2016	1.4	1.3(2)	(17)
		First lien senior secured loan (\$20.2 par due 12/2021)	10.74% (Libor + 9.05%/Q)	8/22/2016	20.2	19.2(3)	(17)
		First lien senior secured loan (\$54.8 par due 12/2021)	10.74% (Libor + 9.05%/Q)	12/31/2015	54.5	52.0(3)	(17)
					84.1	80.2	
Edward Don & Company, LLC and VCP-EDC Co-Invest, LLC	Distributor of foodservice equipment and supplies	First lien senior secured loan (\$47.6 par due 9/2022)	10.00% (Libor + 8.50%/Q)	3/31/2017	47.6	47.6(2)	(17)
		Membership units (2,970,000 units)		6/9/2017	3.0	3.4	
					50.6	51.0	
FPI Holding Corporation (8)(21)	Distributor of fruits	First lien senior secured loan (\$0.7 par due 6/2018)	—	1/3/2017	0.4	0.4(16)	
Gehl Foods, LLC and GF Parent LLC	Producer of low-acid, aseptic food and beverage products	First lien senior secured loan (\$120.7 par due 6/2019)	7.88% (Libor + 6.50%/Q)	7/26/2017	120.7	120.2(2)	(17)
		Class A preferred units (2,940 units)		5/13/2015	2.9	1.9(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)	
					123.7	122.6	
JWC/KI Holdings, LLC	Foodservice sales and marketing agency	Membership units (5,000 units)		11/16/2015	5.0	5.3(2)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

Kettle Cuisine, LLC	Manufacturer of fresh refrigerated and frozen food products	Second lien senior secured loan (\$28.5 par due 2/2022)	11.21% (Libor + 9.75%/Q)	8/21/2015	28.5	28.5	(17)
NECCO Holdings, Inc. and New England Confectionery Company, Inc. (8)(21)	Producer and supplier of candy	First lien senior secured revolving loan (\$21.7 par due 1/2018)	—	1/3/2017	9.7	9.2	(16)
		First lien senior secured loan (\$0.6 par due 8/2018)	—	11/20/2017	0.6	—	(16)
		First lien senior secured loan (\$10.9 par due 1/2018)	—	1/3/2017	0.9	1.3	(16)
		First lien senior secured loan (\$0.7 par due 1/2018)	—	11/20/2017	0.7	0.1	(16)
		Common stock (860,189 shares)		1/3/2017	—	—	
					11.9	10.6	
RF HP SCF Investor, LLC (10)	Branded specialty food company	Membership interest (10.08% interest)		12/22/2016	12.5	14.4	(2)
Teasdale Foods, Inc. (21)	Provider of beans, sauces and hominy to the retail, foodservice and wholesale channels	First lien senior secured revolving loan (\$0.2 par due 10/2020)	6.18% (Libor + 4.75%/Q)	6/30/2017	0.2	0.2	(2)(17)
		First lien senior secured revolving loan (\$0.2 par due 10/2020)	8.25% (Base Rate + 3.75%/Q)	6/30/2017	0.2	0.2	(2)(17)
		Second lien senior secured loan (\$33.6 par due 10/2021)	10.44% (Libor + 8.75%/Q)	1/3/2017	33.6	33.6	(2)(17)
		Second lien senior secured loan (\$21.3 par due 10/2021)	10.11% (Libor + 8.75%/Q)	1/3/2017	21.3	21.4	(2)(17)
		Second lien senior secured loan (\$31.5 par due 10/2021)	10.13% (Libor + 8.75%/Q)	1/3/2017	31.5	31.6	(2)(17)
					86.8	86.0	

510.5 508.7 7.17 %

Power Generation

Alphabet Energy, Inc.	Technology developer to convert waste-heat into electricity	First lien senior secured loan (\$3.4 par due 8/2017) Series 1B preferred stock (12,976 shares) Warrant to purchase up to 125,000 shares of Series 2 preferred stock (expires 12/2023)	12/16/2013	3.3	0.4(2)(16)
			6/21/2016	0.2	— (2)
			6/30/2016	0.1	— (2)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of December 31, 2017  
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
					3.6	0.4	
CPV Maryland Holding Company II, LLC	Gas turbine power generation facilities operator	Senior subordinated loan (\$46.1 par due 12/2020)	5.00% Cash, 5.00% PIK	8/8/2014	46.1	42.4(2)	
		Warrant to purchase up to 4 units of common stock (expires 8/2018)		8/8/2014	—	— (2)	
					46.1	42.4	
DESRI VI Management Holdings, LLC	Wind power generation facility operator	Senior subordinated loan (\$13.9 par due 12/2021)	10.00%	12/24/2014	13.9	13.0(2)	
Green Energy Partners, Stonewall LLC and Panda Stonewall Intermediate Holdings II LLC	Gas turbine power generation facilities operator	First lien senior secured loan (\$24.9 par due 11/2021)	7.19% (Libor + 5.50%/Q)	11/13/2014	24.8	24.4(2)(17)	
		Senior subordinated loan (\$20.2 par due 12/2021)	8.00% Cash, 5.25% PIK	11/13/2014	20.2	19.6(2)	
		Senior subordinated loan (\$94.6 par due 12/2021)	8.00% Cash, 5.25% PIK	11/13/2014	94.6	91.6(2)	
					139.6	135.2	
Joule Unlimited Technologies, Inc. and Stichting Joule Global Foundation	Renewable fuel and chemical production developer	First lien senior secured loan (\$8.3 par due 10/2018)	—	3/31/2015	7.9	0.4(2)(16)	
		Warrant to purchase up to 32,051 shares of Series C-2 preferred stock (expires 7/2023)		7/25/2013	—	— (2)(9)	



Edgar Filing: ARES CAPITAL CORP - Form 10-Q

					7.9	0.4	
Moxie Patriot LLC	Gas turbine power generation facilities operator	First lien senior secured loan (\$33.9 par due 12/2020)	7.44% (Libor + 5.75%/Q)	12/19/2013	33.8	33.4 <del>2</del>	(17)
Navisun LLC and Navisun Holdings LLC (8)(21)	Owner and operator of commercial and industrial solar projects	First lien senior secured loan (\$2.6 par due 11/2023)	8.00% PIK	11/15/2017	2.6	2.6	(2)
		Series A Preferred units (1,000 units)	10.50% PIK	11/15/2017	0.3	0.3	(2)
		Class A units (550 units)		11/15/2017	—	—	(2)
					2.9	2.9	
Panda Liberty LLC (fka Moxie Liberty LLC)	Gas turbine power generation facilities operator	First lien senior secured loan (\$5.0 par due 8/2020)	8.19% (Libor + 6.50%/Q)	5/8/2017	4.6	4.6	(2)(17)
		First lien senior secured loan (\$34.4 par due 8/2020)	8.19% (Libor + 6.50%/Q)	8/21/2013	34.2	31.6 <del>2</del>	(17)
					38.8	36.2	
Panda Temple Power II, LLC	Gas turbine power generation facilities operator	First lien senior secured loan (\$19.6 par due 4/2019)	7.69% (Libor + 6.00%/Q)	4/3/2013	19.6	17.4 <del>2</del>	(17)
Panda Temple Power, LLC	Gas turbine power generation facilities operator	First lien senior secured revolving loan (\$2.3 par due 4/2018)	10.35% (Libor + 9.00%/Q)	4/28/2017	2.3	2.3	(2)(17)
		First lien senior secured loan (\$24.8 par due 3/2022)	—	3/6/2015	23.6	18.4 <del>2</del>	(16)
					25.9	20.7	
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	21.7	24.0 <del>2</del>	
Riverview Power LLC	Operator of natural gas and oil fired power generation facilities	First lien senior secured loan (\$98.1 par due 12/2022)	9.69% (Libor + 8.00%/Q)	12/29/2016	95.9	98.0 <del>2</del>	(17)
					449.7	425.1	5.99 %
Restaurants and Food Services ADF Capital, Inc., ADF Restaurant	Restaurant owner and operator	First lien senior secured loan	19.67% PIK (Libor +	12/22/2016	3.7	3.7	(2)(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

Group, LLC, and  
ARG Restaurant  
Holdings, Inc.  
(8)(21)

(\$3.7 par due 18.00%/Q)  
12/2018)

First lien senior secured loan (\$49.3 par due 12/2018)	—	11/27/2006	39.9	12.82)(16)
Promissory note (\$29.2 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)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of December 31, 2017  
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
					57.4	16.0	
Benihana, Inc. (21)	Restaurant owner and operator	First lien senior secured revolving loan (\$0.5 par due 7/2018)	8.57% (Libor + 7.00%/Q)	8/21/2012	0.5	0.5(2)(17)(20)	
		First lien senior secured revolving loan (\$1.1 par due 7/2018)	8.69% (Libor + 7.00%/Q)	8/21/2012	1.1	1.1(2)(17)(20)	
		First lien senior secured revolving loan (\$1.0 par due 7/2018)	10.25% (Base Rate + 5.75%/Q)	8/21/2012	1.0	0.9(2)(17)(20)	
		First lien senior secured loan (\$0.3 par due 1/2019)	8.59% (Libor + 7.00%/Q)	12/28/2016	0.3	0.3(2)(17)	
		First lien senior secured loan (\$4.7 par due 1/2019)	8.59% (Libor + 7.00%/Q)	8/21/2012	4.7	4.5(4)(17)	
					7.6	7.3	
Cozzini Bros., Inc. and BH-Sharp Holdings LP (21)	Provider of commercial knife sharpening and cutlery services in the restaurant industry	First lien senior secured loan (\$1.9 par due 3/2023)	7.07% (Libor + 5.50%/Q)	3/10/2017	1.9	1.9(2)(17)	
		First lien senior secured loan (\$1.2 par due 3/2023)	6.92% (Libor + 5.50%/Q)	3/10/2017	1.2	1.2(2)(17)	
		First lien senior secured loan (\$19.3 par due 3/2023)	6.92% (Libor + 5.50%/Q)	3/10/2017	19.3	19.3(4)(17)	
		Common units (2,950,000 units)		3/10/2017	3.0	2.8(2)	
							25.4
				8/21/2017	0.3	0.3(2)(17)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

FWR Holding Corporation (21)	Restaurant owner, operator, and franchisor	First lien senior secured revolving loan (\$0.3 par due 8/2023)	7.57% (Libor + 6.00%/Q)				
		First lien senior secured loan (\$0.2 par due 8/2023)	7.60% (Libor + 6.00%/Q)	8/21/2017	0.2	0.2(2)(17)	
		First lien senior secured loan (\$2.0 par due 8/2023)	7.32% (Libor + 6.00%/Q)	8/21/2017	2.0	2.0(2)(17)	
		First lien senior secured loan (\$2.0 par due 8/2023)	7.48% (Libor + 6.00%/Q)	8/21/2017	2.0	2.0(2)(17)	
					4.5	4.5	
Garden Fresh Restaurant Corp. and GFRC Holdings LLC (8)(21)	Restaurant owner and operator	First lien senior secured revolving loan (\$0.1 par due 2/2022)	9.50% (Libor + 8.00%/Q)	2/1/2017	0.1	0.1(2)(17)(20)	
		First lien senior secured loan (\$24.9 par due 2/2022)	9.50% (Libor + 8.00%/Q)	10/3/2013	24.9	24.0(2)(17)	
					25.0	25.0	
Global Franchise Group, LLC (21)	Worldwide franchisor of quick service restaurants	First lien senior secured loan (\$8.7 par due 12/2019)	7.44% (Libor + 5.75%/Q)	9/15/2017	8.7	8.6(2)(17)	
Heritage Food Service Group, Inc. and WCI-HFG Holdings, LLC	Distributor of repair and replacement parts for commercial kitchen equipment	Second lien senior secured loan (\$31.6 par due 10/2022)	9.92% (Libor + 8.50%/Q)	10/20/2015	31.6	31.0(2)(17)	
		Preferred units (3,000,000 units)		10/20/2015	3.0	3.6(2)	
					34.6	35.2	
Hojeij Branded Foods, LLC (21)	Leading operator of airport concessions across the U.S.	First lien senior secured loan (\$0.3 par due 7/2022)	7.29% (Libor + 6.00%/Q)	7/20/2017	0.3	0.3(2)(17)	
		First lien senior secured loan (\$6.3 par due 7/2022)	7.57% (Libor + 6.00%/Q)	7/20/2017	6.2	6.3(4)(17)	
					6.5	6.6	
				7/10/2017	1.2	1.2(2)(17)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

Jim N Nicks Management, LLC (21)	Restaurant owner and operator	First lien	6.71% (Libor +				
		senior secured	5.25%/Q)				
		revolving loan					
		(\$1.2 par due					
		7/2023)					
		First lien	6.64% (Libor +	7/10/2017	0.5	0.5(2)(17)	
		senior secured	5.25%/Q)				
		revolving loan					
		(\$0.5 par due					
		7/2023)					
		First lien	6.63% (Libor +	7/10/2017	0.6	0.6(2)(17)	
		senior secured	5.25%/Q)				
		loan (\$0.6 par					
		due 7/2023)					
		First lien	6.94% (Libor +	7/10/2017	0.6	0.6(2)(17)	
		senior secured	5.25%/Q)				
		loan (\$0.6 par					
		due 7/2023)					
		First lien	6.94% (Libor +	7/10/2017	14.1	13.84(17)	
		senior secured	5.25%/Q)				
		loan (\$14.1 par					
		due 7/2023)					
					17.0	16.7	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of December 31, 2017  
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets	
Orion Foods, LLC (8)	Convenience food service retailer	First lien senior secured loan (\$1.2 par due 9/2015)	—	4/1/2010	1.2	0.5(2)(16)		
		Second lien senior secured loan (\$19.4 par due 9/2015)	—	4/1/2010	—	—(2)(16)		
		Preferred units (10,000 units)			10/28/2010	—	—(2)	
		Class A common units (25,001 units)			4/1/2010	—	—(2)	
		Class B common units (1,122,452 units)			4/1/2010	—	—(2)	
					1.2	0.5		
OTG Management, LLC (21)	Airport restaurant operator	First lien senior secured revolving loan (\$8.4 par due 8/2021)	9.85% (Libor + 8.50%/Q)	8/26/2016	8.4	8.4(2)(17)		
		First lien senior secured loan (\$4.9 par due 8/2021)	9.88% (Libor + 8.50%/Q)	8/26/2016	4.9	4.9(2)(17)		
		First lien senior secured loan (\$1.6 par due 8/2021)	9.91% (Libor + 8.50%/Q)	8/26/2016	1.6	1.6(2)(17)		
		First lien senior secured loan (\$2.2 par due 8/2021)	9.98% (Libor + 8.50%/Q)	8/26/2016	2.2	2.2(2)(17)		
		First lien senior secured loan (\$97.8 par due 8/2021)	9.88% (Libor + 8.50%/Q)	8/26/2016	97.8	97.8(2)(17)		
		Senior subordinated loan (\$25.3 par	17.50% PIK	8/26/2016	25.1	25.1(2)		

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		due 2/2022)						
		Class A						
		preferred units		8/26/2016	30.0	34.72)		
		(3,000,000						
		units)						
		Common units		1/5/2011	3.0	9.1(2)		
		(3,000,000						
		units)						
		Warrant to						
		purchase up to		6/19/2008	0.1	—(2)		
		7.73% of						
		common units						
		(expires 6/2018)						
		Warrant to						
		purchase 0.60%						
		of the common		8/29/2016	—	19.02)		
		units deemed						
		outstanding						
		(expires						
		12/2018)						
					173.1	203.9		
Restaurant	Fast food restaurant	First lien senior	9.32% (Libor	3/13/2014	31.6	30.73)(17)		
Holding	operator	secured loan	+ 7.75%/Q)					
Company, LLC		(\$31.7 par due						
		2/2019)						
Restaurant	Provider of bulk	First lien senior	6.32% (Libor	11/23/2016	0.2	0.2(2)(17)(20)		
Technologies,	cooking oil management	secured	+ 4.75%/Q)					
Inc. (21)	services to the	revolving loan						
	restaurant and fast food	(\$0.2 par due						
	service industries	11/2021)						
		First lien senior	6.30% (Libor	11/23/2016	0.4	0.4(2)(17)(20)		
		secured	+ 4.75%/Q)					
		revolving loan						
		(\$0.4 par due						
		11/2021)						
					0.6	0.6		
SFE	Provider of outsourced	First lien senior	6.50% (Libor	7/31/2017	0.8	0.8(2)(17)		
Intermediate	foodservice to K-12	secured	+ 5.00%/Q)					
Holdco LLC	school districts	revolving loan						
(21)		(\$0.8 par due						
		7/2022)						
		First lien senior	6.38% (Libor	7/31/2017	6.7	6.8(4)(17)		
		secured loan	+ 5.00%/Q)					
		(\$6.8 par due						
		7/2023)						
					7.5	7.6		
					400.7	388.4		5.47 %
Automotive	Provider of vehicle	First lien senior	9.00% (Base	6/7/2017	0.4	0.4(2)(17)		
Services	service contracts	secured	Rate +					
A.U.L. Corp.								
(21)								

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

	(“VSCs”) and limited warranties for passenger vehicles	revolving loan (\$0.4 par due 6/2023)	4.50%/Q)			
		First lien senior secured loan (\$7.8 par due 6/2023)	6.75% (Libor + 5.00%/Q)	6/7/2017	7.8	7.8(2)(17)
					8.2	8.2
AEP Holdings, Inc. and Arrowhead Holdco Company	Distributor of non-discretionary, mission-critical aftermarket replacement parts	First lien senior secured loan (\$0.1 par due 8/2021)	7.09% (Libor + 5.75%/Q)	7/21/2017	0.1	0.1(2)(17)
		First lien senior secured loan (\$3.0 par due 8/2021)	7.13% (Libor + 5.75%/Q)	7/21/2017	3.0	3.0(2)(17)
		First lien senior secured loan (\$1.5 par due 8/2021)	7.23% (Libor + 5.75%/Q)	7/21/2017	1.5	1.5(2)(17)



Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of December 31, 2017  
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Common stock (3,467 shares)		8/31/2015	3.5	4.3(2)	
					8.1	8.9	
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	2.1(2)	
Dent Wizard International Corporation and DWH Equity Investors, L.P.	Automotive reconditioning services	Second lien senior secured loan (\$50.0 par due 10/2020)	10.24% (Libor + 8.75%/Q)	4/7/2015	50.0	50.0(2)(17)	
		Class A common stock (10,000 shares)		4/7/2015	0.2	0.5(2)	
		Class B common stock (20,000 shares)		4/7/2015	0.4	1.0(2)	
					50.6	51.5	
Eckler Industries, Inc. (21)	Restoration parts and accessories provider for classic automobiles	First lien senior secured revolving loan (\$2.0 par due 12/2017)	—	7/12/2012	2.0	1.5(2)(16)	
		First lien senior secured loan (\$6.6 par due 12/2017)	—	7/12/2012	6.6	4.9(2)(16)	
		First lien senior secured loan (\$24.3 par due 12/2017)	—	7/12/2012	24.3	18.0(2)(16)	
		Series A preferred stock (1,800 shares)		7/12/2012	1.8	— (2)	
		Common stock (20,000 shares)		7/12/2012	0.2	— (2)	
					34.9	24.4	
EcoMotors, Inc.	Engine developer		—	9/1/2015	9.1	0.1(2)(16)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		First lien senior secured loan (\$9.4 par due 3/2018)					
		Warrant to purchase up to 321,888 shares of Series C preferred stock (expires 12/2022)		12/28/2012	—	—	(2)
		Warrant to purchase up to 70,000 shares of Series C preferred stock (expires 2/2025)		2/24/2015	—	—	(2)
					9.1	0.1	
ESCP PPG Holdings, LLC (7)	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	2.8	(2)
Mavis Tire Supply LLC	Auto parts retailer	First lien senior secured loan (\$38.5 par due 10/2020)	6.67% (Libor + 5.25%/Q)	7/26/2017	38.5	38.5	(17)
		First lien senior secured loan (\$2.0 par due 10/2020)	6.67% (Libor + 5.25%/Q)	10/18/2017	2.0	2.0	(2)(17)
		First lien senior secured loan (\$179.0 par due 10/2020)	6.67% (Libor + 5.25%/Q)	7/26/2017	179.0	179.0	(17)
					219.5	219.5	
Simpson Performance Products, Inc.	Provider of motorsports safety equipment	First lien senior secured loan (\$10.0 par due 2/2020)	9.25% (Libor + 7.59%/Q)	2/20/2015	10.0	10.0	(2)(17)
		First lien senior secured loan (\$18.3 par due 2/2020)	9.25% (Libor + 7.59%/Q)	2/20/2015	18.3	18.3	(3)(17)
					28.3	28.3	
SK SPV IV, LLC	Collision repair site operators	Series A common stock (12,500 units)		8/18/2014	0.6	3.2	(2)
		Series B common stock		8/18/2014	0.6	3.2	(2)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

(12,500 units)

1.2 6.4  
363.7 352.2 4.96 %

Education Campus Management Acquisition Corp. (7)	Education software developer	Preferred stock (485,159 shares)	2/8/2008	10.5	11.02)
Excelligence Holdings Corp.	Developer, manufacturer and retailer of educational products	First lien senior secured loan (\$10.0 par due 4/2023)	7.35% (Libor + 6.00%/Q) 4/17/2017	10.0	9.6(4)(17)
Flinn Scientific, Inc. and WCI-Quantum Holdings, Inc.	Distributor of instructional products, services and resources	First lien senior secured loan (\$32.0 par due 10/2020)	6.50% (Libor + 5.00%/Q) 7/26/2017	32.0	32.02)(17)

71

---

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of December 31, 2017  
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan (\$38.7 par due 10/2020)	6.37% (Libor + 5.00%/Q)	7/26/2017	38.7	38.7(17)	
		Series A preferred stock (1,272 shares)		10/24/2014	1.0	1.2(2)	
					71.7	71.9	
Frontline Technologies Group Holding LLC, Frontline Technologies Blocker Buyer, Inc., Frontline Technologies Holdings, LLC and Frontline Technologies Parent, LLC (21)	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 (\$39.6 par due 9/2023)	8.09% (Libor + 6.50%/Q)	9/19/2017	39.1	39.0(17)	
		Class A preferred units (4,574 units)		9/18/2017	4.6	4.8	
		Class B units (499,050 units)		9/18/2017	—	—	
					43.7	43.8	
Infilaw Holding, LLC (21)	Operator of for-profit law schools	First lien senior secured revolving loan (\$4.5 par due 2/2018)	—	8/25/2011	3.5	—(2)(16)(20)	
Instituto de Banca y Comercio, Inc. & Leeds IV Advisors, Inc. (21)	Private school operator	First lien senior secured revolving loan (\$11.8 par due 12/2018)	12.50% (Base Rate + 8.00%/Q)	5/18/2017	11.8	11.0(17)	
		First lien senior secured loan (\$3.2 par due 12/2018)	10.50% (Libor + 9.00%/Q)	10/31/2015	3.2	3.2(2)(17)	
		Senior preferred series		10/31/2015	119.4	25.0(2)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		A-1 shares (163,902 shares)					
		Series B preferred stock (1,401,385 shares)		8/5/2010	4.0	—	(2)
		Series C preferred stock (1,994,644 shares)		6/7/2010	0.5	—	(2)
		Series B preferred stock (348,615 shares)		8/5/2010	1.0	—	(2)
		Series C preferred stock (517,942 shares)		6/7/2010	0.1	—	(2)
		Common stock (16 shares)		6/7/2010	—	—	(2)
		Common stock (4 shares)		6/7/2010	—	—	(2)
					140.0	40.2	
Liaison Acquisition, LLC (21)	Provider of centralized applications services to educational associations	Second lien senior secured loan (\$15.0 par due 8/2023)	10.81% (Libor + 9.25%/Q)	2/9/2017	14.7	15.0	(17)
PIH Corporation and Primrose Holding Corporation (7)(21)	Franchisor of education-based early childhood centers	First lien senior secured revolving loan (\$0.6 par due 12/2018)	6.63% (Libor + 5.25%/Q)	12/13/2013	0.6	0.6	(2)(17)
		First lien senior secured revolving loan (\$0.4 par due 12/2018)	8.75% (Base Rate + 4.25%/Q)	12/13/2013	0.4	0.4	(2)(17)
		First lien senior secured loan (\$1.6 par due 12/2018)	7.07% (Libor + 5.50%/Q)	12/15/2017	1.6	1.6	(2)(17)
		Common stock (7,227 shares)		1/3/2017	10.7	17.8	
					13.3	20.4	
R3 Education Inc., Equinox EIC Partners LLC and Sierra Education Finance Corp.	Medical school operator	Preferred stock (1,977 shares)		7/30/2008	0.5	0.5	(2)
				9/21/2007	15.8	26.0	(2)

