

PROSPECT CAPITAL CORP
Form 10-Q
May 10, 2016

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 March 31, 2016

OR

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

Commission File Number: 814-00659

PROSPECT CAPITAL CORPORATION

(Exact name of Registrant as specified in its charter)

Maryland 43-2048643
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

10 East 40th Street, 42nd Floor
New York, New York 10016
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (212)
448-0702

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

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the 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 of Common Stock	Outstanding at May 10, 2016
\$0.001 par value	356,437,837

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FORWARD-LOOKING STATEMENTS

This report contains information that may constitute “forward-looking statements.” Generally, the words “believe,” “expect,” “intend,” “estimate,” “anticipate,” “project,” “will” and similar expressions identify forward-looking statements, which generally are not historical in nature. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future—including statements relating to volume growth, share of sales and earnings per share growth, and statements expressing general views about future operating results—are forward-looking statements. Management believes that these forward-looking statements are reasonable as and when made. However, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to, those described in Part II, “Item 1A. Risk Factors” and elsewhere in this report and in our Annual Report on Form 10-K for the year ended June 30, 2015, and those described from time to time in our future reports filed with the Securities and Exchange Commission.

PART I

Item 1. Financial Statements

PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES

(in thousands, except share and per share data)

	March 31, 2016 (Unaudited)	June 30, 2015 (Audited)
Assets		
Investments at fair value:		
Control investments (amortized cost of \$1,959,243 and \$1,894,644, respectively)	\$ 1,998,023	\$ 1,974,202
Affiliate investments (amortized cost of \$10,758 and \$45,150, respectively)	12,088	45,945
Non-control/non-affiliate investments (amortized cost of \$4,238,156 and \$4,619,582, respectively)	3,994,994	4,589,411
Total investments at fair value (amortized cost of \$6,208,157 and \$6,559,376, respectively)	6,005,105	6,609,558
Cash and cash equivalents	169,212	110,026
Receivables for:		
Interest, net	18,879	20,408
Other	927	2,885
Prepaid expenses	1,268	757
Deferred financing costs	50,937	54,420
Total Assets	6,246,328	6,798,054
Liabilities		
Revolving Credit Facility (Notes 4 and 8)	—	368,700
Convertible Notes (Notes 5 and 8)	1,089,000	1,239,500
Public Notes (Notes 6 and 8)	708,242	548,094
Prospect Capital InterNotes® (Notes 7 and 8)	898,535	827,442
Due to broker	—	26,778
Interest payable	33,724	39,659
Dividends payable	29,675	29,923
Due to Prospect Administration (Note 13)	1,899	4,238
Due to Prospect Capital Management (Note 13)	55,021	2,550
Accrued expenses	3,153	3,408
Other liabilities	4,663	4,713
Commitments and Contingencies (Note 3)	—	—
Total Liabilities	2,823,912	3,095,005
Net Assets	\$ 3,422,416	\$ 3,703,049
Components of Net Assets		
Common stock, par value \$0.001 per share (1,000,000,000 common shares authorized; 356,113,777 and 359,090,759 issued and outstanding, respectively) (Note 9)	\$ 356	\$ 359
Paid-in capital in excess of par (Note 9)	3,959,864	3,975,672
Accumulated overdistributed net investment income	(5,800)	(21,077)
Accumulated net realized loss on investments and extinguishment of debt	(328,952)	(302,087)
Net unrealized (depreciation) appreciation on investments	(203,052)	50,182
Net Assets	\$ 3,422,416	\$ 3,703,049
Net Asset Value Per Share (Note 16)	\$9.61	\$10.31

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)
(Unaudited)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2016	2015	2016	2015
Investment Income				
Interest income:				
Control investments	\$50,762	\$50,418	\$154,135	\$146,230
Affiliate investments	—	973	896	2,814
Non-control/non-affiliate investments	83,986	94,556	265,855	290,665
Structured credit securities	44,244	39,046	135,912	118,238
Total interest income	178,992	184,993	556,798	557,947
Dividend income:				
Control investments	8,288	1,346	25,046	4,756
Affiliate investments	—	—	—	778
Non-control/non-affiliate investments	13	24	16	46
Money market funds	—	1	—	27
Total dividend income	8,301	1,371	25,062	5,607
Other income:				
Control investments	1,758	1,620	7,436	10,352
Affiliate investments	—	—	—	226
Non-control/non-affiliate investments	442	3,366	9,639	18,122
Total other income (Note 10)	2,200	4,986	17,075	28,700
Total Investment Income	189,493	191,350	598,935	592,254
Operating Expenses				
Investment advisory fees:				
Base management fee (Note 13)	30,977	33,679	95,712	100,878
Income incentive fee (Note 13)	21,906	21,860	69,940	68,307
Total investment advisory fees	52,883	55,539	165,652	169,185
Interest and credit facility expenses	41,719	42,213	125,881	127,371
Legal fees	11	(4)	2,163	1,554
Valuation services	365	401	1,228	1,310
Audit, compliance and tax related fees	1,596	648	4,665	2,239
Allocation of overhead from Prospect Administration (Note 13)	2,936	2,984	9,114	8,414
Insurance expense	214	121	653	373
Directors' fees	94	94	282	282
Excise tax	400	(793)	1,700	982
Other general and administrative expenses	1,649	2,706	7,836	7,315
Total Operating Expenses	101,867	103,909	319,174	319,025
Net Investment Income	87,626	87,441	279,761	273,229
Net realized (losses) gains on investments	(10,784)	4,704	(18,237)	(150,973)
Net change in unrealized (depreciation) appreciation on investments	(1,311)	(9,775)	(253,233)	130,528
Net realized and unrealized losses on investments	(12,095)	(5,071)	(271,470)	(20,445)
Net realized losses on extinguishment of debt	(23)	(878)	(86)	(1,214)
Net Increase in Net Assets Resulting from Operations	\$75,508	\$81,492	\$8,205	\$251,570
Net increase in net assets resulting from operations per share	\$0.21	\$0.23	\$0.02	\$0.71
Dividends declared per share	\$(0.25)	\$(0.28)	\$(0.75)	\$(0.94)

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(in thousands, except share data)

(Unaudited)

	Nine Months Ended March 31,	
	2016	2015
Operations		
Net investment income	\$279,761	\$273,229
Net realized losses on investments	(18,237)	(150,973)
Net change in unrealized (depreciation) appreciation on investments	(253,233)	130,528
Net realized losses on extinguishment of debt	(86)	(1,214)
Net Increase in Net Assets Resulting from Operations	8,205	251,570
Distributions to Shareholders		
Distribution from net investment income	(266,920)	(331,863)
Distribution of return of capital	—	—
Net Decrease in Net Assets Resulting from Distributions to Shareholders	(266,920)	(331,863)
Common Stock Transactions		
Issuance of common stock, net of underwriting costs	—	146,085
Less: Offering costs from issuance of common stock	118	(585)
Repurchase of common stock under stock repurchase program	(34,140)	—
Value of shares issued through reinvestment of dividends	12,104	11,199
Net (Decrease) Increase in Net Assets Resulting from Common Stock Transactions	(21,918)	156,699
Total (Decrease) Increase in Net Assets	(280,633)	76,406
Net assets at beginning of period	3,703,049	3,618,182
Net Assets at End of Period	\$3,422,416	\$3,694,588
Common Stock Activity		
Shares sold	—	14,845,556
Shares repurchased under stock repurchase program	(4,708,750)	—
Shares issued through reinvestment of dividends	1,731,768	1,189,248
Net shares (repurchased) issued due to common stock activity	(2,976,982)	16,034,804
Shares issued and outstanding at beginning of period	359,090,759	342,626,637
Shares Issued and Outstanding at End of Period	356,113,777	358,661,441

See notes to consolidated financial statements.

PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands, except share data)
(Unaudited)

	Nine Months Ended March 31,	
	2016	2015
Operating Activities		
Net increase in net assets resulting from operations	\$8,205	\$251,570
Net realized losses on extinguishment of debt	86	1,214
Net realized losses on investments	18,237	150,973
Net change in unrealized depreciation (appreciation) on investments	253,233	(130,528)
Amortization of discounts and premiums, net	62,631	64,200
Accretion of discount on Public Notes (Note 6)	148	164
Amortization of deferred financing costs	10,156	9,601
Payment-in-kind interest	(7,475)	(16,485)
Structuring fees	(6,932)	(18,055)
Change in operating assets and liabilities:		
Payments for purchases of investments	(670,657)	(1,421,531)
Proceeds from sale of investments and collection of investment principal	955,415	1,022,394
Decrease (increase) in interest receivable, net	1,529	(2,372)
Decrease in other receivables	1,958	983
(Increase) decrease in prepaid expenses	(511)	968
Decrease in due to broker	(26,778)	—
Decrease in interest payable	(5,935)	(2,073)
(Decrease) increase in due to Prospect Administration	(2,339)	336
Increase in due to Prospect Capital Management	52,471	1,388
Decrease in accrued expenses	(255)	(1,455)
(Decrease) increase in other liabilities	(50)	319
Net Cash Provided by (Used in) Operating Activities	643,137	(88,389)
Financing Activities		
Borrowings under Revolving Credit Facility (Note 4)	615,000	1,187,000
Principal payments under Revolving Credit Facility (Note 4)	(983,700)	(961,300)
Issuance of Public Notes (Note 6)	160,000	—
Redemption of Convertible Notes (Note 5)	(150,000)	—
Repurchase of Convertible Notes, net (Note 5)	(500)	(7,658)
Issuances of Prospect Capital InterNotes® (Note 7)	74,862	74,967
Redemptions of Prospect Capital InterNotes®, net (Note 7)	(3,769)	(83,475)
Financing costs paid and deferred	(6,759)	(8,626)
Cost of shares repurchased under stock repurchase program	(34,140)	—
Proceeds from issuance of common stock, net of underwriting costs	—	146,085
Offering costs from issuance of common stock	118	(585)
Dividends paid	(255,063)	(328,620)
Net Cash (Used in) Provided by Financing Activities	(583,951)	17,788
Net Increase (Decrease) in Cash and Cash Equivalents	59,186	(70,601)
Cash and cash equivalents at beginning of period	110,026	134,225
Cash and Cash Equivalents at End of Period	\$169,212	\$63,624

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Supplemental Disclosures

Cash paid for interest	\$ 121,512	\$ 119,679
Non-Cash Financing Activities		
Value of shares issued through reinvestment of dividends	\$ 12,104	\$ 11,199

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	March 31, 2016 (Unaudited)			
			Principal Value	Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Control Investments (greater than 25.00% voting control)(47)						
American Property REIT Corp.(8)	Various / Real Estate	Senior Secured Term Loan (6.00% (LIBOR + 4.00% with 2.00% LIBOR floor) plus 5.50% PIK, due 4/1/2019)(4)(6)(30)	\$51,905	\$51,905	\$51,905	1.4%
		Common Stock (318,249 shares)	—	24,382	43,170	1.3%
		Net Operating Income Interest (5% of Net Operating Income)	—	—	12,418	0.4%
				76,287	107,493	3.1%
Arctic Energy Services, LLC(9)	Wyoming / Oil & Gas Services	Class D Units (32,915 units)	—	31,639	33,116	1.0%
		Class E Units (21,080 units)	—	20,230	4,500	0.1%
		Class A Units (700 units)	—	9,006	—	—%
		Class C Units (10 units)	—	—	—	—%
			60,875	37,616	1.1%	
CCPI Inc.(10)	Ohio / Manufacturing	Senior Secured Term Loan A (10.00%, due 12/31/2017)(3)	12,425	12,425	12,425	0.4%
		Senior Secured Term Loan B (12.00% plus 7.00% PIK, due 12/31/2017)(6)	9,320	9,320	9,320	0.3%
		Common Stock (14,957 shares)	—	6,636	19,108	0.5%
			28,381	40,853	1.2%	
CP Energy Services Inc.(11)	Oklahoma / Oil & Gas Services	Series B Convertible Preferred Stock (1,043 shares)	—	98,272	75,423	2.2%
		Common Stock (2,924 shares)	—	15,227	—	—%
				113,499	75,423	2.2%
Credit Central Loan Company, LLC(12)	South Carolina / Consumer Finance	Subordinated Term Loan (10.00% plus 10.00% PIK, due 6/26/2019)(6)(32)	36,333	36,333	36,333	1.0%
		Class A Shares (7,500,000 shares)(32)	—	11,633	12,426	0.4%
		Net Revenues Interest (25% of Net Revenues)(32)	—	—	3,627	0.1%
				47,966	52,386	1.5%
Echelon Aviation LLC	New York / Aerospace & Defense	Senior Secured Term Loan (11.75% (LIBOR + 9.75% with 2.00% LIBOR floor) plus 2.25% PIK, due 3/31/2022)(4)(6)(30)	37,855	37,855	37,855	1.1%
		Membership Interest (99%)	—	19,907	19,109	0.6%
				57,762	56,964	1.7%
Edmentum Ultimate Holdings, LLC(13)	Minnesota / Consumer Services	Second Lien Revolving Credit Facility to Edmentum, Inc. – \$7,834 Commitment (5.00%, due	—	2,742	2,742	0.1%

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		6/9/2020)(33)					
		Unsecured Senior PIK Note (8.50% PIK, due 6/9/2020)(6)	6,209	6,209	6,209	0.2%	
		Unsecured Junior PIK Note (10.00% PIK, due 6/9/2020)(6)	28,131	21,632	25,092	0.7%	
		Class A Common Units (370,964.14 units)	—	6,577	6,245	0.2%	
				37,160	40,288	1.2%	
First Tower Finance Company LLC(14)	Mississippi / Consumer Finance	Subordinated Term Loan to First Tower, LLC (10.00% plus 12.00% PIK, due 6/24/2019)(6)(32)	255,249	255,249	255,249	7.5%	
		Class A Shares (86,711,625 shares)(32)	—	70,476	102,881	3.0%	
				325,725	358,130	10.5%	
Freedom Marine Solutions, LLC(15)	Louisiana / Oil & Gas Services	Membership Interest (100%)	—	40,211	26,619	0.8%	
				40,211	26,619	0.8%	

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

		March 31, 2016 (Unaudited)				
Portfolio Company	Locale / Industry	Investments(1)	Principal Value	Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Control Investments (greater than 25.00% voting control)(47)						
Gulf Coast Machine & Supply Company	Texas / Manufacturing	Senior Secured Term Loan (10.50% (LIBOR + 8.50% with 2.00% LIBOR floor), in non-accrual status effective 1/1/2015, due 10/12/2017)(4)(30)	\$37,379	\$33,925	\$ 9,946	0.3%
		Series A Convertible Preferred Stock (99,900 shares)	—	25,950	—	—%
			59,875	9,946	0.3%	
Harbortouch Payments, LLC(16)	Pennsylvania / Business Services	Senior Secured Term Loan A (9.00% (LIBOR + 7.00% with 2.00% LIBOR floor), due 9/30/2017)(3)(4)(30)	128,225	128,225	128,225	3.7%
		Senior Secured Term Loan B (5.50% (LIBOR + 4.00% with 1.50% LIBOR floor) plus 5.50% PIK, due 3/31/2018)(4)(6)(30)	144,878	144,878	144,878	4.2%
		Senior Secured Term Loan C (13.00% (LIBOR + 9.00% with 4.00% LIBOR floor), due 9/29/2018)(4)(30)	19,639	19,639	19,639	0.6%
		Class C Shares (535 shares)	—	8,689	42,938	1.3%
			301,431	335,680	9.8%	
MITY, Inc.(17)	Utah / Durable Consumer Products	Senior Secured Note A (10.00% (LIBOR + 7.00% with 3.00% LIBOR floor), due 3/19/2019)(3)(4)(30)	18,250	18,250	18,250	0.5%
		Senior Secured Note B (10.00% (LIBOR + 7.00% with 3.00% LIBOR floor) plus 10.00% PIK, due 3/19/2019)(3)(4)(6)(30)	16,442	16,442	16,442	0.5%
		Subordinated Unsecured Note to Broda Enterprises ULC (10.00%, due on demand)(32)	7,200	7,200	5,555	0.2%
		Common Stock (42,053 shares)	—	6,849	17,376	0.5%
			48,741	57,623	1.7%	
National Property REIT Corp.(18)	Various / Real Estate	Senior Secured Term Loan A (6.00% (LIBOR + 4.00% with 2.00% LIBOR floor) plus 5.50% PIK, due 4/1/2019)(4)(6)(30)	140,061	140,061	140,061	4.1%
		Senior Secured Term Loan E (11.00% (LIBOR + 9.00% with 2.00% LIBOR floor) plus 5.00% PIK, due 4/1/2019)(4)(6)(30)	158,079	158,079	158,079	4.6%
			113,131	113,131	113,131	3.3%