		Common membership interest (15.76% interest)			
		Warrant to purchase up to 27,890 shares (expires 11/2019)	12/8/2009	—	9.1(2)
				16.3	35.8
Regent Education, Inc.	Provider of software solutions designed to optimize the financial aid and enrollment processes	Warrant to purchase up to 987 shares of common stock (expires 12/2026)	12/23/2016	—	— (2)
		Warrant to purchase up to 5,393,194 shares of common stock (expires 12/2026)	12/23/2016	—	— (2)
				—	—

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of December 31, 2017  
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
RuffaloCODY, LLC (21)	Provider of student fundraising and enrollment management services	First lien senior secured revolving loan	—	5/29/2013	—	— (19)	
Severin Acquisition, LLC (21)	Provider of student information system software solutions to the K-12 education market	Second lien senior secured loan (\$38.7 par due 7/2022)	10.32% (Libor + 8.75%/Q)	2/1/2017	37.9	38.7(2)(17)	
		Second lien senior secured loan (\$3.1 par due 7/2022)	10.57% (Libor + 9.00%/Q)	10/14/2016	3.1	3.1(17)	
		Second lien senior secured loan (\$4.2 par due 7/2022)	10.32% (Libor + 8.75%/Q)	10/28/2015	4.1	4.2(2)(17)	
		Second lien senior secured loan (\$15.0 par due 7/2022)	10.32% (Libor + 8.75%/Q)	7/31/2015	14.8	15.0(2)(17)	
		Second lien senior secured loan (\$3.3 par due 7/2022)	10.82% (Libor + 9.25%/Q)	2/1/2016	3.2	3.3(2)(17)	
		Second lien senior secured loan (\$2.8 par due 7/2022)	10.82% (Libor + 9.25%/Q)	8/8/2016	2.8	2.8(17)	
		Second lien senior secured loan (\$3.1 par due 7/2022)	10.57% (Libor + 9.00%/Q)	1/3/2017	3.1	3.1(17)	
		Second lien senior secured loan (\$5.5 par due 7/2022)	10.32% (Libor + 8.75%/Q)	1/3/2017	5.5	5.5(2)(17)	
		Second lien senior secured loan (\$20.0 par due 7/2022)	10.32% (Libor + 8.75%/Q)	1/3/2017	20.0	20.0(2)(17)	
		Second lien senior secured	10.82% (Libor + 9.25%/Q)	1/3/2017	4.4	4.4(2)(17)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		loan (\$4.4 par due 7/2022)							
		Second lien senior secured loan (\$2.8 par due 7/2022)	10.82% (Libor + 9.25%/Q)	1/3/2017	2.8	2.8	(17)		
					101.7	102.9			
					425.4	350.6		4.94	%
Wholesale Distribution									
DFS Holding Company, Inc.	Distributor of maintenance, repair, and operations parts, supplies, and equipment to the foodservice industry	First lien senior secured loan (\$4.7 par due 2/2022)	6.69% (Libor + 5.00%/Q)	3/1/2017	4.7	4.6	(2)(17)		
		First lien senior secured loan (\$188.7 par due 2/2022)	7.19% (Libor + 5.50%/Q)	7/26/2017	188.7	186.3	(17)		
					193.4	191.4			
Flow Solutions Holdings, Inc.	Distributor of high value fluid handling, filtration and flow control products	Second lien senior secured loan (\$6.0 par due 10/2018)	10.57% (Libor + 9.00%/Q)	12/16/2014	6.0	6.0	(2)(17)		
		Second lien senior secured loan (\$29.5 par due 10/2018)	10.57% (Libor + 9.00%/Q)	12/16/2014	29.5	29.6	(17)		
					35.5	35.5			
KHC Holdings, Inc. and Kele Holdco, Inc. (21)	Catalog-based distribution services provider for building automation systems	First lien senior secured revolving loan (\$0.7 par due 10/2020)	5.80% (Libor + 4.25%/Q)	1/3/2017	0.7	0.7	(2)(17)		
		First lien senior secured loan (\$66.2 par due 10/2022)	7.69% (Libor + 6.00%/Q)	1/3/2017	66.2	66.3	(17)		
		Common stock (30,000 shares)		1/3/2017	3.1	3.1			
					70.0	70.0			
					298.9	296.9		4.18	%
Oil and Gas									
Moss Creek Resources, LLC	Exploration and production company	Senior subordinated loan (\$30.0 par due 4/2022)	9.50% (Libor + 8.00%/Q)	5/5/2017	29.7	30.0	(17)		
		Second lien senior secured loan (\$90.1 par due 9/2022)	8.57% (Libor + 7.00%/Q)	9/28/2017	90.1	88.3	(17)		



Edgar Filing: ARES CAPITAL CORP - Form 10-Q

Petroflow Energy Corporation and TexOak Petro Holdings LLC (7)	Oil and gas exploration and production company	First lien senior secured loan (\$12.8 par due 6/2019)	3.36% (Libor + 2.00%/Q)	6/29/2016	11.7	12.4	(17)
		Second lien senior secured loan (\$24.7 par due 12/2019)	—	6/29/2016	21.9	—	(2)(16)
		Common units (202,000 units)		6/29/2016	11.1	—	
					44.7	12.4	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of December 31, 2017  
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
VPROP 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 (\$28.2 par due 8/2021)	10.98% (Libor + 9.50%/Q)	8/1/2017	28.1	28.2	(17)
		First lien senior secured loan (\$35.3 par due 8/2021)	10.74% (Libor + 8.50% Cash, 1.00% PIK/Q)	11/9/2017	35.3	35.8	(17)
		First lien senior secured loan (\$15.2 par due 3/2021)	10.98% (Libor + 8.50% Cash, 1.00% PIK/Q)	3/1/2017	15.2	15.2	(17)
		First lien senior secured loan (\$75.5 par due 3/2021)	10.98% (Libor + 8.50% Cash, 1.00% PIK/Q)	3/1/2017	75.5	75.5	(17)
		Common units (997,864 units)		11/9/2017	9.7	9.7	(2)
					163.8	163.9	
					328.3	294.6	4.15 %
Containers and Packaging							
GS Pretium Holdings, Inc.	Manufacturer and supplier of high performance plastic containers	Common stock (500,000 shares)		6/2/2014	0.5	0.8	(2)
ICSH Parent, Inc. and Vulcan Container Services Holdings, Inc.	Industrial container manufacturer, reconditioner and servicer	Second lien senior secured loan (\$63.6 par due 4/2025)	9.38% (Libor + 8.00%/Q)	4/28/2017	62.9	63.6	(17)
		Series A common stock (24,900 shares)		4/28/2017	2.5	3.3	(2)
					65.4	66.9	
			—	7/10/2015	—	—	(19)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

LBP Intermediate Holdings LLC (21)	Manufacturer of paper and corrugated foodservice packaging	First lien senior secured revolving loan						
		First lien senior secured loan (\$11.8 par due 7/2020)	7.19% (Libor + 5.50%/Q)	7/10/2015	11.8	11.83	(17)	
		First lien senior secured loan (\$5.0 par due 7/2020)	7.19% (Libor + 5.50%/Q)	7/10/2015	5.0	5.0	(4)	(17)
					16.8	16.8		
Microstar Logistics LLC, Microstar Global Asset Management LLC, and MStar Holding Corporation	Keg management solutions provider	Second lien senior secured loan (\$78.5 par due 12/2018)	9.05% (Libor + 7.50%/Q)	12/14/2012	78.5	78.52	(17)	
		Second lien senior secured loan (\$54.0 par due 12/2018)	9.05% (Libor + 7.50%/Q)	12/14/2012	54.0	54.03	(17)	
		Second lien senior secured loan (\$10.0 par due 12/2018)	9.05% (Libor + 7.50%/Q)	12/14/2012	10.0	10.04	(17)	
		Common stock (50,000 shares)		12/14/2012	4.0	6.8	(2)	
					146.5	149.3		
NSI Holdings, Inc. (7)	Manufacturer of plastic containers for the wholesale nursery industry	Series A preferred stock (2,192 shares)		1/3/2017	—	—		
Ranpak Corp.	Manufacturer and marketer of paper-based protective packaging systems and materials	Second lien senior secured loan (\$13.3 par due 10/2022)	8.75% (Libor + 7.25%/Q)	1/3/2017	12.8	13.32	(17)	
					242.0	247.1	3.48	%
Environmental Services								
MPH Energy Holdings, LP	Operator of municipal recycling facilities	Limited partnership interest (3.13% interest)		1/8/2014	—	—	(2)	
				3/1/2011	—	—	(2)	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

RE Community Holdings GP, LLC and RE Community Holdings, LP	Operator of municipal recycling facilities	Limited partnership interest (2.86% interest) Limited partnership interest (2.49% interest)	3/1/2011	—	— (2)
				—	—
Soil Safe, Inc. and Soil Safe Acquisition Corp. (8)(21)	Provider of soil treatment, recycling and placement services	First lien senior secured revolving loan —	1/3/2017	—	— (19)
		First lien senior secured loan (\$22.0 par due 1/2020) 8.00% (Libor + 6.25%/Q)	1/3/2017	22.0	22.02)(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of December 31, 2017  
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		Second lien senior secured loan (\$12.7 par due 6/2020)	10.75% (Libor + 7.75%/Q)	1/3/2017	12.7	12.7(2)	(17)
		Senior subordinated loan (\$36.7 par due 12/2020)	16.50% PIK	1/3/2017	36.7	36.7(2)	
		Senior subordinated loan (\$31.5 par due 12/2020)	14.50% PIK	1/3/2017	31.5	31.5(2)	
		Senior subordinated loan (\$30.5 par due 12/2020)	—	1/3/2017	11.5	4.0(16)	
		Common stock (810 shares)		1/3/2017	—	—	
					114.4	106.9	
Storm UK Holdco Limited and Storm US Holdco Inc. (9)(21)	Provider of water infrastructure software solutions for municipalities / utilities and engineering consulting firms	First lien senior secured revolving loan (\$0.1 par due 5/2022)	9.00% (Base Rate + 4.50%/Q)	5/5/2017	0.1	0.1(2)	(17)
		First lien senior secured loan (\$1.6 par due 5/2023)	6.89% (Libor + 5.50%/Q)	5/5/2017	1.6	1.5(2)	(17)
					1.7	1.6	
Waste Pro USA, Inc	Waste management services	Second lien senior secured loan (\$75.2 par due 10/2020)	9.05% (Libor + 7.50%/Q)	10/15/2014	75.2	75.2(3)	(17)
					191.3	183.7	2.59 %
Printing, Publishing and Media							
Connoisseur Media, LLC	Owner and operator of radio stations	First lien senior secured loan (\$21.0 par due 6/2019)	7.74% (Libor + 6.38%/Q)	7/26/2017	21.0	20.8(2)	(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		First lien senior secured loan (\$0.1 par due 6/2019)	9.88% (Base Rate + 5.38%/Q)	7/26/2017	0.1	0.1(2)(17)		
		First lien senior secured loan (\$0.7 par due 6/2019)	8.07% (Libor + 6.38%/Q)	7/26/2017	0.7	0.6(2)(17)		
		First lien senior secured loan (\$0.3 par due 6/2019)	8.07% (Libor + 6.38%/Q)	7/26/2017	0.3	0.3(4)(17)		
		First lien senior secured loan (\$41.4 par due 6/2019)	7.76% (Libor + 6.38%/Q)	7/26/2017	41.4	41.0(2)(17)		
		First lien senior secured loan (\$17.8 par due 6/2019)	7.76% (Libor + 6.38%/Q)	7/26/2017	17.8	17.6(4)(17)		
					81.3	80.4		
Earthcolor Group, LLC	Printing management services	Limited liability company interests (9.30%)		5/18/2012	—	—		
EDS Group (8)(9)	Provider of print and digital services	Common stock (2,432,750 shares)		1/3/2017	—	2.7		
Roark-Money Mailer LLC	Marketer, advertiser and distributor of coupons in the mail industry	Membership units (35,000 units)		1/3/2017	—	—		
The Teaching Company Holdings, Inc.	Education publications provider	Preferred stock (10,663 shares)		9/29/2006	1.1	2.4(2)		
		Common stock (15,393 shares)		9/29/2006	—	— (2)		
					1.1	2.4		
					82.4	85.5	1.20	%
Chemicals								
AMZ Holding Corp. (21)	Specialty chemicals manufacturer	First lien senior secured loan (\$12.2 par due 6/2022)	6.57% (Libor + 5.00%/Q)	6/27/2017	12.2	12.2(4)(17)		
Genomatica, 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)		
K2 Pure Solutions Nocal, L.P. (21)	Chemical producer	First lien senior secured revolving loan	8.70% (Libor + 7.13%/Q)	8/19/2013	1.5	1.5(2)(17)		

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

(\$1.5 par due 2/2021)					
First lien senior secured loan	7.57% (Libor +	8/19/2013	40.0	40.0	(17)
(\$40.0 par due 2/2021)	6.00%/Q)				
First lien senior secured loan	7.57% (Libor +	8/19/2013	13.0	13.0	(17)
(\$13.0 par due 2/2021)	6.00%/Q)				
			54.5	54.5	
			66.7	66.7	0.94 %

Retail

75

---

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of December 31, 2017  
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
Fashion Holding Luxembourg SCA (Modacin/Camaeiu) (8)(9)	Retailer of women's clothing	Preferred stock (241,776,675 shares)		1/3/2017	—	—	
Galls, LLC	Distributor of public safety, private security and defense products in the United States	Second lien senior secured loan (\$2.0 par due 8/2021)	9.71% (Libor + 8.25%/Q)	8/25/2017	2.0	2.0	(17)
		Second lien senior secured loan (\$7.1 par due 8/2021)	9.85% (Libor + 8.25%/Q)	8/25/2017	7.1	7.1	(17)
		Second lien senior secured loan (\$1.9 par due 8/2021)	9.94% (Libor + 8.25%/Q)	8/25/2017	1.9	1.9	(17)
		Second lien senior secured loan (\$14.3 par due 8/2021)	9.94% (Libor + 8.25%/Q)	1/3/2017	14.3	14.3	(17)
		Second lien senior secured loan (\$26.0 par due 8/2021)	9.94% (Libor + 8.25%/Q)	1/3/2017	26.0	26.0	(17)
					51.3	51.3	
Paper Source, Inc. and Pine Holdings, Inc. (21)	Retailer of fine and artisanal paper products	First lien senior secured loan (\$9.6 par due 9/2019)	7.94% (Libor + 6.25%/Q)	9/23/2013	9.6	9.6	(17)
		Class A common stock (36,364 shares)		9/23/2013	6.0	6.0	(2)
					15.6	15.6	
Things Remembered, Inc. and TRM Holdco Corp. (7)(21)	Personalized gifts retailer	First lien senior secured loan (\$12.3 par due 3/2020)	—	8/30/2016	10.5	10.5	(16)
		Common stock (10,631,940 shares)		8/30/2016	6.1	6.1	(2)
					16.6	16.6	



Edgar Filing: ARES CAPITAL CORP - Form 10-Q

					83.5	65.3	0.92	%
Aerospace and Defense								
Cadence Aerospace, LLC (21)	Aerospace precision components manufacturer	First lien senior secured revolving loan (\$0.7 par due 11/2022)	7.91% (Libor + 6.50%/Q)	11/14/2017	0.7	0.72	(17)	(20)
		First lien senior secured loan (\$32.5 par due 11/2023)	7.91% (Libor + 6.50%/Q)	11/14/2017	32.2	32	(2)	(17)
					32.9	32.9		
Jazz Acquisition, Inc.	Designer and distributor of aftermarket replacement components to the commercial airlines industry	Second lien senior secured loan (\$25.0 par due 6/2022)	8.44% (Libor + 6.75%/Q)	1/3/2017	19.8	22	(3)	(17)
					52.7	55.4	0.78	%
Health Clubs								
Athletic Club Holdings, Inc.	Premier health club operator	First lien senior secured loan (\$35.0 par due 10/2020)	10.07% (Libor + 8.50%/Q)	10/11/2007	35.0	35	(8)	(17)
CFW Co-Invest, L.P., NCP Curves, L.P. and Curves International Holdings, Inc.	Health club franchisor	Limited partnership interest (4,152,165 shares)		7/31/2012	4.2	4.4	(2)	
		Limited partnership interest (2,218,235 shares)		7/31/2012	2.2	9.7	(2)	(9)
		Common stock (1,680 shares)		11/12/2014	—	—	(2)	(9)
					6.4	14.1		
Movati Athletic (Group) Inc. (9)(21)	Premier health club operator	First lien senior secured loan (\$0.3 par due 10/2022)	5.90% (Libor + 4.50%/Q)	10/5/2017	0.3	0.3	(2)	(17)
		First lien senior secured loan (\$3.1 par due 10/2022)	5.91% (Libor + 4.50%/Q)	10/5/2017	3.0	3.0	(2)	(17)
					3.3	3.3		
					44.7	52.4	0.74	%
Farming and Agriculture								

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

QC Supply, LLC (21)	Specialty distributor and solutions provider to the swine and poultry markets	First lien				
		senior secured revolving loan (\$4.0 par due 12/2021)	7.57% (Libor + 6.00%/Q)	12/29/2016	4.0	3.92(17)
		First lien				
		senior secured loan (\$2.5 par due 12/2022)	7.57% (Libor + 6.00%/Q)	12/29/2016	2.5	2.42(17)
		First lien				
		senior secured loan (\$11.2 par due 12/2022)	7.57% (Libor + 6.00%/Q)	12/29/2016	11.2	11.0(17)

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of December 31, 2017  
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
		First lien senior secured loan (\$14.9 par due 12/2022)	7.57% (Libor + 6.00%/Q)	12/29/2016	14.9	14.0(17)	
					32.6	31.9	
					32.6	31.9	0.45 %
Hotel Services Pyramid Management Advisors, LLC and Pyramid Investors, LLC	Hotel Operator	First lien senior secured loan (\$3.0 par due 7/2021)	8.69% (Libor + 7.00%/Q)	7/15/2016	3.0	3.0(2)(17)	
		First lien senior secured loan (\$19.5 par due 7/2021)	11.37% (Libor + 10.06%/Q)	7/15/2016	19.5	19.5(17)	
		Membership units (996,833 units)		7/15/2016	1.0	0.8(2)	
					23.5	23.3	
					23.5	23.3	0.33 %
Computers and Electronics							
Everspin Technologies, Inc.	Designer and manufacturer of computer memory solutions	Warrant to purchase up to 18,461 shares of common stock (expires 10/2026)		6/5/2015	0.4	—(5)(24)	
Imaging Business Machines, L.L.C. and Scanner Holdings Corporation (8)	Provider of high-speed intelligent document scanning hardware and software	Senior subordinated loan (\$8.3 par due 6/2022)	14.00%	1/3/2017	8.1	8.3(2)	
		Senior subordinated loan (\$8.3 par due 6/2022)	14.00%	1/3/2017	8.1	8.3(2)	
		Series A preferred stock (66,424,135 shares)		1/3/2017	—	4.5	
		Class A common stock		1/3/2017	—	—	

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

		(33,173 shares) Class B common stock (134,214 shares)		1/3/2017	—	—		
						16.2	21.1	
						16.6	21.1	0.30 %
Telecommunications								
Adaptive Mobile Security Limited (9)	Developer of security software for mobile communications networks	First lien senior secured loan (\$0.9 par due 10/2018)	12.00% (EURIBOR + 8.00% Cash, 2.00% PIK/M)	10/17/2016	0.8	0.8	(2)	(17)
		First lien senior secured loan (\$0.8 par due 7/2018)	12.00% (EURIBOR + 8.00% Cash, 2.00% PIK/M)	1/16/2015	0.7	0.7	(2)	(17)
		First lien senior secured loan (\$0.3 par due 10/2018)	12.00% (EURIBOR + 8.00% Cash, 2.00% PIK/M)	1/16/2015	0.3	0.3	(2)	(17)
						1.8	1.8	
CHL, LTD.	Repair and service solutions provider for cable, satellite and telecommunications based service providers	Warrant to purchase up to 120,000 shares of Series A common stock (expires 5/2020)		1/3/2017	—	—		
		Warrant to purchase up to 280,000 shares of Series B common stock (expires 5/2020)		1/3/2017	—	—		
		Warrant to purchase up to 80,000 shares of Series C common stock (expires 5/2020)		1/3/2017	—	—		
						—	—	
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	1.7		
				4/1/2010	—	—		

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

Startec Equity, LLC (8)	Communication services	Member interest	6.9	3.5	0.05 %
Commercial Real Estate Financial					

77

---

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of December 31, 2017  
(dollar amounts in millions)

Company(1)	Business Description	Investment	Interest(6)(12)	Acquisition Date	Amortized Cost	Fair Value	Percentage of Net Assets
ACAS Real Estate Holdings Corporation (8)	Real estate holding company	Common stock (1,000 shares)		1/3/2017	2.6	2.1	
NECCO Realty Investments LLC (8)	Real estate holding company	Membership units (7,450 units)		1/3/2017	—	—	
					2.6	2.1	0.03 %
Housing and Building Materials							
Halex Holdings, Inc. (8)(21)	Manufacturer of flooring installation products	First lien senior secured revolving loan (\$1.1 par due 12/2018)		1/24/2017	1.1	—	
		Common stock (51,853 shares)		1/3/2017	—	—	
					1.1	—	
					1.1	—	— %
Total Investments					\$ 11,904.5	\$ 11,840.6	166.83 %

Derivative Instruments

Foreign currency forward contracts

Description	Notional Amount to be Purchased	Notional Amount to be Sold	Counterparty	Settlement Date	Unrealized Appreciation / (Depreciation)
Foreign currency forward contract	\$ 3	CAD4	Bank of Montreal	January 4, 2018	\$ —
Foreign currency forward contract	\$ 8	CAD10	Bank of Montreal	January 16, 2018	—
Foreign currency forward contract	\$ 81	CAD103	Bank of Montreal	February 16, 2018	(1 )
Foreign currency forward contract	\$ 18	€ 15	Bank of Montreal	January 16, 2018	—
Foreign currency forward contract	\$ 9	€ 8	Bank of Montreal	February 15, 2018	—
Foreign currency forward contract	\$ 2	€ 2	Bank of Montreal	March 15, 2018	—
Foreign currency forward contract	\$ 90	£ 68	Bank of Montreal	February 15, 2018	(2 )
Foreign currency forward contract	\$ 12	£ 9	Bank of Montreal	February 16, 2018	—
Total					\$ (3 )

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 1.50%	Bank of Montreal	January 4, 2021	\$ 395	\$(1)	\$ (1 )
Total							\$ (1 )

Other than the Company's investments listed in footnote 8 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").

(1) 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, 2017 represented 167% of the Company's net assets or 96% of the Company's total assets, are subject to legal restrictions on sales.

These assets are pledged as collateral for the Revolving Credit Facility (as defined below) and, as a result, are not (2) directly available to the creditors of the Company to satisfy any obligations of the Company other than the Company's obligations under the Revolving Credit Facility (see Note 5 to the consolidated financial statements).

These assets are owned by the Company's consolidated subsidiary Ares Capital CP Funding LLC ("Ares Capital (3)CP"), are pledged as collateral for the Revolving Funding Facility (as defined below) and, as a result, are not directly

available to the creditors of the Company to satisfy any obligations of the Company other than Ares Capital CP's obligations under the Revolving Funding Facility (see Note 5 to the consolidated financial statements).

(4) These assets are owned by the Company's consolidated subsidiary Ares Capital JB Funding LLC ("ACJB"), are pledged as collateral for the SMBC Funding Facility (as defined below) and, as a result, are not directly available to the creditors of the Company to satisfy any obligations of the Company other than ACJB's obligations under the SMBC Funding Facility (see Note 5 to the consolidated financial statements).

(5) These assets are owned by the Company's consolidated subsidiary Ares Venture Finance, L.P. ("AVF LP"), are pledged as collateral for the SBA-guaranteed debentures (the "SBA Debentures") and, as a result, are not directly available to the creditors of the Company to satisfy any obligations of the Company other than AVF LP's obligations (see Note 5 to the consolidated financial statements). AVF LP operates as a Small Business Investment Company ("SBIC") under the provisions of Section 301(c) of the Small Business Investment Act of 1958, as amended.

(6) Investments without an interest rate are non-income producing.

(7) 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, 2017 in which the issuer was an Affiliated Person (but not a portfolio company that the Company is deemed to Control) are as follows:

(in millions) Company	For the year ended December 31, 2017									As of December 31, 2017
	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
Campus Management Acquisition Corp.	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$ 0.7	\$ 11.0
Crown Health Care Laundry Services, LLC and Crown Laundry Holdings, LLC	\$14.0	\$ 0.8	\$—	\$ 1.1	\$ 0.1	\$—	\$ 0.2	\$—	\$ 1.0	\$ 28.5
ESCP PPG Holdings, LLC	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$ (0.9 )	\$ 2.8
Financial Asset Management Systems, Inc. and FAMS Holdings, Inc.	\$3.0	\$ 3.0	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Ioxus, Inc	\$—	\$—	\$—	\$ 1.3	\$—	\$—	\$—	\$—	\$ (0.1 )	\$ 11.2
Multi-Ad Services, Inc.	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$ 0.1	\$—	\$—
NSI Holdings, Inc.	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Petroflow Energy Corporation and TexOak Petro Holdings LLC	\$—	\$ 2.6	\$ 1.8	\$ 0.4	\$—	\$—	\$—	\$ 0.2	\$ (4.8 )	\$ 12.4
PIH Corporation and Primrose Holding Corporation	\$17.0	\$ 6.2	\$—	\$—	\$—	\$ 1.4	\$—	\$—	\$ 7.0	\$ 20.4
Shock Doctor, Inc. and Shock Doctor Holdings, LLC	\$—	\$—	\$—	\$ 10.7	\$—	\$—	\$ 0.1	\$—	\$ (9.1 )	\$ 86.1
Things Remembered, Inc. and TRM Holdco Corp.	\$5.1	\$ 5.0	\$ 0.3	\$ 0.1	\$—	\$—	\$ 0.1	\$—	\$ (1.9 )	\$ 1.5



Edgar Filing: ARES CAPITAL CORP - Form 10-Q

UL Holding Co., LLC	\$—	\$ —	\$—	\$ 3.3	\$ —	\$ —	\$ —	\$ —	\$ 6.3	\$ 42.4
	\$39.1	\$ 17.6	\$ 2.1	\$ 16.9	\$ 0.1	\$ 1.4	\$ 0.4	\$ 0.3	\$ (1.8 )	\$ 216.3

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 (8) 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, 2017 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, 2017								As of December 31, 2017	
	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
10th Street, LLC and New 10th Street, LLC	\$—	\$ 53.3	\$ 0.6	\$ 2.0	\$ —	\$ —	\$ —	\$ 34.5	\$ (34.7 )	\$ —

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

(in millions) Company	For the year ended December 31, 2017									As of December 31, 2017
	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 2007-1 CLO	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
ACAS Equity Holdings Corporation	\$0.5	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$ (0.1 )	\$ 0.4
ACAS Real Estate Holdings Corporation	\$2.6	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$ (0.5 )	\$ 2.1
ADF Capital, Inc., ADF Restaurant Group, LLC, and ARG Restaurant Holdings, Inc.	\$—	\$—	\$—	\$ 0.6	\$—	\$—	\$ 0.1	\$—	\$ (15.9 )	\$ 16.0
Alcami Holdings, LLC	\$273.1	\$ 5.5	\$0.3	\$ 29.8	\$—	\$—	\$ 2.1	\$—	\$ 166.8	\$ 442.3
AllBridge Financial, LLC	\$—	\$—	\$—	\$—	\$—	\$ 0.4	\$—	\$—	\$ (0.4 )	\$—
Ares IIIR/IVR CLO Ltd.	\$—	\$ 5.2	\$—	\$ 0.4	\$—	\$—	\$—	\$ 0.5	\$ 0.1	\$ 0.1
Bellotto Holdings Limited	\$193.6	\$ 193.6	\$—	\$—	\$—	\$—	\$—	\$ 58.1	\$—	\$—
Callidus Capital Corporation	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$ 1.7
Ciena Capital LLC	\$—	\$—	\$10.0	\$ 0.8	\$—	\$—	\$—	\$—	\$ 10.6	\$ 32.3
CoLTS 2005-1	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
CoLTS 2005-2	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Columbo Midco Limited, Columbo Bidco Limited and Columbo Topco Limited	\$27.9	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$ 12.7	\$ 40.6
Community Education Centers, Inc. and CEC Parent Holdings LLC	\$—	\$ 36.2	\$38.1	\$ 1.2	\$—	\$ 8.4	\$ 0.1	\$ 24.3	\$ (10.9 )	\$—
Competitor Group, Inc., Calera XVI, LLC and Champion Parent Corporation	\$0.5	\$ 18.6	\$42.8	\$—	\$—	\$—	\$—	\$ (20.1 )	\$ 17.3	\$ 0.2
CSHM LLC	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
EDS Group	\$11.8	\$ 12.1	\$—	\$ 0.4	\$—	\$—	\$—	\$ 3.3	\$ 2.7	\$ 2.7
ETG Holdings, Inc.	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
European Capital Private Debt LP	\$97.9	\$ 0.3	\$97.7	\$—	\$—	\$—	\$—	\$ 1.1	\$—	\$—
European Capital UK SME Debt LP	\$46.8	\$ 4.8	\$0.8	\$—	\$—	\$—	\$—	\$ 0.1	\$ 0.6	\$ 41.7
Fashion Holding Luxembourg SCA (Modacin/Camaeiu)	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
FPI Holding Corporation	\$0.4	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$ (1.0 )	\$ 0.4
Garden Fresh Restaurant Corp. and GFRC Holdings LLC	\$14.6	\$ 12.3	\$18.9	\$ 3.6	\$—	\$—	\$ 0.2	\$—	\$ 2.0	\$ 25.0
Halex Holdings, Inc.	\$1.1	\$—	\$—	\$—	\$—	\$—	\$—	\$ 2.4	\$ (2.0 )	\$—
HALT Medical, Inc.	\$0.7	\$—	\$0.6	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Hard 8 Games, LLC	\$9.4	\$—	\$9.4	\$—	\$—	\$—	\$—	\$ 4.6	\$—	\$—
HCI Equity, LLC	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$ 0.1

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

Imaging Business Machines, L.L.C. and Scanner Holdings Corporation	\$ 16.1	\$ —	\$ —	\$ 2.4	\$ —	\$ 0.6	\$ —	\$ 5.0	\$ 21.1
Ivy Hill Asset Management, L.P.	\$ 228.6	\$ 155.5	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 12.8	\$ 315.1
LLSC Holdings Corporation (dba Lawrence Merchandising Services)	\$ 19.2	\$ —	\$ —	\$ —	\$ —	\$ 0.2	\$ —	\$ (1.0)	\$ 18.2
Miles 33 (Finance) Limited	\$ 15.2	\$ 1.5	\$ 0.6	\$ 2.0	\$ —	\$ —	\$ 0.2	\$ 3.9	\$ 17.9
Montgomery Lane, LLC and Montgomery Lane, Ltd.	\$ 2.2	\$ 2.3	\$ —	\$ —	\$ —	\$ —	\$ 1.1	\$ 0.6	\$ 0.6
MVL Group, Inc.	\$ —	\$ 0.2	\$ —	\$ —	\$ —	\$ —	\$ 0.1	\$ —	\$ —
Navisun LLC and Navisun Holdings LLC	\$ 2.9	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2.9
NECCO Holdings, Inc.	\$ 60.4	\$ 41.9	\$ 7.1	\$ —	\$ —	\$ —	\$ —	\$ (1.3)	\$ 10.6
NECCO Realty Investments LLC	\$ 32.7	\$ 27.4	\$ 6.4	\$ 1.2	\$ —	\$ —	\$ 13.0	\$ —	\$ —
Orion Foods, LLC	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 0.5
Pillar Processing LLC and PHL Investors, Inc.	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Rug Doctor, LLC and RD Holdco Inc.	\$ 30.9	\$ —	\$ —	\$ 1.9	\$ —	\$ —	\$ —	\$ (3.2)	\$ 27.7
S Toys Holdings LLC (fka The Step2 Company, LLC)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 6.8	\$ (5.7)	\$ 0.5

(in millions) Company	For the year ended December 31, 2017									As of December 31, 2017
	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
Senior Direct Lending Program, LLC	\$221.4	\$2.0	\$2.1	\$52.3	\$9.1	\$—	\$1.5	\$—	\$—	\$487.1
Senior Secured Loan Fund LLC	\$—	\$1,938.4	\$—	\$69.3	\$0.9	\$—	\$4.5	\$(17.5)	\$24.2	\$—
Soil Safe, Inc. and Soil Safe Acquisition Corp.	\$110.6	\$4.2	\$1.0	\$13.0	\$—	\$—	\$0.1	\$—	\$(7.6)	\$106.9
Startec Equity, LLC	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
The Greeley Company, Inc. and HCP Acquisition Holdings, LLC	\$—	\$—	\$12.8	\$—	\$—	\$—	\$—	\$(12.3)	\$12.4	\$—
	\$1,421.1	\$2,515.3	\$249.2	\$180.9	\$10.0	\$48.8	\$9.4	\$100.2	\$187.4	\$1,614.7

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).

(9) Non-U.S. company or principal place of business outside the U.S. and as a result 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, 12% 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, 2017.

(10) Exception from the definition of investment company under Section 3(c) of the Investment Company Act and as a result 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.

(11) 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.

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 1.75% on \$63 aggregate principal amount of a “first out” tranche of the (12) 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.

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 \$73 aggregate principal amount of a “first out” tranche of the (13) 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.

The Company sold a participating interest of approximately \$9 of aggregate principal amount of the portfolio company’s second lien senior secured term loan as a “first out” tranche. As the transaction did not qualify as a “true (14) sale” in accordance with U.S. generally accepted accounting principles, the Company recorded a corresponding \$9 secured borrowing included in “accounts payable and other liabilities” in the accompanying consolidated balance sheet.”

The Company is entitled to receive a fixed fee upon the occurrence of certain events as defined in the credit agreement governing the Company's debt investment in the portfolio company. The fair value of such fee is included in the fair value of the debt investment.

(16) Loan was on non-accrual status as of December 31, 2017.

(17) Loan includes interest rate floor feature.

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.

As of December 31, 2017, 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 to the consolidated financial statements for further information on letters of credit commitments related to certain portfolio companies.

As of December 31, 2017, 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 to the consolidated financial statements for further information on letters of credit commitments related to certain portfolio companies.

As of December 31, 2017, 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 to the consolidated financial statements 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: drawn commitments	Total undrawn commitments	Less: substantially at discretion of the Company	Less: unavailable to borrowing base or other covenant restrictions	Total net adjusted undrawn revolving and delayed draw commitments
A.U.L. Corp.	\$ 1.3	\$ (0.4 )	\$ 0.9	\$ —	\$ —	\$ 0.9
Accruent, LLC, Accruent Holding, LLC and Athena Parent, Inc.	9.9	(0.7 )	9.2	—	—	9.2
Achilles Acquisition LLC	1.1	—	1.1	—	—	1.1
ADCS Billings Intermediate Holdings, LLC	5.0	—	5.0	—	—	5.0
ADF Pizza I LLC	1.3	—	1.3	—	—	1.3
ADG, LLC	13.7	(11.5 )	2.2	—	—	2.2
Alcami Holdings, LLC	30.0	(25.6 )	4.4	—	—	4.4

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

American Academy Holdings, LLC	7.0	(0.9	) 6.1	—	—	6.1
AMZ Holding Corp.	3.4	—	3.4	—	—	3.4
Bambino CI Inc.	9.6	(1.1	) 8.5	—	—	8.5
Benihana, Inc.	3.2	(3.1	) 0.1	—	—	0.1
Cadence Aerospace, LLC	14.3	(1.5	) 12.8	—	—	12.8
CCS Intermediate Holdings, LLC and CCS Group Holdings, LLC	7.5	(6.4	) 1.1	—	—	1.1
Chariot Acquisition, LLC	1.0	—	1.0	—	—	1.0
Chesapeake Research Review, LLC	5.8	(0.6	) 5.2	—	—	5.2
Ciena Capital LLC	20.0	(14.0	) 6.0	(6.0	) —	—
Clearwater Analytics, LLC	5.0	(0.5	) 4.5	—	—	4.5
Command Alkon Incorporated	3.3	(1.6	) 1.7	—	—	1.7
Component Hardware Group, Inc	3.7	(1.9	) 1.8	—	—	1.8
Cozzini Bros., Inc. and BH-Sharp Holdings LP	16.0	—	16.0	—	—	16.0
Crown Health Care Laundry Services, LLC and Crown Laundry Holdings, LLC	5.0	(2.6	) 2.4	—	—	2.4
CST Buyer Company	4.2	—	4.2	—	—	4.2

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

(in millions) Portfolio Company	Total revolving and delayed draw loan commitments	Less: drawn commitments	Total undrawn commitments	Less: substantially at discretion of the Company	Less: unavailable commitments due to borrowing base or other covenant restrictions	Total net adjusted undrawn revolving and delayed draw commitments
D4C Dental Brands, Inc.	5.0	—	5.0	—	—	5.0
DCA Investment Holding, LLC	5.8	Ø0.1	5.7	—	—	5.7
DecoPac, Inc.	8.1	Ø2.6	5.5	—	—	5.5
DFC Global Facility Borrower II LLC	40.0	—	40.0	—	—	40.0
Dorner Holding Corp.	3.3	Ø1.3	2.0	—	—	2.0
DRB Holdings, LLC	9.9	—	9.9	—	—	9.9
DTI Holdco, Inc. and OPE DTI Holdings, Inc.	8.8	—	8.8	—	—	8.8
Eckler Industries, Inc.	4.0	Ø2.0	2.0	Ø2.0	—	—
Emergency Communications Network, LLC	6.5	—	6.5	—	—	6.5
Emerus Holdings, Inc.	2.0	Ø0.3	1.7	—	—	1.7
EN Engineering, LLC	5.0	Ø1.2	3.8	—	—	3.8
Entertainment Partners, LLC and Entertainment Partners Canada Inc.	28.0	—	28.0	—	—	28.0
Foundation Risk Partners, Corp.	19.9	—	19.9	—	—	19.9
FPI Holding Corporation	2.6	—	2.6	—	—	2.6
Frontline Technologies Group Holding LLC	8.4	—	8.4	—	—	8.4
FWR Holding Corporation	3.3	Ø0.3	3.0	—	—	3.0
Garden Fresh Restaurant Corp.	7.5	Ø2.9	4.6	—	—	4.6
Gentle Communications, LLC	5.0	—	5.0	—	—	5.0
Global Franchise Group, LLC	1.2	—	1.2	—	—	1.2
GraphPAD Software, LLC	1.1	Ø0.6	0.5	—	—	0.5
GTCR-Ultra Acquisition, Inc. and GTCR-Ultra Holdings, LLC	2.0	—	2.0	—	—	2.0
HAI Acquisition Corporation	19.0	Ø4.7	14.3	—	—	14.3
Halex Holdings, Inc.	2.0	Ø1.1	0.9	—	—	0.9
Harvey Tool Company, LLC	35.5	Ø1.8	33.7	—	—	33.7
Hojeij Branded Foods, LLC	2.9	—	2.9	—	—	2.9
Hygiena Borrower LLC	5.3	—	5.3	—	—	5.3
Implementation Management Assistance, LLC	24.1	—	24.1	—	—	24.1
Infilaw Holdings, LLC	11.5	Ø11.5	—	—	—	—
Instituto de Banca y Comercio, Inc.	11.8	Ø11.8	—	—	—	—
iPipeline, Inc.	4.0	—	4.0	—	—	4.0
JDC Healthcare Management, LLC	13.9	Ø1.5	12.4	—	—	12.4
Jim N Nicks Management, LLC	9.7	Ø1.7	8.0	—	—	8.0
K2 Pure Solutions Nocal, L.P.	5.0	Ø1.5	3.5	—	—	3.5
KBHS Acquisition, LLC (d/b/a Alita Care, LLC)	5.0	Ø1.8	3.2	—	—	3.2
Key Surgical LLC	2.8	Ø0.9	1.9	—	—	1.9
KHC Holdings, Inc.	6.9	Ø0.7	6.2	—	—	6.2
Lakeland Tours, LLC	1.9	Ø1.9	—	—	—	—
LBP Intermediate Holdings LLC	0.9	Ø0.1	0.8	—	—	0.8



Edgar Filing: ARES CAPITAL CORP - Form 10-Q

Liaison Acquisition, LLC	3.9	—	3.9	—	—	3.9
Massage Envy, LLC	5.0	Ø0.5	4.5	—	—	4.5
Massage Envy, LLC and ME Equity LLC	0.6	—	0.6	—	—	0.6
MB2 Dental Solutions, LLC	3.5	Ø1.3	2.2	—	—	2.2
McKenzie Sports Products, LLC	4.5	Ø0.9	3.6	—	—	3.6
Ministry Brands, LLC	19.5	Ø10.9	8.6	—	—	8.6
Movati Athletic (Group) Inc.	2.8	—	2.8	—	—	2.8
MSHC, Inc.	9.8	Ø0.1	9.7	—	—	9.7
MW Dental Holding Corp.	10.0	Ø9.7	0.3	—	—	0.3
Navisun LLC	42.4	—	42.4	—	—	42.4
NECCO Holdings, Inc.	25.0	Ø21.7	3.3	Ø3.3	—	—
Niagara Fiber Intermediate Corp.	1.2	Ø0.9	0.3	—	—	0.3
Nordco Inc.	12.5	—	12.5	—	—	12.5
NSM Sub Holdings Corp.	5.0	—	5.0	—	—	5.0
OmniSYS Acquisition Corporation, OmniSYS, LLC, and OSYS Holdings, LLC	2.5	—	2.5	—	—	2.5

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

(in millions) Portfolio Company	Total revolving and delayed draw loan commitments	Less: drawn commitments	Total undrawn commitments	Less: commitments substantially at discretion of the Company	Less:	Total net
					unavailable commitments due to borrowing base or other covenant restrictions	adjusted undrawn revolving and delayed draw commitments
Osmose Utilities Services, Inc.	6.0	(1.0)	5.0	—	—	5.0
OTG Management, LLC	13.6	(8.4)	5.2	—	—	5.2
Palermo Finance Corporation	1.1	(0.2)	0.9	—	—	0.9
Paper Source, Inc.	3.3	—	3.3	—	—	3.3
Pathway Partners Vet Management Company LLC	2.4	—	2.4	—	—	2.4
PDI TA Holdings, Inc.	12.5	(0.9)	11.6	—	—	11.6
Pegasus Intermediate Holdings, LLC	5.0	—	5.0	—	—	5.0
PIH Corporation and Primrose Holding Corporation	3.3	(1.0)	2.3	—	—	2.3
Practice Insight, LLC	2.9	(0.6)	2.3	—	—	2.3
QC Supply, LLC	24.2	(4.0)	20.2	—	—	20.2
Restaurant Technologies, Inc.	5.4	(1.1)	4.3	—	—	4.3
Retriever Medical/Dental Payments LLC	3.5	—	3.5	—	—	3.5
RuffaloCODY, LLC	7.7	(0.2)	7.5	—	—	7.5
Sanders Industries Holdings, Inc.	15.0	—	15.0	—	—	15.0
SCM Insurance Services Inc.	4.3	—	4.3	—	—	4.3
SCSG EA Acquisition Company, Inc.	4.0	—	4.0	—	—	4.0
Severin Acquisition, LLC	2.9	—	2.9	—	—	2.9
SFE Intermediate Holdco LLC	3.8	(0.8)	3.0	—	—	3.0
Shift PPC LLC	3.6	—	3.6	—	—	3.6
Sigma Electric Manufacturing Corporation	10.0	(1.5)	8.5	—	—	8.5
Soil Safe, Inc. and Soil Safe Acquisition Corp.	10.5	(4.6)	5.9	—	—	5.9
Sonny's Enterprises, LLC	1.8	(1.0)	0.8	—	—	0.8
Sparta Systems, Inc.	6.5	—	6.5	—	—	6.5
Storm UK Holdco Limited and Storm US Holdco Inc.	1.1	(0.1)	1.0	—	—	1.0
Teasdale Foods, Inc.	0.8	(0.4)	0.4	—	—	0.4
The Gordian Group, Inc.	1.1	—	1.1	—	—	1.1
Things Remembered, Inc.	2.4	—	2.4	—	—	2.4
Towne Holdings, Inc.	1.0	—	1.0	—	—	1.0
TPTM Merger Corp.	2.5	—	2.5	—	—	2.5
Urgent Cares of America Holdings I, LLC	10.0	—	10.0	—	—	10.0
VistaPharm, Inc.	2.5	—	2.5	—	—	2.5
VLS Recovery Services, LLC	22.1	(1.8)	20.3	—	—	20.3
VRC Companies, LLC	1.9	(0.8)	1.1	—	—	1.1
Woodstream Group, Inc. and Woodstream Corporation	4.7	—	4.7	—	—	4.7
Wrench Group LLC	4.6	—	4.6	—	—	4.6

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

Zemax, LLC	3.0	—	3.0	—	—	3.0
Zywave, Inc.	11.4	(2.4	) 9.0	—	—	9.0
	\$ 881.5	\$ (201.5	) \$ 680.0	\$ (11.3	) \$	—\$ 668.7

(22) As of December 31, 2017, 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
Partnership Capital Growth Investors III, L.P.	\$ 5.0	\$ (4.5	) \$ 0.5	\$ —	\$ 0.5
PCG-Ares Sidecar Investment, L.P. and PCG-Ares Sidecar Investment II, L.P.	50.0	(12.1	) 37.9	(37.9	) —
Piper Jaffray Merchant Banking Fund I, L.P.	2.0	(1.8	) 0.2	—	0.2
European Capital UK SME Debt LP	54.0	(44.0	) 10.0	(10.0	) —
	\$ 111.0	\$ (62.4	) \$ 48.6	\$ (47.9	) \$ 0.7

As of December 31, 2017, the Company had commitments to co-invest in the SDLP for its portion of the SDLP's  
(23) commitment to fund delayed draw loans of up to \$19. See Note 4 to the consolidated financial statements for more information on the SDLP.

Other than the investments noted by this footnote, the fair value of the Company's investments is  
(24) 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.

As of December 31, 2017, the net estimated unrealized loss for federal tax purposes was \$0.8 billion based on a  
(25) tax cost basis of \$12.7 billion. As of December 31, 2017, the estimated aggregate gross unrealized loss for federal income tax purposes was \$1.3 billion and the estimated aggregate gross unrealized gain for federal income tax purposes was \$0.5 billion.

ARES CAPITAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY  
(in millions, except per share data)  
(unaudited)

	Common Stock		Capital in Excess of Par Value	Accumulated Overdistributed Net Investment Income	Accumulated Undistributed Net		Total Stockholders' Equity
	Shares	Amount			Realized Gains on Foreign Currency Transactions Extinguishment of Debt and Other Assets	Net Unrealized Losses Investments, on Foreign Currency and Other Transactions	
Balance at December 31, 2017	426	\$ —	—	\$ (81 )	\$ 72	\$ (85 )	\$ 7,098
Net increase (decrease) in stockholders' equity resulting from operations	—	—	—	491	388	(174 )	705
Dividends declared and payable (\$1.15 per share)	—	—	—	(490 )	—	—	(490 )
Balance at September 30, 2018	426	\$ —	—	\$ (80 )	\$ 460	\$ (259 )	\$ 7,313

See accompanying notes to consolidated financial statements.

ARES CAPITAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CASH FLOWS  
(in millions)  
(unaudited)

	For the Nine Months Ended September 30, 2018 2017	
<b>OPERATING ACTIVITIES:</b>		
Net increase in stockholders' equity resulting from operations	\$705	\$435
Adjustments to reconcile net increase in stockholders' equity resulting from operations:		
Net realized gains on investments and foreign currency and other transactions	(388 )	(147 )
Net unrealized losses on investments, foreign currency and other transactions	174	79
Realized losses on extinguishment of debt	—	4
Net accretion of discount on investments	(10 )	(7 )
PIK interest and dividends	(74 )	(57 )
Collections of payment-in-kind interest and dividends	25	62
Amortization of debt issuance costs	14	14
Net accretion of discount on notes payable	4	5
Acquisition of American Capital, net of cash acquired	—	(2,381)
Proceeds from sales and repayments of investments	5,680	5,804
Purchases of investments	(4,830)	(5,760)
Changes in operating assets and liabilities:		
Interest receivable	—	17
Other assets	26	26
Base management fees payable	—	10
Income based fees payable	8	(7 )
Capital gains incentive fees payable	43	23
Accounts payable and other liabilities	(58 )	(94 )
Interest and facility fees payable	(22 )	—
Net cash provided by (used in) operating activities	1,297	(1,974)
<b>FINANCING ACTIVITIES:</b>		
Net proceeds from issuance of common stock	—	1,839
Borrowings on debt	3,747	10,305
Repayments and repurchases of debt	(4,061)	(9,535)
Debt issuance costs	(10 )	(37 )
Dividends paid	(490 )	(480 )
Net cash (used in) provided by financing activities	(814 )	2,092
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>483</b>	<b>118</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>316</b>	<b>223</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$799</b>	<b>\$341</b>
<b>Supplemental Information:</b>		
Interest paid during the period	\$145	\$141
Taxes, including excise tax, paid during the period	\$19	\$21
Dividends declared and payable during the period	\$490	\$486
Deemed contribution from Ares Capital Management (see Note 14)		\$54

See accompanying notes to consolidated financial statements.