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		Senior Secured Term Loan C to ACL Loan Holdings, Inc. (11.00% (LIBOR + 9.00% with 2.00% LIBOR floor) plus 5.00% PIK, due 4/1/2019)(4)(6)(30)(32)					
		Common Stock (1,000,451 shares)	—	114,794	130,439	3.8%	
		Net Operating Income Interest (5% of Net Operating Income)	—	—	36,833	1.1%	
				526,065	578,543	16.9%	
Nationwide Loan Company LLC(19)	Illinois / Consumer Finance	Senior Subordinated Term Loan to Nationwide Acceptance LLC (10.00% plus 10.00% PIK, due 6/18/2019)(6)(32)	16,696	16,696	16,696	0.5%	
		Class A Shares (30,192,535 shares)(32)	—	16,201	17,502	0.5%	
				32,897	34,198	1.0%	
		Senior Secured Note (14.00%, due 5/6/2021)	3,714	3,714	3,714	0.1%	
NMMB, Inc.(20)	New York / Media	Senior Secured Note to Armed Forces Communications, Inc. (14.00%, due 5/6/2021)	7,000	7,000	7,000	0.2%	
		Series A Preferred Stock (7,200 shares)	—	7,200	2,556	0.1%	
		Series B Preferred Stock (5,669 shares)	—	5,669	—	—%	
				23,583	13,270	0.4%	
		Senior Subordinated Note (10.00% (LIBOR + 9.00% with 1.00% LIBOR floor), due 6/12/2018)(3)(4)(30)	28,622	28,622	28,622	0.8%	
R-V Industries, Inc.	Pennsylvania / Manufacturing	Common Stock (545,107 shares)	—	5,087	4,891	0.1%	
		Warrant (to purchase 200,000 shares of Common Stock, expires 6/30/2017)	—	1,682	1,794	0.1%	
				35,391	35,307	1.0%	

PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	March 31, 2016 (Unaudited)			% of Net Assets	
			Principal Value	Cost	Fair Value(2)		
LEVEL 3 PORTFOLIO INVESTMENTS							
Control Investments (greater than 25.00% voting control)(47)							
United Property REIT Corp.(21)	Various / Real Estate	Senior Term Loan (6.00% (LIBOR + 4.00% with 2.00% LIBOR floor) plus 5.50% PIK, due 4/1/2019)(4)(6)(30)	\$67,252	\$67,252	\$67,252	2.0%	
		Common Stock (83,470 shares)	—	15,907	20,734	0.6%	
		Net Operating Income Interest (5% of Net Operating Income)	—	—	17,646	0.5%	
				83,159	105,632	3.1%	
Valley Electric Company, Inc.(22)	Washington / Construction & Engineering	Senior Secured Note to Valley Electric Co. of Mt. Vernon, Inc. (8.00% (LIBOR + 5.00% with 3.00% LIBOR floor) plus 2.50% PIK, due 12/31/2017)(3)(4)(6)(30)	10,430	10,430	10,430	0.3%	
		Senior Secured Note (10.00% plus 8.50% PIK, due 12/31/2018)(6)	23,601	23,601	20,929	0.6%	
		Common Stock (50,000 shares)	—	26,204	—	—%	
				60,235	31,359	0.9%	
Wolf Energy, LLC	Kansas / Oil & Gas Production	Senior Secured Promissory Note secured by assets formerly owned by H&M (18.00%, in non-accrual status effective 4/15/2013, due 4/15/2018)	35,050	—	674	—%	
		Membership Interest (100%)	—	—	—	—%	
		Net Profits Interest (8% of Equity Distributions)(7)	—	—	19	—%	
				—	693	—%	
Total Control Investments				\$1,959,243	\$1,998,023	58.9%	
Affiliate Investments (5.00% to 24.99% voting control)(48)							
BNN Holdings Corp.	Michigan / Healthcare	Series A Preferred Stock (9,925.455 shares)(26)	\$	—\$2,228	\$2,904	0.1%	
		Series B Preferred Stock (1,753.636 shares)(26)	—	—	623	—%	
Targus International, LLC(46)	California / Durable Consumer Products	Senior Secured Term Loan A (15.00% PIK, in non-accrual status effective 10/1/15, due 12/31/2019)(27)		1,270	1,270	—%	
		Senior Secured Term Loan B (15.00% PIK, in non-accrual status effective 10/1/15, due 12/31/2019)(27)		3,812	3,812	0.1%	
		Common (1,262,737 shares)		—	3,479	3,479	0.1%
					8,530	8,561	0.2%
Total Affiliate Investments				\$10,758	\$12,088	0.3%	

PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	March 31, 2016 (Unaudited)		
			Principal Cost Value	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS					
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)					
AFI Shareholder, LLC (f/k/a Aircraft Fasteners International, LLC)	California / Machinery	Class A Units (32,500 units)	\$349	\$ 482	—%
			349	482	—%
Airmall Inc.	Pennsylvania / Property Management	Escrow Receivable	—4,160	3,061	0.1%
			4,160	3,061	0.1%
Ajax Rolled Ring & Machine, LLC(42)	South Carolina / Manufacturing	Escrow Receivable(42)	—1,264	2,312	0.1%
			1,264	2,312	0.1%
ALG USA Holdings, LLC	Pennsylvania / Hotels, Restaurants & Leisure	Second Lien Term Loan (10.25% (LIBOR & + 9.00% with 1.25% LIBOR floor), due 2/28/2020)(4)(27)(30)	11,720	11,771	0.3%
			11,620	11,771	0.3%
American Gilsonite Company	Utah / Metal Services & Minerals	Membership Interest (1.93%)(36)	—	—	—%
			—	—	—%
Apidos CLO IX	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 17.56%)(24)(32)	23,609	19,490	0.6%
			20,097	19,490	0.6%
Apidos CLO XI	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 12.94%)(24)(32)	38,401	25,358	0.7%
			30,111	25,358	0.7%
Apidos CLO XII	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 14.55%)(24)(32)	44,679	29,742	0.9%
			35,179	29,742	0.9%
Apidos CLO XV	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 12.42%)(24)(32)	36,508	24,179	0.7%
			31,908	24,179	0.7%
Apidos CLO XXII	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 16.61%)(24)(25)(32)	32,808	24,461	0.7%
			27,868	24,461	0.7%
Arctic Glacier U.S.A., Inc.	Minnesota / Food Products	Second Lien Term Loan (10.50% (LIBOR + 9.25% with 1.25% LIBOR floor), due 11/10/2019)(3)(4)(30)	150,000	145,015	4.2%
			150,000	145,015	4.2%
		Senior Secured Term Loan A (6.50% (LIBOR + 5.50% with 1.00% LIBOR floor), due 4/8/2019)(4)(31)	22,222	14,781	0.4%
Ark-La-Tex Wireline Services, LLC	Louisiana / Oil & Gas Services				

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		Senior Secured Term Loan B (10.50% (LIBOR + 9.50% with 1.00% LIBOR floor), due 4/8/2019)(4)(31)	22,339	—	—%
			44,561	14,781	0.4%
Armor Holding II LLC	New York / Diversified Financial Services	Second Lien Term Loan (10.25% (LIBOR + 9.00% with 1.25% LIBOR floor), due 12/26/2020)(4)(27)(30)	7,001	6,913	0.2%
			6,901	6,913	0.2%

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	March 31, 2016 (Unaudited)			
			Principal Value	Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
Atlantis Health Care Group (Puerto Rico), Inc.	Puerto Rico / Healthcare	Revolving Line of Credit – \$7,000 Commitment (10.25% (LIBOR + 8.25% with 2.00% LIBOR floor), due 8/21/2017)(4)(30)(33)	\$2,350	\$2,350	\$2,350	0.1%
		Senior Term Loan (10.25% (LIBOR + 8.25% with 2.00% LIBOR floor), due 2/21/2018)(3)(4)(30)	38,265	38,265	38,008	1.1%
Babson CLO Ltd. 2014-III	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 13.71%)(24)(25)(32)	52,250	44,678	38,113	1.1%
				44,678	38,113	1.1%
Broder Bros., Co.	Pennsylvania / Textiles, Apparel & Luxury Goods	Senior Secured Term Loan A (7.00% (LIBOR + 5.75% with 1.25% LIBOR floor), due 6/03/2021)(3)(4)(31)	121,475	121,475	121,475	3.5%
		Senior Secured Term Loan B (13.50% (LIBOR + 12.25% with 1.25% LIBOR floor), due 6/03/2021)(4)(31)	121,966	21,966	121,966	3.6%
Brookside Mill CLO Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 15.23%)(24)(32)	26,000	20,131	18,490	0.5%
				20,131	18,490	0.5%
Capstone Logistics Acquisition, Inc.	Georgia / Business Services	Second Lien Term Loan (9.25% (LIBOR + 8.25% with 1.00% LIBOR floor), due 10/7/2022)(3)(4)(27)(31)	102,500	101,948	98,169	2.9%
Cent CLO 17 Limited	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 9.54%)(24)(32)	24,870	19,206	16,208	0.5%
				19,206	16,208	0.5%
Cent CLO 20 Limited	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 7.58%)(24)(32)	40,275	33,574	25,023	0.7%
				33,574	25,023	0.7%
Cent CLO 21 Limited	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 7.70%)(24)(25)(32)	48,528	39,614	29,616	0.9%
				39,614	29,616	0.9%
CIFC Funding 2013-III, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 16.80%)(24)(32)	44,100	32,902	29,752	0.9%
				32,902	29,752	0.9%
CIFC Funding 2013-IV, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 17.45%)(24)(32)	45,500	34,078	33,278	1.0%

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			34,078	33,278	1.0%
CIFC Funding 2014-IV Investor, Ltd.	Cayman Islands / Structured Finance	Income Notes (Residual Interest, current yield 15.41%)(24)(25)(32)	41,500	32,303	29,486 0.9%
			32,303	29,486	0.9%
Cinedigm DC Holdings, LLC	New York / Software & Computer Services	Senior Secured Term Loan (11.00% (LIBOR + 9.00% with 2.00% LIBOR floor) plus 2.50% PIK, due 3/31/2021)(4)(6)(30)	66,543	66,493	66,543 1.9%
			66,493	66,543	1.9%

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	March 31, 2016 (Unaudited)			
			Principal Value	Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
Coverall North America, Inc.	Florida / Commercial Services	Senior Secured Term Loan A (7.00% (LIBOR + 6.00% with 1.00% LIBOR floor), due 11/02/2020)(3)(4)(30)	\$24,500	\$24,500	\$24,500	0.7%
		Senior Secured Term Loan B (12.00% (LIBOR + 11.00% with 1.00% LIBOR floor), due 11/02/2020)(3)(4)(30)	25,000	25,000	25,000	0.7%
				49,500	49,500	1.4%
Crosman Corporation	New York / Manufacturing	Senior Secured Term Loan A (9.13% (LIBOR + 8.70% with 0.3% LIBOR floor) plus 4.00% PIK, due 8/5/2020)(3)(4)(6)(31)	53,707	53,707	51,660	1.5%
		Senior Secured Term Loan B (16.13% (LIBOR + 15.70% with 0.3% LIBOR floor) plus 4.00% PIK, due 8/5/2020)(4)(6)(31)	40,920	40,920	38,396	1.1%
				94,627	90,056	2.6%
Easy Gardener Products, Inc.	Texas / Durable Consumer Products	Senior Secured Term Loan (10.63% (LIBOR + 10.00% with 0.25% LIBOR floor), due 09/30/2020)(3)(4)(30)	17,413	17,413	17,413	0.5%
				17,413	17,413	0.5%
Empire Today, LLC	Illinois / Durable Consumer Products	Senior Secured Note (11.375%, due 2/1/2017)(27)	15,700	15,602	15,700	0.5%
				15,602	15,700	0.5%
Fleetwash, Inc.	New Jersey / Business Services	Senior Secured Term Loan B (10.50% (LIBOR + 9.50% with 1.00% LIBOR floor), due 4/30/2019)(3)(4)(30)	24,446	24,446	24,117	0.7%
		Delayed Draw Term Loan – \$15,000 Commitment (expires 4/30/2019)(4)(33)	—	—	(202)	—%
				24,446	23,915	0.7%
Focus Brands, Inc.	Georgia / Consumer Services	Second Lien Term Loan (10.25% (LIBOR + 9.00% with 1.25% LIBOR floor), due 8/21/2018)(4)(27)(31)	18,000	17,862	18,000	0.5%
				17,862	18,000	0.5%
Galaxy XV CLO, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 18.15%)(24)(32)	39,275	29,195	29,001	0.8%
				29,195	29,001	0.8%
Galaxy XVI CLO, Ltd.			24,575	19,420	18,092	0.5%

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	Cayman Islands / Subordinated Notes (Residual Interest, Structured Financecurrent yield 15.96%)(24)(32)		19,420	18,092	0.5%
Galaxy XVII CLO, Ltd.	Cayman Islands / Subordinated Notes (Residual Interest, Structured Financecurrent yield 15.67%)(24)(25)(32)	39,905	31,376	29,034	0.8%
			31,376	29,034	0.8%
Global Employment Solutions, Inc.	Colorado / Business Services Senior Secured Term Loan (10.25% (LIBOR + 9.25% with 1.00% LIBOR floor), due 6/26/2020)(3)(4)(31)	49,379	49,379	48,893	1.4%
			49,379	48,893	1.4%
Halcyon Loan Advisors Funding 2012-1 Ltd.	Cayman Islands / Subordinated Notes (Residual Interest, Structured Financecurrent yield 21.06%)(24)(32)	23,188	18,672	18,969	0.6%
			18,672	18,969	0.6%
Halcyon Loan Advisors Funding 2013-1 Ltd.	Cayman Islands / Subordinated Notes (Residual Interest, Structured Financecurrent yield 23.80%)(24)(32)	40,400	32,563	33,415	1.0%
			32,563	33,415	1.0%

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	March 31, 2016 (Unaudited)			
			Principal Value	Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
Halcyon Loan Advisors Funding 2014-1 Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 17.25%)(24)(32)	\$24,500	\$18,853	\$17,435	0.5%
				18,853	17,435	0.5%
Halcyon Loan Advisors Funding 2014-2 Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 20.67%)(24)(25)(32)	41,164	31,691	31,344	0.9%
				31,691	31,344	0.9%
Halcyon Loan Advisors Funding 2015-3 Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 19.00%)(24)(25)(32)	39,598	40,552	38,102	1.1%
				40,552	38,102	1.1%
HarbourView CLO VII, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 16.12%)(24)(25)(32)	19,025	14,516	12,179	0.4%
				14,516	12,179	0.4%
Harley Marine Services, Inc.	Washington / Transportation	Second Lien Term Loan (10.50% (LIBOR + 9.25% with 1.25% LIBOR floor), due 12/20/2019)(3)(4)(27)(30)	9,000	8,878	8,878	0.3%
				8,878	8,878	0.3%
Hollander Sleep Products, LLC	Florida / Durable Consumer Products	Senior Secured Term Loan (9.00% (LIBOR + 8.00% with 1.00% LIBOR floor), due 10/21/2020)(3)(4)(30)	22,275	22,275	21,396	0.6%
				22,275	21,396	0.6%
ICV-CAS Holdings, LLC	New York / Transportation	Escrow Receivable	—	—	58	—%
				—	58	—%
		Senior Secured Term Loan A (5.50% (LIBOR + 4.50% with 1.00% LIBOR floor), due 3/28/2019)(4)(30)	115,442	115,442	115,442	3.4%
		Senior Secured Term Loan B (12.00% (LIBOR + 11.00% with 1.00% LIBOR floor), due 3/28/2019)(3)(4)(30)	150,100	150,100	150,100	4.3%
Instant Web, LLC	Minnesota / Media	Senior Secured Term Loan C (12.75% (LIBOR + 11.75% with 1.00% LIBOR floor), due 3/28/2019)(4)(30)	27,000	27,000	27,000	0.8%
		Delayed Draw Term Loan – \$16,000 Commitment (expires 5/29/2016)(33)	—	—	—	—%
				292,542	292,542	8.5%