87

---

ARES CAPITAL CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of September 30, 2018

(unaudited)

(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 mezzanine debt, generally in a first lien position), second lien senior secured loans and mezzanine debt, which in some cases includes an equity component. To a lesser extent, the Company also makes 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, L.P. (“Ares Management”), a publicly traded, leading global alternative asset 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. 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 the operations and financial condition as of and for the periods presented. All significant intercompany balances and transactions have been eliminated.

Interim financial statements are prepared in accordance with GAAP for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Articles 6 or 10 of Regulation S-X. In the opinion of management, all adjustments, consisting solely of normal recurring accruals considered necessary for the fair presentation of financial statements for the interim period presented, have been included. The current period’s results of operations will not necessarily be indicative of results that ultimately may be achieved for the fiscal year ending December 31, 2018.

Cash and Cash Equivalents



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.

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

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 and Dividend Income Recognition

Interest income is recorded on an accrual basis and includes the accretion of discounts and amortization of premiums. Discounts from and premiums to par value on securities purchased are accreted/amortized into interest income over the life of the respective security using the effective yield method. The amortized cost of investments represents the original cost adjusted for the accretion of discounts and amortization of premiums, if any.

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 management's judgment regarding collectability. Non-accrual loans are restored to accrual status when past due principal and interest is paid and, in management's judgment, are likely to remain current. The Company may make exceptions to this policy if the loan has sufficient collateral value and is in the process of collection.

Dividend income on preferred equity securities is recorded as dividend income on an accrual basis to the extent that such amounts are payable by the portfolio company and are expected to be collected. Dividend income on common equity securities is recorded on the record date for private portfolio companies or on the ex-dividend date for publicly traded portfolio companies.

#### Payment-in-Kind Interest

The Company has loans in its portfolio that contain payment-in-kind ("PIK") provisions. The PIK interest, computed at the contractual rate specified in each loan agreement, is added to the principal balance of the loan and recorded as interest income. 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, even though the Company has not yet collected the cash.

#### Capital Structuring Service Fees and Other Income

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 estimated 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 transaction. Other income also includes fees for management and consulting 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.

#### 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 (among other requirements) 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, the Company accrues excise tax, if any, on estimated excess taxable income as such taxable income is earned.

Certain of the Company’s consolidated subsidiaries are subject to U.S. federal and state corporate-level income taxes.

#### 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. 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.

### 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.

The base management fee is calculated at an annual rate of 1.5% 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. The base management fee is payable quarterly in arrears. In connection with the Company’s board of directors approving the modification of the asset coverage requirement applicable to senior securities from 200% to 150% effective on June 21, 2019 (unless the Company receives earlier stockholder approval), the investment advisory and management agreement will be amended prior to June 21, 2019 (or such earlier date) to reduce the Company’s annual base management fee from 1.5% to 1.0% on all assets financed using leverage over 1.0x debt to equity. 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 receives 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 1.5% 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 agreed to waive, for each of the first ten calendar quarters beginning with the second quarter of 2017 and ending with the third quarter of 2019, the lesser of (x) \$10 of income based fees and (y) the amount of income based fees for such quarter, in each case, to the extent earned and payable by the Company in such quarter pursuant to and as calculated under the Company's investment advisory and management agreement (the "Fee Waiver"). See Note 14 for additional information regarding the American Capital Acquisition.

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.

There was no capital gains incentive fee earned by the Company’s investment adviser as calculated under the investment advisory and management agreement (as described above) for the three and nine months ended September 30, 2018. However, in accordance with GAAP, the Company had cumulatively accrued a capital gains incentive fee of \$122 as of

September 30, 2018, of which \$122 is not currently due 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 September 30, 2018, the Company has paid capital gains incentive fees since inception totaling \$57. 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.

The Company defers cash payment of any income based fees and capital gains incentive fees otherwise earned by the Company's 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 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. 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.

For the three and nine months ended September 30, 2018, base management fees were \$44 and \$135, respectively, and income based fees were \$35 and \$93, respectively. The income based fees for the three and nine months ended September 30, 2018 were net of the Fee Waiver of \$10 and \$30, respectively. For the three and nine months ended September 30, 2018, the capital gains incentive fees calculated in accordance with GAAP were \$5 and \$43, respectively. For the three and nine months ended September 30, 2017, base management fees were \$44 and \$127, respectively, and income based fees were \$25 and \$77, respectively. The income based fees for the three and nine months ended September 30, 2017 were net of the Fee Waiver of \$10 and \$20, respectively. For the three months ended September 30, 2017, the reduction in the capital gains incentive fees calculated in accordance with GAAP was \$3. For the nine months ended September 30, 2017, the capital gains incentive fees calculated in accordance with GAAP was \$23. For the nine months ended September 30, 2017, \$11 of capital gains incentive fees calculated in accordance with GAAP were recorded in connection with the American Capital Acquisition as a result of the fair value of the net assets acquired exceeding the fair value of the merger consideration paid by the Company.

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 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, including costs associated with meeting with and marketing to financial sponsors, 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 Securities and Exchange Commission (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 three and nine months ended September 30, 2018, the Company incurred \$3 and \$10, respectively, in administrative fees. As of September 30, 2018 and December 31, 2017, a total of \$3 and \$4, respectively, in administrative fees were unpaid and included in “accounts payable and other liabilities” in the accompanying consolidated balance sheet. For the three and nine months ended September 30, 2017, the Company incurred \$3 and \$9, respectively, in administrative fees. In addition, for the three and nine months ended September 30, 2017, the Company incurred an additional \$1 and \$6, respectively, in administrative fees related to the integration of the American Capital Acquisition. These acquisition-related expenses are included in “professional fees and other costs related to the American Capital Acquisition” in the consolidated statement of operations.

## 4. INVESTMENTS

As of September 30, 2018 and December 31, 2017, investments consisted of the following:

	As of		As of	
	September 30, 2018		December 31, 2017	
	Amortized Cost	Face Value	Amortized Cost	Face Value
First lien senior secured loans	\$5,066	\$ 4,949	\$5,337	\$ 5,197
Second lien senior secured loans	3,541	3,355	3,885	3,744
Subordinated certificates of the SDLP (2)	619	619	487	487
Senior subordinated loans	813	818	978	995
Collateralized loan obligations	48	50	115	114
Preferred equity securities	518	395	485	532
Other equity securities	868	1,034	618	772
Total	\$11,473	\$ 11,220	\$ 11,905	\$ 11,841

(1) The amortized cost represents the original cost adjusted for the accretion of discounts and amortization of premiums, if any.

The proceeds from these certificates were applied to co-investments with Varagon and its clients to fund first lien (2) senior secured loans to 20 and 19 different borrowers as of September 30, 2018 and December 31, 2017, respectively.

The industrial and geographic compositions of the Company's portfolio at fair value as of September 30, 2018 and December 31, 2017 were as follows:

95

---

Industry	As of	
	September 30, 2018	December 31, 2017
Healthcare Services	21.1 %	22.5 %
Business Services	16.5	19.2
Consumer Products	7.8	6.8
Financial Services	7.1	4.3
Investment Funds and Vehicles (1)	6.6	5.8
Other Services	6.0	6.2
Manufacturing	5.8	6.0
Power Generation	5.6	3.6
Restaurants and Food Services	4.1	3.3
Oil and Gas	2.9	2.5
Automotive Services	2.8	3.0
Education	2.6	3.0
Wholesale Distribution	2.4	2.5
Food and Beverage	2.2	4.3
Containers and Packaging	1.6	2.1
Other	4.9	4.9
Total	100.0%	100.0 %

Includes the Company's investment in the SDLP, which had made first lien senior secured loans to 20 and 19 (1) different borrowers as of September 30, 2018 and December 31, 2017, respectively. The portfolio companies in the SDLP are in industries similar to the companies in the Company's portfolio.

Geographic Region	As of	
	September 30, 2018	December 31, 2017
West(1)	26.6 %	23.9 %
Midwest	25.0	25.3
Southeast	20.9	28.5
Mid Atlantic	19.1	15.0
Northeast	6.1	3.9
International	2.3	3.4
Total	100.0%	100.0 %

(1) Includes the Company's investment in the SDLP, which represented 5.5% and 4.1% of the total investment portfolio at fair value as of September 30, 2018 and December 31, 2017, respectively.

As of September 30, 2018, 2.7% of total investments at amortized cost (or 0.6% of total investments at fair value) were on non-accrual status. As of December 31, 2017, 3.1% of total investments at amortized cost (or 1.4% of total investments at fair value) were on non-accrual status.





## Co-Investment Programs

## 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 \$300. 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 September 30, 2018 and December 31, 2017, the Company and a client of Varagon owned 87.5% and 12.5%, respectively, of the outstanding SDLP Certificates.

As of September 30, 2018 and December 31, 2017, the Company and Varagon and its clients had agreed to make capital available to the SDLP of \$6,400 and \$2,925, respectively, in the aggregate, of which \$1,444 and \$591, respectively, is to be made available from the Company. 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	
	September	December
	30,	31, 2017
	2018	
Total capital funded to the SDLP(1)	\$3,010	\$ 2,319
Total capital funded to the SDLP by the Company(1)	\$619	\$ 487
Total unfunded capital commitments to the SDLP(2)	\$168	\$ 92
Total unfunded capital commitments to the SDLP by the Company(2)	\$35	\$ 19

(1) At principal amount.

(2) These commitments have been approved by the investment committee of the SDLP and will be funded as the transactions are completed.

The SDLP Certificates pay a coupon of 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 \$619 and \$619, respectively, as of September 30, 2018. The Company's yield on its investment in the SDLP at amortized cost and fair value was 15.0% and 15.0%, respectively, as of September 30, 2018. The amortized cost and fair value of the SDLP Certificates held by the Company were \$487 and \$487, respectively, as of December 31, 2017. The Company's yield on its investment in the SDLP at amortized cost and fair value was 14.5% and 14.5%, respectively, as of December 31,

2017. For the three and nine months ended September 30, 2018, the Company earned interest income of \$24 and \$62, respectively, from its investment in the SDLP Certificates. For the three and nine months ended September 30, 2017, the Company earned interest income of \$15 and \$36, respectively, from its investment in the SDLP Certificates. The Company is also entitled to certain fees in connection with the SDLP. For the three and nine months ended September 30, 2018, in connection with the SDLP, the Company earned capital structuring service and other fees totaling \$4 and \$12, respectively. For the three and nine months ended September 30, 2017, in connection with the SDLP, the Company earned capital structuring service and other fees totaling \$4 and \$10, respectively.

As of September 30, 2018 and December 31, 2017, 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 September 30, 2018 and December 31, 2017, none of the loans were on non-accrual status. Below is a summary of the SDLP's portfolio.

	As of	
	September	December
	30,	31, 2017
	2018	
Total first lien senior secured loans(1)	\$2,924	\$ 2,316
Largest loan to a single borrower(1)	\$249	\$ 200
Total of five largest loans to borrowers(1)	\$1,122	\$ 947
Number of borrowers in the SDLP	20	19
Commitments to fund delayed draw loans(2)	\$168	\$ 92

---

(1) At principal amount.

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

#### Senior Secured Loan Program

The Company and General Electric Capital Corporation and GE Global Sponsor Finance LLC (collectively, "GE") had previously co-invested in first lien senior secured loans of middle market companies through the SSLP. The SSLP was capitalized as transactions were completed. All portfolio decisions and generally all other decisions in respect of the SSLP were approved by an investment committee of the SSLP consisting of representatives of the Company and GE (with approval from a representative of each required). The Company provided capital to the SSLP in the form of subordinated certificates (the "SSLP Certificates"). GE provided capital to the SSLP in the form of senior notes and the SSLP Certificates.

As of June 30, 2017, the Company's investment in the SSLP Certificates at amortized cost and fair value was \$1.9 billion and \$1.9 billion, respectively. As of June 30, 2017, the SSLP had \$1.2 billion in cash and GE's senior notes outstanding totaled \$601. In July 2017, the SSLP made its monthly waterfall distribution from this cash, which fully repaid the senior notes of the SSLP with the remaining amounts distributed to the holders of the SSLP Certificates. From this distribution, the Company received \$474 in respect of the Company's SSLP Certificates. After this distribution, the Company's amortized cost in its SSLP Certificates was \$1.5 billion.

In addition, in July 2017, the Company and GE agreed to an effective termination of the SSLP whereby on July 26, 2017, the Company purchased the remaining \$1.6 billion in aggregate principal amount of first lien senior secured loans outstanding at par plus accrued and unpaid interest and fees from the SSLP (the "SSLP Loan Sale") and assumed the SSLP's remaining unfunded loan commitments totaling \$50. Upon completion of the SSLP Loan Sale, the SSLP made a liquidation distribution to the holders of the SSLP Certificates (the "SSLP Liquidation Distribution"), of which the Company received \$1.5 billion. In connection with the SSLP Liquidation Distribution, the Company recognized an \$18 realized loss. After completion of the transactions above, the operations of the SSLP were effectively terminated pursuant to the terms of the documents governing the SSLP and the SSLP no longer has an obligation to fund existing commitments and other amounts in respect of its former portfolio companies.

For the three and nine months ended September 30, 2017, the Company earned interest income of \$6 and \$69, respectively, from its investment in the SSLP Certificates. The Company was also entitled to certain fees in connection with the SSLP. For the three and nine months ended September 30, 2017, in connection with the SSLP, the

Company earned capital structuring service, sourcing and other fees totaling \$1 and \$5, respectively.

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 September 30, 2018, IHAM had assets under management of approximately \$4.7 billion. As of September 30, 2018, 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

98

---

vehicles as part of its business strategy. As of September 30, 2018 and December 31, 2017, IHAM had total investments of \$425 and \$229, respectively. For the three and nine months ended September 30, 2018, IHAM had management and incentive fee income of \$6 and \$19, respectively, and other investment-related income of \$6 and \$33, respectively. For the three and nine months ended September 30, 2017, IHAM had management and incentive fee income of \$6 and \$21 respectively, and other investment-related income of \$6 and \$19, respectively.

In connection with the American Capital Acquisition, which was completed on January 3, 2017 (the “Acquisition Date”), American Capital Asset Management, LLC (“ACAM”), a wholly owned portfolio company of American Capital, merged with and into IHAM, with IHAM remaining as the surviving entity as a wholly owned portfolio company of the Company. As a result of the merger of IHAM and ACAM, the Company’s investment in IHAM increased by \$179, which was recorded as an equity capital contribution in the amount of the fair value of the net assets of ACAM as of the Acquisition Date. In January 2017, as a result of sales of certain assets previously held by ACAM, IHAM made a distribution to the Company of \$103, which was recorded as a return of the Company’s equity capital contribution discussed above. See Note 14 for additional information regarding the American Capital Acquisition.

The amortized cost and fair value of the Company’s investment in IHAM was \$444 and \$516, respectively, as of September 30, 2018, and \$244 and \$315, respectively, as of December 31, 2017. For the three and nine months ended September 30, 2018, the Company received distributions from IHAM of \$15 and \$43, respectively. The distributions for the three and nine months ended September 30, 2018, included dividend income of \$15 and \$43, respectively. Additionally, in February 2018, the Company provided a \$63 subordinated revolving loan and a \$200 equity capital contribution to IHAM to help support IHAM’s acquisition of a portfolio of middle market loans. For the three and nine months ended September 30, 2017, the Company received distributions from IHAM of \$10 and \$82 (excluding the \$103 return of capital discussed above), respectively. The distributions for the three and nine months ended September 30, 2017, included dividend income of \$10 and \$30, respectively.

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 nine months ended September 30, 2018 and 2017, IHAM or certain of the IHAM Vehicles purchased \$453 and \$91, respectively, of investments from the Company. For the nine months ended September 30, 2018, the Company recorded \$0 of net realized losses from these sales. For the nine months ended September 30, 2017, the Company recorded \$0 of net realized gains from these sales.

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 currently allowed to borrow amounts such that its asset coverage, calculated pursuant to the Investment Company Act, is at least 200% after such borrowing. On June 21, 2018, the Company’s board of directors, including a “required majority” (as such term is defined in Section 57(o) of the Investment Company Act) of the Company’s board of directors, approved the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the Investment Company Act, as amended by the

Small Business Credit Availability Act. As a result, effective on June 21, 2019 (unless the Company receives earlier stockholder approval), the Company's asset coverage requirement applicable to senior securities will be reduced from 200% to 150%. As of September 30, 2018, the aggregate amount outstanding of the senior securities issued by the Company was \$4,643. As of September 30, 2018, the Company's asset coverage was 256%.

The Company's outstanding debt as of September 30, 2018 and December 31, 2017 was as follows:

99

---

	As of September 30, 2018			December 31, 2017		
	Aggregate Principal Amount Committed/ Outstanding(1)	Principal Amount Outstanding	Carrying Value	Aggregate Principal Amount Committed/ Outstanding(1)	Principal Amount Outstanding	Carrying Value
Revolving Credit Facility	\$2,133(2)	\$ 414	\$ 414	\$2,108	\$ 395	\$ 395
Revolving Funding Facility	1,000	—	—	1,000	600	600
SMBC Funding Facility	400	—	—	400	60	60
SBA Debentures	—	—	—	(3) 50	—	—
2018 Convertible Notes	—	—	—	(4) 270	270	270 (5)
2019 Convertible Notes	300	300	299	(5) 300	300	298 (5)
2022 Convertible Notes	388	388	371	(5) 388	388	368 (5)
2018 Notes	750	750	750	(6) 750	750	748 (6)
2020 Notes	600	600	598	(7) 600	600	597 (7)
2022 Notes	600	600	594	(8) 600	600	593 (8)
2023 Notes	750	750	744	(9) 750	750	743 (9)
2025 Notes	600	600	593	(10)—	—	—
2047 Notes	230	230	183	(11)230	230	182 (11)
Total	\$7,751	\$ 4,632	\$ 4,546	\$7,446	\$ 4,943	\$ 4,854

(1) Subject to borrowing base, leverage and other restrictions. Represents the total aggregate amount committed or outstanding, as applicable, under such instrument.

(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 \$3,133.

(3) See below for more information on the termination of the undrawn SBA Debenture (as defined below) commitments.

(4) See below for more information on the repayment of the 2018 Convertible Notes (as defined below) at maturity.

Represents the aggregate principal amount outstanding of the Convertible Unsecured Notes (as defined below). As of September 30, 2018, the total unamortized debt issuance costs and the unaccreted discount for the 2019 (5) Convertible Notes and the 2022 Convertible Notes (each as defined below) were \$1 and \$17, respectively. As of December 31, 2017, the total unamortized debt issuance costs and the unaccreted discount for the 2018 Convertible Notes, the 2019 Convertible Notes and the 2022 Convertible Notes were \$0, \$2 and \$20, respectively.

Represents the aggregate principal amount outstanding of the 2018 Notes (as defined below) less unamortized debt (6) issuance costs and plus the net unamortized premium that was recorded upon the issuances of the 2018 Notes. As of September 30, 2018 and December 31, 2017, the total unamortized debt issuance costs less the net unamortized premium was \$0 and \$2, respectively.

(7) Represents the aggregate principal amount outstanding of the 2020 Notes (as defined below) less unamortized debt issuance costs and the net unaccreted discount recorded upon the issuances of the 2020 Notes. As of September 30, 2018 and December 31, 2017, the total unamortized debt issuance costs and the net unaccreted discount was \$2 and



\$3, respectively.

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 September 30, (8) 2018 and December 31, 2017, the total unamortized debt issuance costs and the unaccreted discount was \$6 and \$7, respectively.

100

---

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 September 30, 2018 and December 31, 2017, the total unamortized debt issuance costs and the unaccreted discount was \$6 and \$7, respectively.

Represents the aggregate principal amount outstanding of the 2025 Notes (as defined below), less unamortized debt issuance costs and the unaccreted discount recorded upon the issuance of the 2025 Notes. As of September 30, 2018, the total unamortized debt issuance costs and the unaccreted discount was \$7.

Represents the aggregate principal amount outstanding of the 2047 Notes (as defined below) less the unaccreted purchased discount recorded as a part of the Allied Acquisition (as defined below). As of September 30, 2018 and December 31, 2017, the total unaccreted purchased discount was \$47 and \$48, respectively. The carrying value represents the outstanding principal amount of the 2047 Notes less the unaccreted purchased discount recorded as a part of the Allied Acquisition.

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 September 30, 2018 were 4.2% and 4.3 years, respectively, and as of December 31, 2017 were 4.1% and 4.3 years, respectively.

#### Revolving Credit Facility

The Company is party to a senior secured revolving credit facility (as amended and restated, the "Revolving Credit Facility"), which allows the Company to borrow up to \$2,133 at any one time outstanding. The Revolving Credit Facility consists of a \$414 term loan tranche with a stated maturity date of March 30, 2023 and a \$1,719 revolving tranche. For \$1,624 of the revolving tranche, the end of the revolving period and the stated maturity date are March 30, 2022 and March 30, 2023, respectively. For \$50 of the revolving tranche, the end of the revolving period and the stated maturity date are January 4, 2021 and January 4, 2022, respectively. For the remaining \$45 of the revolving tranche, the end of the revolving period and the stated maturity date are May 4, 2019 and May 4, 2020, 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 \$3,133. 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. From the end of the revolving period to the stated maturity date as applicable for each revolving tranche, the Company is required to repay outstanding principal amounts under such revolving tranche on a monthly basis in an amount equal to 1/12th of the outstanding principal amount at the end of the revolving period.

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 other than indebtedness) to total indebtedness of the Company and its consolidated subsidiaries (subject to certain exceptions) of not less than 2.0:1.0, (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 in the Company's portfolio that are pledged as collateral. As of September 30, 2018, the Company was in compliance in all material respects with the terms of the Revolving Credit Facility. See Note 16 for information on a recent amendment

to the Revolving Credit Facility.

As of September 30, 2018 and December 31, 2017, there was \$414 and \$395 outstanding, respectively, under the Revolving Credit Facility. As of September 30, 2018, the Revolving Credit Facility also provides for a sub-limit for the issuance of letters of credit for up to an aggregate amount of \$150. As of September 30, 2018 and December 31, 2017, the Company had \$43 and \$44, 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 September 30, 2018, there was \$1,676 available for borrowing (net of letters of credit issued) under the Revolving Credit Facility.

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

101

---

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. As of September 30, 2018, the interest rate in effect was LIBOR plus 1.75%. As of September 30, 2018, the one, two, three and six month LIBOR was 2.26%, 2.31%, 2.40% and 2.60%, respectively. As of December 31, 2017, the one, two, three and six month LIBOR was 1.56%, 1.62%, 1.69% and 1.84%, respectively. 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 an 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 and those held by ACJB under the SMBC Funding Facility (as defined below), each as described below, and certain other investments.

For the three and nine months ended September 30, 2018 and 2017, 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 Three Months Ended September 30, 2018		For the Nine Months Ended September 30, 2017	
Stated interest expense	\$4	\$3	\$11	\$12
Facility fees	2	2	5	5
Amortization of debt issuance costs	1	1	3	3
Total interest and credit facility fees expense	\$7	\$6	\$19	\$20
Cash paid for interest expense	\$4	\$4	\$12	\$12
Average stated interest rate	3.94 %	3.08 %	3.68 %	2.83 %
Average outstanding balance	\$414	\$454	\$409	\$551

#### Revolving Funding Facility

The Company’s consolidated subsidiary, Ares Capital CP Funding LLC (“Ares Capital CP”), is party to a revolving funding facility (as amended, the “Revolving Funding Facility”), which allows Ares Capital CP to borrow up to \$1,000 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 3, 2019 and January 3, 2022, 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, loans with fixed rates and loans with certain investment ratings, as well as restrictions on portfolio company leverage, 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 September 30, 2018, the Company and Ares Capital CP were in compliance in all material respects with the terms of the Revolving Funding Facility. See Note 16 for information on a recent amendment to the Revolving Funding Facility.