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InterDent, Inc.	California / Healthcare	Senior Secured Term Loan A (6.25% (LIBOR + 5.50% with 0.75% LIBOR floor), due 8/3/2017)(4)(31)	79,759	79,759	79,759	2.3%
		Senior Secured Term Loan B (11.25% (LIBOR + 10.50% with 0.75% LIBOR floor), due 8/3/2017)(3)(4)(31)	131,125	131,125	129,979	3.8%
JAC Holding Corporation	Michigan / Transportation	Senior Secured Note (11.50%, due 10/1/2019)(27)	2,868	2,868	2,777	0.1%
Jefferson Mill CLO Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 10.40%)(24)(25)(32)	19,500	16,925	12,241	0.4%
JHH Holdings, Inc.	Texas / Healthcare	Second Lien Term Loan (11.25% (LIBOR + 10.00% with 1.25% LIBOR floor) plus 0.50% PIK, due 3/30/2019)(3)(4)(6)(30)	35,432	35,432	35,432	1.0%
				210,884	209,738	6.1%
				2,868	2,777	0.1%
				16,925	12,241	0.4%
				35,432	35,432	1.0%

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	March 31, 2016 (Unaudited)			
			Principal Value	Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
LaserShip, Inc.	Virginia / Transportation	Senior Secured Term Loan A (10.25% (LIBOR + 8.25% with 2.00% LIBOR floor) plus 2.00% PIK, due 3/18/2019)(4)(6)(31)	\$34,629	\$34,629	\$29,495	0.9%
		Senior Secured Term Loan B (10.25% (LIBOR + 8.25% with 2.00% LIBOR floor) plus 2.00% PIK, due 3/18/2019)(3)(4)(6)(31)	21,245	21,245	18,095	0.5%
LCM XIV Ltd.	Cayman Islands / Structured Finance	Income Notes (Residual Interest, current yield 17.71%)(24)(32)	30,500	23,256	22,225	0.6%
				23,256	22,225	0.6%
Madison Park Funding IX, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 20.38%)(24)(32)	31,110	22,617	23,670	0.7%
				22,617	23,670	0.7%
Matrixx Initiatives, Inc.	New Jersey / Pharmaceuticals	Senior Secured Term Loan A (7.50% (LIBOR + 6.00% with 1.50% LIBOR floor), due 8/9/2018)(3)(4)(30)	32,327	32,327	32,260	0.9%
		Senior Secured Term Loan B (12.50% (LIBOR + 11.00% with 1.50% LIBOR floor), due 8/9/2018)(3)(4)(30)	40,562	40,562	40,562	1.2%
Maverick Healthcare Equity, LLC	Arizona / Healthcare	Preferred Units (1,250,000 units)	—	1,252	2,037	0.1%
		Class A Common Units (1,250,000 units)	—	—	895	—%
				1,252	2,932	0.1%
Mineral Fusions Natural Brands	Colorado / Personal & Nondurable Consumer Products	Membership Interest (1.43%)(40)	—	—	266	—%
				—	266	—%
Mountain View CLO 2013-I Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 16.24%)(24)(32)	43,650	34,466	31,761	0.9%
				34,466	31,761	0.9%
Mountain View CLO IX Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 16.81%)(24)(25)(32)	47,830	43,830	39,129	1.1%
				43,830	39,129	1.1%
Nathan's Famous, Inc.	New York / Food Products	Senior Secured Notes (10.00%, due 3/15/2020)(27)	3,000	3,000	3,000	0.1%
				3,000	3,000	0.1%

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Subordinated Secured Term Loan						
NCP Finance Limited Partnership(37)	Ohio / Consumer Finance	(11.00% (LIBOR + 9.75% with 1.25% LIBOR floor), due 9/30/2018)(3)(4)(27)(31)(32)	16,169	15,977	16,125	0.5%
				15,977	16,125	0.5%
Nixon, Inc.	California / Durable Consumer Products	Senior Secured Term Loan (9.50% plus 3.00% PIK, due 4/16/2018)(3)(6)(27)	14,192	14,061	13,133	0.4%
				14,061	13,133	0.4%
Octagon Investment Partners XV, Ltd.	Cayman Islands / Structured Finance	Income Notes (Residual Interest, current yield 17.20%)(24)(32)	32,921	26,520	23,862	0.7%
				26,520	23,862	0.7%
Octagon Investment Partners XVIII, Ltd.	Cayman Islands / Structured Finance	Income Notes (Residual Interest, current yield 20.20%)(24)(25)(32)	28,200	20,456	19,547	0.6%
				20,456	19,547	0.6%

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	March 31, 2016 (Unaudited)			
			Principal Value	Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
Onyx Payments(43)	Texas / Diversified Financial Services	Revolving Line of Credit – \$5,000 Commitment (9.00% (LIBOR + 8.00% with 1.00% LIBOR floor), due 9/10/2016)(4)(30)(33)	\$ 1,000	\$ 1,000	\$ 1,000	—%
		Senior Secured Term Loan A (6.50% (LIBOR + 5.50% with 1.00% LIBOR floor), due 9/10/2019)(3)(4)(30)	49,884	49,884	49,884	1.5%
		Senior Secured Term Loan B (13.50% (LIBOR + 12.50% with 1.00% LIBOR floor), due 9/10/2019)(3)(4)(30)	59,389	59,389	59,337	1.7%
				110,273	110,221	3.2%
Pacific World Corporation	California / Personal & Nondurable Consumer Products	Revolving Line of Credit – \$15,000 Commitment (8.00% (LIBOR + 7.00% with 1.00% LIBOR floor), due 9/26/2020)(4)(31)(33)	2,500	2,500	2,500	0.1%
		Senior Secured Term Loan A (6.00% (LIBOR + 5.00% with 1.00% LIBOR floor), due 9/26/2020)(4)(31)	98,250	98,250	90,349	2.6%
		Senior Secured Term Loan B (10.00% (LIBOR + 9.00% with 1.00% LIBOR floor), due 9/26/2020)(3)(4)(31)	98,250	98,250	72,714	2.1%
				199,000	165,563	4.8%
Pelican Products, Inc.	California / Durable Consumer Products	Second Lien Term Loan (9.25% (LIBOR + 8.25% with 1.00% LIBOR floor), due 4/9/2021)(4)(27)(30)	17,500	17,486	16,319	0.5%
				17,486	16,319	0.5%
PeopleConnect Intermediate, LLC (f/k/a Intelius, Inc.)	Washington / Software & Computer Services	Revolving Line of Credit – \$1,500 Commitment (9.50% (LIBOR + 8.50% with 1.00% LIBOR floor), due 7/1/2016)(4)(30)(33)	—	—	—	—%
		Senior Secured Term Loan A (6.50% (LIBOR + 5.50% with 1.00% LIBOR floor), due 7/1/2020)(3)(4)(30)	21,142	21,142	20,848	0.6%
		Senior Secured Term Loan B (12.50% (LIBOR + 11.50% with 1.00% LIBOR floor), due 7/1/2020)(3)(4)(30)	21,321	21,321	20,872	0.6%
				42,463	41,720	1.2%
PGX Holdings, Inc.(39)			135,000	135,000	135,000	3.9%

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	Utah / Consumer Services	Second Lien Term Loan (10.00% (LIBOR + 9.00% with 1.00% LIBOR floor), due 9/29/2021)(3)(4)(31)(28)			135,000	135,000		3.9%
Photonis Technologies SAS	France / Aerospace & Defense	First Lien Term Loan (8.50% (LIBOR + 7.50% with 1.00% LIBOR floor), due 9/18/2019)(4)(27)(30)(32)	10,255	10,072	9,388			0.3%
				10,072	9,388			0.3%
Pinnacle (US) Acquisition Co. Limited	Texas / Software & Computer Services	Second Lien Term Loan (10.50% (LIBOR + 9.25% with 1.25% LIBOR floor), due 8/3/2020)(4)(27)(30)	7,037	6,910	5,406			0.2%
				6,910	5,406			0.2%
PlayPower, Inc.	North Carolina / Durable Consumer Products	Second Lien Term Loan (9.75% (LIBOR + 8.75% with 1.00% LIBOR floor), due 6/23/2022)(3)(4)(27)(30)	11,000	10,850	10,824			0.3%
				10,850	10,824			0.3%
Prime Security Services Borrower, LLC	Illinois / Consumer Services	Second Lien Term Loan (9.75% (LIBOR + 8.75% with 1.00% LIBOR floor), due 7/1/2022)(4)(27)(30)	10,000	9,864	9,864			0.3%
				9,864	9,864			0.3%
PrimeSport, Inc.	Georgia / Hotels, Restaurants & Leisure	Senior Secured Term Loan A (7.00% (LIBOR + 6.00% with 1.00% LIBOR floor), due 2/11/2021)(3)(4)(30)	53,837	53,837	53,466			1.6%
		Senior Secured Term Loan B (12.00% (LIBOR + 11.00% with 1.00% LIBOR floor), due 2/11/2021)(3)(4)(30)	74,500	74,500	74,500			2.1%
				128,337	127,966			3.7%

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	March 31, 2016 (Unaudited)			
			Principal Value	Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
Prince Mineral Holding Corp.	New York / Metal Services & Minerals	Senior Secured Term Loan (11.50%, due 12/15/2019)(27)	\$ 10,000	\$ 9,929	\$ 8,204	0.2%
				9,929	8,204	0.2%
Rocket Software, Inc.	Massachusetts / Software & Computer Services	Second Lien Term Loan (10.25% (LIBOR + 8.75% with 1.50% LIBOR floor), due 2/8/2019)(3)(4)(27)(30)	20,000	19,840	20,000	0.6%
				19,840	20,000	0.6%
Royal Holdings, Inc.	Indiana / Chemicals	Second Lien Term Loan (8.50% (LIBOR + 7.50% with 1.00% LIBOR floor), due 6/19/2023)(4)(27)(30)	5,000	4,966	4,707	0.1%
				4,966	4,707	0.1%
SCS Merger Sub, Inc. (Sirius)	Texas / Software & Computer Services	Second Lien Term Loan (10.50% (LIBOR + 9.50% with 1.00% LIBOR floor), due 10/30/2023)(3)(4)(27)(31)	20,000	19,438	19,438	0.6%
				19,438	19,438	0.6%
Security Alarm Financing Enterprises, L.P.(44)	California / Consumer Services	Subordinated Unsecured Notes (11.50% (LIBOR + 9.50% with 2.00% LIBOR floor), due 12/19/2020)(4)(31)	25,000	25,000	22,717	0.7%
				25,000	22,717	0.7%
SESAC Holdco II LLC	Tennessee / Media	Second Lien Term Loan (9.00% (LIBOR + 8.00% with 1.00% LIBOR floor), due 4/22/2021)(3)(4)(27)(30)	10,000	9,872	9,871	0.3%
				9,872	9,871	0.3%
SITEL Worldwide Corporation	Tennessee / Business Services	Second Lien Term Loan (10.50% (LIBOR + 9.50% with 1.00% LIBOR floor), due 9/18/2022)(4)(27)(30)	16,000	15,703	15,220	0.4%
				15,703	15,220	0.4%
Small Business Whole Loan Portfolio	Various / Online Lending	908 small business loans purchased from On Deck Capital, Inc.(38) Subordinated Notes (Residual Interest, current yield -4.01%) in MarketPlace Loan Trust, Series 2015-OD2(32)	20,015	20,015	20,383	0.6%
			—	719	391	—%
				20,734	20,774	0.6%
Spartan Energy Services, Inc.	Louisiana / Oil & Gas Services	Senior Secured Term Loan A (7.00% (LIBOR + 6.00% with 1.00% LIBOR floor), due 12/28/2017)(4)(31)	13,156	13,156	10,257	0.3%
		Senior Secured Term Loan B (11.00% (LIBOR + 10.00% with 1.00% LIBOR	13,669	13,669	—	—%

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		floor), due 12/28/2017)(4)(31)						
					26,825	10,257		0.3%
Speedy Group Holdings Corp.	Canada / Consumer Finance	Senior Unsecured Notes (12.00%, due 11/15/2017)(27)(29)(32)	15,000	15,000	10,244			0.3%
					15,000	10,244		0.3%
Stryker Energy, LLC	Ohio / Oil & Gas Production	Overriding Royalty Interests(18)	—	—	—			—%
					—	—		—%
Sudbury Mill CLO Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 11.21%)(24)(32)	28,200	21,090	17,155			0.5%
					21,090	17,155		0.5%
Symphony CLO IX Ltd.	Cayman Islands / Structured Finance	Preference Shares (Residual Interest, current yield 14.27%)(24)(32)	45,500	33,187	30,045			0.9%
					33,187	30,045		0.9%

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	March 31, 2016 (Unaudited)			
			Principal Value	Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
Symphony CLO XIV Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 11.41%)(24)(25)(32)	\$49,250	\$40,217	\$34,520	1.0%
			40,217	34,520	1.0%	
Symphony CLO XV Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 13.40%)(24)(32)	50,250	44,797	38,389	1.1%
			44,797	38,389	1.1%	
System One Holdings, LLC	Pennsylvania / Business Services	Senior Secured Term Loan (11.25% (LIBOR + 10.50% with 0.75% LIBOR floor), due 11/17/2020)(3)(4)(31)	104,553	104,553	104,553	3.1%
			104,553	104,553	3.1%	
TouchTunes Interactive Networks, Inc.	New York / Media	Second Lien Term Loan (9.25% (LIBOR + 8.25% with 1.00% LIBOR floor), due 5/29/2022)(4)(27)(30)	5,000	4,933	4,906	0.1%
			4,933	4,906	0.1%	
Traeger Pellet Grills LLC	Oregon / Durable Consumer Products	Senior Secured Term Loan A (6.50% (LIBOR + 4.50% with 2.00% LIBOR floor), due 6/18/2018)(3)(4)(30)	34,800	34,800	34,103	1.0%
		Senior Secured Term Loan B (11.50% (LIBOR + 9.50% with 2.00% LIBOR floor), due 6/18/2018)(3)(4)(30)	36,600	36,600	35,933	1.0%
			71,400	70,036	2.0%	
Transaction Network Services, Inc.	Virginia / Telecommunication Services	Second Lien Term Loan (9.00% (LIBOR + 8.00% with 1.00% LIBOR floor), due 8/14/2020)(4)(27)(30)	4,410	4,391	4,296	0.1%
			4,391	4,296	0.1%	
Trinity Services Group, Inc.(35)	Florida / Food Products	Senior Secured Term Loan A (6.50% (LIBOR + 5.50% with 1.00% LIBOR floor), due 8/13/2019)(4)(35)	9,676	9,676	9,676	0.3%
		Senior Secured Term Loan B (11.50% (LIBOR + 10.50% with 1.00% LIBOR floor), due 8/13/2019)(3)(4)(35)	100,000	100,000	100,000	2.9%

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			109,676	109,676	3.2%
United Sporting Companies, Inc.(5)	South Carolina / Durable Consumer Products	Second Lien Term Loan (12.75% (LIBOR + 11.00% with 1.75% LIBOR floor), due 5/16/2018)(3)(4)(5)(31)	140,847	140,847	137,751 4.0%
			140,847	137,751	4.0%
United States Environmental Services, LLC	Texas / Commercial Services	Senior Secured Term Loan A (7.00% (LIBOR + 6.00% with 1.00% LIBOR floor), due 3/31/2019)(3)(4)(30)	22,950	22,950	20,752 0.6%
		Senior Secured Term Loan B (13.50% (LIBOR + 12.50% with 1.00% LIBOR floor), due 3/31/2019)(3)(4)(30)	36,000	36,000	31,619 0.9%
			58,950	52,371	1.5%
Universal Fiber Systems, LLC(5)	Virginia / Textiles, Apparel & Luxury Goods	Second Lien Term Loan (10.50% (LIBOR + 9.50% with 1.00% LIBOR floor), due 10/02/2022)(3)(4)(27)(31)	37,000	36,314	36,314 1.1%
			36,314	36,314	1.1%
		Revolving Line of Credit – \$2,500 Commitment (10.75% (LIBOR + 9.75% with 1.00% LIBOR floor), due 4/15/2016)(4)(31)(33)	1,000	1,000	1,000 —%
USG Intermediate, LLC	Texas / Durable Consumer Products	Senior Secured Term Loan A (8.25% (LIBOR + 7.25% with 1.00% LIBOR floor), due 4/15/2020)(3)(4)(31)	17,359	17,359	17,178 0.5%
		Senior Secured Term Loan B (13.25% (LIBOR + 12.25% with 1.00% LIBOR floor), due 4/15/2020)(3)(4)(31)	20,140	20,140	19,154 0.6%
		Equity	—	1	— —%
				38,500	37,332 1.1%

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company Locale / Industry Investments(1)		March 31, 2016 (Unaudited)				
		Principal Value	Cost	Fair Value(2)	% of Net Assets	
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
Venio LLC	Pennsylvania / Business Services	Second Lien Term Loan (12.00% (LIBOR + 9.50% with 2.50% LIBOR floor) plus 2.00% default interest, in non-accrual status effective 12/31/15, due 2/19/2020)(4)(30)	\$17,000	\$17,000	\$12,911	0.4%
			17,000	12,911	0.4%	
Voya CLO 2012-2, Ltd.	Cayman Islands / Structured Finance	Income Notes (Residual Interest, current yield 18.83%)(24)(32)	38,070	28,421	28,165	0.8%
			28,421	28,165	0.8%	
Voya CLO 2012-3, Ltd.	Cayman Islands / Structured Finance	Income Notes (Residual Interest, current yield 18.55%)(24)(32)	46,632	34,930	33,437	1.0%
			34,930	33,437	1.0%	
Voya CLO 2012-4, Ltd.	Cayman Islands / Structured Finance	Income Notes (Residual Interest, current yield 18.72%)(24)(32)	40,613	30,957	30,768	0.9%
			30,957	30,768	0.9%	
Voya CLO 2014-1, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 18.90%)(24)(25)(32)	32,383	26,505	25,561	0.7%
			26,505	25,561	0.7%	
Washington Mill CLO Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 9.56%)(24)(25)(32)	22,600	18,718	14,687	0.4%
			18,718	14,687	0.4%	
Water Pik, Inc.	Colorado / Personal & Nondurable Consumer Products	Second Lien Term Loan (9.75% (LIBOR + 8.75% with 1.00% LIBOR floor), due 1/8/2021)(4)(27)(30)	15,439	15,078	14,746	0.4%
			15,078	14,746	0.4%	
Wheel Pros, LLC	Colorado / Business Services	Senior Subordinated Secured Note (11.00% (LIBOR + 7.00% with 4.00% LIBOR floor), due 6/29/2020)(3)(4)(30)	12,000	12,000	11,998	0.3%
		Subordinated Secured (11.00% (LIBOR + 7.00% with 4.00% LIBOR floor), due 6/29/2020)(3)(4)(30)	5,460	5,460	5,460	0.2%

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Total Non-Control/Non-Affiliate Investments (Level 3)	17,460	17,458	0.5%
	\$4,238,156	\$3,994,994	116.2%
Total Portfolio Investments	\$6,208,157	\$6,005,105	175.5%

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	June 30, 2015 (Audited)			
			Principal Value	Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Control Investments (greater than 25.00% voting control)(49)						
American Property REIT Corp.(8)	Various / Real Estate	Senior Secured Term Loan (6.00% (LIBOR + 4.00% with 2.00% LIBOR floor) plus 5.50% PIK, due 4/1/2019)(4)(6)(30)	\$78,077	\$78,077	\$78,077	2.1%
		Common Stock (301,845 shares)	—	22,115	32,098	0.9%
		Net Operating Income Interest (5% of Net Operating Income)	—	—	8,081	0.2%
			100,192	118,256	3.2%	
Arctic Energy Services, LLC(9)	Wyoming / Oil & Gas Services	Senior Secured Term Loan (12.00% (LIBOR + 9.00% with 3.00% LIBOR floor), due 5/5/2019)(3)(4)	31,640	31,640	31,640	0.9%
		Senior Subordinated Term Loan (14.00% (LIBOR + 11.00% with 3.00% LIBOR floor), due 5/5/2019)(3)(4)	20,230	20,230	20,230	0.5%
		Class A Units (700 units)	—	8,879	8,374	0.2%
		Class C Units (10 units)	—	127	120	—%
			60,876	60,364	1.6%	
CCPI Inc.(10)	Ohio / Manufacturing	Senior Secured Term Loan A (10.00%, due 12/31/2017)(3)	16,763	16,763	16,763	0.5%
		Senior Secured Term Loan B (12.00% plus 7.00% PIK, due 12/31/2017)(6)	8,844	8,844	8,844	0.2%
		Common Stock (14,857 shares)	—	8,553	15,745	0.4%
			34,160	41,352	1.1%	
CP Energy Services Inc.(11)	Oklahoma / Oil & Gas Services	Senior Secured Term Loan A to CP Well Testing, LLC (7.00% (LIBOR + 5.00% with 2.00% LIBOR floor), due 4/1/2019)(4)(30)	11,035	11,035	11,035	0.3%
		Senior Secured Term Loan B to CP Well Testing, LLC (10.00% (LIBOR + 8.00% with 2.00% LIBOR floor) plus 7.50% PIK, due 4/1/2019)(3)(4)(6)(30)	74,493	74,493	74,493	2.0%
		Second Lien Term Loan to CP Well Testing, LLC (9.00% (LIBOR + 7.00% with 2.00% LIBOR floor) plus 9.00% PIK, due 4/1/2019)(4)(6)(30)	15,563	15,563	5,481	0.2%
		Common Stock (2,924 shares)	—	15,227	—	—%
			116,318	91,009	2.5%	
Credit Central Loan Company, LLC(12)	South Carolina / Consumer	Subordinated Term Loan (10.00% plus 10.00% PIK, due 6/26/2019)(6)(32)	36,333	36,333	36,333	1.0%

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	Finance	Class A Shares (7,500,000 shares)(32)	—	11,633	14,529	0.4%
		Net Revenues Interest (25% of Net Revenues)(32)	—	—	4,310	0.1%
				47,966	55,172	1.5%
Echelon Aviation LLC	New York / Aerospace & Defense	Senior Secured Term Loan (11.75% (LIBOR + 9.75% with 2.00% LIBOR floor) plus 2.25% PIK, due 3/31/2022)(4)(6)(30)	40,808	40,808	40,808	1.1%
		Membership Interest (99%)	—	19,907	28,133	0.8%
				60,715	68,941	1.9%
		Second Lien Revolving Credit Facility to Edmentum, Inc. – \$7,834 Commitment (5.00%, due 6/9/2020)(33)(29)	4,896	4,896	4,896	0.1%
Edmentum Ultimate Holdings, LLC(13)	Minnesota / Consumer Services	Unsecured Senior PIK Note (8.50% PIK, due 6/9/2020)(6)	5,875	5,875	5,875	0.2%
		Unsecured Junior PIK Note (10.00% PIK, due 6/9/2020)(6)	19,868	19,868	19,868	0.5%
		Class A Common Units (370,964.14 units)	—	6,577	6,577	0.2%
				37,216	37,216	1.0%

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	June 30, 2015 (Audited)			
			Principal Value	Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Control Investments (greater than 25.00% voting control)(49)						
First Tower Finance Company LLC(14)	Mississippi / Consumer Finance	Subordinated Term Loan to First Tower, LLC (10.00% plus 12.00% PIK, due 6/24/2019)(6)(32)	\$251,578	\$251,578	\$251,578	6.8%
		Class A Shares (83,729,323 shares)(32)	—	66,473	114,372	3.1%
				318,051	365,950	9.9%
Freedom Marine Solutions, LLC(15)	Louisiana / Oil & Gas Services	Senior Secured Note to Vessel Company, LLC (18.00%, due 12/12/2016)	3,500	3,500	3,500	0.1%
		Senior Secured Note to Vessel Company II, LLC (13.00%, due 11/25/2018)	13,000	12,504	8,680	0.2%
		Senior Secured Note to Vessel Company III, LLC (13.00%, due 12/3/2018)	16,000	16,000	13,790	0.4%
		Membership Interest (100%)	—	7,808	1,120	—%
					39,812	27,090
Gulf Coast Machine & Supply Company	Texas / Manufacturing	Senior Secured Term Loan (10.50% (LIBOR + 8.50% with 2.00% LIBOR floor), in non-accrual status effective 1/1/2015, due 10/12/2017)(4)(30)	26,844	26,000	6,918	0.2%
		Series A Convertible Preferred Stock (99,900 shares)	—	25,950	—	—%
				51,950	6,918	0.2%
Harbortouch Payments, LLC(16)	Pennsylvania / Business Services	Senior Secured Term Loan A (9.00% (LIBOR + 7.00% with 2.00% LIBOR floor), due 9/30/2017)(3)(4)(30)	128,980	128,980	128,980	3.5%
		Senior Secured Term Loan B (5.50% (LIBOR + 4.00% with 1.50% LIBOR floor) plus 5.50% PIK, due 3/31/2018)(4)(6)(30)	144,878	144,878	144,878	3.9%
		Senior Secured Term Loan C (13.00% (LIBOR + 9.00% with 4.00% LIBOR floor), due 9/29/2018)(4)(30)	22,876	22,876	22,876	0.6%
		Class C Shares (535 shares)	—	8,725	80,202	2.2%
					305,459	376,936
		Senior Secured Note A (10.00% (LIBOR + 7.00% with 3.00% LIBOR floor), due 3/19/2019)(3)(4)(30)	18,250	18,250	18,250	0.5%
MITY, Inc.(17)	Utah / Durable Consumer Products					

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		Senior Secured Note B (10.00% (LIBOR + 7.00% with 3.00% LIBOR floor) plus 10.00% PIK, due 3/19/2019)(4)(6)(30)	16,301	16,301	16,301	0.4%
		Subordinated Unsecured Note to Broda Enterprises ULC (10.00%, due on demand)(32)	7,200	7,200	5,827	0.2%
		Common Stock (42,053 shares)	—	6,849	10,417	0.3%
				48,600	50,795	1.4%
		Senior Secured Term Loan A (6.00% (LIBOR + 4.00% with 2.00% LIBOR floor) plus 5.50% PIK, due 4/1/2019)(4)(6)(30)	202,629	202,629	202,629	5.5%
		Senior Secured Term Loan C (6.00% (LIBOR + 4.00% with 2.00% LIBOR floor) plus 7.50% PIK, due 4/1/2019)(4)(6)(30)	44,147	44,147	44,147	1.2%
		Senior Secured Term Loan D (14.00% (LIBOR + 12.00% with 2.00% LIBOR floor) plus 4.50% PIK, due 4/1/2019)(4)(6)(30)	67,443	67,443	67,443	1.8%
National Property REIT Corp.(18)	Various / Real Estate	Senior Secured Term Loan A to ACL Loan Holdings, Inc. (6.00% (LIBOR + 4.00% with 2.00% LIBOR floor) plus 7.50% PIK, due 4/1/2019)(4)(6)(30)	20,413	20,413	20,413	0.6%
		Senior Secured Term Loan B to ACL Loan Holdings, Inc. (14.00% (LIBOR + 12.00% with 2.00% LIBOR floor) plus 4.50% PIK, due 4/1/2019)(4)(6)(30)	30,582	30,582	30,582	0.8%
		Common Stock (643,175 shares)	—	84,446	87,002	2.3%
		Net Operating Income Interest (5% of Net Operating Income)	—	—	19,673	0.5%
				449,660	471,889	12.7%

See notes to consolidated financial statements.

PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company		Locale / Industry Investments(1)	June 30, 2015 (Audited)			% of Net Assets
			Principal Value	Cost	Fair Value(2)	
LEVEL 3 PORTFOLIO INVESTMENTS						
Control Investments (greater than 25.00% voting control)(49)						
Nationwide Loan Company LLC(19)	Illinois / Consumer Finance	Senior Subordinated Term Loan to Nationwide Acceptance LLC (10.00% plus 10.00% PIK, due 6/18/2019)(6)(32)	\$ 14,820	\$ 14,820	\$ 14,820	0.4%
		Class A Shares (26,974,454.27 shares)(32)	—	14,795	19,730	0.5%
				29,615	34,550	0.9%
NMMB, Inc.(20)	New York / Media	Senior Secured Note (14.00%, due 5/6/2016)	3,714	3,714	3,714	0.1%
		Senior Secured Note to Armed Forces Communications, Inc. (14.00%, due 5/6/2016)	7,000	7,000	7,000	0.2%
		Series A Preferred Stock (7,200 shares)	—	7,200	1,338	—%
		Series B Preferred Stock (5,669 shares)	—	5,669	—	—%
				23,583	12,052	0.3%
R-V Industries, Inc.	Pennsylvania / Manufacturing	Senior Subordinated Note (10.00% (LIBOR + 9.00% with 1.00% LIBOR floor), due 6/12/2018)(3)(4)(30)	29,237	29,237	29,237	0.8%
		Common Stock (545,107 shares)	—	5,087	8,246	0.2%
		Warrant (to purchase 200,000 shares of Common Stock, expires 6/30/2017)	—	1,682	3,025	0.1%
				36,006	40,508	1.1%
United Property REIT Corp.(21)	Various / Real Estate	Senior Term Loan (6.00% (LIBOR + 4.00% with 2.00% LIBOR floor) plus 5.50% PIK, due 4/1/2019)(4)(6)(30)	62,768	62,768	62,768	1.7%
		Common Stock (74,449 shares)	—	12,860	11,216	0.3%
		Net Operating Income Interest (5% of Net Operating Income)	—	—	10,701	0.3%
				75,628	84,685	2.3%
Valley Electric Company, Inc.(22)	Washington / Construction & Engineering	Senior Secured Note to Valley Electric Co. of Mt. Vernon, Inc. (8.00% (LIBOR + 5.00% with 3.00% LIBOR floor) plus 2.50% PIK, due 12/31/2017)(3)(4)(6)(30)	10,340	10,340	10,340	0.3%

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		Senior Secured Note (10.00% plus 8.50% PIK, due 12/31/2018)(6)	22,293	22,293	20,157	0.5%
		Common Stock (50,000 shares)	—	26,204	—	—%
				58,837	30,497	0.8%
		Senior Secured Promissory Note secured by assets formerly owned by H&M (18.00%, in non-accrual status effective 4/15/2013, due 4/15/2018)	32,112	—	—	—%
Wolf Energy, LLC	Kansas / Oil & Gas Production	Membership Interest (100%)	—	—	—	—%
		Net Profits Interest (8% of Equity Distributions)(7)	—	—	22	—%
					22	—%
Total Control Investments				\$1,894,644	\$1,974,202	53.3%
Affiliate Investments (5.00% to 24.99% voting control)(49)						
		Senior Term Loan A (6.50% (LIBOR + 5.50% with 1.00% LIBOR floor), due 8/29/2019)(3)(4)(29)		\$21,182	\$21,182	\$21,182 0.6%
BNN Holdings Corp.	Michigan / Healthcare	Senior Term Loan B (11.50% (LIBOR + 10.50% with 1.00% LIBOR floor), due 8/29/2019)(3)(4)(29)		21,740	21,740	21,740 0.6%
		Series A Preferred Stock (9,925.455 shares)(26)			1,780	2,569 —%
		Series B Preferred Stock (1,753.636 shares)(26)			448	454 —%
					45,150	45,945 1.2%
Total Affiliate Investments				\$45,150	\$45,945	1.2%