As of September 30, 2018, there were no outstanding amounts under the Revolving Funding Facility. As of December 31, 2017, there was \$600 outstanding under the Revolving Funding Facility. Since October 2, 2017, the interest rate charged on the Revolving Funding Facility was based on LIBOR plus 2.15% per annum or a “base rate” (as defined in the

agreements governing the Revolving Funding Facility) plus 1.15% per annum. From January 4, 2017 to October 1, 2017, the interest rate charged on the Revolving Funding Facility was based on LIBOR plus 2.30% per annum or a “base rate” plus 1.30% per annum. Prior to and including January 3, 2017, the interest rate charged on the Revolving Funding Facility was based on an applicable spread ranging from 2.25% to 2.50% over LIBOR or ranging from 1.25% to 1.50% over a “base rate” in each case, determined monthly based on the composition of the borrowing base relative to outstanding borrowings under the Revolving Funding Facility. Ares Capital CP is also required to pay a commitment fee between 0.50% and 1.50% per annum depending on the size of the unused portion of the Revolving Funding Facility. Ares Capital CP is also required to pay a commitment termination premium in an amount equal to 1.00% of any commitment reduction prior to January 3, 2018 and 0.50% for any commitment reduction prior to July 3, 2018.

For the three and nine months ended September 30, 2018 and 2017, 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 Three Months Ended September 30, 2018		For the Nine Months Ended September 30, 2017	
Stated interest expense	\$—	\$4	\$6	\$13
Facility fees	3	1	6	2
Amortization of debt issuance costs	1	1	3	3
Total interest and credit facility fees expense	\$4	\$6	\$15	\$18
Cash paid for interest expense	\$3	\$5	\$10	\$10
Average stated interest rate	4.22%	3.61 %	4.00 %	3.36 %
Average outstanding balance	\$23	\$405	\$201	\$514

#### SMBC Funding Facility

The Company’s consolidated subsidiary, Ares Capital JB Funding LLC (“ACJB”), is party to a revolving funding facility (as amended, the “SMBC Funding Facility”) with ACJB, as the borrower, and Sumitomo Mitsui Banking Corporation (“SMBC”), as the administrative agent, collateral agent and lender, that allows ACJB to borrow up to \$400 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 14, 2019 and September 14, 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. 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 September 30, 2018, the Company and ACJB were in compliance in all material respects with the terms of the SMBC Funding Facility.

As of September 30, 2018 there were no outstanding amounts under the SMBC Funding Facility. As of December 31, 2017, there was \$60 outstanding 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 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 September 30, 2018, the interest rate in effect was LIBOR plus 2.00%. As of December 31, 2017, the interest rate in effect was LIBOR plus

2.00%. ACJB is 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 three and nine months ended September 30, 2018 and 2017, 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:

103

---

	For the Three Months Ended September 30, 2018		For the Nine Months Ended September 30, 2017	
Stated interest expense	\$—	\$1	\$—	\$2
Facility fees	1	—	2	1
Amortization of debt issuance costs	—	—	1	1
Total interest and credit facility fees expense	\$1	\$1	\$3	\$4
Cash paid for interest expense	\$—	\$1	\$1	\$2
Average stated interest rate	— %	3.25%	3.8%	3.57 %
Average outstanding balance	\$—	\$44	\$9	\$105

#### SBA Debentures

In April 2015, the Company's consolidated subsidiary, Ares Venture Finance, L.P. ("AVF LP"), received a license from the Small Business Administration ("SBA") to operate as a Small Business Investment Company ("SBIC") under the provisions of Section 301(c) of the Small Business Investment Act of 1958, as amended.

The license from the SBA allowed AVF LP to obtain leverage by issuing SBA-guaranteed debentures (the "SBA Debentures"), subject to issuance of a capital commitment by the SBA and other customary procedures. Leverage through the SBA Debentures was subject to required capitalization thresholds. The original amount committed to AVF LP by the SBA was \$75. In September 2017, AVF LP fully repaid the \$25 of the aggregate principal amount of the SBA Debentures outstanding at the time. In April 2018, AVF LP surrendered its license to operate as a SBIC and the undrawn SBA Debenture commitments of \$50 were terminated.

For the three and nine months ended September 30, 2017, the components of interest expense, cash paid for interest expense, average stated interest rate and average outstanding balances for the SBA Debentures were as follows:

	For the Three Months Ended September 30, 2017		For the Nine Months Ended September 30, 2017	
Stated interest expense	\$ —	\$ 1		
Amortization of debt issuance costs	—	—		
Total interest and credit facility fees expense	\$ —	\$ 1		
Cash paid for interest expense	\$ —	\$ —		
Average stated interest rate	3.48 %	3.48 %		
Average outstanding balance	\$ 17	\$ 22		

#### Convertible Unsecured Notes

The Company has issued \$300 aggregate principal amount of unsecured convertible notes that mature on January 15, 2019 (the "2019 Convertible Notes") and \$388 aggregate principal amount of unsecured convertible notes that mature on February 1, 2022 (the "2022 Convertible Notes" and together with the 2019 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 2019 Convertible Notes and the 2022 Convertible Notes bear interest at a rate of 4.375% and 3.75%, respectively, per year, 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 September 30, 2018) subject to customary anti-dilution adjustments and the requirements of their respective indenture (the "Convertible Unsecured Notes Indentures"). To the extent the 2019 Convertible Notes are converted, the Company has elected to settle with a combination of cash and shares of the Company's common stock. 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 their respective maturity date, 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 September 30, 2018 are listed below.

	2019	2022
	Convertible	Convertible
	Notes	Notes
Conversion premium	15.0	% 15.0 %
Closing stock price at issuance	\$ 17.53	\$ 16.86
Closing stock price date	July 15, 2013	January 23, 2017
Conversion price(1)	\$ 19.98	\$ 19.38
Conversion rate (shares per one thousand dollar principal amount)(1)	50.0587	51.6060
Conversion dates	July 15, 2018	August 1, 2021

---

(1) Represents conversion price and conversion rate, as applicable, as of September 30, 2018, taking into account certain de minimis adjustments that will be made on the conversion date.

As of September 30, 2018, 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)(1) of the Investment Company Act 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 September 30, 2018, 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. Upon conversion of any of the other 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.

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

The debt and equity component percentages, the issuance costs and the equity component amounts for each of the Convertible Unsecured Notes are listed below.

	2019 Convertible Notes	2022 Convertible Notes
Debt and equity component percentages, respectively(1)	99.8% and 0.2%	96.0% and 4.0%
Debt issuance costs(1)	\$ 4	\$ 9
Equity issuance costs(1)	\$ —	\$ —
Equity component, net of issuance costs(2)	\$ 1	\$ 15

105

---

(1) At time of issuance.

(2) At time of issuance and as of September 30, 2018.

In addition to the original issue discount equal to the equity component of the 2019 Convertible Notes, the 2019 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 September 30, 2018, the components of the carrying value of the Convertible Unsecured Notes, the stated interest rate and the effective interest rate were as follows:

	2019	2022		
	Convertible	Convertible		
	Notes	Notes		
Principal amount of debt	\$ 300	\$ 388		
Original issue discount, net of accretion	—	(11 )		
Debt issuance costs	(1 )	(6 )		
Carrying value of debt	\$ 299	\$ 371		
Stated interest rate	4.375 %	3.750 %		
Effective interest rate(1)	4.7 %	4.5 %		

(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.

In January 2018, the Company repaid in full the \$270 aggregate principal amount of unsecured convertible notes (the “2018 Convertible Notes”) upon their maturity. The 2018 Convertible Notes bore interest at a rate of 4.75% per year, payable semi-annually.

For the three and nine months ended September 30, 2018 and 2017, the components of interest expense and cash paid for interest expense for the Convertible Unsecured Notes, as well as any other convertible unsecured notes outstanding during the periods presented are listed below.

	For the		For the	
	Three	Three	Nine	Nine
	Months	Months	Months	Months
	Ended	Ended	Ended	Ended
	September	September	September	September
	30,	30,	30,	30,
	2018	2017	2018	2017
Stated interest expense	\$ 7	\$ 10	\$ 21	\$ 30
Accretion of original issue discount	1	2	3	5
Amortization of debt issuance costs	—	1	2	3
Total interest expense	\$ 8	\$ 13	\$ 26	\$ 38
Cash paid for interest expense	\$ 14	\$ 20	\$ 34	\$ 37

Unsecured Notes

2018 Notes

The Company has issued \$750 in aggregate principal amount of unsecured notes that mature on November 30, 2018 (the “2018 Notes”). The 2018 Notes bear interest at a rate of 4.875% per year, payable semi-annually and all principal is due upon maturity. The 2018 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, as determined pursuant to the indenture governing the 2018 Notes, and any accrued and unpaid interest. \$600 in aggregate principal amount of the 2018 Notes were issued at a discount to the principal amount and \$150 in aggregate principal amount of the 2018 Notes were issued at a premium to the principal amount.

#### 2020 Notes

The Company has issued \$600 in aggregate principal amount of unsecured notes that mature on January 15, 2020 (the “2020 Notes”). The 2020 Notes bear interest at a rate of 3.875% per year, payable semi-annually and all principal is due upon maturity. The 2020 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 2020 Notes, and any accrued and unpaid interest. \$400 in aggregate principal amount of the 2020 Notes were issued at a discount to the principal amount and \$200 in aggregate principal amount of the 2020 Notes were issued at a premium to the principal amount.

#### 2022 Notes

The Company has issued \$600 in aggregate principal amount of unsecured notes that mature on January 19, 2022 (the “2022 Notes”). The 2022 Notes bear interest at a rate of 3.625% per year, payable 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 (the “2023 Notes”). The 2023 Notes bear interest at a rate of 3.500% per year, payable 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.

#### 2025 Notes

The Company has issued \$600 in aggregate principal amount of unsecured notes that mature on March 1, 2025 (the “2025 Notes”). The 2025 Notes bear interest at a rate of 4.250% per year, payable semi-annually and all principal is due upon maturity. The 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 2025 Notes, and any accrued and unpaid interest. The 2025 Notes were issued at a discount 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 aggregate principal amount of unsecured notes due on April 15, 2047 (the “2047 Notes” and together with the 2018 Notes, the 2020 Notes, the 2022 Notes, the 2023 Notes and the 2025 Notes, the “Unsecured Notes”). The 2047 Notes bear interest at a rate of 6.875%, payable 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.

For the three and nine months ended September 30, 2018 and 2017, 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 Three Months Ended September 30, 2018		For the Nine Months Ended September 30, 2017	
Stated interest expense	\$ 37	\$ 28	\$ 111	\$ 81
Accretion of purchase discount	—	—	1	—
Amortization of debt issuance costs	2	2	5	4
Total interest expense	\$ 39	\$ 30	\$ 117	\$ 85
Cash paid for interest expense	\$ 26	\$ 26	\$ 88	\$ 79

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)(1) of the Investment Company Act 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 September 30, 2018, 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 unsecured senior 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 September 30, 2018 and December 31, 2017, the counterparty to these forward currency contracts was Bank of Montreal. Net unrealized gains or losses on foreign currency contracts are included in "net unrealized gains (losses) from foreign currency and other transactions" and net realized gains or losses on forward currency contracts are included in "net realized gains (losses) from foreign currency transactions" in the accompanying consolidated statement of operations.

Forward currency contracts and interest rate swaps are considered undesignated derivative instruments.

Certain information related to the Company's foreign currency forward contracts is presented below as of September 30, 2018 and December 31, 2017.

Description	As of September 30, 2018		Gross	Gross	Balance Sheet Location of Net Amounts
	Notional Amount	Maturity Date	Amount of Recognized Assets	Amount of Recognized Liabilities	
Foreign currency forward contract	CAD5	10/5/2018	\$	—\$ —	Accounts payable and other liabilities
Foreign currency forward contract	CAD10	10/12/2018	—	—	Accounts payable and other liabilities
Foreign currency forward contract	CAD103	11/15/2018	—	(1 )	Accounts payable and other liabilities
Foreign currency forward contract	CAD26	12/21/2018	—	—	Other Assets
Foreign currency forward contract	€ 15	10/12/2018	—	—	Other Assets
Foreign currency forward contract	€ 1	11/14/2018	—	—	Accounts payable and other liabilities
Foreign currency forward contract	€ 24	12/27/2018	—	—	Other Assets
Foreign currency forward contract	£ 75	11/14/2018	—	(2 )	Accounts payable and other liabilities
Total			\$	—\$ (3 )	





As of December 31, 2017						
Description	Notional Amount	Maturity Date	Gross	Gross	Balance Sheet	
			Amount of Recognized Assets	Amount of Recognized Liabilities	Location of Net	Amounts
Foreign currency forward contract	CAD4	1/4/2018	\$	—\$	—	Other Assets
Foreign currency forward contract	CAD10	1/16/2018	—	—		Other Assets
Foreign currency forward contract	CAD103	2/16/2018	—	(1	)	Accounts payable and other liabilities
Foreign currency forward contract	€ 15	1/16/2018	—	—		Accounts payable and other liabilities
Foreign currency forward contract	€ 8	2/15/2018	—	—		Accounts payable and other liabilities
Foreign currency forward contract	€ 2	3/15/2018	—	—		Accounts payable and other liabilities
Foreign currency forward contract	£ 68	2/15/2018	—	(2	)	Accounts payable and other liabilities
Foreign currency forward contract	£ 9	2/16/2018	—	—		Accounts payable and other liabilities
Total			\$	—\$	(3 )	

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 our 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 pays a fixed interest rate of 2.06% and receives a floating rate based on the prevailing one-month LIBOR. As of September 30, 2018 and December 31, 2017, the one-month LIBOR rate in effect was 2.19% and 1.50%, respectively. For the three and nine months ended September 30, 2018, the Company recognized \$0 and \$1, respectively, in realized losses and \$1 and \$7, respectively, in unrealized gains related to this swap agreement. As of September 30, 2018 and December 31, 2017, this swap agreement had a fair value of \$7 and \$(1), respectively, which is included in the “other assets” and “accounts payable and other liabilities”, respectively, in the accompanying consolidated balance sheet. Net realized gains or losses on the interest rate swap are included in “net realized gains (losses) from foreign currency and other transactions.” Net unrealized gains or losses on the interest rate swap are included in “net unrealized gains (losses) from foreign currency and other transactions.”

Certain information related to the Company’s interest rate swap is presented below as of September 30, 2018 and December 31, 2017.

As of September 30, 2018						
Description	Payment Terms	Notional Amount	Maturity Date	Gross	Gross	Balance Sheet Location of Net Amounts
				Amount of Recognized Assets	Amount of Recognized Liabilities	
Interest rate swap	Pay Fixed 2.0642%	Receive Floating One-Month LIBOR of 2.19%	\$ 395	1/4/2021	\$ 7	\$ — Other assets
Total					\$ 7	\$ —

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

As of December 31, 2017

Description	Payment Terms	Notional Amount	Maturity Date	Gross	Gross	Balance Sheet Location of Net Amounts
				Amount of Recognized Assets	Amount of Recognized Liabilities	
Interest rate swap	Pay Fixed 2.0642%	Receive Floating One-Month LIBOR of 1.50%	\$ 395	1/4/2021	\$ —	Accounts payable and other liabilities
Total				\$ —	—\$ (1 )	

109

## 7. COMMITMENTS AND CONTINGENCIES

The Company has various commitments to fund investments in its portfolio as described below. As of September 30, 2018 and December 31, 2017, 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	
	September 30, 2018	December 31, 2017
Total revolving and delayed draw loan commitments	\$1,472	\$ 881
Less: drawn commitments	(388 )	(201 )
Total undrawn commitments	1,084	680
Less: commitments substantially at discretion of the Company	(7 )	(11 )
Less: unavailable commitments due to borrowing base or other covenant restrictions	—	—
Total net adjusted undrawn revolving and delayed draw loan commitments	\$1,077	\$ 669

Included within the total revolving and delayed draw loan commitments as of September 30, 2018 and December 31, 2017 were delayed draw loan commitments totaling \$345 and \$251, 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 and delayed draw loan commitments as of September 30, 2018 were commitments to issue up to \$212 in letters of credit through a financial intermediary on behalf of certain portfolio companies. As of September 30, 2018, the Company had \$23 in letters of credit issued and outstanding under these commitments on behalf of 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, \$1 expire in 2018 and \$22 expire in 2019. As of September 30, 2018, 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 September 30, 2018 and December 31, 2017, the Company was party to subscription agreements to fund equity investments in private equity investment partnerships as follows:

	As of	
	September 30, 2018	December 31, 2017
Total private equity commitments	\$116	\$ 111
Less: funded private equity commitments	(70 )	(62 )
Total unfunded private equity commitments	46	49
Less: private equity commitments substantially at discretion of the Company	(46 )	(48 )

Total net adjusted unfunded private equity commitments \$— \$ 1

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.

110

---

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.

## 8. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company follows 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, all assets and liabilities approximate fair value on the balance sheet. The carrying value of the lines titled "interest receivable," "receivable for open trades," "payable for open trades," "accounts payable and other liabilities," "base management fees payable," "income based fees payable," "capital gains incentive fees payable" and "interest and facility fees payable" approximate fair value due to their short maturity.

The Company also follows 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). 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 September 30, 2018 and December 31, 2017. 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 September 30, 2018		Unobservable Input		
	Fair Value	Primary Valuation Techniques	Input	Estimated Range	Weighted Average
First lien senior secured loans	\$4,949	Yield analysis	Market yield	5.0% - 16.9%	9.0 %
Second lien senior secured loans	3,355	Yield analysis	Market yield	9.4% - 17.8%	11.4 %
Subordinated certificates of the SDLP	619	Discounted cash flow analysis	Discount rate	11.5% - 12.5%	12.0 %
Senior subordinated loans	818	Yield analysis	Market yield	10.0% - 17.5%	12.9 %
Collateralized loan obligations	50	Discounted cash flow analysis	Discount rate	6.0% - 11.4%	8.8 %
			Constant prepayment rate	10.0% - 30.0%	20.0 %
			Constant default rate	1.0% - 2.5%	2.0 %
Preferred equity securities	395	EV market multiple analysis	EBITDA multiple	4.8x - 29.1x	13.3 x
Other equity securities and other	1,024	EV market multiple analysis	EBITDA multiple	4.5x - 22.0x	10.7 x
Total investments	\$11,210				



Edgar Filing: ARES CAPITAL CORP - Form 10-Q

Asset Category	As of December 31, 2017		Unobservable Input	Estimated Range	Weighted Average
	Fair Value	Primary Valuation Techniques			
First lien senior secured loans	\$ 5,197	Yield analysis	Market yield	4.2% - 19.8%	8.7 %
Second lien senior secured loans	3,744	Yield analysis	Market yield	8.7% - 17.5%	10.9 %
Subordinated certificates of the SDLP	487	Discounted cash flow analysis	Discount rate	11.5% - 12.5%	12.0 %
Senior subordinated loans	995	Yield analysis	Market yield	9.7% - 17.5%	13.2 %
Collateralized loan obligations	114	Discounted cash flow analysis	Discount rate	4.3% - 16.4%	10.2 %
			Constant prepayment rate	18.7% - 27.1%	21.8 %
			Constant default rate	1.8% - 2.6%	2.3 %
Preferred equity securities	532	EV market multiple analysis	EBITDA multiple	3.0x - 19.0x	11.2x
Other equity securities and other	755	EV market multiple analysis	EBITDA multiple	3.5x - 19.0x	10.4x
Total investments	\$ 11,824				

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, investments and derivatives as of September 30, 2018:

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 799	\$ 799	\$ —	\$ —
Investments not measured at net asset value	\$ 11,210	\$ —	\$ —	\$ 11,210
Investments measured at net asset value (1)	\$ 10			

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

Total investments	\$ 11,220				
Derivatives	\$ 4	\$ —	\$ 4	\$ —	

---

(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.

The following table presents fair value measurements of cash and cash equivalents, investments and derivatives as of December 31, 2017:

113

---

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$316	\$316	\$—	\$—
Investments not measured at net asset value	\$11,824	\$—	\$—	\$11,824
Investments measured at net asset value (1)	\$17			
Total investments	\$11,841			
Derivatives	\$(4 )	\$—	\$(4 )	\$—

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 (1) intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheet.

Transfers between levels, if any, are recognized at the beginning of the quarter in which the transfers occur.

The following table presents changes in investments that use Level 3 inputs as of and for the three and nine months ended September 30, 2018:

	As of and For the Three Months Ended September 30, 2018
Balance as of June 30, 2018	\$ 11,510
Net realized gains	363
Net unrealized losses	(341 )
Purchases	1,901
Sales	(1,114 )
Redemptions	(1,136 )
Payment-in-kind interest and dividends	24
Net accretion of discount on securities	3
Net transfers in and/or out of Level 3	—
Balance as of September 30, 2018	\$ 11,210

	As of and For the Nine Months Ended September 30, 2018
Balance as of December 31, 2017	\$ 11,824
Net realized gains	385
Net unrealized losses	(185 )
Purchases	4,868

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

Sales	(2,278 )
Redemptions	(3,488 )
Payment-in-kind interest and dividends	74
Net accretion of discount on securities	10
Net transfers in and/or out of Level 3	—
Balance as of September 30, 2018	\$ 11,210

As of September 30, 2018, the net unrealized depreciation on the investments that use Level 3 inputs was \$267. For the nine months ended September 30, 2018, there were no net transfers out of Level 3.

For the three and nine months ended September 30, 2018, 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

September 30, 2018, and reported within the net unrealized gains (losses) from investments, foreign currency and other transactions in the Company's consolidated statement of operations was \$(3) and \$(60), respectively.

The following table presents changes in investments that use Level 3 inputs as of and for the three and nine months ended September 30, 2017:

	As of and For the Three Months Ended September 30, 2017
Balance as of June 30, 2017	\$ 11,476
Net realized gains	48
Net unrealized losses	(47 )
Purchases	2,965
Sales	(2,401 )
Redemptions	(629 )
Payment-in-kind interest and dividends	20
Net accretion of discount on securities	2
Net transfers in and/or out of Level 3	—
Balance as of September 30, 2017	\$ 11,434

	As of and For the Nine Months Ended September 30, 2017
Balance as of December 31, 2016	\$ 8,813
Net realized gains	173
Net unrealized losses	(74 )
Investments acquired as part of the American Capital Acquisition	2,527
Purchases	5,758
Sales	(3,390 )
Redemptions	(2,437 )
Payment-in-kind interest and dividends	57
Net accretion of discount on securities	7
Net transfers in and/or out of Level 3	—
Balance as of September 30, 2017	\$ 11,434

As of September 30, 2017, the net unrealized depreciation on the investments that use Level 3 inputs was \$297. For the nine months ended September 30, 2017, the net transfers out of Level 3 were due to privately held equity investments converting to publicly traded stock.

For the three and nine months ended September 30, 2017, 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

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

September 30, 2017, and reported within the net unrealized gains (losses) from investments, foreign currency and other transactions in the Company's consolidated statement of operations were \$(11) and \$(31), respectively.

Following are the carrying and fair values of the Company's debt obligations as of September 30, 2018 and December 31, 2017. 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			
	September 30, 2018		December 31, 2017	
	Carrying value(1)	Fair value	Carrying value(1)	Fair value
Revolving Credit Facility	\$414	\$414	\$395	\$395
Revolving Funding Facility	—	—	600	600
SMBC Funding Facility	—	—	60	60
2018 Convertible Notes (principal amount outstanding of \$0 and \$270, respectively)	—	—	270	(2)270
2019 Convertible Notes (principal amount outstanding of \$300)	299	(2)301	298	(2)307
2022 Convertible Notes (principal amount outstanding of \$388)	371	(2)393	368	(2)398
2018 Notes (principal amount outstanding of \$750)	750	(3)752	748	(3)767
2020 Notes (principal amount outstanding of \$600)	598	(4)604	597	(4)611
2022 Notes (principal amount outstanding of \$600)	594	(5)588	593	(5)603
2023 Notes (principal amount outstanding of \$750)	744	(6)717	743	(6)740
2025 Notes (principal amount outstanding of \$600 and \$0, respectively)	593	(7)576	—	—
2047 Notes (principal amount outstanding of \$230)	183	(8)231	182	(8)231
	\$4,546(9)	\$4,576	\$4,854(9)	\$4,982

- 
- (1) The Revolving Credit Facility, the Revolving Funding Facility and the SMBC 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 2018 Notes less unamortized debt issuance costs plus the net unamortized premium recorded upon the issuances of the 2018 Notes.
- (4) Represents the aggregate principal amount outstanding of the 2020 Notes less unamortized debt issuance costs and the net unaccreted discount recorded upon the issuances of the 2020 Notes.
- (5) 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.
- (6) 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.
- (7) Represents the aggregate principal amount outstanding of the 2025 Notes less unamortized debt issuance costs and the unaccreted discount recorded upon the issuance of the 2025 Notes.
- (8) Represents the aggregate principal amount outstanding of the 2047 Notes less the unaccreted purchased discount.
- (9) Total principal amount of debt outstanding totaled \$4,632 and \$4,943 as of September 30, 2018 and December 31, 2017, respectively.