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	June 30, 2015 (Audited)			
			Principal Value	Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
Aderant North America, Inc.	Georgia / Software & Computer Services	Second Lien Term Loan (10.00% (LIBOR + 8.75% with 1.25% LIBOR floor), due 6/20/2019)(4)(27)(31)	\$7,000	\$6,928	\$7,000	0.2%
				6,928	7,000	0.2%
AFI Shareholder, LLC (f/k/a Aircraft Fasteners International, LLC)	California / Machinery	Class A Units (32,500 units)	—	376	563	—%
				376	563	—%
Airmall Inc.	Pennsylvania / Property Management	Escrow Receivable	—	5,880	3,814	0.1%
				5,880	3,814	0.1%
Ajax Rolled Ring & Machine, LLC(42)	South Carolina / Manufacturing	Escrow Receivable	—	1,264	2,170	0.1%
				1,264	2,170	0.1%
ALG USA Holdings, LLC	Pennsylvania / Hotels, Restaurants & Leisure	Second Lien Term Loan (10.25% (LIBOR + 9.00% with 1.25% LIBOR floor), due 2/28/2020)(4)(27)(31)	11,771	11,593	11,771	0.3%
				11,593	11,771	0.3%
American Gilsonite Company	Utah / Metal Services & Minerals	Second Lien Term Loan (11.50%, due 9/1/2017)(27) Membership Interest (99.9999%)(36)	15,755	15,755	14,287	0.4%
			—	—	—	—%
				15,755	14,287	0.4%
Apidos CLO IX	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 22.56%)(24)(32)	23,525	20,644	22,325	0.6%
				20,644	22,325	0.6%
Apidos CLO XI	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 15.64%)(24)(32)	38,340	31,485	32,108	0.9%
				31,485	32,108	0.9%
Apidos CLO XII	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 17.68%)(24)(32)	44,063	37,751	38,817	1.0%
				37,751	38,817	1.0%
Apidos CLO XV	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 15.07%)(24)(32)	36,515	33,958	30,911	0.8%
				33,958	30,911	0.8%
Arctic Glacier U.S.A., Inc.	Minnesota / Food Products	Second Lien Term Loan (10.50% (LIBOR + 9.25% with 1.25% LIBOR floor), due 11/10/2019)(3)(4)(30)	150,000	150,000	149,180	4.0%

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					150,000	149,180	4.0%
		Senior Secured Term Loan A (6.50% (LIBOR + 5.50% with 1.00% LIBOR floor), due 4/8/2019)(4)(31)	21,743	21,743	20,042	0.5%	
Ark-La-Tex Wireline Services, LLC	Louisiana / Oil & Gas Services	Senior Secured Term Loan B (10.50% (LIBOR + 9.50% with 1.00% LIBOR floor), due 4/8/2019)(4)(31)	23,697	23,697	21,675	0.6%	
					45,440	41,717	1.1%
Armor Holding II LLC	New York / Diversified Financial Services	Second Lien Term Loan (10.25% (LIBOR + 9.00% with 1.25% LIBOR floor), due 12/26/2020)(3)(4)(27)(30)	7,000	6,888	6,480	0.2%	
					6,888	6,480	0.2%
		Revolving Line of Credit – \$4,000 Commitment (13.00% (LIBOR + 11.00% with 2.00% LIBOR floor), due 8/21/2016)(4)(30)(33)	2,350	2,350	2,350	0.1%	
Atlantis Health Care Group (Puerto Rico), Inc.	Puerto Rico / Healthcare	Senior Term Loan (10.00% (LIBOR + 8.00% with 2.00% LIBOR floor), due 2/21/2018)(3)(4)(30)	38,561	38,561	35,189	0.9%	
					40,911	37,539	1.0%

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	June 30, 2015 (Audited)			
			Principal Value	Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
		Revolving Line of Credit – \$5,000 Commitment (8.75% (LIBOR + 8.25% with 0.50% LIBOR floor), due 6/30/2018)(4)(30)(33)	\$ 1,000	\$ 1,000	\$ 1,000	—%
BAART Programs, Inc.	California / Healthcare	Senior Secured Term Loan A (6.25% (LIBOR + 5.75% with 0.50% LIBOR floor), due 6/30/2020)(4)(30)	21,500	21,500	21,500	0.6%
		Senior Secured Term Loan B (11.25% (LIBOR + 10.75% with 0.50% LIBOR floor), due 6/30/2020)(4)(30)	21,500	21,500	21,500	0.6%
		Delayed Draw Term Loan – \$10,500 Commitment (expires 12/31/2015)(33)	—	—	—	—%
				44,000	44,000	1.2%
Babson CLO Ltd. 2014-III	Cayman Islands /	Subordinated Notes (Residual Interest, Structured Finance current yield 14.25%)(24)(25)(32)	52,250	47,799	47,148	1.3%
				47,799	47,148	1.3%
Broder Bros., Co.	Pennsylvania / Textiles, Apparel & Luxury Goods	Senior Secured Notes (10.25% (LIBOR + 9.00% with 1.25% LIBOR floor), due 4/8/2019)(3)(4)(31)(45)	252,200	252,200	252,200	6.8%
				252,200	252,200	6.8%
Brookside Mill CLO Ltd.	Cayman Islands /	Subordinated Notes (Residual Interest, Structured Finance current yield 19.25%)(24)(32)	26,000	21,432	24,566	0.7%
				21,432	24,566	0.7%
Caleel + Hayden, LLC	Colorado / Personal & Nondurable Consumer Products	Membership Interest(40)	—	—	227	—%
				—	227	—%
Capstone Logistics Acquisition, Inc.	Georgia / Business Services	Second Lien Term Loan (9.25% (LIBOR + 8.25% with 1.00% LIBOR floor), due 10/7/2022)(3)(4)(31)	102,500	101,891	101,891	2.8%
				101,891	101,891	2.8%
Cent CLO 17 Limited	Cayman Islands /	Subordinated Notes (Residual Interest, Structured Finance current yield 14.90%)(24)(32)	24,870	20,309	20,922	0.6%
				20,309	20,922	0.6%
Cent CLO 20 Limited	Cayman Islands /	Subordinated Notes (Residual Interest, Structured Finance current yield 12.49%)(24)(32)	40,275	35,724	33,505	0.9%
				35,724	33,505	0.9%

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Cent CLO 21 Limited	Cayman Islands / Subordinated Notes (Residual Interest, Structured Finance current yield 13.42%)(24)(25)(32)	48,528	43,038	41,910	1.1%
			43,038	41,910	1.1%
CIFC Funding 2011-I, Ltd.	Cayman Islands / 1/19/2023)(4)(23)(30)(32) Structured Finance Class D Senior Secured Notes (5.28% (LIBOR + 5.00%, due 1/19/2023)(4)(23)(30)(32)	19,000	15,604	18,175	0.5%
CIFC Funding 2013-III, Ltd.	Cayman Islands / Subordinated Notes (Residual Interest, Structured Finance current yield 14.56%)(24)(32)	44,100	35,412	35,599	1.0%
			35,412	35,599	1.0%
CIFC Funding 2013-IV, Ltd.	Cayman Islands / Subordinated Notes (Residual Interest, Structured Finance current yield 14.87%)(24)(32)	45,500	36,124	38,265	1.0%
			36,124	38,265	1.0%
CIFC Funding 2014-IV Investor, Ltd.	Cayman Islands / Income Notes (Residual Interest, current Structured Finance yield 13.83%)(24)(25)(32)	41,500	34,921	36,195	1.0%
			34,921	36,195	1.0%

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	June 30, 2015 (Audited)			
			Principal Value	Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
Cinedigm DC Holdings, LLC	New York / Software & Computer Services	Senior Secured Term Loan (11.00% (LIBOR + 9.00% with 2.00% LIBOR floor) plus 2.50% PIK, due 3/31/2021)(4)(6)(30)	\$67,449	\$67,399	\$67,449	1.8%
				67,399	67,449	1.8%
Coverall North America, Inc.	Florida / Commercial Services	Senior Secured Term Loan (11.50% (LIBOR + 8.50% with 3.00% LIBOR floor), due 12/17/2017)(3)(4)(31)	49,922	49,922	49,922	1.3%
				49,922	49,922	1.3%
Crosman Corporation	New York / Manufacturing	Second Lien Term Loan (12.00% (LIBOR + 10.50% with 1.50% LIBOR floor), due 12/30/2019)(3)(4)(31)	40,000	40,000	35,973	1.0%
				40,000	35,973	1.0%
Diamondback Operating, LP	Oklahoma / Oil & Gas Production	Net Profits Interest (15% of Equity Distributions)(7)	—	—	—	—%
				—	—	—%
Empire Today, LLC	Illinois / Durable Consumer Products	Senior Secured Note (11.375%, due 2/1/2017)(27)	15,700	15,518	13,070	0.4%
				15,518	13,070	0.4%
Fleetwash, Inc.	New Jersey / Business Services	Senior Secured Term Loan B (10.50% (LIBOR + 9.50% with 1.00% LIBOR floor), due 4/30/2019)(3)(4)(30) Delayed Draw Term Loan – \$15,000 Commitment (expires 4/30/2019)(33)	24,446	24,446	24,446	0.7%
			—	—	—	—%
				24,446	24,446	0.7%
Focus Brands, Inc.	Georgia / Consumer Services	Second Lien Term Loan (10.25% (LIBOR + 9.00% with 1.25% LIBOR floor), due 8/21/2018)(4)(27)(31)	18,000	17,821	18,000	0.5%
				17,821	18,000	0.5%
Galaxy XV CLO, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 15.65%)(24)(32)	35,025	27,762	29,739	0.8%
				27,762	29,739	0.8%
Galaxy XVI CLO, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 13.97%)(24)(32)	24,575	20,434	20,849	0.6%
				20,434	20,849	0.6%
Galaxy XVII CLO, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 13.43%)(24)(25)(32)	39,905	33,493	33,742	0.9%
				33,493	33,742	0.9%

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Global Employment Solutions, Inc.	Colorado / Business Services	Senior Secured Term Loan (10.25% (LIBOR + 9.25% with 1.00% LIBOR floor), due 6/26/2020)(3)(4)(31)	49,567	49,567	49,567	1.3%
				49,567	49,567	1.3%
GTP Operations, LLC(34)	Texas / Software & Computer Services	Senior Secured Term Loan (10.00% (LIBOR + 5.00% with 5.00% LIBOR floor), due 12/11/2018)(3)(4)(30)	116,411	116,411	116,411	3.1%
				116,411	116,411	3.1%
Halcyon Loan Advisors Funding 2012-1 Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 30.89%)(24)(32)	23,188	19,941	23,172	0.6%
				19,941	23,172	0.6%
Halcyon Loan Advisors Funding 2013-1 Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 21.41%)(24)(32)	40,400	34,936	39,208	1.1%
				34,936	39,208	1.1%
Halcyon Loan Advisors Funding 2014-1 Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 17.17%)(24)(32)	24,500	21,020	22,096	0.6%
				21,020	22,096	0.6%

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	June 30, 2015 (Audited)			
			Principal Value	Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
Halcyon Loan Advisors Funding 2014-2 Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 18.73%)(24)(25)(32)	\$41,164	\$34,723	\$37,555	1.0%
				34,723	37,555	1.0%
HarbourView CLO VII, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 17.84%)(24)(25)(32)	19,025	15,252	15,197	0.4%
				15,252	15,197	0.4%
Harley Marine Services, Inc.	Washington / Transportation	Second Lien Term Loan (10.50% (LIBOR + 9.25% with 1.25% LIBOR floor), due 12/20/2019)(3)(4)(27)(30)	9,000	8,855	8,748	0.2%
				8,855	8,748	0.2%
Hollander Sleep Products, LLC	Florida / Durable Consumer Products	Senior Secured Term Loan (9.00% (LIBOR + 8.00% with 1.00% LIBOR floor), due 10/21/2020)(3)(4)(31)	22,444	22,444	22,444	0.6%
				22,444	22,444	0.6%
ICON Health & Fitness, Inc.	Utah / Durable Consumer Products	Senior Secured Note (11.875%, due 10/15/2016)(27)	16,100	16,103	16,100	0.4%
				16,103	16,100	0.4%
ICV-CSI Holdings, LLC	New York / Transportation	Membership Units (1.6 units)	—	1,639	2,400	0.1%
				1,639	2,400	0.1%
Instant Web, LLC	Minnesota / Media	Senior Secured Term Loan A (5.50% (LIBOR + 4.50% with 1.00% LIBOR floor), due 3/28/2019)(4)(30)	146,363	146,363	146,363	4.0%
		Senior Secured Term Loan B (12.00% (LIBOR + 11.00% with 1.00% LIBOR floor), due 3/28/2019)(3)(4)(30)	150,100	150,100	150,100	4.0%
		Senior Secured Term Loan C (12.75% (LIBOR + 11.75% with 1.00% LIBOR floor), due 3/28/2019)(4)(30)	27,000	27,000	27,000	0.7%
		Delayed Draw Term Loan – \$16,000 Commitment (expires 5/29/2016)(33)	—	—	—	—%
				323,463	323,463	8.7%
InterDent, Inc.	California / Healthcare	Senior Secured Term Loan A (6.25% (LIBOR + 5.25% with 1.00% LIBOR floor), due 8/3/2017)(4)(31)	125,350	125,350	125,350	3.4%
				131,125	131,125	3.5%

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		Senior Secured Term Loan B (11.25% (LIBOR + 10.25% with 1.00% LIBOR floor), due 8/3/2017)(3)(4)(31)		256,475	256,475	6.9%
JAC Holding Corporation	Michigan / Transportation	Senior Secured Note (11.50%, due 10/1/2019)(27)	3,000	3,000	3,000	0.1%
				3,000	3,000	0.1%
Jefferson Mill CLO Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 15.65%)(24)(25)(32)	19,500	16,928	16,928	0.5%
				16,928	16,928	0.5%
JHH Holdings, Inc.	Texas / Healthcare	Second Lien Term Loan (11.25% (LIBOR + 10.00% with 1.25% LIBOR floor) plus 0.50% PIK, due 3/30/2019)(3)(4)(6)(30)	35,297	35,297	35,297	1.0%
				35,297	35,297	1.0%

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	June 30, 2015 (Audited)			
			Principal Value	Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
LaserShip, Inc.	Virginia / Transportation	Senior Secured Term Loan A (10.25% (LIBOR + 8.25% with 2.00% LIBOR floor) plus 2.00% default interest, due 3/18/2019)(3)(4)(31)	\$35,156	\$35,156	\$30,778	0.8%
		Senior Secured Term Loan B (10.25% (LIBOR + 8.25% with 2.00% LIBOR floor) plus 2.00% default interest, due 3/18/2019)(3)(4)(31)	21,555	21,555	18,866	0.5%
		Delayed Draw Term Loan – \$6,000 Commitment (expires 12/31/2016)(33)	—	—	—	—%
LCM XIV Ltd.	Cayman Islands /	Income Notes (Residual Interest, current Structured Finance yield 16.70%)(24)(32)	26,500	22,636	23,163	0.6%
				22,636	23,163	0.6%
Madison Park Funding IX, Ltd.	Cayman Islands /	Subordinated Notes (Residual Interest, Structured Finance current yield 21.64%)(24)(32)	31,110	23,663	25,804	0.7%
				23,663	25,804	0.7%
Matrixx Initiatives, Inc.	New Jersey / Pharmaceuticals	Senior Secured Term Loan A (7.50% (LIBOR + 6.00% with 1.50% LIBOR floor), due 8/9/2018)(3)(4)(30)	34,389	34,389	34,026	0.9%
		Senior Secured Term Loan B (12.50% (LIBOR + 11.00% with 1.50% LIBOR floor), due 8/9/2018)(3)(4)(30)	40,562	40,562	40,562	1.1%
Maverick Healthcare Equity, LLC	Arizona / Healthcare	Preferred Units (1,250,000 units)	—	1,252	2,190	0.1%
		Class A Common Units (1,250,000 units)	—	—	—	—%
Mountain View CLO 2013-I Ltd.	Cayman Islands /	Subordinated Notes (Residual Interest, Structured Finance current yield 18.47%)(24)(32)		1,252	2,190	0.1%
			43,650	37,168	40,480	1.1%
Mountain View CLO IX Ltd.	Cayman Islands /	Subordinated Notes (Residual Interest, Structured Finance current yield 15.43%)(24)(25)(32)		37,168	40,480	1.1%
			47,830	44,739	44,666	1.2%
Nathan's Famous, Inc.	New York / Food Products	Senior Secured Notes (10.00%, due 3/15/2020)(27)	3,000	3,000	3,000	0.1%
				3,000	3,000	0.1%
NCP Finance Limited Partnership(37)	Ohio / Consumer Finance	Subordinated Secured Term Loan (11.00% (LIBOR + 9.75% with 1.25% LIBOR floor), due	16,305	16,065	16,305	0.4%