The following table presents fair value measurements of the Company's debt obligations as of September 30, 2018 and December 31, 2017:





Fair Value Measurements Using	As of	
	September 30, 2018	December 31, 2017
Level 1	\$231	\$ 231
Level 2	4,345	4,751
Total	\$4,576	\$ 4,982

## 9. STOCKHOLDERS' EQUITY

There were no issuances of the Company's equity securities for the nine months ended September 30, 2018 and 2017. See Note 11 for information regarding shares of common stock issued or purchased in accordance with the Company's dividend reinvestment plan.

In connection with the American Capital Acquisition, the Company issued 112 shares valued at approximately \$1,839.

### Stock Repurchase Program

The Company is authorized under its stock repurchase program to purchase up to \$300 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 Company cannot assure stockholders that any shares will be repurchased under the program. The expiration date of the stock repurchase program is February 28, 2019. The program may be suspended, extended, modified or discontinued at any time.

As of September 30, 2018, the Company had repurchased a total of 0.5 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 \$13.92 per share, including commissions paid, leaving approximately \$293 available for additional repurchases under the program. During the nine months ended September 30, 2018 and 2017, 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 three and nine months ended September 30, 2018 and 2017:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
Net increase in stockholders' equity resulting from operations available to common stockholders	\$209	\$139	\$705	\$435
Weighted average shares of common stock outstanding—basic and diluted	426	426	426	425
Basic and diluted net increase in stockholders' equity resulting from operations per share	\$0.49	\$0.33	\$1.66	\$1.02

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 the three and nine months ended September 30, 2018 was less than the conversion price for each of the Convertible Unsecured Notes outstanding as of September 30, 2018, as well as any other convertible unsecured notes outstanding during the period. For the three and nine months ended September 30, 2017, the average closing price of the Company's common stock was less than the conversion price for each of the Convertible Unsecured Notes outstanding as of September 30, 2017, 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. DIVIDENDS AND DISTRIBUTIONS

The following table summarizes the Company's dividends declared and payable during the nine months ended September 30, 2018 and 2017:

Date declared	Record date	Payment date	Per share amount	Total amount
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 declared and payable for the nine months ended September 30, 2018			\$ 1.15	\$ 490
August 2, 2017	September 15, 2017	September 29, 2017	\$ 0.38	\$ 162
May 3, 2017	June 15, 2017	June 30, 2017	0.38	162
February 22, 2017	March 15, 2017	March 31, 2017	0.38	162
Total declared and payable for the nine months ended September 30, 2017			\$ 1.14	\$ 486

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 nine months ended September 30, 2018 and 2017, was as follows:

	For the Nine Months Ended September 30,	
	2018	2017
Shares issued	—	0.4
Average issue price per share	\$—	\$17.38
Shares purchased by plan agent to satisfy dividends declared and payable during the period for stockholders	1.3	(1)1.0 (2)
Average purchase price per share	\$16.51	\$16.48

(1) Shares were purchased in April 2018, July 2018 and October 2018.

(2) Shares were purchased in July 2017.

## 12. 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 three and nine months ended September 30, 2018, the Company's investment adviser or its affiliates incurred and the Company reimbursed such expenses totaling \$1 and \$4, respectively. For the three and nine months ended September 30, 2017, the

Company's investment adviser or its affiliates incurred and the Company reimbursed such expenses totaling \$1 and \$3, 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 will bear 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 has also entered into separate subleases with Ares Management LLC, the sole member of Ares

Capital Management, and IHAM, pursuant to which Ares Management LLC and IHAM sublease office space from the Company. Effective March 31, 2018, Ares Management LLC and IHAM collectively subleased the full amount of these leases. Prior to March 31, 2018, these parties subleased a portion of these leases. For the three and nine months ended September 30, 2018, amounts payable to the Company under these subleases totaled \$2 and \$7, respectively. For the three and nine months ended September 30, 2017, amounts payable to the Company under these subleases totaled \$2 and \$6, respectively.

Prior to April 1, 2018, Ares Management LLC was a party to separate subleases with the Company, pursuant to which the Company subleased certain office spaces from Ares Management LLC. For the three and nine months ended September 30, 2018, amounts payable to Ares Management LLC under these subleases totaled \$0. For the three and nine months ended September 30, 2017, amounts payable to Ares Management LLC under these subleases totaled \$0. These subleases are no longer in place.

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 three and nine months ended September 30, 2018, amounts payable to the Company under these agreements totaled \$0. For the three and nine months ended September 30, 2017, amounts payable to the Company under these agreements totaled \$0.

As part of the American Capital Acquisition, the Company assumed a long term incentive plan liability related to certain employees of a subsidiary of ACAM, which is now a subsidiary of IHAM. The liability is determined based on the fair value of certain investments acquired in the American Capital Acquisition. As of September 30, 2018, the remaining liability amount was estimated to be \$1 and is included within accounts payable and other liabilities in the Company's consolidated balance sheet. This liability is paid on an annual basis based on exited investments in a given calendar year and the value received upon their exit. During the nine months ended September 30, 2018, the Company paid \$27 of the liability.

See Notes 3, 4, 6, 14 and 16 for descriptions of other related party transactions.

### 13. FINANCIAL HIGHLIGHTS

The following is a schedule of financial highlights as of and for the nine months ended September 30, 2018 and 2017:

	As of and For the Nine Months Ended September 30,		
	2018	2017	
Per Share Data:			
Net asset value, beginning of period(1)	\$ 16.65	\$ 16.45	
Issuances of common stock (see Note 14)	—	(0.01 )	
Deemed contribution from Ares Capital Management (See Note 14)	—	0.13	
Issuances of convertible notes	—	0.04	
Net investment income for period(2)	1.16	0.87	
Net realized and unrealized gains for period(2)	0.50	0.15	
Net increase in stockholders' equity	1.66	1.18	
Total distributions to stockholders	(1.15 )	(1.14 )	
Net asset value at end of period(1)	\$ 17.16	\$ 16.49	
Per share market value at end of period	\$ 17.19	\$ 16.39	
Total return based on market value(3)	16.67	% 6.31	%
Total return based on net asset value(4)	9.95	% 7.32	%
Shares outstanding at end of period	426	426	
Ratio/Supplemental Data:			
Net assets at end of period	\$ 7,313	\$ 7,028	
Ratio of operating expenses to average net assets, excluding the Fee Waiver(5)(6)	9.52	% 9.93	%
Ratio of operating expenses to average net assets, net of the Fee Waiver(5)(6)	8.97	% 9.53	%
Ratio of net investment income to average net assets(5)(7)	9.10	% 7.53	%
Portfolio turnover rate(5)	56	% 53	%

(1) The net assets used equals the total stockholders' equity on the consolidated balance sheet.

(2) Weighted average basic per share data.

For the nine months ended September 30, 2018, the total return based on market value equaled the increase of the ending market value at September 30, 2018 of \$17.19 per share from the ending market value at December 31, 2017 of \$15.72 per share plus the declared and payable dividends of \$1.15 per share for the nine months ended September 30, 2018, divided by the market value at December 31, 2017. For the nine months ended September 30, 2017, the total return based on market value equaled the decrease of the ending market value at September 30, 2017 of \$16.39 per share from the ending market value at December 31, 2016 of \$16.49 per share plus the declared and payable dividends of \$1.14 per share for the nine months ended September 30, 2017, divided by the market value at December 31, 2016. 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.

For the nine months ended September 30, 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 \$1.15 per share for the nine months ended September 30, 2018, divided by the beginning net asset value for the period. For the nine months ended September 30, 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 \$1.14 per share for the nine months ended September 30, 2017, 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.

(5) The ratios reflect an annualized amount.

For the nine months ended September 30, 2018, the ratio of operating expenses to average net assets consisted of  
(6) 2.50% of base management fees, 2.52% of income based fees and capital gains incentive fees, net of the Fee Waiver (3.07% of income based fees and capital gains incentive fees, excluding the Fee Waiver), 3.35% of the cost of

120

---

borrowing and 0.60% of other operating expenses. For the nine months ended September 30, 2017, the ratio of operating expenses to average net assets consisted of 2.59% of base management fees, 2.03% of income based fees and capital gains incentive fees, net of Fee Waiver (2.43% of income based fees and capital gains incentive fees, excluding the Fee Waiver), 3.39% of the cost of borrowing and 1.52% of other operating expenses. See Note 3 for more information on the Fee Waiver.

(7)The ratio of net investment income to average net assets excludes income taxes related to realized gains and losses.

#### 14. AMERICAN CAPITAL ACQUISITION

On May 23, 2016, the Company entered into a definitive agreement (the “Merger Agreement”) to acquire American Capital. On the Acquisition Date, the Company completed the American Capital Acquisition pursuant to the terms and conditions of the Merger Agreement. Pursuant to the Merger Agreement, American Capital shareholders received total consideration of approximately \$18.06 per share comprised of: (i) \$14.41 per share from the Company consisting of approximately \$6.48 per share of cash (including a make-up dividend in the amount of \$0.07 per share) and 0.483 shares of the Company’s common stock for each American Capital share at a value of \$7.93 per American Capital share (based on the closing price per share of the Company’s common stock on the Acquisition Date), (ii) \$2.45 per share of cash from American Capital’s sale of American Capital Mortgage Management, LLC, and (iii) approximately \$1.20 per share of cash as transaction support provided by Ares Capital Management acting solely on its own behalf. As of the Acquisition Date, the transaction was valued at approximately \$4.2 billion. The total cash and stock consideration paid by the Company was \$3.3 billion. In connection with the stock consideration, the Company issued approximately 112 shares of its common stock to American Capital’s then-existing stockholders (including holders of outstanding in-the-money American Capital stock options), thereby resulting in the Company’s then-existing stockholders owning approximately 73.7% of the combined company and then-existing American Capital stockholders owning approximately 26.3% of the combined company. In addition, in connection with the American Capital Acquisition, Ares Capital Management agreed to waive certain income based fees as described in Note 3.

The American Capital Acquisition was accounted for in accordance with the asset acquisition method of accounting as detailed in ASC 805-50, Business Combinations-Related Issues. The fair value of the merger consideration paid by the Company was allocated to the assets acquired and liabilities assumed based on their relative fair values as of the date of acquisition and did not give rise to goodwill. Since the fair value of the net assets acquired exceeded the fair value of the merger consideration paid by the Company, the Company recognized a deemed contribution from Ares Capital Management.

The following table summarizes the allocation of the purchase price to the assets acquired and liabilities assumed as a result of the American Capital Acquisition:

Common stock issued by the Company	\$ 1,839
Cash consideration paid by the Company	1,502
Deemed contribution from Ares Capital Management	54
Total purchase price	\$3,395
Assets acquired:	
Investments(1)	\$2,543
Cash and cash equivalents	961
Other assets(2)	117
Total assets acquired	\$3,621
Liabilities assumed(3)	(226 )
Net assets acquired	\$3,395



- (1) Investments acquired were recorded at fair value, which is also the Company's initial cost basis.
- (2) Other assets acquired in the American Capital Acquisition consisted of the following:

121

---

Receivable for open trades	\$45
Escrows receivable	41
Interest receivable	9
Other assets	22
Total	\$117

(3) Liabilities assumed in the American Capital Acquisition consisted of the following:

Severance and other payroll related	\$95
Lease abandonments	55
Long term incentive plan (see Note 12)	31
Escrows payable	25
Other liabilities	20
Total	\$226

During the three and nine months ended September 30, 2018, the Company incurred a net expense of \$1 and \$3, respectively, in professional fees and other costs related to the American Capital Acquisition. During the three and nine months ended September 30, 2017, the Company incurred an expense of \$4 and \$42, respectively, in professional fees and other costs related to the American Capital Acquisition, including \$18 in one-time investment banking fees incurred in January 2017 upon the closing of the American Capital Acquisition.

## 15. 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, and (2) 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. Under the operative scheduling order, discovery will continue until early 2019 with dispositive motions due on April 30, 2019. No trial date has 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.

On August 3, 2017, American Capital and one of its former portfolio companies were awarded a judgment plus prejudgment interest by the United States District Court for the District of Maryland (the "District Court") following a

bench trial in a case first filed by one of American Capital's insurance companies concerning coverage for bodily injury claims against American Capital and/or its former portfolio company. The District Court found that the carrier breached its duty to defend American Capital and its former portfolio company against more than 1,000 bodily injury claims and awarded American Capital damages plus prejudgment interest. American Capital's carrier filed a notice of appeal to the United States Court of Appeals for the Fourth Circuit; thereafter, American Capital and its former portfolio company filed a notice of cross appeal,

including cross claims. The appeal has been fully briefed and oral argument on the appeal took place on September 28, 2018. It is currently expected the appeal will be adjudicated in late 2018 at the earliest. American Capital's recovery, if any, will not be known until such time as the appeal is resolved. The Company has secured insurance to protect at least \$47 of the judgment in favor of American Capital.

#### 16. 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-Q or would be required to be recognized in the consolidated financial statements as of and for the nine months ended September 30, 2018, except as discussed below.

In October 2018, the Company amended and restated its Revolving Credit Facility to, among other things, (a) amend the financial covenant requiring the Company to maintain a minimum ratio of total assets (less total liabilities) to total indebtedness from 2.0:1.0 to 1.5:1.0 and (b) make certain related changes to borrowing base advance rates.

In October 2018, the Company and Ares Capital CP amended Ares Capital CP's Revolving Funding Facility to, among other things, change the servicer termination event covenant requiring the Company to maintain a minimum ratio of total assets (less total liabilities) to total indebtedness from 2.0:1.0 to 1.5:1.0.

In October 2018, the Company terminated all of its existing office space subleases with Ares Management LLC and IHAM. The Company then entered into a new sublease solely with Ares Management LLC, whereby Ares Management LLC subleased the full amount of certain of the Company's office leases.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The information contained in this section should be read in conjunction with our financial statements and notes thereto appearing elsewhere in this Quarterly Report. Further, the financial information and other data set forth below subsequent to the completion of the American Capital Acquisition (as defined below) on January 3, 2017 reflect the results of the combined company and the financial information and other data prior to the completion of the American Capital Acquisition does not give effect to the American Capital Acquisition, unless otherwise noted. For this reason, period to period comparisons may not be meaningful. In addition, some of the statements in this Quarterly 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 a protracted decline in the liquidity of credit markets on our business;
- 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 Cuts and Jobs Act and the Small Business Credit Availability Act, governing our operations or the operations of our portfolio companies or the operations of our competitors;
- that effective June 21, 2019 (unless we receive earlier stockholder approval), our asset coverage requirement will reduce from 200% to 150%, which may increase the risk of investing with us;
- 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 and ability of our current and prospective portfolio companies to achieve their objectives;
- our expected financings and investments;
- our ability to successfully complete and integrate any other acquisitions;
- the outcome and impact of any litigation or other regulatory matters acquired in connection with the American Capital Acquisition;
- 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 elsewhere in our Annual Report on Form 10-K for the fiscal year ended



December 31, 2017, in our Registration Statement on Form N-2, filed on August 31, 2018 (the “N-2”) and in this Quarterly Report.

We have based the forward-looking statements included in this Quarterly Report on information available to us on the date of this Quarterly 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 Securities and Exchange Commission (“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 L.P. (NYSE: ARES) (“Ares Management”), a publicly traded, leading global alternative asset 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), second lien senior secured loans and mezzanine debt, which in some cases includes an equity component like warrants.

To a lesser extent, we also make preferred and/or 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 September 30, 2018, our exited investments resulted in an asset level realized gross internal rate of return to us of approximately 15% (based on original cash invested, net of syndications, of approximately \$24.2 billion and total proceeds from such exited investments of approximately \$31.0 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 63% of these exited investments resulted in an asset level realized gross internal rate of return to us of 10% or greater.

Additionally, since the closing of the American Capital Acquisition on January 3, 2017 through September 30, 2018, exited investments acquired in the American Capital Acquisition resulted in an asset level realized gross internal rate of return to us of approximately 38% (based on original amounts invested of approximately \$1.6 billion and total proceeds from such exited investments of approximately \$2.2 billion).

Additionally, since our IPO on October 8, 2004 through September 30, 2018, our realized gains have exceeded our realized losses by approximately \$1.0 billion (excluding a one-time gain on the acquisition of Allied Capital Corporation (“Allied Capital”) and realized gains/losses from the extinguishment of debt and other assets). For this same time period, our average annualized net realized gain rate was approximately 1.3% (excluding a one-time gain on the acquisition of Allied Capital 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.



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.

#### American Capital Acquisition

On May 23, 2016, we entered into a definitive agreement (the “Merger Agreement”) to acquire American Capital, Ltd. (“American Capital”), a Delaware corporation (the “American Capital Acquisition”) in a cash and stock transaction valued at approximately \$4.2 billion. Pursuant to the Merger Agreement, American Capital shareholders received total consideration of approximately \$18.06 per share comprised of: (i) \$14.41 per share from us consisting of approximately \$6.48 per share of cash (including a make-up dividend in the amount of \$0.07 per share) and 0.483 shares of our common stock for each American Capital share at a value of \$7.93 per American Capital share (based on the closing price per share of our common stock on January 3, 2017 (the “Acquisition Date”), (ii) \$2.45 per share of cash from American Capital’s sale of American Capital Mortgage Management, LLC, and (iii) approximately \$1.20 per share of cash as transaction support provided by Ares Capital Management acting solely on its own behalf. As of the Acquisition Date, the transaction was valued at approximately \$4.2 billion. The total cash and stock consideration paid by us was \$3.3 billion. In connection with the stock consideration, we issued approximately 112 million shares of our common stock to American Capital’s then-existing stockholders (including holders of outstanding in-the-money American Capital stock options), thereby resulting in our then-existing stockholders owning approximately 73.7% of the combined company and then-existing American Capital stockholders owning approximately 26.3% of the combined company. As a result of the American Capital Acquisition, Ares Capital acquired \$3.6 billion of assets, including \$2.5 billion of investments, and assumed \$226 million of liabilities.

In connection with the American Capital Acquisition, Ares Capital Management also agreed to waive, for each of the first ten calendar quarters beginning with the second quarter of 2017 and ending with the third quarter of 2019, the lesser of (x) \$10 million of income based fees and (y) the amount of income based fees for such quarter, in each case, to the extent earned and payable by us in such quarter pursuant to and as calculated under our investment advisory and management agreement (the “Fee Waiver”). See Notes 3 and 14 to our consolidated financial statements for the three and nine months ended September 30, 2018 for additional information regarding the American Capital Acquisition.

## PORTFOLIO AND INVESTMENT ACTIVITY

Our investment activity for the three months ended September 30, 2018 and 2017 is presented below.

(dollar amounts in millions)	For the Three Months Ended September 30,		
	2018	2017	
New investment commitments(1):			
New portfolio companies	\$1,130	\$678	
Existing portfolio companies	795	868	
Total new investment commitments(2)	\$1,925	\$1,546	
Less:			
Investment commitments exited(3)	1,914	1,644	
Net investment commitments	\$11	\$(98)	)
Principal amount of investments funded:			
First lien senior secured loans	\$1,286	\$659	
Second lien senior secured loans	448	524	
Subordinated certificates of the SDLP(4)	64	45	
Senior subordinated loans	—	119	
Preferred equity securities	48	6	
Other equity securities	62	22	
Total	\$1,908	\$1,375	
Principal amount of investments sold or repaid(5):			
First lien senior secured loans	\$963	\$439	
Second lien senior secured loans	527	289	
Subordinated certificates of the SDLP(4)	34	2	
Subordinated certificates of the SSLP	—	474	
Senior subordinated loans	273	75	
Collateralized loan obligations	45	40	
Preferred equity securities	33	48	
Other equity securities	35	162	
Total	\$1,910	\$1,529	
Number of new investment commitments(6)	41	40	
Average new investment commitment amount(6)	\$47	\$39	
Weighted average term for new investment commitments (in months)	82	76	
Percentage of new investment commitments at floating rates	97	%	89
Percentage of new investment commitments at fixed rates	—	%	9
Weighted average yield of debt and other income producing securities(7):			
Funded during the period at amortized cost	8.5	%	9.4
Funded during the period at fair value(8)	8.5	%	9.3
Exited or repaid during the period at amortized cost	9.6	%	8.2
Exited or repaid during the period at fair value(8)	9.6	%	8.3

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 three and nine months ended September 30, 2018, 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 \$1.6 billion and \$1.2 billion for the three months ended September 30, 2018 and 2017, respectively.

127

---

Includes both funded and unfunded commitments. For the three months ended September 30, 2018 and 2017, (3) investment commitments exited included exits of unfunded commitments of \$70 million and \$179 million, respectively.

(4) See “Senior Direct Lending Program” below and Note 4 to our consolidated financial statements for the three and nine months ended September 30, 2018 for more information on the SDLP (as defined below).

For the three months ended September 30, 2018 and 2017, the principal amount of investments sold or repaid (5) included \$443 million and \$415 million, respectively, of investments acquired as part of the American Capital Acquisition.

Number of new investment commitments represents each commitment to a particular portfolio company or a (6) commitment to multiple companies as part of an individual transaction (e.g., the purchase of a portfolio of investments).

“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 (7) 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 September 30, 2018 and December 31, 2017, our investments consisted of the following:

(in millions)	As of			
	September 30, 2018		December 31, 2017	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
First lien senior secured loans	\$5,066	\$4,949	\$5,337	\$5,197
Second lien senior secured loans	3,541	3,355	3,885	3,744
Subordinated certificates of the SDLP(1)	619	619	487	487
Senior subordinated loans	813	818	978	995
Collateralized loan obligations	48	50	115	114
Preferred equity securities	518	395	485	532
Other equity securities	868	1,034	618	772
Total	\$11,473	\$11,220	\$11,905	\$11,841

The proceeds from these certificates were applied to co-investments with Varagon Capital Partners (“Varagon”) and (1) its clients to fund first lien senior secured loans to 20 and 19 different borrowers as of September 30, 2018 and December 31, 2017, respectively.

The weighted average yields at amortized cost and fair value of the following portions of our portfolio as of September 30, 2018 and December 31, 2017 were as follows:



	As of		As of	
	September 30, 2018		December 31, 2017	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Debt and other income producing securities(1)	10.3%	10.3%	9.7%	9.8%
Total portfolio(2)	9.0%	9.2%	8.7%	8.7%
First lien senior secured loans(2)	8.5%	8.7%	7.9%	8.1%
Second lien senior secured loans(2)	10.2%	10.8%	9.7%	10.0%
Subordinated certificates of the SDLP(2)(3)	15.0%	15.0%	14.5%	14.5%
Senior subordinated loans(2)	12.8%	12.7%	13.0%	12.8%
Collateralized loan obligations	13.0%	12.5%	9.7%	9.7%
Income producing equity securities(2)	13.2%	13.2%	13.0%	13.0%

(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. The weighted average yield of debt and other income producing securities that were acquired as part of the American Capital Acquisition and held as of September 30, 2018 was 11.3% and 11.2% at amortized cost and fair value, respectively.

(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. The weighted average yield on total investments that were acquired as part of the American Capital Acquisition and held as of September 30, 2018 was 8.4% and 8.2% at amortized cost and fair value, respectively.

(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 September 30, 2018 and December 31, 2017:

129

---

(dollar amounts in millions)	As of September 30, 2018				December 31, 2017			
	Fair Value	%	Number of Companies	%	Fair Value	%	Number of Companies	%
Grade 1	\$130	1.2	% 19	5.6	% \$72	0.6	% 16	5.1
Grade 2	486	4.3	% 12	3.5	% 343	2.9	% 14	4.5
Grade 3	9,353	83.4	% 292	85.3	% 10,099	85.3	% 268	85.3
Grade 4	1,251	11.1	% 19	5.6	% 1,327	11.2	% 16	5.1
Total	\$11,220	100.0	% 342	100.0	% \$11,841	100.0	% 314	100.0

As of September 30, 2018 and December 31, 2017, the weighted average grade of the investments in our portfolio at fair value was 3.0 and 3.1, respectively.

As of September 30, 2018, investments on non-accrual status represented 2.7% and 0.6% of the total investments at amortized cost and at fair value, respectively. As of December 31, 2017, investments on non-accrual status represented 3.1% and 1.4% of the total investments at amortized cost and at fair value, respectively.

#### Co-Investment Programs

##### 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 \$300 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 September 30, 2018, we and a client of Varagon owned 87.5% and 12.5%, respectively, of the outstanding SDLP Certificates.

As of September 30, 2018 and December 31, 2017, we and Varagon and its clients had agreed to make capital available to the SDLP of \$6.4 billion and \$2.9 billion, respectively, in the aggregate, of which \$1,444 million and \$591 million, 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 September 30, 2018	December 31, 2017
Total capital funded to the SDLP(1)	\$3,010	\$ 2,319
Total capital funded to the SDLP by the Company(1)	\$619	\$ 487
Total unfunded capital commitments to the SDLP(2)	\$168	\$ 92
Total unfunded capital commitments to the SDLP by the Company(2)	\$35	\$ 19



(1) At principal amount.

(2) These commitments have been approved by the investment committee of the SDLP and will be funded as the transactions are completed.

The SDLP Certificates pay a coupon of the London Interbank Offered Rate (“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

130

---

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 held by us were \$619 million and \$619 million, respectively, as of September 30, 2018 and \$487 million and \$487 million, respectively, as of December 31, 2017. Our yield on our investment in the SDLP at amortized cost and fair value was 15.0% and 15.0%, respectively, as of September 30, 2018 and 14.5% and 14.5%, respectively, as of December 31, 2017. For the three and nine months ended September 30, 2018, we earned interest income of \$24 million and \$62 million, respectively, from our investment in the SDLP Certificates. For the three and nine months ended September 30, 2017, we earned interest income of \$15 million and \$36 million, respectively, from our investment in the SDLP Certificates. We are also entitled to certain fees in connection with the SDLP. For the three and nine months ended September 30, 2018, in connection with the SDLP, we earned capital structuring service and other fees totaling \$4 million and \$12 million, respectively. For the three and nine months ended September 30, 2017, in connection with the SDLP, we earned capital structuring service and other fees totaling \$4 million and \$10 million, respectively.

As of September 30, 2018 and December 31, 2017, the portfolio was comprised of all 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 September 30, 2018 and December 31, 2017, none of the loans were on non-accrual status. Below is a summary of the SDLP's portfolio as of September 30, 2018 and December 31, 2017:

(dollar amounts in millions)	As of	
	September 30, 2018	December 31, 2017
Total first lien senior secured loans(1)	\$2,924	\$2,316
Weighted average yield on first lien senior secured loans(2)	8.2 %	7.6 %
Largest loan to a single borrower(1)	\$249	\$200
Total of five largest loans to borrowers(1)	\$1,122	\$947
Number of borrowers in the SDLP	20	19
Commitments to fund delayed draw loans (3)	\$168	\$92

(1) At principal amount.

(2) 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.

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

#### Senior Secured Loan Program

We and General Electric Capital Corporation and GE Global Sponsor Finance LLC (collectively, "GE") had previously co-invested in first lien senior secured loans of middle market companies through an unconsolidated Delaware limited liability company, the Senior Secured Loan Fund LLC (d/b/a the "Senior Secured Loan Program" or the "SSLP"). The SSLP was capitalized as transactions were completed. All portfolio decisions and generally all other decisions in respect of the SSLP were approved by an investment committee of the SSLP consisting of representatives of ours and GE (with approval from a representative of each required). We provided capital to the SSLP in the form of the SSLP Certificates. GE provided capital to the SSLP in the form of senior notes and SSLP Certificates.

As of June 30, 2017, our investment in the SSLP Certificates at amortized cost and fair value was \$1.9 billion and \$1.9 billion, respectively, and our yield on our investment in the SSLP Certificates at amortized cost and fair value was 5.8% and 5.8%, respectively. As of June 30, 2017, the SSLP had \$1.2 billion in cash and GE's senior notes outstanding totaled \$601 million. In July 2017, the SSLP made its monthly waterfall distribution from this cash, which fully repaid the outstanding principal amount of the senior notes of the SSLP with the remaining amounts distributed to the holders of the SSLP Certificates. From this distribution, we received \$474 million in respect of our SSLP Certificates. After this distribution, the amortized cost of our SSLP Certificates was \$1.5 billion.

In addition, in July 2017, we and GE agreed to an effective termination of the SSLP whereby on July 26, 2017, we purchased the remaining \$1.6 billion in aggregate principal amount of first lien senior secured loans outstanding at par plus

accrued and unpaid interest and fees from the SSLP (the “SSLP Loan Sale”) and assumed the SSLP’s remaining unfunded loan commitments totaling \$50 million. Upon completion of the SSLP Loan Sale, the SSLP made a liquidation distribution to the holders of the SSLP Certificates (the “SSLP Liquidation Distribution”), of which we received \$1.5 billion. In connection with the SSLP Liquidation Distribution, we recognized an \$18 million realized loss. After completion of the transactions described above, the operations of the SSLP were effectively terminated pursuant to the terms of the documents governing the SSLP and the SSLP no longer has an obligation to fund existing commitments and other amounts in respect of its former portfolio companies.

For the three and nine months ended September 30, 2017, we earned interest income of \$6 million and \$69 million, respectively, from our investment in the SSLP Certificates. We were also entitled to certain fees in connection with the SSLP. For the three and nine months ended September 30, 2017, in connection with the SSLP, we earned capital structuring service, sourcing and other fees totaling \$1 million and \$5 million, respectively, from our investment in the SSLP Certificates.

## RESULTS OF OPERATIONS

For the three and nine months ended September 30, 2018 and 2017

Operating results for the three and nine months ended September 30, 2018 and 2017 were as follows:

(in millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
Total investment income	\$ 342	\$ 294	\$ 992	\$ 853
Total expenses, net of waiver of income based fees	151	136	484	468
Net investment income before income taxes	191	158	508	385
Income tax expense, including excise tax	6	5	17	14
Net investment income	185	153	491	371
Net realized gains on investments and foreign currency transactions	373	35	388	147
Net unrealized losses on investments, foreign currency and other transactions	(349 )	(49 )	(174 )	(79 )
Realized losses on extinguishment of debt	—	—	—	(4 )
	\$ 209	\$ 139	\$ 705	\$ 435

Net increase in  
stockholders' equity  
resulting from  
operations

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(in millions)	2018	2017	2018	2017
Interest income from investments	\$262	\$238	\$778	\$700
Capital structuring service fees	42	32	96	73
Dividend income	25	18	71	58
Other income	13	6	47	22
Total investment income	\$342	\$294	\$992	\$853

The increase in interest income from investments for the three months ended September 30, 2018 from the comparable period in 2017 was primarily due to an increase in the weighted average yield of our portfolio. The size of our portfolio decreased from an average of \$11.7 billion at amortized cost for the three months ended September 30, 2017 to an average of \$11.5 billion at amortized cost for the comparable period in 2018. However, the weighted average yield of our portfolio increased from 8.3% for the three months ended September 30, 2017 to 9.3% for the comparable period in 2018. The increase

in the weighted average yield was primarily due to an increase in LIBOR during the period. The increase in capital structuring service fees for the three months ended September 30, 2018 from the comparable period in 2017 was primarily due to the increase in new investment commitments, which increased from \$1.5 billion for the three months ended September 30, 2017 to \$1.9 billion for the comparable period in 2018, as well as the increase in the weighted average capital structuring service fees received on new investment commitments, which increased from 2.0% for the three months ended September 30, 2017 to 2.2% for the comparable period in 2018. Dividend income for the three months ended September 30, 2018 and 2017 included dividends received from Ivy Hill Asset Management, L.P. (“IHAM”) totaling \$15 million and \$10 million, respectively. Also during the three months ended September 30, 2018, we received \$3 million in other non-recurring dividends from non-income producing equity securities compared to \$2 million for the comparable period in 2017. Dividend income for the three months ended September 30, 2018 included other recurring dividends of \$7 million compared to \$6 million for the comparable period in 2017.

The increase in interest income from investments for the nine months ended September 30, 2018 from the comparable period in 2017 was primarily due to an increase in the size of our portfolio and an increase in the weighted average yield of our portfolio. The size of our portfolio increased from an average of \$11.2 billion at amortized cost for the nine months ended September 30, 2017 to an average of \$11.8 billion at amortized cost for the comparable period in 2018. The weighted average yield of our portfolio increased from 8.5% for the nine months ended September 30, 2017 to 9.1% for the comparable period in 2018, primarily due to an increase in LIBOR during the period. The increase in capital structuring service fees for the nine months ended September 30, 2018 from the comparable period in 2017 was due to the increase in new investment commitments (excluding investments acquired as a result of the American Capital Acquisition), which increased from \$4.4 billion for the nine months ended September 30, 2017 to \$5.3 billion for the comparable period in 2018, as well as the increase in the weighted average capital structuring service fees received on new investment commitments, which increased from 1.6% for the nine months ended September 30, 2017 to 1.8% for the comparable period in 2018. Dividend income for the nine months ended September 30, 2018 and 2017 included dividends received from IHAM totaling \$43 million and \$30 million, respectively. Also during the nine months ended September 30, 2018, we received \$8 million in other non-recurring dividends from non-income producing equity securities compared to \$17 million for the comparable period in 2017. Dividend income for the nine months ended September 30, 2018 included other recurring dividends of \$20 million compared to \$11 million for the comparable period in 2017.

#### Operating Expenses

(in millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
Interest and credit facility fees	\$59	\$56	\$180	\$166
Base management fees	44	44	135	127
Income based fees	45	35	123	97
Capital gains incentive fees	5	(3)	43	23
Administrative fees	3	3	10	9
Professional fees and other costs related to the American Capital Acquisition	1	4	3	42
Other general and administrative	4	7	20	24
Total operating expenses	161	146	514	488
Waiver of income based fees	(10)	(10)	(30)	(20)
Total expenses, net of waiver of income based fees	\$151	\$136	\$484	\$468

Interest and credit facility fees for the three and nine months ended September 30, 2018 and 2017, were comprised of the following:

133

---

	For the Three Months Ended September 30, 2018		For the Nine Months Ended September 30, 2017	
(in millions)				
Stated interest expense	\$ 48	\$ 46	\$ 149	\$ 139
Facility fees	6	3	13	8
Amortization of debt issuance costs	4	5	14	14
Net accretion of discount on notes payable	1	2	4	5
Total interest and credit facility fees	\$ 59	\$ 56	\$ 180	\$ 166

Stated interest expense for the three months ended September 30, 2018 increased from the comparable period in 2017 primarily due to the increase in the average principal amount of debt outstanding. For the three months ended September 30, 2018, our average principal debt outstanding increased to \$4.7 billion as compared to \$4.5 billion for the comparable period in 2017. The weighted average stated interest rate on our outstanding debt was 4.2% for the three months ended September 30, 2018 as compared to 4.1% for the comparable period in 2017. Facility fees for the three months ended September 30, 2018 increased from the comparable period in 2017 primarily due to the lower utilization of our revolving facilities resulting in higher unused commitment fees.

Stated interest expense for the nine months ended September 30, 2018 increased from the comparable period in 2017 primarily due to the increase in the average principal amount of debt outstanding. For the nine months ended September 30, 2018, our average principal debt outstanding increased to \$4.9 billion as compared to \$4.6 billion for the comparable period in 2017. The weighted average stated interest rate on our outstanding debt was 4.1% for both the nine months ended September 30, 2018 and for the comparable period in 2017. Facility fees for the nine months ended September 30, 2018 increased from the comparable period in 2017 primarily due to the lower utilization of our revolving facilities resulting in higher unused commitment fees.

Base management fees for the three months ended September 30, 2018 and 2017 were consistent at \$44 million. The increase in base management fees for the nine months ended September 30, 2018 from the comparable period in 2017 was primarily due to the increase in the average size of our portfolio for the nine months ended September 30, 2018 compared to the comparable period in 2017. The increases in income based fees for the three and nine months ended September 30, 2018 from the comparable periods in 2017 were primarily due to the pre-incentive fee net investment income, as defined in the investment advisory and management agreement, for the three and nine months ended September 30, 2018 being higher than in the comparable periods in 2017. The results for the three and nine months ended September 30, 2018 reflect the Fee Waiver of \$10 million and \$30 million, respectively. The results for the three and nine months ended September 30, 2017 reflect the Fee Waiver of \$10 million and \$20 million, respectively.

For the three and nine months ended September 30, 2018, the capital gains incentive fees calculated in accordance with GAAP was \$5 million and \$43 million, respectively. For the three months ended September 30, 2017, the reduction in the capital gains incentive fees calculated in accordance with GAAP was \$3 million. For the nine months ended September 30, 2017, the capital gains incentive fees calculated in accordance with GAAP was \$23 million. The capital gains incentive fee expense accrual for the nine months ended September 30, 2017 included an \$11 million accrual related to the American Capital Acquisition as a result of the fair value of the net assets acquired exceeding the fair value of the merger consideration paid by us. 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 September 30, 2018, the total capital gains incentive fee accrual calculated in accordance with GAAP was \$122 million. As of September 30, 2018, 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 three and nine months ended September 30, 2018, for more information on the base management fees, income based fees and capital gains incentive fees.

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. Administrative fees incurred related specifically to the American Capital Acquisition are included in professional fees and other costs related to the American Capital Acquisition as discussed below.

For the three and nine months ended September 30, 2018, we incurred \$1 million and \$3 million, respectively, in professional fees and other costs related to the American Capital Acquisition. For the three and nine months ended September 30, 2017, we incurred \$4 million and \$42 million, respectively, in professional fees and other costs related to the American Capital Acquisition. For the nine months ended September 30, 2017, these costs included \$18 million in one-time investment banking fees incurred upon the closing of the American Capital Acquisition.

Other general and administrative expenses includes, among other costs, professional fees, insurance, fees and expenses related to evaluating and making investments in portfolio companies, including the costs associated with meeting with and marketing to financial sponsors, 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 generally (among other requirements) timely distribute to our stockholders at least 90% of our investment company taxable income, as defined by the Code, for each year. In order to maintain our RIC status, 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. If 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 on estimated excess taxable income as such taxable income is earned. For the three and nine months ended September 30, 2018, we recorded a net expense of \$5 million and \$12 million for U.S. federal excise tax, respectively. For the three and nine months ended September 30, 2017, we recorded a net expense of \$3 million and \$10 million for U.S. federal excise tax, respectively.

Certain of our consolidated subsidiaries are subject to U.S. federal and state income taxes. For the three and nine months ended September 30, 2018, we recorded a net tax expense of approximately \$1 million and \$5 million for these subsidiaries, respectively. For the three and nine months ended September 30, 2017, we recorded a net tax expense of approximately \$2 million and \$4 million for these subsidiaries, respectively. The income tax expense, net 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 from the sales, repayments or exits of investments during the three and nine months ended September 30, 2018 and 2017 were comprised of the following:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(in millions)	2018	2017	2018	2017
Sales, repayments or exits of investments <sup>(1)</sup>	\$2,252	(1)\$1,600	(2)\$3,620	(1)\$4,400
Net realized gains on investments:				
Gross realized gains	387	74	428	238
Gross realized losses	(24 )	(32 )	(43 )	(71 )
Total net realized gains on investments	\$363	(3)\$42	(4)\$385	(3)\$167

There were no investments sold to IHAM or vehicles managed by IHAM during the three months ended September 30, 2018. Includes \$447 million of investments sold to IHAM and certain vehicles managed by IHAM during the (1) nine months ended September 30, 2018. A net realized loss of \$0 million was recorded on these transactions with IHAM during the nine months ended September 30, 2018. See Note 4 to our consolidated financial statements for the three and nine months ended September 30, 2018 for more detail on IHAM and its managed vehicles.

Includes \$59 million and \$88 million of investments sold to IHAM and certain vehicles managed by IHAM during (2) the three and nine months ended September 30, 2017, respectively. A net realized gain of \$0 million was recorded on these transactions with IHAM during the three and nine months ended September 30, 2017.

(3) Includes approximately \$331 million and \$343 million, respectively, of net realized gains on investments acquired as part of the American Capital Acquisition for the three and nine months ended September 30, 2018.

(4) Includes approximately \$56 million and \$79 million, respectively, of net realized gains on investments acquired as part of the American Capital Acquisition for the three and nine months ended September 30, 2017.

The net realized gains (losses) on investments during the three months ended September 30, 2018 consisted of the following:

(in millions)	Net Realized Gains (Losses)
Portfolio Company	
Alcami Holdings, LLC	\$ 324
Accruent, LLC	26
Varsity Brands Holding Co., Inc.	14
Columbo Midco Limited	6
Alegeus Technologies Holdings Corp.	6
Ciena Capital LLC	(6 )
Things Remembered, Inc.	(16 )
Other, net	9
Total	\$ 363

During the three months ended September 30, 2018, we recognized net realized gains on foreign currency transactions of \$10 million.

The net realized gains (losses) on investments during the three months ended September 30, 2017 consisted of the following:

(in millions)	Net Realized Gains (Losses)
Portfolio Company	
Bellotto Holdings Limited	\$ 58
Senior Secured Loan Fund LLC	(18 )
Other, net	2
Total	\$ 42

During the three months ended September 30, 2017, we recognized net realized losses on foreign currency transactions of \$7 million.

The net realized gains (losses) on investments during the nine months ended September 30, 2018 consisted of the following:

(in millions)	Net Realized Gains (Losses)
Portfolio Company	
Alcami Holdings, LLC	\$ 324
Accruent, LLC	26
Varsity Brands Holding Co., Inc.	14
TDG Group Holding Company	8
PowerPlan, Inc.	7
Alegeus Technologies Holdings Corp.	6
Columbo Midco Limited	6
Ciena Capital LLC	(6 )
EcoMotors, Inc.	(9 )
Things Remembered, Inc.	(16 )
Other, net	25
Total, net	\$ 385

During the nine months ended September 30, 2018, we also recognized net realized gains on foreign currency transactions of \$3 million.

The net realized gains (losses) on investments during the nine months ended September 30, 2017 consisted of the following:

(in millions)	Net Realized Gains (Losses)
Portfolio Company	
Bellotto Holdings Limited	\$ 58
10th Street, LLC	34
Community Education Centers, Inc.	24
Tectum Holdings, Inc.	17
NECCO Realty Investments LLC	13
GHX Ultimate Parent Corporation	11
Wilcon Holdings LLC	10
Project Alpha Intermediate Holding, Inc.	8
S Toys Holdings LLC	7
CIBT Investment Holdings, LLC	6
Market Track Holdings, LLC	6
The Greeley Company, Inc. and HCP Acquisition Holdings, LLC	(12 )
Senior Secured Loan Fund LLC	(18 )
Competitor Group, Inc.	(21 )
Other, net	24
Total, net	\$ 167

During the nine months ended September 30, 2017, we also recognized net realized losses on foreign currency transactions of \$20 million.

During the nine months ended September 30, 2017, we redeemed the entire \$183 million in aggregate principal amount outstanding of the unsecured notes that were scheduled to mature on October 1, 2022 (the "October 2022

Notes”) in accordance with the terms of the indenture governing the October 2022 Notes. The October 2022 Notes bore interest at a rate of 5.875% per year, payable quarterly. The October 2022 Notes were redeemed at par plus accrued and unpaid interest for a total redemption price of approximately \$185 million, which resulted in a realized loss on the extinguishment of debt of \$4 million.

## 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 for our portfolio for the three and nine months ended September 30, 2018 and 2017 were comprised of the following:

(in millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
Unrealized appreciation	\$88	\$126	\$140	\$203
Unrealized depreciation	(89 )	(138 )	(206 )	(257 )
Net unrealized (appreciation) depreciation reversed related to net realized gains or losses(1)	(340 )	(35 )	(119 )	(19 )
Total net unrealized losses	\$(341)	\$(47)	\$(185)	\$(73)

(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.

The changes in net unrealized appreciation and depreciation on investments during the three months ended September 30, 2018 consisted of the following:

(in millions)	Net Unrealized Appreciation (Depreciation)
Portfolio Company	
PCG-Ares Sidecar Investment II, L.P.	\$ 6
PERC Holdings 1 LLC	5
CCS Intermediate Holdings, LLC	5
R3 Education Inc.	(10 )
New Trident Holdcorp, Inc.	(22 )
Other, net	15
Total	\$ (1 )

During the three months ended September 30, 2018, we recognized net unrealized losses on foreign currency and other transactions of \$8 million.

The changes in net unrealized appreciation and depreciation on investments during the three months ended September 30, 2017 consisted of the following:

(in millions)	Net Unrealized
Portfolio Company	Appreciation (Depreciation)
Alcami Holdings, LLC	\$ 64
CCS Intermediate Holdings, LLC	13
Cadence Aerospace, LLC	6
PERC Holdings 1 LLC	(5 )
New Trident Holdcorp, Inc.	(6 )
Shock Doctor, Inc.	(7 )
Ivy Hill Asset Management, L.P.	(8 )
Singer Sewing Company	(9 )
Instituto de Banca y Comercio, Inc.	(15 )
Other, net	(45 )
Total	\$ (12 )

During the three months ended September 30, 2017, we also recognized net unrealized losses on foreign currency and other transactions of \$2 million.

The changes in net unrealized appreciation and depreciation during the nine months ended September 30, 2018 consisted of the following:

(in millions)	Net Unrealized
Portfolio Company	Appreciation (Depreciation)
CCS Intermediate Holdings, LLC	\$ 23
PERC Holdings 1 LLC	10
Rug Doctor, LLC	9
Imaging Business Machines, L.L.C.	6
PCG-Ares Sidecar Investment II, L.P.	6
Infilaw Holding, LLC	5
Teasdale Foods, Inc.	(5 )
SCM Insurance Services Inc.	(6 )
Instituto de Banca y Comercio, Inc.	(7 )
NECCO Holdings, Inc.	(7 )
Miles 33 (Finance) Limited	(8 )
ADF Capital, Inc.	(9 )
Eckler Industries, Inc.	(11 )
R3 Education Inc.	(12 )
Singer Sewing Company	(14 )
Indra Holdings Corp.	(23 )
New Trident Holdcorp, Inc.	(33 )
Other, net	10
Total	\$ (66 )

During the nine months ended September 30, 2018, we also recognized net unrealized gains on foreign currency and other transactions of \$11 million.



The changes in net unrealized appreciation and depreciation during the nine months ended September 30, 2017 consisted of the following:

(in millions)	Net Unrealized Appreciation (Depreciation)
Portfolio Company	
Alcami Holdings, LLC	\$ 82
CCS Intermediate Holdings, LLC	10
Ciena Capital LLC	8
Miles 33 (Finance) Limited	7
UL Holding Co., LL	6
PIH Corporation	6
Columbo Midco Limited	6
Imaging Business Machines, L.L.C.	5
Petroflow Energy Corporation	(5 )
Ivy Hill Asset Management, L.P.	(6 )
EcoMotors, Inc.	(7 )
FastMed Holdings I, LLC	(8 )
Singer Sewing Company	(9 )
Shock Doctor, Inc.	(9 )
Indra Holdings Corp.	(10 )
Soil Safe, Inc.	(10 )
Infilaw Holding, LLC	(13 )
Instituto de Banca y Comercio, Inc. & Leeds IV Advisors, Inc.	(16 )
ADF Capital, Inc.	(17 )
New Trident Holdcorp, Inc.	(18 )
Other, net	(56 )
Total	\$ (54 )

During the nine months ended September 30, 2017, we also recognized net unrealized losses on foreign currency and other transactions of \$6 million.

#### 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 and the SMBC 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.

As of September 30, 2018, we had \$799 million in cash and cash equivalents and \$4.6 billion in total aggregate principal amount of debt outstanding (\$4.5 billion at carrying value). Subject to leverage, borrowing base and other restrictions, we had approximately \$3.1 billion available for additional borrowings under the Facilities as of September 30, 2018.

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 purchases 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. 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 unsecured debt and/or debt securities convertible into

common stock. Any such incurrence or issuance would be subject to prevailing market conditions, our liquidity requirements, contractual and regulatory restrictions and other factors. In accordance with the Investment Company Act, we are currently allowed to borrow amounts such that our asset coverage, calculated pursuant to the Investment Company Act, is at least 200% after such borrowings. On June 21, 2018, our board of directors, including a “required majority” (as such term is defined in Section 57(o) of the Investment Company Act) of our board of directors, approved the application of the modified asset coverage requirement set forth in Section 61(a)(2)

140

---

of the Investment Company Act, as amended by the Small Business Credit Availability Act. As a result, effective on June 21, 2019 (unless we receive earlier stockholder approval), our asset coverage requirement applicable to senior securities will be reduced from 200% to 150% (i.e., the revised regulatory leverage limitation permits BDCs to double the amount of borrowings, such that we would be 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 September 30, 2018, the aggregate principal amount outstanding of the senior securities issued by us was \$4.6 billion. As of September 30, 2018, our asset coverage was 256%.