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		9/30/2018)(3)(4)(27)(31)(32)				
			16,065	16,305	0.4%	
New Century Transportation, Inc.	New Jersey / Transportation	Senior Subordinated Term Loan (12.00% (LIBOR + 10.00% with 2.00% LIBOR floor) plus 4.00% PIK, in non-accrual status effective 4/1/2014, due 2/3/2018)(4)(6)(31)	187	187	—	—%
			187	—	—%	
Nixon, Inc.	California / Durable Consumer Products	Senior Secured Term Loan (8.75% plus 2.75% PIK, due 4/16/2018)(3)(6)(27)	13,925	13,749	13,616	0.4%
			13,749	13,616	0.4%	
Octagon Investment Partners XV, Ltd.	Cayman Islands / Structured Finance	Income Notes (Residual Interest, current yield 20.72%)(24)(32)	28,571	24,515	26,461	0.7%
			24,515	26,461	0.7%	

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	June 30, 2015 (Audited)			
			Principal Value	Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
Onyx Payments(43)	Texas / Diversified Financial Services	Revolving Line of Credit – \$5,000 Commitment (9.00% (LIBOR + 8.00% with 1.00% LIBOR floor), due 9/10/2015)(4)(30)(33)	\$2,000	\$2,000	\$2,000	0.1%
		Senior Secured Term Loan A (6.50% (LIBOR + 5.50% with 1.00% LIBOR floor), due 9/10/2019)(3)(4)(30)	52,050	52,050	52,050	1.4%
		Senior Secured Term Loan B (13.50% (LIBOR + 12.50% with 1.00% LIBOR floor), due 9/10/2019)(4)(30)	59,389	59,389	59,389	1.6%
				113,439	113,439	3.1%
Pacific World Corporation	California / Personal & Nondurable Consumer Products	Revolving Line of Credit – \$15,000 Commitment (8.00% (LIBOR + 7.00% with 1.00% LIBOR floor), due 9/26/2020)(4)(31)(33)	6,500	6,500	6,500	0.2%
		Senior Secured Term Loan A (6.00% (LIBOR + 5.00% with 1.00% LIBOR floor), due 9/26/2020)(4)(31)	99,250	99,250	95,400	2.6%
		Senior Secured Term Loan B (10.00% (LIBOR + 9.00% with 1.00% LIBOR floor), due 9/26/2020)(3)(4)(31)	99,250	99,250	81,772	2.2%
				205,000	183,672	5.0%
Pelican Products, Inc.	California / Durable Consumer Products	Second Lien Term Loan (9.25% (LIBOR + 8.25% with 1.00% LIBOR floor), due 4/9/2021)(4)(27)(31)	17,500	17,484	17,500	0.5%
				17,484	17,500	0.5%
PGX Holdings, Inc.(39)	Utah / Consumer Services	Second Lien Term Loan (10.00% (LIBOR + 9.00% with 1.00% LIBOR floor), due 9/29/2021)(3)(4)(31)	135,000	135,000	135,000	3.6%
Photonis Technologies SAS	France / Aerospace & Defense	First Lien Term Loan (8.50% (LIBOR + 7.50% with 1.00% LIBOR floor), due 9/18/2019)(4)(27)(31)(32)	10,369	10,145	9,734	0.3%
				10,145	9,734	0.3%
Pinnacle (US) Acquisition Co. Limited	Texas / Software & Computer Services	Second Lien Term Loan (10.50% (LIBOR + 9.25% with 1.25% LIBOR floor), due 8/3/2020)(4)(27)(30)	7,037	6,890	6,612	0.2%
PlayPower, Inc.				6,890	6,612	0.2%
			10,000	9,850	9,850	0.3%

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	North Carolina /	Second Lien Term Loan (9.75% (LIBOR Durable Consumer+ 8.75% with 1.00% LIBOR floor), due 6/23/2022)(4)(27)(30)		9,850	9,850	0.3%
Prime Security Services Borrower, LLC	Illinois / Consumer Services	Second Lien Term Loan (9.75% (LIBOR + 8.75% with 1.00% LIBOR floor), due 7/1/2022)(4)(27)(31)	10,000	9,850	9,850	0.3%
				9,850	9,850	0.3%
		Revolving Line of Credit – \$15,000 Commitment (9.50% (LIBOR + 8.50% with 1.00% LIBOR floor), due 7/31/2015)(4)(30)(33)	13,800	13,800	13,800	0.4%
PrimeSport, Inc.	Georgia / Hotels, Restaurants & Leisure	Senior Secured Term Loan A (7.00% (LIBOR + 6.00% with 1.00% LIBOR floor), due 2/11/2021)(3)(4)(30)	54,227	54,227	54,227	1.4%
		Senior Secured Term Loan B (12.00% (LIBOR + 11.00% with 1.00% LIBOR floor), due 2/11/2021)(3)(4)	74,500	74,500	74,500	2.0%
				142,527	142,527	3.8%
Prince Mineral Holding Corp.	New York / Metal Services & Minerals	Senior Secured Term Loan (11.50%, due 12/15/2019)(27)	10,000	9,915	9,458	0.3%
				9,915	9,458	0.3%

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	June 30, 2015 (Audited)			
			Principal Value	Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
Rocket Software, Inc.	Massachusetts / Software & Computer Services	Second Lien Term Loan (10.25% (LIBOR + 8.75% with 1.50% LIBOR floor), due 2/8/2019)(3)(4)(27)(30)	\$20,000	\$19,801	\$20,000	0.5%
				19,801	20,000	0.5%
Royal Holdings, Inc.	Indiana / Chemicals	Second Lien Term Loan (8.50% (LIBOR + 7.50% with 1.00% LIBOR floor), due 6/19/2023)(4)(27)(31)	5,000	4,963	5,000	0.1%
				4,963	5,000	0.1%
Ryan, LLC	Texas / Business Services	Subordinated Unsecured Notes (12.00% (LIBOR + 9.00% with 3.00% LIBOR floor) plus 3.00% PIK, due 6/30/2018)(4)(6)(30)	72,701	72,701	72,701	2.0%
				72,701	72,701	2.0%
Security Alarm Financing Enterprises, L.P.(45)	California / Consumer Services	Subordinated Unsecured Notes (11.50% (LIBOR + 9.50% with 2.00% LIBOR floor), due 12/19/2020)(4)(31)	25,000	25,000	25,000	0.7%
				25,000	25,000	0.7%
SESAC Holdco II LLC	Tennessee / Media	Second Lien Term Loan (9.00% (LIBOR + 8.00% with 1.00% LIBOR floor), due 4/22/2021)(3)(4)(27)(30)	10,000	9,854	9,925	0.3%
				9,854	9,925	0.3%
Small Business Whole Loan Portfolio	New York / Online Lending	40 small business loans purchased from Direct Capital Corporation(38) 2,306 small business loans purchased from On Deck Capital, Inc.(38)	492	492	362	—%
			50,066	50,066	50,530	1.4%
				50,558	50,892	1.4%
Spartan Energy Services, Inc.	Louisiana / Oil & Gas Services	Senior Secured Term Loan A (7.00% (LIBOR + 6.00% with 1.00% LIBOR floor), due 12/28/2017)(3)(4)(31) Senior Secured Term Loan B (11.00% (LIBOR + 10.00% with 1.00% LIBOR floor), due 12/28/2017)(3)(4)(31)	13,422	13,422	12,973	0.3%
				13,935	13,664	0.4%
				27,357	26,637	0.7%
Speedy Group Holdings Corp.	Canada / Consumer Finance	Senior Unsecured Notes (12.00%, due 11/15/2017)(27)(32)	15,000	15,000	15,000	0.4%
				15,000	15,000	0.4%
Stauber Performance Ingredients, Inc.	California / Food Products	Senior Secured Term Loan A (7.50% (LIBOR + 6.50% with 1.00% LIBOR	9,561	9,561	9,561	0.2%

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		floor), due 11/25/2019)(3)(4)(30)					
		Senior Secured Term Loan B (10.50%					
		(LIBOR + 9.50% with 1.00% LIBOR	9,799	9,799	9,799	0.3%	
		floor), due 11/25/2019)(3)(4)(30)					
				19,360	19,360	0.5%	
Stryker Energy, LLC	Ohio / Oil & Gas Production	Overriding Royalty Interests(28)	—	—	—	—%	
				—	—	—%	
Sudbury Mill CLO Ltd.	Cayman Islands /	Subordinated Notes (Residual Interest, Structured Financecurrent yield 15.92%)(24)(32)	28,200	22,562	24,425	0.7%	
				22,562	24,425	0.7%	
Symphony CLO IX Ltd.	Cayman Islands /	Preference Shares (Residual Interest, Structured Financecurrent yield 20.76%)(24)(32)	45,500	34,797	40,034	1.1%	
				34,797	40,034	1.1%	
Symphony CLO XIV Ltd.	Cayman Islands /	Subordinated Notes (Residual Interest, Structured Financecurrent yield 12.24%)(24)(25)(32)	49,250	44,018	45,641	1.2%	
				44,018	45,641	1.2%	
Symphony CLO XV, Ltd.	Cayman Islands /	Subordinated Notes (Residual Interest, Structured Financecurrent yield 11.72%)(24)(32)	50,250	46,994	46,452	1.3%	
				46,994	46,452	1.3%	

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	June 30, 2015 (Audited)			
			Principal Value	Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS						
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)						
System One Holdings, LLC	Pennsylvania / Business Services	Senior Secured Term Loan (10.50% (LIBOR + 9.50% with 1.00% LIBOR floor), due 11/17/2020)(3)(4)(31)	\$68,146	\$68,146	\$68,146	1.8%
		Delayed Draw Term Loan – \$11,500 Commitment (expires 12/31/2015)(33)	—	—	—	—%
			68,146	68,146	68,146	1.8%
Targus Group International, Inc.	California / Durable Consumer Products	First Lien Term Loan (11.75% (PRIME + 8.50%) plus 1.00% PIK and 2.00% default interest, due 5/24/2016)(4)(6)(27)	21,487	21,378	17,233	0.5%
				21,378	17,233	0.5%
			21,378	21,378	17,233	0.5%
TB Corp.	Texas / Hotels, Restaurants & Leisure	Senior Subordinated Note (12.00% plus 1.50% PIK, due 12/19/2018)(3)(6)	23,628	23,628	23,628	0.6%
				23,628	23,628	0.6%
			23,628	23,628	23,628	0.6%
Therakos, Inc.	New Jersey / Healthcare	Second Lien Term Loan (10.75% (LIBOR + 9.50% with 1.25% LIBOR floor), due 6/27/2018)(4)(27)(30)	13,000	12,808	13,000	0.4%
				12,808	13,000	0.4%
			12,808	12,808	13,000	0.4%
Tolt Solutions, Inc.	South Carolina / Business Services	Senior Secured Term Loan A (7.00% (LIBOR + 6.00% with 1.00% LIBOR floor), due 3/7/2019)(3)(4)(30)	47,802	47,802	45,548	1.2%
		Senior Secured Term Loan B (12.00% (LIBOR + 11.00% with 1.00% LIBOR floor), due 3/7/2019)(3)(4)(30)	48,900	48,900	46,155	1.2%
			96,702	96,702	91,703	2.4%
TouchTunes Interactive Networks, Inc.	New York / Media	Second Lien Term Loan (9.25% (LIBOR + 8.25% with 1.00% LIBOR floor), due 5/29/2022)(4)(27)(31)	5,000	4,925	4,925	0.1%
				4,925	4,925	0.1%
			4,925	4,925	4,925	0.1%
Traeger Pellet Grills LLC	Oregon / Durable Consumer Products	Senior Secured Term Loan A (6.50% (LIBOR + 4.50% with 2.00% LIBOR floor), due	35,644	35,644	35,644	1.0%

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		6/18/2018)(3)(4)(30)					
		Senior Secured Term Loan B (11.50% (LIBOR + 9.50% with 2.00% LIBOR floor), due 6/18/2018)(3)(4)(30)	36,881	36,881	36,881	1.0%	
				72,525	72,525	2.0%	
Transaction Network Services, Inc.	Virginia / Telecommunication Services	Second Lien Term Loan (9.00% (LIBOR + 8.00% with 1.00% LIBOR floor), due 8/14/2020)(4)(27)(31)	4,595	4,573	4,595	0.1%	
				4,573	4,595	0.1%	
Trinity Services Group, Inc.(14)	Florida / Food Products	Senior Secured Term Loan A (6.50% (LIBOR + 5.50% with 1.00% LIBOR floor), due 8/13/2019)(4)(30)	9,825	9,825	9,825	0.3%	
		Senior Secured Term Loan B (11.50% (LIBOR + 10.50% with 1.00% LIBOR floor), due 8/13/2019)(3)(4)(30)	100,000	100,000	100,000	2.7%	
				109,825	109,825	3.0%	
United Sporting Companies, Inc.(5)	South Carolina / Durable Consumer Products	Second Lien Term Loan (12.75% (LIBOR + 11.00% with 1.75% LIBOR floor), due 5/16/2018)(3)(4)(31)	158,238	158,238	145,618	3.9%	
				158,238	145,618	3.9%	
United States Environmental Services, LLC	Texas / Commercial Services	Senior Secured Term Loan A (6.50% (LIBOR + 5.50% with 1.00% LIBOR floor) plus 2.00% default interest, due 3/31/2019)(3)(4)(30)	23,250	23,250	21,551	0.6%	
		Senior Secured Term Loan B (11.50% (LIBOR + 10.50% with 1.00% LIBOR floor) plus 2.00% default interest, due 3/31/2019)(3)(4)(30)	36,000	36,000	33,406	0.9%	
				59,250	54,957	1.5%	

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry Investments(1)		June 30, 2015 (Audited)		
			Principal Cost Value	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS					
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)					
		Revolving Line of Credit – \$5,000 Commitment (10.00% (LIBOR + 9.00% with 1.00% LIBOR floor), due 4/15/2016)(4)(31)(33)	\$—	\$—	—%
USG Intermediate, LLC	Texas / Durable Consumer Products	Senior Secured Term Loan A (7.50% (LIBOR + 6.50% with 1.00% LIBOR floor), due 4/15/2020)(3)(4)(31)	21,587	21,587	0.6%
		Senior Secured Term Loan B (12.50% (LIBOR + 11.50% with 1.00% LIBOR floor), due 4/15/2020)(3)(4)(31)	21,695	21,695	0.6%
		Equity	—	—	—%
			43,283	43,282	1.2%
Venio LLC	Pennsylvania / Business Services	Second Lien Term Loan (12.00% (LIBOR + 9.50% with 2.50% LIBOR floor), due 2/19/2020)(3)(4)(30)	17,000	16,042	0.4%
			17,000	16,042	0.4%
Voya CLO 2012-2, Ltd.	Cayman Islands / Structured Finance	Income Notes (Residual Interest, current yield 19.32%)(24)(32)	38,307	32,391	0.9%
			30,002	32,391	0.9%
Voya CLO 2012-3, Ltd.	Cayman Islands / Structured Finance	Income Notes (Residual Interest, current yield 16.87%)(24)(32)	46,373	38,465	1.0%
			37,208	38,465	1.0%
Voya CLO 2012-4, Ltd.	Cayman Islands / Structured Finance	Income Notes (Residual Interest, current yield 19.40%)(24)(32)	40,371	34,977	0.9%
			32,918	34,977	0.9%
Voya CLO 2014-1, Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 15.25%)(24)(25)(32)	32,288	29,170	0.8%
			28,886	29,170	0.8%
Washington Mill CLO Ltd.	Cayman Islands / Structured Finance	Subordinated Notes (Residual Interest, current yield 14.28%)(24)(25)(32)	22,100	20,137	0.5%
			19,542	20,137	0.5%
Water Pik, Inc.	Colorado / Personal & Nondurable	Second Lien Term Loan (9.75% (LIBOR + 9.875% with 1.00% LIBOR floor), due 1/8/2021)(4)(27)(30)	18,796	9,147	0.2%