#### Equity Capital Activities

As of September 30, 2018 and December 31, 2017, our total equity market capitalization was \$7.3 billion and \$6.7 billion, respectively. There were no issuances of our equity securities during the nine months ended September 30, 2018 and 2017.

On the Acquisition Date, in connection with the American Capital Acquisition, we issued 112 million shares valued at approximately \$16.42 per share.

We are authorized under our stock repurchase program to purchase up to \$300 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. We cannot assure stockholders that any shares will be repurchased under the program. The expiration date of the stock repurchase program is February 28, 2019. The program may be suspended, extended, modified or discontinued at any time.

As of September 30, 2018, we had repurchased a total of 0.5 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 \$13.92 per share, including commissions paid, leaving approximately \$293 million available for additional repurchases under the program. During the nine months ended September 30, 2018, we did not repurchase any shares of our common stock under the stock repurchase program.

#### Debt Capital Activities

Our debt obligations consisted of the following as of September 30, 2018 and December 31, 2017:

(in millions)	As of September 30, 2018			December 31, 2017			
	Aggregate Principal Amount Available/ Outstanding(1)	Principal Amount Outstanding	Carrying Value	Aggregate Principal Amount Available/ Outstanding(1)	Principal Amount Outstanding	Carrying Value	
Revolving Credit Facility	\$2,133(2)	\$ 414	\$ 414	\$2,108	\$ 395	\$ 395	
Revolving Funding Facility	1,000	—	—	1,000	600	600	
SMBC Funding Facility	400	—	—	400	60	60	
SBA Debentures	—	—	—	(3) 50	—	—	
2018 Convertible Notes	—	—	—	(4) 270	270	270	(5)
2019 Convertible Notes	300	300	299	(5) 300	300	298	(5)
2022 Convertible Notes	388	388	371	(5) 388	388	368	(5)
2018 Notes	750	750	750	(6) 750	750	748	(6)
2020 Notes	600	600	598	(7) 600	600	597	(7)
2022 Notes	600	600	594	(8) 600	600	593	(8)
2023 Notes	750	750	744	(9) 750	750	743	(9)
2025 Notes	600	600	593	(10) —	—	—	
2047 Notes	230	230	183	(11) 230	230	182	(11)
Total	\$7,751	\$ 4,632	\$ 4,546	\$7,446	\$ 4,943	\$ 4,854	

(1) Subject to borrowing base, leverage and other restrictions. Represents the total aggregate amount committed or outstanding, as applicable, under such instrument.

(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 \$3.1 billion.

(3) See below for more information on the termination of the undrawn SBA-guaranteed debenture commitments.

(4) See below for more information on the repayment of the 2018 Convertible Notes (as defined below) at maturity.

(5) Represents the aggregate principal amount outstanding of the Convertible Unsecured Notes (as defined below). As of September 30, 2018, the total unamortized debt issuance costs and the unaccreted discount for the 2019 Convertible Notes and the 2022 Convertible Notes (each as defined below) were \$1 million and \$17 million, respectively. As of December 31, 2017, the total unamortized debt issuance costs and the unaccreted discount for the 2018 Convertible Notes, the 2019 Convertible Notes and the 2022 Convertible Notes were \$0 million, \$2 million and \$20 million, respectively.

(6) Represents the aggregate principal amount outstanding of the 2018 Notes (as defined below) less unamortized debt issuance costs and plus the net unamortized premium that was recorded upon the issuances of the 2018 Notes. As of September 30, 2018 and December 31, 2017, the total unamortized debt issuance costs less the net unamortized premium were \$0 million and \$2 million, respectively.

(7) Represents the aggregate principal amount outstanding of the 2020 Notes (as defined below) less unamortized debt issuance costs and the net unaccreted discount recorded upon the issuances of the 2020 Notes. As of September 30, 2018 and December 31, 2017, the total unamortized debt issuance costs and the net unaccreted discount were \$2

million and \$3 million, respectively.

(8) 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 issuances of the 2022 Notes. As of September 30,

142

---

2018 and December 31, 2017, the total unamortized debt issuance costs and the net unaccreted discount were \$6 million and \$7 million, respectively.

(9) 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 September 30, 2018 and December 31, 2017, the total unamortized debt issuance costs and the unaccreted discount was \$6 million and \$7 million, respectively.

(10) Represents the aggregate principal amount outstanding of the 2025 Notes (as defined below), less unamortized debt issuance costs and the unaccreted discount recorded upon the issuance of the 2025 Notes. As of September 30, 2018, the total unamortized debt issuance costs and the unaccreted discount was \$7 million.

(11) Represents the aggregate principal amount outstanding of the 2047 Notes (as defined below) less the unaccreted purchased discount recorded as part of the acquisition of Allied Capital in April 2010 (the “Allied Acquisition”). As of September 30, 2018 and December 31, 2017, the total unaccreted purchased discount was \$47 million and \$48 million, respectively. The carrying value represents the outstanding principal amount of the 2047 Notes less the unaccreted purchased discount recorded as a part of the Allied Acquisition.

The weighted average stated interest rate and weighted average maturity, both on aggregate principal amount outstanding, of all our debt outstanding as of September 30, 2018 were 4.2% and 4.3 years, respectively, and as of December 31, 2017 were 4.1% and 4.3 years, respectively.

The ratio of total principal amount of debt outstanding to stockholders’ equity as of September 30, 2018 was 0.63:1.00 compared to 0.70:1.00 as of December 31, 2017.

#### 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 \$2.1 billion at any one time outstanding. The Revolving Credit Facility consists of a \$414 million term loan tranche with a stated maturity date of March 30, 2023 and a \$1.7 billion revolving tranche. For \$1.6 billion of the revolving tranche, the end of the revolving period and the stated maturity date are March 30, 2022 and March 30, 2023, respectively. For \$50 million of the revolving tranche, the end of the revolving period and the stated maturity date are January 4, 2021 and January 4, 2022, respectively. For the remaining \$45 million of the revolving tranche, the end of the revolving period and the stated maturity date are May 4, 2019 and May 4, 2020, 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 \$3.1 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 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. As of September 30, 2018, 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 September 30, 2018, there was \$414 million outstanding under the Revolving Credit Facility and we were in compliance in all material respects with the terms of the Revolving Credit Facility. See “Recent Developments,” as well as Note 16 to our consolidated financial statements for the three and nine months ended September 30, 2018 for information on a recent amendment to the Revolving Credit Facility.

### Revolving Funding Facility

Our consolidated subsidiary, Ares Capital CP Funding LLC (“Ares Capital CP”) is party to a revolving funding facility (as amended, the “Revolving Funding Facility”), that allows Ares Capital CP to borrow up to \$1.0 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 3, 2019 and January 3, 2022, respectively. The interest rate charged on the Revolving Funding Facility is based on LIBOR plus 2.15% per annum or a “base rate” (as defined in the agreements governing the Revolving Funding Facility) 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. As of September 30, 2018, there were no outstanding amounts under the Revolving Funding Facility and we and Ares Capital CP were in compliance in all material respects with the terms of

143

---

the Revolving Funding Facility. See “Recent Developments,” as well as Note 16 to our consolidated financial statements for the three and nine months ended September 30, 2018 for information on a recent amendment to the Revolving Funding Facility.

#### SMBC Funding Facility

Our consolidated subsidiary, Ares Capital JB Funding LLC (“ACJB”), is party to a revolving funding facility (as amended, the “SMBC Funding Facility”), that allows ACJB to borrow up to \$400 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 14, 2019 and September 14, 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 September 30, 2018, the interest rate in effect was LIBOR plus 2.00%. Additionally, ACJB is 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. As of September 30, 2018, there were no outstanding amounts under the SMBC Funding Facility and we and ACJB were in compliance in all material respects with the terms of the SMBC Funding Facility.

#### Convertible Unsecured Notes

We have issued \$300 million aggregate principal amount of unsecured convertible notes that mature on January 15, 2019 (the “2019 Convertible Notes”) and the \$388 million aggregate principal amount of unsecured convertible notes that mature on February 1, 2022 (the “2022 Convertible Notes” and together with the 2019 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 2019 Convertible Notes and the 2022 Convertible Notes bear interest at a rate of 4.375% and 3.75%, respectively, per year, payable semi-annually.

Certain key terms related to the convertible features for each of the Convertible Unsecured Notes as of September 30, 2018 are listed below.

	2019 Convertible Notes	2022 Convertible Notes	
Conversion premium	15.0	% 15.0	%
Closing stock price at issuance	\$ 17.53	\$ 16.86	
Closing stock price date	July 15, 2013	January 23, 2017	
Conversion price(1)	\$ 19.98	\$ 19.38	
Conversion rate (shares per one thousand dollar principal amount)(1)	50.0587	51.6060	
Conversion dates	July 15, 2018	August 1, 2021	

(1) Represents conversion price and conversion rate, as applicable, as of September 30, 2018, taking into account certain de minimis adjustments that will be made on the conversion date.



In certain circumstances, assuming the respective conversion dates above have 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 September 30, 2018) subject to customary anti-dilution adjustments and the requirements of their respective indenture (the “Convertible Unsecured Notes Indentures”). To the extent the 2019 Convertible Notes are converted, we have elected to settle with a combination of cash and shares of our common stock. Prior to the close of business on the business day immediately preceding their respective conversion date (listed above), holders may convert their Convertible Unsecured Notes only under certain circumstances set forth in the respective Convertible Unsecured Notes Indenture. On or after their respective conversion dates until the close of business on the scheduled trading day immediately preceding their respective maturity date, 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.

In January 2018, we repaid in full the \$270 million aggregate principal amount of unsecured convertible notes due in January 2018 (the “2018 Convertible Notes”) at par upon their maturity. The 2018 Convertible Notes bore interest at a rate of 4.75% per year, payable semi-annually.

#### Unsecured Notes

##### 2018 Notes

We have issued \$750 million in aggregate principal amount of unsecured notes, which bear interest at a rate of 4.875% per year and mature on November 30, 2018 (the “2018 Notes”). The 2018 Notes require payment of interest semi-annually, and all principal is due upon maturity. These notes are redeemable in whole or in part at any time at our option at a redemption price equal to par plus a “make whole” premium, as determined pursuant to the indenture governing the 2018 Notes, and any accrued and unpaid interest.

##### 2020 Notes

We have issued \$600 million in aggregate principal amount of unsecured notes, which bear interest at a rate of 3.875% per year and mature on January 15, 2020 (the “2020 Notes”). The 2020 Notes require payment of interest semi-annually, and all principal is due upon maturity. These notes are redeemable 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 2020 Notes, and any accrued and unpaid interest.

##### 2022 Notes

We have issued \$600 million in aggregate principal amount of unsecured notes, which bear interest at a rate of 3.625% per year and mature on January 19, 2022 (the “2022 Notes”). The 2022 Notes require payment of interest semi-annually, and all principal is due upon maturity. These notes are redeemable 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 (the “2023 Notes”). The 2023 Notes bear interest at a rate of 3.500% per year, payable 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.

##### 2025 Notes

We have issued \$600 million in aggregate principal amount of unsecured notes that mature on March 1, 2025 (the “2025 Notes”). The 2025 Notes bear interest at a rate of 4.250% per year, payable semi-annually and all principal is due upon maturity. The 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 2025 Notes, and any accrued and unpaid interest.

##### 2047 Notes

As part of the Allied Acquisition, we assumed \$230 million aggregate principal amount of unsecured notes which bear interest at a rate of 6.875% and mature on April 15, 2047 (the “2047 Notes” and together with the 2018 Notes, the 2020 Notes, the 2022 Notes, the 2023 Notes and the 2025 Notes, the “Unsecured Notes”). The 2047 Notes require payment of interest quarterly, and all principal is due upon maturity. These notes are redeemable 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.

As of September 30, 2018, 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 three and nine months ended September 30, 2018 for more information on our debt obligations.

#### OFF BALANCE SHEET ARRANGEMENTS

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

As of September 30, 2018 and December 31, 2017, 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 September 30, 2018	December 31, 2017
Total revolving and delayed draw loan commitments	\$1,472	\$ 881
Less: drawn commitments	(388 )	(201 )
Total undrawn commitments	1,084	680
Less: commitments substantially at our discretion	(7 )	(11 )
Less: unavailable commitments due to borrowing base or other covenant restrictions	—	—
Total net adjusted undrawn revolving and delayed draw loan commitments	\$1,077	\$ 669

Included within the total revolving and delayed draw loan commitments as of September 30, 2018 and December 31, 2017 were delayed draw loan commitments totaling \$345 million and \$251 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 and delayed draw loan commitments as of September 30, 2018 were commitments to issue up to \$212 million in letters of credit through a financial intermediary on behalf of certain portfolio companies. As of September 30, 2018, we had \$23 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, \$1 million expire in 2018 and \$22 million expires in 2019. As of September 30, 2018, 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 three and nine months ended September 30, 2018 for more information.

As of September 30, 2018 and December 31, 2017, we were party to subscription agreements to fund equity investments in private equity investment partnerships as follows:

146

---

(in millions)	As of September 30, 2018	December 31, 2017
Total private equity commitments	\$116	\$ 111
Less: funded private equity commitments	(70 )	(62 )
Total unfunded private equity commitments	46	49
Less: private equity commitments substantially our discretion	(46 )	(48 )
Total net adjusted unfunded private equity commitments	\$—	\$ 1

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 October 2018, we amended and restated our Revolving Credit Facility to, among other things, (a) amend the financial covenant requiring us to maintain a minimum ratio of total assets (less total liabilities) to total indebtedness from 2.0:1.0 to 1.5:1.0 and (b) make certain related changes to borrowing base advance rates.

In October 2018, we and Ares Capital CP amended Ares Capital CP's Revolving Funding Facility to, among other things, change the servicer termination event covenant requiring us to maintain a minimum ratio of total assets (less total liabilities) to total indebtedness from 2.0:1.0 to 1.5:1.0.

From October 1, 2018 through October 24, 2018, we made new investment commitments of approximately \$412 million, of which \$259 million were funded. Of these new commitments, 83% were in first lien senior secured loans, 15% were in second lien senior secured loans, 1% were in the subordinated certificates of the SDLP and 1% were in other equity securities. Of the approximately \$412 million of new investment commitments, 99% were floating rate and 1% were non-interest bearing. The weighted average yield of debt and other income producing securities funded during the period at amortized cost was 8.7%. 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 October 1, 2018 through October 24, 2018, we exited approximately \$389 million of investment commitments, including \$1 million of investment commitments acquired in the American Capital Acquisition. Of the total investment commitments, 55% were first lien senior secured loans, 40% were second lien senior secured loans, 3% were preferred equity securities, 1% were other equity securities and 1% were in the subordinated certificates of the SDLP. Of the approximately \$389 million of exited investment commitments, 96% were floating rate and 4% 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 9.6% and the weighted average yield on total investments exited or repaid during the period at amortized cost was 9.1%. On the approximately \$389 million of investment commitments exited from October 1, 2018 through October 24, 2018, we recognized total net realized gains of approximately \$20 million.

In addition, as of October 24, 2018, we had an investment backlog and pipeline of approximately \$1,460 million and \$330 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

See Note 2 to our consolidated financial statements for the three and nine months ended September 30, 2018, which describes our critical accounting policies.

### Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) No. 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Leases (Topic 840). Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for those leases previously classified as operating leases. The guidance requires the use of a modified retrospective transition approach, which includes a number of optional practical expedients that entities may elect to apply. The amendments in ASU No. 2016-02 are effective for annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period, with early adoption permitted. While we are currently evaluating the impact of ASU No. 2016-02, we expect an increase to the consolidated balance sheets for the lease assets and associated lease liabilities for our lease agreements previously accounted for as operating leases.

In August 2018, the FASB issued ASU No. 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement. The standard will modify the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU No. 2018-13 is effective for annual reporting periods beginning after December 15, 2019, including interim periods within that reporting period. Early adoption is permitted upon issuance of this ASU. We are permitted to early adopt any removed or modified disclosures upon issuance of this ASU and delay adoption of the additional disclosures until their effective date. We are currently evaluating the impact of adopting this ASU on our consolidated financial statements.

### SEC Disclosure Update and Simplification

In August 2018, the SEC adopted the final rule under SEC Release No. 33-10532, Disclosure Update and Simplification, amending certain disclosure requirements that were redundant, duplicative, overlapping, outdated or superseded. The amendments are intended to facilitate the disclosure of information to investors and simplify compliance. This final rule is effective on November 5, 2018. The Company is currently evaluating the impact of adopting this SEC Release on its consolidated financial statements.

### Item 3. 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.

#### 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.

As of September 30, 2018, 83% of the investments at fair value in our portfolio bore interest at variable rates, 6% bore interest at fixed rates, 10% were non-interest earning and 1% were on non-accrual status. Additionally, for the variable



rate investments, 93% of these investments contained interest rate floors (representing 77% of total investments at fair value). Also, as of September 30, 2018, all the loans made through the SDLP contained interest rate floors. The Facilities all bear interest at variable rates with no interest rate floors, while 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. Under the interest rate swap agreement, we pay a fixed interest rate of 2.06% and receive a floating rate based on the prevailing one-month LIBOR. See Note 5 to our consolidated financial statements for the three and nine months ended September 30, 2018 for more information on the Revolving Credit Facility and see Note 6 to our consolidated financial statements for the three and nine months ended September 30, 2018 for more information on the interest rate swap.

Based on our September 30, 2018, 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 and reflecting the effect of our interest rate swap agreement discussed in the paragraph above:

(in millions)	Interest Income	Interest Expense(1)	Net Income(2)
Basis Point Change			
Up 300 basis points	\$ 279	\$ 1	\$ 278
Up 200 basis points	\$ 186	\$ —	\$ 186
Up 100 basis points	\$ 93	\$ —	\$ 93
Down 100 basis points	\$(87 )	\$ —	\$( 87 )
Down 200 basis points	\$(110 )	\$ —	\$( 110 )
Down 300 basis points	\$(103 )	\$ —	\$( 103 )

(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 three and nine months ended September 30, 2018 for more information on the income based fees.

The above sensitivity analysis does not include our collateralized loan obligation (“CLO”) equity investments. CLO equity investments are levered structures that are collateralized primarily with first lien floating rate loans that may have LIBOR floors and are levered primarily with floating rate debt that does not have a LIBOR floor. The residual cash flows available to the equity holders of the CLOs will decline as interest rates increase until interest rates surpass the LIBOR floors on the floating rate loans. However, the revenue recognized on our CLO equity investments is calculated using the effective interest method which incorporates a forward LIBOR curve in the projected cash flows. Any change to interest rates that is not in-line with the forward LIBOR curve used in the projections, in either the timing or magnitude of the change, will cause actual distributions to differ from the current projections and will impact the related revenue recognized from these investments.

Based on our December 31, 2017, 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)	Interest Income	Interest Expense(1)	Net Income(2)
Basis Point Change			
Up 300 basis points	\$ 289	\$ 20	\$ 269
Up 200 basis points	\$ 192	\$ 13	\$ 179
Up 100 basis points	\$ 96	\$ 7	\$ 89
Down 100 basis points	\$(44 )	\$( 7 )	\$( 37 )
Down 200 basis points	\$(37 )	\$( 10 )	\$( 27 )
Down 300 basis points	\$(38 )	\$( 10 )	\$( 28 )

- (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 three and nine months ended September 30, 2018 for more information on the income based fees.

#### Item 4. Controls and Procedures

##### 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 September 30, 2018. Based upon that evaluation and subject to the foregoing, our principal executive officer and principal financial officer concluded that, as of September 30, 2018, the design and operation of our disclosure controls and procedures were effective to accomplish their objectives at the reasonable assurance level.

##### Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended September 30, 2018 that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

## PART II — OTHER INFORMATION

#### Item 1. Legal Proceedings

For a description of our legal proceedings, see Note 15 to our consolidated financial statements for the three and nine months ended September 30, 2018.

#### Item 1A. Risk Factors.

In addition to the other information set forth in this report, you should carefully consider the risk factors described in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and those set forth under the caption "Risk Factors" in our N-2, which could materially affect our business, financial condition and/or operating results. The risks described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, in the N-2 and discussed below are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition and/or operating results.

#### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

##### Dividend Reinvestment Plan

We did not sell any equity securities during the period covered in this report that were not registered under the Securities Act of 1933.

During the nine months ended September 30, 2018, as a part of our dividend reinvestment plan for our common stockholders, we purchased 1,359,133 shares of our common stock for an average price per share of \$16.04 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 nine months ended September 30, 2018.

150

---

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
January 1, 2018 through January 31, 2018	468,352	\$ 15.84	—	\$ —
February 1, 2018 through February 28, 2018	—	—	—	—
March 1, 2018 through March 31, 2018	—	—	—	—
April 1, 2018 through April 30, 2018	482,998	15.90	—	—
May 1, 2018 through May 31, 2018	—	—	—	—
June 1, 2018 through June 30, 2018	—	—	—	—
July 1, 2018 through July 31, 2018	407,763	16.43	—	—
August 1, 2018 through August 31, 2018	—	—	—	—
September 1, 2018 through September 30, 2018	—	—	—	—
Total	1,359,113	\$ 16.04	—	\$ —

#### Stock Repurchase Program

In September 2015, our board of directors approved a stock repurchase program authorizing us to purchase up to \$100 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. In February 2017, our board of directors authorized an amendment to our stock repurchase program to increase the total authorization under the program from \$100 million to \$300 million. In February 2018, our board of directors authorized an amendment to our \$300 million stock repurchase program to extend the expiration date of the program from February 28, 2018 to February 28, 2019. Under the stock repurchase program, we may purchase up to \$300 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 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. As of September 30, 2018, we had repurchased a total of 0.5 million shares of our common stock in the open market under the stock repurchase program since the program's inception in September 2015, at an average price of \$13.92 per share, including commissions paid, leaving approximately \$293 million available for additional repurchases under the program.

Repurchases of our common stock under our stock repurchase program for the periods below were as follows:

(dollars in thousands, except share and per share data) Period	Total Number of Shares Purchased	Average Price Paid Per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced	Maximum (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the
---	----------------------------------	----------------------------------	--	---

Edgar Filing: ARES CAPITAL CORP - Form 10-Q

			Plans or Programs	Plans or Programs	
January 1, 2018 through January 31, 2018	—	\$	—	\$	—
February 1, 2018 through February 28, 2018	—	—	—	—	—
March 1, 2018 through March 31, 2018	—	—	—	—	—
April 1, 2018 through April 30, 2018	—	—	—	—	—
May 1, 2018 through May 31, 2018	—	—	—	—	—
June 1, 2018 through June 30, 2018	—	—	—	—	—
July 1, 2018 through July 31, 2018	—	—	—	—	—
August 1, 2018 through August 31, 2018	—	—	—	—	—
September 1, 2018 through September 30, 2018	—	—	—	—	—
Total	—	\$	—	\$	—

151

---

(1) Amount includes commissions paid.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

EXHIBIT INDEX

Exhibit Number	Description
<u>3.1</u>	Articles of Amendment and Restatement, as amended(1)
<u>3.2</u>	Second Amended and Restated Bylaws, as amended(2)
<u>10.1</u>	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)(3)
<u>31.1</u>	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*
<u>31.2</u>	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*
<u>32.1</u>	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*

\*Filed herewith

- (1) Incorporated by reference to Exhibit 3.1 to the Company's Form 10-K (File No. 814-00663) for the year ended December 31, 2016, filed on February 22, 2017.
- (2) Incorporated by reference to Exhibit 3.2 to the Company's Form 10-Q (File No. 814-00663) for the quarter ended June 30, 2010, filed on August 5, 2010.
- (3) Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K (File No. 814-00663), filed on September 13, 2018.



SIGNATURES

Pursuant to the requirements 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

Date: October 31, 2018 By/s/ R. KIPP DEVEER  
R. Kipp deVeer  
Chief Executive Officer

Date: October 31, 2018 By/s/ PENNI F. ROLL  
Penni F. Roll  
Chief Financial Officer

Date: October 31, 2018 By/s/ SCOTT C. LEM  
Scott C. Lem  
Chief Accounting Officer,  
Vice President and Treasurer