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	Consumer Products		8,796	9,147	0.2%
		Senior Subordinated Secured Note (11.00% (LIBOR + 7.00% with 4.00% LIBOR floor), due 6/29/2020)(3)(4)(30)	12,000	12,000	0.3%
Wheel Pros, LLC	Colorado / Business Services	Delayed Draw Term Loan – \$3,000 Commitment (expires 12/30/2015)(33)	—	—	—%
			12,000	12,000	0.3%
		Senior Secured Note (13.00% (LIBOR + 7.50% with 5.50% LIBOR floor) plus 3.00% default interest on principal and 16.00% default interest on past due interest, in non-accrual status effective 12/1/2008, past due)(4)(41)	3,000	—	—%
Wind River Resources Corporation(41)	Utah / Oil & Gas Production	Net Profits Interest (5% of Equity Distributions)(7)	—	—	—%
			3,000	—	—%
Total Non-Control/Non-Affiliate Investments (Level 3)			\$4,619,519	\$4,589,151	124.0%
Total Level 3 Portfolio Investments			\$6,559,313	\$6,609,298	178.5%

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	June 30, 2015 (Audited)		% of Net Assets
			Principal Value	Cost	
LEVEL 1 PORTFOLIO INVESTMENTS					
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)					
Dover Saddlery, Inc.	Massachusetts / Retail	Common Stock (30,974 shares)	\$63	\$260	—%
			63	260	—%
Total Non-Control/Non-Affiliate Investments (Level 1)			\$63	\$260	—%
Total Non-Control/Non-Affiliate Investments			\$4,619,582	\$4,589,411	124.0%
Total Portfolio Investments			\$6,559,376	\$6,609,558	178.5%

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Endnote Explanations as of March 31, 2016 (Unaudited) and June 30, 2015 (Continued)

The terms “Prospect,” “we,” “us” and “our” mean Prospect Capital Corporation and its subsidiaries unless the context specifically requires otherwise. The securities in which Prospect has invested were acquired in transactions that were exempt from registration under the Securities Act of 1933, as amended (the “Securities Act”). These securities may be resold only in transactions that are exempt from registration under the Securities Act.

Fair value is determined by or under the direction of our Board of Directors. As of June 30, 2015, one of our portfolio investments, Dover Saddlery, Inc. (“Dover”), was publicly traded and classified as Level 1 within the valuation hierarchy established by ASC 820, Fair Value Measurement (“ASC 820”). On July 1, 2015 we redeemed our investment in Dover and realized a gain of \$200. As of June 30, 2015, the fair value of our remaining portfolio investments was determined using significant unobservable inputs. As of March 31, 2016, all of our investments were classified as Level 3. ASC 820 classifies such unobservable inputs used to measure fair value as Level 3 within the valuation hierarchy. See Notes 2 and 3 within the accompanying notes to consolidated financial statements for further discussion.

Security, or a portion thereof, is held by Prospect Capital Funding LLC (“PCF”), our wholly-owned subsidiary and a bankruptcy remote special purpose entity, and is pledged as collateral for the Revolving Credit Facility and such security is not available as collateral to our general creditors (see Note 4). The fair values of the investments held by PCF at March 31, 2016 and June 30, 2015 were \$1,432,939 and \$1,511,585, respectively, representing 23.9% and 22.9% of our total investments, respectively.

Security, or a portion thereof, has a floating interest rate which may be subject to a LIBOR or PRIME floor. The interest rate was in effect at March 31, 2016 and June 30, 2015.

Ellett Brothers, LLC, Evans Sports, Inc., Jerry’s Sports, Inc., Simmons Gun Specialties, Inc., Bonitz Brothers, Inc., and Outdoor Sports Headquarters, Inc. are joint borrowers on the second lien term loan. United Sporting Companies, Inc. is a parent guarantor of this debt investment.

The interest rate on these investments contains a paid in kind (“PIK”) provision, whereby the issuer has either the option or the obligation to make interest payments with the issuance of additional securities. The interest rate in the schedule represents the current interest rate in effect for these investments.

See notes to consolidated financial statements.

PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Endnote Explanations as of March 31, 2016 (Unaudited) and June 30, 2015 (Continued)

The following table provides additional details on these PIK investments, including the maximum annual PIK interest rate allowed under the existing credit agreements, as of and for the three months ended March 31, 2016:

Security Name	PIK Rate - Capitalized	PIK Rate - Paid as cash	Maximum Current PIK Rate	
American Property REIT Corp.	—%	5.50%	5.50%	
CCPI Inc.	7.00%	—%	7.00%	
Cinedigm DC Holdings, LLC	—%	2.50%	2.50%	
Credit Central Loan Company	0.35%	9.65%	10.00%	
Crosman Corporation - Senior Secured Term Loan A	4.00%	—%	4.00%	
Crosman Corporation - Senior Secured Term Loan B	4.00%	—%	4.00%	
Echelon Aviation LLC	—%	2.25%	2.25%	
Edmentum Ultimate Holdings, LLC - Senior PIK Note	8.50%	—%	8.50%	
Edmentum Ultimate Holdings, LLC - Junior PIK Note	10.00%	—%	10.00%	
First Tower Finance Company LLC	—%	12.00%	12.00%	
Harbortouch Payments, LLC	N/A	N/A	5.50%	(A)
JHH Holdings, Inc.	0.50%	—%	0.50%	
LaserShip , Inc. - Term Loan A	2.00%	—%	2.00%	
LaserShip , Inc. - Term Loan B	2.00%	—%	2.00%	
Mity, Inc.	—%	10.00%	10.00%	
National Property REIT Corp. - Senior Secured Term Loan A	—%	5.50%	5.50%	
National Property REIT Corp. - Senior Secured Term Loan C	—%	5.00%	5.00%	
National Property REIT Corp. - Senior Secured Term Loan E	—%	5.00%	5.00%	
Nationwide Loan Company LLC	0.52%	9.48%	10.00%	
Nixon, Inc.	3.00%	—%	3.00%	
United Property REIT Corp.	—%	5.50%	5.50%	
Valley Electric Co. of Mt. Vernon, Inc.	—%	2.50%	2.50%	
Valley Electric Company, Inc.	0.71%	7.79%	8.50%	

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Endnote Explanations as of March 31, 2016 (Unaudited) and June 30, 2015 (Continued)

The following table provides additional details on these PIK investments, including the maximum annual PIK interest rate allowed under the existing credit agreements, as of and for the three months ended June 30, 2015:

Security Name	PIK Rate - Capitalized	PIK Rate - Paid as cash	Maximum Current PIK Rate	
American Property REIT Corp.	—%	5.50%	5.50%	
CCPI Inc.	7.00%	—%	7.00%	
Cinedigm DC Holdings, LLC	2.50%	—%	2.50%	
CP Energy Services Inc. - Second Lien Term Loan	9.00%	—%	9.00%	
CP Energy Services Inc. - Senior Secured Term Loan B	7.50%	—%	7.50%	
Credit Central Loan Company, LLC	—%	10.00%	10.00%	
Echelon Aviation LLC	N/A	N/A	2.25%	(B)
Edmentum Ultimate Holdings, LLC - Unsecured Junior PIK Note	N/A	N/A	10.00%	(B)
Edmentum Ultimate Holdings, LLC - Unsecured Senior PIK Note	N/A	N/A	8.50%	(B)
First Tower Finance Company LLC	1.64%	10.36%	12.00%	
Harbortouch Payments, LLC	5.50%	—%	5.50%	(A)
JHH Holdings, Inc.	0.50%	—%	0.50%	
Mity, Inc.	10.00%	—%	10.00%	
National Property REIT Corp. - Senior Secured Term Loan A	—%	5.50%	5.50%	
National Property REIT Corp. - Senior Secured Term Loan A to ACL Loan Holdings, Inc.	—%	7.50%	7.50%	
National Property REIT Corp. - Senior Secured Term Loan B to ACL Loan Holdings, Inc.	—%	4.50%	4.50%	
National Property REIT Corp. - Senior Secured Term Loan C	—%	7.50%	7.50%	
National Property REIT Corp. - Senior Secured Term Loan D	—%	4.50%	4.50%	
Nationwide Loan Company LLC	—%	10.00%	10.00%	
Nixon, Inc.	2.75%	—%	2.75%	
Ryan, LLC	3.00%	—%	3.00%	
Targus Group International, Inc.	1.00%	—%	1.00%	
United Property REIT Corp.	—%	5.50%	5.50%	
Valley Electric Co. of Mt. Vernon, Inc.	2.50%	—%	2.50%	
Valley Electric Company, Inc.	8.50%	—%	8.50%	

(A) PIK is capitalized annually; next PIK payment/capitalization date at March 31, 2016 and June 30, 2015 is April 1, 2016.

(B) PIK is capitalized quarterly; next PIK payment date at June 30, 2015 was July 31, 2015.

(7) In addition to the stated returns, the net profits interest held will be realized upon sale of the borrower or a sale of the interests.

(8) APH Property Holdings, LLC, a consolidated entity in which we own 100% of the membership interests, owns 100% of the common equity of American Property REIT Corp. (f/k/a American Property Holdings Corp. (“APRC”)), a qualified Real Estate Investment Trust (“REIT”) which holds investments in several real estate properties. We report APRC as a separate controlled company. See Note 3 for further discussion of the properties held by APRC.

(9) Arctic Oilfield Equipment USA, Inc. (“Arctic Oilfield”), a consolidated entity in which we own 100% of the common equity, owns 70% of the equity Units of Arctic Energy Services, LLC (“Arctic Energy”), the operating company. We report Arctic Energy as a separate controlled company. On September 30, 2015, we restructured our

investment in Arctic Energy. Concurrent with the restructuring, we exchanged our \$31,640 senior secured loan and our \$20,230 subordinated loan for Class D and Class E Units in Arctic Energy. Our ownership of Arctic Oilfield includes a preferred interest in their holdings of all the Class D, Class E, Class C, and Class A Units (in order of priority returns). These unit classes are senior to management's interests in the F and B Units.

CCPI Holdings Inc., a consolidated entity in which we own 100% of the common stock, owns 94.63% and (10)94.95% of CCPI Inc. ("CCPI"), the operating company, as of March 31, 2016 and June 30, 2015, respectively. We report CCPI as a separate controlled company.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
 CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
 (in thousands, except share data)

Endnote Explanations as of March 31, 2016 (Unaudited) and June 30, 2015 (Continued)

- (11) CP Holdings of Delaware LLC, a consolidated entity in which we own 100% of the membership interests, owns 82.3% of CP Energy Services Inc. (“CP Energy”) as of March 31, 2016 and June 30, 2015, respectively. As of June 30, 2015, CP Energy owned directly or indirectly 100% of each of CP Well Testing, LLC (“CP Well”); Wright Foster Disposals, LLC; Foster Testing Co., Inc.; ProHaul Transports, LLC; and Wright Trucking, Inc. We report CP Energy as a separate controlled company. Effective December 31, 2014, CP Energy underwent a corporate reorganization in order to consolidate certain of its wholly-owned subsidiaries. On October 30, 2015, we restructured our investment in CP Energy. Concurrent with the restructuring, we exchanged our \$86,965 senior secured loan and \$15,924 subordinated loan for Series B Redeemable Preferred Stock in CP Energy.
- (12) Credit Central Holdings of Delaware, LLC, a consolidated entity in which we own 100% of the membership interests, owns 74.93% of Credit Central Loan Company, LLC (f/k/a Credit Central Holdings, LLC (“Credit Central”)) as of March 31, 2016 and June 30, 2015, Credit Central owns 100% of each of Credit Central, LLC; Credit Central South, LLC; Credit Central of Texas, LLC; and Credit Central of Tennessee, LLC, the operating companies. We report Credit Central as a separate controlled company.
- (13) On June 9, 2015, we provided additional debt and equity financing to support the recapitalization of Edmentum, Inc. (“Edmentum”). As part of the recapitalization, we exchanged 100% of the \$50,000 second lien term loan previously outstanding for \$26,365 of junior PIK notes and 370,964.14 Class A common units representing 37.1% equity ownership in Edmentum Ultimate Holdings, LLC. In addition, we invested \$5,875 in senior PIK notes and committed \$7,834 as part of a second lien revolving credit facility, of which \$4,896 was funded at closing. On June 9, 2015, we determined that Edmentum was impaired and recorded a realized loss of \$22,116 for the amount that the amortized cost exceeded the fair value, reducing the amortized cost to \$37,216.
- (14) First Tower Holdings of Delaware LLC, a consolidated entity in which we own 100% of the membership interests, owns 80.1% of First Tower Finance Company LLC (“First Tower Finance”), which owns 100% of First Tower, LLC, the operating company as of March 31, 2016 and June 30, 2015, respectively. We report First Tower Finance as a separate controlled company.
- (15) Energy Solutions Holdings Inc., a consolidated entity in which we own 100% of equity, owns 100% of Freedom Marine Solutions, LLC (“Freedom Marine”), which owns Vessel Company, LLC, Vessel Company II, LLC and Vessel Company III, LLC. We report Freedom Marine as a separate controlled company. On October 30, 2015, we restructured our investment in Freedom Marine. Concurrent with the restructuring, we exchanged our \$32,500 senior secured loans for additional membership interest in Freedom Marine.
- (16) Harbortouch Holdings of Delaware Inc., a consolidated entity in which we own 100% of the common stock, owns 100% of the Class C voting units of Harbortouch Payments, LLC (“Harbortouch”), which provide for a 53.5% residual profits allocation. Harbortouch management owns 100% of the Class B and Class D voting units of Harbortouch, which provide for a 46.5% residual profits allocation. Harbortouch owns 100% of Credit Card Processing USA, LLC. We report Harbortouch as a separate controlled company.
- (17) MITY Holdings of Delaware Inc. (“MITY Delaware”), a consolidated entity in which we own 100% of the common stock, owns 95.83% and 94.99% of the equity of MITY, Inc. (f/k/a MITY Enterprises, Inc.) (“MITY”), as of March 31, 2016 and June 30, 2015, respectively. MITY owns 100% of each of MITY-Lite, Inc.; Broda Enterprises USA, Inc.; and Broda Enterprises ULC (“Broda Canada”). We report MITY as a separate controlled company. MITY Delaware has a subordinated unsecured note issued and outstanding to Broda Canada that is denominated in Canadian Dollars (CAD). As of March 31, 2016 and June 30, 2015, the principal balance of this note was CAD 7,371. In accordance with ASC 830, Foreign Currency Matters (“ASC 830”), this note was remeasured into our functional currency, US Dollars (USD), and is presented on our Consolidated Schedule of Investments in USD.
- (18)

NPH Property Holdings, LLC, a consolidated entity in which we own 100% of the membership interests, owns 100% of the common equity of National Property REIT Corp. (f/k/a National Property Holdings Corp. (“NPRC”)), a property REIT which holds investments in several real estate properties. Additionally, through its wholly-owned subsidiaries, NPRC invests in online consumer loans. We report NPRC as a separate controlled company. See Note 3 for further discussion of the properties held by NPRC. On March 17, 2015, we entered into a new credit agreement with ACL Loan Holdings, Inc. (“ACLLH”), a wholly-owned subsidiary of NPRC, to form two new tranches of senior secured term loans, Term Loan A and Term Loan B, with the same terms as the then existing NPRC Term Loan A and Term Loan B due to us. That agreement was effective as of June 30, 2014. On June 30, 2014, ACLLH made a non-cash return of capital distribution of \$22,390 to NPRC and NPRC transferred and assigned to ACLLH a senior secured Term Loan A due to us. On June 2, 2015, we amended the credit agreement with NPRC to form two new tranches of senior secured term loans, Term Loan C and Term Loan D, with the same terms as the then existing ACLLH Term Loan A and Term Loan B due to us. That amendment was effective as of April 1, 2015. On August 18, 2015, we amended the credit agreement with NPRC to form a new tranche of senior secured term loans, Term Loan E. The amendment was effective as of July 1, 2015, and the outstanding Term Loan C and Term Loan D balances were converted to Term Loan E. On August 12, 2015, we also amended the credit agreement with ACLLH to form a new tranche of senior secured term loans, Term Loan C. The

See notes to consolidated financial statements.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
 CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
 (in thousands, except share data)

Endnote Explanations as of March 31, 2016 (Unaudited) and June 30, 2015 (Continued)

amendment was effective as of July 1, 2015, and the outstanding Term Loan A and Term Loan B balances were converted to Term Loan C.

(19) Nationwide Acceptance Holdings LLC, a consolidated entity in which we own 100% of the membership interests, owns 93.79% of Nationwide Loan Company LLC (f/k/a Nationwide Acceptance LLC (“Nationwide”)), the operating company, as of March 31, 2016 and June 30, 2015. We report Nationwide as a separate controlled company. On June 1, 2015, Nationwide completed a corporate reorganization. As part of a reorganization, Nationwide Acceptance LLC was renamed Nationwide Loan Company LLC (continues as “Nationwide”) and formed two new wholly-owned subsidiaries: Pelican Loan Company LLC (“Pelican”) and Nationwide Consumer Loans LLC. Nationwide assigned 100% of the equity interests in its other subsidiaries to Pelican which, in turn, assigned these interests to Nationwide Acceptance LLC (“New Nationwide”), the new operating company wholly-owned by Pelican. New Nationwide also assumed the existing senior subordinated term loan due to Prospect.

(20) NMMB Holdings, a consolidated entity in which we own 100% of the equity, owns 96.33% of the fully diluted equity of NMMB, Inc. (“NMMB”) as of March 31, 2016 and June 30, 2015. NMMB owns 100% of Refuel Agency, Inc., which owns 100% of Armed Forces Communications, Inc. We report NMMB as a separate controlled company.

(21) UPH Property Holdings, LLC, a consolidated entity in which we own 100% of the membership interests, owns 100% of the common equity of United Property REIT Corp. (f/k/a United Property Holdings Corp. (“UPRC”)), a property REIT which holds investments in several real estate properties. We report UPRC as a separate controlled company. See Note 3 for further discussion of the properties held by UPRC.

(22) Valley Electric Holdings I, Inc., a consolidated entity in which we own 100% of the common stock, owns 100% of Valley Electric Holdings II, Inc. (“Valley Holdings II”), another consolidated entity. Valley Holdings II owns 94.99% of Valley Electric Company, Inc. (“Valley Electric”). Valley Electric owns 100% of the equity of VE Company, Inc., which owns 100% of the equity of Valley Electric Co. of Mt. Vernon, Inc. (“Valley”). We report Valley Electric as a separate controlled company.

(23) This investment is in the debt class of a CLO security.

(24) This investment is in the equity class of a CLO security. The CLO equity investments are entitled to recurring distributions which are generally equal to the excess cash flow generated from the underlying investments after payment of the contractual payments to debt holders and fund expenses. The current estimated yield is based on the current projections of this excess cash flow taking into account assumptions which have been made regarding expected prepayments, losses and future reinvestment rates. These assumptions are periodically reviewed and adjusted. Ultimately, the actual yield may be higher or lower than the estimated yield if actual results differ from those used for the assumptions.

(25) Co-investment with another fund managed by an affiliate of our investment adviser, Prospect Capital Management L.P. See Note 13 for further discussion.

(26) On a fully diluted basis represents 10.00% of voting common shares.

(27) Syndicated investment which was originated by a financial institution and broadly distributed.

(28) The overriding royalty interests held receive payments at the stated rates based upon operations of the borrower.

(29) The interest rate on these investments is subject to the base rate of 6-Month LIBOR, which was 0.90% and 0.44% at March 31, 2016 and June 30, 2015, respectively. The current base rate for each investment may be different from the reference rate on June 30, 2015.

(30) The interest rate on these investments is subject to the base rate of 3-Month LIBOR, which was 0.63% and 0.28% at March 31, 2016 and June 30, 2015, respectively. The current base rate for each investment may be different from the reference rate on March 31, 2016 and June 30, 2015.

The interest rate on these investments is subject to the base rate of 1-Month LIBOR, which was 0.44% and 0.19% (31) at March 31, 2016 and June 30, 2015, respectively. The current base rate for each investment may be different from the reference rate on March 31, 2016 and June 30, 2015.

Investment has been designated as an investment not “qualifying” under Section 55(a) of the Investment Company Act of 1940 (the “1940 Act”). Under the 1940 Act, we may not acquire any non-qualifying asset unless, at the time (32) such acquisition is made, qualifying assets represent at least 70% of our total assets. As of March 31, 2016 and June 30, 2015, our qualifying assets as a percentage of total assets, stood at 74.46% and 75.1%, respectively. We monitor the status of these assets on an ongoing basis.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
 CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
 (in thousands, except share data)

Endnote Explanations as of March 31, 2016 (Unaudited) and June 30, 2015 (Continued)

- Undrawn committed revolvers and delayed draw term loans to our portfolio companies incur commitment and (33) unused fees ranging from 0.00% to 6.00%. As of March 31, 2016 and June 30, 2015, we had \$60,242 and \$88,288, respectively, of undrawn revolver and delayed draw term loan commitments to our portfolio companies. GTP Operations, LLC, Transplace, LLC, CI (Transplace) International, LLC, Transplace Freight Services, LLC, (34) Transplace Texas, LP, Transplace Stuttgart, LP, Transplace International, Inc., Celtic International, LLC, and Treetop Merger Sub, LLC are joint borrowers on the senior secured term loan.
- (35) Trinity Services Group, Inc. and Trinity Services I, LLC are joint borrowers on the senior secured loan facility. We own 99.9999% of AGC/PEP, LLC. AGC/PEP, LLC owns 2,038 out of a total of 93,485 shares (including (36) 7,456 vested and unvested management options) of American Gilsonite Holding Company which owns 100% of American Gilsonite Company.
- (37) NCP Finance Limited Partnership, NCP Finance Ohio, LLC, and certain affiliates thereof are joint borrowers on the subordinated secured term loan
- (38) Our wholly-owned subsidiary Prospect Small Business Lending, LLC purchases small business whole loans from small business loan originators, including On Deck Capital, Inc., and Direct Capital Corporation. As of June 30, 2015, Progrexion Marketing, Inc., Progrexion Teleservices, Inc., Progrexion ASG, Inc., (39) Progrexion IP, Inc., Creditrepair.com, Inc., and eFolks, LLC were joint borrowers on the senior secured term loan. PGX Holdings, Inc. (“PGX”) was the parent guarantor of this debt investment. As of March 31, 2016, PGX is the sole borrower on the second lien term loan.
- (40) As of March 31, 2016 and June 30, 2015, we own 1.43% (13,220 shares) of Mineral Fusion Natural, LLC, a subsidiary of Caleel + Hayden, LLC, common and preferred interest. Wind River Resources Corporation and Wind River II Corporation are joint borrowers on the senior secured note. (41) The interest rate for this investment is subject to the base rate of 12-Month LIBOR, which was 0.77% at June 30, 2015.
- (42) SB Forging Company, Inc. (“SB Forging”), a consolidated entity in which we own 100% of the equity, owned 100% of Ajax Rolled Ring & Machine, LLC, the operating company, which was sold on October 10, 2014. As part of the sale there is \$3,000 being held in escrow of which \$802 was received on May 6, 2015 for which we realized a gain of the same amount.
- (43) Pegasus Business Intelligence, LP, Paycom Acquisition, LLC, and Paycom Acquisition Corp. are joint borrowers on the senior secured loan facilities. Paycom Intermediate Holdings, Inc. is the parent guarantor of this debt investment. These entities transact business internationally under the trade name Onyx Payments.
- (44) Security Alarm Financing Enterprises, L.P. and California Security Alarms, Inc. are joint borrowers on the senior subordinated note.
- (45) A portion of the senior secured note is denominated in Canadian Dollars (CAD). As of June 30, 2015, the principal balance of this note was CAD 36,666. In accordance with ASC 830, this note was remeasured into our functional currency, US Dollars (USD), and is presented on our Consolidated Schedules of Investments in USD. On February 3, 2016, lenders foreclosed on Targus Group International, Inc., and our \$21,613 first lien term loan was extinguished and exchanged for 1,262,737 common units representing 12.63% equity ownership in Targus Cayman HoldCo Limited, the parent company of Targus. On February 17, 2016, we provided additional debt (46) financing to support the recapitalization of Targus. As part of the recapitalization, we invested an additional \$1,263 in a new senior secured Term Loan A notes and were allocated \$3,788 in new senior secured Term Loan B notes. During the same period, Targus was written-down for tax purposes and a realized loss of \$14,194 therefore was realized for the amount that the amortized cost exceeded the fair value.
- (47) As defined in the 1940 Act, we are deemed to “Control” these portfolio companies because we own more than 25% of the portfolio company’s outstanding voting securities. Transactions during the nine months ended March 31,

2016 with these controlled investments were as follows:

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

Endnote Explanations as of March 31, 2016 (Unaudited) and June 30, 2015 (Continued)

Portfolio Company	Fair Value at June 30, 2015	Gross Additions (Cost)*	Gross Reductions (Cost)**	Net unrealized gains (losses)	Fair Value at March 31, 2016	Interest income	Dividend income	Other income	Net realized gains (losses)
American Property REIT Corp.	\$118,256	\$2,826	\$(26,730)	\$13,141	\$107,493	\$6,488	\$11,016	\$702	\$ —
Arctic Energy Services, LLC	60,364	—	—	(22,748)	37,616	1,123	—	—	—
CCPI Inc.	41,352	475	(6,255)	5,281	40,853	2,370	3,195	—	—
CP Energy Services Inc.	91,009	(2,820)	—	(12,766)	75,423	(390)	—	—	—
Credit Central Loan Company, LLC	55,172	323	(323)	(2,786)	52,386	5,556	—	1,852	—
Echelon Aviation LLC	68,941	—	(2,954)	(9,023)	56,964	4,360	7,250	—	—
Edmentum Ultimate Holdings, LLC	37,216	4,841	(4,896)	3,127	40,288	2,728	—	—	—
First Tower Finance Company LLC	365,950	8,353	(679)	(15,494)	358,130	42,499	—	—	—
Freedom Marine Solutions, LLC	27,090	400	—	(871)	26,619	1,112	—	—	—
Gulf Coast Machine & Supply Company	6,918	8,000	(75)	(4,897)	9,946	—	—	—	—
Harbortouch Payments, LLC	376,936	—	(4,028)	(37,228)	335,680	23,129	—	—	—
MITY, Inc.	50,795	140	—	6,688	57,623	4,325	710	—	7
National Property REIT Corp.	471,889	192,533	(116,128)	30,249	578,543	45,360	—	3,894	—
Nationwide Loan Company LLC	34,550	3,583	(300)	(3,635)	34,198	2,368	2,651	—	—
NMMB, Inc.	12,052	—	—	1,218	13,270	1,146	—	—	—
R-V Industries, Inc.	40,508	—	(614)	(4,587)	35,307	2,192	224	—	—
SB Forging Company, Inc.	—	—	—	—	—	—	—	—	—
United Property REIT Corp.	84,685	7,531	—	13,416	105,632	5,774	—	988	—
Valley Electric Company, Inc.	30,497	1,397	—	(535)	31,359	3,995	—	—	—
Wolf Energy, LLC	22	—	—	671	693	—	—	—	—
Total	\$1,974,202	\$227,582	\$(162,982)	\$(40,779)	\$1,998,023	\$154,135	\$25,046	\$7,436	\$ 7

* Gross additions include increases in the cost basis of the investments resulting from new portfolio investments, and PIK interest.

** Gross reductions include decreases in the cost basis of investments resulting from principal collections related to investments repayments or sales, and impairments.

As defined in the 1940 Act, we are deemed to be an “Affiliated company” of these portfolio companies because we (48) own more than 5% of the portfolio company’s outstanding voting securities. Transactions during the nine months ended March 31, 2016 with these affiliated investments were as follows:

Portfolio Company	Fair Value at June 30, 2015	Gross Additions (Cost)*	Gross Reductions (Cost)*	Net unrealized gains (losses)	Fair Value at March 31, 2016	Interest income	Dividend income	Other income	Net realized gains (losses)
BNN Holdings Corp.	\$45,945	\$ —	\$(42,922)	\$ 504	\$3,527	\$ 896	\$ —	-\$	-\$
Targus International LLC	—	22,724	(14,194)	31	8,561	—	—	—	(14,194)
Total	\$45,945	\$ 22,724	\$(57,116)	\$ 535	\$ 12,088	\$ 896	\$ —	-\$	-\$ (14,194)

* Gross additions include increases in the cost basis of the investments resulting from new portfolio investments, and PIK interest.

** Gross reductions include decreases in the cost basis of investments resulting from principal collections related to investments repayments or sales, and impairments.

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)

(in thousands, except share data)

Endnote Explanations as of March 31, 2016 (Unaudited) and June 30, 2015 (Continued)

As defined in the 1940 Act, we are deemed to “Control” these portfolio companies because we own more than 25% (49) of the portfolio company’s outstanding voting securities. Transactions during the year ended June 30, 2015 with these controlled investments were as follows:

Portfolio Company	Fair Value at June 30, 2014	Gross Additions (Cost)*	Gross Reductions (Cost)**	Net unrealized gains (losses)	Fair Value at June 30, 2015	Interest income	Dividend income	Other income	Net realized gains (losses)	
Airmall Inc.	\$45,284	\$ —	\$(57,500)	\$12,216	\$ —	\$576	\$ —	\$(3,000)	\$(2,808)	
American Property REIT Corp.	206,159	(102,543)	***	(32)	14,672	118,256	64,747	—	1,342	—
Appalachian Energy LLC	—	—	(2,050)	2,050	—	—	—	—	(2,050))
Arctic Energy Services, LLC	61,114	—	—	(750)	60,364	6,721	—	—	—	
Borga, Inc.	436	—	(3,177)	2,741	—	—	—	—	(2,589))
BXC Company, Inc.	2,115	250	(17,698)	15,333	—	—	—	5	(16,949))
CCPI Inc.	32,594	599	(476)	8,635	41,352	23,332	—	525	—	
Change Clean Energy Company, LLC	—	—	—	—	—	—	—	—	—	
Coalbed, LLC	—	—	—	—	—	—	—	—	—	
CP Energy Services Inc.	130,119	2,818	—	(41,927)	91,010	16,420	—	—	—	
Credit Central Loan Company, LLC	50,432	300	(2,337)	6,777	55,172	7,375	159	1,220	—	
Echelon Aviation LLC	92,628	5,800	(37,713)	8,226	68,941	6,895	—	—	—	
Edmentum Ultimate Holdings, LLC	—	60,772	(23,556)	—	37,216	—	—	—	(22,116))
First Tower Finance Company LLC	326,785	332	(1,932)	40,765	365,956	2,900	1,929	—	—	
Freedom Marine Solutions, LLC	32,004	—	(485)	(4,429)	27,090	4,461	—	—	—	
Gulf Coast Machine & Supply Company	14,459	8,500	—	(16,041)	6,918	1,370	—	—	—	
Harbortouch Payments, LLC	291,314	35,374	(8,609)	58,857	376,936	9,834	—	579	—	
Manx Energy, Inc.	—	—	(50)	50	—	—	—	—	(50))
MITY, Inc.	49,289	3,032	(2,594)	1,068	50,795	5,783	—	—	(5))
National Property REIT Corp.	124,511	361,481	***	(38,420)						